

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For The Fiscal Year Ended December 31, 2018

Or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Transition Period from _____ to _____

Commission file number - 001-37827

Triton International Limited

(Exact name of registrant as specified in the charter)

Bermuda
(State or other jurisdiction of incorporation or organization)

98-1276572
(I.R.S. Employer Identification Number)

Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda
(Address of principal executive office)

(441) 294-8033
(Registrant's telephone number including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Exchange On Which Registered
Common shares, \$0.01 par value per share	The New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirement for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☒

Accelerated Filer ☐

Non-accelerated filer ☐

Smaller reporting company ☐

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of voting common shares held by non-affiliates as of June 29, 2018 was approximately \$1,586.0 million . As of February 8, 2019 , there were 78,743,418 common shares, \$0.01 par value, of the Registrant outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part of Form 10-K

Document Incorporated by Reference

Part III, Items 10, 11, 12, 13, and 14

Portion of the Registrant's proxy statement to be filed in connection with the Annual Meeting of Shareholders of the Registrant to be held on April 25, 2019.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This annual report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, that involve substantial risks and uncertainties. In addition, we, or our executive officers on our behalf, may from time to time make forward-looking statements in reports and other documents we file with the Securities and Exchange Commission, or SEC, or in connection with oral statements made to the press, potential investors or others. All statements other than statements of historical facts, including statements regarding our strategy, future operations, future financial position, future revenues, future costs, prospects, plans and objectives of management are forward-looking statements. The words "expect," "estimate," "anticipate," "predict," "believe," "think," "plan," "will," "should," "intend," "seek," "potential" and similar expressions and variations are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words.

All forward-looking statements address matters that involve risks and uncertainties, many of which are beyond Triton's control. Accordingly, there are or will be important factors that could cause actual results to differ materially from those indicated in such statements and, therefore, you should not place undue reliance on any such statements. These factors include, without limitation, economic, business, competitive, market and regulatory conditions and the following:

- decreases in the demand for leased containers;
- decreases in market leasing rates for containers;
- difficulties in re-leasing containers after their initial fixed-term leases;
- customers' decisions to buy rather than lease containers;
- dependence on a limited number of customers for a substantial portion of our revenues;
- customer defaults;
- decreases in the selling prices of used containers;
- extensive competition in the container leasing industry;
- difficulties stemming from the international nature of Triton's businesses;
- decreases in demand for international trade;
- disruption to Triton's operations resulting from political and economic policies of the United States and other countries, particularly China, including but not limited to the impact of trade wars and tariffs;
- disruption to Triton's operations from failure of or attacks on Triton's information technology systems;
- disruption to Triton's operations as a result of natural disasters;
- compliance with laws and regulations related to economic and trade sanctions, security, anti-terrorism, environmental protection and corruption;
- ability to obtain sufficient capital to support growth;
- restrictions imposed by the terms of Triton's debt agreements;
- changes in the tax laws in Bermuda, the United States and other countries; and
- other risks and uncertainties, including those listed under the caption "Risk Factors."

The foregoing list of important factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included herein and elsewhere, including the risk factors included in this annual report on Form 10-K. Any forward-looking statements made in this annual report on Form 10-K are qualified in their entirety by these cautionary statements, and there can be no assurance that the actual results or developments anticipated by us will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, Triton or its respective businesses or operations. Except to the extent required by applicable law, we undertake no obligation to update publicly or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.

MERGER OF TRITON CONTAINER INTERNATIONAL LIMITED AND TAL INTERNATIONAL GROUP, INC. TO FORM TRITON INTERNATIONAL LIMITED

On November 9, 2015, Triton Container International Limited, an exempted company incorporated with limited liability under the laws of Bermuda ("TCIL"), and TAL International Group, Inc., a Delaware corporation ("TAL"), announced that they entered into a definitive Transaction Agreement (the "Transaction Agreement") to combine in an all-stock merger (the "Merger"). On July 12, 2016, TCIL and TAL combined under a newly-formed company, Triton International Limited ("Triton", "we", "our" or the "Company"), which is domiciled in Bermuda and is listed on the New York Stock Exchange under the stock symbol "TRTN".

Post-Merger Organization Structure Relevant to this Form 10-K

On July 12, 2016, the transactions contemplated by the Transaction Agreement were approved by the stockholders of TAL and became effective. Former TCIL shareholders owned approximately 55% of the outstanding equity of the Company and former TAL stockholders owned approximately 45% of the outstanding equity of the Company on that date. The Company, through its subsidiaries, leases intermodal transportation equipment, primarily maritime containers, and provides maritime container management services through a worldwide network of subsidiary offices, third-party depots and other facilities. Triton operates in both international and U.S. markets. The majority of Triton's business is derived from leasing its containers to shipping line customers through a variety of long-term and short-term contractual lease arrangements. Triton also sells its own containers and containers purchased from third parties for resale. Triton's registered office is located at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda.

Since completion of the Merger, Brian M. Sondey, who was the Chairman, President and Chief Executive Officer of TAL, has served as the Chairman and Chief Executive Officer of Triton, and John Burns, who was the Chief Financial Officer of TAL, has served as the Chief Financial Officer of Triton. Simon R. Vernon, who was the President and Chief Executive Officer of TCIL, served as President of Triton until his retirement on February 28, 2018 and continues to serve as a member of the Board of Directors.

WEBSITE ACCESS TO COMPANY'S REPORTS AND CODE OF ETHICS


Our Internet website address is <http://www.trtn.com>. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act are available free of charge through our website as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC.

We have adopted a code of ethics that applies to all of our employees, officers, and directors, including our principal executive officer and principal financial officer. The text of our code of ethics is posted within the Corporate Governance portion of the Investors section of our website.

Also, copies of our annual report and Code of Ethics will be made available, free of charge, upon written request to:

Triton International Limited
Canon's Court
22 Victoria Street
Hamilton HM12, Bermuda
Attn: Marc Pearlin, Sr. Vice President, General Counsel and Secretary
Telephone: (441) 294-8033

SERVICE MARKS MATTERS

The following items referred to in this annual report are registered or unregistered service marks in the United States and/or foreign jurisdictions pursuant to applicable intellectual property laws and are the property of Triton and its subsidiaries: Triton®, TAL®, and ®.

PART I

ITEM 1. BUSINESS

Our Company

Triton International Limited (“Triton”, “we”, “our” or the “Company”) is the world's largest lessor of intermodal containers. Intermodal containers are large, standardized steel boxes used to transport freight by ship, rail or truck. Because of the handling efficiencies they provide, intermodal containers are the primary means by which many goods and materials are shipped internationally. We also lease chassis, which are used for the transportation of containers.

Triton was formed on July 12, 2016 through an all-stock merger between Triton Container International Limited and TAL International Group, Inc.

Our consolidated operations include the acquisition, leasing, re-leasing and subsequent sale of multiple types of intermodal containers and chassis. As of December 31, 2018, our total fleet consisted of 3.7 million containers and chassis, representing 6.2 million twenty-foot equivalent units ("TEU") or 7.6 million cost equivalent units ("CEU"). We have an extensive global presence, offering leasing services through 23 offices located in 16 countries, and we provide access to our containers through a network of approximately 400 third-party container depot facilities located in approximately 45 countries as of December 31, 2018. Our primary customers include the world's largest container shipping lines. We employed 243 people as of December 31, 2018. Our field operations include a global sales force, a global container operations group, an equipment resale group, and a logistics services group. Our registered office is located in Bermuda.

The most important driver of profitability in our business is the extent to which leasing revenues, which are driven primarily by our owned equipment fleet size, utilization and average rental rates, exceed our ownership and operating costs. Our profitability is also driven by the gains or losses we realize on the sale of used containers because, in the ordinary course of our business, we sell certain containers when they are returned to us.

Industry Overview

Intermodal containers provide a secure and cost-effective method of transporting raw materials, component parts and finished goods because they can be used in multiple modes of transport. By making it possible to move cargo from a point of origin to a final destination without repeated unpacking and repacking, containers reduce freight and labor costs. In addition, automated handling of containers permits faster loading and unloading of vessels, more efficient utilization of transportation equipment and reduced transit time. The protection provided by sealed containers also reduces cargo damage and the loss and theft of goods during shipment.

Over the last thirty years, containerized trade has grown at a rate greater than that of general worldwide economic growth. According to Clarkson Research Studies, worldwide containerized cargo volume increased at a compound annual growth rate ("CAGR") of 8.1% from 1987 to 2018. We believe that this high historical growth was due to several factors, including the shift in global manufacturing capacity to lower labor cost areas such as China and India, the continued integration of developing high growth economies into global trade patterns and the continued conversion of cargo from bulk shipping into containers. However, worldwide containerized cargo volume growth has been lower over the last few years, averaging 4.1% CAGR from 2013 to 2018, due to weak global economic growth and a significant reduction in the difference between global trade growth and global economic growth.

Container leasing firms maintain inventories of new and used containers in a wide range of worldwide locations and supply these containers primarily to shipping line customers under a variety of short and long-term lease structures. Based on container fleet information reported by Drewry Maritime Research, we estimate that container lessors owned approximately 21.9 million twenty-foot equivalent units ("TEU"), or approximately 53% of the total worldwide container fleet of 41.7 million TEU, as of the end of 2018.

Leasing containers helps shipping lines improve their container fleet efficiency and provides shipping lines with an alternative source of equipment financing. Given the uncertainty and variability of export volumes, and the fact that shipping lines have difficulty in accurately forecasting their container requirements on a day-by-day, port-by-port basis, the availability of containers for lease on short notice reduces shipping lines' need to purchase and maintain larger container inventory buffers. In addition, the

drop-off flexibility provided by operating leases also allows the shipping lines to adjust their container fleet sizes and the mix of container types in their fleets both seasonally and over time and helps to balance their trade flows.

Spot leasing rates are typically a function of, among other things, new equipment prices (which are heavily influenced by steel prices), interest rates and the equipment supply and demand balance at a particular time and location. Average leasing rates on an entire portfolio of leases respond more gradually to changes in new equipment prices or changes in the balance of container supply and demand because lease agreements are generally only re-priced upon the expiration of the lease. In addition, the value that lessors receive upon resale of equipment is closely related to the cost of new equipment.

Our Equipment

Intermodal containers are designed to meet a number of criteria outlined by the International Standards Organization (ISO). The standard criteria include the size of the container and the gross weight rating of the container. This standardization ensures that containers can be used by the widest possible number of transporters and it facilitates container and vessel sharing by the shipping lines. The standardization of the container is also an important element of the container leasing business since we can operate one fleet of containers that can be used by all of our major customers.

Our fleet primarily consists of five types of equipment:

- *Dry Containers.* A dry container is a steel constructed box with a set of doors on one end. Dry containers come in lengths of 20, 40 or 45 feet. They are 8 feet wide, and either 8½ or 9½ feet tall. Dry containers are the least expensive and most widely used type of intermodal container and are used to carry general cargo such as manufactured component parts, consumer staples, electronics and apparel.
- *Refrigerated Containers.* Refrigerated containers include an integrated cooling machine and an insulated container. Refrigerated containers come in lengths of 20 or 40 feet. They are 8 feet wide, and are either 8½ or 9½ feet tall. These containers are typically used to carry perishable cargo such as fresh and frozen produce.
- *Special Containers.* Most of our special containers are open top and flat rack containers. Open top containers come in similar sizes as dry containers, but do not have a fixed roof. Flat rack containers come in varying sizes and are steel platforms with folding ends and no fixed sides. Open top and flat rack containers are generally used to move heavy or bulky cargos, such as marble slabs, steel coils or factory components, that cannot be easily loaded on a fork lift through the doors of a standard container.
- *Tank Containers.* Tank containers are stainless steel cylindrical tanks enclosed in rectangular steel frames with the same outside dimensions as 20 foot dry containers. These containers carry bulk liquids such as chemicals.
- *Chassis.* An intermodal chassis is a rectangular, wheeled steel frame, generally 23½, 40 or 45 feet in length, built specifically for the purpose of transporting intermodal containers over the road. Longer sized chassis, designed to solely accommodate rail containers, can be up to 53 feet in length. When mounted on a chassis, the container may be trucked either to its destination or to a railroad terminal for loading onto a rail car. Our chassis are primarily used in the United States.

Our Leases

Most of our revenues are derived from leasing our equipment to our core shipping line customers. The majority of our leases are structured as operating leases, though we also provide customers with finance leases. Regardless of the lease type, we seek to exceed our targeted return on our investments over the life cycle of the equipment by managing utilization, lease rates, and the used equipment sale process.

Our lease products provide numerous operational and financial benefits to our shipping line customers. These benefits include:

- *Operating Flexibility.* The timing, location and daily volume of cargo movements for a shipping line are often unpredictable. Leasing containers and chassis helps our customers manage this uncertainty and minimizes the requirement for large inventory buffers by allowing them to pick-up leased equipment on short notice.
- *Fleet Size and Mix Flexibility.* The drop-off flexibility included in container and chassis operating leases allows our customers to more quickly adjust the size of their fleets and the mix of container types in their fleets as their trade volumes and patterns change due to seasonality, market changes or changes in company strategies.
- *Alternative Source of Financing.* Container and chassis leases provide an additional source of equipment financing to help our customers manage the high level of investment required to maintain pace with the growth of the asset intensive container shipping industry.

Operating Leases. Operating leases are structured to allow customers flexibility to pick-up equipment on short notice and to drop-off equipment prior to the end of its useful life. Because of this flexibility, most of our containers and chassis will go through several pick-up and drop-off cycles. Our operating lease contracts specify a per diem rate for equipment on-hire, where

and when such equipment can be returned, how the customer will be charged for damage and the charge for lost or destroyed equipment, among other things.

We categorize our operating leases as either long-term leases or service leases. Some leases have contractual terms that have features reflective of both long-term and service leases. We classify such leases as either long-term or service leases, depending upon which features we believe are predominant. Long-term leases typically have initial contractual terms ranging from three to eight years. Our long-term leases require our customers to maintain specific units on-hire for the duration of the lease term, and they provide us with predictable recurring cash flow. As of December 31, 2018, 66.6% of our on-hire containers and chassis were under long-term operating leases.

We also have expired long-term leases whose fixed terms have ended but for which the related units remain on-hire and for which we continue to receive rental payments pursuant to the terms of the initial contract. As of December 31, 2018, 14.6% of our on-hire containers and chassis were on long-term leases whose fixed terms have expired but for which the related units remain on-hire and for which we continue to receive rental payments.

Some of our long-term leases give our customers Early Termination Options ("ETOs"). If exercised, ETOs allow customers to return equipment prior to the expiration of the long-term lease. However, if an ETO is exercised, the customer is required to pay a penalty per diem rate that is applied retroactively to the beginning of the lease. As a result of this retroactive penalty, ETOs have historically been exercised infrequently.

Service leases allow our customers to pick-up and drop-off equipment during the term of the lease, subject to contractual limitations. Service leases provide the customer with a higher level of flexibility than long-term leases and, as a result, typically carry a higher per diem rate. The terms of our service leases can range from 12 months to five years, though because equipment can be returned during the term of a service lease and since service leases are generally renewed or modified and extended upon expiration, lease term does not dictate expected on-hire time for our equipment on service leases. As of December 31, 2018, 11.3% of our on-hire containers and chassis were under service leases and this equipment has been on-hire for an average of 35 months.

Finance Leases. Finance leases provide our customers with an alternative method to finance their equipment acquisitions. Finance leases are generally structured for specific quantities of equipment, generally require the customer to keep the equipment on-hire for its remaining useful life, and typically provide the customer with a purchase option at the end of the lease term. As of December 31, 2018, approximately 7.5% of our on-hire containers and chassis were under finance leases.

The following table provides a summary of our equipment lease portfolio by lease type, based on cost equivalent units (CEU), as of December 31, 2018 :

Lease Portfolio	December 31, 2018
Long-term leases	66.6%
Finance leases	7.5
Service leases	11.3
Expired long-term leases (units on-hire)	14.6
Total	100.0%

As of December 31, 2018, our long-term and finance leases had an average remaining duration of 47 months, assuming no leases are renewed. However, we believe that many of our customers will renew operating leases for equipment that is less than sale age at the expiration of the lease. In addition, our equipment on operating leases typically remains on-hire at the contractual per diem rate for an additional six to twelve months beyond the end of the contractual lease term due to the logistical requirements of our customers having to return the containers and chassis to specific drop-off locations.

Lease Documentation. In general, our lease agreements consist of two basic elements, a master lease agreement and a lease addendum. Lease addenda typically contain the business terms (including daily rate, term duration and drop-off schedule, among other things) for specific leasing transactions, while master lease agreements typically outline the general rights and obligations of the lessor and lessee under all of the lease addenda covered by the master lease agreement (lease addenda will specify the master lease agreement that governs the addenda). For most customers, we have a small number of master lease agreements (often one) and a large number of lease addenda.

Our master lease agreements generally require the lessees to pay rentals, depot charges, taxes and other charges when due, to maintain the equipment in good condition, to return the equipment in accordance with the return condition set forth in the master

lease agreement, to use the equipment in compliance with all federal, state, local and foreign laws, and to pay us the specified value of the equipment if the equipment is lost or destroyed. The default clause gives us certain legal remedies in the event that the lessee is in breach of the lease.

The master lease agreements usually contain an exclusion of warranties clause and require lessees to defend and indemnify us in most instances from third-party claims arising out of the lessee's use, operation, possession or lease of the equipment. Lessees are generally required to maintain all risks physical damage insurance, comprehensive general liability insurance and to indemnify us against loss. We also maintain our own off-hire physical damage insurance to cover our equipment when it is not on-hire to lessees and third-party liability insurance for both on-hire and off-hire equipment. Nevertheless, such insurance or indemnities may not fully protect us against damages arising from the use of our containers.

Logistics Management, Re-leasing, Depot Management and Equipment Disposals

We believe that managing the period after our equipment's lease is the most important aspect of our business. Successful management of this period requires disciplined logistics management, extensive re-lease capability, careful cost control and effective sales of used equipment.

Logistics Management. Since the late 1990's, the shipping industry has been characterized by large regional trade imbalances, with loaded containers generally flowing from export oriented economies in Asia to North America and Western Europe. Because of these trade imbalances, shipping lines have an incentive to return leased containers in North America and Europe to reduce the cost of empty container backhaul. Triton attempts to mitigate the risk of these unbalanced trade flows by maintaining a large portion of our fleet on long-term and finance leases and by contractually restricting the ability of our customers to return containers outside of Asian demand locations.

In addition, we attempt to minimize the costs of any container imbalances by finding local users in surplus locations and by moving empty containers as inexpensively as possible. While we believe we manage our logistics risks and costs effectively, logistical risk remains an important element of our business due to competitive pressures, changing trade patterns and other market factors and uncertainties.

Re-leasing. Since our operating leases allow customers to return containers and chassis prior to the end of their useful lives, we typically are required to place containers and chassis on several leases during their useful lives. Initial lease transactions for new containers and chassis can usually be generated with a limited sales and customer service infrastructure because initial leases for new containers and chassis typically cover large volumes of units and are fairly standardized transactions. Used equipment, on the other hand, is typically leased out in small transactions that are structured to accommodate pick-ups and returns in a variety of locations. As a result, leasing companies benefit from having an extensive global marketing and operations infrastructure, a large number of customers, and a high level of operating contact with these customers.

Depot Management. As of December 31, 2018, we managed our equipment fleet through approximately 400 third-party owned and operated depot facilities located in 45 countries. Depot facilities are generally responsible for repairing our containers and chassis when they are returned by lessees and for storing the equipment while it is off-hire. We have a global operations group that is responsible for managing our depot contracts and they also regularly visit the depot facilities to conduct inventory and repair audits. We also supplement our internal operations group with the use of independent inspection agents.

We are in constant communication with our depot partners through the use of electronic data interchange ("EDI"). Our depots gather and prepare all information related to the activity of our equipment at their facilities and transmit the information via EDI and the Internet to us. The information we receive from the depots updates our fully integrated container fleet management, tracking, and billing system.

Most of the depot agency agreements follow a standard form and generally provide that the depot will be liable for loss or damage of equipment and, in the event of loss or damage, will pay us the previously agreed loss value of the applicable equipment. The agreements require the depots to maintain insurance against equipment loss or damage and we carry insurance to cover the risk that the depots' insurance proves insufficient.

Our container repair standards and processes are generally managed in accordance with standards and procedures specified by the Institute of International Container Lessors (IICL). The IICL establishes and documents the acceptable interchange condition for containers and the repair procedures required to return damaged containers to the acceptable interchange condition. At the time that containers are returned by lessees, the depot arranges an inspection of the containers to assess the repairs required to return the containers to acceptable IICL condition. This inspection process also splits the damage into two components, customer damage and normal wear and tear. Items typically designated as customer damage include dents in the container and debris left in the

container, while items such as rust are typically designated as normal wear and tear.

Our leases are generally structured so that the lessee is responsible for the customer damage portion of the repair costs, and customers are billed for damages at the time the equipment is returned. We sometimes offer our customers a repair service program whereby we, for an additional payment by the lessee (in the form of a higher per-diem rate or a flat fee at off-hire), assume financial responsibility for all or a portion of the cost of repairs upon return of the equipment.

Equipment Disposals. Our in-house equipment sales group has a worldwide team of specialists that manage the sale process for our used containers and chassis from our lease fleet. We generally sell to portable storage companies, freight forwarders (who often use the containers for one-way trips) and other purchasers of used containers. We believe we are one of the world's largest sellers of used containers.

The sale prices we receive for our used containers are influenced by many factors, including the level of demand for used containers compared to the number of used containers available for disposal in a particular location, the cost of new containers, and the level of damage on the containers. While our total revenue is primarily made up of leasing revenues, gains or losses on the sale of used containers can have a significant positive or negative impact on our profitability.

Equipment Trading. We also buy and sell new and used containers and chassis acquired from third parties. We typically purchase our equipment trading fleet from our shipping line customers or other sellers of used or new equipment. Trading margins are dependent on the volume of units purchased and resold, selling prices, costs paid for equipment sold and selling and administrative costs.

Customers

Our customers are mainly international shipping lines, though we also lease containers to freight forwarding companies and manufacturers. We believe that we have strong, long-standing relationships with our largest customers, most of whom we have done business with for more than 30 years. We currently have equipment on-hire to more than 300 customers, although our twenty largest customers account for 85% of our lease billings. The shipping industry has been consolidating for a number of years, and further consolidation could increase the portion of our revenues that come from our largest customers. Our five largest customers accounted for 54% of our lease billings, and our two largest customers, CMA CGM S.A. and Mediterranean Shipping Company S.A. , accounted for 20% and 14% , respectively, of our lease billings in 2018 . A default by one of our major customers could have a material adverse impact on our business, financial condition and future prospects.

Marketing and Customer Service

Our global marketing force and our customer service representatives are responsible for developing and maintaining relationships with senior operations staff at our shipping line customers, negotiating lease contracts and maintaining day-to-day coordination with junior level staff at our customers. This close customer communication is critical to our ability to provide customers with a high level of service, helps us to negotiate lease contracts that satisfy both our financial return requirements and our customers' operating needs, ensures that we are aware of our customers' potential equipment shortages, and provides customers knowledge of our available equipment inventories.

Credit Controls

We monitor our customers' performance and our lease exposures on an ongoing basis. Our credit management processes are aided by the long payment experience we have with most of our customers and our broad network of relationships in the shipping industry that provides current information about our customers' market reputations. Credit criteria may include, but are not limited to, customer payment history, customer financial position and performance (e.g., net worth, leverage and profitability), trade routes, country of domicile and the type of, and location of, equipment that is to be supplied.

We experienced a major lessee default in 2016 when Hanjin Shipping Co. ("Hanjin"), one of our largest customers, filed for bankruptcy court protection and defaulted on our lease agreements. Hanjin had approximately 87,000 of our containers on lease with a net book value of \$243.3 million. We recorded a loss of \$ 29.7 million during the third quarter ended September 30, 2016, comprised of bad debt expense and a charge for costs not expected to be recovered due to deductibles in our credit insurance policies. As of December 31, 2018 , we recovered approximately 95% of our containers previously leased to Hanjin.

While we recovered 95% of the containers previously on-hire to Hanjin, we incurred substantial costs in the recovery effort including a write-off of outstanding receivables; payments to terminals, depots, Hanjin shipping agents and others in possession

of our containers to obtain the release of our containers; repair and handling costs; and positioning costs to move containers recovered from locations with weak leasing demand to higher demand locations.

We historically maintained credit insurance to help mitigate the cost and risk of lessee defaults and this insurance coverage reduced our costs resulting from the default of Hanjin, by approximately \$ 67.0 million. However, our credit insurance policies typically had annual terms, and in the aftermath of the Hanjin bankruptcy, the availability of credit insurance protection has become much more limited and the cost of the more limited protection has increased substantially. We currently assess the cost and level of this type of credit insurance protection offered to us as uneconomic, and have allowed this credit insurance coverage to lapse. We have obtained a more limited credit insurance policy covering only accounts receivables for some of our customers. This policy does not cover recovery costs, has exclusions and payment and other limitations, and therefore may not protect us from losses arising from customer defaults. Therefore we may be forced to incur all of the losses resulting from future lessee defaults, significantly increasing the likelihood that a lessee default would have a material adverse impact on our profitability and financial condition.

Competition

We compete with at least six other major intermodal equipment leasing companies in addition to many smaller lessors, manufacturers of intermodal equipment, and companies offering finance leases as distinct from operating leases. It is common for our customers to utilize several leasing companies to meet their equipment needs.

Our competitors compete with us in many ways, including lease pricing, lease flexibility, supply reliability and customer service. In times of weak demand or excess supply, leasing companies often respond by lowering leasing rates and increasing the logistical flexibility offered in their lease agreements. In addition, new entrants into the leasing business are often aggressive on pricing and lease flexibility. Furthermore, customers also have the option to purchase intermodal equipment and utilize owned equipment instead of leasing, relying on their own fleets to satisfy their intermodal equipment needs and even leasing their excess container stock to other shipping companies.

While we are forced to compete aggressively on price, we attempt to emphasize our supply reliability and high level of customer service to our customers. We invest heavily to ensure adequate equipment availability in high demand locations, dedicate large portions of our organization to building customer relationships and maintaining close day-to-day coordination with customers' operating staffs, and have developed powerful and user-friendly systems that allow our customers to transact with us through the Internet.

Suppliers

We have long-standing relationships with all of our major suppliers. We purchase most of our containers and chassis in China. There are five large manufacturers of dry containers and four large manufacturers of refrigerated containers, though for both dry containers and refrigerated containers, the largest manufacturer accounts for more than 40% of global production volume. Our procurement and engineering staff reviews the designs for our containers and periodically audits the production facilities of our suppliers. In addition, we use our Asian procurement and engineering group and third-party inspectors to visit factories when our containers are being produced to provide an extra layer of quality control. Nevertheless, defects in our containers sometimes occur. We work with the manufacturers to correct these defects, and our manufacturers have generally honored their warranty obligations in such cases.

Systems and Information Technology

The efficient operation of our business is highly dependent on our information technology system to track transactions, bill customers and provide the information needed to report our financial results. Our system allows customers to place pick-up and drop-off orders on the Internet, view current inventories and check contractual terms in effect with respect to any given container lease agreement. Our system also maintains a database, which accounts for the containers in our fleet and our leasing agreements, processes leasing and sale transactions, and bills our customers for their use of and damage to our containers. The Company also uses the information provided by these systems in our day-to-day business to make business decisions and improve our operations and customer service.

Segments

We operate our business in one industry, intermodal transportation equipment, and have two business segments, which also represent our reporting segments:

- Equipment leasing—Our equipment leasing operations include the acquisition, leasing, re-leasing and ultimate sale of multiple types of intermodal transportation equipment, primarily intermodal containers.
- Equipment trading—We purchase containers from shipping line customers, and other sellers of containers, and resell these containers to container retailers and users of containers for storage or one-way shipment.

Environmental

We face a number of environmental concerns, including potential liability due to accidental discharge from our containers, potential equipment obsolescence or retrofitting expenses due to changes in environmental regulations, and increased risk of container performance problems due to container design changes driven by environmental factors. While we maintain environmental liability insurance coverage, and the terms of our leases and other arrangements for use of our containers place the responsibility for environmental liability on the end user, we still may be subject to environmental liability in connection with our current or historical operations. In certain countries like the United States, the owner of a leased container may be liable for the costs of environmental damage from the discharge of the contents of the container even though the owner is not at fault. Our lessees are required to indemnify us from environmental claims and our standard master tank container lease agreement insurance clause requires our tank container lessees to provide pollution liability insurance.

We also face risks from changing environmental regulations, particularly with our refrigerated container product line. Many countries, including the United States, restrict, prohibit or otherwise regulate the use of chemical refrigerants due to their ozone depleting and global warming effects. . Our refrigerated containers currently use 404A or R134A refrigerant. While 404A and R134A do not contain hydrochlorofluorocarbons ("CFCs"), which have been restricted since 1995, the European Union ("EU") has instituted regulations beginning in 2011 to phase out the use of R134A in automobile air conditioning systems due to concern that the release of R134A into the atmosphere may contribute to global warming. While the EU regulations do not currently restrict the use of 404A or R134A in refrigerated containers or trailers, it has been proposed that, beginning in 2020 and 2025, respectively, 404A and R134A usage in refrigerated containers may be banned, although the final decision has not yet been made. Further, certain manufacturers of refrigerated containers, including the largest manufacturer of cooling machines for refrigerated containers, have begun testing units that utilize alternative refrigerants, such as R513a and H1234YF, as well as natural refrigerants such as propane and carbon dioxide, that may have less global warming potential than 404A and R134A. If future regulations prohibit the use or servicing of containers using 404A or R134A refrigerants, we could be forced to incur large retrofitting expenses. In addition, refrigerated containers that are not retrofitted may become difficult to lease, command lower rental rates and disposal prices, or may have to be scrapped.

Historically, the foam insulation in the walls of intermodal refrigerated containers required the use of a blowing agent that contains CFCs, specifically HCFC-141b. The manufacturers producing our refrigerated containers have eliminated the use of this blowing agent in the manufacturing process, but a large number of our refrigerated containers manufactured prior to 2014 contain these CFCs. The EU prohibits the import and the placing on the market in the EU of intermodal containers with insulation made with HCFC-141b ("EU regulation"). However, we believe international conventions governing free movement of intermodal containers allow the use of such intermodal refrigerated containers in the EU if they have been admitted into EU countries on temporary customs admission. Each country in the EU has its own individual and different regulations, and we have procedures in place that we believe comply with the relevant EU and country regulations. However, if such intermodal refrigerated containers exceed their temporary customs admission period and/or their custom admissions status changes (e.g., should such container be off-hired) and such intermodal refrigerated containers are deemed placed on the market in the EU, or if our procedures are deemed not to comply with EU or a country's regulation, we could be subject to fines and penalties. Also, if future international conventions or regulations prohibit the use or servicing of containers with foam insulation that utilized this blowing agent during the manufacturing process, we could be forced to incur large retrofitting expenses and those containers that are not retrofitted may become more difficult to lease and command lower rental rates and disposal prices.

An additional environmental concern affecting our operations relates to the construction materials used in our dry containers. The floors of dry containers are plywood usually made from tropical hardwoods. Due to concerns regarding de-forestation of tropical rain forests and climate change, many countries which have been the source of these hardwoods have implemented severe restrictions on the cutting and export of these woods. Accordingly, container manufacturers have switched a significant portion of production to more readily available alternatives such as birch, bamboo, and other farm-grown wood species. Container users are also evaluating alternative designs that would limit the amount of plywood required and are also considering possible synthetic materials to replace the plywood. These new woods or other alternatives have not proven their durability over the typical 13-15 year life of a dry container, and if they cannot perform as well as the hardwoods have historically, the future repair and operating costs for these containers could be significantly higher and the useful life of the containers may be decreased.

The paint systems used for dry containers have recently been modified for environmental reasons. Container manufacturers have replaced solvent-based paint systems with water-based paint systems for dry container production. Water-based paint systems

require more time and care for proper application, and there is an increased risk that the paint will not adhere properly to the steel for the expected useful life of the containers. Poor paint coverage leads to premature rusting, increased maintenance cost over the life of the container and could result in a shorter useful life. If water-based paint applications cannot perform as well as the solvent-based applications have historically, the future repair and operating costs for these containers could be significantly higher and the useful life of the containers may be decreased.

Currency

The U.S. dollar is the operating currency for the large majority of our leases and obligations, and most of our revenues and expenses are denominated in U.S. dollars. However, we pay our subsidiaries' non-U.S. staff in local currencies, and our direct operating expenses and disposal transactions for our older containers are often structured in foreign currencies. We record realized and unrealized foreign currency exchange gains and losses primarily due to fluctuations in exchange rates related to our Euro and Pound Sterling transactions and related assets and liabilities.

Employees

As of December 31, 2018, we employed 243 people in 23 offices, in 16 countries. We believe that our relations with our employees are good and we are not a party to any collective bargaining agreements.

ITEM 1A. RISK FACTORS

Our business, financial condition and results of operations are subject to various risks and uncertainties noted throughout this report including those discussed below, which may affect the value of our securities. In addition to the risks discussed below, which we believe to be the most significant risks facing the Company, there may be additional risks not presently known to us or that we currently deem less significant that also may adversely affect our business, financial condition and results of operations, possibly materially. Some statements in our risk factors constitute forward-looking statements. Please refer to the section entitled “Cautionary Note Concerning Forward-Looking Statements” in this report.

Container leasing demand can be negatively affected by numerous market factors as well as external political and economic events that are beyond our control. Decreasing leasing demand could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Demand for containers depends largely on the rate of world trade and economic growth. Demand for leased containers is also driven by our customers’ “lease vs. buy” decisions. Cyclical recessions, tariffs and other trade actions, and political instability can negatively affect lessors’ operating results because during economic downturns or periods of reduced trade, shipping lines tend to lease fewer containers, or lease containers only at reduced rates, and tend to rely more on their own fleets to satisfy a greater percentage of their requirements. As a result, during periods of weak global economic activity, container lessors typically experience decreased leasing demand, decreased equipment utilization, lower average rental rates, decreased leasing revenue, decreased used container resale prices and significantly decreased profitability. These effects can be severe.

For example, our profitability decreased significantly from the third quarter of 2008 to the third quarter of 2009 due to the effects of the global financial crisis. In 2015 and for the first half of 2016, our operating performance and profitability were negatively impacted due to slower global trade growth resulting in reduced demand for leased containers, higher operating costs and decreasing utilization, lease rental revenue and used container sales prices.

Other general factors affecting demand for leased containers and our container utilization include:

- the available supply and prices of new and used containers;
- changes in economic conditions, the operating efficiency of customers and competitive pressures in the shipping industry;
- the availability and terms of equipment financing for customers;
- fluctuations in interest rates and foreign currency values;
- import/export tariffs and restrictions, and customs procedures;
- foreign exchange controls; and
- other governmental regulations and political or economic factors that are inherently unpredictable and may be beyond our control.

Any of the aforementioned factors may have a material adverse effect on our business, financial condition, results of operations and cash flows.

Increased tariffs or other trade actions could adversely affect our business, financial conditions and results of operations.

The international nature of the container industry exposes us to risks relating to the imposition of import and export duties and quotas and domestic and foreign customs and tariffs. These risks have increased recently due to trade actions taken by the United States and China that have led to increased tariffs on goods traded between these two countries, and the United States has threatened to further increase tariffs if certain demands are not met. Given the importance of the United States and China in the global economy, these increased tariffs could significantly reduce the volume of goods traded internationally and reduce the rate of global economic growth, leading to decreased demand for leased containers, lower new container prices and decreased market leasing rates. These impacts could have a materially adverse effect on our business, financial condition and results of operations.

Our customers may decide to lease fewer containers. Should shipping lines decide to buy a larger percentage of the containers they operate, our utilization rate and level of investment would decrease, resulting in decreased leasing revenues, increased storage costs, increased repositioning costs and lower growth.

We, like other suppliers of leased containers, are dependent upon decisions by shipping lines to lease rather than buy their container equipment. Should shipping lines decide to buy a larger percentage of the containers they operate, our utilization rate would decrease, resulting in decreased leasing revenues, increased storage costs and increased positioning costs. A decrease in the

portion of leased containers operated by shipping lines would also reduce our investment opportunities and significantly constrain our growth. Most of the factors affecting the lease vs. buy decisions of our customers are outside of our control.

Until recently, many widely-used accounting standards such as Generally Accepted Accounting Principles ("GAAP") and International Financial Reporting Standards ("IFRS") generally did not require operating leases to be presented on the balance sheet, which resulted in a lower level of reported financial leverage for leased containers relative to containers purchased with debt. This difference in accounting treatment may have been a factor in shipping lines' decisions to lease rather than buy. For reporting periods beginning in 2019, new guidance for operating leases require the recognition of a right-of-use ("ROU") asset and corresponding lease liability on the lessee's balance sheet. Additionally, the International Accounting Standards Board has issued similar changes to lease accounting under IFRS 16 Leases. Adoption of the standard under GAAP and/or IFRS may impact our existing or potential customer's willingness to enter into leases, the duration of our leases, or the economic decision to purchase or lease containers.

Market lease rates may decrease due to a decrease in new container prices, weak leasing demand, increased competition or other factors, resulting in reduced revenues, lower margins, and reduced profitability and cash flows.

Market leasing rates are typically a function of, among other things, new equipment prices (which are heavily influenced by steel prices in China), interest rates, the type and length of the lease, and the equipment supply and demand balance at a particular time and location. A decrease in leasing rates can have a materially adverse effect on our leasing revenues, profitability and cash flow.

A decrease in market leasing rates negatively impacts the leasing rates on both new container investments and the existing containers in our fleet. Most of our existing containers are on operating leases, which means that the lease term is shorter than the expected life of the container, so the lease rate we receive for the container is subject to change at the expiration of the current lease. As a result, during periods of low market lease rates, the average lease rate received for our containers is negatively impacted by both the addition of new containers at low lease rates as well as, and more significantly by, the turnover of existing containers from leases with higher lease rates to leases with lower lease rates.

Market leasing rates decreased during the fourth quarter of 2018 due to a decrease in new container prices and aggressive competition among leasing companies, and as of December 31, 2018, market leasing rates were below the average leasing rates in our lease portfolio. In addition, the portion of our containers on expired leases increased in 2018, increasing the number of containers that could be subject to negative lease re-pricing. If market lease rates remain below our portfolio lease rates for an extended period of time, as they did in 2015 and 2016, such lower average lease rates could materially impact our leasing revenue and profitability.

Market conditions for container lessors have been extremely volatile.

Market conditions and the operating and financial performance of container leasing companies have been extremely volatile. Market conditions such as steel and new container prices, global containerized trade growth, market lease rates and used container sale prices were strong from 2010 through 2014, driving a high level of profitability for container leasing companies. Market conditions subsequently deteriorated rapidly in 2015 and 2016, leading to a significant erosion in our operating and financial performance. Market conditions rebounded at the end of 2016 and remained favorable through 2017 and 2018, leading to a recovery in our operating and financial performance. However, there is no assurance this will continue. A reversal in market conditions back to the difficult conditions faced in 2015 and 2016, would lead to decreased profitability, reduced cash flows and a deterioration in our financial position.

We face significant credit risk. Lessee defaults adversely affect our business, financial condition, results of operations and cash flow by decreasing revenues and increasing storage, positioning, collection, recovery and lost equipment expenses. The risk of lessee defaults is currently elevated due to sustained excess vessel capacity and the resulting poor financial performance for most of our shipping line customers.

Our containers and chassis are leased to numerous customers. Lease rentals and other charges, as well as indemnification for damage to or loss of equipment, are payable under the leases and other arrangements by the lessees. Inherent in the nature of the leases and other arrangements for use of the equipment is the risk that once the lease is consummated, we may not receive, or may experience delay in receipt of, all of the amounts to be paid in respect of the equipment. A delay or diminution in amounts received under the leases and other arrangements could adversely affect our business and financial prospects and our ability to make payments on debt. In addition, not all of our customers provide detailed financial information regarding their operations. As a result, customer

credit risk is in part assessed on the basis of their reputation in the market, and there can be no assurance that they can or will fulfill their obligations under the contracts we enter into with them. Our customers could incur financial difficulties, or otherwise have difficulty making payments to us when due, for any number of factors that may be beyond our control and which we may be unable to anticipate.

The cash flow from our equipment, principally lease rentals, management fees and proceeds from the sale of owned equipment, is affected significantly by our ability to collect payments under leases and other arrangements for the use of the equipment and our ability to replace cash flows from terminating leases by re-leasing or selling equipment on favorable terms. All of these factors are subject to external economic conditions and performance by lessees and service providers that are beyond our control.

In addition, when lessees or sub-lessees of our containers and chassis default, we may fail to recover all of our equipment, and the containers and chassis we do recover may be returned in damaged condition or to locations where we will not be able to efficiently re-lease or sell them. As a result, we may have to repair and reposition these containers and chassis to other places where we can re-lease or sell them and we may lose lease revenues and incur additional operating expenses in repossessing, repositioning and storing the equipment.

We also often incur extra costs when repossessing containers from a defaulting lessee. These costs typically arise when our lessee has also defaulted on payments owed to container terminals or depot facilities where the repossessed containers are located. In such cases, the terminal or depot facility will sometimes seek to have us repay a portion of the unpaid bills as a condition before releasing the containers back to us.

The likelihood of lessee defaults remains elevated. The container shipping industry has been suffering for several years from excess vessel capacity and low freight rates. Most of our customers generated financial losses in 2018 and many are burdened by high levels of debt. Ongoing deliveries of fuel efficient mega vessels will likely continue to pressure freight rates and our customers' profitability. In addition, the implementation of the IMO 2020 global sulfur cap regulations is likely to increase the financial pressures on shipping lines. These regulations will require our customers to either purchase more expensive, low sulfur fuel or invest large amounts to install sulfur scrubbers for their existing ships. These extra expenses and investments could create significant additional financial burdens for our customers.

We experienced a major lessee default in 2016 when Hanjin Shipping Co. ("Hanjin") filed for court protection and immediately began a liquidation process. At that time, we had approximately 87,000 containers on lease to Hanjin with a net book value of \$ 243.3 million. We recorded a loss of \$ 29.7 million during the third quarter ended September 30, 2016, comprised of bad debt expense and a charge for costs not expected to be recovered due to deductibles in credit insurance policies. The impact of the Hanjin bankruptcy was significantly lessened by credit insurance policies in place during 2016 which covered the value of containers that are unrecoverable, cost incurred to recover containers and a portion of lost lease revenue. We have not been able to renew the credit insurance at levels considered to be economical and may not be able to obtain such insurance in the future.

Our balance sheet includes an allowance for doubtful accounts as well as an equipment reserve related to the expected costs of recovering and remarketing containers currently in the possession of customers that have either defaulted or that we believe currently present a significant risk of loss. However, we do not maintain a general equipment reserve for equipment on-hire under operating leases to performing customers. As a result, any major customer default could have a significant impact on our profitability upon such default. Such a default could also have a material adverse effect on our business condition and financial prospects.

Our customer base highly is concentrated. A default from any of our largest customers, and especially our largest customer, would have a material adverse effect on our business, financial condition and future prospects. In addition, a significant reduction in leasing business from any of our large customers could have a material adverse impact on demand for our containers and our financial performance.

Our five largest customers represented approximately 54% of our lease billings in 2018, with our single largest customer, CMA CGM S.A., representing approximately 20% of lease billings in 2018, and our second largest customer Mediterranean Shipping Company S.A., representing approximately 14% of lease billings in 2018. Furthermore, the shipping industry has been consolidating for a number of years, and further consolidation is expected and could increase the portion of our revenues that come from our largest customers.

Given the high concentration of our customer base, a default by any of our largest customers would result in a major reduction in our leasing revenue, large repossession expenses, potentially large lost equipment charges and a material adverse impact on our performance and financial condition. In addition, the loss or significant reduction in orders from any of our major customers could

materially reduce the demand for our containers and result in lower leasing revenue, higher operating expenses and diminished growth prospects.

The implementation of new environmental regulations is expected to significantly increase the operating cost of our shipping line customers, further pressuring their financial performance and increasing our credit risk.

As of January 1, 2020, the International Maritime Organization regulation referred to as IMO 2020 will require all vessels to burn fuel with a sulfur content of no more than 0.5% unless fitted with an exhaust gas emissions cleaner (scrubber) capable of reducing sulfur emissions to 0.5% or less. Low sulfur fuel is considerably more expensive than high sulfur fuel and the alternative installation of scrubbers requires significant capital outlays. Whatever option a shipping line elects, the regulation will increase costs for our customers with no assurance that these added costs can be passed on via higher freight rates. If the shipping lines are unable to pass on these additional costs, our customers' financial performance will be further pressured which may negatively impact their ability to make payments to us when due and have an adverse effect on our business and financial condition.

Credit insurance may not be available in the future to help defer the costs of future credit defaults.

We have historically maintained credit insurance to help mitigate the cost and risk of lessee defaults. Those insurance policies typically covered the value of containers that were unrecoverable, cost incurred to recover containers and a portion of lost lease revenue. This insurance coverage reduced our loss resulting from the default of Hanjin, by approximately \$ 67.0 million.

However, in the aftermath of the Hanjin bankruptcy, the level of protection offered under this type of credit insurance has become much more limited and the cost of the more limited protection has increased substantially. We assessed the cost and level of credit insurance protection offered to the Company, determined that it is not economical and have allowed this credit insurance coverage to lapse. Accordingly, we may be forced to incur all of the losses resulting from future lessee defaults, significantly increasing the likelihood that a lessee default would have a material adverse impact on our profitability and financial condition.

Used container sales prices have been volatile. During periods of low used container sale prices, such as we experienced for much of 2015 and 2016, used container sale prices can fall below our accounting residual values, leading to losses on the disposal of our equipment.

Although our revenues primarily depend upon equipment leasing, our profitability is also affected by the gains or losses we realize on the sale of used containers because, in the ordinary course of our business, we sell certain containers when they are returned by customers upon lease expiration. The volatility of the selling prices and gains or losses from the disposal of such equipment can be significant. Used container selling prices, which can vary substantially, depend upon, among other factors, the cost of new containers, the global supply and demand balance for containers, the location of the containers, the supply and demand balance for used containers at a particular location, the physical condition of the container, refurbishment needs, materials and labor costs and obsolescence of certain equipment or technology. Most of these factors are outside of our control.

Containers are typically sold if it is in our best interest to do so after taking into consideration local and global leasing and sale market conditions and the age, location and physical condition of the container. As these considerations vary, gains or losses on sale of equipment will also fluctuate and may be significant if we sell large quantities of containers.

Used container selling prices and the gains or losses that we have recognized from selling used containers have varied widely. Selling prices for used containers and disposal gains were exceptionally high from 2010 to 2012 due to a tight global supply and demand balance for containers. Used container prices gradually declined from 2012 through 2014, then dropped steeply in 2015 and 2016 to levels below our estimated residual values, resulting in significant losses on sale of leasing equipment in 2016. Used container sale prices have rebounded since 2016, but there is no assurance this rebound in sale prices will be sustained. If disposal prices were to fall back below our residual values for an extended period, it would have a significantly negative impact on our financial performance and cash flow.

Equipment trading results have been highly volatile and are subject to many factors outside of our control.

The profitability of our equipment trading activities has varied widely, and our equipment trading results in 2018 were unusually strong. In 2018, we benefited from several block purchase transactions and our per-unit selling margins were supported by high sale values for older containers. Our ability to sustain a high level of equipment trading profitability will require securing large volumes of additional trading equipment and continuing to achieve high selling margins.

Several factors could limit our trading volumes. Shipping lines that have sold containers to us could develop other means for disposing their equipment or develop their own sales networks. In addition, we may limit our purchases if we have concerns that used container selling prices might decrease.

Our equipment trading results would also be negatively impacted by a reduction in our selling margins by increased competition for purchasing trading containers or by decreased sales prices. If sales prices rapidly deteriorate and we hold a large inventory of equipment that was purchased when prices for equipment were higher, then our gross margins could become negative

We face extensive competition in the container leasing industry.

We may be unable to compete favorably in the highly competitive container leasing and sales business. We compete with six other major leasing companies, many smaller container lessors, manufacturers of container equipment, companies offering finance leases as distinct from operating leases, promoters of container ownership and leasing as a tax shelter investment, shipping lines which sometimes lease their excess container stocks, and suppliers of alternative types of equipment for freight transport. Some of these competitors may have greater financial resources and access to capital than us. Additionally, some of these competitors may, at times, accumulate a high volume of underutilized inventories of containers, which could lead to significant downward pressure on lease rates and margins.

Competition among container leasing companies involves many factors, including, among others, lease rates, lease terms (including lease duration, and drop-off and repair provisions), customer service, and the location, availability, quality and individual characteristics of equipment. The highly competitive nature of our industry may reduce our lease rates and margins and undermine our ability to maintain our current level of container utilization or achieve our growth plans. In general, competition from other leasing companies becomes more intense following a period of strong performance, such as we experienced in 2017 and 2018. As a result, we expect increased competitive pressure.

We may incur future asset impairment charges.

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

The likelihood that we could incur asset impairment charges increases during periods of low new container prices, low market lease rates and low used container selling prices. These conditions existed in the industry for much of 2015 and 2016. There is no assurance these conditions will not return.

In addition, while used container selling prices are currently above our estimated residual values, they are extremely volatile and if disposal prices fall back below our residual values for an extended period, we would likely need to revise our estimates for residual values. Decreasing estimates for residual values would result in an immediate impairment charge on containers older than the estimated useful life in our depreciation calculations, and would result in increased depreciation expense for all of our other containers in subsequent periods. Asset impairment charges could significantly impact our profitability and could potentially cause us to breach the financial covenants contained in some or all of our debt agreements. The impact of asset impairment charges and a potential covenant default could be severe.

Financing may become more difficult to arrange and more expensive. If we are unable to finance capital expenditures efficiently, our business and growth plans will be adversely affected.

We expect to make capital investments to, among other things, maintain and expand the size of our container fleet. If we are unable to raise sufficient debt financing, we may be unable to achieve our targeted level of investment and growth. In addition, if our financing costs increase, we may be unable to pass along the higher cost of financing to our customers through higher per diem lease rates, which would reduce the profit margin and investment returns on new container investments.

During the difficult market environment in 2015 and 2016, many lenders to the container leasing industry became more cautious, decreasing our sources of available debt financing and increasing our borrowing costs. Financing availability and costs

have since improved, but there is no assurance this will continue. In addition, we are the largest container leasing exposure for many of our lenders, and the amount of incremental loans available from our existing lenders may become constrained due to single-name credit limitations.

In addition, our financing capacity could decrease, our financing costs and interest rates could increase, or our future access to the financial markets could be limited, as a result of other risks and contingencies, many of which are beyond our control, including: (i) the acceptance by credit markets of the structures and structural risks associated with our bank financing, private placement financing and asset-backed financing arrangements; (ii) the credit ratings provided by credit rating agencies for our corporate rating and those of our special purpose funding entities; (iii) third parties requiring changes in the terms and structure of our financing arrangements, including increased credit enhancements (such as lower advance rates) or required cash collateral and/or other liquid reserves; or (iv) changes in laws or regulations that negatively impact the terms on which the banks or other creditors may finance us. If we are unsuccessful in obtaining sufficient additional financing on acceptable terms, on a timely basis, or at all, such changes could have a material adverse effect on our liquidity, interest costs, financial condition, cash flows and results of operations.

We have a substantial amount of debt outstanding on a consolidated basis and have significant debt service requirements. This increases the risk that adverse changes in our operating performance, our industry or the financial markets could severely diminish our financial performance and future business and growth prospects, and increases the chance that we might face insolvency due to a default on our debt obligations.

As of December 31, 2018, we had outstanding indebtedness of approximately \$7,529.4 million under our debt facilities. Total interest and debt expense for the year ended December 31, 2018 was \$322.7 million.

Our substantial amount of debt could have important consequences for investors, including:

- making it more difficult for us to satisfy our obligations with respect to our debt facilities. Any failure to comply with such obligations, including a failure to make timely interest or principal payments, or a breach of financial or other restrictive covenants, could result in an event of default under the agreements governing such indebtedness, which could lead to, among other things, an acceleration of our indebtedness or foreclosure on the assets securing our indebtedness and which could have a material adverse effect on our business, financial condition, future prospects and solvency;
- requiring us to dedicate a substantial portion of our cash flow from operations to make payments on our debt, thereby reducing funds available for operations, capital expenditures, future business opportunities and other purposes;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- limiting our ability to borrow additional funds, or to sell assets to raise funds, if needed, for working capital, capital expenditures, acquisitions or other purposes;
- making it difficult for us to pay dividends on our common shares;
- increasing our vulnerability to general adverse economic and industry conditions, including changes in interest rates; and
- placing us at a competitive disadvantage compared to our competitors having less debt.

Additionally, we may not be able to refinance any of our indebtedness on commercially reasonable terms or at all. If we cannot refinance our indebtedness, we may have to take actions such as selling assets, seeking equity capital or reducing or delaying future capital expenditures or other business investments, which could have a material adverse impact on our growth rate, profitability and cash flow. Such actions, if necessary, may not be effected on commercially reasonable terms or at all. Our indebtedness may restrict our ability to sell assets and use the proceeds from such sales in certain ways.

Possible replacement of the LIBOR benchmark interest rate may have an impact on our business.

On July 27, 2017, the U.K. Financial Conduct Authority (the “FCA”), which regulates LIBOR, announced that it will no longer persuade or compel banks to submit rates for the calculation of LIBOR rates after 2021. As a result, LIBOR may be discontinued after 2021. The FCA and the submitting LIBOR banks have indicated they will support the LIBOR indices through 2021 to allow for an orderly transition to an alternative reference rate. Financial services regulators and industry groups are evaluating the phase-out of LIBOR and the development of alternate reference rate indices or reference rates.

As of December 31, 2018, we had \$2,997.4 million of total debt outstanding on facilities with interest rates based on floating rate indices, LIBOR. In addition, we had \$1,565.6 million notional value of interest rate swaps in place that are indexed to LIBOR. Potential changes to the underlying floating rate indices and reference rates may have an adverse impact on our assets or liabilities indexed to LIBOR and could have a material adverse effect on our operating results and financial condition.

Despite our substantial leverage, we and our subsidiaries may be able to incur additional indebtedness. This could further exacerbate the risks described above.

We may incur substantial additional indebtedness in the future. To the extent that new indebtedness is added to current debt levels, the risks described above would increase.

We will require a significant amount of cash to service and repay our outstanding indebtedness. This may limit our ability to fund future capital expenditures, pursue future business opportunities, make acquisitions or return cash to our shareholders.

Our high level of indebtedness requires us to make large interest and principal payments. These debt service payments will represent a significant portion of our cash flow, and if our operating cash flow decreases in the future, or if it becomes more difficult for us to arrange financing to refinance existing debt facilities, our ability to finance capital expenditures, pursue future business opportunities or return cash to our shareholders could be severely limited.

Our credit facilities impose significant operating and financial restrictions, which may prevent us from pursuing certain business opportunities and taking certain actions.

Our asset-backed securities, institutional notes and other credit facilities impose, and the terms of any future indebtedness may impose, significant operating, financial and other restrictions on the Company and our subsidiaries. These restrictions may limit or prohibit, among other things, our ability to:

- incur additional indebtedness;
- pay dividends on or redeem or repurchase our shares;
- issue additional share capital;
- make loans and investments;
- create liens;
- sell certain assets or merge with or into other companies;
- enter into certain transactions with our shareholders and affiliates;
- cause our subsidiaries to make dividends, distributions and other payments to us; and
- otherwise conduct necessary corporate activities.

These restrictions could adversely affect our ability to finance our future operations or capital needs and pursue available business opportunities. A breach of any of these restrictions could result in a default in respect of the related indebtedness. If a default occurs, the relevant lenders could elect to declare the indebtedness, together with accrued interest and fees, to be immediately due and payable and proceed against any collateral securing that indebtedness, which under certain circumstances could constitute substantially all of our container assets.

We have a complex debt structure with numerous credit facilities containing various non-financial covenants which are not standardized between facilities. This increases the risk of a technical default that could lead to the acceleration of our repayment obligations in certain instances.

We have a significant number credit facilities containing numerous non-financial covenants, such as, but not limited to, reporting and notification requirements, which are not standardized between facilities requiring extensive monitoring and compliance. Failure to comply with any of these non-financial covenants could result in an event of default, which could trigger cross-defaults of multiple facilities. Should we fail to comply with any of these non-financial covenants we may be unable to obtain waivers and lenders could accelerate our debt repayment obligations and proceed against any collateral securing that indebtedness.

Environmental regulations may result in equipment obsolescence or require substantial investments to retrofit existing equipment. Additionally, environmental concerns are leading to significant design changes for new containers that have not been extensively tested, which increases the likelihood that we could face technical problems.

Many countries, including the United States, restrict, prohibit or otherwise regulate the use of chemical refrigerants due to their ozone depleting and global warming effects. Our refrigerated containers currently use 404A or R134A refrigerant. While 404A and R134A do not contain hydrochlorofluorocarbons (CFCs), which have been restricted since 1995, the EU has instituted regulations beginning in 2011 to phase out the use of R134A in automobile air conditioning systems due to concern that the release of R134A into the atmosphere may contribute to global warming. While the EU regulations do not currently restrict the use of 404A or R134A in refrigerated containers or trailers, it has been proposed that, beginning in 2020 and 2025, respectively, 404A and R134A usage in refrigerated containers may be banned, although the final decision has not yet been made. Further, certain

manufacturers of refrigerated containers, including the largest manufacturer of cooling machines for refrigerated containers, have begun testing units that utilize alternative refrigerants, such as R513a and H1234YF, as well as natural refrigerants such as propane and carbon dioxide, that may have less global warming potential than 404A and R134A. If future regulations prohibit the use or servicing of containers using 404A or R134A refrigerants, we could be forced to incur large retrofitting expenses. In addition, refrigerated containers that are not retrofitted may become difficult to lease, command lower rental rates and disposal prices, or may have to be scrapped.

Historically, the foam insulation in the walls of intermodal refrigerated containers required the use of a blowing agent that contains CFCs, specifically HCFC-141b. The manufacturers producing our refrigerated containers have eliminated the use of this blowing agent in the manufacturing process, but a large number of our refrigerated containers manufactured prior to 2014 contain these CFCs. The EU prohibits the import and the placing on the market in the EU of intermodal containers with insulation made with HCFC-141b (“EU regulation”). However, we believe international conventions governing free movement of intermodal containers allow the use of such intermodal refrigerated containers in the EU if they have been admitted into EU countries on temporary customs admission. Each country in the EU has its own individual and different regulations, and we have procedures in place that we believe comply with the relevant EU and country regulations. However, if such intermodal refrigerated containers exceed their temporary customs admission period and/or their custom admissions status changes (e.g., should such container be off-hired) and such intermodal refrigerated containers are deemed placed on the market in the EU, or if our procedures are deemed not to comply with EU or a country’s regulation, we could be subject to fines and penalties. Also, if future international conventions or regulations prohibit the use or servicing of containers with foam insulation that utilized this blowing agent during the manufacturing process, we could be forced to incur large retrofitting expenses and those containers that are not retrofitted may become more difficult to lease and command lower rental rates and disposal prices.

An additional environmental concern affecting our operations relates to the construction materials used in our dry containers. The floors of dry containers are plywood, usually made from tropical hardwoods. Due to concerns regarding the de-forestation of tropical rain forests and climate change, many countries which have been the source of these hardwoods have implemented severe restrictions on the cutting and export of these woods. Accordingly, container manufacturers have switched a significant portion of production to more readily available alternatives such as birch, bamboo, and other farm-grown wood species. Container users are also evaluating alternative designs that would limit the amount of plywood required and are also considering possible synthetic materials to replace the plywood. These new woods or other alternatives have not proven their durability over the typical 13 to 15 year life of a dry container, and if they cannot perform as well as the hardwoods have historically performed, the future repair and operating costs for these containers could be significantly higher and the useful life of the containers may be decreased.

For environmental reasons, container manufacturers have replaced solvent-based paint systems with water-based paint systems for dry container production. Water-based paint systems require more time and care for proper application, and there is an increased risk that the paint will not adhere properly to the steel for the expected useful life of the containers. Poor paint coverage leads to premature rusting, increased maintenance cost over the life of the container and could result in a shorter useful life. If water-based paint applications cannot perform as well as the solvent-based applications have historically performed, the future repair and operating costs for these containers could be significantly higher and the useful life of the containers may be decreased.

China has implemented regulations restricting the import of solid wastes, and these regulations are limiting the importation into China of old refrigerated containers destined for materials recycling. These regulations may limit the disposal demand for non-working refrigerated containers and could result in a decrease in refrigerated container disposal prices which could have a significant negative impact on our financial performance and cash flows.

Litigation to enforce our leases and recover our containers has inherent uncertainties. These uncertainties are increased for our containers located in jurisdictions that have less developed legal systems.

While almost all of our lease agreements are governed by New York or California law and provide for the non-exclusive jurisdiction of the courts located in the State of New York or the courts located in San Francisco, California or arbitration in San Francisco, California, the ability to enforce the lessees’ obligations under the leases and other arrangements for use of the containers often is subject to applicable laws in the jurisdiction in which enforcement is sought. It is not possible to predict, with any degree of certainty, the jurisdictions in which enforcement proceedings may be commenced. Our containers are manufactured primarily in China, and a substantial portion of our containers are leased out of Asia, primarily China, and are used by our customers in a wide range of global trades. Litigation and enforcement proceedings have inherent uncertainties in any jurisdiction and are expensive. These uncertainties are enhanced in countries that have less developed legal systems where the interpretation of laws and regulations is not consistent, may be influenced by factors other than legal merits and may be cumbersome, time-consuming and more expensive. For example, repossessing containers from defaulting lessees may be difficult and more expensive in

jurisdictions whose laws do not confer the same security interests and rights to creditors and lessors as those in the United States and where the legal systems are not as well developed. Additionally, even if we are successful in obtaining judgments against defaulting customers, these customers may have limited owned assets and/or heavily encumbered assets and the collection and enforcement of a monetary judgment against them may be unsuccessful. As a result, the remedies available and the relative success and expedience of collection and enforcement proceedings with respect to the containers in various jurisdictions cannot be predicted.

The success of our recovery efforts for defaulted leases has been hampered by undeveloped creditor protections and legal systems in a number of countries. In these situations, we experienced an increase in average recovery costs per unit and a decrease in the percentage of containers recovered in default situations primarily due to excessive charges applied to our containers by the depot or terminal facilities that had been storing the containers for the defaulted lessee. In these cases, the payments demanded by the depot or terminal operators often significantly exceeded the amount of storage costs that the Company would have reasonably expected to pay for the release of the containers. However, legal remedies were limited in many of the jurisdictions where the containers were being stored, and we were sometimes forced to accept the excessive storage charges to gain control of our containers. If the number and size of defaults increases in the future, and if a large percentage of the defaulted containers are being stored in countries with less developed legal systems, losses resulting from recovery payments and unrecovered containers could be large and our profitability significantly reduced.

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

We obtain warranties from the manufacturers of equipment that we purchase. When defects in the containers occur we work with the manufacturers to identify and rectify the problems. However, there is no assurance that manufacturers will be willing or able to honor warranty obligations. In addition, manufacturers warranties often do not cover the full expected life of our containers. If the manufacturer is unwilling or unable to honor warranties covering failures occurring within the warranty period or if defects are discovered in containers that are no longer covered by manufacturers' warranties, we could be required to expend significant amounts of money to repair the containers, the useful lives of the containers could be shortened and the value of the containers reduced.

A shortage of mature tropical hardwood has forced manufacturers to use younger and alternative species of wood to make container floors. Manufacturers have switched a significant portion of production to more readily available alternatives such as birch, bamboo, bamboo-wood combined panels, and other farm-grown wood species. Container users are also evaluating alternative designs that would limit the amount of plywood required and are also considering possible synthetic materials to replace the plywood. These new woods or other alternatives have not proven their durability over the typical 13 to 15 year life of a dry container. It is likely that the number and magnitude of warranty claims related to premature floor failures will increase.

Another example relates to the Chinese Central Government imposing Volatile Organic Compound ("VOC") and Air Quality standards in South China in July 2016 and in all of China in April 2017. As a result of this standard, manufacturers changed from solvent-based paint systems to water-based paint systems. Water-based paint systems have not proven their durability over the typical 13 to 15 year life of a dry container in a marine environment. It is possible that the number and magnitude of warranty claims related to premature paint failures will increase.

If container manufacturers do not honor warranties covering these failures, or if the failures occur after the warranty period expires, we could be required to expend significant amounts of money to repair or sell containers earlier than expected. This could have a material adverse effect on our operating results and financial condition.

Changes in market price or availability of containers in China could adversely affect our ability to maintain our supply of containers.

The vast majority of intermodal containers are currently manufactured in China, and we currently purchase substantially all of our dry containers, special containers and refrigerated containers from manufacturers based there. In addition, the container manufacturing industry in China is highly concentrated. In the event that it were to become more expensive for us to procure containers in China because of further consolidation among container suppliers, a dispute with one of our manufacturers, increased tariffs imposed by the United States or other governments or for any other reason, we would have to seek alternative sources of supply. We may not be able to make alternative arrangements quickly enough to meet our equipment needs, and the alternative arrangements may increase our costs, reduce our profitability and make us less competitive in the market.

We may incur significant costs associated with relocation of leased equipment.

When lessees return equipment to locations where supply exceeds demand, containers are routinely repositioned to higher demand areas. Positioning expenses vary depending on geographic location, distance, freight rates and other factors. Positioning expenses can be significant if a large portion of our containers are returned to locations with weak demand.

We currently seek to limit the number of containers that can be returned to areas where demand for such containers is not expected to be strong. However, future market conditions may not enable us to continue such practices. In addition, we may not be successful in accurately anticipating which port locations will be characterized by weak or strong demand in the future, and current contracts will not provide much protection against positioning costs if ports that are expected to be strong demand ports turn out to be surplus container ports when the equipment is returned to such ports upon lease expiration. In particular, we could incur significant positioning costs in the future if trade flows change from net exports to net imports in locations such as the main ports in China that are currently considered to be high demand locations and where our leases typically allow large numbers of containers to be returned.

Sustained China and Asian economic, social or political instability could reduce demand for leasing.

Many of the shipping lines to which we lease containers are entities domiciled in Asian countries. In addition, many of our customers are substantially dependent upon shipments of goods exported from China and other Asian countries. From time to time, there have been economic disruptions, financial turmoil and political instability in this region. If these events were to occur again in the future, they could adversely affect our customers and lead to reduced demand for our containers or otherwise have an adverse effect on market conditions and our performance.

It may become more expensive for us to store our off-hire containers.

We are dependent on third-party depot operators to repair and store our equipment in port areas throughout the world. In many of these locations the land occupied by these depots is increasingly being considered as prime real estate. Accordingly, some depots are seeking to increase the rates we pay to store our containers, and some local communities are increasing restrictions on depot operations which increase their costs of operation and in some cases force depots to relocate to sites further from the port areas. Additionally, depots in prime locations may become filled to capacity based on market conditions and may refuse additional containers due to space constraints. As a result of these factors, the cost of maintaining and storing our off-hire containers could increase significantly.

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

The efficient operation of our business is highly dependent on our information technology systems including our equipment tracking and billing systems and our customer interface systems. These systems allow customers to place pick-up and drop-off orders, view current inventory and check contractual terms in effect with respect to any given container lease agreement. These systems also process and track transactions, such as container pick-ups, drop-offs and repairs, and bill customers for the use of and damage to our equipment. If our information technology systems are damaged or an interruption is caused by a computer systems failure, viruses, fire, natural disasters or power loss, the disruption to our normal business operations and impact on our costs, competitiveness and financial results could be significant.

Security breaches and other disruptions could compromise our information technology systems and expose us to liability, which could cause our business and reputation to suffer.

In the ordinary course of our business, we will collect and store sensitive data on our systems and networks, including our proprietary business information and that of our customers and suppliers, and personally identifiable information of our customers and employees. The secure storage, processing, maintenance and transmission of this information is critical to our operations. Despite the security measures we employ, our information technology systems and networks may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise such systems and networks and the information stored therein could be accessed, publicly disclosed and/or lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, disruption to our operations, damage to our reputation and/or loss of competitive position.

A number of key personnel are critical to the success of our business.

We have senior executives and other management level employees with extensive industry experience. We rely on this knowledge and experience in our strategic planning and in our day-to-day business operations. Our success depends in large part upon our ability to retain our senior management, the loss of one or more of whom could have a material adverse effect on our business. Our success also depends on our ability to retain our experienced sales force and technical personnel as well as to recruit new skilled sales, marketing and technical personnel. Competition for experienced managers in our industry can be intense. If we fail to retain and recruit the necessary personnel, our business and our ability to retain customers and provide acceptable levels of customer service could suffer.

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

We are subject to risks inherent in conducting business across national boundaries, any one of which could adversely impact our business. These risks include:

- regional or local economic downturns;
- changes in governmental policy or regulation;
- domestic and foreign customs and tariffs, import and export duties and quotas;
- restrictions on the transfer of funds into or out of countries in which we operate;
- compliance with U.S. Treasury and EU sanctions regulations restricting doing business with certain nations or specially designated nationals;
- international incidents;
- military conflicts;
- government instability;
- nationalization of foreign assets;
- government protectionism;
- compliance with export controls, including those of the U.S. Department of Commerce;
- compliance with import procedures and controls, including those of the U.S. Department of Homeland Security;
- potentially negative consequences from changes in tax laws;
- requirements relating to withholding taxes on remittances and other payments by subsidiaries and customers;
- labor or other disruptions at key ports;
- difficulty in staffing and managing widespread operations;
- difficulty in registering intellectual property or inadequate intellectual property protection in foreign jurisdictions; and
- restrictions on our ability to own or operate subsidiaries, make investments or acquire new businesses in these jurisdictions.

Any one or more of these factors could impair our current or future international operations and, as a result, harm our overall business.

The lack of an international title registry for containers increases the risk of ownership disputes.

There is no internationally recognized system for recording or filing to evidence our title to containers nor is there an internationally recognized system for filing security interests in containers. Although this has not occurred to date, the lack of a title recordation system with respect to containers could result in disputes with lessees, end-users, or third parties who may improperly claim ownership of the containers.

Certain liens may arise on our containers.

Depot operators, container terminals, repairmen and transporters may come into possession of our containers from time to time and have sums due to them from the lessees or sublessees of the containers. In the event of nonpayment of those charges by the lessees or sublessees, we may be delayed in, or entirely barred from, taking possession of our containers, or we may be required to make payments or incur expenses to discharge such liens on the containers.

For example, in the aftermath of the Hanjin bankruptcy, we were forced to make substantial payments to container terminals, container depots and other parties who took possession of our containers previously on-hire to Hanjin and demanded to be reimbursed for payments owed to them by Hanjin as a condition for the release of our containers.

Changes in financial accounting standards or practices may cause adverse, unexpected financial reporting fluctuations and affect our reported operating results.

GAAP is subject to interpretation by the Financial Accounting Standards Board (the “FASB”), the SEC and various bodies formed to promulgate and interpret appropriate accounting principles. A change in accounting standards or practices can have a significant effect on our reported results and may even affect our reporting of transactions completed before the change is effective. New accounting pronouncements and varying interpretations of accounting pronouncements have occurred and may occur in the future. Changes to existing rules or the questioning of current practices may have a material adverse effect on our reported financial results or the way in which we conduct our business.

Because of our significant international operations, we could be materially adversely affected by violations of the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act and similar anti-corruption and anti-bribery laws and regulations.

We operate on a global basis, with the vast majority of our revenue generated from leasing our containers to lessees for use in international trade. We are also dependent on third-party depot operators to repair and store our containers in port locations throughout the world. Our business operations are subject to anti-corruption and anti-bribery laws and regulations, including restrictions imposed by the U.S. Foreign Corrupt Practices Act (the “FCPA”), the United Kingdom Bribery Act of 2010 (the “U.K. Bribery Act”), and the Bermuda Bribery Act 2016 (“Bermuda Bribery Act”). The FCPA, the U.K. Bribery Act, the Bermuda Bribery Act and similar anti-corruption and anti-bribery laws in other jurisdictions generally prohibit companies and their intermediaries and agents from making improper payments to government officials or any other persons for the purpose of obtaining or retaining business. Any determination of a violation or an investigation into violations of the FCPA, the U.K. Bribery Act, the Bermuda Bribery Act or similar anti-corruption and anti-bribery laws could have a material and adverse effect on our business, results of operations and financial condition.

A failure to comply with United States Treasury and other economic sanction laws and regulations and export control laws and regulations could have a material adverse effect on our business, results of operations or financial condition. We may be unable to ensure that our agents and/or customers comply with applicable sanctions and export control laws.

We face several risks inherent in conducting our business internationally, including compliance with applicable economic sanctions laws and regulations, such as laws and regulations administered by the U.S. Department of Treasury’s Office of Foreign Assets Control (“OFAC”), the U.S. Department of State and the U.S. Department of Commerce. We must also comply with all applicable export control laws and regulations of the United States (including but not limited to the U.S. Export Administration Regulations) and other countries. Any determination of a violation or an investigation into violations of export controls or economic sanctions laws and regulations could result in significant criminal or civil fines, penalties or other sanctions and repercussions, including reputational harm that could materially affect our business, results of operations or financial condition.

We may incur increased costs associated with the implementation of security regulations, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We may be subject to regulations promulgated in various countries, including the United States, seeking to protect the integrity of international commerce and prevent the use of containers for international terrorism or other illicit activities. For example, the Container Safety Initiative, the Customs-Trade Partnership Against Terrorism and Operation Safe Commerce are among the programs administered by the U.S. Department of Homeland Security that are designed to enhance security for cargo moving throughout the international transportation system by identifying existing vulnerabilities in the supply chain and developing improved methods for ensuring the security of containerized cargo entering and leaving the United States. Moreover, the International Convention for Safe Containers, 1972 (CSC), as amended, adopted by the International Maritime Organization, applies to containers and seeks to maintain a high level of safety of human life in the transport and handling of containers by providing uniform international safety regulations. As these regulations develop and change, we may incur increased compliance costs due to the acquisition of new, regulation compliant containers and/or the adaptation of existing containers to meet any new requirements imposed by such regulations. Additionally, certain companies are currently developing or may in the future develop products designed to enhance the security of containers transported in international commerce. We may adopt such products and may incur increased costs, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Terrorist attacks could negatively impact our operations and profitability and may expose us to liability and reputational damage.

Terrorist attacks may negatively affect our operations and profitability. Such attacks have contributed to economic instability in the United States, Europe and elsewhere, and further acts of terrorism, violence or war could similarly affect world trade and the industries in which we and our customers operate. In addition, terrorist attacks or hostilities may directly impact ports our containers enter and exit, depots, our physical facilities or those of our suppliers or customers and could impact our sales and our

supply chain. A severe disruption to the worldwide ports system and flow of goods could result in a reduction in the level of international trade and lower demand for our containers. The consequences of any terrorist attacks or hostilities are unpredictable, and we may not be able to foresee events that could have an adverse effect on our operations.

It is also possible that one of our containers could be involved in a terrorist attack. Although our lease agreements typically require our customers to indemnify us against all damages and liabilities arising out of the use of our containers and we carry insurance to potentially offset any costs in the event that our customer indemnifications prove to be insufficient, the insurance does not cover certain types of terrorist attacks and we may not be fully protected from liability or the reputational damage that could arise from a terrorist attack which utilizes one of our containers.

Environmental liability may adversely affect our business and financial situation.

We are subject to federal, state, local and foreign laws and regulations relating to the protection of the environment, including those governing the discharge of pollutants to air and water, the management and disposal of hazardous substances and wastes and the cleanup of contaminated sites. We could incur substantial costs, including cleanup costs, fines and third-party claims for property damage and personal injury, as a result of violations of or liabilities under environmental laws and regulations in connection with our current or historical operations. Under some environmental laws in the United States and certain other countries, the owner of a leased container may be liable for environmental damage, cleanup or other costs in the event of a spill or discharge of material from a container without regard to the owner's fault. We have not yet experienced any such claims, although we cannot assure you that we will not be subject to such claims in the future. Liability insurance policies, including ours, usually exclude claims for environmental damage. Some of our lessees may have separate insurance coverage for environmental damage, but we cannot assure you that any such policies would cover or otherwise offset any liability we may have as the owner of a leased container.

Changes in U.S. tax rules as part of the 2017 U.S. tax legislation could negatively impact our income tax provisions or future cash tax payments.

Our subsidiaries record U.S. tax provisions in their financial statements. Certain of our U.S. subsidiaries currently do not pay meaningful U.S. income taxes primarily due to the benefit they currently receive from accelerated tax depreciation of their container investments. However, the changes in U.S. tax law passed on December 22, 2017 limiting the deductibility of interest expense above certain levels could increase our taxable income and lead to higher cash tax payments in the future.

A reduction in our level of continuing investment in our U.S. subsidiaries or future U.S. tax rule changes may negatively impact our income tax provisions or future cash tax payments.

Our U.S. subsidiaries record tax provisions in their financial statements. Certain of these subsidiaries currently do not pay any meaningful U.S. income taxes primarily due to the benefit they currently receive, and we expect they will continue to receive, from accelerated tax depreciation of their container investments. A change in the rules governing the tax depreciation for these U.S. subsidiaries' containers, in particular, a change that increases the period over which they must depreciate their containers for tax purposes, could reduce or eliminate this tax benefit and significantly increase these U.S. subsidiaries' cash tax payments.

In addition, even under current tax rules, these U.S. subsidiaries will need to make ongoing investments in new containers in order to continue to benefit from the tax deferral generated by accelerated tax depreciation. If these U.S. subsidiaries are unable to do so, the favorable tax treatment from accelerated tax depreciation would diminish, and they could face significantly increased cash tax payments.

In addition, our net deferred tax liability balance includes a deferred tax asset for U.S. federal and various states resulting from net operating loss carryforwards. A reduction to our future earnings, which will lower taxable income, may require the Company to record a charge against earnings in the form of a valuation allowance, if it is determined that it is more-likely-than-not that some or all of the loss carryforwards will not be realized.

Our U.S. investors could suffer adverse tax consequences if we are characterized as a passive foreign investment company for U.S. federal income tax purposes.

Based upon the nature of our business activities, we may be classified as a passive foreign investment company ("PFIC") for U.S. federal income tax purposes. Such characterization could result in adverse U.S. tax consequences for direct or indirect U.S. investors in our common shares. For example, if we are a PFIC, our U.S. investors could become subject to increased tax liabilities

under U.S. tax laws and regulations and could become subject to burdensome reporting requirements. The determination of whether or not we are a PFIC is made on an annual basis and depends on the composition of our income and assets from time to time. Specifically, for any taxable year, we will be classified as a PFIC for U.S. tax purposes if either:

- 75% or more of our gross income in a taxable year is passive income; or
- the average percentage of our assets (which includes cash) by value in a taxable year which produce or are held for the production of passive income is at least 50%.

In applying these tests, we are treated as owning or generating directly our pro rata share of the assets and income of any corporation in which we own at least 25% by value. If you are a U.S. holder and we are a PFIC for any taxable year during which you own our common shares, you could be subject to adverse U.S. tax consequences. In such a case, under the PFIC rules, unless a U.S. holder is permitted to and does elect otherwise under the Code, such U.S. holder would be subject to special tax rules with respect to excess distributions and any gain from the disposition of our common shares. In particular, the excess distribution or gain will be treated as if it had been recognized ratably over the holder's holding period for our common shares, and amounts allocated to prior years starting with our first taxable year during which we were a PFIC will be subject to U.S. federal income tax at the highest prevailing tax rates on ordinary income for that year plus an interest charge.

Based on the composition of our income, valuation of our assets and our election to treat certain of our subsidiaries as disregarded entities for U.S. federal income tax purposes, we do not expect that we should be treated as a PFIC for the current taxable year or for the foreseeable future. However, because the PFIC determination in our case is made by taking into account all of the relevant facts and circumstances regarding our business without the benefit of clearly defined bright line rules, it is possible that we may be a PFIC for any taxable year or that the U.S. Internal Revenue Service (the "IRS") may challenge our determination concerning our PFIC status.

We may become subject to unanticipated tax liabilities that may have a material adverse effect on our results of operations.

We are a Bermuda company, and we believe that the income derived from our operations will not be subject to tax in Bermuda, which currently has no corporate income tax. We further believe that a significant portion of the income derived from our operations will not be subject to tax in many other countries in which our customers or containers are located. However, this belief is based on the anticipated nature and conduct of our business, which may change. It is also based on our understanding of the tax laws of the countries in which our customers use containers. The tax positions we take in various jurisdictions are subject to review and possible challenge by taxing authorities and to possible changes in law that may have retroactive effect.

Bermuda recently enacted the Economic Substance Act 2018 requiring affected Bermuda registered companies to maintain a substantial economic presence in Bermuda. While detailed guidelines have yet to be issued, this legislation could require us to incur substantial additional cost, and/or incur significant penalties and possibly require us to re-domicile our company to a jurisdiction with higher tax rates. Our results of operations could be materially and adversely affected if we become subject to these or other unanticipated tax liabilities.

The calculation of our income tax expense requires judgment and the use of estimates.

We periodically assess our tax positions based on current tax developments, including enacted statutory, judicial and regulatory guidance. In analyzing our overall tax position, consideration is given to the amount and timing of recognizing income tax liabilities and benefits. In applying the tax and accounting guidance to the facts and circumstances, income tax balances are adjusted as we consider appropriate through the income tax provision. We account for income tax positions on uncertainties by recognizing the effect of income tax positions only if those positions are more-likely-than-not of being sustained, and maintain reserves for income tax positions we believe are not more-likely-than-not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. However, due to the significant judgment required in estimating those reserves, actual amounts paid, if any, could differ significantly from those estimates.

Fluctuations in foreign exchange rates could reduce our profitability.

While the majority of our revenues and costs are billed in U.S. dollars, our operations and used container sales in locations outside of the U.S. have exposure to foreign currency. Most of our non-U.S. dollar transactions are individually small amounts and in various denominations and thus are not suitable for cost-effective hedging. Fluctuations in the value of foreign currencies relative to the U.S. dollar can negatively impact our cash flow and profitability.

In addition, trade growth and the direction of trade flows can be influenced by large changes in relative currency values, potentially leading to decreased demand for our containers or increased container positioning costs.

Most of our equipment fleet is manufactured in China. Although the purchase price is typically in U.S. dollars, our manufacturers pay labor and other costs in the local currency, the Chinese yuan. To the extent that our manufacturers' costs change due to changes in the valuation of the Chinese yuan, the dollar price we pay for equipment could be affected.

Our operations could be affected by natural or man-made events in the locations in which our customers or suppliers operate.

We have operations in locations subject to severe weather conditions, natural disasters, the outbreak of contagious disease, or man-made incidents such as chemical explosions, any of which could disrupt our operations. In addition, our suppliers and customers also have operations in such locations. For example, in 2011, the northern region of Japan experienced a severe earthquake followed by a series of tsunamis resulting in material damage to the Japanese economy. In 2015, a chemical explosion and fire in the port of Tianjin, China damaged or destroyed a small number of our containers and disrupted operations in the port. Similarly, outbreaks of pandemic or contagious diseases, such as H1N1 (swine) flu and the Ebola virus, could significantly reduce the demand for international shipping or could prevent our containers from being discharged in the affected areas or in other locations after having visited the affected areas. Any future natural or man-made disasters or health concerns in the world where we have business operations could lead to disruption of the regional and global economies, which could result in a decrease in demand for leased containers.

Increases in the cost of or the lack of availability of contingent liability, physical damage and directors' and officers' liability insurance could increase our risk exposure and reduce our profitability.

Our lessees and depots are required to maintain all risks physical damage insurance, comprehensive general liability insurance and to indemnify us against loss. We also maintain our own contingent liability insurance and off-hire physical damage insurance. Nevertheless, lessees' and depots' insurance or indemnities and our future insurance may not fully protect us. The cost of such insurance may increase or become prohibitively expensive and such insurance may not continue to be available.

We also maintain directors' and officers' liability insurance. We may be required to incur substantial costs to maintain existing or increased levels of coverage or such coverage may not continue to be available, which would make it more difficult and expensive to attract and retain our directors and officers.

Labor activism and unrest, or failure to maintain satisfactory labor relations, could adversely affect our business, financial condition and results of operations.

Labor activism and unrest could materially adversely affect our operations and thereby materially adversely affect our financial condition and prospects. We may experience labor unrest, activism, disputes or actions in the future, some of which may be significant and could materially adversely affect our business, financial condition and results of operations.

The price of our common shares has been highly volatile and may decline regardless of our operating performance.

The trading price of our common shares has been and is likely to remain highly volatile. Factors affecting the trading price of our common shares may include:

- broad market and industry factors including global and political instability, trade actions, and interest rate and currency changes;
- variations in our financial results;
- changes in financial estimates or investment recommendations by securities analysts following our business;
- the public's response to our press releases, other public announcements and filings with the SEC;
- changes in accounting standards, policies, guidance or interpretations or principles;
- future sales of common shares by our directors, officers and significant shareholders;
- announcements of technological innovations or enhanced or new products by us or our competitors;
- the failure to achieve operating results consistent with securities analysts' projections;
- the operating and stock price performance of other companies that investors may deem comparable to us;
- changes in our dividend policy and share repurchase programs;
- fluctuations in the worldwide equity markets;
- recruitment or departure of key personnel;
- failure to timely address changing customer preferences; and

- other events or factors, including those resulting from, the perceived or actual threat of impending natural disasters, coups, missile launches, terrorism or war, as well as the actual occurrence of such events or responses to such events.

In addition, if the market for intermodal equipment leasing company stocks or the stock market in general experiences a loss of investor confidence, the trading price of our common shares could decline for reasons unrelated to our business or financial results. The trading price of our common shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us.

If securities analysts do not publish research or reports about our business or if they downgrade our shares, the price of our common shares could decline.

The trading market for our common shares relies in part on the research and reports that industry or financial analysts publish about us, our business or our industry. We have no influence or control over these analysts. Furthermore, if one or more analysts covering our Company downgrades our shares, the price of our shares could decline. If one or more of these analysts ceases coverage of us, we could lose visibility in the market, which in turn could cause our share price to decline.

Our failure to comply with required public company corporate governance and financial reporting practices and regulations could materially and adversely impact our financial condition, operating results and the price of our common shares. Further, our internal controls over financial reporting may not detect all errors or omissions in the financial statements.

We are subject to the regulatory compliance and reporting requirements applicable to us as a public company, including those issued by the Securities and Exchange Commission (the "SEC") and the New York Stock Exchange (the "NYSE"). Failure to meet these requirements may lead to adverse regulatory consequences, and could lead to defaults under our loan agreements or a negative reaction in the financial markets due to a loss of confidence in the reliability of our financial statements. If we fail to maintain effective controls and procedures, we may be unable to provide the required financial information in a timely and reliable manner or otherwise comply with the standards applicable to us as a public company. Any failure to timely provide the required financial information could materially and adversely impact our financial condition and the market value of our common shares. Furthermore, testing and maintaining internal controls can divert our management's attention from other matters that are important to our business.

The Sarbanes-Oxley Act of 2002, as amended (the "Sarbanes-Oxley Act"), requires that we maintain effective internal controls for financial reporting and disclosure controls and procedures. If we do not maintain compliance with the requirements of Section 404 of the Sarbanes-Oxley Act, or if we or our independent registered public accounting firm identifies deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses, we could suffer a loss of investor confidence in the reliability of our financial statements, which could cause the market price of our shares to decline. We can also be subject to sanctions or investigations by the NYSE, the SEC or other regulatory authorities for failure to comply with public company corporate governance and financial reporting practices and regulations.

Section 404 of the Sarbanes-Oxley Act requires an annual management assessment of the effectiveness of internal controls over financial reporting and a report by our independent registered public accounting firm on the effectiveness on such internal controls. If we fail to maintain the adequacy of internal controls over financial accounting, we may not be able to conclude on an ongoing basis that we have effective internal controls over financial reporting in accordance with the Sarbanes-Oxley Act and related regulations. No system of internal controls can provide absolute assurance that the financial statements are accurate and free of material errors. As a result, the risk exists that our internal controls may not detect all errors or omissions in the financial statements.

Changes in laws and regulations could adversely affect our business.

All aspects of our business, including leasing, pricing, sales, litigation and intellectual property rights are subject to extensive legislation and regulation. Changes in applicable federal and state laws and agency regulations, as well as the laws and regulations of foreign jurisdictions, could have a material adverse effect on our business.

Concentration of ownership among our significant shareholders may prevent new investors from influencing significant corporate decisions and may result in conflicts of interest.

As of December 31, 2018, certain affiliates of Vestar Capital Partners, Inc. ("Vestar") beneficially owned approximately 13.5% of our outstanding common shares, an affiliate of Bharti Global Limited ("Bharti") beneficially owned approximately 10.4% of our outstanding common shares and certain affiliates of Warburg Pincus LLC ("Warburg Pincus") beneficially owned approximately

9.0% of our outstanding common shares. As of such date, Vestar, Bharti and Warburg Pincus (collectively, the "Sponsor Shareholders"), in the aggregate, beneficially owned approximately 33.0% of our outstanding common shares. Under the shareholder agreements with the Sponsor Shareholders (the "Sponsor Shareholder Agreements"), Warburg Pincus and Bharti (collectively, the "Warburg Shareholder Group") have the ongoing right to designate two nominees for election to serve on our Board, and Vestar has the ongoing right to designate one nominee for election to serve on our Board, in each case subject to the approval by our Nominating and Corporate Governance Committee of any individuals so designated. The rights of the Warburg Shareholder Group and Vestar to designate nominees for election to serve on our Board are subject to reduction as their respective ownership of our common shares declines. The Sponsor Shareholders Agreements provide certain restrictions on the Sponsor Shareholders, which are further described in the Registration Statement on Form S-4 that we filed with the SEC on December 24, 2015, as amended (the "Form S-4"), under "Related Agreements - The Sponsor Shareholders Agreements." However, the concentration of influence in the Sponsor Shareholders may delay, deter or prevent acts that would be favored by our other shareholders, who may have interests different from those of the Sponsor Shareholders. For example, the Sponsor Shareholders could delay or prevent an acquisition, merger or amalgamation deemed beneficial to other shareholders, or cause, or seek to cause, us to take courses of action that, in their judgment, could enhance their investment in us, but which might involve risks to our other shareholders or adversely affect us or our other shareholders. Our Sponsor Shareholders may be able to cause or prevent a change in control or a change in the composition of our Board and could preclude any unsolicited acquisition of us. This may have the effect of delaying, preventing or deterring a change in control. In addition, this significant concentration of share ownership may materially adversely affect the trading price of our common shares because investors often perceive disadvantages in owning common shares in companies with significant concentrations of ownership.

Further, our by-laws provide that we, on behalf of our subsidiaries, renounce any interest or expectancy we or our subsidiaries may have in (or in being offered an opportunity to participate in) business opportunities that are from time to time presented to any of Warburg Pincus, Vestar, and Bharti and their respective affiliated funds, or any of their respective officers, directors, agents, shareholders, members, partners, affiliates and subsidiaries (other than us and our subsidiaries), even if the opportunity is one that we or our subsidiaries might reasonably be deemed to have pursued or had the ability or desire to pursue if granted the opportunity to do so. Our by-laws provide that no such person will be liable to us or any of our subsidiaries (for breach of any duty or otherwise), as a director or officer or otherwise, by reason of the fact that such person pursues or acquires such business opportunity, directs such business opportunity to another person or fails to present such business opportunity, or information regarding such business opportunity, to us or our subsidiaries; provided, that the foregoing will not apply to any such person who is a director or officer, if such business opportunity is expressly offered to such director or officer in writing solely in his or her capacity as a director or officer. This may cause the strategic interests of the Sponsor Shareholders to differ from, and conflict with, our interests and our other shareholders' interests in material respects.

Future sales of our common shares, or the perception in the public markets that such sales may occur, may depress our share price.

Sales of substantial amounts of our common shares in the public market or the perception that such sales could occur, could adversely affect the price of our common shares and could impair our ability to raise capital through the sale of additional shares and result in long-lived asset impairment.

In addition, to the extent that Warburg Pincus, Vestar, Bharti or other significant shareholders sell, or indicate an intent to sell, substantial amounts of our common shares in the public market, the trading price of our common shares could decline significantly. These factors could also make it more difficult for us to raise additional funds through future offerings of our common shares or other securities.

Issuing additional common shares or other equity securities or securities convertible into equity for financing or in connection with our incentive plans, acquisitions or otherwise may dilute the economic and voting rights of our existing shareholders or reduce the market price of our common shares or both. Upon liquidation, holders of our debt securities, if issued, and lenders with respect to other borrowings would receive a distribution of our available assets prior to the holders of our common shares. Debt securities convertible into equity could be subject to adjustments in the conversion ratio pursuant to which certain events may increase the number of equity securities issuable upon conversion. Our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, which may materially adversely affect the amount, timing or nature of future offerings. Thus, holders of our common shares bear the risk that our future offerings may reduce the market price of our common shares.

In the future, we may also issue securities in connection with investments or acquisitions. The amount of our common shares issued in connection with an investment or acquisition could constitute a material portion of our then-outstanding common shares.

Any issuance of additional securities in connection with investments or acquisitions may result in dilution to you.

We are incorporated in Bermuda and a significant portion of our assets will be located outside the United States. As a result, it may not be possible for shareholders to enforce civil liability provisions of the federal or state securities laws of the United States against the Company.

We are incorporated under the laws of Bermuda and a significant portion of our assets are located outside the United States. It may not be possible to enforce court judgments obtained in the United States against us in Bermuda or in countries, other than the United States, where we will have assets, based on the civil liability provisions of the federal or state securities laws of the United States. In addition, there is some doubt as to whether the courts of Bermuda and other countries would recognize or enforce judgments of United States courts obtained against us or our officers or directors based on the civil liability provisions of the federal or state securities laws of the United States or would hear actions against us or those persons based on those laws. We have been advised by our legal advisors in Bermuda that the United States and Bermuda do not currently have a treaty providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in the United States based on civil liability, whether or not based solely on United States federal or state securities laws, would not automatically be enforceable in Bermuda. Similarly, those judgments may not be enforceable in countries, other than the United States, where we have assets.

Bermuda law differs from the laws in effect in the United States and may afford less protection to shareholders.

Our shareholders might have more difficulty protecting their interests than would shareholders of a corporation incorporated in a jurisdiction of the United States. As a Bermuda company, we are governed by the Bermuda Companies Act. The Bermuda Companies Act differs in some material respects from laws generally applicable to United States corporations and shareholders, including the provisions relating to interested directors, mergers, amalgamations and acquisitions, takeovers, shareholder lawsuits and indemnification of directors. See "Description of Our Common Shares" in the Form S-4.

Certain provisions of the Sponsor Shareholders Agreements, our memorandum of association and amended and restated bye-laws and Bermuda law could hinder, delay or prevent a change in control that you might consider favorable, which could also adversely affect the price of our common shares.

Certain provisions under the Sponsor Shareholders Agreements, our memorandum of association and amended and restated bye-laws and Bermuda law could discourage, delay or prevent a transaction involving a change in control, even if doing so would benefit our shareholders. These provisions may include customary anti-takeover provisions and certain rights of our Sponsor Shareholders with respect to the designation of directors for nomination and election to our Board, including the ability to appoint members to each board committee.

Anti-takeover provisions could substantially impede the ability of our public shareholders to benefit from a change in control or change of our management and Board of Directors and, as a result, may materially adversely affect the market price of our common shares and your ability to realize any potential change of control premium. These provisions could also discourage proxy contests and make it more difficult for you and other shareholders to elect directors of your choosing and to cause us to take other corporate actions you desire.

We may not be able to protect our intellectual property rights, which could materially affect our business.

Our ability to obtain, protect and enforce our intellectual property rights is subject to general litigation risks, as well as the uncertainty as to the registrability, validity and enforceability of our intellectual property rights in each applicable country.

We rely on our trademarks to distinguish our services from the services of competitors, and have registered or applied to register a number of these trademarks. However, our trademark applications may not be approved. Third parties may also oppose our trademark applications or otherwise challenge our ownership or use of trademarks. In the event that our trademarks are successfully challenged, we could be forced to rebrand our products, which could result in loss of brand recognition and could require us to devote resources to advertising and marketing of these new brands. Additionally, from time to time, third parties adopt or use names similar to ours, thereby impeding our ability to build brand identity and possibly leading to consumer confusion or to dilution of our trademarks. We may not have sufficient resources or desire to defend or enforce our intellectual property rights, and even if we seek to enforce them, there is no guarantee that we will be able to prevent such third-party uses. Furthermore, such enforcement efforts may be expensive, time consuming and could divert management's attention from managing our business.

We may be subject to claims by others that we are infringing on their intellectual property rights, which could harm our business and negatively impact our results of operations.

Third parties may assert claims that we infringe their intellectual property rights and these claims, with or without merit, could be time-consuming to litigate, cause the Company to incur substantial costs and divert management resources and attention in defending the claim. In some jurisdictions, plaintiffs can also seek injunctive relief that may prevent the marketing and selling of our services that infringe on the plaintiff's intellectual property rights. To resolve these claims, we may enter into licensing agreements with restrictive terms or significant fees, stop selling or redesign affected services, or pay damages to satisfy contractual obligations to others. If we do not resolve these claims in advance of a trial, there is no guarantee that we will be successful in court. These outcomes may have a material adverse impact on our operating results and financial condition.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Office Locations. As of December 31, 2018 , our employees are located in 23 offices in 16 countries including our registered office in Bermuda.

ITEM 3. LEGAL PROCEEDINGS

From time to time we are a party to litigation matters arising in connection with the normal course of our business. While we cannot predict the outcome of these matters, in the opinion of our management, any liability arising from these matters will not have a material adverse effect on our business. Nevertheless, unexpected adverse future events, such as an unforeseen development in our existing proceedings, a significant increase in the number of new cases or changes in our current insurance arrangements could result in liabilities that have a material adverse impact on our business.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common shares have been listed on the New York Stock Exchange (the "NYSE") under the symbol "TRTN" since July 13, 2016. Prior to that time, there was no public market for our common shares.

On February 7, 2019, there were 60 holders of record of our common shares and 39,087 beneficial holders, based on information obtained from our transfer agent.

The following table provides certain information with respect to our purchases of the Company's common shares during the fourth quarter for the year ended December 31, 2018.

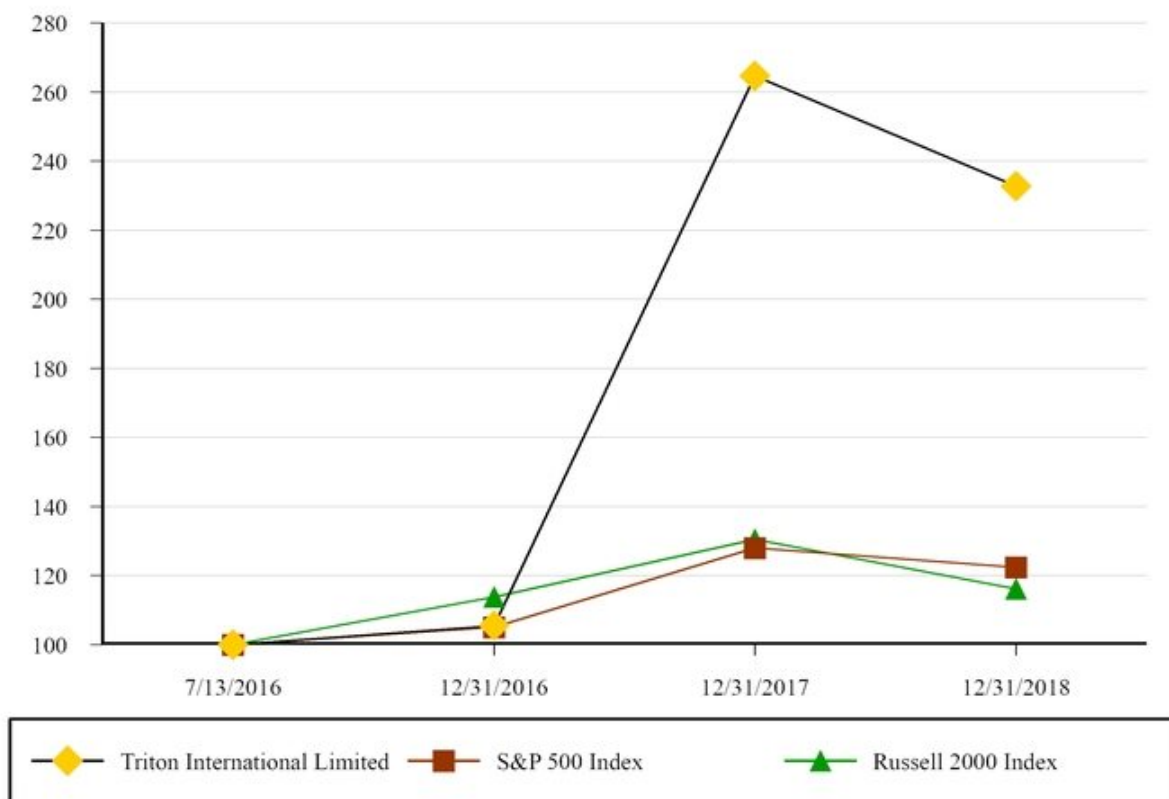
Period	Issuer Purchases of Common Shares ⁽¹⁾			
	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plan	Approximate dollar value of shares that may yet be purchased under the plan (in thousands)
October 1, 2018 through October 31, 2018	942,823	\$ 30.76	942,823	\$ 169,866
November 1, 2018 through November 30, 2018	270,642	\$ 34.00	270,642	\$ 160,658
December 1, 2018 through December 31, 2018	605,983	\$ 30.96	605,983	\$ 141,886
Total	1,819,448		1,819,448	\$ 141,886

(1) On August 1, 2018, the Company's Board of Directors authorized the repurchase of up to \$200.0 million of its common shares. The share repurchase authorization will terminate upon completing repurchases of \$200.0 million of common shares unless earlier terminated by the Board.

Performance Graph

The graph below compares our cumulative shareholder returns with the S&P 500 Stock Index and the Russell 2000 Stock Index for the period from July 13, 2016 (the first day our common shares were traded) through December 31, 2018. The graph assumes that the value of the investment in our common shares, the S&P 500 Stock Index and the Russell 2000 Stock Index was \$100 on July 13, 2016 and that all dividends were reinvested.

**Comparison of Cumulative Total Return
July 13, 2016 through December 31, 2018**



Company / Index	Base Period as of	INDEXED RETURNS FOR THE YEARS ENDED		
	July 13, 2016	December 31, 2016	December 31, 2017	December 31, 2018
Triton International Limited	\$100.00	\$105.49	\$264.66	\$232.76
S&P 500 Index	\$100.00	\$105.06	\$127.99	\$122.38
Russell 2000 Index	\$100.00	\$113.77	\$130.43	\$116.07

ITEM 6. SELECTED FINANCIAL DATA

The following table summarizes certain selected historical financial, operating and other data of Triton. The selected historical consolidated statements of operations data, balance sheet data and other financial data for each of the five years ended December 31, 2018 were derived from the Company's audited Consolidated Financial Statements and related notes. The data below should be read in conjunction with, and is qualified by reference to, our Management's Discussion and Analysis and our Consolidated Financial Statements and notes thereto contained elsewhere in this report. The historical results are not necessarily indicative of the results to be expected in any future period. The following financial data for Triton included herein for the periods prior to the date of the Merger on July 12, 2016 are for TCIL operations alone as TCIL was treated as the acquirer in the Merger for accounting purposes.

**Year Ended December 31,
(In thousands, except per share data)**

Statements of Operations Data:

Leasing revenues:

	2018	2017	2016	2015	2014
Operating leases	\$ 1,328,756	\$ 1,141,165	\$ 813,357	\$ 699,810	\$ 699,188
Finance leases	21,547	22,352	15,337	8,029	8,027
Total leasing revenues	1,350,303	1,163,517	828,694	707,839	707,215
Equipment trading revenues ⁽¹⁾	83,039	37,419	16,418	—	—
Equipment trading expenses ⁽¹⁾	(64,118)	(33,235)	(15,800)	—	—
Trading margin	18,921	4,184	618	—	—
Net gain (loss) on sale of leasing equipment	35,377	35,812	(20,347)	2,013	31,616
Net gain (loss) on sale of building	20,953	—	—	—	—

Operating expenses:

Depreciation and amortization ⁽²⁾	545,138	500,720	392,592	300,470	258,489
Direct operating expenses	48,326	62,891	84,256	54,440	58,014
Administrative expenses	80,033	87,609	65,618	53,435	55,659
Transaction and other costs ⁽³⁾	88	9,272	66,916	22,185	30,477
Provision (reversal) for doubtful accounts	(231)	3,347	23,304	(2,156)	1,324
Insurance recovery income	—	(6,764)	—	—	—
Total operating expenses	673,354	657,075	632,686	428,374	403,963
Operating income	752,200	546,438	176,279	281,478	334,868

Other expenses (income):

Interest and debt expense	322,731	282,347	184,014	140,644	137,370
Realized (gain) loss on derivative instruments, net	(2,072)	900	3,438	5,496	9,385
Unrealized (gain) loss on derivative instruments, net ⁽⁴⁾	430	(1,397)	(4,405)	2,240	3,798
Debt termination expense	6,090	6,973	141	1,170	7,468
Other (income) expense, net	(2,292)	(2,637)	(1,076)	211	(689)
Total other expenses	324,887	286,186	182,112	149,761	157,332
Income (loss) before income taxes	427,313	260,252	(5,833)	131,717	177,536
Income tax expense (benefit)	70,641	(93,274)	(48)	4,048	6,232
Net income (loss)	\$ 356,672	\$ 353,526	\$ (5,785)	\$ 127,669	\$ 171,304
Less: income attributable to non-controlling interest	7,117	8,928	7,732	16,580	21,837
Net income (loss) attributable to shareholders	\$ 349,555	\$ 344,598	\$ (13,517)	\$ 111,089	\$ 149,467

Earnings Per Share Data:

Net income (loss) per common share—Basic	\$ 4.38	\$ 4.55	\$ (0.24)	\$ 2.75	\$ 3.73
Net income (loss) per common share—Diluted	\$ 4.35	\$ 4.52	\$ (0.24)	\$ 2.71	\$ 3.52

Weighted average common shares and non-voting common shares outstanding:

Basic	79,782	75,679	56,032	40,429	40,021
Diluted	80,364	76,188	56,032	40,932	42,458
Cash dividends paid per common share	\$ 2.01	\$ 1.80	\$ 1.35	\$ —	\$ 5.38

(1) Triton acquired the Equipment trading segment as part of the Merger on July 12, 2016 and had no such reporting segment prior to that date.

(2) Depreciation expense was increased by \$1.8 million per quarter beginning October 1, 2015 as the result of a decrease in residual value estimates and an increase in the useful life estimates for certain dry containers included in Triton's depreciation policy.

(3) Includes retention and stock compensation expense pursuant to the Merger and the plans established as part of TCIL's 2011 re-capitalization.

(4) Unrealized (gains) losses on derivative instruments, net are primarily due to changes in interest rates, and reflect changes in the fair value of interest rate swaps not designated as cash flow hedges.

	As of December 31, (In thousands)				
	2018	2017	2016	2015	2014
Balance Sheet Data (end of period):					
Cash and cash equivalents (including restricted cash)	\$ 159,539	\$ 226,171	\$ 163,492	\$ 79,264	\$ 97,059
Accounts receivable, net	264,382	199,876	173,585	110,970	112,596
Revenue earning assets, net	9,467,969	8,703,570	7,817,192	4,428,699	4,613,372
Total assets	10,270,013	9,577,625	8,713,571	4,658,997	4,863,259
Debt, net of unamortized debt costs	7,529,432	6,911,725	6,353,449	3,166,903	3,364,510
Shareholders' equity	2,203,696	2,076,284	1,663,233	1,217,329	1,106,160
Non-controlling interests	121,513	133,542	143,504	160,504	190,851
Total equity (including non-controlling interests)	2,325,209	2,209,826	1,806,737	1,377,833	1,297,011
Other Financial Data:					
Capital expenditures	1,603,507	1,562,863	629,332	398,799	809,446
Proceeds from sale of equipment, net of selling costs	163,256	190,744	145,572	171,719	195,282

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

The statements in this discussion regarding industry outlook, our expectations regarding our future performance, liquidity and capital resources and other non-historical statements are subject to numerous risks and uncertainties, including, but not limited to, the risks and uncertainties described under "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" as discussed elsewhere in this Form 10-K. Our actual results may differ materially from those contained in or implied by any forward-looking statements.

Our Company

Triton International Limited ("Triton", "we", "our" or the "Company") is the world's largest lessor of intermodal containers. Intermodal containers are large, standardized steel boxes used to transport freight by ship, rail or truck. Because of the handling efficiencies they provide, intermodal containers are the primary means by which many goods and materials are shipped internationally. We also lease chassis, which are used for the transportation of containers.

Triton was formed on July 12, 2016 through an all-stock merger between Triton Container International Limited and TAL International Group, Inc.

We operate our business in one industry, intermodal transportation equipment, and have two business segments, which also represent our reporting segments:

- Equipment leasing - we own, lease and ultimately dispose of containers and chassis from our lease fleet.
- Equipment trading - we purchase containers from shipping line customers, and other sellers of containers, and resell these containers to container retailers and users of containers for storage or one-way shipment.

Operations

Our consolidated operations include the acquisition, leasing, re-leasing and subsequent sale of multiple types of intermodal containers and chassis. As of December 31, 2018, our total fleet consisted of 3.7 million containers and chassis, representing 6.2 million twenty-foot equivalent units ("TEU") or 7.6 million cost equivalent units ("CEU"). We have an extensive global presence, offering leasing services through 23 offices in 16 countries and approximately 400 third-party container depot facilities in approximately 45 countries as of December 31, 2018. Our primary customers include the world's largest container shipping lines. For the year ended December 31, 2018, our twenty largest customers accounted for 85% of our lease billings, our five largest customers accounted for 54% of our lease billings, and our two largest customers, CMA CGM S.A. and Mediterranean Shipping Company S.A., accounted for 20% and 14% of our lease billings, respectively.

We lease five types of equipment: (1) dry containers, which are used for general cargo such as manufactured component parts, consumer staples, electronics and apparel, (2) refrigerated containers, which are used for perishable items such as fresh and frozen foods, (3) special containers, which are used for heavy and over-sized cargo such as marble slabs, building products and machinery, (4) tank containers, which are used to transport bulk liquid products such as chemicals, and (5) chassis, which are used for the transportation of containers.

Our in-house equipment sales group manages the sale process for our used containers and chassis from our equipment leasing fleet and buys and sells used and new containers and chassis acquired from third parties.

The following tables summarize our equipment fleet as of December 31, 2018 , 2017 and 2016 , indicated in units, TEU and CEU.

	Equipment Fleet in Units			Equipment Fleet in TEU		
	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2018	December 31, 2017	December 31, 2016
Dry	3,340,946	3,077,144	2,737,982	5,476,406	5,000,043	4,424,905
Refrigerated	228,778	218,429	217,243	440,781	419,673	416,992
Special	93,900	89,066	92,957	169,614	159,172	164,977
Tank	12,509	12,124	11,961	12,509	12,124	11,961
Chassis	24,832	22,523	22,128	45,787	41,068	40,233
Equipment leasing fleet	3,700,965	3,419,286	3,082,271	6,145,097	5,632,080	5,059,068
Equipment trading fleet	13,138	10,510	15,927	21,361	16,907	26,276
Total	3,714,103	3,429,796	3,098,198	6,166,458	5,648,987	5,085,344

	Equipment Fleet in CEU ⁽¹⁾		
	December 31, 2018	December 31, 2017	December 31, 2016
Operating Leases	7,009,605	6,678,282	6,126,320
Finance Leases	538,867	328,024	368,468
Equipment trading fleet	47,476	51,762	72,646
Total	7,595,948	7,058,068	6,567,434

(1) In the equipment fleet tables above, we have included total fleet count information based on CEU. CEU is a ratio used to convert the actual number of containers in our fleet to a figure based on the relative purchase prices of our various equipment types to that of a 20-foot dry container. For example, the CEU ratio for a 40-foot high cube dry container is 1.68, and a 40-foot high cube refrigerated container is 10.0. The CEU ratios used in this calculation are from our debt agreements and may differ slightly from CEU ratios used by others in the industry.

The following table summarizes the percentage of our equipment fleet in terms of units and CEU as of December 31, 2018 :

Equipment Type	Percentage of total fleet in units	Percent of total fleet in CEU
Dry	89.9%	62.9%
Refrigerated	6.2	29.6
Special	2.5	2.9
Tank	0.3	2.6
Chassis	0.7	1.4
Equipment leasing fleet	99.6	99.4
Equipment trading fleet	0.4	0.6
Total	100.0%	100.0%

We generally lease our equipment on a per diem basis to our customers under three types of leases:

- Long-term leases typically have initial contractual terms ranging from three to eight years and provide us with stable cash flow and low transaction costs by requiring customers to maintain specific units on-hire for the duration of the lease.
- Finance leases are typically structured as full payout leases and provide for a predictable recurring revenue stream with the lowest cost to the customer as customers are generally required to retain the equipment for the duration of its useful life.
- Service leases command a premium per diem rate in exchange for providing customers with greater operational flexibility by allowing non-scheduled pick-up and drop-off of units during the lease term.

We also have expired long-term leases whose fixed terms have ended but for which the related units remain on-hire and for which we continue to receive rental payments pursuant to the terms of the initial contract. Some leases have contractual terms that have features reflective of both long-term and service leases and we classify such leases as either long-term or service leases, depending upon which features we believe are predominant.

The following table summarizes our lease portfolio by lease type, based on CEU on-hire as of December 31, 2018 , 2017 and 2016 :

Lease Portfolio	December 31, 2018	December 31, 2017	December 31, 2016
Long-term leases	66.6%	72.2%	69.7%
Finance leases	7.5	4.9	6.3
Service leases	11.3	14.1	18.5
Expired long-term leases (units on-hire)	14.6	8.8	5.5
Total	100.0%	100.0%	100.0%

As of December 31, 2018 , 2017 and 2016 , our long-term and finance leases combined had an average remaining contractual term of approximately 47 months , 43 months , and 39 months , respectively, assuming no leases are renewed.

Operating Performance

Market conditions remained favorable during much of 2018 . Demand for our containers was supported by several factors, including solid trade growth, an increased preference for leasing relative to direct container purchases by our shipping line customers, and a strong leasing share for Triton. The supply of containers remained well controlled, with a moderate inventory of available new containers and a very limited inventory of available used leasing containers. Pick-up activity for our containers remained strong throughout most of 2018 , reflecting solid trade growth and a favorable supply / demand environment for containers. Pick-up activity slowed in the fourth quarter, which typically represents the slow shipping season for dry containers.

The ongoing trade dispute and the imposition of higher tariffs on goods traded between the United States and China has created uncertainty surrounding future global economic and trade growth, though it seems the initial round of increased tariffs implemented in the second half of 2018 did not negatively impact containerized trade in 2018 . Looking forward, our customers have indicated to us that they believe the increased tariffs will not have a significant impact on overall global container trading volumes in 2019, but they have also indicated that they face more uncertainty on trade volumes than usual.

Fleet size. During 2018 , we invested \$1.5 billion in new and sale-leaseback containers. As of December 31, 2018 , our fleet had a net book value of \$9,468.0 million , which represent an increase of 8.8% as compared to December 31, 2017 .

Our continued high level of investment in 2018 was driven by solid containerized trade growth, a continued increase in the share of new containers purchased by leasing companies and our strong share of new leasing transactions. Market forecasters estimate that global containerized trade grew 5.1% in 2018 , and we estimate that approximately 55% of new shipping containers were purchased by leasing companies in 2018 . Our shipping line customers have generally been increasing their reliance on leased containers to conserve capital investment. Our customers have been facing difficult market conditions for several years, including excess vessel capacity, weak freight rates, and low profitability.

Utilization. Our utilization averaged 98.6% during 2018 , as compared to 96.9% in 2017 . Our ending utilization was 97.8% as of December 31, 2018 , as compared to 98.6% as of December 31, 2017 . Our high utilization in 2018 was supported by strong demand for leased containers due to solid trade growth and an increased preference for leasing. Our utilization decreased in the fourth quarter of 2018 reflecting reduced demand due to the end of the peak shipping season for dry containers. As of February 8, 2019 , our utilization was 97.6% .

The following tables summarize our equipment fleet utilization ⁽¹⁾ for the periods indicated below.

Average Utilization	Year Ended December 31,	Quarter Ended			
		December 31,	September 30,	June 30,	March 31,
2018	98.6%	98.2%	98.7%	98.8%	98.6%
2017	96.9%	98.3%	97.6%	96.5%	95.3%
2016 ⁽²⁾	93.3%	93.6%	92.4%	93.3%	94.0%

Ending Utilization	Quarter Ended			
	December 31,	September 30,	June 30,	March 31,
2018	97.8%	98.6%	98.7%	98.7%
2017	98.6%	98.0%	97.1%	95.8%
2016 ⁽²⁾	94.8%	92.6%	93.7%	93.5%

(1) Utilization is computed by dividing our total units on lease (in CEU) by the total units in our fleet (in CEU) excluding new units not yet leased and off-hire units designated for sale.

(2) For the periods prior to the July 12, 2016 Merger, the utilization reflects the combined utilization of the TCIL and TAL equipment fleets.

Average lease rates. Average lease rates for our dry container product line increased by 4.0% in 2018 compared to 2017. Market lease rates for dry containers were slightly above our portfolio average lease rates for most of 2018. Container prices and market lease rates decreased towards the end of 2018, and are now below our portfolio average.

We have a large number of dry container leases which are expired or will expire in 2019. The average rates on these leases are above current market lease rates. We could face increased pressure on our average dry container lease rates if new container prices and market lease rates remain at their current level or were to decrease further.

Average lease rates for our refrigerated container product line decreased by 2.3% in 2018 compared to 2017. The cost of refrigerated containers has trended down over the last few years, which has led to lower market lease rates. Market lease rates for refrigerated containers have also been pressured for several years by new leasing company entrants. Market lease rates for refrigerated containers remain below the average lease rates of our refrigerated container lease portfolio, and we expect our average lease rates for refrigerated containers to continue to gradually trend down.

The average lease rates for our special container product line decreased by 0.9% in 2018 compared to 2017. Current market lease rates for special containers are comparable to the average lease rates in our lease portfolio.

Equipment disposals. Average used dry container disposal prices increased by 20.9% in 2018 as compared to 2017, reflecting the tight supply / demand for leasing containers. Our volume of owned container disposals decreased in 2018, also reflecting the tight supply of available containers. Used container sale prices are currently high relative to the price for new containers, and we may face pressure on used container sale prices if new container prices remain at their current level. However, we expect the disposal volume of our owned containers to increase in 2019. Our equipment trading results were strong in 2018. We completed several block purchases of older containers from our shipping line customers, significantly increasing our trading volumes, and used container sale prices remained high throughout the year, leading to high per-unit margins. We expect our trading volumes to remain elevated in 2019, though we may face pressure on per unit margins if used container sale prices decrease.

Credit Risk. We faced minimal credit losses in 2018. However, our credit risk is currently elevated due to the ongoing financial pressure faced by our shipping line customers. The container shipping industry has faced several years of excess vessel capacity, weak freight rates and poor financial results due to aggressive ordering of mega container vessels. Most of our customers have recently generated financial losses and many are burdened with high levels of debt. In addition, we anticipate the high volume of new vessels entering service over the next several years will complicate our customers' efforts to increase freight rates, and new environmental regulations expected to become effective in January 2020 will increase the cost of fuel and potentially require our shipping line customers to make large capital outlays. As a result, we expect our customers' financial performance will remain under pressure for some time. The increased tariffs imposed on certain goods traded between the United States and China and the threat of additional tariffs could lead to reduced trade and lower freight rates and further increase the financial pressure on our customers.

We expect it will become more difficult for us to mitigate our exposure to credit risks in the future through the purchase of credit insurance. We let our credit insurance policies lapse at expiration in December 2016 and early 2017 since underwriters offered significantly reduced coverage and required a meaningful increase in insurance premiums as a result of the bankruptcy of Hanjin Shipping Co. We currently have a more limited credit insurance policy covering accounts receivable owed by some of our customers. This policy offers significantly reduced protections against a major customer default compared to the credit insurance we had in place previously, and the policy has exclusions and payment and other limitations. We continue to monitor the availability and pricing of credit insurance and related products.

Results of Operations

The following table summarizes our results of operations for the years ended December 31, 2018, 2017 and 2016 (in thousands):

	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016 (1)
Leasing revenues:			
Operating leases	\$ 1,328,756	\$ 1,141,165	\$ 813,357
Finance leases	21,547	22,352	15,337
Total leasing revenues	1,350,303	1,163,517	828,694
Equipment trading revenues	83,039	37,419	16,418
Equipment trading expenses	(64,118)	(33,235)	(15,800)
Trading margin	18,921	4,184	618
Net gain (loss) on sale of leasing equipment	35,377	35,812	(20,347)
Net gain (loss) on sale of building	20,953	—	—
Operating expenses:			
Depreciation and amortization	545,138	500,720	392,592
Direct operating expenses	48,326	62,891	84,256
Administrative expenses	80,033	87,609	65,618
Transaction and other costs (income)	88	9,272	66,916
Provision (reversal) for doubtful accounts	(231)	3,347	23,304
Insurance recovery income	—	(6,764)	—
Total operating expenses	673,354	657,075	632,686
Operating income (loss)	752,200	546,438	176,279
Other expenses:			
Interest and debt expense	322,731	282,347	184,014
Realized (gain) loss on derivative instruments, net	(2,072)	900	3,438
Unrealized (gain) loss on derivative instruments, net	430	(1,397)	(4,405)
Debt termination expense	6,090	6,973	141
Other (income) expense, net	(2,292)	(2,637)	(1,076)
Total other expenses	324,887	286,186	182,112
Income (loss) before income taxes	427,313	260,252	(5,833)
Income tax expense (benefit)	70,641	(93,274)	(48)
Net income (loss)	\$ 356,672	\$ 353,526	\$ (5,785)
Less: income (loss) attributable to non-controlling interest	7,117	8,928	7,732
Net income (loss) attributable to shareholders	\$ 349,555	\$ 344,598	\$ (13,517)

(1) The results for December 31, 2016 are impacted by the Merger on a comparative basis. TCIL has been treated as the acquirer in the Merger for accounting purposes, and therefore, the results of our operations, included herein, for the periods prior to the Merger on July 12, 2016 are for TCIL operations alone

Comparison of the Year Ended December 31, 2018 to the Year Ended December 31, 2017

The following table summarizes our comparative results for the periods indicated (in thousands):

	Year Ended December 31, 2018	Year Ended December 31, 2017	Variance
Leasing revenues:			
Operating leases	\$ 1,328,756	\$ 1,141,165	\$ 187,591
Finance leases	21,547	22,352	(805)
Total leasing revenues	1,350,303	1,163,517	186,786
Equipment trading revenues	83,039	37,419	45,620
Equipment trading expenses	(64,118)	(33,235)	(30,883)
Trading margin	18,921	4,184	14,737
Net gain (loss) on sale of leasing equipment	35,377	35,812	(435)
Net gain (loss) on sale of building	20,953	—	20,953
Operating expenses:			
Depreciation and amortization	545,138	500,720	44,418
Direct operating expenses	48,326	62,891	(14,565)
Administrative expenses	80,033	87,609	(7,576)
Transaction and other costs (income)	88	9,272	(9,184)
Provision (reversal) for doubtful accounts	(231)	3,347	(3,578)
Insurance recovery income	—	(6,764)	6,764
Total operating expenses	673,354	657,075	16,279
Operating income (loss)	752,200	546,438	205,762
Other expenses:			
Interest and debt expense	322,731	282,347	40,384
Realized (gain) loss on derivative instruments, net	(2,072)	900	(2,972)
Unrealized (gain) loss on derivative instruments, net	430	(1,397)	1,827
Debt termination expense	6,090	6,973	(883)
Other (income) expense, net	(2,292)	(2,637)	345
Total other expenses	324,887	286,186	38,701
Income (loss) before income taxes	427,313	260,252	167,061
Income tax expense (benefit)	70,641	(93,274)	163,915
Net income (loss)	\$ 356,672	\$ 353,526	\$ 3,146
Less: income (loss) attributable to non-controlling interest	7,117	8,928	(1,811)
Net income (loss) attributable to shareholders	\$ 349,555	\$ 344,598	\$ 4,957

Leasing revenues. Per diem revenues represent revenue earned under operating lease contracts. Fee and ancillary lease revenues represent fees billed for the pick-up and drop-off of containers in certain geographic locations and billings of certain reimbursable operating costs such as repair and handling expenses. Finance lease revenues represent interest income earned under finance lease contracts. The following table summarizes our leasing revenues for the periods indicated below (in thousands):

Leasing revenues	Year Ended December 31, 2018	Year Ended December 31, 2017	Variance
Operating lease revenues:			
Per diem revenues	\$ 1,278,354	\$ 1,100,507	\$ 177,847
Fee and ancillary revenues	50,402	40,658	9,744
Total operating lease revenues	1,328,756	1,141,165	187,591
Finance lease revenues	21,547	22,352	(805)
Total leasing revenues	\$ 1,350,303	\$ 1,163,517	\$ 186,786

Total leasing revenues were \$1,350.3 million, net of lease intangible amortization of \$61.5 million, in 2018 compared to \$1,163.5 million, net of lease intangible amortization of \$88.6 million, in 2017, an increase of \$186.8 million.

Per diem revenues were \$1,278.4 million in 2018 compared to \$1,100.5 million in 2017, an increase of \$177.9 million. The primary reasons for this increase are as follows:

- \$133.4 million increase due to an increase of 671,636 CEU in the average number of containers on-hire under operating leases;
- \$24.0 million increase due to an increase in average CEU per diem rates;
- \$27.0 million increase due to reduced lease intangible amortization; partially offset by
- \$6.6 million decrease due to the reclassification of certain contracts from operating leases to finance leases in the fourth quarter of 2018 as a result of the renegotiation and extension of the contracts.

Fee and ancillary lease revenues were \$50.4 million in 2018 compared to \$40.7 million in 2017, an increase of \$9.7 million. The increase was primarily due to higher redelivery and repair fee revenue of \$11.0 million associated with higher volumes of redeliveries, especially in the fourth quarter, partially offset by reduced handling fees of \$1.3 million.

Finance lease revenues were \$21.5 million in 2018 compared to \$22.4 million in 2017, a decrease of \$0.9 million. The scheduled runoff of the existing portfolio was partially offset by the addition of several finance leases, primarily in the fourth quarter, as a result of the renegotiation and extension of certain contracts that were reclassified from operating leases to finance leases.

Trading margin. Trading margin was \$18.9 million in 2018 compared to \$4.2 million in 2017, an increase of \$14.7 million. The primary reasons for this increase are as follows:

- \$11.3 million increase due to an increase in trading volume; and
- \$3.4 million increase due to an increase in per unit margin.

Net gain (loss) on sale of leasing equipment. Gain on sale of equipment was \$35.4 million in 2018 compared to a gain on sale of equipment of \$35.8 million in 2017, a decrease of \$0.4 million. The decrease was primarily due to a 27.3% reduction in the volume of containers sold, partially offset by a 20.9% increase in average used container selling prices.

Net gain (loss) on sale of building. On April 20, 2018 we completed the sale of an office building for net proceeds of \$27.6 million and recognized a gain of \$21.0 million.

Depreciation and amortization. Depreciation and amortization was \$545.1 million in 2018 compared to \$500.7 million in 2017, an increase of \$44.4 million. The primary reasons for this increase are as follows:

- \$66.6 million increase due to a net increase in the size of our depreciable fleet; partially offset by a
- \$13.6 million decrease due to an increase in the number of containers that are fully depreciated;
- \$5.8 million decrease due to an increase in other fully depreciated assets; and
- \$3.5 million decrease due to the reclassification of certain contracts from operating leases to finance leases in the fourth quarter of 2018 as a result of the renegotiation and extension of the contracts.

Direct operating expenses. Direct operating expenses primarily consist of our costs to repair equipment returned off lease, store the equipment when it is not on lease and reposition equipment that has been returned to locations with weak leasing demand.

Direct operating expenses were \$48.3 million in 2018 compared to \$62.9 million in 2017 , a decrease of \$14.6 million . The primary reasons for the decrease are as follows:

- \$15.4 million decrease due to a decrease in storage, handling, and repositioning costs due to a decrease in the number of our containers that were off-hire
- \$1.5 million decrease due to a decrease in inspection costs due to less new equipment purchases; partially offset by a
- \$2.2 million increase due to an increase in repair costs as a result of an increase in the volume of redeliveries in the fourth quarter of 2018.

Administrative expenses. Administrative expenses were \$80.0 million in 2018 compared to \$87.6 million in 2017 , a decrease of \$7.6 million . The decrease was primarily due to a decrease in payroll and benefit expenses and professional fees of \$6.9 million partially offset by an increase in foreign currency exchange loss of \$1.1 million due to a stronger U.S. dollar.

Transaction and other costs (income). Transaction and other costs include severance and employee compensation costs, legal costs and other professional fees related to the Merger in 2016. Transaction and other costs were minimal in 2018 compared to \$9.3 million in 2017 . We accrued employee severance expenses in 2017, while Merger related activities were mostly complete by the start of 2018.

Provision for doubtful accounts. Provision for doubtful accounts was a benefit of \$0.2 million in 2018 compared to \$3.3 million expense in 2017 , a decrease of \$3.5 million . The decrease in 2018 was due to recoveries of previously reserved balances as well as a decrease in new provisions.

Insurance recovery income. There was no significant insurance recovery income in 2018 compared to \$6.8 million in 2017 . The insurance recovery income was due to the recognition of income related to the satisfaction of our credit insurance claims with respect to the lease default by Hanjin in 2016.

Interest and debt expense. Interest and debt expense was \$322.7 million in 2018 compared to \$282.3 million in 2017 , an increase of \$40.4 million . The primary reasons for this increase are as follows:

- \$22.3 million increase due to an increase in the average debt balance of \$531.0 million during 2018 compared to 2017; and
- \$18.1 million increase due to an increase in the average effective interest rate to 4.39% in 2018 compared to 4.14% in 2017. The increase in the effective interest rate was primarily due to an increase in short-term interest rates on our unhedged variable-rate debt facilities.

Realized (gain) loss on derivative instruments, net. Realized gain on derivative instruments, net was \$2.1 million in 2018 , compared to a loss of \$0.9 million in 2017 , an increase of \$3.0 million . The increase is primarily due to an increase in average one-month LIBOR, partially offset by a reduction of the underlying swap notional amounts due to the amortization, terminations and expirations of certain interest rate swap contracts.

Unrealized loss (gain) on derivative instruments, net. Unrealized loss on derivative instruments, net was \$0.4 million in 2018 , compared to a gain of \$1.4 million in 2017 , a decrease of \$1.8 million . The unrealized loss in 2018 was due to a decrease in long-term interest rates compared to an increase in long-term interest rates in the comparative period in 2017. The loss was partially offset by a decrease in the notional value of our swap portfolio.

Debt termination expense. Debt termination expense was \$6.1 million in 2018 compared to \$7.0 million in 2017 . The decrease of \$0.9 million was mainly due to fewer debt facilities being amended or terminated.

Income taxes. Income tax expense was \$70.6 million in 2018 compared to an income tax benefit of \$93.3 million in 2017 , an increase in income tax expense of \$163.9 million . The primary reasons for the increase are as follows:

- \$24.7 million increase related to a U.S. entity to foreign entity intra-company asset sale; and
- \$139.4 million increase due to a one-time tax benefit recorded in 2017 that did not reoccur. The one-time benefit in 2017 reflected a decrease in our deferred tax liability resulting from the reduction of the U.S. corporate tax rate from 35% to 21% as part of the U.S. Tax Cuts and Jobs Act.

Income attributable to non-controlling interests. Income attributable to non-controlling interests was \$7.1 million in 2018 compared to \$8.9 million in 2017 , a decrease of \$1.8 million . The decrease is primarily due to a reduction in the size of the portfolio of containers owned by the entity in which the non-controlling interests maintain their ownership.

Comparison of the Year Ended December 31, 2017 to Year Ended December 31, 2016

The following table summarizes our comparative results for the periods indicated (in thousands):

	Year Ended December 31, 2017	Year Ended December 31, 2016 ⁽¹⁾	Variance
Leasing revenues:			
Operating leases	\$ 1,141,165	\$ 813,357	\$ 327,808
Finance leases	22,352	15,337	7,015
Total leasing revenues	1,163,517	828,694	334,823
Equipment trading revenues	37,419	16,418	21,001
Equipment trading expenses	(33,235)	(15,800)	(17,435)
Trading margin	4,184	618	3,566
Net gain (loss) on sale of leasing equipment	35,812	(20,347)	56,159
Operating expenses:			
Depreciation and amortization	500,720	392,592	108,128
Direct operating expenses	62,891	84,256	(21,365)
Administrative expenses	87,609	65,618	21,991
Transaction and other costs (income)	9,272	66,916	(57,644)
Provision (reversal) for doubtful accounts	3,347	23,304	(19,957)
Insurance recovery income	(6,764)	—	(6,764)
Total operating expenses	657,075	632,686	24,389
Operating income (loss)	546,438	176,279	370,159
Other expenses:			
Interest and debt expense	282,347	184,014	98,333
Realized loss (gain) on derivative instruments, net	900	3,438	(2,538)
Unrealized (gain) loss on derivative instruments, net	(1,397)	(4,405)	3,008
Debt termination expense	6,973	141	6,832
Other (income) expense, net	(2,637)	(1,076)	(1,561)
Total other expenses	286,186	182,112	104,074
Income (loss) before income taxes	260,252	(5,833)	266,085
Income tax expense (benefit)	(93,274)	(48)	(93,226)
Net income (loss)	\$ 353,526	\$ (5,785)	\$ 359,311
Less: income (loss) attributable to non-controlling interest	8,928	7,732	1,196
Net income (loss) attributable to shareholders	\$ 344,598	\$ (13,517)	\$ 358,115

(1) Our operating performance and revenues were significantly impacted by the Merger on July 12, 2016 and the subsequent inclusion of TAL's results of operations and equipment fleet in our financial results and operating metrics. TCIL has been treated as the acquirer in the Merger for accounting purposes, and therefore, the results of operations for Triton, included herein, for the periods prior to the date of the Merger are for TCIL operations alone.

Leasing revenues. Per diem revenues represents revenue earned under operating lease contracts. Fee and ancillary lease revenue represents fees billed for the pick-up and drop-off of containers in certain geographic locations and billings of certain reimbursable operating costs such as repair and handling expenses. Finance lease revenue represents interest income earned under finance lease contracts. The following table summarize our leasing revenues for the periods indicated below (in thousands):

Leasing revenue	Year Ended December 31, 2017	Year Ended December 31, 2016	Variance
Operating lease revenues:			
Per diem revenues	\$ 1,100,507	\$ 762,011	\$ 338,496
Fee and ancillary revenues	40,658	51,346	(10,688)
Total operating lease revenues	1,141,165	813,357	327,808
Finance leases	22,352	15,337	7,015
Total leasing revenues	\$ 1,163,517	\$ 828,694	\$ 334,823

Total leasing revenues were \$1,163.5 million, net of lease intangible amortization of \$88.6 million, in 2017 compared to \$828.7 million, net of lease intangible amortization of \$55.5 million, in 2016, an increase of \$334.8 million.

Per diem revenues were \$1,100.5 million in 2017 compared to \$762.0 million in 2016, an increase of \$338.5 million. The primary reasons for this increase are as follows:

- \$223.6 million increase due to the inclusion of TAL's per diem revenues for the full year in 2017 while TAL's per diem revenues were included only after July 12th in 2016;
- \$128.3 million increase due to an increase of 1,131,167 CEU in the average number of containers on-hire under operating leases; partially offset by a
- \$14.9 million decrease due to a decrease in average CEU per diem rates.

Fee and ancillary lease revenues were \$40.7 million in 2017 compared to \$51.3 million in 2016, a decrease of \$10.7 million. The primary reasons for this decrease are as follows:

- \$10.2 million increase due to the inclusion of TAL's fees and ancillary lease revenues for the full year in 2017 while TAL's fee and ancillary lease revenues were included only after July 12th in 2016; and a
- \$20.9 million decrease in redelivery fees due to a decrease in the volume of customer redeliveries resulting from strong lease demand.

Finance lease revenues were \$22.4 million in 2017 compared to \$15.3 million in 2016, an increase of \$7.0 million. The primary reasons for this increase are as follows:

- \$3.9 million increase due to the inclusion of TAL's finance lease revenues for the full year in 2017 while TAL's finance lease revenues were included only after July 12th in 2016;
- \$4.7 million increase due to the inclusion of a finance lease contract that commenced in September 2016 for the twelve months in 2017 as compared to four months in 2016; and
- \$1.6 million decrease due to the amortization of the existing portfolio.

Trading margin. Prior to the Merger, Triton did not have a trading business. Trading margin was \$4.2 million in 2017 compared to \$0.6 million in 2016. The increase of \$3.6 million is the result of the inclusion of the trading business for a full year in 2017, while the trading business was only included after July 12th in 2016, as well as a result of an increase in the trading disposal volume and margins.

Net gain (loss) on sale of leasing equipment. Gain on sale of equipment was \$35.8 million in 2017 compared to a loss on sale of equipment of \$20.3 million in 2016, an increase of \$56.1 million. The primary reasons for this increase are as follows:

- \$8.9 million increase due to the inclusion of TAL's gains on sale of leasing equipment for the full year in 2017 while TAL's gains on sale of leasing equipment were included only after July 12th in 2016; and a
- \$47.2 million increase due to an approximately 50% increase in our average used container selling prices.

Depreciation and amortization. Depreciation and amortization was \$500.7 million in 2017 compared to \$392.6 million in 2016, an increase of \$108.1 million. The primary reasons for this increase are as follows:

- \$95.8 million increase due to the inclusion of TAL's depreciation and amortization for the full year in 2017 while TAL's depreciation and amortization was included only after July 12th in 2016;
- \$33.2 million increase due to a net increase in the size of our depreciable fleet; partially offset by a
- \$13.1 million decrease due to an impairment charge recorded as depreciation expense in 2016. There was no impairment charge recorded as depreciation expense in 2017; and
- \$7.0 million decrease due to equipment becoming fully depreciated.

Direct operating expenses. Direct operating expenses primarily consist of our costs to repair equipment returned off lease, store the equipment when it is not on lease and reposition equipment that has been returned to locations with weak leasing demand. Direct operating expenses were \$62.9 million in 2017 compared to \$84.3 million in 2016, a decrease of \$21.4 million. The primary reasons for this decrease are as follows:

- \$20.2 million increase due to the inclusion of TAL's direct operating expenses for the full year in 2017 while TAL's direct operating expenses were included only after July 12th in 2016;
- \$22.2 million decrease due to a decrease in storage expenses resulting from decreases in the number of idle units; and
- \$16.5 million decrease due to a decrease in equipment repair and handling expenses resulting from decreases in the number of containers redelivered.

Administrative expenses. Administrative expenses were \$87.6 million in 2017 compared to \$65.6 million in 2016, an increase of \$22.0 million. The primary reasons for this increase are as follows:

- \$23.5 million increase due to the inclusion of TAL administrative expenses for the full year in 2017 while TAL's administrative expenses were included only after July 12th in 2016;
- \$3.0 million increase due to an increase in bonus expense as a result of improved financial performance;
- \$3.5 million increase due to a benefit in 2016 caused by a reclassification of accrued bonus expense from administrative expense to transaction and other costs that did not re-occur in 2017;
- \$3.5 million increase due to an increase in our professional fees and directors' share-based compensation expense; partially offset by a
- \$14.5 million decrease due to a decrease in employee compensation and benefit expense as a result of synergies gained from the Merger in addition to the \$7.7 million in savings recognized in 2016. The \$23.5 million increase in administrative expenses due to the inclusion of TAL administrative expenses in 2017, includes a benefit of \$3.3 million related to employee compensation and benefit savings as a result of synergies gained from the Merger.

Transaction and other (income) costs. Transaction and other costs include severance and employee compensation costs, legal costs and other professional fees. Transaction and other costs related to the Merger were \$8.8 million in 2017 compared to \$60.4 million in 2016. We accrued significant legal and other professional fees and employee severance expenses related to the Merger in 2016.

Transaction and other costs also include retention and stock compensation costs pursuant to the plans established in 2011. Transaction and other costs unrelated to the Merger were \$0.5 million in 2017 and \$6.5 million in 2016. The decrease in transaction and other costs unrelated to the Merger was mainly due to a reduction in stock compensation accruals on incentive stock initially granted in 2011.

Provision for doubtful accounts. Provision for doubtful accounts was \$3.3 million in 2017 compared to \$23.3 million in 2016. The 2016 provision for doubtful accounts is largely related to the lease default by Hanjin.

Insurance recovery income. Insurance recovery income was \$6.8 million in 2017 due to the recognition of a gain related to the satisfaction of our credit insurance claims with respect to the lease default by Hanjin. There was no insurance recovery income in 2016.

Interest and debt expense. Interest and debt expense was \$282.3 million in 2017 compared to \$184.0 million in 2016 , an increase of \$98.3 million . The primary reasons for this increase are as follows:

- \$65.2 million increase due to the inclusion of TAL's interest and debt expense for the full year in 2017 while TAL's interest and debt expense was included only after July 12th in 2016;
- \$18.3 million increase due to a higher average debt balance during 2017 compared to 2016; and
- \$14.8 million increase due to an increase in the average effective interest rate to 4.33% in 2017 compared to 4.02% in 2016.

Realized (gain) loss on derivative instruments, net. Realized loss on derivative instruments, net was \$0.9 million in 2017 , compared to \$3.4 million in 2016 , a decrease of \$2.5 million . The decrease in the realized loss on derivative instruments, net is mainly due to the reduction of the underlying swap notional amounts due to amortization and the termination of three interest rate swaps and an increase in the average one-month LIBOR rate in 2017 compared to 2016. TAL's inclusion for the full year-to-date period in 2017 compared to partial inclusion in 2016 increased the realized loss on derivative instruments, net by \$0.1 million in the 2017.

Unrealized (gain) loss on derivative instruments, net. Unrealized gain on derivative instruments, net was \$1.4 million in 2017 , compared to \$4.4 million in 2016 , a decrease of \$3.0 million . Long-term interest rates increased to a lesser extent between December 31, 2016 to December 31, 2017 compared to the increase between December 31, 2015 to December 31, 2016.

Debt termination expense. Write-off of debt costs was \$7.0 million in 2017 compared to \$0.1 million in 2016 . The increase of \$6.9 million was mainly due to the amendment or termination of certain existing debt facilities and the resulting write-off of the unamortized debt costs related to those facilities.

Income taxes. Income tax benefit was \$93.3 million in 2017 compared to an income tax benefit of \$0.05 million in 2016 , an increase in income tax benefit of \$93.2 million . As a result of the U.S. Tax Cuts and Jobs Act and the related reduction of the U.S. Corporate tax rate from 35% to 21%, we recorded a one-time tax benefit of \$139.4 million in the fourth quarter in 2017 to reflect the deferred tax liability at the lower corporate tax rate. This benefit was partially offset by a tax provision for income taxes on operating income at the effective tax rate of 17.7%.

Income attributable to non-controlling interests. Income attributable to non-controlling interests was \$8.9 million in 2017 compared to \$7.7 million in 2016 , an increase of \$1.2 million . The increase was a result of higher income from gains on the disposition of container rental equipment attributable to the non-controlling interests, partially offset by a reduction in the size of the portfolio of containers owned by the entity in which the non-controlling interests maintain their ownership and a continuing decrease in the proportion of disposition income attributable to the non-controlling interests compared to the portion allocated to Triton.

Segments

Our leasing segment is discussed in our results of operations comparisons and the trading segment is discussed in the trading margin comparison within the results of operations comparisons.

For additional information on our segments, please see Note 11 - "Segment and Geographic Information" of the Notes to Consolidated Financial Statements included in Part IV, Item 15 of this Annual Report on Form 10-K.

Liquidity and Capital Resources

Our principal sources of liquidity are cash flows provided by operating activities, proceeds from the sale of our leasing equipment, principal payments on finance lease receivables, and borrowings under our credit facilities. Our principal uses of cash include capital expenditures, debt service requirements and paying dividends.

For the year ended December 31, 2018, cash provided by operating activities, together with the proceeds from the sale of our leasing equipment and principal payments on our finance leases, was \$1,157.5 million. In addition, as of December 31, 2018 we had \$49.0 million of cash and cash equivalents and \$1.4 billion of additional borrowing capacity under our current credit facilities.

As of December 31, 2018, our cash commitments in the next 12 months include \$972.3 million of scheduled principal payments on our existing debt facilities, and \$50.6 million of committed but unpaid capital expenditures.

We believe that cash provided by operating activities, existing cash, proceeds from the sale of our leasing equipment, principal payments on our finance lease receivables and availability under our borrowing facilities will be sufficient to meet our obligations over the next twelve months.

Debt Agreements

As of December 31, 2018, our outstanding indebtedness was comprised of the following (amounts in millions):

	Amount Outstanding	Maximum Borrowing Level
Institutional notes	\$ 2,198.2	\$ 2,198.2
Asset-backed securitization term notes	3,063.8	3,063.8
Term loan facilities	1,543.4	1,543.4
Asset-backed securitization warehouse	340.0	900.0
Revolving credit facilities	375.0	1,235.0
Capital lease obligations	75.5	75.5
Total debt outstanding	\$ 7,595.9	\$ 9,015.9
Debt costs	(44.9)	—
Unamortized debt premiums & discounts	(5.3)	—
Unamortized fair value debt adjustment	(16.3)	—
Debt, net of unamortized debt costs	\$ 7,529.4	\$ 9,015.9

The maximum borrowing levels depicted in the chart above may not reflect the actual availability under all of the credit facilities. Certain of these facilities are governed by borrowing bases that limit borrowing capacity to an established percentage of relevant assets. As of December 31, 2018, the actual availability under all of our credit facilities was approximately \$425.2 million.

As of December 31, 2018, we had a combined \$6,164.1 million of total debt on facilities with fixed interest rates or floating interest rates that have been synthetically fixed through interest rate swap contracts. This accounts for 81.2% of total debt.

Pursuant to the terms of certain debt agreements, we are also required to maintain certain restricted cash accounts. As of December 31, 2018, we had restricted cash of \$110.6 million.

For additional information on our debt, please see Note 6 - "Debt" of the Notes to Consolidated Financial Statements included in Part IV, Item 15 of this Annual Report on Form 10-K.

Debt Covenants

We are subject to certain financial covenants under our debt agreements. The debt agreements are the obligations of our subsidiaries and all related debt covenants are calculated at the subsidiary level. Failure to comply with these covenants could result in a default under the related credit agreements and the acceleration of our outstanding debt if we were unable to obtain a waiver from the creditors. As of December 31, 2018, we were in compliance with all such covenants.

Non-GAAP Measures

We primarily rely on our results measured in accordance with generally accepted accounting principles ("GAAP") in evaluating our business. The covenant descriptions below include non-GAAP financial measures that are defined in our debt agreements. Fixed Charge Coverage Ratio, Minimum Consolidated Tangible Net Worth ("CTNW"), Funded Debt Ratio, Earnings Before Interest and Taxes ("EBIT"), Cash Interest Expense, Tangible Net Worth ("TNW"), and Indebtedness are non-GAAP financial measures defined in our debt agreements that are used to determine our compliance with certain covenants contained in our debt agreements and should not be used as a substitute for analysis of our results as reported under GAAP. However, we believe that the inclusion of this non-GAAP information provides additional information to investors regarding our debt covenant compliance.

TCIL Covenants

The Fixed Charge Coverage Ratio is the rolling six-quarter ratio of consolidated net income of our TCIL subsidiary available for fixed charges to fixed charges. Consolidated net income available for fixed charges excludes non-cash gains and losses on derivatives instruments, plus cash distributions received from certain unrestricted subsidiaries, plus all fixed charges. Fixed charges are the sum of interest expense and operating rental payments less interest income and the amortization of debt costs.

CTNW of our TCIL subsidiary comprises the equity of TCIL and its restricted subsidiaries, excluding any non-cash gains and/or losses from derivative instruments, less the sum of all intangible assets and restricted investments of TCIL and its subsidiaries. For the purpose of calculating CTNW, TCIL's investments in certain unrestricted subsidiaries are included in equity.

Funded Debt Ratio is the total debt of our TCIL subsidiary to CTNW.

TAL Covenants

EBIT to Cash Interest Expense is the rolling four-quarter ratio of EBIT to Cash Interest Expense for our TAL subsidiary. EBIT is calculated as earnings before interest expense, income taxes, net gain or losses on interest rate swaps, certain non-cash charges, and Merger costs. Cash Interest Expense is calculated as interest expense paid in cash and excludes interest income and amortization of debt costs.

TNW is calculated as total tangible assets less total indebtedness for our TAL subsidiary.

Indebtedness to TNW is calculated as the ratio of Indebtedness to TNW for our TAL subsidiary.

The compliance levels of our primary financial covenants as of December 31, 2018 are summarized as follows:

Financial Covenant	Entity	Covenant Threshold	Actual Value
Fixed Charge Coverage Ratio	TCIL	Shall not be less than 1.25:1	2.58:1
Minimum Consolidated Tangible Net Worth	TCIL	Shall not be less than \$855 million	\$1,705.4 million
Funded Debt Ratio	TCIL	Shall not exceed 4.0:1	3.33:1
EBIT to Cash Interest Expense	TAL	Shall not be less than 1.10:1	2.21:1
Minimum Tangible Net Worth	TAL	Shall not be less than \$300 million	\$982.7 million
Indebtedness to TNW	TAL	Shall not exceed 4.75:1	2.20:1

Share Repurchase

On August 1, 2018, the Company's Board of Directors authorized the repurchase of up to \$200.0 million of its common shares. During the year ended December 31, 2018, the Company repurchased 1,853,148 common shares at an average price per-share of \$31.34 for a total of \$58.1 million. As of February 8, 2019, \$134.9 million remains available of the \$200.0 million common share repurchase authorized by the Board in August 2018.

Cash Flow

The following table sets forth certain cash flow information for the years ended December 31, 2018, 2017, and 2016 (in thousands):

	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016
Net cash provided by (used in) operating activities	\$ 929,850	\$ 806,795	\$ 484,188
Net cash provided by (used in) investing activities	\$ (1,348,409)	\$ (1,311,391)	\$ (395,446)
Net cash provided by (used in) financing activities	\$ 351,927	\$ 567,275	\$ (63,629)

Operating Activities

Net cash provided by operating activities increased by \$123.1 million to \$929.9 million in 2018, compared to \$806.8 million in 2017. The change was primarily due to an increase in pre-tax income as a result of a larger fleet size and higher utilization.

Net cash provided by operating activities increased by \$322.6 million to \$806.8 million in 2017, compared to \$484.2 million in 2016. Operating cash flows increased by \$115.4 million due to the inclusion of TAL's cash flows for the full year in 2017 while TAL's operating cash flows were included only after July 12, 2016. The remaining increase was mainly due to an increased level of profitability as a result of the increase in our fleet size and utilization.

Investing Activities

Net cash used in investing activities increased by \$37.0 million to \$1,348.4 million in 2018 compared to \$1,311.4 million in 2017 primarily due to an increase in purchases of leasing equipment and a decrease in the volume of container disposals.

Net cash used in investing activities increased by \$916.0 million to \$1,311.4 million in 2017 compared to \$395.4 million in 2016. This increase was primarily due to an increase in the purchase of leasing equipment of \$933.6 million and by \$50.3 million of cash acquired in the Merger in 2016 that did not re-occur in 2017. These increases were partially offset by a \$67.1 million increase in cash provided by proceeds from the sale of equipment and principal payments on finance leases.

Financing Activities

Net cash provided by financing activities decreased by \$215.3 million to \$351.9 million in 2018 compared to \$567.3 million in 2017. The decrease was primarily due to proceeds of \$192.9 million from issuances of common shares in 2017 compared with no issuance in 2018. Additionally, \$56.3 million of the decrease was due to the repurchase of common shares in 2018. These changes were partially offset by an increase in net borrowings.

Net cash provided by financing activities increased by \$630.9 million to \$567.3 million in 2017 compared to cash used in financing activities of \$63.6 million in 2016. The increase was primarily due to net borrowings, inclusive of debt issuance costs, under debt facilities of \$528.6 million in 2017 compared to \$53.3 million in 2016. In addition, we had proceeds from issuances of common shares of \$192.9 million in 2017 compared to \$7.4 million of share redemptions in 2016. These increases in cash provided by financing activities were partially offset by an increase in dividend payments of \$50.8 million.

Contractual Obligations

We are party to various operating and capital leases and are obligated to make payments related to our borrowings. We are also obligated under various commercial commitments, including obligations to our equipment manufacturers. Our equipment manufacturer obligations are in the form of conventional accounts payable and are satisfied by cash flows from operations and financing activities.

The following table summarizes our contractual obligations and commercial commitments as of December 31, 2018 :

Contractual Obligations:	Contractual Obligations by Period						
	Total	2019	2020	2021	2022	2023	2024 and thereafter
	(dollars in millions)						
Principal debt obligations	\$ 7,520.4	\$ 964.3	\$ 825.7	\$ 812.3	\$ 1,707.2	\$ 1,476.1	\$ 1,734.8
Interest on debt obligations ⁽¹⁾	1,234.0	303.4	265.5	229.6	177.0	117.4	141.1
Capital lease obligations ⁽²⁾	86.2	11.2	10.8	10.8	10.8	18.7	23.9
Operating leases (mainly facilities)	11.9	3.2	2.9	2.4	2.0	1.4	—
Purchase obligations:							
Equipment purchases payable	22.4	22.4	—	—	—	—	—
Equipment purchase commitments	28.2	28.2	—	—	—	—	—
Severance benefit commitment	1.2	1.2	—	—	—	—	—
Total contractual obligations	\$ 8,904.3	\$ 1,333.9	\$ 1,104.9	\$ 1,055.1	\$ 1,897.0	\$ 1,613.6	\$ 1,899.8

(1) Amounts include actual interest for fixed debt and estimated interest for floating rate debt based on December 31, 2018 rates and the net effect of our interest rate swaps.

(2) Amounts include interest.

Off-Balance Sheet Arrangements

As of December 31, 2018 , we did not have any relationships with unconsolidated entities or financial partnerships, which are often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements. We are, therefore, not exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in such relationships.

Critical Accounting Policies

Our consolidated financial statements have been prepared in conformity with GAAP, which requires us to make estimates and assumptions that affect the amounts and disclosures reported in the consolidated financial statements and accompanying notes. We base our estimates and judgments on historical experience and on various other assumptions that we believe are reasonable under the circumstances. We evaluate our estimates and assumptions on an ongoing basis. Our actual results may differ from these estimates under different assumptions or conditions.

Leasing Equipment

We purchase new equipment from equipment manufacturers for the purpose of leasing such equipment to customers. We also purchase used equipment with the intention of selling such equipment in one or more years from the date of purchase. Used units are typically purchased with an existing lease in place or were previously owned by one of our third party owner investors.

Leasing equipment is recorded at cost and depreciated to an estimated residual value on a straight-line basis over the estimated useful lives. Capitalized costs for new container rental equipment include the manufactured cost of the container, inspection, delivery, and associated costs incurred in moving the container from the manufacturer to the initial on-hire location of such container. Repair and maintenance costs that do not extend the lives of the container rental equipment are charged to direct operating expenses at the time the costs are incurred.

The estimated useful lives and residual values of our leasing equipment are based on historical disposal experience and our expectations for future used container sale prices. We review the estimates used in our depreciation policies on a regular basis to determine whether changes have taken place that would suggest that a change in our depreciation estimates of useful lives of our equipment or the assigned residual values is warranted. The Company completed its annual depreciation policy review during the fourth quarter of 2018 and concluded no change was necessary.

On January 1, 2018, we changed the estimated residual values for 20-foot refrigerated containers and 40-foot high cube refrigerated containers to \$2,350 and \$3,350, respectively, as compared to the previous ranges of \$2,250 to \$2,500 for 20-foot refrigerated containers and \$3,250 to \$3,500 for 40-foot high cube refrigerated containers. The estimated residual values for 40-foot flat rack containers and 40-foot open top containers were changed to \$1,700 and \$2,300, respectively, as compared to the previous ranges of \$1,500 to \$3,000 for 40-foot flat rack containers and \$2,300 to \$2,500 for 40-foot open top containers. In addition, the useful lives for 40-foot flat rack containers and 40-foot open top containers was changed to 16 years from the previous range of 12 to 14 years. The effects of changes to residual value and useful life estimates were immaterial to our consolidated financial statements.

The estimated useful lives and residual values for each major equipment type for the periods are indicated below as follows:

Equipment Type	As of December 31, 2018		As of December 31, 2017	
	Depreciable Life	Residual Value	Depreciable Life	Residual Value
Dry containers				
20-foot dry container	13 years	\$ 1,000	13 years	\$ 1,000
40-foot dry container	13 years	\$ 1,200	13 years	\$ 1,200
40-foot high cube dry container	13 years	\$ 1,400	13 years	\$ 1,400
Refrigerated containers				
20-foot refrigerated container	12 years	\$ 2,350	12 years	\$2,250 to \$2,500
40-foot high cube refrigerated container	12 years	\$ 3,350	12 years	\$3,250 to \$3,500
Special containers				
40-foot flat rack container	16 years	\$ 1,700	12 to 14 years	\$1,500 to \$3,000
40-foot open top container	16 years	\$ 2,300	12 to 14 years	\$2,300 to \$2,500
Tank containers	20 years	\$ 3,000	20 years	\$ 3,000
Chassis	20 years	\$ 1,200	20 years	\$ 1,200

Depreciation on leasing equipment commences on the date of initial on-hire.

For leasing equipment acquired through sale-leaseback transactions, we adjust our estimates for remaining useful life and residual values based on current conditions in the sales market for older containers and our expectations for how long the equipment will remain on-hire to the current lessee.

The net book value of our leasing equipment by equipment type is as follows (in thousands):

	December 31, 2018	December 31, 2017
Dry container units	\$ 6,666,560	\$ 5,941,097
Refrigerated container units	1,676,331	1,897,385
Special container units	322,607	287,869
Tank container units	107,284	105,821
Chassis	150,669	132,312
Total	<u>\$ 8,923,451</u>	<u>\$ 8,364,484</u>

Included in the amounts above are units not on lease at December 31, 2018 and 2017 with a total net book value of \$551.1 million and \$509.5 million , respectively. Amortization on equipment purchased under capital lease obligations is included in depreciation and amortization expense on the consolidated statements of operations.

Valuation of Leasing Equipment

Leasing equipment is reviewed for impairment whenever events or changes in circumstances indicate that its carrying value may not be recoverable. Recoverability of an asset to be held and used is measured by a comparison of the carrying value to its estimated undiscounted future cash flows expected to be generated by the asset. If the carrying value of an asset exceeds our estimated undiscounted future cash flows, an impairment charge is recognized in the amount by which the carrying value of the asset exceeds the fair value of the asset. Key indicators of impairment on leasing equipment include, among other factors, a sustained decrease in operating profitability, a sustained decrease in utilization, or indications of technological obsolescence.

When testing for impairment, leasing equipment is generally grouped by equipment type, and is tested separately from other groups of assets and liabilities. Some of the significant estimates and assumptions used to determine future undiscounted cash flows and the measurement for impairment are the remaining useful life, expected utilization, expected future lease rates and expected disposal prices of the equipment. We consider the assumptions on expected utilization and the remaining useful life to have the greatest impact on its estimate of future undiscounted cash flows. These estimates are principally based on our historical experience and management's judgment of market conditions.

We did not record any impairment charges related to leasing equipment for the years ended December 31, 2018 , and 2017 . For the year ended December 31, 2016 , the Company recorded \$13.1 million of impairment charges in depreciation and amortization expense related to leasing equipment.

Equipment Held for Sale

When leasing equipment is returned off lease, we make a determination of whether to repair and re-lease the equipment or sell the equipment. At the time we determine that equipment will be sold, we reclassify the appropriate amounts previously recorded as leasing equipment to equipment held for sale. Equipment held for sale is carried at the lower of its estimated fair value, based on current transactions, less costs to sell, or carrying value. Depreciation expense on equipment held for sale is halted and disposals generally occur within 90 days. Initial write downs of equipment held for sale are recorded as an impairment charge and are included in net gain or loss on sale of leasing equipment. Subsequent increases or decreases to the fair value of those assets are recorded as adjustments to the carrying value of the equipment held for sale, however, any such adjustments may not exceed the respective equipment's carrying value at the time it was initially classified as held for sale. Realized gains and losses resulting from the sale of equipment held for sale are recorded as net gain or loss on sale of leasing equipment, and cash flows associated with the disposal of equipment held for sale are classified as cash flows from investing activities.

We acquired the Equipment Trading segment as part of the Merger on July 12, 2016 and had no such reporting segment prior to that date. Equipment purchased for resale and included in the Equipment Trading segment is reported as equipment held for sale when the time frame between when equipment is purchased and when it is sold is expected to be less than one year.

During the years ended December 31, 2018 , 2017 and 2016 , we recorded the following net gains or losses on equipment held for sale on the consolidated statements of operations (in thousands):

	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016
Impairment (loss) reversal on equipment held for sale	\$ (3,933)	\$ 3	\$ (19,399)
Gain (loss) on sale of equipment-net of selling costs	39,310	35,809	(948)
Net gain (loss) on sale of leasing equipment	<u>\$ 35,377</u>	<u>\$ 35,812</u>	<u>\$ (20,347)</u>

Goodwill

Goodwill is tested for impairment at least annually on October 31 of each fiscal year or more frequently if events occur or circumstances exist that indicate that the fair value of a reporting unit may be below its carrying value. Goodwill has been allocated to our reporting units which are also our operating segments.

In evaluating goodwill for impairment, we have the option to first assess qualitative factors to determine whether further impairment testing is necessary. Among other relevant events and circumstances that affect the fair value of reporting units, we consider individual factors such as macroeconomic conditions, changes in our industry and the markets in which we operate, as well as our reporting units' historical and expected future financial performance. If, after assessing the totality of events or circumstances, we determine it is more likely than not that the fair value of a reporting unit is greater than our carrying amount, then the quantitative goodwill impairment test is unnecessary. The quantitative goodwill impairment test compares the fair value of a reporting unit with our carrying amount, including goodwill. If the carrying amount of the reporting unit is less than its fair value, no impairment exists. If the carrying amount of a reporting unit exceeds its fair value, an impairment loss shall be recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit.

We elected to perform the qualitative assessment for our evaluation of goodwill impairment during the year ended December 31, 2018 and concluded there was no impairment. Since inception through December 31, 2018, we did not have any goodwill impairment.

For additional information on our accounting policies, please see Note 2 - "Summary of Significant Accounting Policies" of the Notes to Consolidated Financial Statements included in Part IV, Item 15 of this Annual Report on Form 10-K.

Recent Accounting Pronouncements

See Note 2 of the Notes to Consolidated Financial Statements included in Part IV, Item 15 of this Annual Report on Form 10-K for a full description of recent accounting pronouncements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of loss to future earnings, values or cash flows that may result from changes in the price of a financial instrument. The fair value of a financial instrument, derivative or non-derivative, might change as a result of changes in interest rates, exchange rates, commodity prices, equity prices and other market changes. We have operations internationally and we are exposed to market risks in the ordinary course of our business. These risks include interest rate and foreign currency exchange rate risks.

Interest Rate Risk

We enter into interest rate swap and cap agreements to fix the interest rates on a portion of our floating rate debt. We assess and manage the external and internal risk associated with these derivative instruments in accordance with our overall operating goals. External risk is defined as those risks outside of our direct control, including counterparty credit risk, liquidity risk, systemic risk and legal risk. Internal risk relates to those operational risks within the management oversight structure and includes actions taken in contravention of our policy.

The primary external risk of our interest rate swap and cap agreements is counterparty credit exposure, which is defined as the ability of a counterparty to perform its financial obligations under a derivative agreement. All of our derivative agreements are with highly-rated financial institutions. Credit exposures are measured based on the market value of outstanding derivative instruments. Both current and potential exposures are calculated for each derivative agreement to monitor counterparty credit exposure.

As of December 31, 2018, we had interest rate swap and cap agreements in place to fix or limit interest rates on a portion of our borrowings under debt facilities with floating interest rates as summarized below:

Derivatives	Notional Amount	Weighted Average Fixed Leg (Pay) Interest Rate	Cap Rate	Weighted Average Remaining Term
Interest Rate Swap	\$1,565.6 million	2.24%	n/a	4.4 years
Interest Rate Cap	\$381.7 million	n/a	2.9%	0.1 years

Certain of our interest rate swap and cap agreements are designated as cash flow hedges for accounting purposes, and any unrealized gains or losses related to the changes in fair value are recognized in accumulated comprehensive income and re-classed to interest and debt expense as they are realized. A portion of our swap portfolio is not designated and changes in the fair value of non-designated interest rate swap agreements are recognized on the consolidated statements of operations as unrealized gain or loss on derivative instruments, net and reclassified to realized gain or loss on derivative instruments as they are realized.

Approximately 52% of our floating rate debt is hedged using interest rate swaps which helps mitigate the impact of changes in short-term interest rates. However, a 100 basis point increase in the interest rates on our floating rate debt (primarily LIBOR) would result in an increase of approximately \$13.5 million in interest expense, net of realized gains on our swap instruments, over the next 12 months.

Foreign currency exchange rate risk

Although we have significant foreign-based operations, the majority of our revenues and our operating expenses for the years ended December 31, 2018, 2017, and 2016 were denominated in U.S. dollars. We pay our non-U.S. employees in local currencies and certain operating expenses are denominated in foreign currencies. This activity is primarily denominated in the euro and the British pound. For the year ended December 31, 2018, we recognized \$1.0 million in net foreign currency exchange loss in administrative expenses. Net foreign currency exchange gains and losses during the years ended December 31, 2017 and 2016 were immaterial.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Consolidated Financial Statements and financial statement schedules listed under Item 15—Exhibits and Financial Statement Schedules are filed as a part of this Item 8. Supplementary financial information may be found in Note 16 to the Consolidated Financial Statements.

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

Management's Report Regarding the Effectiveness of Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Senior Vice President and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Annual Report on Form 10-K. Based upon management's evaluation of these disclosure controls and procedures, our Chief Executive Officer and our Senior Vice President and Chief Financial Officer concluded, as of the end of the period covered by this Annual Report on Form 10-K, that our disclosure controls and procedures were effective.

Management's Report on Internal Control Over Financial Reporting

We are responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

We assessed our internal control over financial reporting as of December 31, 2018 and based our assessment on criteria established in Internal Control-*Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Based on our assessment, we have concluded that our internal control over financial reporting was effective as of December 31, 2018 .

KPMG LLP, an independent registered public accounting firm, has audited the consolidated financial statements included in this Annual Report on Form 10-K and, as part of the audit, has issued a report on the effectiveness of our internal control over financial reporting as of December 31, 2018 .

Changes in Internal Controls

There were no changes in our internal control over financial reporting identified in management's evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the three months ended December 31, 2018 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Triton International Limited:

Opinion on Internal Control Over Financial Reporting

We have audited Triton International Limited and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2018 and 2017, the related consolidated statements of operations, comprehensive income, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2018, and the related notes and financial statement Schedule I - Condensed Financial Information of Registrant and Schedule II - Valuation and Qualifying Accounts (collectively, the consolidated financial statements), and our report dated February 19, 2019 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

New York, New York
February 19, 2019

ITEM 9B. OTHER INFORMATION

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this Item is incorporated herein by reference from the sections captioned "Election of Directors", "Executive Officers" and "Section 16(a) Beneficial Ownership Reporting Compliance" in our proxy statement to be issued in connection with the Annual General Meeting of Shareholders to be held on April 25, 2019, which will be filed with the SEC within 120 days after the end of our fiscal year ended December 31, 2018 (the "2019 Proxy Statement").

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated herein by reference from the sections captioned "Director Compensation Table", "Compensation of Executive Officers, Compensation Discussion and Analysis", "Summary Compensation Table", and "Grants of Plan-Based Awards Table", "CEO-Average Worker Pay Ratio", and the other tables and information following the "Grants of Plan-Based Awards Table" in the 2019 Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDER MATTERS

The information required by this Item is incorporated herein by reference from the sections captioned "Equity Compensation Plan Information" and "Information Regarding Beneficial Ownership of Management and Principal Shareholders" in the 2019 Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item is incorporated herein by reference from the sections captioned "Certain Relationships and Related Transactions" and "Corporate Governance and Related Matters" in the 2019 Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item is incorporated herein by reference from the section captioned "Audit Fees" in the 2019 Proxy Statement.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a)(1) *Financial Statements*

The following financial statements are included in Item 8 of this report:

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(a)(2) *Financial Statement Schedules*

The following financial statement schedules for the Company are filed as part of this report:

Schedule I - Parent Company Condensed Financial Statements	S-1
Schedule II - Valuation and Qualifying Accounts	S-4

Schedules not listed above have been omitted because the information required to be set forth therein is not applicable or is shown in the accompanying Consolidated Financial Statements or notes thereto.

(a)(3) *List of Exhibits*

The following exhibits are filed as part of and incorporated by reference into this Annual Report on Form 10-K:

Exhibit No.	Description
3.1	Amended and Restated By-Laws of Triton International Limited, dated July 12, 2016 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed July 14, 2016)
4.1	Memorandum of Association of Triton International Limited, dated September 29, 2015 (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q, filed June 23, 2016)
10.1	Form of Indemnification Agreement (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed July 14, 2016)
10.2	TAL International Group, Inc. 2014 Equity Incentive Plan (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed July 14, 2016)
10.3	Triton Container International Limited 2016 Equity Incentive Plan (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed July 14, 2016)
10.4	Triton International Limited 2016 Equity Incentive Plan (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed July 14, 2016)
10.5	Warburg Pincus Shareholders Agreement, as amended (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed July 14, 2016)
10.6	Vestar Shareholders Agreement, as amended (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed July 14, 2016)

Exhibit No.	Description
<u>10.7</u>	Ninth Restated and Amended Credit Agreement, dated as of April 15, 2016, by and among Triton Container International Limited, as Borrower, various lenders, and Bank of America, N.A., as Administrative Agent and an Issuer, and other parties thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed on June 22, 2017)
<u>10.8</u>	First Amendment, dated as of February 6, 2017, to the Ninth Restated and Amended Credit Agreement, dated as of April 15, 2016, by and among Triton Container International Limited, as the Borrower, various lenders and Bank of America, N.A., as Administrative Agent and an Issuer, and other parties thereto (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed on June 22, 2017)
<u>10.9</u>	Second Amendment, dated June 16, 2017, to the Ninth Restated and Amended Credit Agreement, dated as of April 15, 2016, by and among Triton Container International Limited, as Borrower, various lenders, Bank of America, N.A., as Administrative Agent and an Issuer, and other parties thereto (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, filed on June 22, 2017)
<u>10.10</u>	Term Loan Agreement dated as of November 30, 2018 by and among Triton Container International Limited, as Borrower, various lenders, and PNC Bank, National Association, as a lender and Administrative Agent
<u>21.1</u>	* List of Subsidiaries
<u>23.1</u>	* Consent of Independent Registered Public Accounting Firm
<u>24.1</u>	* Powers of Attorney (included on the signature page to this Annual Report on Form 10-K)
<u>31.1</u>	* Certification of the Chief Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended
<u>31.2</u>	* Certification of the Chief Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) of the Securities Exchange Act of 1934, as amended
<u>32.1</u>	** Certification by Chief Executive Officer pursuant to 18 U.S.C. Section 1350
<u>32.2</u>	** Certification by Chief Financial Officer pursuant to 18 U.S.C. Section 1350
101.INS	XBRL Instance Document
101.SCH	XBRL Instance Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

† Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Registrant will furnish the omitted schedules to the U.S. Securities and Exchange Commission upon request by the Commission.

* Filed herewith.

** Furnished herewith.

(b) Exhibits.

The Company hereby files as part of this Annual Report on Form 10-K the exhibits listed in Item 15(a)(3) set forth above.

(c) Financial Statement Schedules

The Company hereby files as part of this Annual Report on Form 10-K the financial statement schedule listed in Item 15(a)(2) set forth above.

SIGNATURES

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

Date: February 19, 2019

TRITON INTERNATIONAL LIMITED

By: /s/ BRIAN M. SONDEY

Brian M. Sondey
Chairman of the Board, Director and Chief Executive Officer

POWER OF ATTORNEY AND SIGNATURES

We, the undersigned officers and directors of Triton International Limited hereby severally constitute and appoint Brian M. Sondey and John Burns and each of them singly, our true and lawful attorneys, with the power to them and each of them singly, to sign for us and in our names in the capacities indicated below, any amendments to this Annual Report on Form 10-K, and generally to do all things in our names and on our behalf in such capacities to enable Triton International Limited to comply with the provisions of the Securities Exchange Act of 1934, as amended, and all the requirements of the Securities and Exchange Commission.

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, in the capacities indicated, on the 19th day of February , 2019 .

Signature

Title(s)

/s/ BRIAN M. SONDEY

Brian M. Sondey

Chairman of the Board, Director and Chief Executive Officer

/s/ JOHN BURNS

John Burns

Chief Financial Officer

/s/ MICHELLE GALLAGHER

Michelle Gallagher

Vice President and Controller (Principal Accounting Officer)

/s/ ROBERT L. ROSNER

Robert L. Rosner

Lead Director

/s/ ROBERT W. ALSPAUGH

Robert W. Alspaugh

Director

/s/ KAREN AUSTIN

Karen Austin

Director

/s/ MALCOLM P. BAKER

Malcolm P. Baker

Director

/s/ DAVID A. COULTER

David A. Coulter

Director

/s/ CLAUDE GERMAIN

Claude Germain

Director

/s/ KENNETH HANAU

Kenneth Hanau

Director

/s/ JOHN S. HEXTALL

John S. Hextall

Director

/s/ SIMON R. VERNON

Simon R. Vernon

Director

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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Triton International Limited:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Triton International Limited and subsidiaries (the Company) as of December 31, 2018 and 2017, the related consolidated statements of operations, comprehensive income, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2018, and the related notes and financial statement Schedule I - Condensed Financial Information of Registrant and Schedule II - Valuation and Qualifying Accounts (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2018, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 19, 2019 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ KPMG LLP

We have served as the Company's auditor since 2014.

New York, New York
February 19, 2019

TRITON INTERNATIONAL LIMITED
Consolidated Balance Sheets
(In thousands, except share data)

	December 31, 2018	December 31, 2017
ASSETS:		
Leasing equipment, net of accumulated depreciation of \$2,533,446 and \$2,218,897	\$ 8,923,451	\$ 8,364,484
Net investment in finance leases	478,065	295,891
Equipment held for sale	66,453	43,195
Revenue earning assets	9,467,969	8,703,570
Cash and cash equivalents	48,950	132,031
Restricted cash	110,589	94,140
Accounts receivable, net of allowances of \$1,240 and \$3,002	264,382	199,876
Goodwill	236,665	236,665
Lease intangibles, net of accumulated amortization of \$205,532 and \$144,081	92,925	154,376
Other assets	34,610	49,591
Fair value of derivative instruments	13,923	7,376
Total assets	\$ 10,270,013	\$ 9,577,625
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Equipment purchases payable	\$ 22,392	\$ 128,133
Fair value of derivative instruments	10,966	2,503
Accounts payable and other accrued expenses	99,885	109,999
Net deferred income tax liability	282,129	215,439
Debt, net of unamortized debt costs of \$44,889 and \$40,636	7,529,432	6,911,725
Total liabilities	7,944,804	7,367,799
Shareholders' equity:		
Common shares, \$0.01 par value, 270,000,000 and 294,000,000 shares authorized, 80,843,472 and 80,687,757 shares issued, respectively	809	807
Undesignated shares, \$0.01 par value, 30,000,000 and 6,000,000 shares authorized, no shares issued and outstanding	—	—
Treasury shares, at cost, 1,853,148 shares and no shares, respectively	(58,114)	—
Additional paid-in capital	896,811	889,168
Accumulated earnings	1,349,627	1,159,367
Accumulated other comprehensive income	14,563	26,942
Total shareholders' equity	2,203,696	2,076,284
Non-controlling interests	121,513	133,542
Total equity	\$ 2,325,209	\$ 2,209,826
Total liabilities and equity	\$ 10,270,013	\$ 9,577,625

The accompanying Notes to the Consolidated Financial Statements are an integral part of these statements.

TRITON INTERNATIONAL LIMITED
Consolidated Statements of Operations
(In thousands, except per share data)

	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016
Leasing revenues:			
Operating leases	\$ 1,328,756	\$ 1,141,165	\$ 813,357
Finance leases	21,547	22,352	15,337
Total leasing revenues	1,350,303	1,163,517	828,694
Equipment trading revenues	83,039	37,419	16,418
Equipment trading expenses	(64,118)	(33,235)	(15,800)
Trading margin	18,921	4,184	618
Net gain (loss) on sale of leasing equipment	35,377	35,812	(20,347)
Net gain (loss) on sale of building	20,953	—	—
Operating expenses:			
Depreciation and amortization	545,138	500,720	392,592
Direct operating expenses	48,326	62,891	84,256
Administrative expenses	80,033	87,609	65,618
Transaction and other costs (income)	88	9,272	66,916
Provision (reversal) for doubtful accounts	(231)	3,347	23,304
Insurance recovery income	—	(6,764)	—
Total operating expenses	673,354	657,075	632,686
Operating income (loss)	752,200	546,438	176,279
Other expenses:			
Interest and debt expense	322,731	282,347	184,014
Realized (gain) loss on derivative instruments, net	(2,072)	900	3,438
Unrealized (gain) loss on derivative instruments, net	430	(1,397)	(4,405)
Debt termination expense	6,090	6,973	141
Other (income) expense, net	(2,292)	(2,637)	(1,076)
Total other expenses	324,887	286,186	182,112
Income (loss) before income taxes	427,313	260,252	(5,833)
Income tax expense (benefit)	70,641	(93,274)	(48)
Net income (loss)	\$ 356,672	\$ 353,526	\$ (5,785)
Less: income (loss) attributable to non-controlling interest	7,117	8,928	7,732
Net income (loss) attributable to shareholders	\$ 349,555	\$ 344,598	\$ (13,517)
Net income per common share—Basic	\$ 4.38	\$ 4.55	\$ (0.24)
Net income per common share—Diluted	\$ 4.35	\$ 4.52	\$ (0.24)
Cash dividends paid per common share	\$ 2.01	\$ 1.80	\$ 1.35
Weighted average number of common shares outstanding—Basic	79,782	75,679	56,032
Dilutive restricted shares	582	509	—
Weighted average number of common shares outstanding—Diluted	80,364	76,188	56,032

The accompanying Notes to the Consolidated Financial Statements are an integral part of these statements.

TRITON INTERNATIONAL LIMITED
Consolidated Statements of Comprehensive Income
(In thousands)

	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016
Net income (loss)	\$ 356,672	\$ 353,526	\$ (5,785)
Other comprehensive income (loss):			
Change in derivative instruments designated as cash flow hedges, net of income tax effect of \$1,814, (\$234), and \$16,512	(3,933)	(407)	30,405
Reclassification of (gain) loss on derivative instruments designated as cash flow hedges, net of income tax effect of (\$1,570), \$171, and \$423	(5,210)	440	777
Foreign currency translation adjustment	(207)	151	(758)
Other comprehensive income (loss), net of tax	(9,350)	184	30,424
Comprehensive income	347,322	353,710	24,639
Less:			
Other comprehensive income attributable to noncontrolling interest	7,117	8,928	7,732
Comprehensive income attributable to shareholders	<u>\$ 340,205</u>	<u>\$ 344,782</u>	<u>\$ 16,907</u>

The accompanying Notes to the Consolidated Financial Statements are an integral part of these statements.

TRITON INTERNATIONAL LIMITED
Consolidated Statements of Shareholders' Equity
(In thousands, except share amounts)

	Class A, Class B and Common Shares*		Treasury Shares		Add'l Paid in Capital	Accumulated Earnings	Accumulated Other Comprehensive Income	Non-controlling Interest	Total Equity
	Shares	Amount	Shares	Amount					
Balance at January 1, 2016	40,428,585	\$ 505	—	\$ —	\$ 176,088	\$ 1,044,402	\$ (3,666)	\$ 160,504	\$ 1,377,833
Issuance of common shares	605,334	7	—	—	(2)	—	—	—	5
Share-based compensation	—	—	—	—	5,399	—	—	—	5,399
Adjustment to fair market value classified service-based options	—	—	—	—	(907)	—	—	—	(907)
Settlement of liability classified service-based share options	517,912	5	—	—	7,075	—	—	—	7,080
Share repurchase to settle shareholder tax obligations	(247,005)	(2)	—	—	(3,175)	(216)	—	—	(3,393)
Redemption / Cancellation of common shares	(263,393)	(3)	—	—	(4,014)	—	—	—	(4,017)
Net income (loss)	—	—	—	—	—	(13,517)	—	7,732	(5,785)
Foreign currency translation adjustment	—	—	—	—	—	—	(758)	—	(758)
Issuance and conversion of Triton shares due to Merger	33,334,592	232	—	—	509,954	—	—	—	510,186
Change in derivative instruments designated as cash flow hedges, net of income tax effect of \$16,512	—	—	—	—	—	—	30,405	—	30,405
Reclassification of realized loss on derivative instruments designated as cash flow hedges, net of income tax effect of \$423	—	—	—	—	—	—	777	—	777
Distributions to non-controlling interests	—	—	—	—	—	—	—	(24,732)	(24,732)
Common shares dividend declared	—	—	—	—	—	(85,356)	—	—	(85,356)
Balance as of December 31, 2016	74,376,025	\$ 744	—	—	\$ 690,418	\$ 945,313	\$ 26,758	\$ 143,504	\$ 1,806,737
Issuance of common shares	6,313,694	63	—	—	193,109	—	—	—	193,172
Share-based compensation	—	—	—	—	5,641	—	—	—	5,641
Cumulative adjustment for adoption of ASU 2016-09	—	—	—	—	—	6,582	—	—	6,582
Share repurchase to settle shareholder tax obligations	(1,962)	—	—	—	—	(70)	—	—	(70)
Net income (loss)	—	—	—	—	—	344,598	—	8,928	353,526
Foreign currency translation adjustment	—	—	—	—	—	—	151	—	151
Change in derivative instruments designated as cash flow hedges, net of income tax effect of (\$234)	—	—	—	—	—	—	(407)	—	(407)
Reclassification of realized loss on derivative instruments designated as cash flow hedges, net of income tax effect of \$171	—	—	—	—	—	—	440	—	440
Distributions to non-controlling interests	—	—	—	—	—	—	—	(18,890)	(18,890)
Common shares dividend declared	—	—	—	—	—	(137,056)	—	—	(137,056)
Balance as of December 31, 2017	80,687,757	\$ 807	—	—	\$ 889,168	\$ 1,159,367	\$ 26,942	\$ 133,542	\$ 2,209,826
Share-based compensation	200,341	2	—	—	9,028	—	—	—	9,030
Treasury shares acquired	—	—	1,853,148	(58,114)	—	—	—	—	(58,114)
Share repurchase to settle shareholder tax obligations	(44,626)	—	—	—	(1,385)	—	—	—	(1,385)
Net income (loss)	—	—	—	—	—	349,555	—	7,117	356,672
Foreign currency translation adjustment	—	—	—	—	—	—	(207)	—	(207)
Change in derivative instruments designated as cash flow hedges, net of income tax effect of \$1,814	—	—	—	—	—	—	(3,933)	—	(3,933)
Reclassification of realized (gain) on derivative instruments designated as cash flow hedges, net of income tax effect of (\$1,570)	—	—	—	—	—	—	(5,210)	—	(5,210)
Tax reclassifications to accumulated earnings for the adoption of ASU 2018-02	—	—	—	—	—	3,029	(3,029)	—	—
Distributions to non-controlling interests	—	—	—	—	—	—	—	(19,146)	(19,146)
Common shares dividend declared	—	—	—	—	—	(162,324)	—	—	(162,324)
Balance as of December 31, 2018	80,843,472	\$ 809	1,853,148	\$ (58,114)	\$ 896,811	\$ 1,349,627	\$ 14,563	\$ 121,513	\$ 2,325,209

* As a result of the Merger transaction completed on July 12, 2016, all Class A and B common shares held by TCIL shareholders were exchanged for Triton common shares at a 0.80 ratio, and therefore, the historical number of shares, options, and per share amounts were retroactively adjusted.

The accompanying Notes to the Consolidated Financial Statements are an integral part of these statements.

TRITON INTERNATIONAL LIMITED
Consolidated Statements of Cash Flows
(In thousands)

	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016
Cash flows from operating activities:			
Net income (loss)	\$ 356,672	\$ 353,526	\$ (5,785)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	545,138	500,720	392,592
Amortization of deferred financing cost and other debt related amortization	15,005	13,401	5,934
Lease related amortization	70,275	92,787	55,539
Share-based compensation expense	9,030	5,641	5,399
Net (gain) loss on sale of leasing equipment	(35,377)	(35,812)	20,347
Net (gain) loss on sale of building	(20,953)	—	—
Unrealized (gain) loss on derivative instruments	430	(1,397)	(4,405)
Debt termination expense	6,090	6,973	141
Deferred income taxes	66,467	(94,678)	(809)
Changes in operating assets and liabilities:			
Accounts receivable	(65,385)	(5,967)	(1,602)
Accounts payable and accrued expenses	(14,449)	(42,402)	10,694
Net equipment sold for resale activity	(2,341)	8,821	4,031
Cash received (paid) for settlement of interest rate swaps	187	2,117	(37)
Other assets	(939)	3,065	2,149
Net cash provided by (used in) operating activities	929,850	806,795	484,188
Cash flows from investing activities:			
Purchases of leasing equipment and investments in finance leases	(1,603,507)	(1,562,863)	(629,332)
Proceeds from sale of equipment, net of selling costs	163,256	190,744	145,572
Proceeds from the sale of building	27,630	—	—
Cash collections on finance lease receivables, net of income earned	64,372	60,673	38,650
Cash and cash equivalents acquired	—	—	50,349
Other	(160)	55	(685)
Net cash provided by (used in) investing activities	(1,348,409)	(1,311,391)	(395,446)
Cash flows from financing activities:			
Issuance of common shares, net of underwriter expenses	—	192,931	—
Purchases of treasury shares	(56,274)	—	—
Redemption of common shares	(1,385)	(70)	(7,410)
Debt issuance costs	(19,575)	(34,494)	(6,554)
Borrowings under debt facilities	4,043,637	3,102,825	661,971
Payments under debt facilities and capital lease obligations	(3,435,041)	(2,539,711)	(602,152)
Dividends paid	(160,289)	(135,557)	(84,752)
Distributions to noncontrolling interests	(19,146)	(18,890)	(24,732)
Other	—	241	—
Net cash provided by (used in) financing activities	351,927	567,275	(63,629)
Net (decrease) increase in cash, cash equivalents and restricted cash	\$ (66,632)	\$ 62,679	\$ 25,113
Cash, cash equivalents and restricted cash, beginning of period	226,171	163,492	138,379
Cash, cash equivalents and restricted cash, end of period	\$ 159,539	\$ 226,171	\$ 163,492
Supplemental disclosures:			
Interest paid	\$ 308,827	\$ 269,601	\$ 181,559
Income taxes paid (refunded)	\$ 4,484	\$ (288)	\$ 309
Supplemental non-cash investing activities:			
Equipment purchases payable	\$ 22,392	\$ 128,133	\$ 83,567
Shares issued to acquire TAL	\$ —	\$ —	\$ 510,186

The accompanying Notes to the Consolidated Financial Statements are an integral part of these statements.

TRITON INTERNATIONAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1—Description of the Business and Basis of Presentation

Description of the Business and Basis of Presentation

Triton International Limited (“Triton” or the “Company”), through its subsidiaries, leases intermodal transportation equipment, primarily maritime containers, and provides maritime container management services through a worldwide network of service subsidiaries, third-party depots and other facilities. The majority of Triton’s business is derived from leasing its containers to shipping line customers through a variety of long-term and short-term contractual lease arrangements. The Company also sells containers from its existing fleet as well as containers specifically acquired for resale from third parties. The Company’s registered office is located in Bermuda.

Triton was formed on July 12, 2016, by an all stock merger (the “Merger”) of Triton Container International Limited (“TCIL”) and TAL International Group, Inc. (“TAL”).

The consolidated financial statements of Triton presented herein represent the historical financial statements of TCIL, the accounting acquirer, and include the results of operations of TAL after July 12, 2016, the date of the completion of the Merger. The consolidated financial statements include the accounts of the Company and its subsidiaries. Certain reclassifications have been made to the accompanying prior period financial statements and notes to conform to the current year’s presentation.

Note 2—Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and subsidiaries in which it has a controlling interest, and variable interest entities (VIEs) of which the Company is the primary beneficiary. The equity method of accounting is applied when the Company does not have a controlling interest in an entity but exerts significant influence over the entity. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the reported amounts of revenues and expenses during the reporting period and disclosure of contingent assets and liabilities in the financial statements. Such estimates include, but are not limited to, the Company’s estimates in connection with leasing equipment including residual values and depreciable lives, values of assets held for sale and other long-lived assets, provision for income tax, allowance for doubtful accounts, share-based compensation and goodwill and intangible assets. Actual results could differ from those estimates.

Segment Reporting

The Company conducts its business activities in one industry, intermodal transportation equipment, and has two reporting segments, Equipment leasing and Equipment trading. The Company also segregates total equipment leasing revenues and total equipment trading revenues by geographic location based upon the primary domicile of the Company’s customers.

Prior to the Merger on July 12, 2016, the Company had only one segment, the Equipment Leasing segment. As a result of the Merger, the Equipment Trading segment was acquired.

Concentration of Credit Risk

The Company’s equipment lease and trade receivables subject it to potential credit risk. The Company extends credit to its customers based upon an evaluation of each customer’s financial condition and credit history. Evaluations of the financial condition and associated credit risk of customers are performed on an ongoing basis. The Company’s largest customer, CMA CGM S.A. , accounted for 20% , 19% , and 17% of its lease billings during 2018 , 2017 , and 2016 , respectively, and accounted for 29% and 23% of its accounts receivable as of December 31, 2018 and 2017 , respectively. The Company’s second largest customer, Mediterranean Shipping Company S.A. accounted for 14% , 14% , and 15% of its lease billings during 2018 , 2017 , and 2016 , respectively, and 5% and 8% of its accounts receivable as of December 31, 2018 and 2017 , respectively.

TRITON INTERNATIONAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Other financial instruments that are exposed to concentration of credit risk are cash and cash equivalents, and restricted cash balances. Cash and cash equivalents, and restricted cash are held with financial institutions of high quality. Balances may exceed the amount of insurance provided on such deposits.

Fair Value Measurements

Fair value represents the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The determination of fair value may require an entity to make significant judgments or develop assumptions about market participants to reflect risks specific to the asset being valued.

Cash and Cash Equivalents

Cash and cash equivalents consist of all cash balances and highly liquid investments having original maturities of three months or less at the time of purchase.

Restricted Cash

The Company's restricted cash relates to amounts held at financial institutions pursuant to certain debt arrangements. The restricted cash balances represent cash proceeds collected and required to be used to pay debt service and other related expenses.

Allowance for Doubtful Accounts

The Company's allowance for doubtful accounts is estimated based upon a review of the collectibility of its receivables. This review is based on the risk profile of the receivables, credit quality indicators such as the level of past-due amounts and economic conditions. Generally, the Company does not require collateral on accounts receivable balances. An account is considered past due when a payment has not been received in accordance with the contractual terms. Changes in economic conditions or other events may necessitate additions or deductions to the allowance for doubtful accounts. The allowance for doubtful accounts is intended to provide for losses in the receivables, and requires the application of estimates and judgments as to the outcome of collection efforts, among other things. The Company believes its allowance for doubtful accounts is adequate to provide for credit losses inherent in its existing receivables.

To the extent amounts are expected to be recoverable from insurance policies, the Company records a receivable based on amounts incurred not to exceed insurance limits.

The Company experienced a major lessee default in 2016 when Hanjin Shipping Co. ("Hanjin"), a lessee of the Company, filed for court protection and immediately began a liquidation process. At that time, the Company had approximately 87,000 container units on lease to Hanjin with a net book value of \$243.3 million. The Company recorded a loss of \$29.7 million during the third quarter ended September 30, 2016, comprised of bad debt expense and a charge for costs not expected to be recovered due to deductibles in credit insurance policies. As of December 31, 2018, the Company recovered approximately 95% of its containers previously leased to Hanjin.

The impact of the Hanjin liquidation was significantly lessened by credit insurance policies in place during 2016 which covered the majority of the recovery costs, the value of the containers that were unrecoverable and a portion of the lost lease revenue. The insurance policies did not cover Triton's pre-default receivables. The Company collected total payments from its insurance providers of \$67.0 million in satisfaction of its claims and recorded a gain of \$6.8 million to insurance recovery income within operating expenses for the year ended December 31, 2017. The net gain represents insurance proceeds received in excess of recovery costs incurred and the net book value of those units written off as unrecoverable.

Net Investment in Finance Leases

The Company has entered into various rental agreements that qualify as direct financing leases or sales-type leases. These leases are usually long-term in nature, typically ranging for a period of three to twelve years, and typically include an option to purchase the equipment at the end of the lease term at a bargain purchase price. At the inception of a direct financing lease or a sales-type lease, a net investment is recorded based on the gross investment (representing the total future minimum lease payments due under the lease plus the estimated residual value), net of unearned income.

TRITON INTERNATIONAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For a direct financing lease, unearned income represents the excess of the gross investment over the net book value of the leased equipment at lease inception. For a sales-type lease, unearned income represents the excess of the gross investment over the fair value of the leased equipment (calculated as the present value of both the total future minimum lease payments due under the lease and the estimated residual value) at lease inception.

At the inception of a sales-type lease, gain (loss) is defined as the difference between (i) the net investment in the lease and (ii) the net book value of the subject containers on the Company's books at the commencement of the lease.

Leasing Equipment

The Company purchases new equipment from equipment manufacturers for the purpose of leasing such equipment to customers. The Company also purchases used equipment with the intention of selling such equipment in one or more years from the date of purchase. Used units are typically purchased with an existing lease in place or were previously owned by one of the Company's third party owner investors.

Leasing equipment is recorded at cost and depreciated to an estimated residual value on a straight-line basis over the estimated useful lives. Capitalized costs for new container rental equipment include the manufactured cost of the container, inspection, delivery, and associated costs incurred in moving the container from the manufacturer to the initial on-hire location of such container. Repair and maintenance costs that do not extend the lives of the container rental equipment are charged to direct operating expenses at the time the costs are incurred.

The estimated useful lives and residual values of the Company's leasing equipment are based on historical disposal experience and the Company's expectations for future used container sale prices. The Company reviews estimates used in its depreciation policy on a regular basis to determine whether changes have taken place that would suggest that a change in its depreciation estimates for useful lives or the assigned residual values of its equipment is warranted. The Company completed its annual depreciation policy review during the fourth quarter of 2018 and concluded no change was necessary.

On January 1, 2018, the Company changed the estimated residual values for 20-foot refrigerated containers and 40-foot high cube refrigerated containers to \$2,350 and \$3,350, respectively, as compared to the previous ranges of \$2,250 to \$2,500 for 20-foot refrigerated containers and \$3,250 to \$3,500 for 40-foot high cube refrigerated containers. The estimated residual values for 40-foot flat rack containers and 40-foot open top containers were changed to \$1,700 and \$2,300, respectively, as compared to the previous ranges of \$1,500 to \$3,000 for 40-foot flat rack containers and \$2,300 to \$2,500 for 40-foot open top containers. In addition, the useful lives for 40-foot flat rack containers and 40-foot open top containers was changed to 16 years from the previous range of 12 to 14 years. The effects of changes to residual value and useful life estimates were immaterial to our consolidated financial statements.

The estimated useful lives and residual values for each major equipment type for the periods indicated below were as follows:

Equipment Type	As of December 31, 2018		As of December 31, 2017	
	Depreciable Life	Residual Value	Depreciable Life	Residual Value
Dry containers				
20-foot dry container	13 years	\$ 1,000	13 years	\$ 1,000
40-foot dry container	13 years	\$ 1,200	13 years	\$ 1,200
40-foot high cube dry container	13 years	\$ 1,400	13 years	\$ 1,400
Refrigerated containers				
20-foot refrigerated container	12 years	\$ 2,350	12 years	\$2,250 to \$2,500
40-foot high cube refrigerated container	12 years	\$ 3,350	12 years	\$3,250 to \$3,500
Special containers				
40-foot flat rack container	16 years	\$ 1,700	12 to 14 years	\$1,500 to \$3,000
40-foot open top container	16 years	\$ 2,300	12 to 14 years	\$2,300 to \$2,500
Tank containers	20 years	\$ 3,000	20 years	\$ 3,000
Chassis	20 years	\$ 1,200	20 years	\$ 1,200

TRITON INTERNATIONAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Depreciation on leasing equipment commences on the date of initial on-hire.

For leasing equipment acquired through sale-leaseback transactions, the Company adjusts its estimates for remaining useful life and residual values based on current conditions in the sales market for older containers and the Company's expectations for how long the equipment will remain on-hire to the current lessee.

The net book value of the Company's leasing equipment by equipment type as of the dates indicated was (in thousands):

	December 31, 2018	December 31, 2017
Dry container units	\$ 6,666,560	\$ 5,941,097
Refrigerated container units	1,676,331	1,897,385
Special container units	322,607	287,869
Tank container units	107,284	105,821
Chassis	150,669	132,312
Total	<u>\$ 8,923,451</u>	<u>\$ 8,364,484</u>

Included in the amounts above are units not on lease at December 31, 2018 and 2017 with a total net book value of \$551.1 million and \$509.5 million , respectively. Amortization on equipment purchased under capital lease obligations is included in depreciation and amortization expense on the consolidated statements of operations.

Valuation of Leasing Equipment

Leasing equipment is reviewed for impairment whenever events or changes in circumstances indicate that its carrying value may not be recoverable. Recoverability of an asset to be held and used is measured by a comparison of the carrying value to its estimated undiscounted future cash flows expected to be generated by the asset. If the carrying value of an asset exceeds its estimated undiscounted future cash flows, an impairment charge is recognized in the amount by which the carrying value of the asset exceeds the fair value of the asset. Key indicators of impairment on leasing equipment include, among other factors, a sustained decrease in operating profitability, a sustained decrease in utilization, or indications of technological obsolescence.

When testing for impairment, leasing equipment is generally grouped by equipment type, and is tested separately from other groups of assets and liabilities. Some of the significant estimates and assumptions used to determine future undiscounted cash flows and the measurement for impairment are the remaining useful life, expected utilization, expected future lease rates and expected disposal prices of the equipment. The Company considers the assumptions on expected utilization and the remaining useful life to have the greatest impact on its estimate of future undiscounted cash flows. These estimates are principally based on the Company's historical experience and management's judgment of market conditions.

The Company did not record any impairment charges related to leasing equipment for the years ended December 31, 2018 and 2017 . For the year ended December 31, 2016 , the Company recorded \$13.1 million of impairment charges in depreciation and amortization expense related to leasing equipment.

Equipment Held for Sale

When leasing equipment is returned off lease, the Company makes a determination of whether to repair and re-lease the equipment or sell the equipment. At the time the Company determines that equipment will be sold, it reclassifies the appropriate amounts previously recorded as leasing equipment to equipment held for sale. Equipment held for sale is carried at the lower of its estimated fair value less costs to sell or carrying value. Depreciation expense on equipment held for sale is halted and disposals generally occur within 90 days. Initial write downs of equipment held for sale to fair value are recorded as an impairment charge and are included in net gain or loss on sale of leasing equipment. Subsequent increases or decreases to the fair value of those assets are recorded as adjustments to the carrying value of the equipment held for sale, however, any such adjustments may not exceed the respective equipment's carrying value at the time it was initially classified as held for sale. Realized gains and losses resulting from the sale of equipment held for sale are recorded as net gain or loss on sale of leasing equipment, and cash flows associated with the disposal of equipment held for sale are classified as cash flows from investing activities.

TRITON INTERNATIONAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company acquired the Equipment Trading segment as part of the Merger on July 12, 2016 and had no such reporting segment prior to that date. Equipment purchased for resale and included in the Equipment Trading segment is reported as equipment held for sale when the time frame between when equipment is purchased and when it is sold is expected to be less than one year.

During the years ended December 31, 2018, 2017, and 2016, the Company recorded the following net gains or losses on sale of leasing equipment held for sale on the consolidated statements of operations (in thousands):

	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016
Impairment (loss) reversal on equipment held for sale	\$ (3,933)	\$ 3	\$ (19,399)
Gain (loss) on sale of equipment-net of selling costs	39,310	35,809	(948)
Net gain (loss) on sale of leasing equipment	\$ 35,377	\$ 35,812	\$ (20,347)

Property, Furniture and Equipment

Costs of major additions of property, furniture, equipment and improvements are capitalized and are included in other assets on the consolidated balance sheets. The original cost is depreciated on a straight-line basis over the estimated useful lives of such property, furniture and equipment. Leasehold improvements are amortized on a straight-line basis over the shorter of the lease term or the estimated useful lives of the leased assets. Other fixed assets, which consist primarily of computer software and hardware, are recorded at cost and amortized on a straight-line basis over their respective estimated useful lives, which range from three to seven years. Expenditures for maintenance and repairs are expensed as they are incurred.

Business Combinations

The Company allocates the purchase price to assets acquired and liabilities assumed based on their estimated fair values. The excess of the purchase price over the fair values of identifiable assets and liabilities is recorded as goodwill. Determining the fair value of assets acquired and liabilities assumed requires management's judgment and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash flows, discount rates, asset lives and market multiples, among other items.

Goodwill

Goodwill is tested for impairment at least annually on October 31st of each fiscal year or more frequently if events occur or circumstances indicate that the fair value of a reporting unit may be below its carrying value. Goodwill has been allocated to the Company's reporting units.

In evaluating goodwill for impairment, the Company has the option to first assess qualitative factors to determine whether further impairment testing is necessary. Among other relevant events and circumstances that affect the fair value of reporting units, the Company considers individual factors such as macroeconomic conditions, changes in its industry and the markets in which the Company operates, as well as its reporting units' historical and expected future financial performance. If, after assessing the totality of events or circumstances, the Company determines it is more likely than not that the fair value of a reporting unit is greater than its carrying amount, then the quantitative goodwill impairment test is unnecessary. The quantitative goodwill impairment test compares the fair value of a reporting unit with its carrying amount, including goodwill. If the carrying amount of the reporting unit is less than its fair value, no impairment exists. If the carrying amount of a reporting unit exceeds its fair value, an impairment loss shall be recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit.

The Company elected to perform the qualitative assessment for its evaluation of goodwill impairment during the year ended December 31, 2018 and concluded there was no impairment. Since inception through December 31, 2018, the Company has not recorded any goodwill impairment.

Intangible Assets

Intangible assets with finite useful lives such as acquired lease intangibles and customer relationships are initially recorded at fair value and are amortized over their respective estimated useful lives and subsequently reviewed for impairment whenever

TRITON INTERNATIONAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. The Company has not recorded any impairment charges related to intangible assets for the years ended December 31, 2018 , 2017 , and 2016 .

Revenue Recognition

Operating Leases with Customers

The Company enters into long-term leases and service leases with ocean carriers, principally as lessor in operating lease, for marine cargo equipment. Long-term leases provide Triton's customers with specified equipment for a specified term. The Company's leasing revenues are based upon the number of equipment units leased, the applicable per diem rate and the length of the lease. Long-term leases typically have initial contractual terms ranging from three to eight years. Revenues are recognized on a straight-line basis over the life of the respective lease. Advance billings are deferred and recognized in the period earned. Service leases do not specify the exact number of equipment units to be leased or the term that each unit will remain on-hire, but allow the lessee to pick-up and drop-off units at various locations specified in the lease agreement. Under a service lease, rental revenue is based on the number of equipment units on-hire for a given period. Revenue for customers considered to be non-performing is deferred and recognized when the amounts are received.

The Company recognizes billings to customers for damages and certain other operating costs as leasing revenue as it is earned based on the terms of the contractual agreements with the customer. As principal, the Company is responsible for fulfillment of the services, supplier selection and service specifications, and has ultimate responsibility to pay the supplier for the services whether or not it collects the amount billed to the lessee.

Finance Leases with Customers

The Company enters into finance leases as lessor for some of the equipment in its fleet. The net investment in finance leases represents the receivables due from lessees, net of unearned income and amounts previously billed, which are included in accounts receivable. Unearned income is recognized on a level yield basis over the lease term and is recorded as leasing revenue. Finance leases are usually long-term in nature and typically include an option to purchase the equipment at the end of the lease term for an amount determined to be a bargain.

Equipment Trading Revenues and Expenses

Equipment trading revenues represent the proceeds from the sale of equipment purchased for resale and are recognized as units are sold and delivered to the customer. The related expenses represent the cost of equipment sold as well as other selling costs that are recognized as incurred and are reflected as equipment trading expenses on the consolidated statements of operations.

Direct Operating Expenses

Direct operating expenses are directly related to the Company's equipment under and available for lease. These expenses primarily consist of the Company's costs to repair and maintain the equipment, to reposition the equipment and to store the equipment when it is not on lease. These costs are recognized when incurred. Certain positioning costs may be capitalized when incurred to place new equipment on an initial lease.

Debt Costs

Debt costs represent the fees incurred in connection with debt obligation arrangements. These costs are capitalized and amortized using the effective interest method or on a straight-line basis over the term of the related obligation, depending on the type of debt obligation to which they relate. Unamortized debt costs may be written off when the related debt obligations are refinanced or extinguished prior to maturity.

Derivative Instruments

The Company uses derivatives in the management of its interest rate exposure on its long-term borrowings. The Company records derivative instruments on its balance sheet at fair value and establishes criteria for both the designation and effectiveness of hedging activities.

TRITON INTERNATIONAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company has entered into interest rate swap agreements with certain financial institutions. The interest rate swap agreements require the Company to make payments to counterparties at fixed rates in return for receipts based upon variable rates indexed to the London Interbank Offered Rate ("LIBOR").

Derivative instruments are designated or non-designated for hedge accounting purposes. The fair value of the derivative instruments is measured at each balance sheet date and is reflected on a gross basis on the consolidated balance sheets. The change in fair value of the derivative instruments designated as a cash flow hedge are recorded on the consolidated balance sheets in accumulated other comprehensive income (loss) and are re-classified to interest expense when realized. The change in fair value of non-designated derivative instruments is recorded in the consolidated statements of operations as unrealized loss (gain) on derivative instruments, net and are reclassified to realized loss (gain) on derivative instruments when realized.

Income Taxes

The Company uses the liability method of accounting for income taxes, which requires recognition of deferred tax assets and liabilities based on the expected future tax consequences of temporary differences that currently exist between the tax basis and financial reporting basis of assets and liabilities. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Any change in the tax rate which has an effect on deferred tax assets and liabilities is recognized as an increase or decrease to income in the period that includes the enactment date of the law that resulted in the change in tax rate.

The Company recognizes the effect of income tax positions which are more-likely-than-not of being sustained. If a position does not meet the more-likely-than-not criteria, the Company records a reserve against the tax position such that a tax benefit is recognized only in the amount that has a greater than 50% likelihood of being recognized. The full impact of any change in recognition or measurement of an uncertain tax position is reflected in the period in which such change occurs. Potential interest and penalties associated with such uncertain tax positions are recorded as a component of income tax expense.

Foreign Currency Translation and Remeasurement

The Company uses U.S. dollar as its reporting currency. The net assets and operations of foreign subsidiaries included in the consolidated financial statements are attributable primarily to the Company's U.K. subsidiary. The accounts of this subsidiary have been converted at rates of exchange in effect at year end as to balance sheet accounts and at the historical weighted average of exchange rates for the statements of operations accounts. The effects of changes in exchange rates in translating foreign subsidiaries' financial statements are included in shareholders' equity as accumulated other comprehensive (loss) income.

The Company also has certain cash accounts, certain finance lease receivables and certain obligations that are denominated in currencies other than the Company's functional currency. These assets and liabilities are generally denominated in euros or British pounds, and are remeasured at each balance sheet date at the exchange rates in effect as of those dates. The impact of changes in exchange rates on the remeasurement of assets and liabilities are included in administrative expenses on the consolidated statements of operations. Transaction losses were \$1.0 million for the year ended December 31, 2018 and were immaterial for the years ended December 31, 2017 and 2016 .

Share-based Compensation

The Company measures and recognizes share-based awards granted to employees based on estimated fair values. Share-based awards may be subject to forfeiture if certain employment conditions are not met. The Company does not estimate forfeitures in its expense calculations as forfeiture history has been minor. Time based awards are measured at the grant date and are recognized as compensation expense over the employee's requisite service period, generally the vesting period of the equity award, on a straight-line basis. Performance-based awards are recognized as compensation expense when satisfaction of the performance condition is considered probable.

Earnings Per Share

Basic earnings per share is computed by dividing net income attributable to shareholders by the weighted average number of common shares outstanding for the period. Any potential issuance of common shares, including those that are contingent and do not participate in dividends, are excluded from the weighted average number of common shares outstanding. Diluted earnings per share reflect the potential dilution that would occur if securities exercisable or convertible into common shares were exercised or converted into common shares, utilizing the treasury share method.

TRITON INTERNATIONAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company excluded 207,991 , nil, and 169,403 of anti-dilutive restricted common shares from its calculation of diluted earnings per share for the years ended December 31, 2018 , 2017 , and 2016 .

Recently Adopted Accounting Standards Updates

In March 2016, the FASB issued ASU No. 2016-08, Revenue from Contracts with Customers (Topic 606), amending previous updates regarding this topic. Leasing revenue recognition is specifically excluded from this ASU, and therefore, the new standard only applied to equipment trading revenues and sales of leasing equipment. The adoption of this ASU had minimal impact on the Company since the majority of its sales contracts are for containers and do not contain multiple elements. The standard allows for either “full retrospective” adoption, meaning the standard is applied to all of the periods presented, or “modified retrospective” adoption, meaning the standard is applied only to the most current period presented in the financial statements. The Company adopted the standard on January 1, 2018, using the modified retrospective approach. The adoption of Topic 606 did not impact its leasing revenue recognition model because, as noted above, leasing revenue recognition, including ancillary fees, is specifically excluded from this ASU.

The Company has assessed the requirements of the new revenue standard with respect to its equipment trading revenue and sales of leasing equipment and has concluded that the timing and amount of recognition was not materially affected based on the fact that there generally are no long-term contracts, multiple element arrangements, or significant customer acquisition costs related to these revenue streams. The Company also considered the requirement to present disaggregated revenue for its equipment trading revenue and sales of leasing equipment upon the adoption of Topic 606. The Company currently presents these revenue items separately in its statements of operations. As a result, the Company concluded that the adoption of Topic 606 did not have a significant impact on either the timing of its revenue recognition or manner of presentation.

In August 2016, the FASB issued ASU No. 2016-15, Statement of Cash Flows (Topic 230): *Classification of Certain Receipts and Cash Payments* . The updated amendment provides guidance as to where certain cash flow items are presented, including debt prepayment or debt extinguishment costs and proceeds from the settlement of insurance claims. The Company adopted the standard on January 1, 2018. The adoption of this ASU did not have an impact on the consolidated financial statements since none of the cash flow items specified in the guidance changed the Company's presentation in the consolidated statement of cash flows.

In October 2016, the FASB issued ASU No. 2016-16, Accounting for Income Taxes (Topic 740): *Intra-Entity Transfers of Assets Other than Inventory* . The ASU eliminates the deferral of the tax effects of intra-entity asset transfers other than inventory. As a result, the tax expense from the intercompany sale of assets, other than inventory, and associated changes to deferred taxes will be recognized when the sale occurs even though the pre-tax effects of the transaction have not been recognized. The Company adopted the standard on January 1, 2018. The adoption of this ASU did not have a significant impact on its consolidated financial statements.

In November 2016, the FASB issued ASU No. 2016-18, Statement of Cash Flows (Topic 230): *Restricted Cash* . The amendments in this ASU require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. As a result, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments do not provide a definition of restricted cash or restricted cash equivalents. The Company adopted this guidance on January 1, 2018 using the retrospective approach. As a result, the Company recorded an increase of \$43.8 million in net cash provided by financing activities for the year ended December 31, 2017 and an increase of \$31.4 million used in financing activities for the year ended December 31, 2016 related to presentation changes of its restricted cash balance from financing activities to the cash, cash equivalents and restricted cash balance within the consolidated statements of cash flows.

In May 2017, the FASB issued ASU No. 2017-09, Compensation-Stock Compensation (Topic 718): *Scope of Modification Accounting*. ASU 2017-09 provides clarification on when modification accounting should be used for changes to the terms or conditions of a share-based payment award. This ASU does not change the accounting for modifications but clarifies that modification accounting guidance should only be applied if there is a change to the value, vesting conditions, or award classification and would not be required if the changes are considered non-substantive. The Company adopted the standard on January 1, 2018 on a prospective basis. The adoption of this ASU did not have an impact on the consolidated financial statements since the Company did not modify its share-based payment awards since adoption of the standard.

TRITON INTERNATIONAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In February 2018, the FASB issued ASU No. 2018-02, Income Statement - Reporting Comprehensive Income (Topic 220): *Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*. This ASU allows a reclassification from accumulated other comprehensive income to accumulated earnings for tax effects resulting from the Tax Cuts and Jobs Act (the "Act") and requires certain new disclosures. ASU 2018-02 will be effective for the Company for fiscal years beginning after December 15, 2018, with early adoption permitted. The update should be applied either in the period of adoption or retrospectively to each period in which the effect of the change in the U.S. federal corporate income tax rate in the Act is recognized. The Company elected to adopt this ASU on January 1, 2018 by making a one-time reclassification in the period of change of stranded tax effects from accumulated other comprehensive income to accumulated earnings related to the change in tax rates resulting from the Act. The reclassified amount of \$3.0 million represents the difference between the amount initially recorded directly to accumulated other comprehensive income at the previously enacted U.S. federal corporate income tax rate as of December 31, 2017 and the amount that would have been recorded directly to accumulated other comprehensive income as of December 31, 2017 by using the newly enacted U.S. federal corporate income tax rate.

In March 2018, the FASB issued ASU No. 2018-05, Income Taxes (Topic 740): *Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118*. The amendments in this ASU add various Securities and Exchange Commission ("SEC") paragraphs pursuant to the issuance of SEC Accounting Bulletin No. 118, Income Tax Accounting Implications of the Tax Cuts and Jobs Act ("SAB 118"). The SEC issued SAB 118 to address concerns about reporting entities' ability to timely comply with the accounting requirements to recognize all of the effects of the Act in the period of enactment. SAB 118 allows disclosure that timely determination of some or all of the income tax effects from the Act are incomplete by the due date of the financial statements and if possible to provide a reasonable estimate. The Company recorded the effects of the change in the tax law pursuant to SAB 118 as of December 31, 2017. The Company adopted the standard on January 1, 2018. There were no updates to the amounts recorded as of December 31, 2017 during 2018.

Recently Issued Accounting Standards Updates

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) and subsequently issued amendments thereto, that replaced existing lease accounting guidance. The accounting standard will require lessees to recognize a right of use ("ROU") asset and a corresponding lease liability on their balance sheets. The accounting that will be applied by lessors under ASC 842 is largely unchanged from previous GAAP. The majority of the Company's leases with its customers will continue to be classified as operating leases. Certain targeted improvements were made to align, where necessary, lessor accounting with the lessee accounting model and ASC 606, Revenue from Contracts with Customers.

The Company plans to adopt the standard on its effective date of January 1, 2019 through a cumulative-effect adjustment. Additionally, the Company will elect the "package of practical expedients" which provides: (1) An entity need not reassess whether any expired or existing contracts are or contain leases; (2) An entity need not reassess the lease classification for any expired or existing leases; and (3) An entity need not reassess initial direct costs for any existing leases. Furthermore, the Company will elect the optional transition method and continue to apply the guidance in ASC 840, including its disclosure requirements, in the comparative periods.

On adoption, the Company expects to recognize a lease liability of approximately \$10.5 million based on the present value of the remaining minimum rental payments under current leasing standards for existing operating leases and corresponding ROU assets of approximately \$9.0 million. The Company expects to elect the short-term lease recognition exemption whereby a lease liability and corresponding ROU asset will not be recognized when leases, at the commencement date, have a lease term of 12 months or less.

The Company has assessed the requirements from both a lessee and lessor perspective and concluded the adoption of this standard will not have a significant impact on the consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326): *Measurement of Credit Losses on Financial Instruments*. The guidance affects trade receivables and net investments in leases and requires the measurement of expected credit losses to be based on relevant information from past events, including historical experiences, current conditions and reasonable and supportable forecasts that affect collectability. The new guidance will be effective for fiscal years and interim periods beginning after December 15, 2019 and early adoption is permitted for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Different components of the guidance require modified retrospective and/or prospective adoption. Based on the composition of the Company's receivables, current market conditions and historical credit loss activity, the Company does not expect the adoption of this ASU to have a significant impact on the consolidated financial statements.

TRITON INTERNATIONAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In August 2017, FASB issued ASU No. 2017-12, Derivatives and Hedging (Topic 815): *Targeted Improvements to Accounting for Hedging Activities*. ASU 2017-12 changes the recognition and presentation requirements of hedge accounting, including: eliminating the requirement to separately measure and report hedge ineffectiveness; and presenting all items that affect earnings in the same income statement line item as the hedged item. The ASU also provides new alternatives for: applying hedge accounting to additional hedging strategies; measuring the hedged item in fair value hedges of interest rate risk; reducing the cost and complexity of applying hedge accounting by easing the requirements for effectiveness testing, hedge documentation and application of the critical terms match method; and reducing the risk of material error correction if a company applies the shortcut method inappropriately. The Company plans to adopt the standard on its effective date of January 1, 2019 and will apply the modified retrospective approach upon adoption. The Company has evaluated the impact of this ASU and concluded the adoption of this standard will not have a significant impact on the consolidated financial statements.

In July 2018, the FASB issued ASU No. 2018-09, Codification Improvements. The amendments in this ASU represent changes to clarify, correct errors in, or make minor improvements to the Accounting Standards Codification (ASC). The transition and effective date guidance are based on the facts and circumstances of each amendment. Some of the amendments do not require transition guidance and will be effective upon issuance. However, many of the amendments in this ASU do have transition guidance with effective dates for annual periods beginning after December 15, 2018. The Company does not expect the adoption of this ASU to have a significant impact on the consolidated financial statements.

Note 3—Fair Value of Financial Instruments

Fair value represents the price that would be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company uses the following fair value hierarchy when selecting inputs for its valuation techniques, with the highest priority given to Level 1:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within Level 1 that are either directly or indirectly observable; and
- Level 3 - unobservable inputs in which little or no market activity exists, therefore requiring an entity to develop its own assumptions about the assumptions that market participants would use in pricing.

Fair Value of Debt

The Company does not measure debt, net of unamortized debt costs, at fair value in its consolidated balance sheets. The fair value was measured using Level 2 inputs and the carrying value and fair value are summarized in the following table (in thousands):

	December 31, 2018	December 31, 2017
Liabilities		
Total Debt - carrying value ⁽¹⁾	\$ 7,595,922	\$ 6,986,333
Total Debt - fair value	\$ 7,559,063	\$ 6,991,537

(1) Excludes unamortized debt costs of \$44.9 million and \$40.6 million, purchase price debt adjustments of \$16.3 million and \$27.5 million, and unamortized debt discounts of \$5.3 million and \$6.5 million as of December 31, 2018 and 2017, respectively.

Fair Value of Equipment Held for Sale

The Company's equipment held for sale fair value is measured using Level 2 inputs and is based on recent sales prices and other factors. Equipment held for sale is recorded at the lower of fair value, less costs to sell, or carrying value and an impairment charge is recorded when the carrying value of the asset exceeds its fair value. The following table summarizes the portion of the Company's equipment held for sale measured at fair value and the cumulative impairment charges recorded to net gain (loss) on sale of leasing equipment through the periods summarized below (in thousands):

	December 31, 2018	December 31, 2017
Assets		
Equipment held for sale - assets at fair value ⁽¹⁾	\$ 5,750	\$ 6,104
Cumulative impairment charges ⁽²⁾	\$ (1,846)	\$ (2,242)

(1) Represents the fair value of containers included in equipment held for sale in the consolidated balance sheets that have been impaired to write down the carrying value of the containers to their estimated fair value less cost to sell.
(2) Represents the cumulative impairment charges recognized on equipment held for sale from the date of designated held for sale status to the indicated period end date.

TRITON INTERNATIONAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company recognized net impairment charges of \$3.9 million for the year ended December 31, 2018 , an immaterial net impairment reversal for the year ended December 31, 2017 , and net impairment charges of \$19.4 million for the year ended December 31, 2016 .

Fair Value of Derivative Instruments

The Company has elected to use the income approach to value its interest rate swap and cap agreements, using Level 2 market expectations at the measurement date and standard valuation techniques to convert future amounts to a single present amount (discounted). The Level 2 inputs for the interest rate swap and cap valuations are inputs other than quoted prices that are observable for the asset or liability (specifically LIBOR and swap rates, basis swap adjustments and credit risk at commonly quoted intervals).

The fair value of derivative instruments on its consolidated balance sheets as of December 31, 2018 and December 31, 2017 were as follows (in thousands):

Derivative Instrument	Asset Derivatives		Liability Derivatives	
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Interest rate cap and swap contracts, designated	\$ 10,531	\$ 3,554	\$ 10,966	\$ 2,503
Interest rate swap contracts, not designated	3,392	3,822	—	—
Total derivatives	\$ 13,923	\$ 7,376	\$ 10,966	\$ 2,503

Fair Value of Other Assets and Liabilities

Cash and cash equivalents, restricted cash, accounts receivable, equipment purchases payable, and accounts payable carrying value amounts approximate fair values because of the short-term nature of these instruments. The Company's other financial and non-financial assets, which include leasing equipment, net investment in finance leases, intangible assets and goodwill, are not required to be measured at fair value on a recurring basis. However, if certain triggering events occur, or if an annual impairment test is required and the Company determines that these other financial and non-financial assets are impaired after completing an evaluation, these assets would be written down to their fair value.

Note 4—Business Combination

The Company completed the Merger on July 12, 2016 and has accounted for the transaction as a business combination under the acquisition method of accounting. TCIL was treated as the acquirer for accounting purposes. The fair value of the consideration, or the purchase price, was \$510.2 million . This amount was derived based on the fair value of the shares issued to former TAL stockholders on the closing date of July 12, 2016 when the closing stock price was \$15.28 per share. The Company finalized the allocation of the purchase price to the fair value of the TAL assets acquired and liabilities assumed as of December 31, 2016.

Intangible assets acquired are comprised of a lease intangible for leases acquired with lease rates that were above market and a customer intangible related to the chassis and tank customer lists acquired. The following table summarizes the intangible assets amortization as of December 31, 2018 (in thousands):

Years ending December 31,	Above market lease intangibles	Customer intangibles ⁽¹⁾	Total intangible assets
2019	\$ 36,760	\$ 758	\$ 37,518
2020	22,491	—	22,491
2021	16,549	—	16,549
2022	10,497	—	10,497
2023	4,657	—	4,657
2024 and thereafter	1,971	—	1,971
Total	\$ 92,925	\$ 758	\$ 93,683

(1) Customer intangibles are included in other assets on the consolidated balance sheets.

TRITON INTERNATIONAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company incurred transaction and other costs related to the Merger which are included in transaction and other costs on the consolidated statements of operations.

Note 5—Restricted Cash

The components of restricted cash as of December 31, 2018 and December 31, 2017 were as follows (in thousands):

	December 31, 2018	December 31, 2017
Collection accounts	\$ 20,873	\$ 23,676
Trust accounts	6,174	14,601
Other restricted cash accounts	83,542	55,863
Total restricted cash	<u>\$ 110,589</u>	<u>\$ 94,140</u>

Collection accounts

The Company maintains certain bank accounts (collectively, the “Collection Accounts”). Cash proceeds collected from leasing and disposition invoices are deposited into the Collection Accounts. Similarly, all expenses related to the operation of the containers are paid from the Collection Accounts. The Company is required to maintain as restricted cash the portion of the balances in the Collections Account that relate to certain units that are financed.

Trust accounts

Pursuant to certain debt agreements, cash is transferred from the Collection Accounts to separate accounts (the “Trust Accounts”). The Trust Accounts are maintained by the Company on behalf of certain asset-backed noteholders. The cash in the Trust Accounts is used to pay related Asset-Backed Securitization (“ABS”) debt service and related expenses. After such payments, any remaining cash in these accounts is transferred to certain unrestricted bank accounts of the Company and is included in cash and cash equivalents on the consolidated balance sheets.

Other restricted cash accounts

Pursuant to certain asset-backed debt agreements, cash is transferred to separate accounts on a monthly basis in order to maintain an amount equal to projected interest expense for a specified number of months.

Note 6—Debt

Debt consisted of the following (in thousands):

	December 31, 2018	December 31, 2017
Institutional notes	\$ 2,198,200	\$ 2,381,000
Asset-backed securitization term notes	3,063,821	2,384,926
Term loan facilities	1,543,375	1,701,998
Asset-backed securitization warehouse	340,000	110,000
Revolving credit facilities	375,000	305,000
Capital lease obligations	75,526	103,409
Total debt outstanding	<u>7,595,922</u>	<u>6,986,333</u>
Debt costs	(44,889)	(40,636)
Unamortized debt premiums & discounts	(5,293)	(6,456)
Unamortized fair value debt adjustment	(16,308)	(27,516)
Debt, net of unamortized debt costs	<u>\$ 7,529,432</u>	<u>\$ 6,911,725</u>

The Company is subject to certain financial covenants under its debt agreements. The agreements remain the obligations of the respective subsidiaries, and all related debt covenants are calculated at the subsidiary level. As of December 31, 2018 and 2017, the Company was in compliance with all financial covenants in accordance with the terms of its debt agreements.

TRITON INTERNATIONAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2018, the Company had \$4,598.5 million of total debt outstanding on facilities with fixed interest rates. These fixed rate facilities had a contractual weighted average interest rate of 4.24%, are scheduled to mature between 2019 and 2029, and had a weighted average remaining term of 3.9 years as of December 31, 2018.

As of December 31, 2018, the Company had \$2,997.4 million of total debt outstanding on facilities with interest rates based on floating rate indices (primarily LIBOR). These floating rate facilities had a contractual weighted average interest rate of 4.23%, are scheduled to mature between 2019 and 2025, and had a weighted average remaining term of 3.7 years as of December 31, 2018.

The Company hedges the risks associated with fluctuations in interest rates on a portion of its floating rate borrowings by entering into interest rate swap agreements that convert a portion of its floating rate debt to a fixed rate basis, thus reducing the impact of interest rate changes on future interest expense. As of December 31, 2018, the Company had interest rate swaps in place with a notional amount of \$1,565.6 million to fix the floating interest rates on a portion of its floating rate debt obligations, with a weighted average fixed leg interest rate of 2.24% and a weighted average remaining term of 4.4 years. Including the impact of the Company's interest rate swaps, the contractual weighted average interest rate on its floating rate facilities was 4.08% as of December 31, 2018.

As of December 31, 2018, the Company had \$6,164.1 million of total debt with fixed interest rates or floating interest rates that have been synthetically fixed through interest rate swap contracts. This accounts for 81% of total debt. These facilities had a contractual weighted average interest rate of 4.17% and a weighted average remaining term of 4.1 years as of December 31, 2018.

Overall, the Company's total debt had a contractual weighted average interest rate of 4.18% as of December 31, 2018, including the impact of the swap contracts.

The Company recorded \$6.1 million, \$7.0 million, \$0.1 million of debt termination expense for the years ended December 31, 2018, 2017 and 2016, respectively.

Debt Facilities

Effective April 1, 2017, both TCIL and TAL obtained the necessary consents from lenders and noteholders to appoint TCIL as manager of all of TAL's container fleet including those containers in special purpose entities of TAL.

Institutional Notes

In accordance with the institutional note agreements, interest payments on the Company's institutional notes are due semi-annually. Institutional note maturities typically range from 7 - 12 years, with level principal payments due annually following an interest-only period. The Company's institutional notes are pre-payable (in whole or in part) at the Company's option at any time, subject to certain provisions in the note agreements, including the payment of a make-whole premium in respect to such prepayment. These facilities provide for an advance rate against the net book values of designated eligible equipment generally in the range from 83% to 85%. These institutional notes had a contractual weighted average interest rate of 4.71% as of December 31, 2018 and are scheduled to mature between 2020 and 2029.

Asset-Backed Securitization Term Notes

Under the Company's ABS facilities, indirect wholly-owned subsidiaries of the Company issue asset-backed notes. The issuance of asset-backed notes is the primary business objective of those subsidiaries. The facilities are intended to be bankruptcy remote so that such assets are not available to creditors of the Company or its affiliates until and unless the related secured borrowings have been fully discharged. These transactions do not meet accounting requirements for sales treatment and are recorded as secured borrowings.

The Company's borrowings under the ABS facilities amortize in monthly installments, typically in level payments over five or more years. These facilities provide for an advance rate against the net book values of designated eligible equipment generally in the range from 77% to 87%. The net book values for purposes of calculating eligible equipment is determined according to the related debt agreement and may be different than those calculated per U.S. GAAP. The Company is required to maintain restricted cash balances on deposit in designated bank accounts equal to three to nine months of interest expense depending on the terms of each facility.

TRITON INTERNATIONAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

These ABS term notes had a contractual weighted average interest rate of 3.96% as of December 31, 2018 and are scheduled to mature between 2022 and 2028

During the year ended December 31, 2018, the Company completed offerings of the following Class A and B fixed rate asset-backed notes:

Date Completed	Total Offering	Contractual Weighted Average Interest Rate	Scheduled Maturity
March 20, 2018	\$450.0 million	3.99%	March 20, 2028
June 20, 2018	\$367.9 million	4.23%	June 20, 2028
August 9, 2018	\$260.6 million	3.67%	August 21, 2023

On September 14, 2018, the Company extinguished a term note and paid the remaining balance of \$4.7 million.

Term Loan Facilities

The term loan facilities amortize in monthly or quarterly installments. These facilities provide for an advance rate against the net book values of designated eligible equipment generally in the range from 79% to 83%. These term loan facilities had a contractual weighted average interest rate of 4.07% as of December 31, 2018, and are scheduled to mature between 2019 and 2023.

On April 20, 2018, the Company sold an office building for net proceeds of \$27.6 million and recorded a gain on sale of \$21.0 million. The proceeds of the sale were used to pay off the mortgage balance of \$18.3 million plus accrued interest of \$0.1 million.

On May 31, 2018, the Company extinguished a term loan and paid the outstanding balance of \$93.9 million.

On August 1, 2018, the Company amended a term loan agreement and extended the maturity date to April 20, 2022.

On September 28, 2018, the Company concurrently extinguished a term loan and entered into a new revolving credit facility with a maturity date of September 28, 2023. The outstanding term loan balance of \$52.5 million was repaid using proceeds drawn from the revolving credit facility.

On November 30, 2018, the Company entered into a new term loan of \$1.0 billion. The term loan has a contractual interest rate of LIBOR plus 1.50% and a scheduled maturity date of November 30, 2023. Concurrently, the Company utilized proceeds from the new term loan to extinguish three term loans with total outstanding balances of \$682.3 million.

On December 27, 2018, the Company extinguished a term loan and paid the outstanding balance of \$155.6 million.

Asset-Backed Securitization Warehouse Facilities

Under the Company's ABS warehouse facilities, indirect wholly-owned subsidiaries of the Company issue asset-backed notes. The issuance of asset-backed notes is the primary business objective of those subsidiaries. The facilities are intended to be bankruptcy remote so that such assets are not available to creditors of the Company or its affiliates until and unless the related secured borrowings have been fully discharged. These transactions do not meet accounting requirements for sales treatment and are recorded as secured borrowings.

The Company's ABS warehouse facilities have a maximum combined borrowing capacity of \$900.0 million as of December 31, 2018. A borrowing capacity of \$400.0 million is available on a revolving basis until September 28, 2020, after which any borrowings would convert to term notes with a maturity date of September 20, 2024. This facility has a contractual interest rate of one-month LIBOR plus 1.85% margin until the conversion date when it would have a contractual interest rate of one-month LIBOR plus 2.85%.

During the revolving period, the borrowing capacity under the facilities is determined by applying an advance rate against the net book values of designated eligible equipment. The advance rate for these facilities is 81%. The net book values for purposes of calculating eligible equipment is determined according to the related debt agreement and may be different than those calculated per U.S. GAAP. The Company is required to maintain restricted cash balances on deposit in designated bank accounts equal to three to five months of interest expense.

TRITON INTERNATIONAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

On August 20, 2018, the Company terminated a warehouse facility. There was no outstanding balance at the date of termination.

On December 13, 2018, the Company entered into an ABS warehouse facility with a borrowing capacity of \$500.0 million . The facility is available on a revolving basis until December 13, 2021 paying interest at LIBOR plus 1.75% , after which any borrowings would convert to term notes with a maturity date of December 15, 2025 paying interest at LIBOR plus 2.85% .

As of December 31, 2018, the ABS warehouse facilities had a contractual weighted average interest rate of 4.22% .

Revolving Credit Facilities

The Company's revolving credit facilities have a maximum borrowing capacity of \$1,235.0 million . These facilities provide for an advance rate against the net book values of designated eligible equipment. The approximate average advance rate for the two facilities is 83% . The revolving credit facilities had a contractual weighted average interest rate of 4.48% as of December 31, 2018 and are scheduled to mature between 2022 and 2023 .

On May 8, 2018, the Company increased its credit limit on one of its revolving credit facilities from \$1,025.0 million to \$1,125.0 million . This revolving credit facility's contractual interest rate remained at one-month LIBOR plus 2.00% .

On September 28, 2018, the Company entered into a new \$110.0 million revolving credit facility. This facility has an interest rate of one -month LIBOR plus 1.85% and a scheduled maturity date of September 28, 2023 .

On December 20, 2018, the Company terminated a revolving credit facility by paying off the remaining principal plus accrued interest balance of \$45.1 million .

Debt maturities excluding capital lease obligations (in thousands):

Years ending December 31,

2019	\$	964,278
2020		825,737
2021		812,325
2022		1,707,174
2023		1,476,092
2024 and thereafter		1,734,790
Total	\$	<u>7,520,396</u>

Capital Lease Obligations

The Company has entered into a series of capital lease transactions with various financial institutions to finance chassis and containers. Each lease is accounted for as a capital lease, with interest expense recognized on a level yield basis over the period preceding early purchase options, if any, which is generally 3 to 10 years from the transaction date. These agreements have fixed interest rates ranging from 3.60% to 4.93% , and mature between 2019 and 2024 .

At December 31, 2018 , future lease payments under these capital leases were as follows (in thousands):

TRITON INTERNATIONAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Years ending December 31,

2019	\$	11,210
2020		10,766
2021		10,766
2022		10,766
2023		18,734
2024 and thereafter		23,925
Total future payments		86,167
Less: amount representing interest		(10,641)
Capital lease obligations	\$	75,526

Note 7—Derivative Instruments

Interest Rate Swaps / Caps

The Company has entered into interest rate swap and cap agreements to manage interest rate risk exposure. Interest rate swap agreements are utilized to limit the Company's exposure to interest rate risk by converting a portion of its floating rate debt to a fixed rate basis, thus reducing the impact of interest rate changes on future interest expense. These agreements involve the receipt of floating rate amounts in exchange for fixed rate interest payments over the lives of the agreements without an exchange of the underlying principal amounts. The counterparties to the Company's interest rate swap agreements are highly rated financial institutions. In the unlikely event that the counterparties fail to meet the terms of the interest rate swap agreements, the Company's exposure is limited to the interest rate differential on the notional amount at each monthly settlement period over the life of the agreements. The Company does not anticipate any non-performance by the counterparties. Substantially all of the assets of certain indirect, wholly owned subsidiaries of the Company have been pledged as collateral for the underlying indebtedness and the amounts payable under the interest rate swap agreements for each of these entities. In addition, certain assets of the Company's subsidiaries, are pledged as collateral for various credit facilities and the amounts payable under certain interest rate swap agreements.

On January 18, 2018, the Company entered into an interest rate cap agreement for a total notional amount of \$400.0 million. The agreement is amortizing over a one -year term. The Company has designated this interest rate cap agreement as a cash flow hedge for accounting purposes.

During the year ended December 31, 2018, the Company entered into the following interest rate swaps:

Date Completed	Notional Amount	Indexed To	Scheduled Maturity
September 5, 2018	\$257.6 million	3 month LIBOR	August 20, 2023
September 21, 2018	\$100.0 million	1 month LIBOR	September 28, 2025
September 21, 2018	\$200.0 million	1 month LIBOR	September 30, 2025

During the year ended December 31, 2018, the Company canceled the following interest rate swaps:

Date Canceled	Notional Amount	Funds Received
December 20, 2018	\$50.0 million	\$0.2 million

As of December 31, 2018, the Company had interest rate swap and cap agreements in place to fix or limit the floating interest rates on a portion of the borrowings under its debt facilities summarized below:

Derivatives	Notional Amount	Weighted Average Fixed Leg (Pay) Interest Rate	Cap Rate	Weighted Average Remaining Term
Interest Rate Swap	\$1,565.6 million	2.24%	n/a	4.4 years
Interest Rate Cap	\$381.7 million	n/a	2.90%	0.1 years

The following table represents pre-tax amounts in accumulated other comprehensive (loss) related to interest rate swap agreements expected to be recognized in income over the next twelve months (in thousands):

TRITON INTERNATIONAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	December 31, 2018
Unrealized gain (loss) on derivative instruments designated as cash flow hedges	\$ 9,199
Net gain (loss) on terminated derivative instruments designated as cash flow hedges	631

The following table summarizes the impact of derivative instruments on the consolidated statements of operations and the consolidated statements of comprehensive income (loss) (in thousands):

Derivative instrument	Financial statement caption	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016
Non-designated derivative instruments	Realized (gain) loss on derivative instruments, net	\$ (2,072)	\$ 900	\$ 3,438
Non-designated derivative instruments	Unrealized (gain) loss on derivative instruments, net	430	(1,397)	(4,405)
Designated derivative instruments	Other comprehensive loss (income)	2,119	641	(46,917)
Designated derivative instruments	Interest and debt (income) expense	(6,780)	611	1,200

Note 8—Net Investment in Finance Leases

The following table represents the components of the net investment in finance leases (in thousands):

	December 31, 2018	December 31, 2017
Future minimum lease payment receivable ⁽¹⁾	\$ 574,422	\$ 283,374
Estimated residual receivable	107,598	64,560
Gross finance lease receivables	682,020	347,934
Unearned income ⁽²⁾	(203,955)	(52,043)
Net investment in finance leases ⁽³⁾	\$ 478,065	\$ 295,891

- (1) At the inception of the lease, the Company records the total minimum lease payments net of executory costs, if any. The gross finance lease receivable is reduced as billed to the customer and reclassified to accounts receivable until paid. There were no executory costs included in gross finance lease receivables as of December 31, 2018 and 2017.
- (2) The difference between the gross finance lease receivable and the fair value of the equipment at the lease inception is recorded as unearned income. Unearned income together with initial direct costs, are amortized to income over the lease term so as to produce a constant periodic rate of return. There were no unamortized initial direct costs as of December 31, 2018 and 2017.
- (3) As of December 31, 2018, three major customers represented 50%, 24% and 13% of the Company's finance lease portfolio. As of December 31, 2017, two major customers represented 46% and 28% of the Company's finance lease portfolio. No other customer represented more than 10% of the Company's finance lease portfolio in each of those years.

Contractual maturities of the Company's gross finance lease receivables subsequent to December 31, 2018 are as follows (in thousands):

Years ending December 31,	
2019	\$ 109,184
2020	119,197
2021	84,266
2022	78,327
2023	60,528
2024 and thereafter	230,518
Total	\$ 682,020

The Company evaluates potential losses in its finance lease portfolio by regularly reviewing the specific receivables in the portfolio and analyzing loss experience.

The Company maintains allowances, if necessary, for doubtful accounts and estimated losses resulting from the inability of its lessees to make required payments under finance leases. These allowances are based on, but not limited to, each lessee's payment history, management's current assessment of each lessee's financial condition and the recoverability. The Company currently does not have an allowance on its gross finance lease receivables.

TRITON INTERNATIONAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 9—Share-Based Compensation and Other Equity Matters

2016 Triton Plan

On July 8, 2016, the Company's 2016 Equity Incentive Plan ("2016 Equity Plan") became effective. The 2016 Equity Plan provides for the granting of service-based and performance-based restricted shares to executives, employees and directors. The maximum aggregate number of shares that may be issued under the 2016 Equity Plan is initially 5,000,000 common shares. Any awards issued under the 2016 Equity Plan that are forfeited by the participant, will become available for future grant under the 2016 Equity Plan.

The following table summarizes the Company's restricted share activity for the year ended December 31, 2018 :

	Number of Shares Outstanding	Weighted Average Fair Value
Non-vested balance at December 31, 2017	752,014	\$ 16.10
Shares granted	360,846	28.23
Shares vested ⁽¹⁾	(201,510)	18.21
Shares forfeited	(5,855)	29.17
Non-vested balance at December 31, 2018	905,495	\$ 20.38

(1) Plan participants tendered 44,626 common shares to satisfy income tax withholding obligations. These shares were subsequently retired by the Company.

Additional shares may be granted based upon the satisfaction of certain performance criteria.

The share-based compensation expense for the years ended December 31, 2018 , 2017 and 2016 included in administrative expenses on the consolidated statements of operations was \$9.0 million , \$5.6 million , and \$5.4 million , respectively. Included in the expense are certain performance-based share expense where achievement of the performance condition was deemed probable.

As of December 31, 2018 , the total unrecognized compensation costs related to restricted shares is approximately \$7.0 million , which is expected to be recognized over the remaining weighted average vesting period of approximately 1.6 years .

On September 7, 2016 , the Company approved the grants of 47,075 restricted shares to non-employee directors at a fair value of \$14.55 per share that vested immediately. On May 10, 2017, the Company approved the grants of 38,675 restricted shares to directors at a fair value of \$28.04 per share that vested immediately. On May 2, 2018, the Company approved the grants of 39,320 restricted shares to directors at a fair value of \$31.85 per share that vested immediately.

All TCIL share counts in the following descriptions have been retroactively converted to reflect the share exchange ratios of 0.80 for TCIL related to the Merger.

TCIL Restricted Shares

On July 8, 2016, TCIL issued 113,942 restricted shares at a fair value of \$13.68 per share. The Company recognized \$0.5 million of compensation costs which are included in transaction and other costs on the consolidated statements of operations for the year ended December 31, 2016. These unvested TCIL restricted shares converted to Triton restricted shares upon the Merger.

TAL Stock Based Compensation Plan

TAL's previously existing stock-based compensation plans consisted of the 2005 Management Omnibus Incentive Plan and the 2014 Equity Incentive Plan. The TAL restricted shares granted in 2014 and 2015 vested on July 12, 2016 upon the closing of the Merger and were included in the purchase price consideration. TAL granted 140,000 restricted shares in January 2016 that were converted to Triton restricted shares upon the Merger.

TCIL Share Options

TCIL adopted a share-based compensation plan (the "Option Plan") for the benefit of certain executives of TCIL and its consolidated subsidiaries effective May 23, 2011.

TRITON INTERNATIONAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As a result of the Merger, TCIL settled and canceled all vested and unvested market based options for fully vested Class A and B common shares. There was no compensation costs related to options for the years ended December 31, 2018 and 2017. The Company recognized \$2.3 million compensation costs reported as transaction and other costs on the consolidated statements of operations for the year ended December 31, 2016 related to options granted during the years 2011 through 2013 and the settlement and cancellation.

TCIL Non-Employee Director Equity Plan

On July 12, 2016, 26,058 of restricted Class A common shares that were issued to participants of the non-employee director equity plan, became fully vested and the remaining unamortized compensation costs of \$0.4 million was expensed and recorded in transaction and other costs on the consolidated statements of operations.

There was no compensation expense related to the TCIL non-employee director equity plan during the year ended December 31, 2018 and 2017. For the year ended December 31, 2016, compensation expense of \$0.3 million was included in administrative expenses on the consolidated statements of operations.

Equity Issuance

On September 12, 2017, the Company completed a common share offering in which it sold 5,350,000 common shares at a public offering price of \$32.75 per share. On September 22, 2017, the Company sold an additional 802,500 common shares at a public offering price of \$32.75 per share pursuant to the full exercise of an option granted to the underwriters in connection with the offering. The aggregate net proceeds received by the Company from the offering, including the exercise of the option, amounted to \$192.9 million after deducting underwriting discounts and commissions, and before deducting total expenses incurred in connection with the offering of approximately \$1.3 million. The net proceeds were used for general corporate purposes, including the purchase of containers.

Share Repurchase Program

On August 1, 2018, the Company's Board of Directors authorized the repurchase of up to \$200.0 million of its common shares. Purchases under the repurchase program may be made in the open market or privately negotiated transactions, and may include transactions pursuant to a repurchase plan administered in accordance with Rules 10b5-1 and 10b-18 under the Securities Exchange Act of 1934, as amended. Purchases may be made from time to time at the Company's discretion and the timing and amount of any share repurchases will be determined based on share price, market conditions, legal requirements, and other factors. The repurchase program does not obligate the Company to acquire any particular amount of common shares, and the Company may suspend or discontinue the repurchase program at any time.

During the year ended December 31, 2018, the Company repurchased 1,853,148 common shares at an average price per-share of \$31.34 for a total of \$58.1 million. As of December 31, 2018, \$141.9 million remains available for common share repurchases.

The changes in the Company's common shares and treasury shares during the years ending December 31, 2018, 2017 and 2016 are shown in the table below:

TRITON INTERNATIONAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Class A Common Shares ⁽¹⁾	Class B Common Shares ⁽¹⁾	Common Shares	Treasury Shares
Balance as of January 1, 2016	35,628,585	4,800,000	—	—
Share-based compensation	140,237	—	465,097	—
Settlement of liability classified service-based share options	517,912	—	—	—
Share repurchase to settle shareholder tax obligations	(232,715)	—	(14,290)	—
Redemption / Cancellation of common shares	(32,536)	—	(230,857)	—
Issuance and conversion of Triton shares due to Merger	(36,021,483)	(4,800,000)	74,156,075	—
Balance as of December 31, 2016	—	—	74,376,025	—
Issuance of common shares	—	—	6,152,500	—
Share-based compensation	—	—	161,194	—
Share repurchase to settle shareholder tax obligations	—	—	(1,962)	—
Balance as of December 31, 2017	—	—	80,687,757	—
Share-based compensation	—	—	200,341	—
Share repurchase to settle shareholder tax obligations	—	—	(44,626)	—
Repurchase of common shares	—	—	—	(1,853,148)
Balance as of December 31, 2018	—	—	80,843,472	(1,853,148)

(1) As a result of the Merger transaction completed on July 12, 2016, all Class A and B common shares held by TCIL shareholders were exchanged for Triton common shares at a 0.80 ratio, and therefore, the historical number of shares, options, and per share amounts were retroactively adjusted.

Dividends

The Company paid the following quarterly dividends during the years ended December 31, 2018 , 2017 , and 2016 on its issued and outstanding common shares adjusted for the effects of the Merger:

Record Date	Payment Date	Aggregate Payment	Per Share Payment
December 3, 2018	December 20, 2018	\$41.0 Million	\$0.52
September 4, 2018	September 25, 2018	\$41.6 Million	\$0.52
June 1, 2018	June 22, 2018	\$41.6 Million	\$0.52
March 12, 2018	March 28, 2018	\$36.0 Million	\$0.45
December 1, 2017	December 22, 2017	\$36.0 Million	\$0.45
September 1, 2017	September 22, 2017	\$33.2 Million	\$0.45
June 1, 2017	June 22, 2017	\$33.2 Million	\$0.45
March 20, 2017	March 30, 2017	\$33.2 Million	\$0.45
December 2, 2016	December 22, 2016	\$33.2 Million	\$0.45
September 8, 2016	September 22, 2016	\$33.3 Million	\$0.45
July 8, 2016 ⁽¹⁾	July 11, 2016	\$18.3 Million	\$0.45

(1) This dividend was prior to the Merger and represents TCIL dividend payments only.

Accumulated Other Comprehensive Income (Loss)

TRITON INTERNATIONAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The following table summarizes the components of accumulated other comprehensive income (loss), net of tax, for the years ended December 31, 2018, 2017, and 2016 (in thousands):

	Cash Flow Hedges	Foreign Currency Translation	Accumulated Other Comprehensive (Loss) Income
Balance as of December 31, 2015	\$ —	\$ (3,666)	\$ (3,666)
Change in derivative instruments designated as cash flow hedges	30,405	—	30,405
Reclassification of loss on derivative instruments designated as cash flow hedges	777	—	777
Foreign currency translation adjustment	—	(758)	(758)
Other comprehensive income (loss)	31,182	(758)	30,424
Balance as of December 31, 2016	<u>\$ 31,182</u>	<u>\$ (4,424)</u>	<u>\$ 26,758</u>
Change in derivative instruments designated as cash flow hedges	(407)	—	(407)
Reclassification of loss on derivative instruments designated as cash flow hedges	440	—	440
Foreign currency translation adjustment	—	151	151
Other comprehensive income (loss)	33	151	184
Balance as of December 31, 2017	<u>\$ 31,215</u>	<u>\$ (4,273)</u>	<u>\$ 26,942</u>
Change in derivative instruments designated as cash flow hedges	(3,933)	—	(3,933)
Reclassification of gain on derivative instruments designated as cash flow hedges	(5,210)	—	(5,210)
Tax reclassifications to accumulated earnings for the adoption of ASU 2018-02	(3,029)	—	(3,029)
Foreign currency translation adjustment	—	(207)	(207)
Other comprehensive income (loss)	(12,172)	(207)	(12,379)
Balance as of December 31, 2018	<u>\$ 19,043</u>	<u>\$ (4,480)</u>	<u>\$ 14,563</u>

The following table summarizes the reclassifications out of accumulated other comprehensive income (loss) (in thousands):

	Amounts Reclassified From Accumulated Other Comprehensive Income (Loss)			Affected Line Item in the Consolidated Statements of Operations
	December 31, 2018	December 31, 2017	December 31, 2016	
Amounts reclassified from Accumulated other comprehensive (loss) before income tax	\$ (6,780)	\$ 611	\$ 1,200	Interest and debt expense
Income tax (benefit)	1,570	(171)	(423)	Income tax expense
Amounts reclassified from Accumulated other comprehensive (loss), net of tax	<u>\$ (5,210)</u>	<u>\$ 440</u>	<u>\$ 777</u>	Net income

Note 10—Non-Controlling Interests

The members of Triton Container Investments LLC, (“TCI”) have made varying capital contributions with respect to investments in eleven different groups of containers, each referred to as a “Tranche”. Pursuant to the terms of TCI’s limited liability company operating agreement (the “Operating Agreement”), TCI’s assets, liabilities and results of operations are allocated by Tranche to those members who invested in each Tranche.

As further provided in the Operating Agreement, TCI allocates all profits and losses, and may make periodic distributions, to its members. Such distributions were subject to restrictions contained in its various debt agreements.

The Operating Agreement provides for the TCI investors to initially receive:

- 90% of container disposition proceeds cash flows up to a certain targeted amount, by Tranche, after which the TCI investors’ sharing in additional disposition proceeds cash flows declines pursuant to a schedule to 50%; and
- 10% of all non-disposition proceeds cash flows up to a certain targeted amount, by Tranche, after which the TCI investors’ sharing in additional non-disposition proceeds cash flows increases pursuant to a schedule to 50%.

TRITON INTERNATIONAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

All remaining disposition and non-disposition proceeds cash flows are for the account of TCIL.

Because the terms of the Operating Agreement reflect a profit sharing arrangement in which the investors' economic rights differ from their legal ownership interests, the non-controlling interests in TCI's earnings are based on the terms of the contractual arrangement. Income is allocated to non-controlling interests consistent with the allocation of operating cash flows and disposition proceeds over the Tranche lives.

TCIL, a wholly owned subsidiary of the Company, contributed more than 50% of TCI's consolidated members' capital and controls TCI's operations as its manager and therefore, TCI is consolidated into the Company. While TCIL, as manager, is limited by the Operating Agreement and cannot take certain actions that are inconsistent with the purpose of TCI, the TCI investors do not have the substantive ability to dissolve TCI or otherwise remove TCIL as manager without cause and do not have substantive participating rights.

Non-controlling interests included in the Company's consolidated financial statements are comprised of (i) the amount of the initial investment made by the TCI investors, plus or minus (ii) the profits and/or losses allocated to the TCI investors pursuant to the terms of the Operating Agreement, plus or minus (iii) additional cash contributions made by and/or cash distributions received by the TCI investors. The income allocated to the TCI investors is determined based on a formula contained in the Operating Agreement and amounts allocated to non-controlling interests will vary based on the operating performance of the containers and the sale proceeds from the containers once the containers are retired from the fleet. Consolidated income tax expense is calculated based upon income attributable to the Company and, accordingly excludes income tax on the income attributable to the TCI investors, which is the responsibility of the owners of such interests. The Company held membership interests in TCI representing 56.0% and 55.6% of TCI's total members' capital as of December 31, 2018 and 2017, respectively.

Note 11—Segment and Geographic Information

Segment Information

The Company operates its business in one industry, intermodal transportation equipment, and has two operating segments which also represent its reporting segments:

- Equipment leasing - the Company owns, leases and ultimately disposes of containers and chassis from its lease fleet.
- Equipment trading - the Company purchases containers from shipping line customers, and other sellers of containers, and resells these containers to container retailers and users of containers for storage or one-way shipment. Included in the equipment trading segment revenues are leasing revenues from equipment purchased for resale that is currently on lease until the containers are dropped off.

These operating segments were determined based on the chief operating decision maker's review and resource allocation of the products and services offered.

The following tables summarizes our segment information and the consolidated totals reported (in thousands):

As of and for the Year Ended December 31, 2018	Equipment Leasing	Equipment Trading	Totals
Total leasing revenues	\$ 1,346,031	\$ 4,272	\$ 1,350,303
Trading margin	—	18,921	18,921
Net gain on sale of leasing equipment	35,377	—	35,377
Depreciation and amortization expense	544,167	971	545,138
Interest and debt expense	321,290	1,441	322,731
Realized (gain) loss on derivative instruments, net	(2,066)	(6)	(2,072)
Income (loss) before income taxes ⁽¹⁾	416,270	17,563	433,833
Equipment held for sale	46,968	19,485	66,453
Goodwill	220,864	15,801	236,665
Total assets	10,224,421	45,592	10,270,013
Purchases of leasing equipment and investments in finance leases ⁽²⁾	1,603,507	—	1,603,507

TRITON INTERNATIONAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of and for the Year Ended December 31, 2017	Equipment Leasing	Equipment Trading	Totals
Total leasing revenues	\$ 1,160,196	\$ 3,321	\$ 1,163,517
Trading margin	—	4,184	4,184
Net gain on sale of leasing equipment	35,812	—	35,812
Depreciation and amortization expense	500,099	621	500,720
Interest and debt expense	280,909	1,438	282,347
Realized (gain) loss on derivative instruments, net	900	—	900
Income (loss) before income taxes ⁽¹⁾	262,574	3,254	265,828
Equipment held for sale	31,534	11,661	43,195
Goodwill	220,864	15,801	236,665
Total assets	9,534,330	43,295	9,577,625
Purchases of leasing equipment and investments in finance leases ⁽²⁾	1,562,863	—	1,562,863

As of and for the Year Ended December 31, 2016 ⁽³⁾	Equipment Leasing	Equipment Trading	Totals
Total leasing revenues	\$ 827,111	\$ 1,583	\$ 828,694
Trading margin	—	618	618
Net gain on sale of leasing equipment	(20,347)	—	(20,347)
Depreciation and amortization expense	392,250	342	392,592
Interest and debt expense	183,377	637	184,014
Realized (gain) loss on derivative instruments, net	3,438	—	3,438
Income (loss) before income taxes ⁽¹⁾	(6,302)	(3,795)	(10,097)
Equipment held for sale	81,804	18,059	99,863
Goodwill	220,864	15,801	236,665
Total assets	8,660,786	52,785	8,713,571
Purchases of leasing equipment and investments in finance leases ⁽²⁾	629,176	156	629,332

- (1) Segment income (loss) before income taxes excludes unrealized loss on interest rate swaps of \$0.4 million for the years ended December 31, 2018 , and unrealized gain of \$1.4 million and \$4.4 million , for the years ended December 31, 2017 and 2016 , respectively, and debt termination expense of \$6.1 million , \$7.0 million , and \$0.1 million for the years ended December 31, 2018 , 2017 , and 2016 , respectively.
- (2) Represents cash disbursements for purchases of leasing equipment and investments in finance lease as reflected in the consolidated statements of cash flows for the periods indicated, but excludes cash flows associated with the purchase of equipment held for resale.
- (3) Prior to the Merger, all income and assets were attributed to the Equipment leasing segment.

There are no intercompany revenues or expenses between segments; certain administrative expenses are allocated between segments based on an estimate of services provided. A portion of the Company's equipment purchased for resale was purchased through certain sale-leaseback transactions with its shipping line customers. Due to the expected longer term nature of these transactions, these purchases are reflected as leasing equipment as opposed to equipment held for sale and the cash flows associated with these transactions are reflected as purchases of leasing equipment and proceeds from the sale of equipment in investing activities in the Company's consolidated statements of cash flows.

Geographic Segment Information

The Company generates the majority of its leasing revenues from international containers which are deployed by its customers in a wide variety of global trade routes. The majority of the Company's leasing related revenue is denominated in U.S. dollars.

The following table summarizes the geographic allocation of equipment leasing revenues for the years ended December 31, 2018 , 2017 , and 2016 based on customers' primary domicile (in thousands):

TRITON INTERNATIONAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016
Total equipment leasing revenues:			
Asia	\$ 553,928	\$ 491,996	\$ 397,500
Europe	630,031	518,598	334,118
Americas	124,885	111,558	58,945
Bermuda	2,988	1,745	464
Other International	38,471	39,620	37,667
Total	<u>\$ 1,350,303</u>	<u>\$ 1,163,517</u>	<u>\$ 828,694</u>

Since the majority of the Company's containers are used internationally, where no one container is domiciled in one particular place for a prolonged period of time, all of the Company's long-lived assets are considered to be international.

The following table represents the geographic allocation of equipment trading revenues for the years ended December 31, 2018, 2017 and 2016 based on the location of the sale (in thousands):

	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016 (1)
Total equipment trading revenues:			
Asia	\$ 18,536	\$ 17,342	\$ 7,410
Europe	21,211	8,383	4,439
Americas	34,167	7,747	3,082
Bermuda	—	22	—
Other International	9,125	3,925	1,487
Total	<u>\$ 83,039</u>	<u>\$ 37,419</u>	<u>\$ 16,418</u>

(1) Prior to the Merger on July 12, 2016, the Company had no equipment trading revenues.

Note 12—Income Taxes

The Company is a Bermuda exempted company. Bermuda does not impose a corporate income tax. The Company is subject to taxation in certain foreign jurisdictions on a portion of its income attributable to such jurisdictions. The two main subsidiaries of Triton are TCIL and TAL. TCIL is a Bermuda exempted company and therefore no income tax is imposed. However, a portion of TCIL's income is subject to taxation in the U.S. and certain other foreign jurisdictions. TAL is a U.S. company and therefore is subject to taxation in the U.S.

Effects of the Tax Cuts and Jobs Act

U.S. income tax legislation, commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"), was enacted on December 22, 2017. Though certain key aspects of the law were recognized in accordance with ASC 740, Accounting for Income Taxes in 2017, other significant provisions were not effective and did not result in accounting effects for the Company until 2018.

The significant provisions that became effective and materially impacted the Company's income taxes in 2018 include: an incremental tax (base erosion anti-abuse tax or BEAT) on excessive amounts paid to foreign related parties and limitations on the deductibility of named executive officer's compensation. The impact on these provisions is recorded in the financial statements in 2018, consistent with the general principles of measurement and recognition of income taxes in accordance with ASC 740, Accounting for Income Taxes.

The following table sets forth the total income taxes for the periods indicated (in thousands):

TRITON INTERNATIONAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	December 31, 2018	December 31, 2017	December 31, 2016
Current taxes:			
Bermuda	\$ —	\$ —	\$ —
U.S.	3,164	36	(80)
Foreign	1,072	839	841
	<u>\$ 4,236</u>	<u>\$ 875</u>	<u>\$ 761</u>
Deferred taxes:			
Bermuda	\$ —	\$ —	\$ —
U.S.	67,136	(94,079)	(709)
Foreign	(731)	(70)	(100)
	<u>66,405</u>	<u>(94,149)</u>	<u>(809)</u>
Total income taxes	<u>\$ 70,641</u>	<u>\$ (93,274)</u>	<u>\$ (48)</u>

The components of income (loss) before income taxes for the periods indicated below were as follows (in thousands):

	December 31, 2018	December 31, 2017	December 31, 2016
Bermuda sources	\$ 128,905	\$ 134,849	\$ 765
U.S. sources	288,386	125,799	(7,451)
Foreign sources	10,022	(396)	853
Income (loss) before income taxes	<u>\$ 427,313</u>	<u>\$ 260,252</u>	<u>\$ (5,833)</u>

The difference between the Bermuda statutory income tax rate and the effective tax rate on the consolidated statements of operations for the periods indicated below were as follows:

	December 31, 2018	December 31, 2017	December 31, 2016
Bermuda tax rate	—%	— %	— %
Change in enacted tax act	1.02%	(53.55)%	— %
U.S. income taxed at other than the statutory rate	14.67%	17.10 %	41.68 %
Effect of uncertain tax positions	0.07%	0.21 %	(10.16)%
Foreign income taxed at other than the statutory rate	0.18%	0.10 %	(4.15)%
Effect of permanent differences	0.28%	0.04 %	(1.58)%
Other discrete items	0.31%	0.26 %	(24.97)%
Effective income tax rate	<u>16.53%</u>	<u>(35.84)%</u>	<u>0.82 %</u>

Deferred income tax assets and liabilities are comprised of the following (in thousands):

TRITON INTERNATIONAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	December 31, 2018	December 31, 2017
Deferred income tax assets:		
Net operating loss carryforwards	\$ 60,173	\$ 197,089
Passive activity loss carryforwards	—	7
Allowance for losses	98	622
Derivative instruments	934	1,529
Deferred income	359	261
Accrued liabilities and other payables	3,875	631
Total gross deferred tax assets	65,439	200,139
Less: Valuation allowance	—	—
Net deferred tax assets	\$ 65,439	\$ 200,139
Deferred income tax liabilities:		
Accelerated depreciation	\$ 318,779	\$ 382,961
Goodwill and other intangible amortization	2,981	2,141
Derivative instruments	2,306	790
Deferred income	19,294	27,347
Deferred partnership income (loss) (TCI)	967	1,134
Other	3,241	1,205
Total gross deferred tax liability	347,568	415,578
Net deferred income tax liability	\$ 282,129	\$ 215,439

The Company has not recorded a valuation allowance for deferred tax assets as of December 31, 2018 and December 31, 2017 .

The Merger resulted in an ownership change under the Internal Revenue Code and certain state taxing authorities whereby federal net operating losses immediately prior to the Merger of \$700 million will be subject to certain limitations. The Company does not expect such limitations to impact the ability to utilize net operating losses prior to their expiration.

In assessing the potential future realization of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. The Company considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods during which the deferred tax assets are deductible, the Company believes it is more likely than not that the Company will realize the benefits of these deductible differences at December 31, 2018 .

Certain income taxes on unremitted earnings have not been reflected on the consolidated financial statements because such earnings are intended to be permanently reinvested in those jurisdictions. Such earnings and related withholding taxes are estimated to be approximately \$60 million and \$18 million , respectively, at December 31, 2018 .

Net operating loss carryforwards for foreign income tax purposes of \$280.1 million are available to offset future U.S. taxable income from 2019 through 2037 .

The Company files income tax returns in several jurisdictions including the U.S. and certain U.S. states.

The following table summarizes unrecognized tax benefit amounts as follows (in thousands):

TRITON INTERNATIONAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	December 31, 2018	December 31, 2017
Beginning balance at January 1	\$ 8,250	\$ 7,777
Increase related to current year's tax position	1,652	1,315
Lapse of statute of limitations	(1,367)	(898)
Foreign exchange adjustment	55	56
Ending balance at December 31	<u>\$ 8,590</u>	<u>\$ 8,250</u>

All unrecognized tax benefits as of December 31, 2018 will impact income tax expense when recognized, however, \$7.2 million of the unrecognized tax benefit is expected to have no net impact on after-tax income as a result of offsetting reimbursements from third parties. It is reasonably possible that the total amount of unrecognized tax benefit as of December 31, 2018 will decrease by \$1.4 million within the next twelve months due to statute of limitations lapses. This reduction will impact income tax expense when recognized. The 2015, 2016, 2017, and 2018 tax years remain subject to examination by major tax jurisdictions.

The following table summarizes interest and penalty expense as follows (in thousands):

	December 31, 2018	December 31, 2017	December 31, 2016
Interest expense (benefit)	\$ 98	\$ 144	\$ 121
Penalty expense (benefit)	\$ (158)	\$ (64)	\$ (29)

The following table summarizes the components of income taxes payable included in accounts payable and other accrued expenses on the consolidated balance sheets were as follows (in thousands):

	December 31, 2018	December 31, 2017
Corporate income taxes payable	\$ 906	\$ 56
Unrecognized tax benefits	8,590	8,250
Interest accrued	922	824
Penalties	402	561
Income taxes payable	<u>\$ 10,820</u>	<u>\$ 9,691</u>

Note 13—Other Postemployment Benefits

The Company's U.S. employees participate in a defined contribution plan. Under the provisions of the plan, an employee is fully vested with respect to Company contributions after four years of service. The Company matches employee contributions of 100% up to a maximum of \$6,000 of qualified compensation and may, at its discretion, make voluntary contributions. The Company's contributions were \$0.7 million, \$1.0 million, and \$0.7 million for each of the years ended December 31, 2018, 2017, and 2016, respectively.

Note 14—Rental Income Under Operating Leases

The following is the minimum future rental income as of December 31, 2018 under non-cancelable operating leases, assuming the minimum contractual lease term (in thousands):

<u>Years ending December 31,</u>	
2019	\$ 823,641
2020	697,766
2021	589,542
2022	478,160
2023	328,216
2024 and thereafter	594,529
Total	<u>\$ 3,511,854</u>

Note 15—Commitments and Contingencies

TRITON INTERNATIONAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Lease Commitments

The Company has cancelable and non-cancelable operating lease agreements principally for facilities and for office equipment used in the Company's operations. Total operating lease rental expense included in administrative expenses on the consolidated statements of operations was \$2.9 million, \$2.4 million, and \$2.3 million for the years ended December 31, 2018, 2017 and 2016, respectively.

Future minimum rental commitments under non-cancelable operating leases having an original term of more than one year as of December 31, 2018 were as follows (in thousands):

<u>Years ending December 31,</u>		
2019	\$	3,234
2020		2,933
2021		2,409
2022		2,041
2023		1,298
2024 and thereafter		—
Total	\$	<u>11,915</u>

Container Equipment Purchase Commitments

As of December 31, 2018, the Company had commitments to purchase equipment in the amount of \$28.2 million payable in 2019.

Contingencies

The Company is party to various pending or threatened legal or regulatory proceedings arising in the ordinary course of its business. Based upon information presently available, the Company does not expect any liabilities arising from these matters to have a material effect on the consolidated financial position, results of operations or cash flows of the Company.

Employment Agreements and Indemnification Agreements

The Company has entered into employment arrangements and indemnification agreements with certain executive officers and with certain employees. The agreements specify various employment-related matters, including annual compensation, performance incentive bonuses, and severance benefits in the event of termination with or without cause.

Retention Bonus Plan

TCIL established a bonus plan in 2011 to award bonuses to certain employees for continued service (the "Retention Bonus Plan") and in 2015, established an incremental retention bonus plan (the "Plan") to award bonuses to certain employees for continued service who were not included in the Retention Bonus Plan. In accordance with the terms of the Retention Bonus Plan agreement, specified bonus amounts, plus interest compounded annually, were paid to all participants on the earlier of their termination date or June 2017.

TAL established a bonus plan in 2015 to award bonuses to certain TAL employees for continued service (the "TAL Retention Bonus Plan"). In accordance with the terms of the TAL Retention Bonus Plan agreement, the specified bonus amounts were paid to all participants on the earlier of their termination date or July 2017.

Severance Plan

The Company established severance plans in order to provide severance benefits to eligible employees who are involuntarily terminated for reasons other than cause, or who resign for "good reason". Employees eligible for benefits under the severance plans would receive a severance award and other benefits based upon their tenure. The following table summarizes changes to the Company's total severance balance (in thousands):

TRITON INTERNATIONAL LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

	Total
Balance at December 31, 2016	\$ 20,718
Accrual	6,023
Payments	(17,064)
Balance at December 31, 2017	9,677
Accrual	—
Payments	(8,462)
Balance at December 31, 2018	\$ 1,215

Note 16 —Selected Quarterly Financial Data (Unaudited)

The following table sets forth certain key interim financial information for the years ended December 31, 2018 and 2017 :

(In thousands, except per share amounts)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2018				
Total leasing revenues	\$ 315,097	\$ 329,771	\$ 350,078	\$ 355,357
Trading margin	\$ 2,991	\$ 3,994	\$ 5,810	\$ 6,126
Net gain on sale of leasing equipment	\$ 9,218	\$ 11,105	\$ 7,055	\$ 7,999
Net income attributable to shareholders	\$ 80,892	\$ 104,870	\$ 94,236	\$ 69,557
Net income per basic common share	\$ 1.01	\$ 1.31	\$ 1.18	\$ 0.88
Net income per diluted common share	\$ 1.00	\$ 1.30	\$ 1.17	\$ 0.87
2017				
Total leasing revenues	\$ 265,602	\$ 281,939	\$ 302,120	\$ 313,856
Trading margin	\$ 392	\$ 1,328	\$ 1,369	\$ 1,095
Net gain on sale of leasing equipment	\$ 5,161	\$ 9,639	\$ 10,263	\$ 10,749
Net income attributable to shareholders	\$ 34,611	\$ 45,671	\$ 57,156	\$ 207,160
Net income per basic common share	\$ 0.47	\$ 0.62	\$ 0.76	\$ 2.59
Net income per diluted common share	\$ 0.47	\$ 0.62	\$ 0.75	\$ 2.57

Note 17—Related Party Transactions

The Company has a 50% interest in TriStar Container Services (Asia) Private Limited (“TriStar”), which is primarily engaged in the selling and leasing of container equipment in the domestic and short sea markets in India. The Company's investment in TriStar is included in other assets on the consolidated balance sheet and accounted for using the equity method. The following table summarizes payments, direct finance lease, and loan payable balances with TriStar (in thousands):

	December 31, 2018	December 31, 2017
Payments received from TriStar on direct finance leases	\$ 1,848	\$ 1,897
Payments received from TriStar on loan payable	\$ —	\$ 128
Direct finance lease balance	\$ 10,710	\$ 10,648
Loan payable balance	\$ —	\$ —

Note 18—Subsequent Events

On February 8, 2019 , the Company increased its borrowing capacity under one of its ABS warehouse facilities by \$300.0 million to a maximum borrowing capacity of \$800.0 million . No other terms were changed in the agreement.

On February 12, 2019 , the Company's Board of Directors approved and declared a \$0.52 per share quarterly cash dividend on its issued and outstanding common shares, payable on March 28, 2019 to shareholders of record at the close of business on March 12, 2019 .

SCHEDULE I - CONDENSED FINANCIAL INFORMATION OF REGISTRANT

TRITON INTERNATIONAL LIMITED

**Parent Company Condensed Balance Sheets
(In thousands, except share data)**

	<u>December 31, 2018</u>	<u>December 31, 2017</u>
ASSETS:		
Cash and cash equivalents	\$ 2	\$ —
Investment in subsidiaries	2,250,159	2,078,936
Other assets	10	—
Total assets	<u>\$ 2,250,171</u>	<u>\$ 2,078,936</u>
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Accounts payable and other accrued expenses	5,988	2,652
Intercompany payable	487	—
Intercompany loan	40,000	—
Total liabilities	46,475	2,652
Shareholders' equity		
Common shares, \$0.01 par value, 270,000,000 and 294,000,000 shares authorized, 80,843,472 and 80,687,757 shares issued, respectively	809	807
Undesignated shares, \$0.01 par value, 30,000,000 and 6,000,000 shares authorized, no shares issued and outstanding	—	—
Treasury shares, at cost, 1,853,148 shares and no shares, respectively	(58,114)	—
Additional paid-in capital	896,811	889,168
Accumulated earnings	1,349,627	1,159,367
Accumulated other comprehensive income	14,563	26,942
Total shareholders' equity	<u>2,203,696</u>	<u>2,076,284</u>
Total liabilities and shareholders' equity	<u>\$ 2,250,171</u>	<u>\$ 2,078,936</u>

TRITON INTERNATIONAL LIMITED
Parent Company Condensed Statements of Operations
(In thousands)

	Year Ended December 31,		
	2018	2017	2016
Revenues:			
Revenues	\$ —	\$ —	\$ —
Total revenues	<u>—</u>	<u>—</u>	<u>—</u>
Operating expenses:			
Administrative expenses	5,343	4,011	276
Transaction and other costs (income)	—	—	10,706
Operating income (loss)	<u>(5,343)</u>	<u>(4,011)</u>	<u>(10,982)</u>
Other expenses:			
Interest and debt expense	57	—	—
Net income (losses) from subsidiaries	354,955	348,609	(2,535)
Total other income (expenses)	<u>354,898</u>	<u>348,609</u>	<u>(2,535)</u>
Income (loss) before income taxes	349,555	344,598	(13,517)
Income tax expense (benefit)	—	—	—
Net income (loss)	<u>\$ 349,555</u>	<u>\$ 344,598</u>	<u>\$ (13,517)</u>

TRITON INTERNATIONAL LIMITED

Parent Company Condensed Statements of Cash Flows
(In thousands)

	Year Ended December 31,		
	2018	2017	2016
Cash flows from operating activities:			
Net income (loss)	\$ 349,555	\$ 344,598	\$ (13,517)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Net (income) loss from subsidiaries	(354,955)	(348,609)	2,535
Dividends received from subsidiaries	220,304	197,171	77,376
Share-based compensation expense	1,252	1,084	—
Other	409	2,622	—
Net cash provided by (used in) operating activities	216,565	196,866	66,394
Cash flows from investing activities:			
Investment in subsidiary	(40,000)	(254,240)	—
Net cash provided by (used in) investing activities	(40,000)	(254,240)	—
Cash flows from financing activities:			
Issuance of common shares, net of underwriter expenses	—	192,931	—
Purchases of treasury shares	(56,274)	—	—
Intercompany loan	40,000	—	—
Dividends paid	(160,289)	(135,557)	(66,394)
Net cash provided by (used in) financing activities	(176,563)	57,374	(66,394)
Net increase (decrease) in cash and cash equivalents	\$ 2	\$ —	\$ —
Cash, cash equivalents and restricted cash, beginning of period	—	—	—
Cash, cash equivalents and restricted cash, end of period	\$ 2	\$ —	\$ —

SCHEDULE II

TRITON INTERNATIONAL LIMITED Valuation and Qualifying Accounts Years ended December 31, 2018, 2017, and 2016

(In thousands)

	For the year ended December 31,		
	2018	2017	2016
Finance Lease-Allowance for doubtful accounts:			
Beginning Balance	\$ —	\$ 527	\$ 526
Additions / (Reversals)	—	(527)	1
(Write-offs) / Reversals	—	—	—
Ending Balance	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 527</u>
Accounts Receivable-Allowance for doubtful accounts:			
Beginning Balance	\$ 3,002	\$ 28,082	\$ 8,297
Additions / (Reversals)	(568)	581	19,811
(Write-offs) / Reversals	(1,194)	(25,661)	(26)
Ending Balance	<u>\$ 1,240</u>	<u>\$ 3,002</u>	<u>\$ 28,082</u>

TERM LOAN AGREEMENT

Dated as of November 30, 2018

among

TRITON CONTAINER INTERNATIONAL LIMITED ,
as the Borrower,

PNC BANK, NATIONAL ASSOCIATION ,
as Administrative Agent,

The LENDERS from Time to Time Party Hereto ,

PNC CAPITAL MARKETS LLC,
as Joint Lead Arranger and Bookrunner,

ING BELGIUM SA/NV , as Joint Lead Arranger and Co-Syndication Agent,

MUFG BANK, LTD. , as Joint Lead Arranger and Co-Syndication Agent,

BANK OF AMERICA, N.A. , as Co-Documentation Agent,

BRANCH BANKING AND TRUST COMPANY , as Co-Documentation Agent,

CREDIT INDUSTRIEL et COMMERCIAL, NEW YORK BRANCH , as Co-Documentation Agent,

DBS BANK LTD. , as Co-Documentation Agent,

FIFTH THIRD BANK , as Co-Documentation Agent, and

WELLS FARGO BANK, N.A. , as Co-Documentation Agent

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Exhibit H-4	Form of U.S. Tax Compliance Certificate (For Foreign Lenders That Are Partnerships For U.S. Federal Income Tax Purposes)

TERM LOAN AGREEMENT

THIS TERM LOAN AGREEMENT, dated as of November 30, 2018, is among TRITON CONTAINER INTERNATIONAL LIMITED, an exempted company organized under the laws of Bermuda (the “Borrower”), the LENDERS (as hereinafter defined), and PNC BANK, NATIONAL ASSOCIATION, in its capacity as administrative agent for the lenders under this Agreement (hereinafter referred to in such capacity as the “Administrative Agent”).

W I T N E S E T H:

WHEREAS, the Borrower is engaged in the owning and leasing of marine cargo containers and activities incidental thereto;

WHEREAS, the Borrower has requested that the Lenders provide a term loan facility and, subject to and upon the terms set forth herein, the Lenders are willing to make available to the Borrower the term loan facility set forth herein;

NOW, THEREFORE, in consideration of the mutual agreements herein contained, the parties hereto agree as follows:

Section 1. DEFINITIONS AND ACCOUNTING TERMS.

1.1 Definitions. In addition to terms defined elsewhere in this Agreement, the following terms shall have the meanings indicated for purposes of this Agreement:

“ Additional Lender ” has the meaning set forth in Section 2.8(c).

“ Administrative Agent ” means PNC Bank in its capacity as administrative agent under any of the Loan Documents, or any successor administrative agent.

“ Administrative Agent’s Office ” means the office of the Administrative Agent specified as the “Administrative Agent’s Office” on Schedule 10.2.

“ Administrative Questionnaire ” means an administrative questionnaire in a form supplied by the Administrative Agent.

“ Affected Lender ” has the meaning set forth in Section 7.5.

“ Affiliate ” means, with respect to any Person, any other Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

“ Affiliated Entities ” means Affiliates of the Borrower that are engaged in the secondary sale and/or leasing of Container Equipment.

“ Aggregate Commitment Amount ” means One Billion Dollars (\$1,000,000,000), as such amount may be increased in accordance with Section 2.8 hereof.

“ Agreement ” means this Term Loan Agreement.

“ Anti-Corruption Laws ” means the United States Foreign Corrupt Practices Act of 1977, as amended, the UK Bribery Act 2010, and any other similar anti-bribery or anti-corruption laws or regulations administered or enforced in any jurisdiction in which the Borrower or any of its Subsidiaries is located or conducts business.

“ Anti-Terrorism Laws ” means any laws rules or regulations relating to anti-terrorism, economic, financial sanctions programs and trade embargoes, import/export licensing, money laundering or bribery, and any regulation, order, or directive promulgated, issued or enforced pursuant to such Laws, all as amended, supplemented or replaced from time to time.

“ Applicable Margin ” means, as applicable, (a) the percentage to be added to the Base Rate applicable to Base Rate Loans based on the S&P Rating then in effect as set forth in the pricing grid below under the heading “Base Rate Percentage” or (b) the percentage to be added to the LIBOR Rate applicable to LIBOR Rate Loans based on the S&P Rating then in effect as set forth in the pricing grid below under the heading “LIBOR Rate Percentage” .

If (i) there is no S&P Rating or (ii) an Event of Default has occurred and is continuing, the Applicable Margin shall be the highest percentage indicated therefor in the above table. Each change in the LIBOR Rate Percentage or the Base Rate Percentage, as applicable, resulting from a publicly announced change in such S&P Rating shall be effective during the period commencing on the date of the public announcement thereof and ending on the date immediately preceding the effective date of the next change.

“ Approved Fund ” means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

“ Assignment and Assumption ” means an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 14.8(a)), and accepted by the Administrative Agent, in

substantially the form of Exhibit E or any other form approved by the Administrative Agent.

“ Audited Financial Statements ” means the audited consolidated balance sheet of the Borrower and its Subsidiaries as of December 31, 2017 and the related consolidated statements of operations, stockholder’s equity and comprehensive income, and cash flows for the fiscal year ended December 31, 2017, including the notes thereto.

“ Authorized Officer ” means the Chief Executive Officer, President, Chief Financial Officer, Treasurer or Assistant Treasurer of the Borrower, or such other individuals, designated by written notice to the Administrative Agent from the Borrower, authorized to execute notices, reports and other documents on behalf of the Borrower required hereunder. The Borrower may amend such list of individuals from time to time by giving written notice of such amendment to the Administrative Agent .

“ Bail-In Action ” means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

“ Bail-In Legislation ” means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

“ Base Rate ” means, for any day, a fluctuating per annum rate of interest equal to the highest of (i) the Federal Funds Open Rate, plus 0.5%, (ii) the Prime Rate, and (iii) the Daily LIBOR Rate, plus 1.00%, so long as Daily LIBOR Rate is offered, ascertainable and not unlawful. Any change in the Base Rate (or any component thereof) shall take effect at the opening of business on the day such change occurs. The Administrative Agent will give notice promptly to the Borrower and the Lenders of changes in the Base Rate.

“ Base Rate Loan ” means any Loan or portion thereof during any period in which it bears interest at a rate determined with reference to the Base Rate.

“ Beneficial Ownership Certification ” means a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

“ Beneficial Ownership Regulation ” means 31 C.F.R. § 1010.230.

“ Book Value ” means, with respect to Casualty Receivables at any time of determination, the book value thereof at such time as determined in accordance with GAAP consistently applied.

“ Borrower ” has the meaning set forth in the preamble .

“ Borrower Related Party ” means, for purposes of Section 10.18 only, any Person (other than a Restricted Subsidiary) (a) which directly or indirectly through one or more intermediaries Controls, or is Controlled by, or is under common Control with, the Borrower, (b) which beneficially owns or holds five percent (5%) or more of the equity interest of the Borrower or (c) five percent or more of the equity interest of which is beneficially owned or held by the Borrower or a Restricted Subsidiary.

“ Borrowing ” means Loans made by all Lenders on the same Business Day and pursuant to the same Loan Request in accordance with Section 2.3 or 2.4 and any additional Loans made pursuant to Section 2.8 .

“ Borrowing Base ” has the meaning set forth in Section 6.5 .

“ Borrowing Base Deficiency Date ” has the meaning set forth in Section 6.2(a) .

“ Borrowing Base Certificate ” means a certificate substantially in the form of Exhibit B .

“ Business Day ” means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the laws of, or are in fact closed in, (i) the state where the Administrative Agent’s Office is located or (ii) New York, and, with respect to LIBOR Rate Loans, means any such day on which dealings in Dollar deposits are conducted by banks in the London interbank deposit market.

“ Capital Stock ” means any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation) and any and all warrants, rights or options to purchase any of the foregoing.

“ Capitalized Lease ” means any lease obligation for Rentals which is required to be capitalized on the balance sheet of the

lessee in accordance with GAAP.

“Capitalized Rentals” means, as of the date of any determination thereof, the amount at which the aggregate Rentals due and to become due under all Capitalized Leases under which the Borrower or any Restricted Subsidiary is a lessee would be reflected as a liability on a consolidated balance sheet of the Borrower and its Restricted Subsidiaries.

“Casualty Loss” means, with respect to the Borrower’s SIA Container Equipment, any of the following: (a) such SIA Container Equipment is lost, stolen or destroyed; (b) such SIA Container Equipment is damaged beyond repair or permanently rendered unfit for use for any reason whatsoever; or (c) if such SIA Container Equipment is subject to a lease agreement, such SIA Container Equipment shall have been deemed under such lease agreement to have suffered a casualty loss.

“Casualty Receivables” means all rights of the Borrower to payment for SIA Container Equipment sold and all rights of the Borrower to payment in connection with a Casualty Loss.

“Change in Law” means the occurrence, after the Closing Date, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Official Body or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Official Body; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law”, regardless of the date enacted, adopted or issued.

“Change of Control” means an event or series of events after the date hereof by which :

(a) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, but excluding any employee benefit plan of such person or its Subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan) becomes the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, except that a person or group shall be deemed to have “beneficial ownership” of all securities that such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time, directly or indirectly, of more than forty percent (40%) of the total voting power of the Voting Stock of Triton Holdco (or, if applicable, a Successor Holding Company (as defined below)); or

(b) at any time, the Borrower (or, in the case of a transaction permitted under Section 10.10, the Surviving Entity) ceases to be directly or indirectly wholly-owned by Triton Holdco (and, if applicable, a Successor Holding Company);

provided, that notwithstanding the foregoing, a transaction will not be deemed to involve a Change of Control solely as a result of Triton Holdco becoming a direct or indirect wholly owned subsidiary of a holding company if the direct or indirect holders of the voting stock of such holding company immediately following that transaction are substantially the same as the holders of Triton Holdco’s voting stock immediately prior to that transaction (and such holders of Triton Holdco’s voting stock immediately prior to such transaction would not have otherwise caused a Change of Control) (such an entity, a “Successor Holding Company”).

“Closing Date” means the date this Agreement becomes effective pursuant to Section 11.1.

“Code” means the United States Internal Revenue Code of 1986, as amended from time to time (and any successor statute thereto), and the regulations promulgated and rulings issued thereunder. Section references to the Code are to the Code as in effect on the Closing Date, and any subsequent provisions of the Code, amendments thereto or substitutions therefor.

“Collateral” means “Collateral” as defined in the Security and Intercreditor Agreement.

“Collateral Agent” means Wells Fargo Bank, National Association, in its capacity as collateral agent and secured party under the Security and Intercreditor Agreement (and its successors and permitted assigns in such capacity).

“Collateral Documents” means the Security and Intercreditor Agreement, the Intercreditor Collateral Agreement and any other collateral document, control agreement, instrument or agreement now or hereafter delivered pursuant to or in connection with any of the foregoing.

“Commercial Letter of Credit” means a commercial letter of credit which is drawable upon presentation of a sight draft and other documents evidencing the sale or shipment of Container Equipment purchased by the Borrower in the ordinary course of the Borrower’s business.

“Commitment” means, for any Lender, such Lender’s commitment to make Loans under this Agreement. The amount of the

Commitment of each Lender as of the Closing Date is set forth on Schedule I, and such amount may be adjusted by increases of the Commitments pursuant to assignments in accordance with Section 14.8.

“Commitment Increase” has the meaning set forth in Section 2.8(a).

“Compliance Certificate” means a certificate substantially in the form of Exhibit D.

“Connection Income Taxes” means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

“Consolidated Net Income” means the net income and net losses of the Borrower and its Restricted Subsidiaries determined in accordance with GAAP, including gains and losses on the sale of Container Equipment, but excluding (a) any gains or losses (net of applicable tax effect) on the disposition of capital assets other than Container Equipment, (b) any gains on sales or other dispositions of other Investments and any extraordinary or nonrecurring items of income to the extent that the aggregate of such gains and extraordinary or nonrecurring items exceeds the aggregate of losses on such sales or other dispositions and extraordinary or nonrecurring charges, (c) any non-cash gain or loss on any interest rate protection agreement or any similar hedging agreement resulting from the requirements of Financial Accounting Standard No. 133 or any similar accounting standard, (d) to the extent included in such net income or net losses, the Borrower’s share of net income and/or losses of Unrestricted Subsidiaries and (e) any non-cash compensation expense related to incentive or non-qualified stock options. Notwithstanding the foregoing, solely in respect of the period commencing April 1, 2016 and ending on the earlier of (a) the first anniversary of the Mergers and (b) September 30, 2017, up to a maximum aggregate cumulative amount of \$65,000,000, “Consolidated Net Income” shall not include any adjustments, restructuring costs, non-recurring expenses, non-recurring fees, non-operating expenses, charges or other expenses (including legal, accounting and other transaction and advisory fees, severance, bonus and retention payments and non-cash compensation charges) made or incurred by the Borrower or its Restricted Subsidiaries in connection with the Mergers. The term “Mergers” as used herein shall have the meaning given in that certain Transaction Agreement, dated as of November 9, 2015, by and among the Borrower, Triton International Limited, Ocean Bermuda Sub Limited, Ocean Delaware Sub, Inc., and TAL International Group, Inc., as same may be amended, modified or supplemented from time to time by the parties thereto.

“Consolidated Net Income Available For Fixed Charges” means, for any period of determination, the sum, without duplication, of (a) Consolidated Net Income for such period, plus (b) to the extent deducted in determining Consolidated Net Income, all provisions for any federal, state or other income taxes made by the Borrower and its Restricted Subsidiaries during such period, plus (c) cash distributions received by the Borrower from Unrestricted Subsidiaries (excluding cash distributions received by the Borrower directly or indirectly from TAL International Group, Inc. and each of its subsidiaries (including TAL International Container Corporation, TAL Finance III LLC, TAL Advantage V LLC and TAL Advantage VI LLC)) during such period, plus (d) to the extent deducted in determining Consolidated Net Income, all Fixed Charges during such period.

“Consolidated Net Tangible Assets” means, as of the date of any determination thereof, the total amount of all Tangible Assets of the Borrower and its Restricted Subsidiaries after deducting (a) Restricted Investments and (b) all current liabilities as determined in accordance with GAAP.

“Consolidated Tangible Net Worth” means, as of the date of any determination thereof, the consolidated stockholders’ equity of the Borrower and its Restricted Subsidiaries, as determined in accordance with GAAP (excluding any non-cash gain or loss on any interest rate protection agreement or similar hedging agreement resulting from the requirements of Financial Accounting Standard No. 133 or any similar accounting standard), plus all outstanding preferred stock of the Borrower and accrued but unpaid dividends thereon, less the sum, without duplication, of (a) all Intangible Assets of the Borrower and its Restricted Subsidiaries and (b) Restricted Investments.

“Container Equipment” means intermodal dry van and special purpose cargo containers, (including any generator sets or cooling units used with refrigerated containers, and any related spare parts, and any substitutions, additions or replacements for, to or of any such associated generator sets, gps units and refrigeration units) and all special purpose containers, open top containers, flat rack containers, bulk containers, cellular palletwide containers, rolltrailers and all other types of special containers and tank containers .

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “Controlling” and “Controlled” have meanings correlative thereto.

“Covered Entity” means (a) the Borrower, each of Borrower’s Subsidiaries, all pledgors of Collateral, and (b) each Person that, directly or indirectly, is in control of a Person described in clause (a) above. For purposes of this definition, control of a Person shall mean the direct or indirect (x) ownership of, or power to vote, 25% or more of the issued and outstanding equity interests

having ordinary voting power for the election of directors of such Person or other Persons performing similar functions for such Person, or (y) power to direct or cause the direction of the management and policies of such Person whether by ownership of equity interests, contract or otherwise.

“Current Debt” means, with respect to any Person as of the date of any determination, (a) all Indebtedness of such Person for money borrowed or that has been incurred in connection with the acquisition of assets, in each case other than Funded Debt, and (b) all Guarantee Liabilities of such Person with respect to Indebtedness of other Persons of the types described in clause (a).

“Daily LIBOR Rate” means, for any day, the rate per annum determined by the Administrative Agent by dividing (x) the Published Rate by (y) a number equal to 1.00 *minus* the LIBOR Reserve Percentage on such day.

“Debtor Relief Law” means the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

“Default Rate” means an interest rate equal to (i) the Base Rate plus (ii) the Applicable Margin, if any, applicable to Base Rate Loans plus (iii) 2% per annum; provided, that with respect to a LIBOR Rate Loan, the Default Rate shall be an interest rate equal to the interest rate (including any Applicable Margin) otherwise applicable to such Loan plus 2% per annum.

“Defaulting Lender” means, subject to Section 5.1, any Lender that (a) has failed to (i) fund all or any portion of its Loans within two Business Days of the date such Loans were required to be funded hereunder unless such Lender notifies the Administrative Agent and the Borrower in writing that such failure is the result of such Lender’s determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to the Administrative Agent or any other Lender any other amount required to be paid by it hereunder within two Business Days of the date when due, (b) has notified the Borrower, the Administrative Agent or any Lender in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender’s obligation to fund a Loan hereunder and states that such position is based on such Lender’s determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within three Business Days after written request by the Administrative Agent or the Borrower, to confirm in writing to the Administrative Agent and the Borrower that it will comply with its prospective funding obligations hereunder (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent and the Borrower), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity, or (iii) become the subject of a Bail-in Action; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by an Official Body so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Official Body) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under any one or more of clauses (a) through (d) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 5.1) upon delivery of written notice of such determination to the Borrower and each Lender.

“Disqualified Person” means, on any date, (a) any marine container or chassis leasing company or their respective subsidiaries, any other Person 30% or more of the issued and outstanding equity securities of which are owned by a Disqualified Person, or any other Person that is a competitor of the Borrower or any of its Subsidiaries and has been designated by the Borrower as a “Disqualified Person” by written notice to the Administrative Agent and the Lenders and (b) any Affiliate of any Person described in clause (a) above; provided that “Disqualified Person” shall exclude any Person that the Borrower has designated as no longer being a “Disqualified Person” by written notice delivered to the Administrative Agent from time to time.

“Dollars” and the sign “\$” means lawful money of the United States.

“DQ List” has the meaning set forth in Section 14.8(b)(iv).

“EEA Financial Institution” means (a) any credit institution or investment firm established in any EEA Member Country that is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country that is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member

Country that is a subsidiary of an institution described in clause (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“EEA Member Country” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“EEA Resolution Authority” means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

“Eligible Assignee” means (a) a Lender; (b) an Affiliate of a Lender; (c) an Approved Fund; or (d) any other Person (other than a natural person) approved by (i) the Administrative Agent and (ii) unless an Event of Default has occurred and is continuing, the Borrower (each such approval not to be unreasonably withheld or delayed); provided that notwithstanding the foregoing, “Eligible Assignee” shall not include (w) a Defaulting Lender, (x) the Borrower, (y) any of the Borrower’s Affiliates or Subsidiaries or (z) a Disqualified Person.

“Environmental Laws” means all applicable federal, state or local statutes, laws, ordinances, codes, rules, regulations and guidelines (including consent decrees and administrative orders) relating to public health and safety and protection of the environment.

“Equity Interests” means, with respect to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“ERISA Affiliate” means TCI and any corporation, trade or business that is, along with the Borrower, a member of a controlled group of corporations or a controlled group of trades or businesses, as described in sections 414(b) and 414(c), respectively, of the Code or section 4001 of ERISA.

“ERISA Event” means (a) a Reportable Event with respect to a Pension Plan; (b) the withdrawal of the Borrower of any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which such entity was a “substantial employer” as defined in Section 4001(a)(2) of ERISA or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by the Borrower or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is insolvent (d) the filing of a notice of intent to terminate, the treatment of a Pension Plan amendment as a termination under Section 4041 or 4041A of ERISA; (e) the institution by the PBGC of proceedings to terminate a Pension Plan; (f) any event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; (g) the determination that any Pension Plan is considered an at-risk plan or a plan in endangered or critical status within the meaning of Sections 430, 431 and 432 of the Code or Sections 303, 304 and 305 of ERISA; or (h) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Borrower of any ERISA Affiliate.

“EU Bail-In Legislation Schedule” means the EU Bail-In Legislation Schedule published by the Loan Market Association, as in effect from time to time.

“Event of Default” means any of the events described in Section 12.

“Exchange Act” means the Securities Exchange Act of 1934, as in effect on the Closing Date.

“Excluded Collateral” has the meaning given to such term in the Security and Intercreditor Agreement or, if not defined therein, means “Excluded Property” as defined therein.

“Excluded Taxes” means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the laws of, or having its principal office or, in the case of any Lender, its applicable Lending Office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan pursuant to a law in effect on

the date on which (i) such Lender acquires such interest in such Loan (other than pursuant to an assignment request by the Borrower under Section 7.5) or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to Section 7.6(g), amounts with respect to such Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Recipient's failure to comply with Section 7.6(g), and (d) any U.S. federal withholding Taxes imposed under FATCA.

"Executive Order No. 13224" means Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001, as the same has been, or shall hereafter be, renewed, extended, amended or replaced.

"Facility Usage" means, at any time of determination, the sum of the aggregate principal balances of the Loans outstanding at such time.

"FATCA" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with) and any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code .

"Federal Funds Open Rate" means, for any day, the rate per annum (based on a year of 360 days and actual days elapsed) which is the daily federal funds open rate as quoted by ICAP North America, Inc. (or any successor) as set forth on the Bloomberg Screen BTMM for that day opposite the caption "OPEN" (or on such other substitute Bloomberg Screen that displays such rate), or as set forth on such other recognized electronic source used for the purpose of displaying such rate as selected by the Administrative Agent (for purposes of this definition, an "Alternate Source") (or if such rate for such day does not appear on the Bloomberg Screen BTMM (or any substitute screen) or on any Alternate Source, or if there shall at any time, for any reason, no longer exist a Bloomberg Screen BTMM (or any substitute screen) or any Alternate Source, a comparable replacement rate determined by the Administrative Agent at such time (which determination shall be conclusive absent manifest error); provided however, that if such day is not a Business Day, the Federal Funds Open Rate for such day shall be the "open" rate on the immediately preceding Business Day. If and when the Federal Funds Open Rate changes, the rate of interest with respect to any advance to which the Federal Funds Open Rate applies will change automatically without notice to the Borrower, effective on the date of any such change.

"Fee Letter" means the fee letter agreement, dated November 30, 2018 , between the Borrower and the Administrative Agent.

"Finance Lease" means any lease under which the Borrower, as lessor, leases Container Equipment to a lessee and which provides revenue to the Borrower and with respect to which the related Container Equipment is not included as an asset on the books of the Borrower in accordance with GAAP .

"Fixed Charges" means, for the Borrower and its Restricted Subsidiaries on a consolidated basis for any period, the sum of all: (a) interest expense for borrowed money, (b) imputed interest expense on Capitalized Leases, (c) operating rental obligations other than those related to Container Equipment (net of sublease rental income) and (d) operating rental expense on operating leases of Container Equipment.

"FRB" means the Board of Governors of the Federal Reserve System of the United States.

"Fund" means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

"Funded Debt" of any Person means, without duplication, (a) all Funded Indebtedness, (b) all Capitalized Rentals, (c) all Guarantee Liabilities relating to Funded Debt of others, (d) all Guarantee Liabilities relating to the obligations of Unrestricted Subsidiaries and (e) the present value of all Long Term Lease obligations (such present value to be calculated using a discount rate equal to the sum of (i) the Base Rate then in effect plus (ii) 1.00%).

"Funded Debt Ratio" means the ratio of Total Debt to an amount equal to the sum of (x) Consolidated Tangible Net Worth plus (y) Borrower's deferred income related to sales of Container Equipment to Subsidiaries as recorded on Borrower's balance sheet (determined in accordance with GAAP consistently applied).

"Funded Indebtedness" means, as of any date, Indebtedness that matures more than one year after such date or which is renewable, extendible or refundable at the option of the obligor for a period or periods of more than one year after such date, but shall not include any portion of the principal of any such Indebtedness that is payable within one year after such date.

"GAAP" means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or such other principles as may be approved by a significant segment of the accounting

profession in the United States, that are applicable to the circumstances as of the date of determination, consistently applied.

“ Guarantee Liability ” of any Person means any agreement, undertaking or arrangement by which such Person guarantees, endorses or otherwise becomes or is contingently liable upon (by direct or indirect agreement, contingent or otherwise, to provide funds for payment by, to supply funds to, or otherwise to invest in, a debtor, or otherwise to assure a creditor against loss) the indebtedness, obligation or any other liability of any other Person (other than by endorsements of instruments in the course of collection), or guarantees the payment of dividends or other distributions upon the shares of any other Person. The amount of any Person’s obligation in respect of any Guarantee Liability shall (subject to any limitation set forth therein) be deemed to be the outstanding principal amount (or maximum principal amount, if larger) of the debt, obligation or other liability guaranteed thereby.

“ Increase Effective Date ” see Section 2.8(d).

“ Indebtedness ” of any Person means, without duplication, all obligations of such Person which in accordance with GAAP shall be classified upon the balance sheet of such Person as liabilities of such Person, and in any event shall include all (a) obligations of such Person for borrowed money or which have been incurred in connection with the acquisition of property or assets, (b) obligations secured by any Lien upon property or assets owned by such Person, even though such Person has not assumed or become liable for the payment of such obligations, (c) obligations created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person, notwithstanding the fact that the rights and remedies of the seller, lender or lessor under such agreement in the event of default are limited to repossession or sale of property, (d) Capitalized Rentals, (e) obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (f) obligations of such Person upon which interest charges are customarily paid, (g) obligations of such Person issued or assumed as the deferred purchase price of property or services and (h) obligations of such Person, actual or contingent, as an account party in respect of letters of credit and bankers’ acceptances (other than any such obligations in respect of undrawn amounts under letters of credit in respect of trade payables); provided that trade payables, deferred rental income, repair service provision, deferred taxes, taxes payable, payroll expenses and other accrued expenses incurred in the ordinary course of business shall not constitute Indebtedness.

“ Indemnified Taxes ” means (i) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of the Borrower under any Loan Document, and (ii) to the extent not otherwise described in the preceding clause (i), Other Taxes.

“ Indemnitee ” has the meaning set forth in Section 14.5.

“ Intangible Assets ” means, with respect to any Person, all intangible assets of such Person and shall include unamortized debt discount and expense, unamortized deferred charges and goodwill.

“ Intercreditor Collateral Agreement ” means the Amended and Restated Intercreditor Collateral Agreement dated as of November 1, 2006 among, *inter alia*, TCI, the Borrower and Wells Fargo Bank, National Association.

“ Interest Period ” means the period of time selected by the Borrower in connection with (and to apply to) any election permitted hereunder by the Borrower to have Loans bear interest at the LIBOR Rate. Subject to the last sentence of this definition, such period shall be one, two, three or six Months. Such Interest Period shall commence on the effective date of such LIBOR Rate Loan, which shall be (i) the Closing Date if the Borrower is requesting a LIBOR Rate Loan, or (ii) the date of renewal of or conversion to the LIBOR Rate Loan if the Borrower is renewing or converting to LIBOR Rate Loans. Notwithstanding the second sentence hereof: (A) any Interest Period which would otherwise end on a date which is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day, and (B) the Borrower shall not select, convert to or renew an Interest Period for any portion of a LIBOR Rate Loan that would end after the Maturity Date.

“ Interest Rate Agreement ” means any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement or other agreement intended to protect the Borrower against fluctuations in the rate of interest on its Indebtedness for borrowed money.

“ Investment ” means any investment, made in cash or by delivery of any kind of property or asset, in any Person, whether by acquisition of shares of stock or similar interest, Indebtedness or other obligation or security, or by loan, advance or capital contribution, or otherwise; provided that notwithstanding the foregoing, for purposes of calculating the financial covenants under this Agreement, Finance Leases are not considered “Investments”.

“ IRS ” means the United States Internal Revenue Service.

“ ISP98 ” means the rules of the International Standby Practices (ICC Publication Number 590) as in effect from time to time.

“ Laws ” means, collectively, all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Official Body charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Official Body, in each case whether or not having the force of law .

“ Lender ” means the financial institutions named on Schedule I hereto and their respective successors and assigns as permitted hereunder, each of which is referred to herein as a Lender .

“ Lending Office ” means, as to the Administrative Agent or any Lender, the office or offices of such Person described as such in such Lender’s Administrative Questionnaire, or such other office or offices as such Person may from time to time notify the Borrower and the Administrative Agent.

“ Lessee ” means a Person that is leasing or renting Container Equipment owned by the Borrower or any Restricted Subsidiary.

“ Letter of Credit ” means a Commercial Letter of Credit.

“ Letter of Credit Outstandings ” means, as of any date of determination, the sum of (a) the aggregate maximum stated amount at such time which is available to be drawn under outstanding Letters of Credit for which the Borrower is the account party and (b) the aggregate amount of all payments on account of drawings under outstanding Letters of Credit for which the Borrower is the account party that has not been reimbursed by the Borrower. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Rule 3.14 of ISP98, such Letter of Credit shall be deemed to be “outstanding” in the amount so remaining available to be drawn.

“ Liabilities ” means, without duplication, all obligations of the Borrower to the Administrative Agent, the Collateral Agent or any Lender under this Agreement, the Notes, the Collateral Documents, any Interest Rate Agreement or any other Loan Document, howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, now or hereafter existing, or due or to become due.

“ LIBOR Rate ” means, for any Interest Period with respect to the Loans to which the LIBOR Rate applies, the interest rate per annum determined by the Administrative Agent by dividing (the resulting quotient rounded upwards to the nearest 1/100 of 1% per annum) (a) the rate which appears on the Bloomberg Page BBAM1 (or on such other substitute Bloomberg page that displays rates at which US dollar deposits are offered by leading banks in the London interbank deposit market), or the rate which is quoted by another source selected by the Administrative Agent as an authorized information vendor for the purpose of displaying rates at which US dollar deposits are offered by leading banks in the London interbank deposit market (an “ Alternate Source ”), at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period as the London interbank offered rate for U.S. Dollars for an amount comparable to such Loan and having a borrowing date and a maturity comparable to such Interest Period (or if there shall at any time, for any reason, no longer exist a Bloomberg Page BBAM1 (or any substitute page) or any Alternate Source, a comparable replacement rate determined by the Administrative Agent at such time (which determination shall be conclusive absent manifest error)), by (b) a number equal to 1.00 minus the LIBOR Reserve Percentage. Notwithstanding the foregoing, if the LIBOR Rate as determined under any method above would be less than zero percent (0.00%), such rate shall be deemed to be zero percent (0.00%) for purposes of this Agreement.

The LIBOR Rate shall be adjusted with respect to any Loan to which the LIBOR Rate applies that is outstanding on the effective date of any change in the LIBOR Reserve Percentage as of such effective date. The Administrative Agent shall give prompt notice to the Borrower of the LIBOR Rate as determined or adjusted in accordance herewith, which determination shall be conclusive absent manifest error.

“ LIBOR Rate Loan ” means any Loan that bears interest at a rate determined with reference to the LIBOR Rate.

“ LIBOR Reserve Percentage ” means as of any day the maximum effective percentage in effect on such day, as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the reserve requirements (including supplemental, marginal and emergency reserve requirements) with respect to eurocurrency funding or in respect of eurocurrency liabilities or any similar category of liabilities for a member bank of the Federal Reserve System in New York City.

“ LIBOR Termination Date ” has the meaning set forth in Section 7.7(a).

“ Lien ” means any mortgage, pledge, hypothecation, judgment lien or similar legal process, title retention lien, or other lien or security interest, including the interest of a vendor under any conditional sale or other title retention agreement and the interest of

a lessor under any Capitalized Lease.

“Loan” has the meaning set forth in Section 2.1(a) and includes any additional loan made pursuant to Section 2.8.

“Loan Documents” means this Agreement, the Notes, the Collateral Documents, the Fee Letter, any Loan Request and any other document, instrument or agreement at any time executed and delivered pursuant to or in connection with any of the foregoing.

“Loan Related Taxes” has the meaning set forth in Section 7.6.

“Loan Request” has the meaning set forth in Section 2.3(a).

“Long Term Lease” means any lease of real or personal property (other than a Capitalized Lease) having an original term, including any period for which the lease may be renewed or extended at the option of the lessor, of five years or more.

“Majority Lenders” means, as of any date of determination, Lenders having an aggregate Percentage of more than 50%; provided that the Commitment of, and the aggregate outstanding amount of all Loans held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Majority Lenders.

“Management Agreement” means any agreement, program, contract or arrangement by which the Borrower is paid a fee for managing container equipment owned by a third party.

“Material Adverse Effect” means a material adverse effect upon (a) the business, financial condition, operations or properties of the Borrower and its Restricted Subsidiaries, taken as a whole, (b) the Collateral Agent’s Lien on or ability to realize the value of any Collateral or (c) the Borrower’s ability to pay when due and/or perform its Liabilities under this Agreement or any other applicable Loan Document.

“Maturity Date” means the earlier to occur of (i) November 30, 2023 and (ii) the date on which the Liabilities have been declared payable in accordance with the provisions of Section 12.2 hereof.

“Month” means, with respect to an Interest Period for any LIBOR Rate Loan, the interval between the days in consecutive calendar months numerically corresponding to the first day of such Interest Period. If any LIBOR Rate Interest Period begins on a day of a calendar month for which there is no numerically corresponding day in the month in which such Interest Period is to end, the final month of such Interest Period shall be deemed to end on the last Business Day of such final month.

“Multiemployer Plan.” An employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which the Borrower or any ERISA Affiliate makes or is obligated to make contributions, or during the preceding five (5) plan years, has made or been obligated to make contributions.

“Net Book Value” means with respect to the Borrower’s Container Equipment at any time of determination the book value thereof at such time (determined in accordance with GAAP consistently applied).

“Note” means a promissory note made by the Borrower in favor of a Lender substantially in the form of Exhibit A.

“Official Body” means the government of the United States of America or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank) and any group or body charged with setting financial accounting or regulatory capital rules or standards (including the Financial Accounting Standards Board, the Bank for International Settlements or the Basel Committee on Banking Supervision or any successor or similar authority to any of the foregoing).

“Other Connection Taxes” means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising solely from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

“Other Permitted Liens” means “Permitted Liens” as such term is defined in the Security and Intercreditor Agreement or, if not defined therein, means each of the following:

- (a) liens for current taxes, assessments or other governmental charges or levies imposed on Borrower, its income or any of its properties, franchises or assets not delinquent or being contested in good faith and by appropriate proceedings

and as to which such reserves or other appropriate provisions as may be required by generally accepted accounting principles are being maintained;

(b) carriers', warehousemen's, repairmen's, and other like statutory liens arising in the ordinary course of business securing obligations which are not overdue for a period of more than 30 days after the sooner of receipt of notice thereof or Actual Knowledge thereof by Borrower or which are being contested in good faith and by appropriate proceedings and as to which such reserves or other appropriate provisions as may be required by generally accepted accounting principles are being maintained;

(c) liens, charges, encumbrances and priority claims incidental to the conduct of Borrower's business (including warehousemen's and attorneys' liens and statutory landlords' liens) and deposits, pledges or liens to secure the performance of bids, tenders or trade contracts, or to secure statutory obligations, surety or appeal bonds or other liens of like general nature incurred in the ordinary course of business and not in connection with the borrowing of money or other incurrence of debt, provided in each case, the obligation secured is not overdue or, if overdue, is being contested in good faith by appropriate actions or proceedings and as to which such reserves or other appropriate provisions as may be required by generally accepted accounting principles are being maintained;

(d) minor survey exceptions or minor encumbrances, easements or reservations, or rights of others for rights-of-way, utilities and other similar purposes, or zoning or other restrictions as to the use of real properties, which are necessary for the conduct of the activities of Borrower and its Subsidiaries or which customarily exist on properties of corporations engaged in similar activities and similarly situated and which do not in any event materially impair their use in the operation of the business of Borrower and its Subsidiaries;

(e) pledges or deposits for the purpose of securing a stay or discharge in the course of any legal proceedings provided that the aggregate amount of all such pledges and deposits at any one time outstanding shall not exceed \$100,000,000;

(f) the leasehold interest of the lessees under any lease agreement;

(g) the liens referred to in Section 2.1(b) of the Intercreditor Collateral Agreement (provided that Debtor performs its obligations contained in such section);

(h) banker's liens and like liens of set-off in favor of any Triton Lender or Secured Party (as such terms are defined in the Security and Intercreditor Agreement) ; and

(i) Liens not otherwise permitted by the preceding clauses (a) through (h), inclusive, which are otherwise not prohibited by any of the Triton Debt Agreements (as such term is defined in the Security and Intercreditor Agreement) .

“ Other Taxes ” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 7.5).

“ Participant ” has the meaning set forth in Section 14.10 .

“ Payment Date ” means (a) with respect to any Base Rate Loan, the last Business Day of each month, and (b) with respect to any LIBOR Rate Loan, the last day of the Interest Period applicable to the Borrowing of which such LIBOR Rate Loan is a part and, in the case of a Borrowing of a LIBOR Rate Loan with an Interest Period of more than three months' duration, each day prior to the last day of such Interest Period that occurs at intervals of three months' duration after the first day of such Interest Period.

“ PBGC ” means the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

“ Pension Plan ” means a “pension plan”, as such term is defined in section 3(2) of ERISA, which is subject to Title IV of ERISA (other than a Multiemployer Plan), and to which the Borrower or any ERISA Affiliate may have liability, including any liability by reason of having been a substantial employer within the meaning of section 4063 of ERISA at any time during the preceding five years, or by reason of being deemed to be a contributing sponsor under section 4069 of ERISA.

“ Percentage ” means, with respect to any Lender, the percentage which such Lender's Commitment is of the Aggregate Commitment Amount (or, if the Commitments have terminated, the percentage which such Lender's Loans is of the aggregate principal amount of all outstanding Loans).

“ Permitted Business ” means the purchase, operation, management, administration, storage, leasing, financing and sale of equipment and other capital assets which are used in connection with the intermodal transportation of freight by containers and related assets and any activities that are substantially similar, related, complementary, ancillary or incidental thereto. Such equipment and other capital assets shall include, without limitation, intermodal containers, containers, port equipment, harbor vessels, trucks, cranes and other equipment and other capital assets used in connection with the container related transportation of freight. The

logistics business, management services business, the purchase and resale business, the static storage business, the finance lease business and all other businesses and activities engaged in by the Borrower or its Subsidiaries or Affiliates on the Closing Date, and any activities that are substantially similar, related, complementary, ancillary or incidental thereto or extensions thereof, are also deemed to be a Permitted Business.

“Permitted Investments” means Investments in any of the following:

- (a) direct obligations of the United States or any agency or instrumentality thereof or obligations backed by the full faith and credit of the United States of America;
- (b) corporate obligations of “AA” quality or better maturing within one year;
- (c) commercial paper maturing in 180 days or less rated not lower than A-1, by Standard & Poor's or P-1 by Moody's Investors Service, Inc. on the date of acquisition;
- (d) demand deposits, time deposits or certificates of deposit issued by (i) any United States commercial bank, the United States branch of any foreign bank, any United Kingdom commercial bank or HSBC Bank Bermuda Limited, in each case so long as such bank has capital and surplus of not less than the equivalent of \$50,000,000 or (ii) any commercial banks whose obligations are rated A-1, A or the equivalent or better by Standard & Poor's on the date of acquisition;
- (e) money market or mutual funds (i) whose investments are limited to those types of investments described in clauses (a)-(d) above or (ii) listed on the National Association of Insurance Commissioners Class 1 list ;
- (f) preferred stock Investments or any state, local or municipal obligations, in each case rated “AA” or better; and
- (g) investments made under cash management agreements with any other Lenders.

“Permitted Liens” means Liens permitted under Section 10.17.

“Permitted Transaction” Any of the following transactions; provided that immediately prior to and after consummation of such transaction, the Borrower shall be in compliance with Section 6.5:

- (a) any lease agreement in the ordinary course of business;
- (b) any merger, consolidation, dissolution or liquidation of any Restricted Subsidiary of the Borrower with and into the Borrower (so long as the Borrower is the surviving corporation of such merger, consolidation, dissolution or liquidation);
- (c) any merger, consolidation, dissolution or liquidation of any Restricted Subsidiary of the Borrower with and into any other Restricted Subsidiary of the Borrower;
- (d) any sale, assignment, transfer, conveyance or other disposition of assets by any Restricted Subsidiary of the Borrower to the Borrower or any other Restricted Subsidiary of the Borrower;
- (e) any disposition of used, obsolete, uneconomic, worn-out or surplus assets of the Borrower and its Restricted Subsidiaries in the ordinary course of business;
- (f) any sale, assignment, transfer, conveyance or other disposition by the Borrower or any Restricted Subsidiary of the Borrower of Container Equipment or other assets to their respective Lessees in the ordinary course of business pursuant to (A) a Finance Lease that is originated in the ordinary course of business, (B) a purchase option contained in any lease agreement with such Lessee that was originated in the ordinary course of business or (C) any other arm's length transaction with a Person that is not an Affiliate of the Borrower entered into in the ordinary course of business;
- (g) any transaction pursuant to which the Borrower and/or any of its Restricted Subsidiaries sells, conveys or otherwise transfers, or grants a security interest in, containers, leases and other related assets to a special purpose vehicle or any other Person in connection with a securitization; and
- (h) any other sale or disposition by the Borrower or any Restricted Subsidiary of the Borrower of Container Equipment or other assets that will result in net sales proceeds (after deducting any costs incurred in connection with each such sale) of not less than the sum of the net book values, determined in accordance with GAAP, of the Container Equipment or other assets that were sold .

“Person” means an individual, partnership, corporation, limited liability company, trust, joint venture, joint stock company, association, unincorporated organization, government or agency or political subdivision thereof or other entity.

“PNC Bank” means PNC Bank, National Association, and its successors.

“Prime Rate” means the interest rate per annum announced from time to time by the Administrative Agent at its Principal Office as its then prime rate, which rate may not be the lowest or most favorable rate then being charged commercial borrowers or others by the Administrative Agent. Any change in the Prime Rate shall take effect at the opening of business on the day such change is announced.

“Principal Office” means the main banking office of the Administrative Agent in Pittsburgh, Pennsylvania.

“Principal Payment Amount” means, for each Principal Payment Date, Twenty Million Dollars (\$20,000,000), subject to (i) adjustment pursuant to Section 6.2(c)(iii) and (ii) increase pursuant to Section 2.8.

“Principal Payment Date” means (i) the last Business Day of each of March, June, September and December, commencing on March 29, 2019 and (ii) the Maturity Date.

“Published Rate” means the rate of interest published each Business Day in *The Wall Street Journal* “Money Rates” listing under the caption “London Interbank Offered Rates” for a one month period (or, if no such rate is published therein for any reason, then the Published Rate shall be the rate at which U.S. dollar deposits are offered by leading banks in the London interbank deposit market for a one month period as published in another publication selected by the Administrative Agent).

“Recipient” means (a) the Administrative Agent and (b) any Lender, as applicable.

“Register” has the meaning set forth in Section 14.9.

“Related Parties” means, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents and advisor of such Person and such Person’s Affiliates.

“Remaining Lenders” has the meaning set forth in Section 7.5.

“Rentals” means all fixed rents (including as such all payments which the lessee is obligated to make to the lessor on termination of the lease or surrender of the property) payable by the Borrower or a Restricted Subsidiary, as lessee or sublessee under a lease of real or personal property, but shall be exclusive of any amounts required to be paid by the Borrower or a Restricted Subsidiary (whether or not designated as rents or additional rents) on account of maintenance, utilities, repairs, insurance, taxes and similar charges. Fixed rents under any so-called “percentage lease” shall be computed solely on the basis of the minimum rents, if any, required to be paid by the lessee, regardless of sales volume or gross revenues.

“Reportable Compliance Event” means that any Covered Entity becomes a Sanctioned Person, or is charged by indictment, criminal complaint or similar charging instrument, arraigned, or custodially detained in connection with any Anti-Terrorism Law or any predicate crime to any Anti-Terrorism Law, or has knowledge of facts or circumstances to the effect that it is reasonably likely that any aspect of its operations is in actual or probable violation of any Anti-Terrorism Law.

“Reportable Event” means any of the events set forth in Section 4043 of ERISA, other than event for which the thirty (30) day notice period has been waived.

“Restricted Investments” means the total of (a) the amount of the Borrower’s Investments in any Unrestricted Subsidiary as shown on the most recent consolidating balance sheet of the Borrower delivered pursuant to Section 10.1, excluding, for purposes of determining the amount of any Investment in any Person, any non-cash gain or loss on any interest rate protection agreement or any similar hedging agreement entered into by such Person resulting from the requirements of Financial Accounting Standard No. 133 or any similar accounting standard, plus (b) the excess, if any, of the amount of all other Investments of the Borrower not included in clause (a) as shown on such balance sheet (other than Permitted Investments), over 25% of the then current Consolidated Tangible Net Worth. For purposes of clause (b) above, the original amount of any Investment in a general partnership interest in any general or limited partnership shall be deemed to be the aggregate amount of such partnership’s actual and contingent liabilities, as determined in accordance with GAAP.

“Restricted Payment” means any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interests of the Borrower or any Subsidiary, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such Equity Interests, or on account of any return of capital to such Person’s shareholders, partner or members (or the equivalent Persons thereof).

“Restricted Subsidiary” means any Subsidiary that is not an Unrestricted Subsidiary.

“S&P” means S&P Global Ratings.

“S&P Rating” means, at any time, the rating assigned by S&P to the senior secured debt of the Borrower and then in effect.

“Sanctioned Country” means a country subject to a sanctions program maintained under any Anti-Terrorism Law.

“Sanctioned Person” means (a) a Person named on the list of “Specially Designated Nationals and Blocked Persons” maintained by the U.S. Treasury Department Office of Foreign Asset Control (“OFAC”) available at <http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx>, or as otherwise published from time to time, (b) a Person named on the lists maintained by the European Union available at http://eeas.europa.eu/cfsp/sanctions/consol-list_en.htm, or as otherwise published from time to time, (c) a Person named on the lists maintained by Her Majesty’s Treasury available at http://www.hm-treasury.gov.uk/fin_sanctions_index.htm, or as otherwise published from time to time, (d) a Person that is specifically targeted by any other relevant sanctions authority of a jurisdiction in which the Borrower or any of its Subsidiaries conduct business, (e) (i) an agency of the government of, or an organization controlled by, a Sanctioned Country, to the extent such agency or organization is subject to a sanctions program administered by OFAC, or (ii) a Person located, organized or resident in a Sanctioned Country, to the extent such Person is subject to a sanctions program administered under any Anti-Terrorism Law or (f) a Person controlled by any such Person set forth in clauses (a) through (e) above.

“Security and Intercreditor Agreement” means the Security and Intercreditor Agreement, dated as of September 30, 1989, among the Borrower, the Collateral Agent and such other Persons as may be party thereto from time to time.

“Senior Funded Debt” means Funded Debt of the Borrower and its Restricted Subsidiaries (determined on a consolidated basis eliminating intercompany items), excluding all Subordinated Funded Debt.

“SIA Container Equipment” means Container Equipment other than Container Equipment in which a security interest has been granted to a Person which is not a party to the Security and Intercreditor Agreement.

“Simultaneous Holder” has the meaning set forth in Section 10.16.

“Subordinated Funded Debt” means (a) the Indebtedness described on Schedule II and (b) any other Funded Indebtedness of the Borrower or its Restricted Subsidiaries that is subordinated in right of payment to the Loans and the other Liabilities and (i)(A) that is established pursuant to a subordination agreement containing subordination provisions substantially in the form of Exhibit F, (B) that has a final stated maturity of at least five years after the date of incurrence thereof and (C) with respect to which the Majority Lenders have not otherwise reasonably objected, by notice to the Borrower in writing or by telephone promptly confirmed in writing by the Administrative Agent (together with a statement explaining any such objection), within 15 days of receipt by the Administrative Agent (who shall promptly provide such notice to the Lenders) of notice from the Borrower of the proposed issuance of such Subordinated Funded Debt, which notice shall be accompanied by a copy of the proposed subordination agreement and credit agreement relating to such new issue in substantially final form or (ii) as the Majority Lenders shall otherwise consent. Notwithstanding the foregoing, Funded Indebtedness of the Borrower or its Restricted Subsidiaries that at issuance constituted Subordinated Funded Debt shall no longer constitute Subordinated Funded Debt if after the Closing Date (x) the subordination provisions thereof are no longer substantially in the form thereof at issuance or (y) the subordination or credit agreement related thereto is amended so as to grant additional rights to any subordinated lender or (z) other provisions thereof are amended so as to cause such Indebtedness to cease to comply with clause (b)(i)(B) of the first sentence of this definition, unless the Majority Lenders shall otherwise consent.

“Subsidiary” means any Person of which or in which the Borrower and its other Subsidiaries own directly or indirectly 50% or more of (a) the combined voting power of all classes of stock having general voting power under ordinary circumstances to elect a majority of the board of directors of a Person which is a corporation, (b) the capital, membership or profits interest of a Person which is a limited liability company, partnership, joint venture or similar entity, or (c) the beneficial interest of a Person which is a trust, association or other unincorporated organization.

“Superior Debt” has the meaning set forth in Section 10.16.

“TALICC” means TAL International Container Corporation, a corporation organized under the laws of the State of Delaware.

“Tangible Assets” means, as of the date of any determination thereof, the total amount of all assets of the Borrower and its Restricted Subsidiaries (less depreciation, depletion and other properly deductible valuation reserves) after deducting Intangible Assets, all determined in accordance with GAAP.

“Taxes” with respect to any Person means all present and future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Official Body upon such Person, its income or any of its properties, franchises or assets.

“TCI” means Triton Container Investments LLC, a Nevada limited liability company.

“TCIL Credit Agreement” means the Ninth Restated and Amended Credit Agreement, dated as of April 15, 2016, among the Borrower, various financial institutions and Bank of America, N.A., as administrative agent.

“Termination Event” with respect to any Pension Plan means (a) the institution by the Borrower, the PBGC or any other Person of steps to terminate such Pension Plan, (b) the occurrence of a Reportable Event with respect to such plan which the Majority Lenders reasonably believe may be a basis for the PBGC to institute steps to terminate such Pension Plan or (c) the withdrawal from such Pension Plan (or deemed withdrawal under section 4062(f) of ERISA) by the Borrower or any ERISA Affiliate if the Borrower or such ERISA Affiliate is a substantial employer within the meaning of section 4063 of ERISA.

“Total Debt” means the sum of (a) Total Senior Debt plus (b) Subordinated Funded Debt.

“Total Senior Debt” means the sum of (a) Senior Funded Debt plus (b) all Current Debt of the Borrower and its Restricted Subsidiaries.

“Trade Date” has the meaning set forth in Section 14.8(b)(i).

“Triton Holdco” means Triton International Limited (an exempted company incorporated with limited liability under the laws of Bermuda).

“Type” means, relative to any Borrowing or Loan, the characterization thereof as a LIBOR Rate Loan or a Base Rate Loan.

“United States” and “U.S.” mean the United States of America.

“Unmatured Event of Default” means an event or condition which with the lapse of time or giving of notice to the Borrower, or both, would constitute an Event of Default.

“Unrestricted Subsidiary” means (a) any Subsidiary identified as an “Unrestricted Subsidiary” in Schedule 9.8 and (b) any Subsidiary that is designated by the Borrower as an “Unrestricted Subsidiary” in accordance with the procedures set forth in Section 10.22.

“Unsecured Senior Funded Debt” means Senior Funded Debt which is not secured by any security interest, pledge, mortgage or other Lien.

“Unsecured Vendor Debt” means unsecured purchase money Indebtedness not constituting Funded Indebtedness.

“USA Patriot Act” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56, as the same has been, or shall hereafter be, renewed, extended, amended or replaced.

“U.S. Person” means any Person that is a “United States Person” as defined in Section 7701(a)(30) of the Code.

“U.S. Tax Compliance Certificate” has the meaning set forth in Section 7.6(e)(ii)(B)(4).

“Voting Stock” means, with respect to any Person, any Security (as such term is defined in Section 2(1) of the Securities Act of 1933, as in effect on the Closing Date) of any class or classes of such Person the holders of which are ordinarily, in the absence of contingencies, entitled to elect a majority of the directors (or Persons performing similar functions) of such Person.

“Wholly-owned” when used in connection with any Subsidiary means a Subsidiary of which all of the issued and outstanding shares of stock (except shares required as directors’ and alternate directors’ qualifying shares) or partnership interests, as the case may be, and all Indebtedness for borrowed money shall be owned by the Borrower and/or one or more of its Wholly-owned Subsidiaries.

“Withholding Agent” means any Loan Party and the Administrative Agent.

“Write-Down and Conversion Powers” means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA

Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

1.2 Accounting Terms.

(a) Generally. All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the Audited Financial Statements, except as otherwise specifically prescribed herein.

(b) Changes in GAAP. If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either the Borrower or the Majority Lenders shall so request, the Administrative Agent, the Lenders and the Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Majority Lenders); provided that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the Borrower shall provide to the Administrative Agent and the Lenders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP.

1.3 Other Interpretive Provisions. With reference to this Agreement and each other Loan Document, unless otherwise specified herein or in such other Loan Document:

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The word “will” shall be construed to have the same meaning and effect as the word “shall”. Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document (including any organization document) shall be construed as referring to such agreement, instrument or other document as from time to time amended, amended and restated, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Loan Document), (ii) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (iii) the words “herein,” “hereof” and “hereunder,” and words of similar import when used in any Loan Document, shall be construed to refer to such Loan Document in its entirety and not to any particular provision thereof, (iv) all references in a Loan Document to Articles, Sections, Preliminary Statements, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Preliminary Statements, Exhibits and Schedules to, the Loan Document in which such references appear, (v) any reference to any law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such law and any reference to any law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and (vi) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(b) In the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including,” the words “to” and “until” each mean “to but excluding,” and the word “through” means “to and including”.

(c) Any reference to a “fiscal quarter” or a “fiscal year” means, respectively, a fiscal quarter or fiscal year of the Borrower and its Subsidiaries.

(d) Section headings herein and in the other Loan Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Loan Document.

1.4 Times of Day. Unless otherwise specified, all references herein to times of day shall be references to Eastern time zone (daylight or standard, as applicable).

SECTION 2. COMMITMENTS OF THE LENDERS.

Subject to the terms and conditions of this Agreement, each Lender, severally but not jointly, agrees to make Loans, as described in this Section 2.

2.1 Commitments to Make Loans.

(a) Each Lender, severally but not jointly, agrees to make a single term loan to the Borrower (collectively the “Loans” and each individually a “Loan”) on the Closing Date, in the amount that the Borrower may request up to, but not exceeding such Lender’s Commitment; provided that (A) the Facility Usage shall not at any time exceed the Borrowing Base and (B) the sum of the Loans advanced by the Lenders under this Section 2.1 shall not exceed the Aggregate Commitment Amount.

(b) All Loans shall be made by the Lenders on a pro rata basis, calculated for each Lender based on its Percentage.

2.2 Loan Options. Each Loan shall be a LIBOR Rate Loan or a Base Rate Loan, as selected by the Borrower. During any period that any Event of Default or Unmatured Event of Default exists, the Borrower shall no longer have the option of electing LIBOR Rate Loans, and during such period all Loans shall be automatically converted to (on the last day of the Interest Period therefor) Base Rate Loans only, it being understood, however, that the foregoing shall not be construed to waive, amend or modify any right or power of the Lenders and the Administrative Agent hereunder, including all rights to terminate the Commitments and declare the Loans immediately due and payable.

2.3 Borrowing Procedures.

(a) Loan Requests. The Borrower shall give the Administrative Agent notice by (x) telephone (promptly confirmed in writing substantially in the form of Exhibit C (a “Loan Request”)) or (y) by delivering a Loan Request, not later than 11:00 a.m. at least (i) three (3) Business Days (or such later date agreed to by the Administrative Agent and Majority Lenders) prior to the Closing Date or, in the case of a continuation or conversion, the continuation or conversion date, as applicable, in the instance of a Borrowing of LIBOR Rate Loans (or continuation or conversion, as applicable) or (ii) one (1) Business Day prior to the Closing Date in the instance of a Borrowing of Base Rate Loans, of each requested Borrowing, and the Administrative Agent shall promptly advise each Lender thereof. Each notice from the Borrower to the Administrative Agent shall specify (i) the aggregate amount of the Borrowing requested (or continued or converted, as applicable), (ii) the Type of Loans being borrowed, continued or converted, as applicable, and (iii) if such Borrowing, continuation or conversion is of LIBOR Rate Loans, the Interest Period with respect thereto (subject to the limitations set forth in the definition of Interest Period). Any notice not specifying the Type of Borrowing shall be deemed a request for a Borrowing of LIBOR Rate Loans.

(b) Funding of Administrative Agent. Not later than 11:00 a.m. on the Closing Date, each Lender shall provide the Administrative Agent at the Administrative Agent’s Office (or such other place as the Administrative Agent shall designate from time to time) with immediately available funds covering such Lender’s Percentage of such Borrowing and the Administrative Agent shall pay over such funds to the Borrower upon the Administrative Agent’s receipt of the documents, if any, required under Section 11 with respect to such Loan and provided all of the conditions precedent to the funding of the requested Loans have been satisfied.

2.4 Continuation of LIBOR Rate Loans. Subject to Section 2.2, each LIBOR Rate Loan shall automatically continue as a LIBOR Rate Loan on the last day of the current Interest Period for such LIBOR Rate Loan for an Interest Period of equivalent duration, unless paid in full on such last day, or unless one or more of the conditions in Section 7.2 are in effect, in which case such LIBOR Rate Loan shall convert into a Base Rate Loan, to begin on the last day of such current Interest Period. Each continuation of LIBOR Rate Loans shall be pro rated among the applicable outstanding Loans of all Lenders.

2.5 Maturity of Loans. Unless required to be sooner paid pursuant to the other provisions of this Agreement, the Loans shall mature and be due and payable in full on the Maturity Date.

2.6 Obligations of Lenders Several. The obligations of each Lender hereunder to make its Loan and to make payments pursuant to this Agreement are several and not joint. The failure of any Lender to make its Loan or to make any payment under this Agreement on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Loan or to make its payment under this Agreement.

2.7 Term Loan Facility. The credit facility evidenced by this Agreement is a term loan facility. Accordingly, the Borrower will not have the right to reborrow any amounts repaid or prepaid to the Lenders in accordance with the terms of this Agreement.

2.8 Optional Increase in Term Loan Facility.

(a) The Borrower may at any time, and from time to time, after the Closing Date, by a written notice to the Administrative Agent (which shall promptly notify the Lenders), request that the Aggregate Commitment Amount be

increased (a “Commitment Increase”) by an amount (in aggregate for all such requests) not to exceed Two Hundred Million Dollars (\$200,000,000) and each such Commitment Increase shall be in the minimum amount of Twenty Million Dollars (\$20,000,000). At the time of sending such notice, the Borrower (in consultation with the Administrative Agent) shall specify (i) the time period within which each Lender is requested to respond (which shall in no event be less than ten (10) Business Days from the date of delivery of such notice to the Lenders) and (ii) the amortization schedule of the additional Loan made pursuant to this Section 2.8. The additional Loan will amortize at the same annual rate of amortization as the initial Loan that is in effect when the additional Loan is funded. Such annual rate of amortization on the initial Loan will be calculated by comparing the annual aggregate scheduled principal payments of the initial Loan to the unpaid principal balance of such initial Loan at the time the additional Loan is funded.

(b) Each Lender shall notify the Administrative Agent within such time period whether or not it agrees to increase its Commitment and, if so, whether by an amount equal to, greater than or less than its applicable Percentage of such requested increase. Any Lender that fails to respond within such time period shall be deemed to have declined to increase its Commitment.

(c) The Administrative Agent shall notify the Borrower and each Lender of the Lenders’ responses to each request made hereunder. To achieve the full amount of a requested increase and subject to the approval of the Administrative Agent (which approval shall not be unreasonably withheld, delayed or conditioned), the Borrower may also invite one or more Eligible Assignees to become parties hereto as Lenders (each an “Additional Lender”).

(d) If the Commitments are increased in accordance with this Section, the Administrative Agent and the Borrower shall determine the effective date (the “Increase Effective Date”) and the final allocation of such increase. The Administrative Agent shall promptly notify the Borrower and the Lenders of the final allocation of such increase and the Increase Effective Date.

(e) As a condition precedent to any Commitment Increase:

(i) the Borrower shall deliver to the Administrative Agent a certificate signed by an Authorized Officer of the Borrower dated as of the Increase Effective Date, stating that: (A) the representations and warranties contained in Section 9 are true and correct on and as of such Increase Effective Date, before and after giving effect to the Commitment Increase, as though made on and as of such Increase Effective Date, (B) no Material Adverse Effect has occurred since the date of the financial statements most-recently delivered pursuant to Section 10.1(a), (C) no Unmatured Event of Default or Event of Default exists before or after giving effect to such additional Loan and (D) the Borrower shall be in *pro forma* compliance with all covenants set forth in Sections 10.12, 10.13 and 10.14 hereof; and

(ii) on or before such Increase Effective Date, the Administrative Agent shall have received, for further distribution to each Lender (including each Additional Lender) a joinder agreement dated as of such Increase Effective Date from each Additional Lender, if any, in form and substance reasonably satisfactory to the Borrower and the Administrative Agent.

(f) On each Increase Effective Date, upon fulfillment of the conditions set forth in Section 2.8(e), (i) the Administrative Agent shall notify the Lenders (including each Additional Lender) and the Borrower of the occurrence of the Commitment Increase to be effected on such Increase Effective Date, (ii) each applicable Additional Lender shall become a party to this Agreement with the rights and obligations of a “Lender” hereunder, (iii) the Administrative Agent shall record in the Register the relevant information with respect to each Additional Lender on such date and (iv) Schedule I shall be deemed amended to reflect the applicable Commitment Increase. Each Additional Lender shall, before 11:00 a.m. on the Increase Effective Date, make available for the account of its applicable lending office to the Administrative Agent at the Administrative Agent’s Office, in same day funds, an aggregate amount to be distributed to the other Lenders for the account of their respective applicable lending offices such that, after giving effect to such distribution, each Lender has a ratable share (calculated based on its Commitment as a percentage of the Aggregate Commitment Amount after giving effect to such Commitment Increase) of the Loans. The Principal Payment Amounts for each Payment Date shall be increased to reflect this Commitment Increase as necessary based on the amortization schedule provided by the Borrower pursuant to Section 2.8(a). The Borrower acknowledges that, in order to maintain the Loans in accordance with each Lender’s ratable share thereof, a reallocation of the Commitments as a result of a non-pro rata increase in the Aggregate Commitment Amount may require prepayment of all or portions of the Loans on the date of such increase (and any such prepayment shall be subject to the provisions of Section 6.2).

SECTION 3. EVIDENCE OF LOANS.

(a) The Loans made by each Lender shall be evidenced by one or more accounts or records maintained by such Lender and by the Administrative Agent in the ordinary course of business . The accounts or records maintained by the Administrative Agent and each Lender shall be conclusive absent manifest error of the amount of the Loans made by the Lenders to the Borrower and the interest and payments thereon . Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrower hereunder to pay any amount owing with respect to the Liabilities . In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of the Administrative Agent in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error .

(b) Upon the request of any Lender made through the Administrative Agent, the Borrower shall execute and deliver to such Lender (through the Administrative Agent) a Note which shall evidence such Lender's Loans in addition to such accounts or records . Each Lender may attach schedules to its Note and endorse thereon the date, Type and amount of each of its Loans, the Interest Period therefor (if applicable) and payments with respect thereto.

SECTION 4. PRINCIPAL PAYMENT AMOUNTS, INTEREST AND FEES.

4.1 Principal Payment Amounts . On each Principal Payment Date during the term of this Loan Agreement, the Borrower shall repay the Loans in an amount equal to the Principal Payment Amount . The aggregate principal balances of the Loans, together with accrued interest thereon and all other amounts owed by the Borrower pursuant to the terms of the Loan Documents, shall be payable in full on the earlier to occur of (i) the scheduled Maturity Date and (ii) the date on which the Liabilities have been declared payable in accordance with the provisions of Section 12.2 hereto.

4.2 Interest . Subject to Section 4.3,

(a) Base Rate Loans . The unpaid principal of the Base Rate Loans shall bear interest prior to maturity at a rate per annum equal to the sum of (i) the Base Rate in effect from time to time plus (ii) the Applicable Margin in effect from time to time, payable on each Payment Date and at maturity.

(b) LIBOR Rate Loans . The unpaid principal of the LIBOR Rate Loans shall bear interest prior to maturity at a rate per annum equal to the sum of (i) the LIBOR Rate in effect for each applicable Interest Period plus (ii) the Applicable Margin in effect from time to time, payable on each Payment Date and at maturity.

(c) Maximum Interest Rate . The amount of interest charged on the Loans shall be subject to the provisions of Section 14.21 hereto.

4.3 Default Interest . The Borrower shall pay interest on any amount of principal of any Loan which is not paid when due, whether at stated maturity, by acceleration or otherwise, after as well as before judgment, accruing from the date such amount shall have become due to the date of payment thereof in full at the Default Rate . Interest after maturity shall be payable on demand.

4.4 Fees . The Borrower shall pay to the Administrative Agent and the Lenders, for their own respective accounts, the fees described in the Fee Letter.

4.5 Method of Calculating Interest and Fees . Interest calculated based on the Prime Rate shall be computed on the basis of a year consisting of 365 or 366 days, as the case may be, and paid for actual days elapsed, calculated as to each applicable period from the first day thereof to the last day thereof . All other interest and fees shall be computed on the basis of a year consisting of 360 days and paid for actual days elapsed, calculated as to each applicable period from the first day thereof to the last day thereof.

SECTION 5. DEFAULTING LENDERS.

5.1 Defaulting Lenders .

(a) Defaulting Lender Adjustments . Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as such Lender is no longer a Defaulting Lender, to the extent permitted by applicable law:

(i) Waivers and Amendments . Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as specified in the definition of Majority Lenders.

(ii) Defaulting Lender Waterfall . Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to

Section 12 or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 6.3 shall be applied at such time or times as may be determined by the Administrative Agent as follows: *first* , to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; *second* , as the Borrower may request (so long as no Potential Default or Event of Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; *third* , so long as no Potential Default or Event of Default exists, to the payment of any amounts owing to the Borrower as a result of any judgment of a court of competent jurisdiction obtained by the Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and *fourth* , to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (x) such payment is a payment of the principal amount of any Loans in respect of which such Defaulting Lender has not fully funded its appropriate share, and (y) such Loans were made or at a time when the conditions specified in Section 11.1 were satisfied or waived, such payment shall be applied solely to pay the Loans of, owed to, all Non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of, owed to, such Defaulting Lender until such time as all Loans to Non-Defaulting Lenders are in proportion to its Percentage. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender and each Lender irrevocably consents hereto.

(b) Defaulting Lender Cure . If the Borrower and the Administrative Agent agree in writing that a Lender is no longer a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions specified therein, that Lender will, to the extent applicable, purchase at par that portion of outstanding Loans of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Loans and funded to be held pro rata by the Lenders in accordance with the Commitments under the applicable Facility, whereupon such Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrower while that Lender was a Defaulting Lender; and provided, further , that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

SECTION 6. PAYMENTS, OFFSETS, PREPAYMENTS AND REDUCTION OR TERMINATION OF THE COMMITMENTS; BORROWING BASE.

6.1 Payments Generally . Except as otherwise specified in this Agreement, all payments hereunder (including payments with respect to the Loans) shall be made without setoff or counterclaim and shall be made in coin or currency of the United States which at the time of payment shall be legal tender for the payment of public and private debts in immediately available funds by the Borrower to the Administrative Agent for the account of the Lenders, pro rata according to the unpaid principal amounts of the Loans held by them . All such payments shall be made to the Administrative Agent, prior to 1:00 p.m . on the date due at the Administrative Agent's Office or at such other place as may be designated by the Administrative Agent to the Borrower in writing. Any payment received after 1:00 p.m. shall be deemed received on the next Business Day. The Administrative Agent shall promptly remit in immediately available funds to each Lender its share of all such payments received by the Administrative Agent for the account of such Lender. Whenever any payment to be made hereunder or under any Note shall be stated to be due on a date other than a Business Day, such payment may be made on the next succeeding Business Day, and such extension of time shall be included in the computation of payment of interest or any fees. For purposes of the imposition of any tax (other than taxes on net income and franchises), levy, charge or withholding of any nature or any variation thereof or any penalty with respect to the maintenance or fulfillment of the Borrower's obligations under this Agreement, whether directly or by such being imposed on or suffered by the Administrative Agent, any Lender or the Collateral Agent, all payments hereunder shall be made by the Borrower from sources within the United States. Any payments or prepayments to be applied to the outstanding amount of any Loans shall be applied to the Loans held by the Lenders that are not Defaulting Lenders ratably (based upon the outstanding amount of all Loans held by all Lenders that are not Defaulting Lenders) until each Lender (including any Defaulting Lender) has its Percentage of all of the outstanding amount of the Loans, and the balance, if any, of such payments or prepayments shall be applied to the Loans of all Lenders in accordance with their respective Percentages.

6.2 Prepayments .

(a) Mandatory . If the Facility Usage exceeds the Borrowing Base (for the sake of clarity, such a condition shall exist (A) on the date (the "Borrowing Base Deficiency Date") that the Borrowing Base Certificate is delivered by the Borrower to the Administrative Agent pursuant to Section 10.1(f) if such Borrowing Base Certificate shall indicate that, as of the computation date thereof, the Facility Usage exceeded the Borrowing Base, and (B) only if the Borrower shall not have cured such deficiency prior to such Borrowing Base Deficiency Date), the Borrower shall, within 30 days after such Borrowing Base Deficiency Date, make a mandatory prepayment, without premium or penalty, except as may be required pursuant to Section 7.3 , to the Administrative Agent in an amount sufficient to eliminate such excess.

(b) Optional.

(i) General Prepayments. The Borrower may from time to time (subject to the notice and minimum prepayment provisions set forth in this clause (i)), upon prior written notice, in the form attached as Exhibit G hereto, received by the Administrative Agent (which shall promptly advise each Lender thereof, in any case not later than one Business Day after the Administrative Agent has received the notice) at least three (3) Business Days prior to any prepayment of LIBOR Rate Loans and one (1) Business Day prior to any prepayment of Base Rate Loans, prepay the principal of the Loans in whole or in part without premium or penalty; provided that (x) any partial prepayment of principal pursuant to this clause (b)(i) shall be in a minimum amount of \$500,000 and (y) any prepayment of a LIBOR Rate Loan on a day other than the last day of an Interest Period therefor shall be subject to Section 7.3.

(ii) Special Prepayments. The Borrower may from time to time prepay without premium or penalty, except as provided in Section 7.3, any Loan pursuant to the provisions of Section 7.5. Any prepayment of the principal of the Loans pursuant to this clause (b)(ii) shall include accrued interest to the date of prepayment on the principal amount being prepaid.

(c) Prepayments Generally; Application.

(i) Any prepayment pursuant to Section 6.2(a) or 6.2(b) above shall be applied to such Loans as the Borrower shall direct or, in the absence of such direction: *first*, to any LIBOR Rate Loan with an Interest Period ending on the date of such prepayment, *second*, to any Base Rate Loans outstanding on such date, and *third*, to such other Loans as the Administrative Agent may reasonably determine.

(ii) Each prepayment under this Section 6.2 shall be made together with accrued interest and any additional amount which is payable pursuant to Section 7.1, Section 7.3 or otherwise hereunder.

(iii) Each prepayment under this Section 6.2 shall be applied to reduce all remaining scheduled Principal Payment Amounts (including the Principal Payment Amount due on the Maturity Date) by a fraction, stated as a percentage, the numerator of which is the amount of such prepayment and the denominator of which is equal to the aggregate unpaid principal balance of all Loans immediately prior to such prepayment.

(iv) The Borrower shall promptly confirm in writing any telephonic notice of prepayment in writing. The Administrative Agent will promptly notify each Lender of its receipt of any notice of a prepayment and of the amount of such Lender's prepayment, in any case at the latest one Business Day after the Administrative Agent has received notice thereof.

(v) For the avoidance of doubt, no prepayment of any portion of the principal balances of the Loans may be reborrowed by the Borrower.

6.3 Offset. In addition to and not in limitation of all rights of offset that any Lender may have under applicable law, each Lender shall, upon the occurrence of any Event of Default described in Section 12.1 or any Unmatured Event of Default described in Section 12.1(c), have the right to appropriate and apply to the payment of the Liabilities owing to it (whether or not due) any and all balances, credits, deposits, accounts or moneys of the Borrower then or thereafter with such Lender or any Affiliate thereof, and each such Affiliate is hereby irrevocably authorized to permit such setoff, provided that any such appropriation and application shall be subject to the provisions of Section 6.4.

6.4 Proration of Payments. If any Lender shall obtain any payment or other recovery (whether voluntary, involuntary, by application of offset or otherwise) on account of any Loan in excess of its pro rata share of payments and other recoveries obtained by all Lenders on account of all Loans (including after giving effect to the loss of any payment or recovery by any other Lender), such Lender shall purchase from the other Lenders such participations in the Loans held by them as shall be necessary to cause such purchasing Lender to share the excess payment or other recovery pro rata with each of them; provided that if all or any portion of the excess payment or other recovery is thereafter recovered from such purchasing Lender, the purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest unless the Lender from which such payment is recovered is required to pay interest thereon, in which case each Lender which is required to restore such purchase price shall pay its pro rata share of such interest. The Borrower agrees that any Lender so purchasing a participation from the other Lenders under this Section 6.4 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off pursuant to Section 6.3) with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation. If under any applicable bankruptcy, insolvency or other similar law, any Lender receives a secured claim in lieu of a setoff to which this Section applies, such Lender shall, to the extent practicable, exercise its rights in respect of such secured claim in a manner consistent with the rights of the Lenders entitled under this Section to share in the benefits of any recovery on such secured

claim.

6.5 Borrowing Base. The borrowing base (the “Borrowing Base”) as of any date shall be an amount equal to the lesser of (I) \$1,000,000,000 (as such amount may be increased in accordance with Section 2.8 hereof) and (II) the total of:

(a) the sum of:

(i) the product of (1) 80% and (2) the net investment of the Borrower in Finance Leases of SIA Container Equipment as recorded on the Borrower’s balance sheet (determined in accordance with GAAP consistently applied);

(ii) without duplication of the SIA Container Equipment included in clause (i) above, the product of (1) 83.33% and (2) the result of (x) the Net Book Value of the Borrower’s (not including any Subsidiary’s) SIA Container Equipment (not including the Net Book Value, if any, of (A) any lost, stolen or destroyed SIA Container Equipment to the extent the Net Book Value thereof (calculated as though not lost, stolen or destroyed) exceeds \$250,000, and such SIA Container Equipment has been off-hire and no longer billed to a lessee for a period in excess of 90 days, and (B) any spare parts comprising any portion of SIA Container Equipment) minus (y) Unsecured Vendor Debt and trade payables incurred in connection with the acquisition of such SIA Container Equipment; and

(iii) the product of (1) 80%, and (2) the Book Value (net of reserves in accordance with GAAP) of Casualty Receivables which are outstanding for 120 days or less (excluding Casualty Receivables from Affiliated Entities in excess of \$5,000,000 in the aggregate);

minus

(b) the sum of:

(i) the current portion of Subordinated Funded Debt (including accrued and unpaid interest);

(ii) the product of (1) 20% and (2) the Letter of Credit Outstandings;

(iii) the outstanding principal amount of Total Senior Debt (other than Indebtedness hereunder) secured by (x) Finance Leases of SIA Container Equipment, (y) SIA Container Equipment and/or (z) Casualty Receivables; and

(iv) accrued and unpaid interest on Total Senior Debt secured by (x) Finance Leases of SIA Container Equipment, (y) SIA Container Equipment and/or (z) Casualty Receivables;

in each case, calculated in accordance with GAAP.

The Borrowing Base shall be set forth (showing all calculations) in a Borrowing Base Certificate duly executed and delivered by an Authorized Officer . Any Borrowing Base Certificate delivered pursuant to Section 10.1(d) or 11.1(j) shall remain effective until delivery of a new Borrowing Base Certificate pursuant to Section 10.1(d) ; provided that in connection with any request for loans under the TCIL Credit Agreement, the Borrower may submit an interim updated Borrowing Base Certificate showing the effect that the use of the proceeds of such loans will have on item (a)(ii)(y), (b)(i), (b)(ii) or (b)(iii) of the definition of “Borrowing Base”, it being understood that to the extent necessary, such interim Borrowing Base Certificate may be prepared by the Borrower using good faith reasonable estimates of the information contained therein . Any such updated interim Borrowing Base Certificate shall include a representation by an Authorized Officer that (x) the proceeds of such Loans (or the relevant portion thereof) will be used to pay Indebtedness of the type described in such item (a)(ii)(y), (b)(i), (b)(ii) or (b)(iii) and (y) to the extent necessary, such Borrowing Base Certificate was prepared using the Borrower’s good faith reasonable estimates of the information contained therein . At no time shall the Facility Usage exceed the current Borrowing Base as shown on the most recently delivered Borrowing Base Certificate.

SECTION 7. ADDITIONAL PROVISIONS RELATING TO EURODOLLAR RATE LOANS; CAPITAL ADEQUACY; TAXES.

7.1 Increased Cost .

(a) Increased Costs Generally . If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (except any reserve requirement reflected in the LIBOR Rate);

(ii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on any Lender or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or Loans made by such Lender or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender or such other Recipient of making, converting to, continuing or maintaining any Loan or of maintaining its obligation to make any such Loan, or to increase the cost to such Lender, or to reduce the amount of any sum received or receivable by such Lender or other Recipient hereunder (whether of principal, interest or any other amount) then, upon request of such Lender or other Recipient, the Borrower will pay to such Lender or other Recipient, as the case may be, such additional amount or amounts as will compensate such Lender or the Issuing Lender or other Recipient, as the case may be, for such additional costs incurred or reduction suffered.

(b) Capital Requirements. If any Lender determines that any Change in Law affecting such Lender or any Lending Office of such Lender or such Lender's or the Issuing Lender's holding company, if any, regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by, to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) Certificates for Reimbursement. A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section and delivered to the Borrower shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within ten (10) days after receipt thereof.

(d) Delay in Requests. Failure or delay on the part of any Lender Issuing Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation, provided that the Borrower shall not be required to compensate a Lender pursuant to this Section for any increased costs incurred or reductions suffered more than nine (9) months prior to the date that such Lender, notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine (9) month period referred to above shall be extended to include the period of retroactive effect thereof).

7.2 LIBOR Rate Unascertainable; Illegality; Increased Costs; Deposits Not Available; LIBOR Undesirable.

(a) Unascertainable. If on any date on which a LIBOR Rate would otherwise be determined, the Administrative Agent shall have determined that:

(i) adequate and reasonable means do not exist for ascertaining such LIBOR Rate, or

(ii) a contingency has occurred which materially and adversely affects the London interbank eurodollar market relating to the LIBOR Rate,

then the Administrative Agent shall have the rights specified in Section 7.2(c).

(b) Illegality; Increased Costs; Deposits Not Available. If at any time any Lender shall have determined that:

(i) the making, maintenance or funding of any Loan to which the LIBOR Rate Option applies has been made impracticable or unlawful by compliance by such Lender in good faith with any Law or any interpretation or application thereof by any Official Body or with any request or directive of any such Official Body (whether or not having the force of Law), or

(ii) such LIBOR Rate will not adequately and fairly reflect the cost to such Lender of the establishment or maintenance of any such Loan, or

(iii) after making all reasonable efforts, deposits of the relevant amount in Dollars for the relevant Interest

Period for a Loan, or to banks generally, to which the LIBOR Rate applies, respectively, are not available to such Lender with respect to such Loan, or to banks generally, in the interbank eurodollar market,

then the Administrative Agent shall have the rights specified in Section 7.2(c).

(c) Administrative Agent's and Lender's Rights. In the case of any event specified in Section 7.2 (a) above, the Administrative Agent shall promptly so notify the Lenders and the Borrower thereof, and in the case of an event specified in Section 7.2 (b) above, such Lender shall promptly so notify the Administrative Agent and endorse a certificate to such notice as to the specific circumstances of such notice, and the Administrative Agent shall promptly send copies of such notice and certificate to the other Lenders and the Borrower. Subject to Section 7.7, upon such date as shall be specified in such notice (which shall not be earlier than the date such notice is given), the obligation of (i) the Lenders, in the case of such notice given by the Administrative Agent, or (ii) such Lender, in the case of such notice given by such Lender, to allow the Borrower to select, convert to or renew a LIBOR Rate Loan shall be suspended until the Administrative Agent shall have later notified the Borrower, or such Lender shall have later notified the Administrative Agent, of the Administrative Agent's or such Lender's, as the case may be, determination that the circumstances giving rise to such previous determination no longer exist. If at any time the Administrative Agent makes a determination under Section 7.2(a) and the Borrower has previously notified the Administrative Agent of its selection of, conversion to or renewal of a LIBOR Rate Loan and such interest rate election has not yet gone into effect, such notification shall be deemed to provide for selection of, conversion to or renewal of such Loan as a Base Rate Loan. If any Lender notifies the Administrative Agent of a determination under Section 7.2(b), the Borrower shall, subject to the Borrower's indemnification obligations under Section 7.3, as to any LIBOR Rate Loan of the Lender applies, on the date specified in such notice either convert such LIBOR Rate Loan to a Base Rate Loan otherwise available with respect to such Loan or prepay such Loan in accordance with Section 6.2. Absent due notice from the Borrower of conversion or prepayment, such Loan shall automatically be converted to a Base Rate Loan otherwise available with respect to such Loan upon such specified date.

7.3 Indemnity. The Borrower will indemnify each Lender against any loss or expense which such Lender may sustain or incur, including any loss or expense sustained or incurred in obtaining, liquidating or employing deposits or other funds acquired to effect, fund or maintain a Loan, due to (a) any failure by the Borrower to make any payment when due of any amount due hereunder in connection with a LIBOR Rate Loan, (b) any payment or prepayment (including any prepayment pursuant to Section 7.3 or 7.5) of any LIBOR Rate Loan on a date other than the last day of the Interest Period for such Loan, (c) any assignment of a LIBOR Rate Loan on a day other than the last day of the Interest Period therefor as a result of a request by the Borrower pursuant to Section 7.5, or (d) any failure to convert a LIBOR Rate Loan into a Base Rate Loan if required hereunder. If any Lender sustains or incurs any such loss or expense, it shall from time to time notify the Borrower, in writing, of the amount determined in good faith by such Lender (which determination may include such assumptions, allocations of costs and expenses and averaging or attribution methods as such Lender shall deem reasonable) to be necessary to indemnify such Lender for such loss or expense. Such notice shall set forth in reasonable detail the basis for such determination. Such amount shall be due and payable by the Borrower to such Lender ten (10) Business Days after such notice is given.

7.4 Designation of a Different Lending Office. If any Lender requests compensation under Section 7.1, or the Borrower is or will be required to pay any Indemnified Taxes or additional amounts to any Lender or any Official Body for the account of any Lender pursuant to Section 7.6, then such Lender shall (at the request of the Borrower) use reasonable efforts to designate a different Lending Office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 7.1 or Section 7.6, as the case may be, in the future, and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

7.5 Special Prepayment; Replacement of Lender. If any Lender makes any demand for payment of any amount pursuant to Sections 7.1, 7.2 or 7.6, gives any notice pursuant to Section 7.2 or 7.3 or is a Defaulting Lender (any such Lender, an "Affected Lender"), then the Borrower may, with the prior written consent of the Administrative Agent, either (i) reduce or terminate the Commitments of such Affected Lender and immediately prepay the applicable outstanding Liabilities owed to such Affected Lender (or all outstanding Liabilities owed to such Affected Lender in the case of a termination) so that, after giving effect to such prepayment, such Affected Lender has a pro rata share (based on its revised Percentage after giving effect to such reduction) of the outstanding Loans, together with all accrued and unpaid interest thereon, and/or (ii) cause such Affected Lender to assign its Commitments, its Loans and its interest in this Agreement and the other Loan Documents to one or more other Eligible Assignees (any such assignee, together with all Lenders other than such Affected Lender, the "Remaining Lenders") selected by the Borrower and acceptable to the Administrative Agent. Any assignment made pursuant to clause (ii) above shall be in accordance with Section 14.8 (but without giving effect to any provision of such Section which restricts the minimum or maximum amount which is permitted to be assigned). Any Affected Lender that is replaced pursuant to clause (ii) of this Section 7.5 shall be entitled to receive

(x) from such Eligible Assignees to which its Commitments and Loans are assigned, its pro rata share (based on its Percentage prior to giving effect to such assignment) of the outstanding Loans and (y) from the Borrower, all accrued and unpaid interest thereon, any other outstanding Liabilities owed to such Lender (to the extent not paid pursuant to the immediately preceding clause (x)), and any additional amount which is payable pursuant to Section 7.1 or otherwise hereunder.

If any reduction or termination of any Affected Lender's Commitment is made pursuant to clause (i) above, then (A) the Aggregate Commitment Amount shall be reduced by an amount equal to the aggregate amount of the Commitment so reduced or terminated, and (B) each Remaining Lender's (and, in the case of a reduction, such Affected Lender's) share or percentage of the Aggregate Commitment Amount, as so reduced, shall be deemed proportionately adjusted; it being understood that the amount of any Lender's Commitment (as opposed to any Lender's share or percentage of the Aggregate Commitment Amount) shall not at any time be increased without the consent of such Lender.

7.6 Taxes.

(a) FATCA. For purposes of this Section 7.6, the term "applicable Law" includes FATCA.

(b) Payments Free of Taxes. Any and all payments by or on account of any obligation of the Borrower under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable Law. If any applicable Law (as determined in the good faith discretion of an applicable Withholding Agent) requires the deduction or withholding of any Tax from any such payment by a Withholding Agent, then the applicable Withholding Agent shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Official Body in accordance with applicable Law and, if such Tax is an Indemnified Tax, then the sum payable by the applicable Loan Party shall be increased as necessary so that after such deduction or withholding of Indemnified Taxes has been made (including such deductions and withholdings applicable to additional sums payable under this Section 7.6) the applicable Recipient receives an amount equal to the sum it would have received had no such deduction or withholding of Indemnified Taxes been made.

(c) Payment of Other Taxes by the Borrower. The Borrower shall timely pay to the relevant Official Body in accordance with applicable Law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(d) Indemnification by the Borrower. The Borrower shall jointly and severally indemnify each Recipient, within ten (10) days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 7.6) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Official Body. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(e) Indemnification by the Lenders. Each Lender shall severally indemnify the Administrative Agent, within ten (10) days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that the Borrower has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of any of the Loan Parties to do so), (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 14.8 relating to the maintenance of a Participant Register, and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Official Body. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this Section 7.6(e).

(f) Evidence of Payments. As soon as practicable after any payment of Taxes by any Loan Party to an Official Body pursuant to this Section 7.6 the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Official Body evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(g) Status of Lenders.

(i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable Law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation specified in Section 7.6.(g)(ii)(A), (ii)(B) and (ii)(D) below) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing, in the event that the Borrower is a U.S. Person,

(1) any Lender that is a U.S. Person shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed originals of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(2) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

a. in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed originals of IRS Form W-8BEN-E (or W-8BEN if applicable) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN-E (or W-8BEN if applicable) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

b. executed originals of IRS Form W-8ECI;

c. in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit H-1 to the effect that such Foreign Lender is not (A) a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (B) a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or (C) a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a "U.S. Tax Compliance Certificate") and (y) executed originals of IRS Form W-8BEN-E (or W-8BEN if applicable); or

d. to the extent a Foreign Lender is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN-E (or W-8BEN if applicable), a U.S. Tax Compliance Certificate substantially in the form of Exhibit H-2 or Exhibit H-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit H-4 on behalf of each such direct and indirect partner;

(3) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed originals of any other form prescribed by applicable Law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable Law to permit the Borrower or the Administrative Agent to determine the withholding or deduction required to be made; and

(4) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(h) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 7.6 (including by the payment of additional amounts pursuant to this Section 7.6), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section 7.6 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Official Body with respect to such refund). Such indemnifying party, upon the request of such indemnified party incurred in connection with obtaining such refund, shall repay to such indemnified party the amount paid over pursuant to this Section 7.6 (h) (plus any penalties, interest or other charges imposed by the relevant Official Body) in the event that such indemnified party is required to repay such refund to such Official Body. Notwithstanding anything to the contrary in this Section 7.6 (h), in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this Section 7.6 (h) the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This paragraph shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

(i) Survival. Each party's obligations under this Section 7.6 shall survive the resignation of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all Obligations.

7.7 Successor LIBOR Rate Index.

1. If the Administrative Agent determines (which determination shall be final and conclusive, absent manifest error) that either (i) (A) the circumstances set forth in Section 7.2(a) have arisen and are unlikely to be temporary, or (B) the circumstances set forth in Section 7.2(a) have not arisen but the applicable supervisor or administrator (if any) of the LIBOR Rate or a Governmental Authority having jurisdiction over the Administrative Agent has made a public statement identifying the specific date after which the LIBOR Rate shall no longer be used for determining interest rates for loans (either such date, a "LIBOR Termination Date"), or (ii) a rate other than the LIBOR Rate has become a widely recognized benchmark rate for newly originated loans in Dollars in the U.S. market, then the Administrative Agent may (in consultation with the Borrower) choose a replacement index for the LIBOR Rate and make adjustments to applicable margins and related amendments to this Agreement as referred to below such that, to the extent practicable, the all-in interest rate based on the replacement index will be substantially equivalent to the all-in LIBOR Rate-based interest rate in effect prior to its replacement.

2. The Administrative Agent and the Borrower shall enter into an amendment to this Agreement to reflect the replacement index, the adjusted margins and such other related amendments as may be appropriate, in the discretion of the Administrative Agent, for the implementation and administration of the replacement index-based rate. Notwithstanding anything to the contrary in this Agreement or the other Loan Documents (including, without limitation, Section 14.2), such amendment shall become effective without any further action or consent of any other party to this Agreement at 5:00 p.m. New York City time on the fifth (5th) Business Day after the date a draft of the amendment is provided to the Lenders, unless the Administrative Agent receives, on or before such fifth (5th) Business Day, a written notice from the Majority Lenders stating that such Lenders object to such amendment.

3. Selection of the replacement index, adjustments to the applicable margins, and amendments to this Agreement (i) will be determined with due consideration to the then-current market practices for determining and implementing a rate of interest for newly originated loans in the United States and loans converted from a LIBOR Rate-based rate to a replacement index-based rate, and (ii) may also reflect adjustments to account for (x) the effects of the transition from the LIBOR Rate to the replacement index and (y) yield- or risk-based differences between the LIBOR Rate and the replacement index.

4. Until an amendment reflecting a new replacement index in accordance with this Section 7.7 is effective, each advance, conversion and renewal of a LIBOR Rate Loan will continue to bear interest with reference to the LIBOR Rate; provided however, that if the Administrative Agent determines (which determination shall be final and conclusive, absent manifest error) that a LIBOR Termination Date has occurred, then following the LIBOR Termination Date, all Loans shall automatically be converted to a Base Rate Loan until such time as an amendment reflecting a replacement index and related matters as described above is implemented.

5. Notwithstanding anything to the contrary contained herein, if at any time the replacement index is less than zero, at such times, such index shall be deemed to be zero for purposes of this Agreement.

SECTION 8. COLLATERAL.

To secure the full and prompt payment when due, and the prompt performance, of all of the Liabilities, the Borrower hereby grants to the Collateral Agent, for the benefit of the Lenders and the Administrative Agent, pursuant to the Collateral Documents, a security interest, mortgage and lien upon the assets described as Collateral in the Security and Intercreditor Agreement. The Borrower agrees that it will at its sole expense (a) with or without any request by the Administrative Agent, immediately deliver or cause to be delivered to the Collateral Agent, in due form for transfer (i.e., endorsed in blank or accompanied by duly executed blank stock or bond powers), all securities, chattel paper, instruments and documents of title, if any, at any time representing all or any of the Collateral, and (b) upon request of the Administrative Agent or the Collateral Agent furnish or cause to be furnished to the Collateral Agent, in due form for filing or recording the same in all public offices deemed necessary or appropriate by the Administrative Agent or the Collateral Agent, as the case may be, such collateral documents, assignments, security agreements, mortgages, deeds of trust, pledge agreements, consents, waivers, financing statements, stock or bond powers, and other documents, and amendments thereto and do such other acts and things, all as the Administrative Agent or the Collateral Agent may from time to time request to establish and maintain, to the satisfaction of the Administrative Agent and the Collateral Agent and in favor of the Collateral Agent for the benefit of the Administrative Agent and the Lenders, a valid perfected lien or mortgage on and security interest in all Collateral (free of all other liens, claims and rights of third parties whatsoever other than Permitted Liens).

SECTION 9. REPRESENTATIONS AND WARRANTIES.

To induce the Administrative Agent and the Lenders to enter into this Agreement and make Loans, the Borrower represents and warrants as of the Closing Date that:

9.1 Existence. The Borrower and all of its corporate Restricted Subsidiaries are duly organized, validly existing and in good standing (or its equivalent) under the laws of the jurisdiction of its organization except where the failure to be so duly organized, validly existing and in good standing, either individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect. The Borrower and all of its Subsidiaries are each in good standing (or its equivalent) and are duly qualified to do business in each jurisdiction where, because of the nature of their respective activities or properties, failure to be in such good standing or so qualified would have a Material Adverse Effect.

9.2 Authorization; Validity and Enforceability.

(a) The Borrower has the corporate power and authority to execute, deliver and carry out the terms and provisions of the Loan Documents to which it is a party and has taken all necessary corporate action to authorize the execution, delivery and performance of the Loan Documents to which it is a party, and the borrowing hereunder, and the granting of any security interest provided for in the Loan Documents, do not and will not require any consent or approval of any Official Body, stockholder or any other Person, which has not already been obtained. The Borrower has duly executed and delivered each Loan Document to which it is a party and each such Loan Document constitutes the legal, valid and binding obligation of Borrower enforceable in accordance with its terms, except to the extent that the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws generally affecting creditors' rights and by equitable principles (regardless of whether enforcement is sought in equity or at law).

(b) The Security and Intercreditor Agreement is effective to create in favor of the Collateral Agent a legal, valid and enforceable security interest in the Collateral described therein and proceeds thereof. The Borrower has filed all financing statements and other filings in the appropriate office therefor and has taken all other action required in the United States and Bermuda to create a perfected security interest in the Collateral to the extent a security interest may be perfected by filing a financing statement (other than a fixture filing) under the Uniform Commercial Code. Upon the execution and delivery of the Supplemental Agreement to be delivered pursuant to Section 11.1(f), the Administrative Agent and the Lenders party to the Supplemental Agreement will be entitled to the benefit of the Collateral Agent's security interest in the Collateral in accordance with the Collateral Documents.

9.3 No Conflicts. The execution, delivery and performance by the Borrower of this Agreement, the Notes, the Security and Intercreditor Agreement, the Intercreditor Collateral Agreement and the other Loan Documents to which it is a party do not and will not present a material conflict with, or constitute a material breach of, or default under (a) any provision of law, (b) the memorandum of association or bye-laws of the Borrower, (c) any material agreement or instrument binding upon the Borrower or (d) any court or administrative order or decree applicable to the Borrower, and do not and will not require, or result in, the creation or

imposition of any Lien on any asset of the Borrower or any of its Restricted Subsidiaries, other than Liens arising pursuant to the Security and Intercreditor Agreement or the Intercreditor Collateral Agreement.

9.4 No Default. No Unmatured Event of Default or Event of Default has occurred and is continuing or would result from the consummation of the transactions consummated by this Agreement or any other Loan Document.

9.5 Insurance. Schedule 9.5 is a complete and accurate, in all material respects, description of the property, casualty and liability insurance maintained by the Borrower as of the Closing Date. The certificates or copies of policies evidencing the Borrower's insurance coverage, which have been furnished to the Administrative Agent and which are referenced in Schedule 9.5, are complete and accurate in all material respects.

9.6 Litigation. Except as disclosed on Schedule 9.6, there are no actions, suits, proceedings or investigations pending or, to the Borrower's knowledge, threatened in writing with respect to (a) any Loan Document or (b) any other matter as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, either individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

9.7 Title; Liens. The Borrower and its Restricted Subsidiaries have good, legal and marketable title to each of their respective assets, and none of such assets is subject to any Lien, except for Permitted Liens. No financing statement (other than any which may have been filed on behalf of the Collateral Agent or in connection with any Permitted Lien) covering any of the Collateral is on file in any public office.

9.8 Subsidiaries. As of the Closing Date, (a) the Borrower has no Subsidiaries except as listed on Schedule 9.8, (b) the Borrower and its Subsidiaries own the percentage of its Subsidiaries as set forth on Schedule 9.8 and (c) Schedule 9.8 identifies each Subsidiary that is an Unrestricted Subsidiary of the Borrower on the Closing Date. All equity interests in each Subsidiary have been validly issued, are fully paid and are non-assessable.

9.9 Partnerships; Limited Liability Companies. As of the Closing Date, neither the Borrower nor any of its Restricted Subsidiaries is a partner, member or joint venturer in any partnership, limited liability company or joint venture other than the partnerships, limited liability companies and joint ventures, if any, listed on Schedule 9.9.

9.10 Purpose; Use of Proceeds. The proceeds of the Loans will be used by the Borrower for its working capital, for the refinancing of existing Indebtedness, for its purchase of Container Equipment and for general corporate purposes (including the payment of dividends to its stockholders).

9.11 Margin Regulations. The Borrower and its Subsidiaries are not engaged in the business of purchasing or selling "margin stock", as such term is defined in Regulation U of the FRB, or extending credit to others for the purpose of purchasing or carrying margin stock and no part of the proceeds of any Loan will be used to purchase or carry any margin stock or for any other purpose which would violate any of Regulation T, U or X of the FRB.

9.12 Compliance. The Borrower and its Restricted Subsidiaries are in compliance with all statutes and governmental rules and regulations applicable to them, their businesses and properties, except for any noncompliance which is not reasonably likely to have a Material Adverse Effect.

(a) No Covered Entity (i) is a person whose property or interest in property is blocked or subject to blocking pursuant to Section 1 of Executive Order No. 13224 or (ii) engages in any dealings or transactions prohibited by Section 2 of such executive order, or is otherwise associated with any such person in any manner violative of Section 2.

(b) Each Covered Entity is in compliance, in all material respects, with (i) the Trading with the Enemy Act, and each of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V) and any other enabling legislation or executive order relating thereto, and (ii) the Uniting And Strengthening America By Providing Appropriate Tools Required To Intercept And Obstruct Terrorism (USA Patriot Act of 2001).

9.13 ERISA Compliance. The Borrower and each ERISA Affiliate are each in compliance in all material respects with the applicable provisions of ERISA and the regulations and published interpretations thereunder with respect to each Pension Plan and Multiemployer Plan. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events, could reasonably be expected to result in any liability of the Borrower or any ERISA Affiliate in excess of \$20,000,000. The present value of all benefit liabilities under each Pension Plan (based on the assumptions used for purposes of ASC 715) did not, as of the last annual valuation date applicable thereto, exceed by more than \$15,000,000 the fair market value of the assets of such Pension Plan, and the present value of all benefit liabilities of all underfunded Pension Plans (based on the assumptions used for purposes of ASC 715) did not, as of the last annual valuation date applicable thereto, exceed by more than

\$20,000,000 the fair market value of the assets of all such underfunded Pension Plans.

9.14 Environmental Matters. The Borrower, to the best of its knowledge, is and has been in compliance with applicable Environmental Laws except as disclosed on Schedule 9.14; provided that such matters so disclosed could not in the aggregate result in a Material Adverse Effect.

9.15 Taxes. Each of the Borrower and each of its Restricted Subsidiaries has filed all tax returns which are required to have been filed and has paid, or made adequate provisions for the payment of, all of its Taxes which are due and payable, except such Taxes, if any, (a) as are being contested in good faith and by appropriate proceedings and as to which such reserves or other appropriate provisions as may be required by GAAP have been maintained; or (b) the amount of which is not material. As of the date of this Agreement, the Borrower is not aware of any proposed assessment against the Borrower or any of its Restricted Subsidiaries for additional Taxes which might be material to the Borrower and its Restricted Subsidiaries taken as a whole.

9.16 Investment Company Act Representation. The Borrower is not an “investment company” or a company “controlled” by an “investment company” within the meaning of the Investment Company Act of 1940.

9.17 Accuracy of Information. All factual information, other than financial projections, heretofore or contemporaneously furnished by the Borrower in writing to the Administrative Agent or any Lender for purposes of or in connection with this Agreement or any transaction contemplated hereby is, and all other such factual information hereafter furnished by the Borrower to the Administrative Agent or any Lender will be, true and accurate in every material respect on the date as of which such information is dated or certified, and such information is not, or shall not be, as the case may be, incomplete by omitting to state any material fact necessary to make such information not misleading.

9.18 Financial Statements. The Audited Financial Statements, copies of which have been furnished to the Lenders, have been prepared in conformity with GAAP applied on a basis consistent with that of the preceding fiscal year end period and present fairly, in all material respects, the financial condition of the Borrower and its Subsidiaries as at such dates and the results of their operations for the periods then ended, subject (in the case of the interim financial statement) to year-end audit adjustments and the absence of footnotes.

9.19 No Material Adverse Effect. Since the date of the Audited Financial Statements, there has been no material adverse change in the financial condition of the Borrower and its Subsidiaries taken as a whole.

9.20 Existing Indebtedness. Schedule 9.20 sets forth all material Current Debt, Funded Debt, Capitalized Leases and Long Term Leases of the Borrower and its Restricted Subsidiaries as of the Closing Date (exclusive of Indebtedness pursuant to the Loan Documents), in each case showing the aggregate principal amount thereof (and the aggregate amount of any undrawn commitments with respect thereto) and the name of the respective borrower and any other entity which guarantees such debt.

9.21 Solvency. On the Closing Date and after giving effect to the Loans hereunder, the Borrower is Solvent.

9.22 Anti-Terrorism Laws. (i) No Covered Entity is a Sanctioned Person, and (ii) no Covered Entity, either in its own right or through any third party, (a) has any of its assets in a Sanctioned Country or in the possession, custody or control of a Sanctioned Person in violation of any Anti-Terrorism Law, (b) does business in or with, or derives any of its income from investments in or transactions with, any Sanctioned Country or Sanctioned Person in violation of any Anti-Terrorism Law; or (c) engages in any dealings or transactions prohibited by any Anti-Terrorism Law. The Borrower and its Subsidiaries have conducted their business in compliance with all Anti-Terrorism Laws and have instituted and maintained policies and procedures designed to promote and achieve compliance with such laws.

9.23 Valuation of Container Equipment Acquired from TALICC. For purposes of calculation of the Borrowing Base, Container Equipment acquired by the Borrower from TALICC and other Subsidiaries of TALICC substantially concurrently with the Closing Date is valued at the book value thereof, immediately prior to such transfer.

9.24 Anti-Corruption Laws. The Borrower and its Subsidiaries have conducted their business in compliance with all Anti-Corruption Laws and have instituted and maintained policies and procedures designed to promote and achieve compliance with such laws.

SECTION 10. BORROWER'S COVENANTS.

From the date of this Agreement and thereafter until the expiration or termination of the Commitments and until the Loans and other Liabilities are paid and performed in full, the Borrower agrees that, unless at any time the Majority Lenders shall otherwise expressly consent in writing, it will perform and fulfill its obligations set forth in this Section 10.

10.1 Financial Statements and Other Reports. The Borrower will furnish or will cause to be furnished to the Administrative Agent and each of the Lenders:

(a) Annual Audit Reports. Within 120 days after the end of each fiscal year, a copy of the annual audit report of the Borrower and its Subsidiaries prepared on a consolidated basis in conformity with GAAP and certified, without qualification, by independent certified public accountants of recognized national standing. Such annual audit report shall contain a consolidating schedule showing the consolidated balance sheets of the Borrower and its Restricted Subsidiaries as of the end of such fiscal year, and the related consolidated and consolidating statements of income, stockholders' equity and cash flows for the fiscal year then ended, all in reasonable detail, to the effect that such statements fairly present in all material respects the consolidated financial conditions of the Borrower as of the dates indicated and the results of its consolidated operations and changes in financial positions for the period indicated in conformity with GAAP applied on a basis consistent with prior years except as disclosed therein (which report shall be without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit); *provided, however*, that any such "going concern" qualification that is specifically related to the upcoming maturity of the Loans shall not cause a breach under the provisions of this Section 10.1(a);

(b) Quarterly Financial Statements. Within 60 days after the end of each fiscal quarter (other than the last fiscal quarter of each fiscal year), a copy of the unaudited financial statements of the Borrower and its Subsidiaries for such fiscal quarter prepared on a consolidated and consolidating basis in conformity with GAAP (subject to year-end audit adjustments and the absence of footnotes). Such financial statements shall contain consolidated and consolidating balance sheets as of the end of such fiscal quarter and related consolidated and consolidating statements of (i) income for the fiscal quarter then ended and the fiscal year through that date and (ii) stockholders' equity and cash flows for the fiscal year through that date, all in reasonable detail and certified (subject to normal year-end audit adjustments) by an Authorized Officer of the Borrower as having been prepared in accordance with GAAP, consistently applied, and setting forth in comparative form the respective financial statements for the corresponding date and period in the previous fiscal year;

(c) Officer's Certificate and Report. Together with the financial statements furnished by the Borrower under the preceding clauses (a) and (b), a Compliance Certificate signed by an Authorized Officer dated the date of delivery of such financial statements; provided that with respect to any financial ratios and restrictions contained in this Section 10, the certification contained in the applicable Compliance Certificate shall be effective only as of the date of such financial statements;

(d) Borrowing Base Certificate. Within 15 Business Days after the end of each month (and, to the extent reasonably practicable, at any other time upon the reasonable request by the Administrative Agent on behalf of the Majority Lenders), a Borrowing Base Certificate executed by an Authorized Officer as of the end of such month (or as of such other requested date with respect to any interim Borrowing Base Certificate), it being understood that any such interim Borrowing Base Certificate may, to the extent necessary, be prepared by the Borrower using good faith reasonable estimates of the information contained therein;

(e) Container Equipment Reports. Concurrently with the financial statements of the Borrower furnished to the Administrative Agent and to the Lenders pursuant to Sections 10.1(a) and 10.1(b) above, a Container Equipment report containing the following information: (i) a separate listing of the number and types of Container Equipment owned, rented, leased or managed by the Borrower, (ii) their aggregate Net Book Value, (iii) a separate listing of the Borrower's ten (10) largest customers to date, as measured by Net Book Value of Container Equipment, and (iv) their aggregate original cost (or upon the Administrative Agent's request during the existence of an Event of Default or Unmatured Event of Default, a detailed report with respect to each unit of Container Equipment then owned by the Borrower and subject to a Long Term Lease its (w) serial or other identifying number, (x) in-service date, (y) Net Book Value (including totals thereof), and (z) original cost (including totals thereof)); it being understood that, unless reasonably requested by the Majority Lenders with reasonable notice, such reports shall be limited to all Revenue Generating Equipment (as defined in the Security and Intercreditor Agreement or, if such term is not defined therein, "Containers" as defined therein) constituting Collateral then owned by the Borrower; together with monthly utilization rate with respect to such Container Equipment in form and detail satisfactory to the Administrative Agent;

(f) S&P Rating. Promptly each announcement by S&P of any change in the S&P Rating; and

(g) Requested Information. Promptly from time to time, such other financial data and reports concerning the Borrower or the Collateral (including accountants management letters) as the Administrative Agent or any Lender may reasonably request and which is readily available to the Borrower.

10.2 Notices. The Borrower will notify the Lenders in writing of any of the following promptly upon learning of the occurrence thereof, describing the same and, if applicable, the steps being taken by the Person(s) affected with respect thereto:

- (a) Default. The occurrence of an Event of Default or an Unmatured Event of Default;
- (b) Litigation. The institution of any litigation, arbitration proceeding or governmental proceeding which is material to the Borrower and its Subsidiaries taken as a whole and which, if adversely determined, would constitute a Material Adverse Effect;
- (c) ERISA Compliance. Any ERISA Event;
- (d) Change of Address. Any change in the address or location of the principal office of the Borrower from its address set forth on Schedule 10.2;
- (e) Change of Jurisdiction of Organization or Chief Executive Office. Any change in the jurisdiction in which the Borrower is organized or any change in the location of the chief executive office of the Borrower;
- (f) Other Events. From time to time, such other information or documents (financial or otherwise) in the form utilized by the Borrower in its own operations with respect to the Collateral and/or the Borrower or any of its Restricted Subsidiaries as the Administrative Agent or any Lender may reasonably request and which is reasonably available to the Borrower; and
- (g) Beneficial Ownership. Any change in the information provided in the Beneficial Ownership Certification that would result in the information provided in such certification to not be true and correct in all material respects.
- (h) Governmental Investigations. The filing or commencement of any action, suit, investigation or proceeding by or before any arbitrator or Official Body against or affecting the Borrower or any Affiliate thereof in connection with any Anti-Terrorism Law or any predicate crime to any Anti-Terrorism Law that could reasonably be expected to be adversely determined, and, if so determined, could reasonably be expected to have a Material Adverse Effect.

10.3 Existence. Except as otherwise permitted under Section 10.10, the Borrower will maintain and preserve and cause each Restricted Subsidiary to maintain and preserve, its existence as a limited liability company, partnership or corporation, as the case may be, and keep in force and effect all rights, privileges, licenses, patents, patent rights, copyrights, trademarks, trade names, franchises and other authority to the extent material and necessary for the conduct of its business in the ordinary course as conducted from time to time.

10.4 Nature of Business. The Borrower will not, and will not permit any of its Restricted Subsidiaries to, engage in any business other than a Permitted Business; provided that the Borrower and its Restricted Subsidiaries may engage in a business other than a Permitted Business if at least ninety-five percent (95%) of the consolidated assets of the Borrower and its Restricted Subsidiaries are held in connection with Permitted Businesses.

10.5 Books, Records and Inspection Rights. The Borrower will, and will cause each of its Restricted Subsidiaries to, keep proper books of record and accounts in which full, true and correct entries which permit the preparation of financial statements in accordance with GAAP and which conform in all material respects to all requirements of law, shall be made of all dealings and transactions in relation to its business and activities. At the expense of the Borrower, the Borrower will, and will cause each of its Restricted Subsidiaries to, permit officers and designated representatives of the Administrative Agent and the Lenders to visit and inspect, under guidance of officers of Borrower or its Restricted Subsidiary, any of the properties of the Borrower or its Restricted Subsidiaries, and to examine and make copies of the books of account of the Borrower or its Restricted Subsidiaries and discuss the affairs, finances and accounts of the Borrower or its Restricted Subsidiaries with, and be advised as to the same by, its and its officers and independent accountants, all upon reasonable prior notice and at such reasonable times and intervals (during regular working hours) and to such reasonable extent as the Administrative Agent or a Lender may reasonably request; provided, however, (i) any such visit and inspection shall not materially interfere with the conduct of the business of the Borrower and (ii) that unless an Event of Default shall have occurred and then be continuing at the time of such inspection, the Borrower shall be required to reimburse the Administrative Agent, the Lenders, and their respective officers and designated representatives for costs and expenses incurred in connection with such inspections only once during any twelve month period.

10.6 Insurance; Reports. The Borrower shall, and shall cause each of its Subsidiaries to, insure its properties and assets against loss or damage by fire and such other insurable hazards as such assets are commonly insured (including fire, extended coverage, property damage, workers' compensation, public liability and business interruption insurance) and against other risks (including errors and omissions) in such amounts as similar properties and assets are insured by prudent companies in similar

circumstances carrying on similar businesses, and with reputable and financially sound insurers, including self-insurance to the extent customary, all as reasonably satisfactory to the Administrative Agent. The Borrower shall comply with the covenants and provide the endorsement set forth on Schedule 10.6 relating to property and related insurance policies covering the Collateral.

10.7 Maintenance of Property. The Borrower will maintain, preserve and keep, and cause each Restricted Subsidiary to maintain, preserve and keep, in good repair, working order and condition all of those properties useful or necessary to its business, and from time to time make, and cause each Restricted Subsidiary to make, all necessary and proper repairs, renewals or replacements thereof, ordinary wear and tear excepted, and excepting disposal of obsolete or damaged equipment.

10.8 Taxes. The Borrower will pay, and cause each Restricted Subsidiary to pay, when due, all of its Taxes, except such Taxes (a) as are being contested in good faith and by appropriate proceedings and as to which the Borrower or such Restricted Subsidiary has set aside on its books such reserves or other appropriate provisions therefor as may be required by GAAP; or (b) the amount of which is not material.

10.9 Compliance. The Borrower will comply, and cause each Restricted Subsidiary to comply, with all statutes and governmental rules and regulations applicable to it, its businesses and its properties, including all Environmental Laws, the failure to comply with which would have a Material Adverse Effect.

10.10 Merger, Purchase and Sale. Except in connection with a Permitted Transaction, the Borrower will not, and will not permit any of its Restricted Subsidiaries to, in a single transaction or series of related transactions, consolidate or merge with or into any Person, or sell, assign, transfer, lease, convey or otherwise dispose of (or cause or permit any of its Restricted Subsidiaries to sell, assign, transfer, convey or otherwise dispose of) all, or substantially all, of the assets of the Borrower and its Restricted Subsidiaries (determined on a consolidated basis for the Borrower and its Restricted Subsidiaries), whether as an entirety or substantially as an entirety, to any Person unless:

(a) the Borrower or a Restricted Subsidiary, if the Borrower has been consolidated or merged with or into such Restricted Subsidiary, shall be the surviving or continuing corporation (the “Surviving Entity”);

(b) immediately after giving effect to such transaction (i) no Unmatured Event of Default or Event of Default shall have occurred or be continuing, (ii) at least eighty-five percent (85%) of the consolidated assets of the Surviving Entity and its Restricted Subsidiaries shall be held in connection with Permitted Businesses and (iii) the Borrower is in compliance with the Borrowing Base; and

(c) in connection with any such sale, assignment, transfer, lease, conveyance or other disposition, the Collateral continues to be secured in the manner and with the priority (subject to any permitted encumbrances) required by the Loan Documents, and the Administrative Agent shall receive for the Lenders such documents and legal opinions, including, without limitation, “know your customer” documents and legal opinions as to the consummation and legal effect of the merger, as the Administrative Agent may reasonably request.

Upon any consolidation, combination or merger or any transfer of all or substantially all of the Borrower’s assets to a Restricted Subsidiary in accordance with the foregoing, in which Borrower is not the Surviving Entity, such Restricted Subsidiary as the Surviving Entity shall succeed to, and be substituted for, and may exercise every right and power of the Borrower under this Agreement with the same effect as if the Surviving Entity had been named as such.

10.11 Restricted Payments. The Borrower will not declare or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so, unless immediately prior to giving effect to such Restricted Payment and after giving effect thereto, (A) the Borrower shall be in *pro forma* compliance with the covenants set forth in Sections 10.12, 10.13 and 10.14, (B) no Unmatured Event of Default or Event of Default specified in clause (a) or (b) of Section 12.1 shall have occurred or be continuing and (C) no Unmatured Event of Default or Event of Default specified in Section 12.1(e) (and that is not otherwise addressed in clause (A) above) shall have occurred or be continuing which could reasonably be expected to have a Material Adverse Effect.

10.12 Maximum Funded Debt Ratio. The Borrower will not at any time permit the Funded Debt Ratio to exceed 4.0 to 1.0 (unless such ratio is amended or otherwise modified under the TCIL Credit Agreement to 4.25 to 1.0 or a less restrictive level, in which case the required level pursuant to this Section 10.12 will be 4.25 to 1.0).

10.13 Consolidated Tangible Net Worth. The Borrower will not at any time permit the sum of (a) Consolidated Tangible Net Worth and (b) the Borrower’s Investments (excluding Borrower’s direct or indirect Investments in TAL International Group, Inc. and each of its subsidiaries (including TAL International Container Corporation, TAL Finance III LLC, TAL Advantage V LLC and TAL Advantage VI LLC)) in Unrestricted Subsidiaries (calculated as set forth in the definition of “Restricted Investments”) to be less than Eight Hundred and Fifty Five Million Dollars (\$855,000,000).

10.14 Minimum Fixed Charge Coverage Ratio. The Borrower will not permit the ratio of (a) Consolidated Net Income Available for Fixed Charges to (b) Fixed Charges, determined on the last day of each fiscal quarter for the period of six consecutive fiscal quarters then ending, to be less than 1.25 to 1.0 (unless such ratio is amended or otherwise modified under the TCIL Credit Agreement to 1.15 to 1.0 or a less restrictive level, in which case the required level pursuant to this Section 10.14 will be 1.15 to 1.0).

10.15 Interest Rate Agreements. The Borrower will not, and will not permit any Restricted Subsidiary to, enter into any Interest Rate Agreement other than in the ordinary course of business as a bona fide hedging transaction (and not for speculation).

10.16 Indebtedness. The Borrower will not, and will not permit any Restricted Subsidiary to, incur or permit to exist any Indebtedness, except:

(a) Indebtedness under the terms of this Agreement;

(b) Subordinated Funded Debt;

(c) Indebtedness now or hereafter incurred in connection with (i) Permitted Liens (including for the avoidance of doubt, the incurrence of additional Indebtedness secured by Permitted Liens so long as no Event of Default or Unmatured Event of Default would arise as a result of such incurrence) or (ii) obligations and liabilities permitted by Section 10.19;

(d) Unsecured Senior Funded Debt;

(e) Indebtedness reflected in the Audited Financial Statements;

(f) Unsecured Vendor Debt;

(g) unsecured senior Indebtedness not constituting Funded Indebtedness, and not otherwise permitted pursuant to clauses (a) through (f) above, provided that the maximum amount of Indebtedness permitted by this clause (g) shall at no time exceed 5% of Consolidated Tangible Net Worth, and such Indebtedness shall not be otherwise prohibited under this Agreement;

(h) Indebtedness consisting of guaranty agreements by the Borrower or a Restricted Subsidiary in respect of Indebtedness of the Borrower or another Restricted Subsidiary otherwise permitted hereunder

(i) Permitted Investments constituting Indebtedness;

(j) Indebtedness of a Restricted Subsidiary assumed in connection with any acquisition of any business, Restricted Subsidiary or assets on or after the Closing Date in a manner not prohibited by this Agreement and not created in contemplation of such transaction;

(k) Indebtedness of the Borrower or any of its Restricted Subsidiaries which may be deemed to exist in connection with agreements providing for indemnification, purchase price adjustments, deferred compensation and similar obligations in connection with the acquisition or disposition of any business, Restricted Subsidiary or assets prior to the Closing Date or in a manner not prohibited by this Agreement on or after the Closing Date, or from letters of credit, surety bonds or performance bonds securing any obligation of the Borrower or any such Restricted Subsidiary, pursuant to such agreement;

(l) Intercompany Indebtedness of Borrower or a Restricted Subsidiary for so long as such Indebtedness is held by Borrower or a Restricted Subsidiary of Borrower;

(m) Indebtedness of the Borrower, or of any of its Restricted Subsidiaries, represented by letters of credit for the account of the Borrower or such Restricted Subsidiary, as the case may be, (i) in order to provide security for workers' compensation claims, payment obligations in connection with self-insurance or similar requirements in the ordinary course of business, (ii) in order to provide security for any trade, contractual or payment obligations of the Borrower or Restricted Subsidiary, or (iii) issued or incurred for such other purposes as are related to the ordinary course of business of the Borrower or such Restricted Subsidiary; provided, however, that the aggregate amount of outstanding Indebtedness permitted pursuant to the provisions of this clause (iii) shall not exceed \$20,000,000;

(n) Indebtedness or obligations in connection with the acquisition of containers or other assets, in each case, that are not Collateral, by Borrower or its Restricted Subsidiaries;

(o) Obligations in respect of performance, bid, surety and appeal bonds and completion guarantees or obligations of a similar nature provided by Borrower or any Subsidiary in the ordinary course of business;

(p) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business, so long as such Indebtedness is extinguished within five (5) Business Days of the incurrence thereof;

(q) Endorsements for collection, deposit or negotiation and warranties of products and services, in each case, incurred in the ordinary course of business;

(r) Indebtedness of Borrower or of a Subsidiary of the Borrower set forth on Schedule 9.20 as in effect on the Closing Date;

(s) other Indebtedness approved in writing by the Majority Lenders;

provided that no Indebtedness otherwise permitted under clause (b), (d), (f), (g), (m) or (n) shall be permitted if, immediately after giving effect to the incurrence thereof, (A) an Event of Default or Unmatured Event of Default shall exist or (B) the Borrower is not in compliance with the Borrowing Base. In no event, however (subject to the next sentence), shall any Indebtedness which is senior in right of payment to Subordinated Funded Debt (“Superior Debt”) be issued to any holder of Subordinated Funded Debt, or vice versa, if the aggregate amount of Superior Debt held by a holder of Subordinated Funded Debt (a “Simultaneous Holder”) would exceed 33-1/3% of the total amount of Superior Debt then outstanding (after giving effect to such issuance). Anything in the immediately preceding sentence to the contrary notwithstanding, none of the holders of the Subordinated Funded Debt listed on Schedule II hereto shall be deemed a Simultaneous Holder by virtue of such Subordinated Funded Debt, provided that upon the issuance of any additional Superior Debt to any of such holders while any Subordinated Funded Debt is held by it, each such holder shall be deemed a Simultaneous Holder for purposes of the immediately preceding sentence and all Superior Debt held by it shall be considered in determining the Borrower’s compliance with the provisions of such sentence.

10.17 Liens. The Borrower will not, and will not permit any Restricted Subsidiary to, create or permit to exist any Lien with respect to any assets now owned or hereafter acquired, except the following (“Permitted Liens”):

(a) Pledges or deposits in connection with workers’ compensation, unemployment insurance and other social security legislation;

(b) Any Lien existing on the date of this Agreement and described on Schedule 10.17, provided that the principal amount secured thereby is not hereafter increased, and no additional assets become subject to such Lien;

(c) Liens granted pursuant to the Security and Intercreditor Agreement, the Intercreditor Collateral Agreement or any other Loan Document;

(d) Liens granted after the Closing Date to secure the payment of the purchase price incurred in connection with the acquisition by the Borrower of Container Equipment only comprising Excluded Collateral from equipment manufacturers or related or representative financing entities who are not, and will not become, parties to the Security and Intercreditor Agreement or the Intercreditor Collateral Agreement, provided that the aggregate amount of all Indebtedness secured by such Liens on such Container Equipment shall not exceed an amount equal to 100% of Consolidated Tangible Net Worth;

(e) Liens securing obligations of the Borrower and its Restricted Subsidiaries incurred in connection with the leasing of Container Equipment only comprising Excluded Collateral by the Borrower and its Restricted Subsidiaries, provided that (i) any such Lien shall be granted to the lessor of such Container Equipment, (ii) any such Lien shall attach solely to the Borrower’s or a Restricted Subsidiary’s interest in the subleases of such Container Equipment leased by the Borrower or a Restricted Subsidiary from such equipment lessor, any deposit accounts into which the proceeds of such subleases may be deposited (but only to the extent derived or allocable to such Container Equipment) and additional collateral to the extent limited to interests relating to such Container Equipment or subleases, and the proceeds of the foregoing, and (iii) such lessor shall have become a party to the Intercreditor Collateral Agreement, but shall not, with respect to the Indebtedness secured thereby, become a party to the Security and Intercreditor Agreement;

(f) Liens granted by the Borrower to lenders who shall not, with respect to the Indebtedness secured thereby, become parties to the Security and Intercreditor Agreement assisting partnerships or other entities in the financing or refinancing of Container Equipment which will be managed by the Borrower pursuant to a Management Agreement, which liens are incidental to the financing or refinancing of such Container Equipment and which may include the Borrower’s interest, if any, in such Container Equipment, and to the extent they relate to such Container Equipment, the leases of such

Container Equipment, such Management Agreement, and additional collateral to the extent limited to interests relating to such Container Equipment, and the proceeds of the foregoing, but in all cases only comprising Excluded Collateral;

(g) Liens in connection with the acquisition of property only comprising Excluded Collateral (other than Container Equipment) after the Closing Date by way of purchase money mortgage, conditional sale or other title retention agreement, Capitalized Lease or other deferred payment contract, and attaching only to the property being acquired, if the amount of the Indebtedness secured thereby is not more than 100% of the lesser of the purchase price or the fair market value of such property at the time of acquisition thereof;

(h) Liens to Subsequent Triton Specified Equipment Lenders in respect of Subsequent Triton Specified Equipment Lender Collateral, in each case as defined in the Security and Intercreditor Agreement as in effect on the date of this Agreement, if the amount of the Indebtedness secured thereby is not less than 80% , nor more than 100% of the lesser of the purchase price or the fair market value of such property at the time of acquisition or financing thereof;

(i) Liens resulting from final judgments or orders that, individually and in the aggregate, are less than the amount described in Section 12.1(j);

(j) Liens not otherwise permitted by the preceding clauses (a) through (j), inclusive, provided that the Indebtedness secured thereby at any one time outstanding shall not exceed an amount equal to the remainder of 5% of Consolidated Tangible Net Worth, minus the outstanding amount of all Indebtedness described in Section 10.16, and such Indebtedness shall otherwise be permitted under this Agreement; and

(k) Other Permitted Liens.

provided that no Lien otherwise permitted under clause (d), (e), (f), (g), (h), (i), (j), or (k) shall be permitted if, immediately after giving effect to the incurrence thereof, an Event of Default or Unmatured Event of Default shall exist.

10.18 Transactions with Borrower Related Parties. The Borrower will not, and will not permit any Restricted Subsidiary to, enter into or be a party to any transaction or arrangement, including the purchase, sale, discounting, lease or exchange of property or the rendering of any service, with any Borrower Related Party, except in the ordinary course of, and pursuant to the reasonable requirements of the Borrower's or such Restricted Subsidiary's business, unless on terms comparable to those which the Borrower would obtain in a comparable arm's-length transaction with a Person not a Borrower Related Party; provided that the following shall in any event be permitted: (a) the payment of consulting or other fees to the Borrower by any of its Subsidiaries; (b) employee and officer salaries and bonuses, and loans to employees or officers reasonable fees and compensation (including employee and officer salaries and bonuses) paid to, and indemnity provided on behalf of, officers, directors, employees or consultants of the Borrower or any of its Subsidiaries; (c) transactions exclusively between or among the Borrower and any Restricted Subsidiary of the Borrower, exclusively between Restricted Subsidiaries of the Borrower, or exclusively between the Borrower or any of its Restricted Subsidiaries and any of its respective joint ventures or between or among Borrower and any Subsidiary of Borrower in respect of tax sharing agreements or operations, governance, administration and corporate overhead on customary terms; (d) any agreement as in effect as of the Closing Date as set forth on Schedule 10.18 or any transaction contemplated thereby and any amendment thereto or any replacement agreement thereto, so long as any such amendment or replacement agreement is not more disadvantageous to Borrower or any of its Restricted Subsidiaries in any material respect than the original agreement as in effect on the Closing Date; (e) any reasonable employment, stock option, stock repurchase, employee benefit compensation, business expense reimbursement, severance, termination, or other employment-related agreements, arrangements or plans entered into in good faith by Borrower or any of its Subsidiaries in the ordinary course of business; (f) any issuance of Capital Stock of the Borrower; (g) employment and severance arrangements in Borrower's reasonable business judgment with respect to the procurement of services with officers and employees of the Borrower and its Subsidiaries; or (h) except as limited by Section 10.11, the payment of a dividend or distribution on or in respect of shares of the Capital Stock or the purchase, redemption or other acquisition or retirement for value of any Capital Stock. The parties agree that any sale of Container Equipment from the Borrower or any Restricted Subsidiary to any Unrestricted Subsidiary of the Borrower at the original equipment cost or Net Book Value thereof shall be deemed to be an arm's-length transaction.

10.19 Guaranties. The Borrower will not, and will not permit any Restricted Subsidiary to, become a guarantor or surety of, or otherwise become or be responsible in any manner (whether by agreement to purchase any obligations, stock, assets, goods or services, or to supply or advance any funds, assets, goods or services, or otherwise) with respect to, any undertaking of any other Person, except for (a) the endorsement, in the ordinary course of collection, of instruments payable to it or its order, (b) liabilities for partnership obligations incurred solely as a result of being a general partner in any general or limited partnership or for membership obligations incurred solely as a result of being a member in any limited liability company, and (c) Guarantee Liabilities of the Borrower not otherwise permitted pursuant to clauses (a) and (b) above so long as both before and after giving effect to the issuance of any such Guarantee Liability no Event of Default or Unmatured Event of Default shall exist.

10.20 Negative Pledges, Restrictive Agreements, Etc. The Borrower will not, and will not permit any of its Restricted Subsidiaries to, enter into any agreement (excluding this Agreement and any other Loan Document) prohibiting the creation or assumption of any Lien upon the Borrower's properties, revenues or assets (other than Excluded Collateral) in favor of the Collateral Agent under or in connection with the Intercreditor Collateral Agreement or the Security and Intercreditor Agreement, whether now owned or hereafter acquired, or the ability of the Borrower to amend or otherwise modify this Agreement or any other Loan Document. The Borrower will not, and will not permit any Restricted Subsidiary to, enter into any agreement containing any provision which would be violated or breached by the Borrower's performance of its obligations hereunder or under any other Loan Document.

10.21 Use of Proceeds. The Borrower will use the proceeds of the Loans solely for the purposes set forth in Section 9.10. The Borrower shall not, directly or indirectly, use the proceeds of any Loan, or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other Person, to fund any activities of or business with any Person in any manner that will result in a violation by the Borrower, any Subsidiary, or, to the knowledge of the Borrower, any other Person (including any Person party to this Agreement, whether as Lender, Lead Arranger, Administrative Agent or otherwise), of any Anti-Terrorism Law; provided that, the provisions in this Section 10.21 shall not apply to the extent that it would cause the Administrative Agent or any Lender to breach European Union Regulation 2271/96/EC (as amended) or any law or regulation implementing the terms thereof into the law of the United Kingdom in connection with the United Kingdom's withdrawal from the European Union.

10.22 Designation of Unrestricted Subsidiaries. The Borrower may designate any Subsidiary to be an Unrestricted Subsidiary or remove any such designation by giving written notice from an Authorized Officer to the Administrative Agent; provided that, at the time of such action and after giving effect thereto, (a) no Event of Default or Unmatured Event of Default shall have occurred and be continuing and (b) the Borrower shall be in *pro forma* compliance with all covenants set forth in Sections 10.12, 10.13 and 10.14 hereof.

10.23 Anti-Terrorism Laws; International Trade Law Compliance. (a) Neither the Borrower nor any Subsidiary will become a Sanctioned Person, (b) no Neither the Borrower nor any Subsidiary, either in its own right or through any third party, will (A) have any of its assets in a Sanctioned Country or in the possession, custody or control of a Sanctioned Person in violation of any Anti-Terrorism Law; (B) do business in or with, or derive any of its income from investments in or transactions with, any Sanctioned Country or Sanctioned Person in violation of any Anti-Terrorism Law; (C) engage in any dealings or transactions prohibited by any Anti-Terrorism Law or (D) use the Loans to fund any operations in, finance any investments or activities in, or, make any payments to, a Sanctioned Country or Sanctioned Person in violation of any Anti-Terrorism Law, (c) the funds used to repay the obligations hereunder will not be derived from any unlawful activity, (d) each of the Borrower and its Subsidiaries shall comply with all Anti-Terrorism Laws, and (e) the Borrower shall promptly notify the Administrative Agent in writing upon the occurrence of a Reportable Compliance Event.

10.24 Fiscal Year. The Borrower shall cause its fiscal year to end on December 31 of each calendar year and (ii) its fiscal quarters to end on March 31, June 30, September 30 and December 31 of each year.

10.25 Additional KYC Information. Provide to Administrative Agent and the Lenders, such other information and documentation as may reasonably be requested by Administrative Agent or any Lender from time to time for purposes of compliance by the Administrative Agent or such Lender with applicable laws (including without limitation the USA Patriot Act and other "know your customer" and anti-money laundering rules and regulations), and any policy or procedure implemented by Administrative Agent or such Lender to comply therewith.

10.26 Anti-Corruption Laws. Neither the Borrower nor any Subsidiary, directly or indirectly, shall use the Loans or any proceeds thereof for any purpose which would breach any Anti-Corruption Laws in any jurisdiction in which the Borrower or any of its Subsidiaries conduct business.

SECTION 11. CONDITIONS TO CLOSING AND OF BORROWING.

11.1 Conditions to Closing. This Agreement, and the obligation of each Lender to make a Loan hereunder, shall become effective on the later of (i) November 30, 2018 and (ii) the date specified in a written notice delivered by the Administrative Agent (the "Closing Date"), subject to the satisfaction (or waiver in accordance with Section 14.2(a)) of each of the following conditions:

(a) Good Standing. The Administrative Agent shall have received certificates of good standing (or its equivalent) from the applicable public officials dated as of a current date with respect to the Borrower issued by Bermuda and the State of New York.

(b) Insurance. The Administrative Agent shall have received satisfactory evidence of the existence of insurance on

the property of the Borrower as required by this Agreement and the Security and Intercreditor Agreement in amounts and with insurers acceptable to the Administrative Agent and the Majority Lenders, together with evidence establishing that the Collateral Agent, for the benefit of the Administrative Agent and the Lenders, is named as an additional insured, as applicable, on all related insurance policies.

(c) Payment of Interest, Fees and Expenses. The Administrative Agent shall have received (i) (for its own account or for the account of the Lenders, as applicable) payment in full of all of the fees that are described in Section 4.4 that are due and payable on the Closing Date; and (ii) all reasonable costs and expenses (including reasonable attorneys' fees and charges) incurred by the Administrative Agent in connection with the preparation, execution and delivery of this Agreement, to the extent then billed.

(d) Receipt of Documents. The Administrative Agent shall have received all of the following, each duly executed, as appropriate, and dated as of the Closing Date (or such other date as shall be satisfactory to the Administrative Agent), in form and substance satisfactory to the Administrative Agent, and each (except for the Notes, of which only the originals shall be signed) in sufficient number of signed counterparts to provide one for each Lender:

(i) Loan Documents. This Agreement and each of the other Loan Documents.

(ii) Notes. A Note for the account of each Lender.

(iii) Resolutions; Consents. Copies, duly certified by the secretary or an assistant secretary of the Borrower, of (x) resolutions of the financing committee of the Borrower's board of directors authorizing or ratifying the execution and delivery of this Agreement, the Notes and the other Loan Documents, and authorizing the borrowings by the Borrower hereunder, (y) all documents evidencing other necessary corporate action and (z) all approvals, licenses or consents, if any, required in connection with the consummation of the transactions contemplated by this Agreement, the Notes and the other Loan Documents, or a statement that no such approvals, licenses or consents are so required.

(iv) Incumbency. A certificate of the secretary or an assistant secretary of the Borrower certifying the names of the Borrower's officers authorized to sign this Agreement, the Notes and all other Loan Documents to be delivered hereunder, together with the true signatures of such officers.

(v) Opinion Letters. Favorable opinion letters of (A) Mayer Brown, New York counsel to the Borrower and (B) Appleby, special Bermuda counsel to the Borrower, each covering such matters, in such form and having such content, as shall be reasonably acceptable to the Administrative Agent and its counsel (on behalf of all Lenders).

(vi) Organizational Documents. A certificate of the secretary or assistant secretary of the Borrower certifying as to and attaching the memorandum of association (including the certificate of incorporation of the Borrower) and by-laws of the Borrower, including all amendments or restatements thereto, as in effect on the Closing Date.

(vii) Closing Certificate. A certificate of an Authorized Officer of the Borrower certifying (w) that, on the Closing Date, all representations and warranties of the Borrower in this Agreement and the other Loan Documents are true and correct in all material respects (except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date), (x) that no Event of Default or Unmatured Event of Default exists or will result from the transactions contemplated to occur on the proposed Closing Date, and (y) that since the date of the Audited Financial Statements, no event has occurred which has had a Material Adverse Effect.

(viii) Compliance Certificate. A duly completed compliance certificate setting forth *pro forma* compliance with the covenant in Section 10.12 as of the last day of the fiscal quarter of Borrower most recently ended prior to the Closing Date.

(ix) Financing Statements. The Administrative Agent shall have received evidence that all action has been taken with respect to the filing of Uniform Commercial Code financing statements and continuation statements necessary to perfect and maintain the Liens of the Collateral Agent under the Security and Intercreditor Agreement and the other Loan Documents in the appropriate jurisdictions.

(e) No Material Adverse Change. There shall not have occurred a material adverse change since September 30, 2018 in the business, assets, liabilities (actual or contingent), operations, condition (financial or otherwise) or prospects of the

Borrower and its Subsidiaries taken as a whole or in the facts and information regarding such entities as represented to the Closing Date.

(f) Supplemental Agreements to the Security and Intercreditor Agreement. The Administrative Agent shall have received supplemental agreements to the Security and Intercreditor Agreement in form and substance satisfactory to the Administrative Agent.

(g) Termination of Term Loans. Evidence that the following agreements have been terminated, and all outstanding obligations thereunder have been paid and all Liens securing such obligations have been released: (i) Term Loan Agreement dated April 11, 2013, among Borrower and Crédit Industriel Et Commercial, as Co-Syndication Agent, Union Bank, N.A., as co-syndication agent, ING Belgium NV/SA, as co-documentation agent, ABN AMRO Capital USA LLC, as co-documentation Agent, each other lender from time to time party thereto and PNC Bank, in its capacity as administrative agent for the lenders, (ii) the Term Loan Agreement dated June 16, 2017 among TAL International Container Corporation, as borrower, the lenders from time to time apart thereto, and Bank of America, N. A. as administrative agent and collateral agent, and (iii) the Term Loan Agreement dated as of July 1, 2014, among TAL International Container Corporation, as borrower, the lenders from time to time a party thereto, ING Belgium SA/NV, as administrative agent and as collateral agent, and ING Belgium SA/NV as lead arranger.

(h) Beneficial Ownership Certification; USA Patriot Act Diligence. The Administrative Agent shall have received all documentation and other information required by bank regulatory authorities or reasonably requested by the Administrative Agent or any Lender under or in respect of applicable “know your customer” and anti-money laundering legal requirements, including the USA Patriot Act and a Beneficial Ownership Certification.

(i) Request for Borrowing. The Administrative Agent shall have received a Loan Request in accordance with Section 2.3.

(j) Borrowing Base Certificate. The Borrower shall have delivered to the Administrative Agent a duly completed and executed Borrowing Base Certificate (which may be the most recent Borrowing Base Certificate delivered by the Borrower pursuant to Section 10.1(f) or this Section 11.1(j)) demonstrating (a) that such Borrowing Base is sufficient to cover such Loan after giving effect to such Loan and (b) the effect of such Loan on the Borrowing Base.

(k) Funds Flow. The Administrative Agent and the Borrower shall have agreed on a funds flow for the Loan.

(l) Default. Before and after giving effect to such Loan, no Event of Default or Unmatured Event of Default shall have occurred and be continuing.

(m) Representations and Warranties. Before and after giving effect to such Loan, the representations and warranties in Section 9, and in any other agreement or certification given by the Borrower or any Subsidiary or any officer thereof pursuant to this Agreement, shall be true and correct in all material respects as though made on the date of such Loan. The Borrower further agrees that all of its representations and warranties set forth in the Security and Intercreditor Agreement shall be deemed to be representations and warranties made pursuant to Section 9, as though set forth therein for all purposes (including for purposes of this Section 11.1(m)), but subject to any amendment, modification and/or updates from time to time to any such representations and warranties under the Security and Intercreditor Agreement.

Without limiting the generality of the provisions of the last paragraph of Section 13.3(e), for purposes of determining compliance with the conditions specified in this Section 11.1, each Lender that has signed this Agreement shall, upon authorization of a Lender to release the signature page of such Lender, be deemed to have consented to, approved or accepted, and to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

SECTION 12. EVENTS OF DEFAULT AND REMEDIES.

12.1 Events of Default. Each of the following shall constitute an Event of Default under this Agreement:

(a) Non-Payment. Default in the payment, when due, (i) of any principal of any Loan (including any mandatory prepayment) or (ii) of any interest on any Loan or any fee or other amount payable hereunder and the continuance thereof for five days; provided, however, the Borrower shall be entitled to make such principal payment or mandatory prepayment on the next succeeding Business Day if (x) such payment is due on a Payment Date or Maturity Date that is not a Business Day or (y) the Borrower fails to make such payment on its due date as the result of an administrative or technical error not caused

by the Borrower.

(b) Default or Acceleration of other Indebtedness. A default or event of default shall occur at any time under the terms of any other agreement involving any Indebtedness under which the Borrower or Subsidiary of the Borrower may be obligated as a borrower or guarantor, which individually or in the aggregate, exceeds \$100,000,000 (other than (i) any Indebtedness of any Restricted Subsidiary to the Borrower or to any other Restricted Subsidiary and (ii) a default described in Section 12.1(a)), and such breach, default or event of default consists of either (1) the failure to pay (any required notice of default having been given and any period of grace permitted with respect thereto having expired) any Indebtedness when due (whether at stated maturity, by acceleration, required mandatory prepayment or otherwise), or (2) a breach of a financial covenant thereunder.

(c) Insolvency. The Borrower or any of its Restricted Subsidiaries becomes insolvent, or generally fails to pay, or admits in writing its inability to pay, its debts as they mature, or applies for, consents to, or acquiesces in the appointment of a trustee, receiver or other custodian for the Borrower or such Restricted Subsidiary or a substantial part of the property of the Borrower or such Restricted Subsidiary, or makes a general assignment for the benefit of creditors; or, in the absence of such application, consent or acquiescence, a trustee, receiver or other custodian is appointed for the Borrower or any of its Restricted Subsidiaries or for a substantial part of the property of the Borrower or any of its Restricted Subsidiaries and is not discharged within sixty (60) days; or any proceeding under any Debtor Relief Law is instituted by or against the Borrower or any of its Restricted Subsidiaries and, if instituted against the Borrower or any of its Restricted Subsidiaries, is consented to or acquiesced in by the Borrower or such Restricted Subsidiary or remains for sixty (60) days undismissed; or any warrant of attachment is issued against any substantial part of the property of the Borrower or any of its Restricted Subsidiaries which is not released within sixty (60) days of service.

(d) ERISA. A Termination Event occurs with respect to any Pension Plan if, at the time such Termination Event occurs, such Pension Plan's then "vested liabilities" (as defined in section 3(25) of ERISA) would exceed the then value of such Pension Plan's assets by an amount greater than 3% of Consolidated Tangible Net Worth as of such date and the Majority Lenders reasonably believe that such Termination Event may result in material liability to the Borrower.

(e) Specific Defaults. Failure by the Borrower to comply with or perform any covenant set forth in (i) Section 10.2(a), 10.10 through 10.14, 10.21, or 10.23 or (ii) Section 10.5, 10.16, 10.17, 10.19, 10.20 or 10.22 and, in the case of this clause (e)(ii), such failure to comply shall continue for ten (10) Business Days after the earlier of (x) the date upon which an Authorized Officer of the Borrower or any Restricted Subsidiary had actual knowledge of such default or (y) the date upon which written notice thereof is given to the Borrower by the Administrative Agent or any Lender.

(f) Other Defaults; Obligations Under other Loan Documents. Default in the performance of any of the Borrower's agreements herein set forth or in any other Loan Document (subject to any applicable grace period in any such Loan Document) in any material respect (and not constituting an Event of Default under any of the other clauses of this Section 12.1) and continuance of such default for thirty (30) days after the earlier of (i) the date upon which an Authorized Officer of the Borrower or any Restricted Subsidiary had actual knowledge of such default or (ii) the date upon which written notice thereof is given to the Borrower by the Administrative Agent or any Lender.

(g) Representations and Warranties. Any representation or warranty of the Borrower made in any Loan Document or any schedules, notices, certificates, reports or instruments delivered in connection therewith shall prove incorrect in any material respect when made and which (if curable) remains unremedied for a period of thirty (30) days after the first date on which an Authorized Officer has received written notice thereof.

(h) Change of Control. A Change of Control shall occur.

(i) Final Judgments and Orders. There shall be entered against the Borrower or any Restricted Subsidiary one or more judgments or decrees in excess of the greater of (x) \$100,000,000 and (y) 3% of the Consolidated Tangible Net Worth in the aggregate at any one time outstanding (excluding any judgments or decrees (i) that shall have been outstanding less than sixty (60) calendar days from the entry thereof or (ii) for and to the extent which the Borrower or such Restricted Subsidiary is insured and with respect to which the insurer has assumed responsibility therefor in writing or for and to the extent which such Person is otherwise indemnified if the terms of such indemnification are satisfactory to the Majority Lenders), and either (A) enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (B) there shall be any period of thirty (30) consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect.

(j) Security and Intercreditor Agreement; Intercreditor Collateral Agreement. There shall have occurred an "Event of Default" under, and as defined in, the Security and Intercreditor Agreement (or, if such term is not defined therein, a

“Designated Event of Default” as defined therein), or a material breach by the Borrower of any of its obligations under the Intercreditor Collateral Agreement.

(k) Impairment of Security, Etc. Any Loan Document, or any Lien granted thereunder, shall (except in accordance with its terms), in whole or any material portion thereof, terminate, cease to be effective or cease to be the legally valid, binding and enforceable obligation of any Person party thereto; the Borrower or any other Person shall, directly or indirectly, contest in any manner such effectiveness, validity, binding nature or enforceability; or cease to give or provide, in whole or any material portion thereof, the respective Liens intended to be created thereby, subject only to those exceptions expressly permitted by such Loan Document.

12.2 Remedies. If any Event of Default described in Section 12.1 shall exist, the Administrative Agent shall, upon request of the Majority Lenders, declare all or a portion of the Commitments to be terminated and/or all or a portion of the Loans and other Liabilities to be due and payable, whereupon to the extent so declared the Commitments shall immediately terminate and/or the outstanding Loans and other Liabilities shall become immediately due and payable, all without notice of any kind (except that if an event described in Section 12.1(c) occurs, the Commitments shall immediately terminate and all outstanding Loans and other Liabilities shall become immediately due and payable without declaration or notice of any kind). The Administrative Agent shall promptly advise the Borrower of any such declaration, but failure to do so shall not impair the effect of such declaration. Without limiting the foregoing provisions of this Section 12.2, if an Event of Default exists, the Administrative Agent may exercise all rights and remedies available upon an Event of Default pursuant to any Loan Document and applicable law.

12.3 Application of Proceeds of Collateral. The exercise of remedies with respect to the Collateral is subject to the terms of the Security and Intercreditor Agreement. Upon the occurrence and during the continuance of an Event of Default, proceeds from the exercise of remedies in respect of the Collateral allocated to this facility in accordance with the provisions of the Security and Intercreditor Agreement and received by the Administrative Agent pursuant thereto shall be applied as follows:

(a) First, to the payment of, or (as the case may be) the reimbursement of the Administrative Agent for or in respect of all reasonable and documented costs, expenses, disbursements and losses which shall have been incurred or sustained by the Administrative Agent in connection with the collection of such monies by the Administrative Agent, for the exercise, protection or enforcement by the Administrative Agent of all or any of the rights, remedies, powers and privileges of the Administrative Agent under this Agreement or any of the other Loan Documents;

(b) Second, to all other obligations hereunder; provided that distributions shall be made (A) with respect to any fees owing to the Administrative Agent and the Lenders, ratably among the Administrative Agent and any Lenders to which such fees are owed, and (B) with respect to each type of other Obligations owing to the Lenders such as interest, principal, fees and expenses, ratably among the Lenders, and (C) otherwise in such order or preference as the Majority Lenders may determine. In determining the obligations under this Agreement for purposes of clauses (A) and (B), the Administrative Agent may in its reasonable discretion make proper allowance to take into account any obligations hereunder not then due and payable; and

(c) Third, the excess, if any, shall be returned to the Borrower or to such other Persons as are entitled thereto.

SECTION 13. ADMINISTRATIVE AGENT.

13.1 Appointment and Authority. Each of the Lenders hereby irrevocably appoints PNC Bank to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to enter into joinders to the Collateral Documents and take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Section 13.1 are solely for the benefit of the Administrative Agent and the Lenders, and the Borrower shall not have rights as a third party beneficiary of any of such provisions.

13.2 Rights as a Lender. The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term “Lender” or “Lenders” shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with the Borrower or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

13.3 Exculpatory Provisions. The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, the Administrative Agent:

(a) shall not be subject to any fiduciary or other implied duties, regardless of whether a Unmatured Event of Default or Event of Default has occurred and is continuing;

(b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Majority Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents); provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or applicable Law; and

(c) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity.

The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Majority Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 14.2 and 12.2) or (ii) in the absence of its own gross negligence or willful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Unmatured Event of Default or Event of Default unless and until notice describing such Unmatured Event of Default or Event of Default is given to the Administrative Agent by the Borrower, a Lender.

The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Unmatured Event of Default or Event of Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Section 11 or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

13.4 Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan that by its terms must be fulfilled to the satisfaction of a Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender unless the Administrative Agent shall have received notice to the contrary from such Lender prior to the making of such Loan. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

13.5 Delegation of Duties. The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Section 13.5 shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

13.6 Resignation of Administrative Agent. The Administrative Agent may at any time give notice of its resignation to the Lenders and the Borrower. Upon receipt of any such notice of resignation, the Majority Lenders shall have the right, with approval from the Borrower (so long as no Event of Default has occurred and is continuing), to appoint a successor, such approval not to be unreasonably withheld or delayed. If no such successor shall have been so appointed by the Majority Lenders and shall have accepted such appointment within thirty (30) days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may on behalf of the Lenders, appoint a successor Administrative Agent; provided that if the Administrative Agent shall notify the Borrower and the Lenders that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and (i) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any collateral security held by the Administrative Agent on behalf of the Lenders under any of the Loan Documents, the retiring Administrative Agent shall continue to hold such collateral security until such time as a successor Administrative Agent is appointed) and (ii) all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender directly, until such time as the Majority Lenders appoint a successor Administrative Agent as provided for above in this Section 13.6. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor

shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) Administrative Agent, and the retiring Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this Section). The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring Administrative Agent's resignation hereunder and under the other Loan Documents, the provisions of this Section 13.6 and Section 14.5 shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Administrative Agent was acting as Administrative Agent.

Upon the appointment of a successor Administrative Agent hereunder, such successor shall succeed to all of the rights, powers, privileges and duties of PNC Bank as the retiring Administrative Agent and PNC Bank shall be discharged from all of its respective duties and obligations as Administrative Agent under the Loan.

13.7 Non-Reliance on Administrative Agent and Other Lenders. Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

13.8 No Other Duties, Etc.. Anything herein to the contrary notwithstanding, none of the Joint Lead Arrangers, Co-Syndication Agents, Co-Documentation Agents or the Bookrunner listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Administrative Agent, or a Lender hereunder.

13.9 Administrative Agent's Fee. The Borrower shall pay to the Administrative Agent a nonrefundable fee under the terms of the Fee Letter.

13.10 Authorization to Release Collateral. The Lenders authorize the Administrative Agent to instruct the Collateral Agent, if required, to release any Collateral consisting of assets or equity interests sold or otherwise disposed of in a sale or other disposition or transfer permitted under Section 10.10.

13.11 No Reliance on Administrative Agent's Customer Identification Program. Each Lender acknowledges and agrees that neither such Lender, nor any of its Affiliates, participants or assignees, may rely on the Administrative Agent to carry out such Lender's, Affiliate's, participant's or assignee's customer identification program, or other obligations required or imposed under or pursuant to the USA Patriot Act or the regulations thereunder, including the regulations contained in 31 CFR 103.121 (as hereafter amended or replaced, the "CIP Regulations"), or any other Anti-Terrorism Law, including any programs involving any of the following items relating to or in connection with any of the Borrower, its Affiliates or their agents, the Loan Documents or the transactions hereunder or contemplated hereby: (i) any identity verification procedures, (ii) any recordkeeping, (iii) comparisons with government lists, (iv) customer notices or (v) other procedures required under the CIP Regulations or such other Laws.

13.12 Funding Reliance.

(a) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing of LIBOR Rate Loans (or, in the case of any Borrowing of Base Rate Loans, prior to 11:00 a.m. on the date of such Borrowing) that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with Section 2.3(b) (or, in the case of a Borrowing of Base Rate Loans, that such Lender has made such share available in accordance with and at the time required by Section 2.3(b)) and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount in immediately available funds with interest thereon, for each day from the date such amount is made available to the Borrower to the date of payment to the Administrative Agent, at (i) in the case of a payment to be made by such Lender, the greater of the Federal Funds Open Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation and (ii) in the case of a payment to be made by the Borrower, the interest rate applicable to Base Rate Loans. If the Borrower and such Lender shall pay such interest to the Administrative Agent for the same or an overlapping period, the Administrative Agent shall promptly remit to the Borrower the amount of such interest paid by the Borrower for such period. If such Lender pays its share of the applicable Borrowing to the Administrative Agent, then the amount so paid shall constitute such Lender's

Loan included in such Borrowing. Any payment by the Borrower shall be without prejudice to any claim the Borrower may have against a Lender that shall have failed to make such payment to the Administrative Agent.

(b) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders, as the case may be, the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender, in immediately available funds with interest thereon, for each day from the date such amount is distributed to it to the date of payment to the Administrative Agent, at the greater of the Federal Funds Open Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

SECTION 14. GENERAL.

14.1 No Waiver, Cumulative Remedies, Enforcement. No failure by any Lender or the Administrative Agent to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder or under any other Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided, and provided under each other Loan Document, are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

14.2 Waivers and Amendments.

(a) Generally. Except as otherwise specifically provided for in this Agreement, no amendment, modification or waiver of, or consent with respect to, any provision of this Agreement, the Notes or any other Loan Document (including the Security and Intercreditor Agreement and the Intercreditor Collateral Agreement) shall in any event be effective unless the same shall be in writing and signed and delivered by the Majority Lenders and acknowledged by the Administrative Agent, and then any such amendment, modification, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided that no amendment, waiver or consent shall:

(i) unless consented to by each Lender affected thereby, (A) increase or extend a Commitment of any Lender or subject any Lender to any additional obligation, (B) reduce the principal of, or rate of interest on, any Loan or any fee or other Liability payable hereunder or (C) postpone any date fixed for any payment of principal of, or interest on, any Loan or any fee or other Liability hereunder;

(ii) unless consented to by each Lender, (A) waive any condition specified in Section 11.1, (B) change the Percentages or the aggregate unpaid principal amount of the Loans, or the number of Lenders which shall be required to take action hereunder, or the definition of "Majority Lenders", (C) change Section 6.1, Section 6.4 or Section 12.3, in each case, in a manner that would alter the pro rata sharing of payments required thereby, (D) release all or substantially all of the Collateral in any transaction or series of related transaction, (E) take any action requiring the consent of all of the Triton Lenders (as defined in the Security and Intercreditor Agreement) pursuant to the Security and Intercreditor Agreement or (F) change any provision of this Section 14.2; or

(iii) unless consented to by Lenders having aggregate Percentages of 66 2/3% or more, amend any provision of this Agreement that would affect the amount of the Borrowing Base in a manner adverse to the Lenders in any material respect. No provision of this Agreement (including Section 13) or of any other Loan Document which relates to the rights or duties of the Administrative Agent shall be amended, modified or waived without the written consent of the Administrative Agent.

Notwithstanding anything to the contrary herein, no Defaulting Lender will have any right to approve or disapprove any amendment, waiver or consent hereunder (and any amendment, waiver or consent which by its terms requires the consent of all Lenders or each affected Lender may be effected with the consent of the applicable Lenders other than Defaulting Lenders), except that (1) the Commitment of any Defaulting Lender may not be increased or extended without the consent of such Lender, (2) the amount of principal and accrued fees and interest owing to any Defaulting Lender may not be reduced without the consent of such Lender, and (3) any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender that by its terms affects any Defaulting Lender more adversely than other affected Lenders will require the consent of such Defaulting Lender.

14.3 Notices.

(a) Notices Generally. Except as otherwise expressly provided herein, any notice hereunder to the Borrower, the Administrative Agent or any Lender shall be in writing (including facsimile communication) and shall be given (i) if to the Borrower or the Administrative Agent, at its address or facsimile number set forth on Schedule 10.2, and (ii) if to any Lender, at its address or facsimile number set forth in its Administrative Questionnaire or, in each case, at such other address or facsimile number as the recipient may, by written notice, designate as its address or facsimile number for purposes of notices hereunder. All such notices shall be deemed to be given when transmitted by facsimile, when personally delivered or, in the case of a mailed notice, when sent by registered or certified mail, postage prepaid, in each case addressed as specified in this Section 14.3; provided that notices to the Administrative Agent under Section 2, Section 6 and this Section 14.3 shall not be effective until actually received by the Administrative Agent.

(b) Electronic Communications. Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, provided that the foregoing shall not apply to notices to any Lender pursuant to Section 2 if such Lender, as applicable, has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(c) The Platform. The Borrower hereby acknowledges that the Administrative Agent and will make available to the Lenders materials and/or information provided by or on behalf of the Borrower hereunder (collectively, "Borrower Materials") by posting the Borrower Materials on IntraLinks or another similar electronic system (the "Platform"). THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE". THE ADMINISTRATIVE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE BORROWER MATERIALS OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS FROM THE BORROWER MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY ANY ADMINISTRATIVE AGENT PARTY IN CONNECTION WITH THE BORROWER MATERIALS OR THE PLATFORM. In no event shall the Administrative Agent or any of its Related Parties (collectively, the "Administrative Agent Parties") have any liability to the Borrower, any Lender or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of the Borrower's or the Administrative Agent's transmission of Borrower Materials through the Internet, except to the extent that such losses, claims, damages, liabilities or expenses are determined by a court of competent jurisdiction by a final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Administrative Agent Party; provided that in no event shall any Administrative Agent Party have any liability to the Borrower, any Lender or any other Person for indirect, special, incidental, consequential or punitive damages (as opposed to direct or actual damages).

(d) Reliance by the Administrative Agent and the Lenders. The Administrative Agent and the Lenders shall be entitled to rely and act upon any notices (including telephonic Loan Requests) purportedly given by or on behalf of the Borrower even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The Borrower shall indemnify the Administrative Agent, each Lender and the Related Parties of each of them from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of the Borrower. All telephonic notices to and other telephonic communications with the Administrative Agent may be recorded by the Administrative Agent, and each of the parties hereto hereby consents to such recording.

14.4 USA Patriot Act Notice. Each Lender that is subject to the USA Patriot Act and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Borrower that pursuant to the requirements of the USA Patriot Act, it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address the Borrower

and other information that will allow such Lender or Administrative Agent, as applicable, to identify the Borrower in accordance with the USA Patriot Act. The Administrative Agent and each Lender hereby notifies the Borrower that, pursuant to the Beneficial Ownership Regulation, it is required to obtain a Beneficial Ownership Certificate.

14.5 Expenses; Indemnity; Damage Waiver.

(a) The Borrower shall pay (i) all reasonable out of pocket expenses incurred by the Administrative Agent and its Affiliates (including the reasonable fees, charges and disbursements of counsel for the Administrative Agent (including the reasonable fees, charges and disbursements of in-house counsel, provided such fees and expenses are set forth in reasonable and appropriate detail) and of local counsel, if any, who may be retained by such counsel)), in connection with the syndication of the credit facilities provided for herein, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), and (ii) all out of pocket expenses incurred by the Administrative Agent or any Lender (including the fees, charges and disbursements of any counsel for the Administrative Agent or any Lender (including reasonable fees, charges and disbursements of in-house counsel of the Administrative Agent or such Lender, provided such fees, charges and disbursements are set forth in reasonable and appropriate detail)) in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Loan Documents, including its rights under this Section, or (B) in connection with the Loans made hereunder, including all such out of pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans, and (iii) any civil penalty or fine assessed by OFAC against, and all reasonable costs and expenses (including counsel fees and disbursements) incurred in connection with defense thereof, by the Administrative Agent or any Lender as a result of conduct of the Borrower that violates a sanction enforced by OFAC.

(b) The Borrower shall indemnify the Administrative Agent (and any subagent thereof), each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an “ Indemnitee ”) against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (including the fees, charges and disbursements of any counsel for any Indemnitee (including the fees and time charges and disbursements for in-house counsel to such Indemnitee, provided such fees and time charges are set forth in reasonable detail)), incurred by any Indemnitee or asserted against any Indemnitee by any third party or by the Borrower arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder, the consummation of the transactions contemplated hereby or thereby, or, in the case of the Administrative Agent (and any sub-agent thereof) and its Related Parties only, the administration of this Agreement and the other Loan Documents, (ii) any Loan or the use or proposed use of the proceeds therefrom, (iii) any liability under any Environmental Law related in any way to the Borrower or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower, and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee or (y) result from a claim brought by the Borrower against an Indemnitee for breach in bad faith of such Indemnitee’s obligations hereunder or under any other Loan Document, if the Borrower has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction. This Section 14.5 shall not apply with respect to any Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

(c) To the extent that the Borrower for any reason fails to indefeasibly pay any amount required under clause (a) or (b) above to be paid by it to the Administrative Agent (or any sub-agent thereof) or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent) or such Related Party, as the case may be, such Lender’s Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount, provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent) in its capacity as such, or against any Related Party of any of the foregoing acting for the Administrative Agent (or any such sub-agent) in connection with such capacity . The obligations of the Lenders under this clause (c) are several and not joint.

(d) To the fullest extent permitted by applicable law, no party hereto shall assert, and each party hereto hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or the use of the proceeds thereof . No Indemnitee referred to in clause (b) above shall be liable for any damages arising from

the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby.

(e) All amounts due under this Section shall be payable on demand.

(f) The agreements in this Section shall survive the replacement of any Lender and/or the resignation or replacement of the Administrative Agent, the termination of the Commitments and the repayment, satisfaction or discharge of all the other obligations of the Borrower under this Agreement and the other Loan Documents.

14.6 Governing Law; Entire Agreement. THIS AGREEMENT AND EACH NOTE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. All obligations of the Borrower and rights of the Lenders and the Administrative Agent expressed herein, in the Notes or in any other Loan Document shall be in addition to and not in limitation of those provided by applicable law. This Agreement, the Notes and the other Loan Documents constitute the entire understanding among the parties hereto with respect to the subject matter hereof and supersede any prior agreements, written or oral, with respect thereto.

14.7 Successors and Assigns. The provisions of this Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns permitted hereby, except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of Section 14.8, (ii) by way of participation in accordance with the provisions of Section 14.10, or (iii) by way of pledge or assignment of a security interest subject to the restrictions of Section 14.11 (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in Section 14.10 and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

14.8 Assignments by Lenders.

(a) Assignments by Lenders. Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); provided that any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

- (A) in the case of an assignment of the entire remaining amount of the assigning Lender's applicable Commitment and the Loans at the time owing to it or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and
- (B) in any case not described in clause (i)(A) of this Section 14.8, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption Agreement with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption Agreement, as of the Trade Date) shall not be less than \$5,000,000, in the case of the Loan of such assigning Lender, unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed).

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loan assigned.

(iii) Required Consents. No consent shall be required for any assignment except for the consent of the Administrative Agent (which shall not be unreasonably withheld or delayed) to the extent that such assignment is to a Person other than another Lender, an Affiliate of a Lender or an Approved Fund and the consent of the Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (x) an Event of Default has occurred and is continuing at the time of such assignment or (y) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund; and

(iv) Assignment and Assumption Agreement. The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption Agreement, together with a processing and recordation fee of \$5,000 (unless waived by the Administrative Agent in its sole discretion), and the Eligible Assignee, if it is not a Lender, shall deliver to the Administrative Agent an administrative questionnaire provided by the Administrative Agent.

(v) No Assignment to Borrower. No such assignment shall be made to the Borrower or any of the Borrower's

- (vi) No Assignment to Natural Persons. No such assignment shall be made to a natural person.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to Section 14.9, from and after the effective date specified in each Assignment and Assumption Agreement, the Eligible Assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption Agreement, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption Agreement, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption Agreement covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 7.1, 7.2, and 14.5 with respect to facts and circumstances occurring prior to the effective date of such assignment. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 14.8 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with Section 14.10.

- (b) Disqualified Persons.

(i) No assignment or participation shall be made to, and no portion of a Commitment Increase shall be provided by, any Person that was a Disqualified Person as of the date (the "Trade Date") on which the assigning Lender entered into a binding agreement to sell and assign all or a portion of its rights and obligations under this Agreement to such Person or the applicable Increase Effective Date, as the case may be (unless the Borrower (in its sole and absolute discretion) has consented, in writing, to such assignment or the portion of the Commitment Increase to be provided by such Disqualified Person, in which case such Person will not be considered a Disqualified Person for the purpose of such assignment, participation or Commitment Increase). For the avoidance of doubt, with respect to any assignee or any Lender that provides any portion of a Commitment Increase that becomes a Disqualified Person after the applicable Trade Date (including as a result of the delivery of a notice pursuant to, and/or the expiration of the notice period referred to in, the definition of "Disqualified Person"), (x) such assignee or Lender shall not retroactively be disqualified from becoming a Lender and (y) the execution by the Borrower of an Assignment and Assumption or Joinder Agreement with respect to such assignee will not by itself result in such assignee no longer being considered a Disqualified Person. Any assignment or Commitment Increase in violation of this clause (b)(i) shall not be void, but the other provisions of this clause (b) shall apply.

(ii) If any assignment or participation is made to, or any portion of a Commitment Increase is provided by, any Disqualified Person without the Borrower's prior written consent in violation of clause (i) above, or if any Person becomes a Disqualified Person after the applicable Trade Date, the Borrower may, at its sole expense and effort, upon notice to the applicable Disqualified Person and the Administrative Agent, (A) terminate the Commitment of such Disqualified Person and repay all obligations of the Borrower owing to such Disqualified Person in connection with such Commitment and/or (B) require such Disqualified Person to assign, without recourse (in accordance with and subject to the restrictions contained in this Section), all of its interest, rights and obligations under this Agreement to one or more Eligible Assignees at the lesser of (x) the principal amount thereof and (y) the amount that such Disqualified Person paid to acquire such interests, rights and obligations, in each case plus accrued interest, accrued fees and all other amounts (other than principal amounts) payable to it hereunder.

(iii) Notwithstanding anything to the contrary contained in this Agreement, Disqualified Persons (A) will not (x) have the right to receive information, reports or other materials provided to Lenders by the Borrower, the Administrative Agent or any other Lender, (y) attend or participate in meetings attended by the Lenders and the Administrative Agent, or (z) access any electronic site established for the Lenders or confidential communications from counsel to or financial advisors of the Administrative Agent or the Lenders and (B) (x) for purposes of any consent to any amendment, waiver or modification of, or any action under, and for the purpose of any direction to the Administrative Agent or any Lender to undertake any action (or refrain from taking any action) under this Agreement or any other Loan Document, each Disqualified Person will be deemed to have consented in the same proportion as the Lenders that are not Disqualified Persons consented to such matter, and (y) for purposes of voting on any Debtor Relief Plan, each Disqualified Person party hereto hereby agrees (1) not to vote on such Debtor Relief Plan, (2) if such Disqualified Person does vote on such Debtor Relief Plan notwithstanding the restriction in the foregoing clause (1), such vote will be deemed not to be in good faith and shall be "designated" pursuant to Section 1126(e) of the Bankruptcy Code (or any similar provision in any other Debtor Relief Laws), and such vote shall not be counted in determining whether the applicable class has accepted or rejected such Debtor Relief Plan in accordance with Section 1126(c) of the Bankruptcy Code (or any similar provision in any other Debtor Relief Laws) and (3) not to contest any request by any party for a determination by the Bankruptcy Court (or other applicable court of competent jurisdiction) effectuating the foregoing clause (2).

(iv) The Administrative Agent shall have the right, and the Borrower hereby expressly authorizes the Administrative Agent, to (A) post the list of Disqualified Persons provided by the Borrower and any updates thereto from time to time (collectively, the "DQ List") on the Platform, including that portion of the Platform that is designated for "public side" Lenders and/or (B) provide the DQ List to each Lender requesting the same.

14.9 Register. The Administrative Agent, acting solely for this purpose as an agent of the Borrower, shall maintain a record of the names and addresses of the Lenders, and the Commitments of, and principal amounts of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). Such Register shall be conclusive, and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is in such Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. Such Register shall be available for

inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

14.10 Participation. Any Lender may at any time, without the consent of, or notice to, the Borrower or the Administrative Agent, sell participations to any Person (other than to (x) a natural person, (y) the Borrower or any of the Borrower's Affiliates or Subsidiaries or (z) a Disqualified Person) (each, a “Participant”) in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent and the Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement.

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree (other than as is already provided for herein) to any amendment, modification or waiver with respect to Sections 14.2(a)(i) or 14.2(a)(iii) that affects such Participant. The Borrower agrees that each Participant shall be entitled to the benefits of Sections 7.1, 7.2, 7.3 and 7.6 (subject to the requirements and limitations therein) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 14.8; provided that such Participant (A) agrees to be subject to the provisions of Sections 7.4 and 7.5 as if it were an assignee under Section 14.8; and (B) shall not be entitled to receive any greater payment under Sections 7.1 or 7.6, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. Each Lender that sells a participation agrees, at the Borrower's request and expense, to use reasonable efforts to cooperate with the Borrower to effectuate the provisions of Sections 7.4 and 7.5 with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 6.3 as though it were a Lender; provided that such Participant agrees to be subject to Section 6.4 as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as an agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the “Participant Register”); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 4f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

14.11 Certain Pledges; Successors and Assigns Generally. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank, the European Central or any other applicable central bank or Official Body; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

14.12 Survival. The obligations of the Borrower under Sections 7 and 14.5, and the obligations of the Lenders under Section 14.5(c), shall in each case survive any termination of this Agreement, the payment in full of all Liabilities and the termination of all Commitments. The representations and warranties made by the Borrower in this Agreement and in each other Loan Document shall survive the execution and delivery of this Agreement and each such other Loan Document.

14.13 Effectiveness of Agreement. When counterparts executed by all the parties shall have been lodged with the Administrative Agent (or, in the case of any Lender as to which an executed counterpart shall not have been so lodged, the Administrative Agent shall have received facsimile or other written confirmation from such Lender) and all of the conditions set forth in Section 11 shall have been satisfied, this Agreement shall become effective as of the date hereof, and at such time the Administrative Agent shall notify the Borrower and each Lender.

14.14 Severability. If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

14.15 Execution in Counterparts, Effectiveness, Etc. This Agreement may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original, but all such counterparts shall constitute together but one and the same Agreement. Delivery of a counterpart hereof, or a signature page hereto, by facsimile or in a .pdf or similar file shall be effective as delivery of a manually-executed original counterpart hereof.

14.16 Investment. Each Lender represents and warrants that: (a) it is acquiring any Note to be issued to it hereunder for its own account as a result of making a loan in the ordinary course of its commercial banking or lending business and not with a view to the public distribution or sale thereof, nor with any present intention of selling or distributing such Note, but subject, nevertheless, to possible assignments or participations thereof pursuant to Section 14.8 and to any legal or administrative requirement that the disposition of such Lender's property at all times be within its control, and (b) in good faith it has not and will not rely upon any margin stock (as such term is defined in Regulation U of the FRB) as collateral in the making and maintaining of its Loans.

14.17 Other Transactions. Nothing contained herein shall preclude the Administrative Agent or any other Lender from engaging in any transaction, in addition to those contemplated by this Agreement or any other Loan Document, with the Borrower or any of its Affiliates in which the Borrower or such Affiliate is not restricted hereby from engaging with any other Person.

14.18 Forum Selection and Consent to Jurisdiction. SUBJECT TO ANY CONTRARY PROVISION IN THE SECURITY AND INTERCREDITOR AGREEMENT RELATING TO FORUM SELECTION BY THE COLLATERAL AGENT WITH RESPECT TO ACTIONS BROUGHT THEREUNDER BY THE COLLATERAL AGENT, ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF THE ADMINISTRATIVE AGENT, ANY LENDER OR THE BORROWER SHALL BE BROUGHT AND MAINTAINED EXCLUSIVELY IN THE COURTS OF THE STATE OF NEW YORK OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK; PROVIDED THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT THE ADMINISTRATIVE AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. THE BORROWER HEREBY EXPRESSLY AND IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK AND OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK FOR THE PURPOSE OF ANY SUCH LITIGATION AS SET FORTH ABOVE AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH SUCH LITIGATION. THE BORROWER FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF NEW YORK. THE BORROWER HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. TO THE EXTENT THAT THE BORROWER HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, THE BORROWER HEREBY IRREVOCABLY WAIVES SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

14.19 Waiver of Jury Trial. THE ADMINISTRATIVE AGENT, THE LENDERS AND THE BORROWER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF THE ADMINISTRATIVE AGENT, THE LENDERS OR THE BORROWER. THE BORROWER ACKNOWLEDGES AND AGREES THAT IT HAS RECEIVED FULL AND SUFFICIENT CONSIDERATION FOR THIS PROVISION (AND EACH OTHER PROVISION OF EACH OTHER LOAN DOCUMENT TO WHICH IT IS A PARTY) AND THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE ADMINISTRATIVE AGENT AND THE LENDERS ENTERING INTO THIS AGREEMENT AND EACH OTHER LOAN DOCUMENT.

14.20 Treatment of Certain Information; Confidentiality. Each of the Administrative Agent and each Lender agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its and its Affiliates' respective partners, directors, officers, employees, agents, advisors and representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any governmental regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the

extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any Eligible Assignee of or Participant in, or any prospective Eligible Assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, (g) with the consent of the Borrower or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Administrative Agent, any Lender or any of their respective Affiliates on a nonconfidential basis from a source other than the Borrower.

For purposes of this Section, "Information" means all information of a non-public, confidential and proprietary nature received from the Borrower or any Subsidiary relating to the Borrower or any Subsidiary or any of their respective businesses, other than any such information that is available to the Administrative Agent or any Lender on a nonconfidential basis prior to disclosure by the Borrower or any Subsidiary. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

The Administrative Agent, the Lenders acknowledge that (a) the Information may include material non-public information concerning the Borrower or a Subsidiary, as the case may be, (b) it has developed compliance procedures regarding the use of material non-public information and (c) it will handle such material non-public information in accordance with applicable law, including Federal and state securities laws.

14.21 Interest Rate Limitation. Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable law (the "Maximum Rate"). If the Administrative Agent or any Lender shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Loans or, if it exceeds such unpaid principal, refunded to the Borrower. In determining whether the interest contracted for, charged, or received by the Administrative Agent or a Lender exceeds the Maximum Rate, such Person may, to the extent permitted by applicable law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the obligations hereunder.

14.22 Payments Set Aside. To the extent that any payment by or on behalf of the Borrower is made to the Administrative Agent or any Lender, or the Administrative Agent or any Lender exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Administrative Agent or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (b) each Lender severally agrees to pay to the Administrative Agent upon demand its applicable share (without duplication) of any amount so recovered from or repaid by the Administrative Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Federal Funds Rate from time to time in effect. The obligations of the Lenders under clause (b) of the preceding sentence shall survive the payment in full of the Liabilities and the termination of this Agreement.

14.23 No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), the Borrower acknowledges and agrees that: (i) (A) the arranging and other services regarding this Agreement provided by the Administrative Agent are arm's-length commercial transactions between the Borrower and its Affiliates, on the one hand, and the Administrative Agent, on the other hand, (B) the Borrower has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (C) the Borrower is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (ii) (A) the Administrative Agent is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Borrower or any of its Affiliates, or any other Person and (B) the Administrative Agent nor has no obligation to the Borrower or any of its Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (iii) the Administrative Agent and its Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrower and its Affiliates, and the Administrative Agent has no obligation to disclose any of such interests to the Borrower or its Affiliates. To the fullest extent permitted by law, the Borrower hereby waives and releases any claims that it may have against the Administrative Agent with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

14.24 Appointment of Lead Arranger and Bookrunner; No Other Duties. The Borrower hereby appoints (i) PNC Capital Markets LLC, as Joint Lead Arranger and Bookrunner, (ii) ING Belgium SA/NV, as Joint Lead Arranger and Co-Syndication Agent, (iii) MUFG Bank, Ltd., as Joint Lead Arranger and Co-Syndication Agent, (iv) Bank Of America, N.A., as Co-Documentation Agent, (v) Branch Banking and Trust Company, as Co-Documentation Agent, (vi) Credit Industriel et Commercial, New York Branch, as Co-Documentation Agent, (vii) DBS Bank Ltd., as Co-Documentation Agent, (viii) Fifth Third Bank, as Co-Documentation Agent, and (ix) Wells Fargo Bank, N.A., as Co-Documentation Agent. Anything herein to the contrary notwithstanding, no Joint Lead Arranger, Bookrunner, Co-Syndication Agent or Co-Documentation Agent shall have any powers, duties or responsibilities under this Agreement or any other Loan Documents, except in its capacity as a Lender hereunder.

14.25 Acknowledgement and Consent to Bail-In of EEA Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any the parties hereto, each party hereto acknowledges that any liability of any Lender that is an EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by, (a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder that may be payable to it by any Lender that is an EEA Financial Institution; and (b) the effects of any Bail-in Action on any such liability, including, if applicable (i) a reduction in full or in part or cancellation of any such liability; (ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or (iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

TRITON CONTAINER INTERNATIONAL LIMITED, as Borrower

By:
Name:
Title:

PNC BANK, NATIONAL ASSOCIATION , as Administrative Agent

By:
Name:
Title:

PNC BANK, NATIONAL ASSOCIATION , as a Lender

By:
Name:
Title:

[OTHER LENDERS] as a Lender

By:
Name:

Title:

By:

Name:

Title:

SCHEDULE I

COMMITMENTS AND PERCENTAGES

<u>Name of Lender</u>	<u>Commitment</u>	<u>Percentage</u>
PNC BANK, NATIONAL ASSOCIATION	\$100,000,000	10.00%
MUFG BANK, LTD.	\$100,000,000	10.00%
ING BELGIUM SA/NV	\$225,000,000	22.50%
BANK OF AMERICA, N.A.	\$60,000,000	6.00%
CREDIT INDUSTRIEL et COMMERCIAL, NEW YORK BRANCH	\$60,000,000	6.00%
BRANCH BANKING AND TRUST COMPANY	\$60,000,000	6.00%
FIFTH THIRD BANK	\$60,000,000	6.00%
DBS BANK LTD.	\$60,000,000	6.00%
WELLS FARGO BANK, N.A.	\$60,000,000	6.00%
SUNTRUST BANK	\$40,000,000	4.00%
COMPASS BANK	\$40,000,000	4.00%
ROYAL BANK OF CANADA, NEW YORK BRANCH	\$40,000,000	4.00%
SUMITOMO MITSUI BANKING CORPORATION	\$40,000,000	4.00%
SIEMENS FINANCIAL SERVICES, INC.	\$17,500,000	1.75%
CITY NATIONAL BANK	\$17,500,000	1.75%
MIZUHO BANK, LTD.	\$10,000,000	1.00%
FIRST HAWAIIAN BANK	\$10,000,000	1.00%
TOTALS	\$1,000,000,000	100.00%

SCHEDULE II

SUBORDINATED FUNDED DEBT

NONE

SCHEDULE 9.5

SCHEDULE OF INSURANCE POLICIES

Triton International Limited Summary of Insurance Coverage

COVERAGE

<i>Casualty Program - Travelers</i>	POLICY #	TERM	LIMIT	DEDUCTIBLE
Commercial Package (Property, & G/L)	P6306D786034TIA17	11/03/18-19	\$5.5M/\$1M	\$5,000
Umbrella Liability	EX7J16237A1743	11/03/18-19	\$25M	n/a

Foreign Liability/Property	ZPP-15R34639	11/03/18-19	\$1,000,000	\$0
Automobile Liability	BA-6D935787-16-CAG	11/03/18-19	\$1,000,000	\$500
TCII Workers Comp	UB8J2091971743	11/03/18-19	Statutory	n/a
TIL Workers Comp	UB8J2091971714	11/03/18-19	Statutory	n/a

Mgt. Liability – D&O

D&O Primary - AIG Europe Ltd	FSUSC1801061	7/12/18-7/12/19	\$10,000,000	\$250k/\$750k
D&O Excess - HCC/Tokio Marine	FSUSC1801043	7/12/18-7/12/19	\$10,000,000	N/A
D&O Excess – ACE Underwriting Agencies	FSUSC1801050	7/12/18-7/12/19	\$10,000,000	N/A
D&O Excess - Allied World Assurance Co	FSUSC1801062	7/12/18-7/12/19	\$10,000,000	N/A
D&O Excess - SPS (Liberty Lead Syndicate)	FSUSC1801063	7/12/18-7/12/19	\$25,000,000	N/A
D&O Side-A Only Primary - Navigators	FSUSC1801064	7/12/18-7/12/19	\$30,000,000	N/A
D&O Side-A Only Excess - AIG Europe Ltd	FSUSC1801066	7/12/18-7/12/19	\$10,000,000	N/A
D&O Side-A Only Excess - XL Insurance	FSUSC1801068	7/12/18-7/12/19	\$5,000,000	N/A
Sub-Total D&O			\$110,000,000	

Mgt. Liability- Ancillary Lines

Employment Practices - AIG Europe Ltd	FSUSC1801071	7/12/18-7/12/19	\$10,000,000	\$150,000
Fiduciary - AIG Europe Ltd	FSUSC1801074	7/12/18-7/12/19	\$5,000,000	\$5,000
Employee Crime - AIG Europe Ltd	FSUSC1801058	7/12/18-7/12/19	\$5,000,000	\$100,000
Special (Kidnap and Ransom) - XL Catlin	SC1601837	7/12/16-7/12/19	\$3,000,000	N/A

Cyber/Professional Liability -AIG Europe Ltd	FSCEO1800675	7/12/18-7/12/19	\$5,000,000	\$250,000
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Employed Lawyers Liability -AIG Europe Ltd	FSUSC1802554	7/12/18-7/12/20	\$1,000,000	\$10,000
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Equipment Liability & Physical Loss/Damage - TT Club	76641/2018/001	1/1/18-12/31/19	Liability: \$50M	N/A
			PD/Loss: \$10M (Off-hire equip.)	\$10,000
			PD/Loss: \$1.5M (On-hire equip.)	\$250,000

Equipment Liability Umbrella -Starr	MASILNY000385-18	1/1 - 12/31/18	\$25,000,000	None
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Employee Travel/Accident - Chubb	9906-43-62	11/03/16-19	\$250k/\$500k	None
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SCHEDULE 9.6

LITIGATION AND CONTINGENT LIABILITIES

NONE

SCHEDULE 9.8

SUBSIDIARIES

1. Restricted Subsidiaries

<u>Name of Subsidiary</u>	<u>Jurisdiction of Formation</u>	<u>Percentage Owned by Borrower and Subsidiaries</u>
TFX Holdings LLC	U.S.A. (California)	100%
MELeasing LLC	U.S.A. (California)	100%
Triton International Australia Pty Limited	Australia	100%
Intra International Transporte E Comercio (inactive, in process of dissolution)	Brazil	70%
Triton Container Sul Americana Transporte E Comercio Ltda.*	Brazil	100%
Proteus N.V.	Curacao	100%
Triton Container International B.V.	Netherlands	100%
Triton Container International GmbH	Germany	100%
Triton Limited	Hong Kong	100%
Triton International Japan Limited	Japan	100%
Triton Container (S) Pte Ltd	Singapore	100%
Triton Container South Africa (Pty) Ltd. (inactive, in process of dissolution)	South Africa	100%
Triton Container UK Limited	UK	100%

* Triton Container Sul Americana Transporte E Comercio Ltda. has two owners: The Borrower owns 499 quotas and Triton Container International GmbH owns 1 quota.

2. Unrestricted Subsidiaries (all Subsidiaries other than Restricted Subsidiaries).

<u>Name of Unrestricted Subsidiary</u>	<u>Jurisdiction of Formation</u>	<u>Percentage Owned by Borrower and Subsidiaries</u>
Triton Container International, Incorporated of North America	U.S.A. (California)	100%
Triton International Container BVBA	Belgium	100%
Triton Container Finance VI LLC	U.S.A. (Delaware)	100%
Triton Container Finance VII LLC	U.S.A. (Delaware)	100%
Triton Container Investments LLC	U.S.A. (Nevada)	100%
TriStar Container Services (Asia) Private Limited***	India	50%
TAL International Group, Inc.	U.S.A. (Delaware)	100%
Triton International Finance LLC**	U.S.A. (Delaware)	100%
TIF Funding LLC	U.S.A. (Delaware)	100%
TAL International Container Corporation	U.S.A. (Delaware)	100%
TAL Advantage V LLC	U.S.A. (Delaware)	100%
TAL Advantage VI LLC	U.S.A. (Delaware)	100%
TAL Finance III LLC	U.S.A. (Delaware)	100%
TAL International Container Pty Limited (to be dissolved)	Australia	100%
TAL Sales & Marketing Planning (Shanghai) Co., Ltd. (inactive, in process of dissolution)	China	100%
TAL International Container (HK) Limited (to be dissolved)	Hong Kong	100%
TAL International Container Srl (inactive, in process of dissolution)	Italy	100%
TAL International Container Pte Ltd. (to be dissolved)	Singapore	100%

ICS Terminals (UK) Limited	UK	100%
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**Triton International Finance LLC has two members: the Borrower and TAL International Container Corporation

*** TriStar Container Services (Asia) Private Limited operates as a joint venture between the Borrower and Marine Container Services (India) Private Limited

SCHEDULE 9.9

PARTNERSHIPS AND LIMITED LIABILITY COMPANIES

<u>Name of Partnership or LLC</u>	<u>Type</u>	<u>Percentage Owned by Borrower and Subsidiaries</u>
TriStar Container Services (Asia) Private Limited	Joint Venture	50%
TFX Holdings LLC	LLC	100%
Triton Container Investments LLC	LLC	100%
Triton International Finance LLC	LLC	100%
MELeasing LLC	LLC	100%
TIF Funding LLC	LLC	100%
Triton Container Finance VI LLC	LLC	100%
Triton Container Finance VII LLC	LLC	100%

SCHEDULE 9.14

ENVIRONMENTAL MATTERS

NONE

SCHEDULE 9.20

EXISTING INDEBTEDNESS

Current Debt, Funded Debt, Capitalized Leases, and Long Term Leases of the Company and its Restricted Subsidiaries as of the Closing Date is as follows:	
The Ninth Restated and Amended Credit Agreement dated as of April 15, 2016 among Triton Container International Limited ("TCIL"), as borrower, Bank of America, N.A., as Administrative Agent, and various lenders (as amended, supplemented or otherwise modified from time to time, the "Agreement") (capitalized terms used but not defined herein have the respective meanings set forth in	\$570,000,000

the Agreement)	
The Term Loan Agreement, dated as of December 22, 2016, among Triton Container International Limited (“TCIL”), various lenders and DVB Bank America N.V., as Administrative Agent (as amended, supplemented or otherwise modified from time to time, the “Term Loan Agreement”).	\$157,900,000
The Note Agreements dated as of September 17, 2008 and September 29, 2011 (collectively, the Agreements), the First Supplement to Note Agreements dated as of April 30, 2010, the Second Supplement to Note Agreements dated as of June 27, 2011, the First Supplement to Note Agreements dated as of October 23, 2012, the Second Supplement to Note Agreements dated as of June 12, 2014, and the Third Supplement to Note Agreements dated as of March 5, 2015, and the Fourth Supplement dated as of July 13, 2017, entered into by Triton Container International Limited and the Purchasers	\$2,045,200,002
Accrued interest (estimate)	\$17,052,748
Container Rental Equipment Payable (estimate)	\$18,875,206
Long-Term leases of the Company outstanding on the Closing Date is as follows:	\$2,342,058
Capitalized Leases of the Company outstanding on the Closing Date is as follows:	\$685,962

SCHEDULE 10.2

ADDRESSES FOR NOTICES

Borrower’s Address :

Canon’s Court
22 Victoria Street
Hamilton HM 12
Bermuda

with a copy to:

Triton Container International, Incorporated of North America
100 Manhattanville Road
Purchase, NY 10577-2135
Telephone: 914-697-2554
Facsimile: 914-697-2526

Administrative Agent’s Office and Lending Office :

(for payments and requests for Loans):

PNC Agency Services
PNC Firstside Center

5th Floor
500 First Avenue
Pittsburgh PA 15219

Telephone: 440-746-4164
Facsimile: 412-705-2400

Lenders' Addresses:

PNC Bank, National Association
PNC Firstside Center
5th Floor
500 First Avenue
Pittsburgh PA 15219

Telephone: 440-746-4164
Facsimile: 412-705-2400

Branch Banking and Trust Company
200 West Second Street FL 16
Winston Salem, North Carolina 27101
Telephone: 336-733-2768
Facsimile: 888-707-4162

City National Bank
555 S. Flower Street, 24th floor
Los Angeles, CA 90071
Telephone: (917) 322-3836

Crédit Industriel et Commercial, New York Branch
520 Madison Avenue, 37th Floor
New York, NY 10022
Telephone: (212) 715-4605
Facsimile: (212) 715-4535

DBS BANK LTD.
725 S. Figueroa Street, Suite 2000
Los Angeles, CA 90017
Telephone: 213-243-3703
Facsimile: 213-627-0228

First Hawaiian Bank
999 Bishop Street
Honolulu, HI 96813
Telephone: 808-525-8868
Facsimile: 808-525-6200

Fifth Third Bank
38 Fountain Square Plaza
MD 109046
Cincinnati, OH 45263
Telephone: (513) 534-0836

ING BELGIUM SA/NV
Avenue Marnix 24
1000 Brussels
Belgium
Telephone: 00 32 2 547 69 47

MUFG Bank, Ltd.
1251 Avenue of the Americas

New York, NY 10020-1104
Telephone: 312-696-4516
Facsimile: 312-696-4535

Royal Bank of Canada, New York Branch
Global Loans Administration, NY
Three World Financial Center
200 Vesey Street
New York, NY 10281-8098
Telephone: 1-877-332-7455
Facsimile: 1-212-428-2372

Siemens Financial Services, Inc.
170 Wood Avenue South
Iselin, NJ 08830
Telephone: 732-590-6625
Facsimile: 732-590-2490

SunTrust Bank
3333 Peachtree Road, NE
8th Floor
Atlanta, GA 30326
Telephone: 404-439-7424
Facsimile: 404-439-7409

Wells Fargo Bank, N.A.
420 Montgomery Street
San Francisco, CA 94140
Telephone: (704) 410-2402

Bank of America, N.A.
Attn: Faith Alford
MAC Legal Dept, Mail Code: NC1-001-05-45
101 North Tryon Street
Charlotte, NC 28255-0001
Telephone: 312-828-5684
Facsimile: 312-453-3142

Sumitomo Mitsui Banking Corporation
277 Park Avenue, New York, NY 10172
Telephone: 212-224-4150
Facsimile: 212-224-4391

Mizuho Bank, Ltd.
1251 Avenue of the Americas
New York, NY 10020
Telephone: 212.282.3549
Facsimile: 212.282.4488

Compass Bank
1345 Avenue of the Americas, 44 Floor
New York, NY 10105
Telephone: 212-419-6277
Facsimile: 866-984-8668

SCHEDULE 10.6

INSURANCE REQUIREMENTS

The Borrower shall have furnished to each Lender:

(i) certificates or copies of policies evidencing the existence of general liability insurance covering third party personal liability and property damage insurance in a single limit and aggregate amount of Ten Million Dollars (\$10,000,000) naming the Borrower and the Collateral Agent as additional insured,

(ii) require each Lessee to either (x) maintain self-insurance in a manner approved by the Borrower in accordance with the Borrower's credit and collection policy or (y) maintain (1) physical damage insurance in an amount equal to the value of the Containers on lease to it and to name the Borrower as a loss payee, and (2) comprehensive general liability insurance, including contractual liability, against claims for bodily injury or death and property damage and to name the Borrower as an additional insured, and

(iii) a certificate or copy of a policy evidencing the existence of "all risk" property damage insurance, written on a depreciated-value basis, covering the Containers then off-lease in a minimum amount of One Million Five Hundred Thousand Dollars (\$1,500,000) per occurrence, providing contingent coverage subject to such deductibles as are customarily retained by prudent companies of a similar size engaged in business activities similar to those of the Borrower, and containing a lender's loss payable endorsement in favor of the Collateral Agent, and each of such certificates or policies required by this Schedule 10.6 shall:

1. contain a provision precluding cancellation (other than "War Risks and Strikes, Riots and Civil Commotions" coverage that the Borrower may have in effect) (i) for nonpayment of premiums without a minimum of ten (10) days prior written notice to each Lender and (ii) for any other reason without a minimum of thirty (30) days prior written notice to each Lender, and

2. be written by an insurer or insurers having a financial strength rating of at least "Baa2" by Moody's Investor Service, Inc. or "BBB" by S&P or an equivalent rating by any other internationally recognized credit rating agency of similar standing that rates the claims paying ability of international insurance companies.

SCHEDULE 10.17

LIENS

NONE

SCHEDULE 10.18

Related Party Agreements

NONE

EXHIBIT A

FORM OF NOTE

, 20__

FOR VALUE RECEIVED, the undersigned, Triton Container International Limited, a Bermuda exempted company (the "Borrower"), hereby promises to pay to _____(the "Lender") the aggregate unpaid principal amount of all Loans made by the Lender to the Borrower pursuant to the Term Loan Agreement referred to below (as shown on the schedule attached hereto and any

[illegible]

--	--	--	--	--	--

The failure to record the date and amount of any Loan on this schedule shall not limit or otherwise affect the obligations of the Borrower under the Term Loan Agreement or under this Note to repay the principal amount of such Loan together with all interest accruing thereon.

EXHIBIT B

FORM OF BORROWING BASE CERTIFICATE

, 20__

PNC Bank, National Association, as Administrative Agent
PNC Agency Services
PNC Firstside Center
5th Floor
500 First Avenue
Pittsburgh PA 15219
Attention: _____

Re: Triton Container International Limited Term Loan Agreement

Ladies and Gentlemen:

Please refer to the Term Loan Agreement dated as of November 30, 2018 among Triton Container International Limited, various lenders party thereto and PNC Bank, National Association, as Administrative Agent (as amended, supplemented or otherwise modified from time to time, the “Term Loan Agreement”). Capitalized terms used but not defined herein have the respective meanings set forth in the Term Loan Agreement.

The Borrower certifies that as of _____ (the “Computation Date”), the computations of the Borrowing Base and other items set forth on Schedule I were true and correct.

The Borrower further certifies and warrants that there has not been any event or circumstance since the Computation Date which would materially reduce the amount of the Borrowing Base [or which would materially change the calculation of the any mandatory prepayment amount shown on Schedule I].

[IF APPLICABLE: Pursuant to Section 6.5 of the Term Loan Agreement, the Borrower further certifies that, to the extent that Schedule I reflects the effect of the use of the proceeds of Loans that will be made pursuant to the current Loan Request (the “Current Proceeds”): (a) the dollar amount of Unsecured Vendor Debt and trade payables incurred in connection with the acquisition of SIA Container Equipment, reduced by such proceeds, was \$_____; and (b) the aggregate dollar amount of (i) the current portion of Subordinated Funded Debt, (ii) 20% of the Letter of Credit Outstandings allocable to commercial Letters of Credit and/or (iii) the outstanding principal amount of Total Senior Debt (other than Indebtedness under the Term Loan Agreement) secured by Finance Leases of SIA Container Equipment, SIA Container Equipment and/or Casualty Receivables, reduced by such proceeds, was \$_____]

[IF APPLICABLE: The undersigned Authorized Officer represents that (x) the Current Proceeds (or relevant portion thereof) will be used to pay Indebtedness of the type described in Section 6.5(a)(ii)(y), (b)(i), (b)(ii) or (b)(iii) of the Term Loan Agreement and (y) to the extent necessary, this Borrowing Base Certificate was prepared using the Borrower’s good faith reasonable estimates of the information contained herein.]

[Signature on next page.]

IN WITNESS WHEREOF, the undersigned has caused this Borrowing Base Certificate to be executed and delivered by the undersigned Authorized Officer hereunto duly authorized as of the date first above written.

Triton Container International Limited

By:

Name:

Title:

SCHEDULE I

to Borrowing Base Certificate

Triton Container International Limited

Computation Date: ____, 20__

I. Borrower's SIA Container Equipment subject to Finance Leases

1. Net investment of the Borrower in Finance Leases of SIA Container Equipment _____

2. Margined net investment of the Borrower in Finance Leases of SIA Container Equipment (Item I.1. multiplied by 80%) 80% _____

II. Borrower's SIA Container Equipment

1. Original Equipment Cost of the Borrower's (not including any Subsidiary's) SIA Container Equipment

2. Accumulated Depreciation (absolute value)

3. Less: (A) any lost, stolen or destroyed SIA

Container Equipment that exceeds \$250,000

in NBV and has been off-hire and no longer

billed to a lessee for a period in excess of 90 days, and _____

4. Less: (B) any spare parts comprising any portion of SIA

Container Equipment _____

5. Less: Unsecured Vendor Debt and trade payables incurred

in the acquisition of such SIA Container Equipment

6. (Item II.1. - Item II.2.) minus (Item II.3. + Item II.4.)

minus Item II.5. _____

7. Margined Net Book Value of the Borrower's SIA Container

Equipment (Item II.6. multiplied by 83.33%) 83.33% _____

III. Casualty Receivables

1. Book Value of Casualty Receivables from non-Affiliates outstanding for ≤ 120 days _____

2. Book Value of Casualty Receivables from Affiliates

outstanding for ≤ 120 days and \leq and \$5,000,000 _____

3. Total Book Value of Casualty Receivables

(Item III.1. + Item III.2.) _____

4. Margined Book Value of Casualty Receivables

(Item III.3. multiplied by 80%) 80% _____

IV. Total Margined SIA Container Equipment

(Sum of Items I.2., II.7. and III.4.) _____

V. Liabilities

1. Current portion of Subordinated Funded Debt _____

2. 20% of the Letter of Credit Outstandings _____
3. Outstanding principal amount of Total Senior Debt (other than Item VII.2.) secured by Finance Leases of SIA Container Equipment, SIA Container Equipment and/or Casualty Receivables _____
4. Accrued and unpaid interest on such Total Senior Debt _____
5. Liabilities that reduce the Borrowing Base (Sum of Items V.1. through V.4.) _____

VI. BORROWING BASE

The lesser of (i) \$1,000,000,000 (as such amount may be increased in accordance with Section 2.8 of the Agreement) and (ii) the total of Item IV. minus Item V.5. _____

VII. Availability

1. Aggregate Commitment Amount \$1,000,000,000
2. Less: Facility Usage _____
3. Total Availability (Item VII.1. minus Item VII.2.) _____
4. Maximum Remaining Availability (Lesser of Items VII.3. and VI.) _____
5. Mandatory Prepayment Amount (if Item VII.2 is greater than the lesser of (x) Item VI and (y) Item VII.1, then prepayment equals Item VII.2. _____)

EXHIBIT C

FORM OF LOAN REQUEST

PNC Bank, National Association, as Administrative Agent
PNC Agency Services
PNC Firstside Center
5th Floor
500 First Avenue
Pittsburgh PA 15219
Attention: _____

Re: Triton Container International Limited Term Loan Agreement

Gentlemen and Ladies:

Please refer to the Term Loan Agreement, dated as of November 30, 2018, among Triton Container International Limited, various lenders party thereto and PNC Bank, National Association, as Administrative Agent (as amended or otherwise modified from time to time, the “Term Loan Agreement”). Capitalized terms used but not defined herein have the respective meanings set forth in the Term Loan Agreement.

1. Request for Loans. Pursuant to Section 2.3 of the Term Loan Agreement, the Borrower irrevocably gives you notice of the Borrowing specified herein:

- (a) Requested Funding Date: _____, 20__ (the “Funding Date”).

- (b) Amount of Borrowing: \$ ____.
- (c) Type of Borrowing: LIBOR Rate Loans with an initial Interest Period of ____.
- (d) On the requested Funding Date above, please credit the Borrower's Account No. _____ with the proceeds of the Loans requested above and wire transfer such amount to: _____.
- (e) LIBOR Reserve Percentage: ____.

2. Certifications. The Borrower hereby certifies that, both before and after giving effect to the Loans requested hereunder:

(a) The representations and warranties set forth in Section 9 of the Term Loan Agreement, and in any other agreement or certification given by the Borrower or any Subsidiary or any officer or agent thereof pursuant to the Term Loan Agreement (including the Security and Intercreditor Agreement), were true and correct as of the date made, and such representations and warranties are true and correct in all material respects on the date hereof as if made on the date hereof.

(b) (i) No Event of Default or Unmatured Event of Default has occurred and is continuing and (ii) the Facility Usage will not exceed the Borrowing Base.

(c) The Borrower is in compliance with Section 10.6 (Insurance; Reports) of the Term Loan Agreement.

3. Borrowing Base Certificate. Attached hereto as Schedule I is a true and correct copy of the Borrowing Base Certificate most recently delivered pursuant to Section [IF APPLICABLE: 6.5,] 10.1(d) or 11.1(j) of the Term Loan Agreement, as applicable, dated _____ 20__, that sets forth a computation of the Borrowing Base as in effect on such date and demonstrates (a) that such Borrowing Base is sufficient to cover the Loans requested hereby after giving effect to such Loans, (b) the effect of such Loans on the Borrowing Base and (c) that the outstanding Borrowing Base is equal to or greater than zero, after giving effect to such Loans.

The Borrower agrees that if prior to the Funding Date any matter certified herein will not be true and correct at such time as if then made, the Borrower will immediately so notify the Administrative Agent. Except to the extent that prior to the Funding Date the Administrative Agent shall receive written notice to the contrary from the Borrower, each matter certified herein shall be deemed to be certified by the Borrower on the Funding Date (after giving effect to the Loans and other actions contemplated hereby).

[Signature on next page.]

IN WITNESS WHEREOF, the Borrower has caused this Loan Request to be executed and delivered by the undersigned representatives hereunto duly authorized as of the date first above written.

Triton Container International Limited

By:

Name:

Title:

SCHEDULE I
to Loan Request

Borrowing Base Certificate

[Borrower to attach and deliver completed and signed
Borrowing Base Certificate (in the form of Exhibit B to the Term Loan Agreement).]

EXHIBIT D
FORM OF COMPLIANCE CERTIFICATE

_____, 20__

PNC Bank, National Association, as Administrative Agent
PNC Agency Services
PNC Firstside Center
5th Floor
500 First Avenue
Pittsburgh PA 15219
Attention: _____

Re: Triton Container International Limited Term Loan Agreement

Gentlemen and Ladies:

Please refer to the Term Loan Agreement, dated as of November 30, 2018, among Triton Container International Limited (“TCIL”), various lenders party thereto and PNC Bank, National Association, as Administrative Agent (as amended, supplemented or otherwise modified from time to time, the “Term Loan Agreement”). Capitalized terms used but not defined herein have the respective meanings set forth in the Term Loan Agreement.

The undersigned Authorized Officer hereby certifies as of the date hereof that he/she is the of TCIL, and that, as such, he/she is authorized to execute and deliver this Certificate to the Administrative Agent on behalf of TCIL, and that:

[Use following paragraph 1 for fiscal year-end financial statements]

1. Annual Audit Report. Attached hereto as Schedule I are the year-end audited financial statements of TCIL and its Subsidiaries required by Section 10.1(a) of the Term Loan Agreement for the fiscal year of TCIL ended as of (the “Computation Date”), together with the report and opinion of an independent certified public accountant required by such section, in each case in form and substance as set forth in such section.

[Use following paragraph 1 for fiscal quarter-end financial statements]

2. Quarterly Financial Statements. Attached hereto as Schedule I are the unaudited financial statements of TCIL and its Subsidiaries required by Section 10.1(b) of the Term Loan Agreement for the fiscal quarter of TCIL ended as of (the “Computation Date”) in form and substance as set forth in such section. Such financial statements satisfy the requirements set forth in Section 10.1(b) and fairly present the financial condition, results of operations, stockholders’ equity and comprehensive income, and cash flows of TCIL and its Subsidiaries in accordance with GAAP as at such date and for such period, subject only to normal year-end audit adjustments and the absence of footnotes.

3. Financial Tests. TCIL certifies and warrants to you that the attached Schedule II sets forth true and correct computations as of the Computation Date of the ratios and/or financial restrictions contained in the Term Loan Agreement.

4. Income, Cash Flow and Investments Analysis. TCIL certifies and warrants to you that the attached Schedule III sets forth true and correct computations of: (a) Consolidated Net Income; (b) earnings from each Unrestricted Subsidiary as calculated pursuant to the methodology described in the definition of Consolidated Net Income, part (d) excluding, for the avoidance of doubt, any non-cash gain or loss on any interest rate protection agreement or any similar hedging agreement resulting from the requirements of SFAS No. 133 or any similar accounting standard; (c) cash flow attributable to dividends that TCIL received from each Unrestricted Subsidiary; (d) TCIL’s Investment in each Unrestricted Subsidiary under the equity method of accounting; in each case for the fiscal period ended on the Computation Date.

5. Events of Default. The undersigned has reviewed and is familiar with the terms of the Term Loan Agreement and has made, or has caused to be made under his/her supervision, a detailed review of the condition (financial or otherwise) of TCIL and its Subsidiaries as of the Computation Date and for the accounting period then ended with the purpose of determining whether TCIL was in compliance with the Term Loan Agreement as of such date, and to the best knowledge of the undersigned, no Event of Default or Unmatured Event of Default has occurred and is continuing [, except as described below:].

7. Container Equipment Report. Attached hereto as Schedule IV is a summary that sets forth, as of the Computation Date, (i) a separate listing of the number and types of Container Equipment owned, rented, leased or managed by the Borrower, (ii) their aggregate Net Book Value, (iii) a separate listing of the Borrower's ten (10) largest customers to date, as measured by Net Book Value of Container Equipment, and (iv) their aggregate original cost (or upon the Administrative Agent's request during the existence of an Event of Default or Unmatured Event of Default, a detailed report with respect to each unit of Container Equipment then owned by the Borrower and subject to a Long Term Lease its (w) serial or other identifying number, (x) in-service date, (y) Net Book Value (including totals thereof), and (z) original cost (including totals thereof)); it being understood that, unless reasonably requested by the Majority Lenders with reasonable notice, such reports shall be limited to all Revenue Generating Equipment (as defined in the Security and Intercreditor Agreement or, if such term is not defined therein, "Containers" as defined therein) constituting Collateral then owned by the Borrower; together with monthly utilization rate with respect to such Container Equipment in form and detail satisfactory to the Administrative Agent .

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the undersigned has executed this Compliance Certificate as of the date first above written.

Triton Container International Limited

By:

Name:

Title:

SCHEDULE I
to Compliance Certificate

For the Fiscal Quarter/Year ended on _____, 20__
(the "Computation Period")

Financial Statements

SCHEDULE II
to Compliance Certificate

For the Fiscal Quarter/Year ended on _____, 20__ (the "Computation Period")

I. Section 10.12 : Maximum Funded Debt Ratio

A. Total Debt _____

B. Consolidated Tangible Net Worth **plus**: Borrower's deferred income
related to sale of Container Equipment to _____

Subsidiaries (CTNW)

C. Funded Debt Ratio (not to exceed 4.0:1.0) (unless such ratio is amended or otherwise modified under the TCIL Credit Agreement to 4.25 to 1.00 or a less restrictive level, in which case the required level will be 4.25 to 1.0) _____

II. Section 10.13 : Minimum Consolidated Tangible Net Worth

A. Consolidated Tangible Net Worth **plus**: Restricted Investments in Unrestricted Subsidiaries for Section 10.13 Purposes

B. Which is not less than: \$855,000,000 _____
Excess: _____

III. Section 10.14 : Minimum Fixed Charge Coverage Ratio

		<i>Fiscal Quarter Ended:</i>				
		___/___/___	___/___/___	___/___/___	___/___/___	___/___/___
A.	Consolidated Net Income Available for Fixed Charges	_____	_____	_____	_____	_____
B.	Fixed Charges	_____	_____	_____	_____	_____
C.	Ratio of Consolidated Net Income Available for Fixed Charges to Fixed Charges	_____	_____	_____	_____	_____

As determined on the last day of each quarter for the period of six fiscal quarters then ending not to be less than 1.25:1.0 (unless such ratio is amended or otherwise modified under the TCIL Credit Agreement to 1.15 to 1.0 or a less restrictive level, in which case the required level will be 1.15 to 1.0)

SCHEDULE III to Compliance Certificate

For the Fiscal Quarter/Year ended on _____, 20__ (the "Computation Period")

A. Consolidated Net Income	Total
Net Income of the Borrower and Its Restricted Subsidiaries	
Less: Gains or Losses (net of Taxes) on Sales of Capital Assets Other Than Container Equipment	
Less: Aggregate Gains on Dispositions of Other Investments and Extraordinary Items of Income In Excess of Aggregate Losses on such Dispositions and Aggregate Losses on Extraordinary items	
Less: Any Non-Cash Gain or Loss Resulting from the Requirements of SFAS 133	
Less: Income (Loss) From Unrestricted Subsidiaries	
Consolidated Net Income for the Computation Period	\$ -

B. Rollforward of Investment in Unrestricted Subsidiary	Other Unrestricted Subsidiary			Total
	TCI	TCCI	(If Any)	
Investment Balance as of the Prior Fiscal Quarter Ended December 31, 201[●]				
Plus: Income (Loss) From Unrestricted Subsidiaries				
Plus: Capital Contribution to Unrestricted Sub.				
Less: Cash Flow Attributable to Dividends from Unrestricted Subsidiaries				
Other				
Investment Balance as of the Computation Date	\$ -	\$ -	\$ - -	\$ -
C. SFAS 133 Effects on Income (Loss) From Unrestricted Subsidiaries	TCI	TCCI	(If Any)	Total
Income (Loss) From Unrestricted Subsidiaries				
Excluding Effects of SFAS 133	\$-	\$-	\$-	\$-
Effects of SFAS 133 on Income (Loss) from Unrestricted Subsidiaries				
Income (Loss) From Unrestricted Subsidiaries for the Computation Period Including Effects of SFAS 133				
D. Analysis of TCIL's Other Income - YTD				Total
Management Fee Income				
Income (Loss) From Unrestricted Subsidiaries				
Other Income (Expense)				
TCIL's Other Income - Year-to-Date				\$-

SCHEDULE IV

to Compliance Certificate

Container Equipment Report

EXHIBIT E

FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement (this “Assignment Agreement”) is dated as of the Effective Date set forth below and is entered into by and between [*Insert name of Assignor*] (the “Assignor”) and [*Insert name of Assignee*] (the “Assignee”). Capitalized terms used but not defined herein shall have the respective meanings given to them in the Term Loan Agreement identified below (the “Term Loan Agreement”), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment Agreement as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Term Loan Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor’s rights and obligations as a Lender under the Term Loan Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including, without limitation, Letters of Credit and guarantees included in such facilities) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Term Loan Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as the “Assigned Interest”). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment Agreement, without representation or warranty by the Assignor.

1. Assignor: _____
2. Assignee: _____[and is an Affiliate of [*identify Lender*]]
3. Borrower: Triton Container International Limited
4. Administrative Agent: PNC Bank, National Association, as the administrative agent under the Term Loan Agreement
5. Term Loan Agreement: The Term Loan Agreement dated as of November 30, 2018 among Triton Container International Limited, the Lenders parties thereto, and PNC Bank, National Association, as Administrative Agent
6. Assigned Interest:

Aggregate Amount of Commitment/Loans for all Lenders *	Amount of Commitment/Loans Assigned	Percentage Assigned of Commitment/Loans
\$ _____	\$ _____	_____ %
\$ _____	\$ _____	_____ %
\$ _____	\$ _____	_____ %

[7. Trade Date: _____]

Effective Date: _____, 20__ [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment Agreement are hereby agreed to:

ASSIGNOR :

[NAME OF ASSIGNOR]

By:

Title:

ASSIGNEE :

[NAME OF ASSIGNEE]

By:

Title:

Consented to and Accepted:

PNC BANK, NATIONAL ASSOCIATION , as
Administrative Agent

By: _____

Title: _____

[Consented to: **Triton Container International Limited**

By: _____

Title:]

ANNEX 1 TO ASSIGNMENT AND ASSUMPTION AGREEMENT

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION AGREEMENT

1. Representations and Warranties.

1.1. Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment Agreement and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Term Loan Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any

1.2. Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment Agreement and to consummate the transactions contemplated hereby and to become a Lender under the Term Loan Agreement, (ii) it meets all requirements of an Eligible Assignee under the Term Loan Agreement (subject to receipt of such consents as may be required under the Term Loan Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Term Loan Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Term Loan Agreement, together with copies of the most recent financial statements delivered pursuant to Section 10.1 thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment Agreement and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, and (v) if it is organized under the laws of a jurisdiction other than the United States, attached hereto is any documentation required to be delivered by it pursuant to the terms of the Term Loan Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned interest (including payments of principal, interest, fees and other amounts) to the Assignee whether such amounts have accrued prior to or on or after the Effective Date. The Assignor and the Assignee shall make all appropriate adjustments in payments by the Administrative Agent for periods prior to the Effective Date or with respect to the making of this assignment directly between themselves.

3. General Provisions. This Assignment Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment Agreement may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart hereof, or a signature page of this Assignment Agreement, by facsimile or in a .pdf or similar file shall be effective as delivery of a manually executed original counterpart of this Assignment Agreement. This Assignment Agreement shall be governed by, and construed in accordance with, the law of the State of New York.

EXHIBIT F

SUBORDINATION PROVISIONS APPLICABLE TO SUBORDINATED FUNDED DEBT

(a) The indebtedness evidenced by this Subordinated Note and any renewals or extensions hereof, shall at all times be wholly subordinate and junior in right of payment to: (i) the Borrower's obligations to the "Lenders" defined in, and arising pursuant to, that certain Term Loan Agreement dated as of November 30, 2018 (as amended, restated or otherwise modified from time to time, the "Term Loan Agreement") among the Borrower, PNC Bank, National Association, as administrative agent, and the lenders signatories thereto, as the same may be amended from time to time, including, without limitation, as to the aggregate credit available thereunder to the Borrower, (ii) any commitment fees payable pursuant to the terms of the Borrower's senior loan agreements, (iii) obligations incurred in connection with any interest rate swap agreement, interest rate cap agreement, interest rate collar agreement or other agreement intended to protect the Borrower against fluctuations in the rate of interest on its indebtedness, (iv) reimbursement obligations relating to standby letters of credit issued at the request of the Borrower (and related letter of credit applications) up to an aggregate maximum face amount for all such standby letters of credit of \$500,000 (foreign currency denominated standby letters of credit shall be valued in United States currency as at the date of issuance at the issuer's prevailing exchange rates), and (v) any other funded indebtedness for money borrowed of the Borrower not expressed to be subordinate or junior to any other indebtedness of the Borrower; and any and all extensions or renewals of any such indebtedness in whole or in part in the manner and with the force and effect hereinafter set forth. The indebtedness described in the preceding clauses (i) through (v), including all costs of collection thereof, and post-petition interest thereon, is hereinafter called "Senior Debt".

1. In the event of any insolvency or bankruptcy proceedings, and any receivership, liquidation, reorganization, arrangement

or other similar proceedings in connection therewith, relative to the Borrower or to its creditors, as such, or to its property, and in the event of any proceedings for voluntary liquidation, dissolution or other winding up of the Borrower, whether or not involving insolvency or bankruptcy, then the holders of Senior Debt shall be entitled to receive payment in full of all Senior Debt before the holder of this Subordinated Note is entitled to receive any payment on account of principal, premium or interest upon this Subordinated Note, and to that end (but subject to the power of a court of competent jurisdiction to make other equitable provisions reflecting the rights conferred in this Subordinated Note upon the Senior Debt and the holders thereof with respect to the subordinate indebtedness represented by this Subordinated Note and the holder hereof by a lawful plan of reorganization under applicable bankruptcy law) the holders of Senior Debt shall be entitled to receive for application in payment thereof any payment or distribution of any kind or character, whether in cash or property or securities, which may be payable or deliverable in any such proceedings in respect of this Subordinated Note.

2. In the event that any default in the payment of principal or interest shall occur and be continuing with respect to any Senior Debt and the holders of such Senior Debt shall accelerate the maturity thereof, the holder of this Subordinated Note shall not be entitled to receive any payment on account of principal, premium or interest hereon unless payment in full shall have been made of all Senior Debt. Notwithstanding the foregoing provisions of this paragraph, the holders of such Senior Debt shall have the right, on a one-time only basis, by written notice to the holder of this Subordinated Note, to require postponement of the commencement of any actions as a result of such acceleration for a period not to exceed 30 days, and during such 30-day period, the holder of this Subordinated Note shall not take any action or institute any proceeding as a result of such acceleration. Subject to paragraph 1 above, in the event that such a default in payment shall exist and the holders of such Senior Debt shall not have accelerated the maturity thereof, the holder of this Subordinated Note shall not be entitled to receive any payment in excess of the regularly scheduled payments of principal and interest unless payment in full shall have been made of all Senior Debt. Notwithstanding the provisions of the foregoing sentence, and subject to the provisions of paragraph 7 below, prior to the acceleration of the maturity of any Senior Debt, if the holders of such Senior Debt provide written notice of such a payment default (which notice shall state that it is intended to temporarily block payments on the Subordinated Notes) to the Borrower and the holder of this Subordinated Note, then for a period ending upon the earlier of (i) 60 days after receipt of such written notice, or (ii) the date of acceleration of the maturity of any Senior Debt, the holder of this Subordinated Note shall not be entitled to receive any payment on account of principal, premium or interest hereon unless payment in full shall have been made of all Senior Debt, provided that such notice may be given on a one-time only basis.

3. In the event that any non-payment default (a default other than a default in the payment of principal or interest) shall occur and be continuing with respect to any Senior Debt and the holders of such Senior Debt shall accelerate the maturity thereof, the holder of this Subordinated Note shall not be entitled to receive any payment on account of principal, premium or interest hereon, unless payment in full shall have been made of all Senior Debt. In the event that such a non-payment default shall exist and the holders of such Senior Debt shall not have accelerated the maturity thereof, the holders of this Subordinated Note shall not be entitled to accelerate the maturity of this Subordinated Note unless an event of default permitting such acceleration exists and is continuing (other than a cross default to the non-payment default with respect to such Senior Debt). Notwithstanding the provisions of the foregoing sentence, and subject to the provisions of paragraph 7 below, prior to the acceleration of the maturity of any Senior Debt, if the holders of such Senior Debt provide written notice of such a non-payment default (which notice shall state that it is intended to temporarily block payments on the Subordinated Notes) to the Borrower and the holder of this Subordinated Note, then for a period ending upon the earlier of (i) 120 days after receipt of such written notice, or (ii) the date of acceleration of the maturity of any Senior Debt (the "Block Period"), the holder of this Subordinated Note shall not be entitled to receive any payment on account of principal, premium or interest hereon unless payment in full shall have been made of all Senior Debt. Subject to the provisions of paragraph 1 hereof, after the end of such Block Period the holder of this Subordinated Note may accelerate the maturity hereof if there exists a default which would permit such acceleration. Subject to paragraph 1 above, in the event that such a non-payment default shall exist and the holders of such Senior Debt shall not have accelerated the maturity thereof, the holder of this Subordinated Note shall not be entitled to receive any payment in excess of the regularly scheduled payments of principal and interest unless payment in full shall have been made of all Senior Debt.

4. Subject to the provisions of paragraphs 1, 2 and 3 above, in the event that any default in the payment of principal or interest shall occur and be continuing with respect to this Subordinated Note, so long as the holders of such Senior Debt shall not have accelerated the maturity thereof, the holder of this Subordinated Note shall have the right to accelerate the maturity of this Subordinated Note provided that written notice thereof shall have been received by the Administrative Agent under the Term Loan Agreement simultaneously with any such acceleration; however, such holder shall not be entitled to receive any payment in excess of the regularly scheduled payments of principal and interest unless payment in full shall have been made on all Senior Debt. Notwithstanding the foregoing provisions of this paragraph, in the event of the acceleration of the maturity of this Subordinated Note, the holders of the Senior Debt shall have the right, on a one-time only basis with respect to any separate payment default on this Subordinated Note, by written notice (which notice shall state that it is intended to temporarily postpone the commencement of any actions as a result of the acceleration of this Subordinated Note) to the holder of this Subordinated Note, to require postponement of the commencement of any actions as a result of such acceleration for a period not to exceed 30 days, and during such 30-day

period, the holder of this Subordinated Note shall not take any action or institute any proceeding as a result of such acceleration.

5. Subject to the foregoing paragraphs 1, 2 and 3 above, in the event that any non-payment default (a default other than a default in the payment of principal or interest) shall occur and be continuing with respect to this Subordinated Note the holders of this Subordinated Note may accelerate the maturity hereof, provided that written notice thereof shall have been received by the Administrative Agent under the Term Loan Agreement simultaneously with any such acceleration, however, the holder of this Subordinated Note shall not be entitled to receive any payment in excess of the regularly scheduled payments of principal and interest hereon unless payment in full shall have been made of all Senior Debt. Notwithstanding the provisions of the foregoing sentence, and subject to the provisions of paragraph 7 below, prior to the acceleration of the maturity of any Senior Debt, if the holders of such Senior Debt provide written notice of such non-payment default (which notice shall state that it is intended to temporarily block actions as a result of acceleration of this Subordinated Note), to the Borrower and the holder of this Subordinated Note, then for a period ending upon the earlier of (i) 90 days after receipt of such written notice, or (ii) the date of acceleration of the maturity of any Senior Debt (the "Postponement Period"), the holder of this Subordinated Note shall postpone the commencement of any actions as a result of the acceleration of this Subordinated Note unless payment in full shall have been made of all Senior Debt. Subject to the provisions of paragraph 1 above, after the end of such Postponement Period the holder of this Subordinated Note may accelerate the maturity hereof if there exists a default which would permit such acceleration.

6. (a) No premium or default rate of interest shall accrue or become payable on this Subordinated Note prior to an event of default with respect to this Subordinated Note or the agreement under which it was issued.

(b) As long as any Senior Debt remains unpaid the holder of this Subordinated Note will not (i) exchange this Subordinated Note for any equity security of the Borrower, (ii) forgive any portion of this Subordinated Note, (iii) accept any collateral to secure the indebtedness of the Borrower under this Subordinated Note, or (iv) receive any optional prepayment with respect to this Subordinated Note if such prepayment would constitute an event of default with respect to any Senior Debt.

7. Anything in the foregoing subordination provisions to the contrary notwithstanding, during any 360-day period:

(i) no more than one Block Period or Postponement Period may be called by the holders of Senior Debt;

(ii) the maximum aggregate number of days (whether or not consecutive) for which payments under the Subordinated Notes may be blocked pursuant to clause (i) of paragraph 2 and the Block Period is 120 days (for example, if a 60-day period under clause (i) of paragraph 2 has been called, the maximum Block Period that may be called within a 360-day period is 60 days; conversely, if a 120-day Block Period has already been called during such 360-day period no additional blockage under said clause (i) of paragraph 2 shall be available); and

(iii) the maximum aggregate number of days (whether or not consecutive) for which payments under the Subordinated Notes may be blocked pursuant to clause (i) of paragraph 2 and the Postponement Period is 90 days (for example, if a 60-day period under clause (i) of paragraph 2 has been called, the maximum Postponement Period that may be called within a 360-day period is 30 days; conversely, if a 90-day Postponement Period has already been called during such 360-day period, no additional blockage under said clause (i) of paragraph 2 shall be available).

No present or future holder of Senior Debt shall be prejudiced in his right to enforce subordination of this Subordinated Note by any act or failure to act on the part of the Borrower. The provisions of this Subordinated Note are solely for the purpose of defining the relative rights of the holders of Senior Debt on the one hand and the holder of this Subordinated Note on the other hand and nothing herein shall impair as between the Borrower and the holder of this Subordinated Note the obligation of the Borrower, which is unconditional and absolute, to pay to the holder hereof the principal, premium, if any, and interest hereon in accordance with its terms, nor shall anything herein prevent the holder of this Subordinated Note from exercising all remedies otherwise permitted by applicable law or hereunder upon default hereunder, subject to the rights, if any, under this Subordinated Note of holders of Senior Debt to receive cash, property or securities otherwise payable or deliverable to the holder of this Subordinated Note.

In the event any payment or distribution of any kind or character, whether in cash, property or securities, shall be made upon or in respect of any Subordinated Note in contravention of any of the provisions of this Section ___ such payment or distribution shall be paid over by the holder or holders of the Subordinated Notes receiving the same to the holders of outstanding Senior Debt for pro rata application in payment thereof, unless and until such Senior Debt shall have been paid or satisfied in full.

Any notice from the holders of Senior Debt permitted by paragraphs 2, 3, 4 or 5 hereof must be in writing and shall be executed by the holders of not less than $66\frac{2}{3}\%$ of the aggregate principal amount of all Senior Debt then outstanding.

The Borrower agrees, for the benefit of the holders of Senior Debt, that in the event that this Subordinated Note or any

portion hereof shall become due and payable before its expressed maturity for any reason other than the mere passage of time (a) the Borrower will give prompt notice in writing of such happening to the holders of Senior Debt and (b) any and all Senior Debt shall forthwith become immediately due and payable upon demand by the holders thereof, regardless of the expressed maturity thereof.

Each and every holder of this Subordinated Note by acceptance hereof shall undertake and agree for the benefit of each holder of Senior Debt to execute, verify, deliver and file any proofs of claim, consents, assignments or other instruments which any holder of Senior Debt may at any time require in order to prove and realize upon any rights or claims pertaining to this Subordinated Note and to effectuate the full benefit of the subordination contained herein, and upon failure of the holder of this Subordinated Note to do so, any such holder of Senior Debt shall be deemed to be irrevocably appointed the agent and attorney-in-fact of the holder of this Subordinated Note to execute, verify, deliver and file any such proofs of claim, consents, assignments or other instruments.

By accepting this Subordinated Note, each holder hereof shall agree to honor its agreements set forth in this Section ___ as such agreements relate to current and future holders of Senior Debt notwithstanding any and all other rights and remedies it may have against the Borrower pursuant to any other provision of this Agreement.

EXHIBIT G

FORM OF OPTIONAL PREPAYMENT NOTICE

[INSERT DATE]

PNC Bank, National Association, as Administrative Agent
PNC Agency Services
PNC Firstside Center
5th Floor
500 First Avenue
Pittsburgh PA 15219
Attention: _____

Re: *Triton Container International Limited Term Loan Agreement*

Gentlemen and Ladies:

Please refer to the Term Loan Agreement dated as of November 30, 2018 among Triton Container International Limited, various lenders party thereto and PNC Bank, National Association, as Administrative Agent (as amended or otherwise modified from time to time, the “Term Loan Agreement”). Capitalized terms used but not defined herein have the respective meanings set forth in the Term Loan Agreement.

[IF PREPAYMENT IS TO BE MADE ON A PAYMENT DATE INCLUDE THE FOLLOWING: We are in receipt of the invoice from the Administrative Agent, dated [____], with respect to the payments due under the Term Loan Agreement on [INSERT PAYMENT DATE]. We hereby advise you that we intend to remit to the Administrative Agent on [INSERT PAYMENT DATE] the amount of \$[____], to be applied as follows:

1. Apply \$[principal amount on invoice] against principal due on [INSERT PAYMENT DATE];
2. Apply \$[interest amount on invoice] for accrued interest due on [INSERT PAYMENT DATE]; and
3. Apply \$[optional Prepayment amount] against the aggregate principal balance as further described below]]

Pursuant to Section 6.2(b) of the Term Loan Agreement, the Borrower gives you notice that it intends to make an optional prepayment of the Loans as follows:

- (a) Date of Optional Prepayment: _____, 20__.
- (b) Amount of Optional Prepayment in aggregate (component amounts set forth below): \$[optional Prepayment amount].

(i) Amount of the principal balance to be prepaid: \$_____.

(ii) Amount of accrued interest to be prepaid with respect to the principal balance prepaid pursuant to the preceding clause (b)(i): \$_____.

(iii) Any other applicable amount(s) payable pursuant to Section 7.1, Section 7.4 or Section 7.3 of the Term Loan Agreement with respect to the principal balance prepaid pursuant to the preceding clause (b)(i): \$_____.

The Borrower hereby confirms that the foregoing optional prepayment is being made in accordance with the provisions of Section 6.2 of the Term Loan Agreement.

[Signature on next page.]

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this notice as of the date first above written.

Triton Container International Limited

By:

Name:

Title:

EXHIBIT H-1

[FORM OF]

U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Lenders That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Please refer to the Term Loan Agreement dated as of November 30, 2018 among Triton Container International Limited, various lenders party thereto and PNC Bank, National Association, as Administrative Agent (as amended or otherwise modified from time to time, the “Term Loan Agreement”). Capitalized terms used but not defined herein have the respective meanings set forth in the Term Loan Agreement.

Pursuant to the provisions of Section 7.6(g)(ii)(2)(c) of the Term Loan Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (iv) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrower with a certificate of its non-U.S. Person status on IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent, and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

[NAME OF LENDER]

By: __

Name:

Title:

Date: _____, 20[]

EXHIBIT H-2

[FORM OF]

U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Participants That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Please refer to the Term Loan Agreement dated as of November 30, 2018 among Triton Container International Limited, various lenders party thereto and PNC Bank, National Association, as Administrative Agent (as amended or otherwise modified from time to time, the “Term Loan Agreement”). Capitalized terms used but not defined herein have the respective meanings set forth in the Term Loan Agreement.

Pursuant to the provisions of Sections 7.6(g)(ii)(2)(c) and 14.10 of the Term Loan Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, and (iv) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code].

The undersigned has furnished its participating Lender with a certificate of its non-U.S. Person status on IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender in writing, and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

[NAME OF PARTICIPANT]

By: __

Name:

Title:

Date: _____, 20[]

EXHIBIT H-3

[FORM OF]

U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Participants That Are Partnerships For U.S. Federal Income Tax Purposes)

Please refer to the Term Loan Agreement dated as of November 30, 2018 among Triton Container International Limited, various lenders party thereto and PNC Bank, National Association, as Administrative Agent (as amended or otherwise modified from time to time, the “Term Loan Agreement”). Capitalized terms used but not defined herein have the respective meanings set forth in the Term Loan Agreement.

Pursuant to the provisions of Sections 7.6(g)(ii)(2)(d) and 14.10 of the Term Loan Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such participation, (iii) with respect such participation, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished its participating Lender with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

[NAME OF PARTICIPANT]

By: __

Name:

Title:

Date: _____, 20[]

EXHIBIT H-4

[U.S. Tax Compliance Certificate]

[FORM OF]

U.S. TAX COMPLIANCE CERTIFICATE

(For Foreign Lenders That Are Partnerships For U.S. Federal Income Tax Purposes)

Please refer to the Term Loan Agreement dated as of November 30, 2018 among Triton Container International Limited, various lenders party thereto and PNC Bank, National Association, as Administrative Agent (as amended or otherwise modified from time to time, the “Term Loan Agreement”). Capitalized terms used but not defined herein have the respective meanings set forth in the Term Loan Agreement.

Pursuant to the provisions of Section 7.6(g)(ii)(2)(d) of the Term Loan Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) its direct or indirect partners/members are the sole beneficial owners of such Loan(s) (as well as any Note(s) evidencing such Loan(s)), (iii) with respect to the extension of credit pursuant to this Term Loan Agreement or any other Loan Document, neither the undersigned nor any of its direct or indirect partners/members is a bank extending credit pursuant to a loan

agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its direct or indirect partners/members is a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code and (v) none of its direct or indirect partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code.

The undersigned has furnished the Administrative Agent and the Borrower with IRS Form W-8IMY accompanied by one of the following forms from each of its partners/members that is claiming the portfolio interest exemption: (i) an IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable or (ii) an IRS Form W-8IMY accompanied by an IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable from each of such partner's/member's beneficial owners that is claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent, and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

[NAME OF LENDER]

By: __

Name:

SUBSIDIARIES OF TRITON INTERNATIONAL LIMITED AS OF DECEMBER 31, 2018

Name	Jurisdiction
Triton Container International Limited	Bermuda
Triton Container International, Incorporated of North America	California
TFX Holdings LLC	California
MELeasing LLC	California
TAL International Group, Inc.	Delaware
TAL International Container Corporation	Delaware
TAL Advantage V LLC	Delaware
TAL Advantage VI LLC	Delaware
TAL Finance III LLC	Delaware
Triton International Finance LLC	Delaware
TIF Funding LLC	Delaware
Triton Container Finance VI LLC	Delaware
Triton Container Finance VII LLC	Delaware
Triton Container Investments LLC	Nevada
TAL International Container Pty. Limited	Australia
Triton International Australia PTY Limited	Australia
Triton Container International B.V. B. A.	Belgium
Triton Container Sul Americana Transporte e Comercio Ltda.	Brazil
Intra International Transporte e Comercio *	Brazil
TAL Sales & Marketing Planning (Shanghai) Co., Ltd.	China
Proteus, NV (Curacao)	Curacao
Triton Container International GmbH	Germany
TAL International Container (HK) Limited	Hong Kong
Triton Limited	Hong Kong
Tristar Container Services (Asia) Private Limited **	India
TAL International Container SRL*	Italy
Triton International Japan Limited	Japan
Triton Container International B.V.	Netherlands
TAL International Container PTE Ltd.	Singapore
Triton Container (S) Pte Ltd	Singapore
Triton Container South Africa (PTY) Ltd.	South Africa
ICS Terminals (UK) Limited	United Kingdom
Triton Container UK Limited	United Kingdom

* - In Liquidation

** - Joint Venture between Triton Container International Limited and Marine Container Services (India) Private Limited

Consent of Independent Registered Public Accounting Firm

The Board of Directors

Triton International Limited:

We consent to the incorporation by reference in the registration statement (No. 333-213013) on Form S-8 of Triton International Limited of our reports dated February 19, 2019 , with respect to the consolidated balance sheets of Triton International Limited as of December 31, 2018 and 2017 , and the related consolidated statements of operations, comprehensive income, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2018 , and the related notes and financial statement Schedule I - Condensed Financial Information of Registrant and Schedule II - Valuation and Qualifying Accounts (collectively, the "consolidated financial statements"), and the effectiveness of internal control over financial reporting as of December 31, 2018 , which reports appears in the December 31, 2018 annual report on Form 10-K of Triton International Limited.

/s/ KPMG LLP

New York, New York

February 19, 2019

CERTIFICATION

I, Brian M. Sondey, certify that:

1. I have reviewed this Annual Report on Form 10-K of Triton International Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15(d)-15(f) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 19, 2019

/s/ BRIAN M. SONDEY

Brian M. Sondey
Chairman of the Board, Director and Chief Executive Officer

CERTIFICATION

I, John Burns, certify that:

1. I have reviewed this Annual Report on Form 10-K of Triton International Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15(d)-15(f) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 19, 2019

/s/ JOHN BURNS

John Burns
Chief Financial Officer

**CERTIFICATION BY CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Triton International Limited (the “Company”) on Form 10-K for the period ended December 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Brian M. Sondey, Chairman of the Board, Director and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 19, 2019

/s/ BRIAN M. SONDEY

Brian M. Sondey
Chairman of the Board, Director and Chief Executive Officer

**CERTIFICATION BY CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Triton International Limited (the “Company”) on Form 10-K for the period ended December 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, John Burns, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 19, 2019

/s/ JOHN BURNS

John Burns
Chief Financial Officer