

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 20-F

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

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

For the fiscal year ended December 31, 2017

OR

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

OR

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

Date of event requiring this shell company report _____

For the transition period from _____ to _____

Commission file number 001-33725

Textainer Group Holdings Limited

(Exact name of Registrant as specified in its charter)

Not Applicable

(Translation of Registrant's name into English)

Bermuda

(Jurisdiction of incorporation or organization)

Century House

16 Par-La-Ville Road

Hamilton HM 08

Bermuda

(Address of principal executive offices)

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Textainer Group Holdings Limited

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(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

**Title of each class
Common Shares, \$0.01 par value**

**Name of each exchange on which registered
New York Stock Exchange**

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None

(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

57,097,220 Common Shares

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

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. 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 requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐ 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 which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☒ International Financial Reporting Standards as issued by the International Accounting Standards Board ☐ Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

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In this Annual Report on Form 20-F, unless indicated otherwise, references to: (1) "Textainer," "TGH," "the Company," "we," "us" and "our" refer, as the context requires, to Textainer Group Holdings Limited, which is the registrant and the issuer of the class of common shares that has been registered pursuant to Section 12(b) of the Securities Exchange Act of 1934, as amended, or Textainer Group Holdings Limited and its subsidiaries; (2) "TEU" refers to a "Twenty-Foot Equivalent Unit," which is a unit of measurement used in the container shipping industry to compare shipping containers of various lengths to a standard 20' dry freight container, thus a 20' container is one TEU and a 40' container is two TEU; (3) "CEU" refers to a Cost Equivalent Unit, which is a unit of measurement based on the approximate cost of a container relative to the cost of a standard 20' dry freight container, so the cost of a standard 20' dry freight container is one CEU; the cost of a 40' dry freight container is 1.6 CEU; the cost of a 40' high cube dry freight container (9'6" high) is 1.7 CEU; and the cost of a 40' high cube refrigerated container is 8.0 CEU; (4) "our owned fleet" means the containers we own; (5) "our managed fleet" means the containers we manage that are owned by other container investors; (6) "our fleet" and "our total fleet" mean our owned fleet plus our managed fleet plus any containers we lease from other lessors; (7) "container investors" means the owners of the containers in our managed fleet; and (8) "Trencor" refers to Trencor Ltd., a public South African investment holding company, listed on the JSE Limited in Johannesburg, South Africa, which, indirectly owns approximately 47.8% of our common shares (such interest, "beneficiary interest") through its wholly-owned subsidiary. See Item 4, "Information on the Company" for an explanation of the relationship between Trencor and us.

Dollar amounts in this Annual Report on Form 20-F are expressed in thousands, unless otherwise indicated.

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS; CAUTIONARY LANGUAGE

This Annual Report on Form 20-F, including the sections entitled Item 3, “*Key Information -- Risk Factors*,” and Item 5, “*Operating and Financial Review and Prospects*,” contains forward-looking statements within the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements include all statements that are not statements of historical facts and may relate to, but are not limited to, expectations or estimates of future operating results or financial performance, capital expenditures, introduction of new products, regulatory compliance, plans for growth and future operations, as well as assumptions relating to the foregoing. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “could,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “intend,” “potential,” “continue” or the negative of these terms or other similar terminology. Forward-looking statements include, among others, statements regarding: (i) our expectation that the favorable market conditions driven by solid trade growth, shipping lines preference to lease and minimal depot inventory to continue into 2018; (ii) our belief that the container trade grows at an even faster rate than the around 4% 2018 forecasted GDP; (iii) our expectation that new container prices to remain stable given the recent increase in steel prices and ongoing demand; (iv) our expectation that resale prices to remain high given the level of new container prices and the limited supply of containers placed on sale as a result of near full utilization; and (v) our expectation that new lease returns to remain at attractive levels assuming disciplined ordering by lessors and shipping lines.

Although we do not make forward-looking statements unless we believe we have a reasonable basis for doing so, we cannot guarantee their accuracy, and actual results may differ materially from those we anticipated due to a number of uncertainties, many of which cannot be foreseen. Our actual results could differ materially from those anticipated in these forward-looking statements for many reasons, including, among others, the risks we face that are described in the section entitled Item 3, “*Key Information -- Risk Factors*” and elsewhere in this Annual Report on Form 20-F.

We believe that it is important to communicate our future expectations to potential investors, shareholders and other readers. However, there may be events in the future that we are not able to accurately predict or control and that may cause actual events or results to differ materially from the expectations expressed in or implied by our forward-looking statements. The risk factors listed in Item 3, “*Key Information -- Risk Factors*,” as well as any cautionary language in this Annual Report on Form 20-F, provide examples of risks, uncertainties and events that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements. Before you decide to buy, hold or sell our common shares, you should be aware that the occurrence of the events described in Item 3, “*Key Information -- Risk Factors*” and elsewhere in this Annual Report on Form 20-F could negatively impact our business, cash flows, results of operations, financial condition and share price. Potential investors, shareholders and other readers should not place undue reliance on our forward-looking statements.

Forward-looking statements regarding our present plans or expectations involve risks and uncertainties relative to return expectations and related allocation of resources, and changing economic or competitive conditions which could cause actual results to differ from present plans or expectations, and such differences could be material. Similarly, forward-looking statements regarding our present expectations for operating results and cash flow involve risks and uncertainties related to factors such as utilization rates, per diem rates, container prices, demand for containers by container shipping lines, supply and other factors discussed under Item 3, “*Key Information -- Risk Factors*” or elsewhere in this Annual Report on Form 20-F, which could also cause actual results to differ from present plans. Such differences could be material.

All future written and oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. New risks and uncertainties arise from time to time, and we cannot predict those events or how they may affect us. We assume no obligation to, and do not plan to, update any forward-looking statements after the date of this Annual Report on Form 20-F as a result of new information, future events or developments, except as required by federal securities laws. You should read this Annual Report on Form 20-F and the documents that we reference and have filed as exhibits with the understanding that we cannot guarantee future results, levels of activity, performance or achievements and that actual results may differ materially from what we expect.

Industry data and other statistical information used in this Annual Report on Form 20-F are based on independent publications, reports by market research firms or other published independent sources. Some data are also based on our good faith estimates, derived from our review of internal surveys and the independent sources listed above. Although we believe these sources are reliable, we have not independently verified the information.

In this Annual Report on Form 20-F, unless otherwise specified, all monetary amounts are in U.S. dollars. To the extent that any monetary amounts are not denominated in U.S. dollars, they have been translated into U.S. dollars in accordance with our accounting policies as described in Item 18, “*Financial Statements*” in this Annual Report on Form 20-F.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. Selected Financial Data

The selected financial data presented below under the heading “Statement of Income Data” for the years ended December 31, 2017, 2016 and 2015 and under the heading “Balance Sheet Data” as of December 31, 2017 and 2016 have been derived from our audited consolidated financial statements included in Item 18, “*Financial Statements*” in this Annual Report on Form 20-F. The selected financial data presented below under the heading “Statement of Income Data” for the years ended December 31, 2014 and 2013 and under the heading “Balance Sheet Data” as of December 31, 2015, 2014 and 2013 are audited and have been derived from our audited consolidated financial statements not included in this Annual Report on Form 20-F. The data presented below under the heading “Other Financial and Operating Data” have not been audited. Historical results are not necessarily indicative of the results of operations to be expected in future periods. You should read the selected consolidated financial data and operating data presented below in conjunction with Item 5, “*Operating and Financial Review and Prospects*” and with Item 18, “*Financial Statements*” in this Annual Report on Form 20-F.

	Fiscal Years Ended December 31,				
	2017	2016 (1)	2015	2014	2013
(Dollars in thousands, except per share data)					
Statement of Income Data:					
Revenues:					
Lease rental income	\$ 444,888	\$ 460,427	\$ 512,544	\$ 506,538	\$ 470,332
Management fees	14,994	13,420	15,610	17,408	19,921
Trading container sales proceeds	4,758	15,628	12,670	27,989	12,980
Gain on sale of containers, net	26,210	6,761	3,454	13,070	27,340
Total revenues	490,850	496,236	544,278	565,005	530,573
Operating expenses:					
Direct container expense	60,321	62,596	47,342	47,446	43,062
Cost of trading containers sold	3,302	15,904	12,475	27,465	11,910
Depreciation expense	231,043	236,144	191,930	164,209	140,414
Container impairment	8,072	94,623	35,345	13,108	8,891
Amortization expense	4,092	5,053	4,741	4,010	4,226
General and administrative expense	30,697	26,311	27,645	25,778	24,922
Short-term incentive compensation expense	3,481	2,242	913	4,075	1,779
Long-term incentive compensation expense	5,499	5,987	7,040	6,639	4,961
Bad debt expense (recovery), net	477	21,166	5,028	(474)	8,084
Total operating expenses	346,984	470,026	332,459	292,256	248,249
Income from operations	143,866	26,210	211,819	272,749	282,324

	Fiscal Years Ended December 31,				
	2017	2016 (1)	2015	2014	2013
(Dollars in thousands, except per share data)					
Other (expense) income:					
Interest expense (2)	(117,475)	(85,215)	(76,063)	(79,117)	(84,27
Write-off of unamortized deferred debt (2) costs and bond discounts	(7,550)	—	(458)	(6,814)	(89
Interest income	613	408	125	119	12
Realized losses on interest rate swaps, collars and caps, net	(1,191)	(8,928)	(12,823)	(10,293)	(8,40
Unrealized gains (losses) on interest rate swaps, collars and caps, net	4,094	6,210	(1,947)	1,512	8,65
Other, net	3	(8)	26	23	(4
Net other expense	(121,506)	(87,533)	(91,140)	(94,570)	(84,85
Income (loss) before income tax and noncontrolling interest	22,360	(61,323)	120,679	178,179	197,47
Income tax benefit (expense)	(1,618)	3,447	(6,695)	18,068	(6,83
Net income (loss)	20,742	(57,876)	113,984	196,247	190,64
Less: Net (income) loss attributable to the noncontrolling interests	(1,377)	5,393	(5,576)	(5,692)	(6,56
Net income (loss) attributable to Textainer Group Holdings Limited common shareholders	<u>\$ 19,365</u>	<u>\$ (52,483)</u>	<u>\$ 108,408</u>	<u>\$ 190,555</u>	<u>\$ 184,07</u>
Net income (loss) attributable to Textainer Group Holdings Limited common shareholders per share:					
Basic	\$ 0.34	\$ (0.93)	\$ 1.90	\$ 3.36	\$ 3.2
Diluted	\$ 0.34	\$ (0.93)	\$ 1.90	\$ 3.34	\$ 3.2
Weighted average shares outstanding (in thousands):					
Basic	56,845	56,608	56,953	56,719	56,31
Diluted	57,159	56,608	57,093	57,079	56,86
Other Financial and Operating Data (unaudited):					
Cash dividends declared per common share	\$ —	\$ 0.51	\$ 1.65	\$ 1.88	\$ 1.8
Purchase of containers and fixed assets	\$ 300,125	\$ 505,528	\$ 533,306	\$ 818,451	\$ 765,41
Utilization rate (3)	96.40%	94.70%	96.80%	96.10%	94.9
Total fleet in TEU (as of the end of the period)	3,279,892	3,142,556	3,147,690	3,233,364	3,040,45
Balance Sheet Data (as of the end of the period):					
Cash and cash equivalents	\$ 137,894	\$ 84,045	\$ 115,594	\$ 107,067	\$ 120,22
Containers, net	3,791,610	3,717,542	3,696,311	3,635,314	3,244,95
Net investment in direct financing and sales-type leases (current and long-term)	182,624	237,234	331,792	361,010	266,54
Total assets	4,380,342	4,294,026	4,365,312	4,334,748	3,879,19
Long-term debt (including current portion)	2,990,308	3,038,297	3,003,648	2,974,311	2,641,25
Total liabilities	3,170,060	3,109,241	3,099,427	3,084,946	2,737,45
Total Textainer Group Holdings Limited shareholders' equity	1,152,542	1,125,926	1,201,633	1,189,982	1,094,06
Noncontrolling interest	57,740	58,859	64,252	59,820	47,67

- (1) Certain previously reported information has been revised for the effect of immaterial corrections of identified errors pertaining to the calculation of gain on sale of containers, net and to properly account for lease concessions. See Note 2 “Immaterial Correction of Errors in Prior Periods” to our consolidated financial statements in Item 18, “*Financial Statements*” in this Annual Report on Form 20-F.
- (2) Amount for years ended 2013 to 2016 has been restated to reclassify the write-off of unamortized deferred debt costs and bond discounts out of interest expense to conform with the 2017 presentation.
- (3) We measure the utilization rate on the basis of CEU on lease, using the actual number of days on-hire, expressed as a percentage of CEU available for lease, using the actual days available for lease. CEU available for lease excludes CEU that have been manufactured for us but have not been delivered yet to a lessee and CEU designated as held-for-sale units.

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

An investment in our common shares involves a high degree of risk. You should carefully consider the following risk factors, together with the other information contained elsewhere in this Annual Report on Form 20-F, including our financial statements and the related notes thereto, before you decide to buy, hold or sell our common shares. Any of the risk factors we describe below could adversely affect our business, cash flows, results of operations and financial condition. The market price of our common shares could decline and you may lose some or all of your investment if one or more of these risks and uncertainties develop into actual events.

Risks Related to Our Business and Industry

The demand and pricing for leased containers depends on many factors beyond our control.

Substantially all of our revenue derives from activities related to the leasing, managing and selling of containers. Our ability to continue successfully leasing containers to container shipping lines, earning management fees on leased containers, selling used containers and sourcing capital required to purchase new and used containers depends, in part, upon the continued demand to lease new and used and purchase used containers.

Demand for leased containers depends largely on the rate of growth of world trade and economic growth, with worldwide consumer demand being the most critical factor affecting this growth. Demand for leased containers is also driven by our customers’ “lease vs. buy” decisions. In the past economic downturns in the U.S., Europe, Asia and countries with consumer-oriented economies have resulted in a reduction in the rate of growth of world trade and demand by container shipping lines for leased containers and it is likely that any future downturns would have similar results. Thus, a decrease in world trade can and has adversely affected our utilization and per diem rates and lead to reduced revenue and increased operating expenses (such as storage and repositioning costs), and can have an adverse effect on our financial performance. We cannot predict whether, or when, such downturns will occur. Other material factors affecting demand for leased containers, utilization and per diem rates include the following:

- prices of new and used containers;
- economic conditions, profitability, competitive pressures and consolidation in the container shipping and container leasing industry;
- shifting trends and patterns of cargo traffic;
- fluctuations in demand for containerized goods outside their area of production;

- the availability and terms of container financing for us and for our competitors and customers;
- fluctuations in interest rates and currency exchange rates;
- overcapacity, undercapacity and consolidation of container manufacturers;
- the lead times required to purchase containers;
- the number of containers purchased in the current year and prior years by competitors and container lessees;
- container ship fleet overcapacity or undercapacity;
- repositioning by container shipping lines of their own empty containers to higher demand locations in lieu of leasing containers;
- port congestion and the efficient movement of containers as affected by labor disputes, work stoppages, increased vessel size, shipping line alliances or other factors that reduce or increase the speed at which containers are handled;
- consolidation, withdrawal or insolvency of individual container shipping lines, such as the bankruptcy of Hanjin Shipping Co. in August 2016 which is discussed below;
- import/export tariffs and restrictions;
- customs procedures, foreign exchange controls and other governmental regulations;
- natural disasters that are severe enough to affect local and global economies or interfere with trade, such as the 2011 earthquake and tsunami in Japan; and
- other political and economic factors.

Many of these and other factors affecting the container industry are inherently unpredictable and beyond our control. These factors will vary over time, often quickly and unpredictably, and any change in one or more of these factors may have a material adverse effect on our business and results of operations. In addition, many of these factors also influence the decision by container shipping lines to lease or buy containers. Should one or more of these factors influence container shipping lines to buy a larger percentage of the containers they operate, our utilization rate and/or per diems could decrease, resulting in decreased revenue and increased storage and repositioning costs, which would harm our business, results of operations and financial condition.

The bankruptcy of Hanjin Shipping Co. in August 2016 substantially impacted us.

On August 31, 2016 Hanjin's filed for bankruptcy protection in South Korea. In the following months its services ceased operation. The insolvency of Hanjin severely disrupted container trade and the container shipping industry. At the time of the insolvency, containers leased to Hanjin with ownership interests attributable to Textainer represented approximately 4.8% of the total owned and managed fleet in TEU. We incurred substantial costs from the Hanjin insolvency, arising from container recovery expenses, unpaid current and future rental income from Hanjin, container repair expenses, container repositioning expenses, re-leasing expenses and the loss of unreturned containers. Additionally, many containers formerly leased to Hanjin were re-leased at substantially lower lease rates than the rates in the leases with Hanjin and other containers were disposed, often at prices below the book value for the containers. We have recovered 93% of the containers formerly leased to Hanjin, with the balance of the containers uneconomic or impossible to recover. We maintain insurance that covers certain costs and losses from customer defaults. At the time of the Hanjin default our policy provided for \$80 million of coverage after a \$5 million deductible was met. We have collected \$50 million of our insurance claim and are working with our insurance companies to finalize the remaining payout amount up to our \$80 million coverage limit. However even if we receive the full amount of our insurance, it will be insufficient to cover all of our losses and disruptions related to Hanjin. At the time of its insolvency Hanjin was the 7th largest container shipping line in the world and the bankruptcy of Hanjin substantially impacted us, including as follows:

- A material portion of the losses we reported for 2016 were attributable to Hanjin's default and the expenses caused by the default and these expenses related to the default continued in 2017 and were not fully covered by insurance;
- As a result of the Hanjin default, lower container lease rates and lower used container sales prices, our cash flow was substantially reduced in the second half of 2016 and the first half of 2017 and this impacted our ability to comply with financial covenants in certain debt facilities and to invest in new containers in 2016 and the first half of 2017; we obtained waivers and amendments from lenders to address these issues and subsequently refinanced the majority of our debt;
- We established an insurance receivable in anticipation of the receipt of insurance proceeds to cover certain Hanjin related losses; however, there can be no assurance that the insurers will pay our claim in full or without dispute; additionally, our insurance is insufficient to cover all the Hanjin related losses and disruptions;
- Customer default insurance may not be available in the future to us or may not be affordable; we have renewed our insurance twice after the Hanjin default; however, the policy and coverage terms are not as favorable as before the Hanjin default and the premium has substantially increased; and
- The Hanjin bankruptcy has led to further consolidation in the shipping line industry, increasing our reliance on a limited number of customers; as a result of the Hanjin default shippers have heightened concern about the shipping line that carries their cargo and this may impact the container shipping industry in ways we are unable to anticipate and which may adversely impact us.

Global economic weakness has in the past and may in the future materially and negatively impact our business, results of operations, cash flows, financial condition and future prospects.

While domestic and global economic growth resumed and has continued following the global financial crisis in 2008 and 2009, the continued sustainability of the US and international growth is uncertain. Any slowdown or reversal of the US and global economic recoveries and trade growth could heighten a number of material risks to our business, results of operations, cash flows and financial condition, as well as our future prospects, including the following:

- Containerized cargo volume growth -- A contraction or slowdown in containerized cargo volume growth would likely create lower utilization, higher direct costs, weaker shipping lines going out of business, pressure for us to offer lease concessions and lead to a reduction in the size of our customers' container fleets.
- Credit availability and access to equity markets -- Issues involving liquidity and capital adequacy affecting lenders could affect our ability to fully access our credit facilities or obtain additional debt and could affect the ability of our lenders to meet their funding requirements when we need to borrow. Further, a high level of volatility in the equity markets could make it difficult for us to access the equity markets for additional capital at attractive prices, if at all. If we are unable to obtain credit or access the capital markets, our business could be negatively impacted. In several of the years prior to 2017 the returns provided from lease transactions were lower due to increased competition in part caused by increased debt financing access for the container leasing industry. At the end of 2016, lower container returns coupled with the impact of Hanjin's bankruptcy and lower residual values impacted our ability to meet the financial covenants in our lending facilities, required covenant amendments and limited our ability to access funds for investment in additional new containers.

Lease and/or utilization rates may decrease, which could adversely affect our business, results of operations and financial condition.

We compete mostly on the pricing and the availability of containers. Lease rates for our containers depend on a large number of factors, including the following:

- the supply of, and demand for, containers available;
- the price of new containers (which is positively correlated with the price of steel);

- the type and length of the lease;
- interest rates and the availability of financing for leasing companies and shipping lines;
- assumptions regarding residual value and future lease pricing;
- the type and age of the container;
- the location of the container being leased;
- the quantity of containers available for lease by our competitors; and
- lease rates offered by our competitors.

Most of these factors are beyond our control. In particular the price of steel declined materially in 2015 and continued to decline in the beginning of 2016 and this was a significant factor in the decline in new container prices and lease rates at that time. New container prices and lease rates reached historically low levels in the beginning of 2016, but starting in the second half of 2016 and continuing during 2017 steel prices, container prices and lease rates all increased materially. In addition, lease rates can be negatively impacted by, among other things, the entrance of new leasing companies, overproduction of new containers by factories and the over-buying by shipping lines, leasing companies and tax-driven container investors. In 2012 and continuing in 2013 and 2014, container leasing companies, including us, raised substantial amounts of new funds in the debt and equity markets and were able to repeatedly refinance existing debt on ever more favorable terms. This increased availability and reduced cost of debt, which given a limited demand for containers, contributed to downward pressure on lease rates. The impact on us of the decline in lease rates that ended in the second half of 2016 has been more severe than past rate decreases due to the substantial growth in our owned fleet in the past few years and the relatively high prices paid for new containers in the period from 2010 to 2012 that were initially leased at historically high rates on leases that matured during this period of low lease rates. If future market lease rates again decrease or return to historically low levels, revenues generated by our fleet will be adversely affected, which will harm our business, results of operations, cash flows and financial condition.

We face risks associated with re-leasing containers after their initial long term lease.

We estimate the useful lives of our non-refrigerated containers other than open-top and flat-rack containers to be 13 to 14 years, open-top and flat-rack containers to be 14 to 16 years, refrigerated containers to be 12 years and tank containers to be 20 years. When we purchase newly produced containers, we typically lease them out under long-term leases with terms of three to five years at a lease rate that is correlated to the price paid for the container and prevailing interest rates. As containers leased under term leases are not leased out for their full economic life, we face risks associated with re-leasing containers after their initial long term lease at a rate that continues to provide a reasonable economic return based on the initial purchase price of the container. For leases that are currently expiring we might be re-leasing the containers at lower lease per diems as prevailing container lease rates have declined from the lease rates available three to five years ago when these containers were initially leased. If prevailing container lease rates decline significantly between the time a container is initially leased out and when its initial long term lease expires, or if overall demand for containers declines, we may be unable to earn a similar lease rate from the re-leasing of containers when their initial term leases expire which could materially adversely impact our results and financial performance. Additionally, for containers purchased new in 2015 and 2016, many of these containers are on long term leases with low per diems that are below current lease rates. Our ability to improve our financial performance depends in part on the ability to renew or re-lease these containers at the time of the expiration of their initial leases at higher rates than the per diems these containers were originally leased out. If container lease rates decline and we are unable to renew these leases at higher rates our financial results will be adversely impacted.

Gains and losses associated with the disposition or trading of used equipment may fluctuate and adversely affect our business, results of operations and financial condition.

We regularly sell used containers at the end of their useful lives in marine service or when we believe it maximizes the projected financial return, considering the location, sale price, cost of repair, possible repositioning expenses, earnings prospects and remaining useful life. The realized residual value of these containers affects our profitability. The volatility of the residual values of used containers may be significant. These values depend upon, among other factors, demand for used containers for secondary purposes, comparable new container costs, used container availability, condition and location of the containers, and market conditions. Most of these factors are outside of our control. Additionally, if shipping lines or our leasing company competitors determine to sell their used containers at a younger age than we believe to be the useful life of our equipment, our containers may be more difficult to sell or may sell for less than containers that were more recently manufactured.

Gains or losses on the disposition of used container equipment and the sales fees earned on the disposition of managed containers fluctuate and may be significant if we sell large quantities of used containers. In 2016, we incurred approximately \$67 million of container impairments due to the fact that when we determined to dispose of containers their book value exceeded the fair market value. Low disposal prices and the high volume of containers being disposed of can cause an elevated level of container impairments to occur. Continued low disposal prices and/or disposal volumes could harm our business, results of operations and financial condition. See Item 5, *“Operating and Financial Review and Prospects”* for a discussion of our gains or losses on the disposition of used container equipment.

In addition to disposing of our fleet’s used containers at the end of their useful life, we opportunistically purchase used containers for resale from our shipping line customers and other sellers. Shipping lines either enter into trading deals with us at the time they are ready to dispose of older containers or enter into purchase leaseback transactions with us where they sell us older containers and then lease them back until the shipping line is ready to dispose of the containers. We face resale price risk with both transactions since by the time the container is provided to us from the shipping line the prevailing prices for older containers may have declined from the value we assumed at the time of purchase.

If the supply of trading equipment becomes limited because these sellers develop other means for disposing of their equipment or develop their own sales network, our equipment trading revenues and our profitability could be negatively impacted. If selling prices rapidly deteriorate and we are holding a large inventory that was purchased when prices for trading equipment were higher or if prices decline over the life of our purchase leaseback transactions, then our gross margins from trading and the sale of containers acquired through purchase leaseback transactions will decline or become negative. Low resale prices coupled with the higher prices paid for purchase leaseback transactions completed several years ago have caused some purchase leaseback transactions to be unprofitable.

Reductions in the prices of new containers would harm our business, results of operations and financial condition.

Lease rates for new containers are positively correlated to the price of new containers, which is positively correlated with the price of steel, a major component used in the manufacture of new containers. In the past five years, prices for new standard 20’ dry freight containers have moved in a wide range, with prices ranging between approximately \$1,185 and \$2,425 during this time. Our average new container cost per CEU increased 56% during 2017 compared to 2016. Container prices have substantially increased since late 2016, but if new container prices return to very low levels, the lease rates of older, off-lease containers will also decrease and the prices obtained for containers sold at the end of their useful lives will also decrease. Since the beginning of 2013 until the second half of 2016 we saw new container pricing and the sale prices of our containers sold at the end of their useful lives decline. Low new container prices cause low market lease rates and low resale values for containers, which have and may in the future adversely affect our business, results of operations and financial condition, even if low new container prices allow us to purchase new containers at a lower cost. Our future financial performance and profitability depends in part on the lease rates increasing for current leases that expire during the next three years as many of these leases were concluded with low initial lease rates. A reversal in the current recovery of new container prices

and lease rates would increase the difficulty of raising lease rates on long term container leases that expire in the future.

Lessee defaults have and may continue to harm our business, results of operations and financial condition by decreasing revenue and increasing storage, repositioning, collection, insurance and recovery expenses.

Our containers are leased to numerous container lessees. Lessees are required to pay rent and to indemnify us for damage to or loss of containers. Lessees may default in paying rent and performing other obligations under their leases. A delay or diminution in amounts received under the leases (including leases on our managed containers), or a default in the performance of maintenance or other lessee obligations under the leases could adversely affect our business, results of operations and financial condition and our ability to make payments on our debt.

We experienced several lessee defaults in 2016, including the default of Hanjin discussed above, which severely negatively impacted our financial performance and we believe that there is the continued risk of lessee defaults in the future. During the last several years shipping lines have made a number of efforts to raise freight rates on the major trade lanes, however rate increases have generally not been sustainable for long periods of time. Excess vessel capacity due to new ship production, including the production of very large ships, and the re-activation of previously laid up vessels will continue to be a factor in the future, especially if older vessels are not scrapped. Major shipping lines are expected to be profitable overall for 2017, however reliable information about the financial position and resources of many shipping lines can be difficult to obtain. While containerized trade grew in 2017, it was not sufficient to fully utilize vessel capacity and major shipping lines both took delivery of, and resumed ordering, large vessels. Existing excess vessel capacity and continued new vessel deliveries, especially the delivery of very large vessels, are expected to continue to pressure freight rates for some time. As a result, we continue to face heightened risk that our financial performance and cash flow could be severely affected by defaults by our customers.

When lessees default, we may fail to recover all of our containers, and the containers that we do recover may be recovered in locations where we will not be able to quickly re-lease or sell them on commercially acceptable terms. In recovery actions we must locate the containers and often need to pay accrued storage and handling charges to depots and terminals, which may include debts incurred by the defaulting shipping line. We also may have to reposition these containers to other places where we can re-lease or sell them, which could be expensive, depending on the locations and distances involved. Following repositioning, we may need to repair the containers and pay container depots for storage until the containers are re-leased. These recovery, repair and repositioning costs generally are reflected in our financial statements under direct container expense. Accordingly, the amount of our bad debt expense may not capture the total adverse financial impact on us from a shipping line's default. For our owned containers, these costs directly reduce our income and for our managed containers, lessee defaults decrease rental revenue and increase operating expenses, and thus reduce our management fee revenue. While we maintain insurance to cover some defaults, it is subject to large deductible amounts and significant exclusions and, therefore, may not be sufficient to prevent us from suffering material losses. In 2015 and 2016 we filed significant insurance claims for lessee defaults we experienced. As a result of these insurance claims, potential future insurance claims or changes in the perceived risk of providing default insurance, such insurance might not be available to us in the future on commercially reasonable terms or at all. In the renewals of our default insurance following the Hanjin bankruptcy, the policy premium was significantly increased and coverage was reduced. In any insurance claim our insurers may not agree with our determination that we have suffered an insured loss or our calculation of the amount of the insured loss. Any such future defaults could harm our business, results of operations and financial condition.

Historically we have recovered a very high percentage of the containers from defaulted lessees. However, in the last five years we encountered defaults from several smaller lessees and lessees in locations where recoveries did not track to our historical experience and significant losses were incurred. These losses were due to a number of containers being unrecoverable as the containers were not in the control of the lessee or the containers were detained by depots or terminals that demanded storage charges in excess of the value of the detained containers after accounting for repair and repositioning costs. If a material amount of future recoveries from defaulted lessees continue to deviate from our historical recovery experience, our financial performance and cash flow could be severely adversely affected.

Certain liens may arise on our containers.

Depot operators, manufacturers, repairmen, terminals, and transporters do come into possession of our containers from time to time and have amounts 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, repossessing the containers, or be required to make payments or incur expenses to discharge such liens on our containers.

We derive a substantial portion of our lease billings from a limited number of container lessees, and the loss of, or reduction in business by, any of these container lessees could harm our business, results of operations and financial condition.

We have derived, and believe that we will continue to derive, a significant portion of lease billings and cash flow from a limited number of container lessees. Lease billings from our 20 largest container lessees represented \$429.7 million or 80.0% of the total fleet billings during 2017, with lease billings from our single largest container lessee accounting for \$80.2 million, or 15.1% of container lease billings during such fiscal year. Due to the ongoing consolidation in the shipping line industry, our 20 largest container lessees are becoming an increasing percentage of our total revenue, with correspondingly increased concentration of credit risk. Given the high concentration of our customer base, a default by any of our largest customers would result in a major reduction in leasing revenue, large repossession expenses, potentially large lost equipment charges and a material adverse impact on our performance and financial condition. Our experience with the Hanjin bankruptcy that commenced on August 31, 2016 is an example of the occurrence of these materially adverse events.

The introduction of very large container ships (18,000 TEU+) on the major trade lanes may lead to further industry consolidation and shipping line alliance participation, and even greater reliance by us on our largest customers, and negatively impact the performance of smaller and mid-size shipping lines. Several of the largest shipping lines have invested heavily in these very large ships and reportedly have achieved meaningful unit cost advantages and increased market shares on the major trade lanes. In response, some smaller shipping lines have started to exit the major trade lanes, while others are seeking to form closer operating partnerships.

Consolidation, shipping line alliances, and concentration in the container shipping industry could decrease the demand for leased containers.

We primarily lease containers to container shipping lines. The container shipping lines have historically relied on a large number of leased containers to satisfy their needs. The shipping industry has been consolidating for a number of years, and further consolidation is expected. In recent years two major German shipping lines have each acquired different South American shipping lines, a French shipping line acquired a Singaporean shipping line, two large Chinese shipping lines merged, a German shipping line merged with a Middle Eastern shipping line and a Danish shipping line acquired a German shipping line. Three major Japanese shipping lines will also complete their merger in April 2018. Additionally, Hanjin declared bankruptcy in August 2016, further reducing the number of large shipping lines. Historically, shipping lines have also formed a number of alliances to share vessel space and the creation of new alliances and changes in the membership of each alliance is ongoing. Consolidation of major container shipping lines and growth of alliances could create efficiencies and decrease the demand that container shipping lines have for leased containers because they may be able to fulfill a larger portion of their needs through their owned container fleets. Consolidation could also create concentration of credit risk if the number of our container lessees decreases. If shipping line alliances are effective at making shipping lines more efficient, this could reduce the demand for containers. The growth of alliances may add pressure to those shipping lines that do not join an alliance as they may find it more difficult to cost effectively serve shippers needs and/or shippers may choose to only ship cargo with alliances due to solvency concerns or otherwise. Additionally, large container shipping lines with significant resources could choose to manufacture or purchase their own containers, which would decrease their demand for leased containers and could harm our business, results of operations and financial condition.

Our indebtedness reduces our financial flexibility and could impede our ability to operate.

We have historically operated with, and anticipate continuing to operate with, a significant amount of debt. As of December 31, 2017, we had outstanding indebtedness of \$3,014.4 million under our debt facilities. All of our outstanding indebtedness is secured debt collateralized by our container assets. There is no assurance that we will be able to refinance our outstanding indebtedness on terms that we can afford or at all. If we are unable to refinance our outstanding indebtedness, or if we are unable to increase the amount of our borrowing capacity, it could limit our ability to grow our business.

The amount of our indebtedness, and the terms of the related indebtedness (including interest rates and covenants), could have important consequences for us, including the following:

- require us to dedicate a substantial portion of our cash flows from operations to make payments on our debt, thereby reducing funds available for operations, investments, dividends, and future business opportunities and other purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- reduce our ability to make acquisitions or expand our business;
- make it more difficult for us to satisfy our current or future debt obligations;
- any failure to comply with our debt obligations, including financial and 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 have a material adverse effect on our business or financial condition;
- limit our ability to borrow additional funds or to sell assets to raise funds, if needed, for working capital, capital expenditures, acquisitions or other purposes; and
- increase our vulnerability to general adverse economic and industry conditions, including changes in interest rates.

We may not generate sufficient cash flow from operations to service and repay our debt and related obligations and have sufficient funds left over to achieve or sustain profitability in our operations, meet our working capital and capital expenditure needs and/or compete successfully in our industry. An uncured event of default in some or all of our debt facilities could cause some or all of our entities to be declared bankrupt or liquidated.

We will require a significant amount of cash to service and repay our outstanding indebtedness, fund future capital expenditures, and our ability to generate cash depends on many factors beyond our control.

Our ability to make payments on and repay our indebtedness and to fund planned capital expenditures will depend on our ability to generate cash in the future. Our business primarily generates cash from our container assets. Our lenders, rating agencies and the investors in our asset-backed debt securities look to the historical and anticipated performance of our container assets when deciding whether to lend to us and the terms for such lending. It is possible that:

- our business will not generate sufficient cash flow from operations to service and repay our debt and to fund working capital requirements and future capital expenditures;
- future borrowings will not be available under our current or future credit facilities in an amount sufficient to enable us to refinance our debt; or
- we will not be able to refinance any of our debt on commercially reasonable terms or at all due to declining historical or anticipated financial performance of our assets or for other reasons.

The terms of our debt facilities impose, and the terms of any future indebtedness may impose, significant operating, financial and other restrictions on us and our subsidiaries.

Restrictions imposed by our secured debt facilities, revolving credit facilities, term loan and bonds may limit or prohibit, among other things, our ability to:

- incur additional indebtedness;
- pay dividends on or redeem or repurchase our common shares;
- enter into new lines of business;
- issue capital stock of our subsidiaries;
- make loans and certain types of investments;
- incur liens;
- sell certain assets or merge with or into other companies or acquire other companies;
- enter into certain transactions with shareholders and affiliates; and
- restrict dividends, distributions or other payments from our subsidiaries.

We are also required to comply with certain financial ratio covenants. 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 financial covenants and restrictions, due to weaker financial performance, reduced asset values or otherwise 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 will constitute substantially all of our container assets. As a result of the Hanjin bankruptcy, coupled with the lower container returns provided in recent years due to increased competition and lower realized used container prices, in 2016 and 2017 we experienced difficulty in meeting certain of the financial covenants on our lending facilities. We obtained various covenant amendments and waivers to address this situation and subsequently refinanced the majority of our debt with revised covenants. If needed in the future we may be unable to obtain covenant amendments and waivers from our lenders and some or all of our indebtedness could be in default. Additionally, covenant amendments and waivers may limit our ability to access additional funds for container investment and the cost and expense of covenant amendments, waivers and/or refinancing may limit our available funds for container investment.

If we are unable to enter into interest rate swaps, collars and caps on reasonable commercial terms or if a counterparty under our interest rate swap, collar and cap agreements defaults, our exposure associated with our variable rate debt could increase.

We have typically funded a significant portion of the purchase price of new containers through borrowings under our revolving credit facilities and our secured debt facilities and intend to use borrowings under our revolving credit facilities and our secured debt facilities for such funding in the future. All of our outstanding debt, other than the \$874.8 million in aggregate principal amount under TMCL V's Series 2017-1 and Series 2017-2 Fixed Rate Asset Backed Notes are subject to variable interest rates. We have entered into various interest rate swap, collar and cap agreements to mitigate our exposure associated with variable rate debt. The swap agreements involve payments by us to counterparties at fixed rates in return for receipts based upon variable rates indexed to the London Inter Bank Offered Rate. There can be no assurance that interest rate swaps, collars and caps will be available in the future, or if available, will be on terms satisfactory to us. Moreover, our interest rate swap agreements are subject to counterparty credit exposure, which is defined as the ability of a counterparty to perform its financial obligations under a derivative contract. While we monitor our counterparties' credit ratings on an on-going basis, we cannot be certain that they will stay in compliance with the related derivative agreements and not default in the future. If we are unable to obtain interest rate swaps, collars and caps or if a counterparty under our interest rate swap, collar and cap agreements defaults, our exposure associated with our variable rate debt could increase.

Consolidation of container manufacturers or the disruption of manufacturing for the major manufacturers could result in higher new container prices and/or decreased supply of new containers. Any material increase in the cost or reduction in the supply of new containers could harm our business, results of operations and financial condition.

We currently purchase almost all of our containers from manufacturers based in the People's Republic of China (the "PRC"). If it were to become more expensive for us to procure containers in the PRC or to transport these containers at a low cost from the manufacturer to the locations where they are needed by our container lessees because of changes in exchange rates between the U.S. Dollar and Chinese Yuan, consolidation among container suppliers, increased tariffs imposed by the U.S. or other governments, changing trade patterns, increased fuel costs, increased labor costs, or for any other reason, we may have to seek alternative sources of supply and we may not be able to make alternative arrangements quickly enough to meet our container needs, and the alternative arrangements may increase our costs.

The availability and price of containers depend significantly on the capacity and bargaining position of the major container manufacturers. Three major manufacturers have approximately 80% of that industry's market share. This market structure and the commodity inputs used in manufacturing have led to significant variability in container prices. In particular, the increased focus on environmental matters in China may reduce the supply (and increase the cost) of steel used in our containers and the mandatory use of water borne paint by all container factories in China has already increased the cost of containers and created container production constraints. If an increased cost of purchasing containers is not matched by a corresponding increase in lease rates, or if we have difficulty in sourcing containers, our business, results of operations and financial condition would be harmed.

We may incur significant costs to reposition our containers, which could harm our business, results of operations and financial condition.

When lessees return containers to locations where supply exceeds demand and when lessees default and we recover containers, we sometimes reposition containers to higher demand areas. Repositioning expenses vary depending on geographic location, distance, freight rates and other factors, and may not be fully covered by drop-off charges collected from the previous lessee of the containers or pick-up charges paid by the new lessee. We seek to limit the number of and impose surcharges on containers returned to low demand locations. Market conditions, however, may not enable us to continue such practices. In addition, we may not be able to accurately anticipate which locations will be characterized by higher or lower demand in the future, and our current contracts will not protect us from repositioning costs if locations that we expect to be higher demand locations turn out to be lower demand locations at the time the containers are returned. For example, the vast majority of our long-term leases require that a high percentage of the containers are returned in Asia, primarily in China. If long-term trade patterns change, it may not be economically desirable to have the bulk of our containers returned in China at the end of long term leases. Additionally, our customer default insurance that covers lessee insolvencies does not sufficiently insure us for container repositioning expense. Any such increases in costs to reposition our containers could harm our business, results of operations and financial condition.

The demand for leased containers is partially tied to international trade. If this demand were to decrease due to increased barriers to trade, or for any other reason, it could reduce demand for intermodal container leasing, which would harm our business, results of operations and financial condition.

A substantial portion of our containers are used in trade involving goods being shipped from the PRC and other Asian countries to the United States, Europe, Latin America or other regions and within Asia. The willingness and ability of international consumers to purchase foreign goods is dependent on political support, in the United States, Europe Latin America and other countries, for an absence of government-imposed barriers to international trade in goods and services. For example, international consumer demand for foreign goods is related to price; if the price differential between foreign goods and domestically-produced goods were to decrease due to increased tariffs on foreign goods, strengthening in the applicable foreign currencies relative to domestic currencies, rising wages, increasing input or energy costs or other factors, demand for foreign goods could decrease, which could result in reduced demand for intermodal container leasing. A similar reduction in demand for intermodal container leasing could result from an increased use of quotas or other technical barriers to restrict trade. The current regime of relatively free trade may not continue.

A contraction or slowdown in containerized cargo growth or negative containerized cargo growth would lead to a surplus of containers and a lack of storage space, which could negatively impact us.

We depend on third party depot operators to repair and store our equipment in port areas throughout the world. Growth in the world's container fleet has significantly outpaced growth in depot capacity and even in the current period of historically high utilization, we continue to experience limited depot capacity in certain major port cities. Additionally, the land occupied by depots is increasingly being considered prime real estate, as it is coastal land in or near major cities, and this land may be developed into other uses or there may be increasing restrictions on depot operations by local communities. This trend has already caused depot storage costs to increase and could further increase depots' costs and in some cases force depots to relocate to sites further from the port areas. If these changes affect a large number of our depots, or if we experience a period of lower container utilization, it could significantly increase the cost of maintaining and storing our off-hire containers. Additionally, if depot space is unavailable, we may be unable to accept returned containers from lessees, which may cause us to breach our lease agreements.

We own a large number of containers in our fleet and are subject to significant ownership risk and increasing our owned fleet entails increasing our debt, which could result in financial instability.

Ownership of containers entails greater risk than management of containers for container investors. In 2017, the percentage of containers in our fleet that we own decreased from 81.0% at the beginning of the year to 78.8% at the end of the year. This decrease is primarily due to our assumption of the management of containers formerly owned and managed by Magellan Maritime Services GmbH, a German container lessor that became insolvent. In the years prior to 2017 we have consistently increased the number of owned containers in our fleet as a percentage of the total fleet. The increased number of containers in our owned fleet increases our exposure to financing costs, financing risks, changes in per diem rates, re-leasing risk, changes in utilization rates, lessee defaults, repositioning costs, storage expenses, impairment charges and changes in sales prices upon the disposition of containers. The number of containers in our owned fleet fluctuates over time as we purchase new containers, sell containers into the secondary resale market, and acquire other fleets.

If we increase the number of containers in our owned fleet, we will likely have more capital at risk and may need to maintain higher debt balances. Additional borrowings may not be available under our revolving credit facilities or our secured debt facilities, and we may not be able to refinance these facilities, if necessary, on commercially reasonable terms or at all. We may need to raise additional debt or equity capital in order to fund our business, expand our sales activities and/or respond to competitive pressures. We may not have access to the capital resources we desire or need to fund our business or may not have access on attractive terms. These factors, among others, may reduce our profitability and adversely affect our plans to maintain the container ownership portion of our business.

If we are unable to lease our new containers shortly after we purchase them, our business, results of operations, cash flows and financial condition may be harmed.

Lease rates for new containers are positively correlated to the fluctuations in the price of new containers, which is positively correlated with the price of steel, a major component used in the manufacture of new containers. If we are unable to lease the new containers that we purchase within a short period of time of such purchase, the market price of new containers and the corresponding market lease rates for new containers may decrease, regardless of the higher cost of the previously purchased containers. Additionally, if we believe new container prices are attractive, we may purchase more containers than we have immediate demand for if we expect container prices or lease rates may rise. If prices do not rise or new container demand weakens, we may be unable to lease this speculative inventory on attractive terms or at all. Declines in new container prices, lease rates, or the inability to lease new containers could harm our business, results of operations and financial condition.

Sustained reduction in the production of new containers could harm our business, results of operations and financial condition.

The lack of new production of standard dry freight containers from the fourth quarter of 2008 through the end of 2009, combined with continued retirement of older containers in the ordinary course, led to a decline in the world container fleet of approximately 4% in 2009, creating a shortage of containers as worldwide cargo volumes

increased by 12.0% in 2010 and 8.6% in 2011. During the period of decline in the world container fleet, container manufacturers lost up to 60% of their skilled work force due to long shutdowns, and had limited production capacity in 2010 as they had to hire and train a new skilled work force. Although manufacturers resumed production in 2011 and continued steady production from 2012 through 2017, if there is a sustained reduction in the production of new containers, it could impact our ability to expand our fleet, which could harm our business, results of operations and financial condition.

Terrorist attacks, the threat of such attacks or the outbreak of war and hostilities could negatively impact our operations and profitability and may expose us to liability.

Terrorist attacks and the threat of such attacks have contributed to economic instability in the U.S. and elsewhere, and further acts or threats of terrorism, violence, war or hostilities could similarly affect world trade and the industries in which we and our container lessees operate. For example, worldwide containerized trade dramatically decreased in the immediate aftermath of the September 11, 2001 terrorist attacks in the U.S., which affected demand for leased containers. In addition, terrorist attacks, threats of terrorism, violence, war or hostilities may directly impact ports, depots, our facilities or those of our suppliers or container lessees 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.

Our lease agreements require our lessees to indemnify us for all costs, liabilities and expenses arising out of the use of our containers, including property damage to the containers, damage to third-party property and personal injury. However, our lessees may not have adequate resources to honor their indemnity obligations after a terrorist attack. Our insurance coverage is limited and is subject to large deductibles and significant exclusions and we have very limited insurance for liability arising from a terrorist attack. Accordingly, we may not be protected from liability (and expenses in defending against claims of liability) arising from a terrorist attack.

We face extensive competition in the container leasing industry.

We may be unable to compete favorably in the highly competitive container leasing and container management businesses. We compete with a relatively small number of major leasing companies, many smaller lessors, companies and financial institutions offering finance leases, and promoters of container ownership and leasing as a tax-efficient investment. Some of these competitors may have greater financial resources and access to capital than we do. Additionally, some of these competitors may have large, underutilized inventories of containers, which could, if leased, lead to significant downward pressure on per diem rates, margins and prices of containers. Competition among container leasing companies depends upon many factors, including, among others: per diem rates; supply reliability; lease terms, including lease duration, drop-off restrictions and repair provisions; customer service; and the location, availability, quality and individual characteristics of containers. In recent years several container leasing companies have acquired other container lessors and we may face increased competition from these merged firms. Following the completion of each consolidation, the new entity may face further pressure for fleet growth and may compete even more aggressively, causing further declines in rental rates available from container leases. New entrants into the leasing business may be attracted by the historically high rate of containerized trade growth, access to the capital markets and low pricing for containers. New entrants may be willing to offer pricing or other terms that we are unwilling or unable to match. Additionally, the management agreements under which we manage containers for other parties do not restrict these container owners from having other container fleets managed by competing leasing companies or from directly competing with us.

Our lessees may decide to buy, rather than lease their containers.

We, like other suppliers of leased containers, are dependent upon decisions by shipping lines to lease rather than buy their container equipment. Shipping lines own a significant amount of the world's intermodal containers and effectively compete with us. In part due to constraints on their financing and need to allocate capital to new ship purchases and port terminals, in recent years, shipping lines have generally reduced their purchases of new containers. In 2017 we believe that about 60% of all shipping containers were purchased by leasing companies. Although we believe that this percentage should somewhat rebalance itself we still expect leasing companies to be a majority purchaser of the new containers to be produced. 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 would also reduce our investment opportunities and significantly constrain our growth.

Our results of operations are subject to changes resulting from the political and economic policies of the PRC and economic activity in the PRC.

A substantial portion of our containers are leased out from locations in the PRC. The main manufacturers of containers are also located in the PRC. The political and economic policies of the PRC and the level of economic activity in the PRC may have a significant impact on our company and our financial performance.

Changes in the political leadership of the PRC may have a significant effect on laws and policies that impact economic growth and trade and the corresponding need for containers to ship goods from the PRC, including the introduction of measures to control inflation, changes in the rate or method of taxation, and the imposition of additional restrictions on currency conversion, remittances abroad, and foreign investment. Moreover, economic reforms and growth in the PRC have been more successful in certain provinces than in others, and the continuation of or increases in such disparities could affect the political or social stability of the PRC. Furthermore, the current high level of debt by some companies in China may lead to defaults which may not be supported by the Chinese government. In recent years the rate of economic growth in the PRC has declined. Additionally, government policies that reduce the emphasis on manufacturing and increase priorities for domestic consumption and services may alter trade patterns and reduce demand for containers. Chinese government environmental policies and practices may reduce steel production which would impact container costs and may limit factory production, which could impact trade growth and container demand.

A large number of our shipping line customers are domiciled either in the PRC (including Hong Kong) or in Taiwan. In 2017, approximately 28.3% of our revenue was attributable to shipping line customers that were either domiciled in the PRC (including Hong Kong) or in Taiwan. Almost all container manufacturing facilities from which we purchased our containers in 2017 are located in the PRC. A reduced rate of economic growth, changes to economic or trade policy or political instability in either the PRC or Taiwan could have a negative effect on our major customers, our ability to obtain containers and correspondingly, our results of operations and financial condition.

The legal systems in the PRC and other jurisdictions have inherent uncertainties that could limit the legal protections available to us and even if legal judgments are obtained, collection may be difficult.

We currently purchase almost all of our containers from manufacturers based in the PRC. In addition, a substantial portion of our containers are leased out from locations in the PRC. California law governs almost all of these agreements. However, disputes or settlements arising out of these agreements may need to be enforced in the PRC. The PRC legal system is based on written statutes. Prior court decisions may be cited for reference but have limited precedential value. Since 1979, PRC legislation and regulations have significantly enhanced the protections afforded to various forms of foreign investments in the PRC. However, since these laws and regulations are relatively new and the PRC legal system continues to evolve, the interpretations of many laws, regulations and rules are not always uniform and may be subject to considerable discretion, variation, or influence by external forces unrelated to the legal merits of a particular matter. The enforcement of these laws, regulations, and rules involves uncertainties that may limit remedies available to us. Any litigation or arbitration in the PRC may be protracted and may result in substantial costs and diversion of resources and management attention. In addition, the PRC may enact new laws or amend current laws that may be detrimental to us, which may have a material adverse effect on our business operations. If we are unable to enforce any legal rights that we may have under our contracts or otherwise in the PRC, our ability to compete and our results of operations could be harmed.

In addition, as our containers are used in trade involving goods being shipped to locations throughout the world, it is not possible to predict, with any degree of certainty, the jurisdictions in which enforcement proceedings may be commenced. 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 even more expensive. For example, repossession from defaulting lessees may be difficult and more expensive in jurisdictions whose laws do not confer the same security interests and rights to creditors and lessors as those in the United States and where the legal system is not as well developed. Additionally, even if we are successful in obtaining judgments against defaulting lessees, these lessees may have limited owned assets and/or heavily encumbered assets and the collection and enforcement of a monetary judgment 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.

Because substantially all of our revenues are generated in U.S. dollars, but a significant portion of our expenses are incurred in other currencies, exchange rate fluctuations could have an adverse impact on our results of operations.

The U.S. dollar is our primary operating currency. Almost all of our revenues are denominated in U.S. dollars, and approximately 75% of our direct container expenses were denominated in U.S. dollars for the year ended December 31, 2017. Accordingly, a significant amount of our expenses are incurred in currencies other than the U.S. dollar. This difference could lead to fluctuations in net income due to changes in the value of the U.S. dollar relative to the other currencies. During 2017, 2016, and 2015, 25%, 36%, and 27%, respectively, of our direct container expenses were paid in up to 20 different foreign currencies. A decrease in the value of the U.S. dollar against non-U.S. currencies in which our expenses are incurred translates into an increase in those expenses in U.S. dollar terms, which would decrease our net income. While the prices of the used containers we trade or dispose are primarily quoted and billed in U.S. Dollars, declines in the currencies where these containers are sold relative to the U.S. Dollar can serve to reduce the market prices for used containers, which will decrease our net income. We do not engage in foreign currency hedging activities which might reduce the volatility associated with exchange rates.

Sustained Asian economic instability could reduce demand for leasing, which would harm our business, results of operations and financial condition.

Many of our customers are substantially dependent upon shipments of goods exported from Asia. From time to time, there have been health scares, such as Severe Acute Respiratory Syndrome and avian flu, financial turmoil, natural disasters and political instability in Asia. If these events were to occur in the future, they could adversely affect our container lessees and the general demand for shipping and lead to reduced demand for leased containers or otherwise adversely affect us. Any reduction in demand for leased containers would harm our business, results of operations and financial condition.

The international nature of the container shipping 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;
- fluctuations in currency exchange rates;
- changes in governmental policy or regulation;
- restrictions on the transfer of funds or other assets into or out of different countries;
- import and export duties and quotas;
- domestic and foreign customs, tariffs and taxes;
- war, hostilities and terrorist attacks, or the threat of any of these events;
- government instability;
- nationalization of foreign assets;
- government protectionism;
- compliance with export controls and economic sanctions, including those of the U.S. Department of Commerce and the U.S. Treasury or other governments;
- compliance with import procedures and controls, including those of the U.S. Department of Homeland Security or other governments;
- consequences from changes in tax laws, including tax laws pertaining to the container investors;
- potential liabilities relating to foreign withholding taxes;
- labor or other disruptions at key ports;

- difficulty in staffing and managing widespread operations; and
- restrictions on our ability to own or operate subsidiaries, make investments or acquire new businesses in various jurisdictions.

One or more of these factors or other related factors may impair our current or future international operations and, as a result, harm our business, results of operations and financial condition.

We rely on our proprietary information technology systems to conduct our business. If these systems fail to perform their functions adequately, or if we experience an interruption in their operation, our business, results of operations and financial condition could be harmed.

The efficient operation of our business is highly dependent on our proprietary information technology systems. We rely on our systems to record transactions, such as repair and depot charges, purchases and disposals of containers and movements associated with each of our owned or managed containers. We use the information provided by these systems in our day-to-day business decisions in order to effectively manage our lease portfolio, reduce costs and improve customer service. We also rely on these systems for the accurate tracking of the performance of our managed fleet for each container investor. The failure of our systems to perform as we expect could disrupt our business, adversely affect our results of operations and cause our relationships with lessees and container investors to suffer. Our information technology systems are vulnerable to damage or interruption from circumstances beyond our control, including fire, natural disasters, power loss and computer systems failures and viruses or cyber-attacks. Even though we have developed redundancies and other contingencies to mitigate any disruptions to our information technology systems, these redundancies and contingencies may not completely prevent interruptions to our information technology systems. In recent years we have moved various information technology systems and data to cloud-based storage providers and software vendors. We face additional risks from relying on third parties to store, process and manage our data and software. Any such interruptions could harm our business, results of operations and financial condition.

Use of counterfeit and improper refrigerant in refrigeration machines for refrigerated containers could cause irreparable damage to the refrigeration machines, death or personal injury, and materially impair the value of our refrigerated container fleet.

In past years, there were a limited number of reports of counterfeit and improper refrigerant gas being used to service refrigeration machines in depots primarily in Asia. The use of this counterfeit gas has led to the explosion of several refrigeration machines. Several of these incidents resulted in personal injury or death, and in all cases, the counterfeit gas led to irreparable damage to the refrigeration machines.

Safer testing procedures were developed and implemented by refrigeration manufacturers and industry participants in order to determine whether counterfeit or improper gas was used to service a refrigeration machine. However, there can be no assurance that these procedures will prove to continue to be reliable and cost effective. If industry procedures and tests are not proven safe and effective or if the use of such counterfeit and improper refrigerant recurs and is widespread or other counterfeit refrigerant issues emerge in the future, the value of our refrigerated container fleet and our ability to lease refrigerated containers could be materially impaired and could therefore have a material adverse effect on our financial condition, results of operations and cash flows. Additionally, we might be subject to claims for damages by parties injured by contaminated refrigeration machinery operated by our lessees which may materially adversely affect us.

We face risks from our tank container management agreement with Trifleet Leasing (The Netherlands) B.V.

In June 2013 we announced that we had entered into a tank container management agreement with Trifleet Leasing (The Netherlands) B.V. (“Trifleet”). Under this agreement, we invest funds with Trifleet for the purchase and leasing of tank containers. Trifleet is our exclusive manager for investments in tank containers. Intermodal tank containers are used for the transport and storage of liquid foodstuffs, chemicals and gases. This is a specialized market subject to a number of regulations and strict operating procedures. As Trifleet is investing funds on our behalf in tank containers, our return on any investments under this management agreement are highly reliant on their skill and performance, as well as, the overall investment climate for tank containers. While we approve of the

amounts committed under the management agreement, Trifleet selects the lessees, negotiates lease terms, determines equipment specifications, negotiates equipment orders and supervises production, and is responsible for all other management activities including customer billing, equipment return, re-leasing, maintenance and repairs. If Trifleet or the tank container market does not perform as we anticipate, we may not receive adequate returns on our investment and our results could be materially impacted. Additionally, given the nature of tank containers and their cargos, our ownership of tank containers could expose us to different and additional risks than we generally face as the owner and lessor of dry freight and refrigerated containers. While lessees, Trifleet and ourselves all maintain insurance, and lessees agree to accept liability for claims caused by the operation of tank containers, this may still be inadequate to shield us from costs and liability from any claims arising from tank containers that we own pursuant to the Trifleet management agreement.

If our insurance is inadequate or if we are unable to obtain insurance, we may experience losses.

Under all of our leases, our lessees are generally responsible for loss of or damage to a container beyond ordinary wear and tear, and they are required to purchase insurance to cover any other liabilities. Our depots are also required to maintain insurance and indemnify us against losses. We also maintain our own insurance to cover our containers when they are not on-hire to lessees or when the lessee fails to have adequate primary coverage, and third-party liability insurance for both on-hire and off-hire containers. In addition, we maintain insurance that, after satisfying our deductibles, would cover loss of revenue as a result of default under most of our leases, as well as, the recovery cost or replacement value of most of our containers. Lessees' and depots' insurance policies and indemnity rights may not protect us against losses. Our own insurance may prove to be inadequate to prevent against losses or in the future coverage may be unavailable or uneconomic, and losses could arise from a lack of insurance coverage.

U.S. investors in our company 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 could be classified in the future as a passive foreign investment company ("PFIC") for U.S. federal income tax purposes. Such characterization could result in adverse U.S. tax consequences to 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 the 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. In addition, the composition of our income and assets will be affected by how, and how quickly, we spend the cash we have raised.

If you are a U.S. investor 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. Under the PFIC rules, unless a U.S. investor is permitted to and does elect otherwise under the Internal Revenue Code, such U.S. investor would be liable to pay U.S. federal income tax at the then prevailing income tax rates on ordinary income plus interest upon excess distributions and upon any gain from the disposition of our common shares, as if the excess distribution or gain had been recognized ratably over the investor's holding period for our common shares. Based on the composition of our income, valuation of our assets (including goodwill), and our election to treat certain of our subsidiaries as disregarded entities for U.S. federal income tax purposes, we do not believe we were a PFIC for any period after our initial public offering ("IPO") date and we do not expect that we should be treated as a PFIC for our current taxable year. However, there can be no assurance at all in this regard. Because the PFIC determination is highly fact intensive and made at the end of each taxable year, it is possible that we may be a PFIC for the current or any future taxable year or that the U.S. Internal Revenue Service ("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.

Textainer Group Holdings Limited is a Bermuda company, and we believe that a significant portion of the income derived from our operations will not be subject to tax in Bermuda, which currently has no corporate income tax, or in many other countries in which we conduct activities or 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 our position under the tax laws of the countries in which we have assets or conduct activities. This position is subject to review and possible challenge by taxing authorities and to possible changes in law that may have retroactive effect.

A portion of our income is treated as effectively connected with our conduct of a trade or business within the U.S., and is accordingly subject to U.S. federal income tax. It is possible that the IRS will conclude that a greater portion of our income is effectively connected income that should be subject to U.S. federal income tax.

Our results of operations could be materially and adversely affected if we become subject to a significant amount of unanticipated tax liabilities.

Our U.S. subsidiaries may be treated as personal holding companies for U.S. federal tax purposes now or in the future.

Any of our direct or indirect U.S. subsidiaries could be subject to additional U.S. tax on a portion of its income if it is considered to be a personal holding company (“PHC”) for U.S. federal income tax purposes. This status depends on whether more than 50% of the subsidiary’s shares by value could be deemed to be owned (taking into account constructive ownership rules) by five or fewer individuals and whether 60% or more of the subsidiary’s adjusted ordinary gross income consists of “personal holding company income,” which includes certain forms of passive and investment income. The PHC rules do not apply to non-U.S. corporations. We believe that none of our U.S. subsidiaries should be considered PHCs. In addition, we intend to cause our U.S. subsidiaries to manage their affairs in a manner that reduces the possibility that they will meet the 60% income threshold. However, because of the lack of complete information regarding our ultimate share ownership (*i.e.*, particularly as determined by constructive ownership rules), our U.S. subsidiaries may become PHCs in the future and, in that event, the amount of U.S. federal income tax that would be imposed could be material.

Changes in tax laws or their application could adversely affect the results of our operations.

Our worldwide operations are taxed under the laws of the jurisdictions in which we operate. However, the integrated nature of our worldwide operations can produce conflicting claims from revenue authorities in different countries as to the profits to be taxed in the individual countries, including disputes relating to transfer pricing. Some of the jurisdictions in which we operate have double tax treaties with other foreign jurisdictions, which provide a framework for mitigating the impact of double taxation on our revenues and capital gains. However, mechanisms developed to resolve such conflicting claims are largely uncertain, and can be expected to be very lengthy in coming to a final determination in the applicable jurisdictions.

In recent years, tax authorities around the world have increased their scrutiny of company tax filings, and have become more rigid in exercising any discretion they may have. As part of this, the Organization for Economic Co-operation and Development (“OECD”) has proposed a number of tax law changes under its Base Erosion and Profit Shifting (“BEPS”) Action Plans to address issues of transparency, coherence and substance.

These OECD tax reform initiatives also need local country implementation, including in the Bermuda and U.S., which may result in significant changes to established tax principles.

In addition, in the U.S., President Trump on December 22, 2017, signed into law the Tax Cuts and Jobs Act of 2017 (the “New Tax Act”), which includes substantial changes to the U.S. taxation of individuals and businesses. The New Tax Act also establishes new tax laws that will affect our operations, including, but not limited to, (1) reduction of the U.S. federal corporate tax rate; (2) elimination of the corporate alternative minimum tax; (3) the creation of the base erosion anti-abuse tax (“BEAT”), a new minimum tax on taxable income adjusted for certain

base erosion payments; (4) a general elimination of U.S. federal income taxes on dividends from foreign subsidiaries; (5) a new provision designed to currently tax certain global intangible low-taxed income (“GILTI”) of controlled foreign corporations, which allows for the possibility of using foreign tax credits (“FTCs”) and a deduction of up to 50% to reduce this income tax liability (subject to some limitations); (6) a new limitation on deductible interest expense; (7) limitations on the deductibility of certain executive compensation; (8) limitations on the use of FTCs to reduce the U.S. income tax liability; and (9) limitations on net operating losses generated in the taxable years beginning after December 31, 2017, to 80% of taxable income. Although the New Tax Law substantially decreased tax rates applicable to corporations in the U.S., we do not yet know what all of the consequences of this new statute will be, including whether the law will have any unintended consequences. In particular, significant uncertainties remain as to how the U.S. government will implement the New Tax Law, including with respect to the tax qualification of interest deductions, the concept of a territorial tax regime, royalty payments and cost of goods sold.

In general, such tax reform efforts, including with respect to tax base or rate, transfer pricing, intercompany dividends, cross border transactions, controlled corporations, and limitations on tax relief allowed on the interest on intercompany debt, will require us to continually assess our organizational structure against tax policy trends, and could lead to an increased risk of international tax disputes and an increase in our effective tax rate, and could adversely affect our financial results.

The U.S. government has special contracting requirements that create additional risks.

We have a firm, fixed price, indefinite quantity contract with the U.S. Transportation Command Directorate of Acquisition (“USTRanscom”) to supply leased marine containers to the U.S. military. As an indefinite quantity contract, there is no guarantee that the U.S. military will pay more than the minimum guarantee, which guaranteed amount is substantially below the total amount authorized under the contract. Thus, the expected revenues from the USTRanscom contract may not fully materialize. If we do not perform in accordance with the terms of the USTRanscom contract, we may receive a poor performance report that would be considered by the U.S. military in making any future awards. Accordingly, we cannot be certain that we will be awarded any future government contracts.

In contracting with the U.S. military, we are subject to U.S. government contract laws, regulations and other requirements that impose risks not generally found in commercial contracts. For example, U.S. government contracts require contractors to comply with a number of socio-economic requirements and to submit periodic reports regarding compliance, are subject to audit and modification by the U.S. government in its sole discretion, and impose certain requirements relating to software and/or technical data that, if not followed, could result in the inadvertent grant to the U.S. government of broader licenses to use and disclose such software or data than intended.

These laws, regulations and contract provisions also permit, under certain circumstances, the U.S. government unilaterally to:

- suspend or prevent us for a set period of time from receiving new government contracts or extending existing contracts based on violations or suspected violations of laws or regulations;
- terminate the USTRanscom contract;
- reduce the scope and value of the USTRanscom contract;
- audit our performance under the USTRanscom contract and our compliance with various regulations; and
- change certain terms and conditions in the USTRanscom contract.

In addition, the U.S. military may terminate the USTRanscom contract either for its convenience at any time or if we default by failing to perform in accordance with the contract schedule and terms. Termination for convenience provisions generally enable the contractor to recover only those costs incurred or committed, and settlement expenses and profit on the work completed prior to termination. Termination for default provisions do not permit these recoveries and make the contractor liable for excess costs incurred by the U.S. military in procuring undelivered items from another source.

In addition, the U.S. government could bring criminal and civil charges against us based on intentional or unintentional violations of the representations and certifications that we have made in the USTranscom contract. Although adjustments arising from U.S. government audits and reviews have not seriously harmed our business in the past, future audits and reviews could cause adverse effects. We could also suffer serious harm to our reputation if allegations of impropriety were to be made against us.

We may choose to pursue acquisitions or joint ventures that could present unforeseen integration obstacles or costs and we face risks from our two joint ventures.

We may pursue acquisitions and joint ventures. Acquisitions involve a number of risks and present financial, managerial and operational challenges, including:

- potential disruption of our ongoing business and distraction of management;
- difficulty integrating personnel and financial and other systems;
- hiring additional management and other critical personnel; and
- increasing the scope, geographic diversity and complexity of our operations.

In addition, we may encounter unforeseen obstacles or costs in the integration of acquired businesses. Also, the presence of one or more material liabilities of an acquired company that are unknown to us at the time of acquisition may have a material adverse effect on our business. Acquisitions or joint ventures may not be successful, and we may not realize any anticipated benefits from acquisitions or joint ventures.

On August 5, 2011, a joint venture, TW Container Leasing, Ltd (“TW”), was formed between our wholly-owned subsidiary, Textainer Limited (“TL”), and Wells Fargo Container Corp (“WFC”), a wholly-owned subsidiary of Wells Fargo and Company. The purpose of TW is to lease containers to lessees under direct financing leases. TW is governed by members, credit and management agreements. Under the members agreement, TL owns 25% and WFC owns 75% of the common shares and related voting rights of TW. TL also has two seats and WFC has six seats on TW’s board of directors, with each seat having equal voting rights, provided, however, that the approval of at least one TL-appointed director is required for any action of the board of directors. As we do not own the majority of TW, we face risks associated with investing in an entity that we do not control and it is possible that the interests of the controlling stockholder could be different from our interests. Conflicts between us and the controlling stockholder of TW could result in litigation, an inability to operate TW, lost business opportunities for TW and us, and other problems that might have a material adverse impact on us as a whole.

On December 20, 2012, TL purchased 50.1% of the outstanding common shares of TAP Funding Ltd. (“TAP Funding”). TAP Funding owns a fleet of containers under our management. TAP Funding is governed by members and management agreements. TL has two voting rights and TAP Ltd. (“TAP”), the 49.9% shareholder, has one voting right in TAP Funding, with the exception of certain matters such as bankruptcy proceedings, the incurrence of debt and mergers and consolidations, which require unanimity. TL also has two seats and TAP has one seat on TAP Funding’s board of directors. While we own the majority of TAP Funding, we face risks associated with TAP Funding’s structure that requires both shareholders to agree on certain significant matters such as debt financing, mergers and liquidation. It is possible that the interests of the other shareholder could be different from our interests. Conflicts between us and the other shareholder of TAP Funding could result in litigation, an inability to finance and operate TAP Funding, and other problems that might have a material adverse impact on us as a whole.

Our senior executives are critical to the success of our business and any inability to retain them or recruit and successfully integrate new personnel could harm our business, results of operations and financial condition.

Our senior management has a long history in the container leasing industry, with an average of 14 years of service with us. 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 recruit new skilled sales, marketing and technical personnel. Competition for these individuals in our industry is intense and we may not be able to successfully recruit, train or retain qualified personnel. If we fail to retain and recruit the necessary personnel, our business and our ability to obtain new container lessees and provide acceptable levels of customer service could suffer. We have “at will” employment agreements with all of our executive officers.

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

Although the Bureau International des Containers registers and allocates a four letter prefix to every container in accordance with ISO standard 6346 (Freight container coding, identification and marking) to identify the owner/operator and each container has a unique prefix and serial number, there is no internationally recognized system of recordation 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 containers.

We may incur costs associated with new cargo security regulations, which may adversely affect our business, results of operations and financial condition.

We may be subject to regulations promulgated in various countries, including the U.S., 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 Security 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 U.S. Moreover, the International Convention for Safe Containers, 1972, 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 compliance costs due to the acquisition of new, compliant containers and/or the adaptation of existing containers to meet 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. Regardless of the existence of current or future government regulations mandating the safety standards of intermodal shipping containers, our competitors may adopt such products or our container lessees may require that we adopt such products. In responding to such market pressures, we may incur increased costs, which could have a material adverse effect on our business, results of operations and financial condition.

Environmental liability and regulations may adversely affect our business, results of operations and financial condition.

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, ground 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 costs arising out of third-party claims for property or natural resource damage and personal injury, as a result of violations of or liabilities under or compliance with environmental laws and regulations in connection with our or our lessees’ current or historical operations. Under some environmental laws in the U.S. and certain other countries, the owner or operator of a container may be liable for environmental damage, cleanup or other costs in the event of a spill or discharge of material from the container without regard to the fault of the owner or operator. While we typically maintain certain limited liability insurance and typically require lessees to provide us with indemnity against certain losses, the insurance coverage may not be sufficient to protect against any or all liabilities and such indemnities may not be sufficient, or available, to protect us against losses arising from environmental damage. Moreover, our lessees may not have adequate resources, or may refuse to honor their indemnity obligations and our insurance coverage is subject to large deductibles, coverage limits and significant exclusions.

Environmental regulations also impact container production and operation, including regulations on the use of chemical refrigerants due to their ozone depleting and global warming effects. Our refrigerated containers currently use R134A refrigerant. While R134A does not contain chlorofluorocarbons (“CFCs”), the European Union (“EU”) has instituted regulations to phase out the use of R134A in automobile air conditioning systems beginning in 2011 due to concern that the release of R134A into the atmosphere may contribute to global warming. While the European Union regulations do not currently restrict the use of R134A in refrigerated containers or trailers, it is possible that the phase out of R134A in automobile air conditioning systems will be extended to containers in the future and our operations could be impacted. It has been proposed that R134A usage in containers be banned beginning in 2025, although the final decision has not been made as of yet.

Container production also raises environmental concerns. The floors of dry freight containers are plywood typically made from tropical hardwoods. Due to concerns regarding de-forestation and climate change, many countries have implemented severe restrictions on the cutting and export of this wood. Accordingly, container manufacturers have switched a significant portion of production to alternatives such as birch, bamboo, and other farm grown wood and users are also evaluating alternative designs that would limit the amount of plywood required and are also considering possible synthetic materials. New woods or other alternatives have not proven their durability over the typical life of a dry freight container, and if they cannot perform as well as the hardwoods have historically, the future repair and operating costs for these containers may be impacted. Also, the insulation foam in the walls of certain refrigerated containers requires the use of a blowing agent that contains CFCs. Manufacturers are phasing out the use of this blowing agent in manufacturing, however, if future regulations prohibit the use or servicing of containers with insulation manufactured with this blowing agent we could be forced to incur large retrofitting expenses and these containers might bring lower rental rates and disposal prices. EU regulations currently restrict the sale or use of refrigerated containers manufactured with the CFC containing blowing agent and strict enforcement of these regulations could impact our ability to lease or sell these refrigerated containers in EU countries. The container industry in China has always used solvent-based paint systems. New regulations in China for the container industry require stopping the use of solvent-based paint systems, due to the restrictions on volatile organic compounds used in solvent-based paints. To comply with the new regulations, new water borne paint systems have been developed and are being used by container manufacturers. This change was already implemented in all factories in Southern China as of July 2016. The remaining container factories in China have been required to use water borne paint systems since April 1, 2017. The use of water borne paint systems has required significant factory investment and it is problematic to apply water borne paint during the winter in colder parts of China. The conversion to water borne paint may impact factory capacity, increase the cost of containers and require greater investment by us in container inspection and factory supervision.

We are subject to certain U.S. laws that may impact our international operations and any investigation or determination that we violated these laws may affect our business and operations adversely.

As a Bermuda corporation that has an indirect wholly-owned U.S. subsidiary with operations in the U.S., our U.S. operations are subject to certain U.S. laws that may also impact our international operations. We are subject to the regulations imposed by the Foreign Corrupt Practices Act, which generally prohibits U.S. companies and their intermediaries from making improper payments to foreign officials for the purpose of obtaining or keeping business. We are also subject to U.S. Executive Orders and U.S. Treasury sanctions regulations restricting or prohibiting business dealings in or with certain nations and with certain specially designated nationals (individuals and legal entities). Any determination or investigation into violations of these laws and regulations could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We could face litigation involving our management of containers for container investors.

We manage containers for container investors under management agreements that are negotiated with each container investor. We make no assurances to container investors that they will make any amount of profit on their investment or that our management activities will result in any particular level of income or return of their initial capital. Although our management agreements contain contractual protections and indemnities that are designed to limit our exposure to such litigation, such provisions may not be effective, and we may be subject to a significant loss in a successful litigation by a container investor.

We may not be able to resume paying a dividend and any dividends paid in the future could be reduced or eliminated.

We eliminated our dividend payment in fourth quarter of 2016. We may not be able to reinstate our dividend program and pay future dividends, and if reinstated any future dividend could again be eliminated or reduced. The declaration, amount and payment of future dividends are at the discretion of our board of directors and will be dependent on our future operating results and the cash requirements of our business. There are a number of factors that can affect our ability to pay dividends and there is no guarantee that we will pay dividends in any given year, in each quarter of a year, or pay any specific amount of dividends. In addition, we will not pay dividends in the event we are not allowed to do so under Bermuda law, are in default under (or such payment would cause a default under) TL's revolving credit facilities or term loan, or if such payment would cause us to breach any of our covenants. These covenants include certain financial covenants, which would be directly affected by the payment of dividends, such as a maximum ratio of consolidated funded debt to consolidated tangible net worth (which amount would decrease by the amount of any dividend paid). The reduction, suspension or elimination of dividends may negatively affect the market price of our common shares. Furthermore, since we are a holding company, substantially all of the assets shown on our consolidated balance sheet are held by our subsidiaries. Accordingly, our earnings and cash flow and our ability to pay dividends are largely dependent upon the earnings and cash flows of our subsidiaries and the distribution or other payment of such earnings to us in the form of dividends as permitted under our lending agreements.

We face risks from our share repurchase program

In 2015 we announced a share repurchase program to repurchase up to \$100 million of our shares. Purchases under this program are at our discretion and we may not purchase all \$100 million of shares under the program. This program may be reduced or terminated at any time by us. Using our available cash to purchase shares may reduce the amount available for dividend payments which could cause us to need to reduce the amount of our dividend or adopt a more flexible dividend policy. Share repurchases may also reduce our financial flexibility and limit our ability to reduce debt and may reduce our funds available for container investments. Using funds to repurchase shares could cause our debt to equity ratio to increase and may impair our ability to comply with the financial covenants in our debt agreements. Share repurchases may also reduce the number of shares available for other investors to purchase in the market which could add to share price volatility for our stock. We face these and other risks related to share repurchases. During 2015, the Company repurchased 630,000 shares at an average price of \$14.52 for a total amount of \$9,149. The Company did not repurchase any of its common shares during 2016 and 2017.

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

We periodically assess 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 appropriately 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 judgment required in estimating those reserves, actual amounts paid, if any, could differ from these estimates.

Future changes in accounting rules could significantly impact how both we and our customers account for our leases.

Our consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2016-02, *Leases (Topic 842)* ("ASU 2016-02"). Under this new guidance, lessor accounting is largely unchanged. Certain targeted improvements were made to align, where necessary, lessor accounting with the lessee accounting model and Topic 606, *Revenue from Contracts with Customers*. Lessees will be required to recognize the following for all leases (with the exception of short-term

leases) at the commencement date: (1) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (2) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The new lease guidance also simplified the accounting for sale and leaseback transactions primarily because lessees must recognize lease assets and lease liabilities. Lessees will no longer be provided with a source of off-balance sheet financing. The guidance is effective for interim and annual periods beginning after December 15, 2018 and early application is permitted. Because this new guidance virtually eliminates for lessees the financial statement benefit of entering into operating leases, it could change the way we and our customers conduct our businesses.

Risks Related to Our Common Shares

The market price and trading volume of our common shares, which may be affected by market conditions beyond our control, have been volatile and could continue to remain volatile.

The market price of our common shares has been, and may continue to be highly volatile and subject to wide fluctuations. In addition, the trading volume in our common shares has fluctuated and may continue to fluctuate, causing significant price variations to occur. Since our initial public offering, our common shares have fluctuated from an intra-day low of \$4.23 per share to an intra-day high of \$43.96 per share. If the market price of the shares declines significantly, the value of an investment in our common shares would decline. The market price of our common shares may fluctuate or decline significantly in the future. Some of the factors that could negatively affect the price of our common shares or result in fluctuations in the price or trading volume of our common shares include:

- variations in our quarterly operating results;
- failure to meet analysts' earnings estimates;
- publication of research reports about us, other intermodal container lessors or the container shipping industry or the failure of securities analysts to cover our common shares or our industry;
- additions or departures of key management personnel;
- adverse market reaction to any indebtedness we may incur or preference or common shares we may issue in the future;
- changes in our dividend payment policy or failure to execute our existing policy;
- our share repurchase program, the execution of this program or changes in this program;
- actions by shareholders;
- changes in market valuations of similar companies;
- announcements by us or our competitors of significant contracts, acquisitions, dispositions, strategic partnerships, joint ventures or capital commitments;
- speculation in the press or investment community;
- changes or proposed changes in laws or regulations affecting the container shipping industry or enforcement of these laws and regulations, or announcements relating to these matters; and
- impact of global financial crises or stock market disruptions.

Recently and in the past, the stock market has experienced extreme price and volume fluctuations. These market fluctuations could result in extreme volatility in the trading price of our common shares, which could cause a decline in the value of your investment in our common shares. In addition, the trading price of our common shares could decline for reasons unrelated to our business or financial results, including in reaction to events that affect other companies in our industry even if those events do not directly affect us. You should also be aware that price volatility may be greater if the public float and trading volume of our common shares are low.

One of our major shareholders, Halco Holdings Inc. (“Halco”), is owned by Trenchor, and Halco could act in a manner with which other shareholders may disagree or that is not necessarily in the interests of other shareholders.

Halco currently owns approximately 47.8% of our issued and outstanding common shares. On January 1, 2018, Halco entered into a voting limitation deed with the Company, pursuant to which Halco agreed to limit its shareholder voting rights in the Company, solely in respect of the appointment and/or removal of directors. Otherwise, Halco has the ability to influence the outcome of matters submitted to our shareholders for approval, including any amalgamation, merger, consolidation or sale of all or substantially all of our assets. Three of our nine directors are also directors of Trenchor and two of our directors are directors of Halco. Halco may have interests that are different from other shareholders. For example, it may support proposals and actions with which you may disagree or which are not in your interests as a shareholder of our company. The concentration of ownership could delay or prevent a change in control of us or otherwise discourage a potential acquirer from attempting to obtain control of us, which in turn could reduce the price of our common shares. Additionally, we have no agreements with Halco or Trenchor that limit or restrict their ability to sell or transfer their shares in us. Any sale or transfer of some or all of the common shares owned by Halco could adversely affect our share price.

Affiliates of Halco and Trenchor may compete with us and compete with some of our customers.

Halco and Trenchor, through their affiliates, are free to compete with us, and have engaged in the past and will likely continue to engage in businesses that are similar to ours. In particular, Leased Assets Pool Company Limited (“LAPCO”), an affiliate of Halco, owns containers, has competed against us and our customers through its investment in containers and has used our competitors to manage some of its containers in the past. Thus, although we have a management agreement with LAPCO to manage a majority of its containers, we expect that we will continue to compete with LAPCO in the future, which may result in various conflicts of interest.

Our current management and share ownership structure may create conflicts of interest.

Three of our nine directors are also directors of Trenchor and two of our directors are directors of Halco. These directors owe fiduciary duties to each company and may have conflicts of interest in matters involving or affecting us as well as Halco and Trenchor, including matters arising under our agreements with Halco and its affiliates. In addition, to the extent that some of these directors may own shares in Trenchor, they may have conflicts of interest when faced with decisions that could have different implications for Trenchor than they do for us. Furthermore, Trenchor, as a South African company, endorses the Code of Corporate Practices and Conduct in the King III Report on Corporate Governance. The King IV Report on Corporate Governance is a document promulgated by the South African Institute of Directors which, among other things, suggests that corporations in their corporate decision-making consider the following stakeholders in addition to the owners of shares: parties who contract with the enterprise; parties who have a non-contractual nexus with the enterprise (including civic society and the environment); and the state. Halco and/or Trenchor may seek to impose these corporate governance practices on us, which may result in constraints on management and may involve significant costs. Your interests as a holder of our common shares may not align with the interests of Halco and/or Trenchor and their affiliates and shareholders.

We are a holding company with no material direct operations and rely on our operating subsidiaries to provide us with funds necessary to meet our financial obligations and to pay dividends.

We are a holding company with no material direct operations. Our principal assets are the equity interests we directly or indirectly hold in our operating subsidiaries, which own our operating assets. As a result, we are dependent on loans, dividends and other payments from our subsidiaries to generate the funds necessary to meet our financial obligations and to pay dividends on our common shares. Our subsidiaries are legally distinct from us and may be prohibited or restricted from paying dividends or otherwise making funds available to us under certain conditions or lending covenants. If we are unable to obtain funds from our subsidiaries, we may be unable to, or our board may exercise its discretion not to, pay dividends on our common shares.

Our ability to issue securities in the future may be materially constrained by Trenchor’s South African currency restrictions and JSE Listings Requirements and Trenchor’s results may differ from our results due to their use of different accounting standards.

Trenchor, a South African company listed on the JSE Limited (the “JSE”), owns 100% of Halco, which currently has an interest in 47.8% of our issued and outstanding shares. Three of our nine directors are also directors of Trenchor and two of our directors are directors of Halco. Both South African exchange control authorities and the JSE impose certain restrictions on Trenchor.

South Africa’s exchange control regulations provide for restrictions on exporting capital from South Africa. These restrictions require Trenchor to obtain approval from South African exchange control authorities before Halco engages in transactions that would result in dilution of Halco’s share interest in us below certain thresholds, whether through Halco’s sale of its own shareholdings or through its approval of our issuance of new shares. The exchange control authorities may decide not to grant such approval if a proposed transaction were to dilute Halco’s interest in us below certain levels. While the South African government has, to some extent, relaxed exchange controls in recent years, it is difficult to predict whether or how it will further relax or abolish exchange control measures in the future. The above requirements could restrict or limit our ability to issue new shares. In addition, Trenchor is required to comply with JSE Listings Requirements in connection with Halco’s holding or sale of our common shares.

The above requirements could limit our financial flexibility by, among other things, impacting our future ability to raise funds through the issuance of securities, preventing or limiting the use of our common shares as consideration in acquisitions, and limiting our use of option grants and restricted share grants to our directors, officers and other employees as incentives to improve the financial performance of our company. Additionally, Trenchor reports its results under the IFRS accounting standards while we report under U.S. GAAP. This may cause Trenchor’s reporting of our results to differ from what we report and may result in an inability to reconcile the results of both companies, market confusion and an inconsistent market reaction when both companies report results.

It may not be possible for investors to enforce U.S. judgments against us.

We and all of our direct and indirect subsidiaries, except Textainer Equipment Management (U.S.) Limited and Textainer Equipment Management (U.S.) II LLC, are incorporated in jurisdictions outside the U.S. A substantial portion of our assets and those of our subsidiaries are located outside of the U.S. In addition, most of our directors are non-residents of the U.S., and all or a substantial portion of the assets of these non-residents are located outside the U.S. As a result, it may be difficult or impossible for U.S. investors to serve process within the U.S. upon us, our non-U.S. subsidiaries, or our directors, or to enforce a judgment against us for civil liabilities in U.S. courts. In addition, you should not assume that courts in the countries in which we or our subsidiaries are incorporated or where our assets or the assets of our subsidiaries are located would enforce judgments of U.S. courts obtained in actions against us or our subsidiaries based upon the civil liability provisions of applicable U.S. federal and state securities laws, or would enforce, in original actions, liabilities against us or our subsidiaries based on those laws.

We are a foreign private issuer and, as a result, under New York Stock Exchange (“NYSE”) rules, we are not required to comply with certain corporate governance requirements.

As a foreign private issuer, we are permitted by the NYSE to comply with Bermuda corporate governance practice in lieu of complying with certain NYSE corporate governance requirements. This means that we are not required to comply with NYSE requirements that:

- the board of directors consists of a majority of independent directors;
- independent directors meet in regularly scheduled executive sessions;
- the audit committee satisfy NYSE standards for director independence (although we must still comply with independence standards pursuant to Rule 10A-3 promulgated under the U.S. Securities Exchange Act of 1934, as amended);
- the audit committee have a written charter addressing the committee’s purpose and responsibilities;
- we have a nominating and corporate governance committee composed of independent directors with a written charter addressing the committee’s purpose and responsibilities;

- we have a compensation committee composed of independent directors with a written charter addressing the committee's purpose and responsibilities;
- we establish corporate governance guidelines and a code of business conduct;
- our shareholders approve any equity compensation plans; and
- there be an annual performance evaluation of the nominating and corporate governance and compensation committees.

Our board of directors has adopted an audit committee charter, a compensation committee charter and a nominating and governance committee charter. Additionally, we have a company code of conduct, corporate governance guidelines, conduct performance evaluations of our board and committees, and have obtained shareholder approval for our equity compensation plan. However, we use some of the exemptions available to a foreign private issuer. As a result, our board of directors may not consist of a majority of independent directors and our compensation committee may not consist of any or a majority of independent directors. Accordingly, our shareholders may not have the same protections afforded to shareholders of companies that are subject to all of the NYSE corporate governance requirements.

Required public company corporate governance and financial reporting practices and policies have increased our costs, and we may be unable to provide the required financial information in a timely and reliable manner.

Our management may not be able to continue to meet the regulatory compliance and reporting requirements that are applicable to us as a public company. This result may subject us to adverse regulatory consequences, and could lead to a negative reaction in the financial markets due to a loss of confidence in the reliability of our financial statements. If we do not maintain compliance with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002, or if we or our independent registered public accounting firm identify 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 common shares to decline.

In addition, 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 by us 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. These regulations have increased our legal and financial compliance costs, we expect the regulations to make it more difficult to attract and retain qualified officers and directors, particularly to serve on our audit committee, and make some activities more difficult, time consuming and costly.

Future sales of a large number of our securities into the public market, or the expectation of such sales, could cause the market price of our common shares to decline significantly.

Sales of substantial amounts of common securities into the public market, or the perception that such sales will occur, may cause the market price of our common shares to decline significantly. In September 2012, we completed a sale of 8,625,000 common shares, including 2,500,000 common shares offered by a selling shareholder, Halco. The price of our shares could be negatively impacted if we undertake additional offerings to sell securities. In addition, at our 2010 Annual General Meeting of Shareholders held on May 19, 2010, our shareholders approved an amendment to our 2007 Share Incentive Plan to increase the maximum number of our common shares issuable pursuant to such plan by 1,468,500 shares from 3,808,371 shares to 5,276,871 shares. On May 21, 2015, our shareholders approved an amendment and restatement of the 2007 Share Incentive Plan as the 2015 Share Incentive Plan and to increase the maximum number of our common shares issuable pursuant to such plan by 2,000,000 shares and to extend the term of such plan for ten years from the date of the annual meeting of shareholders. The common shares to be issued pursuant to awards under our 2015 Share Incentive Plan have been registered on registration statements on Form S-8 filed with the Securities Exchange Commission and, when issued, will be freely tradable under the Securities Act of 1933.

We have provisions in our bye-laws that may discourage a change of control.

Bermuda law and our bye-laws contain provisions that could make it more difficult for a third party to acquire us without the consent of our board of directors. These include provisions:

- requiring the approval of not less than 66% of our issued and outstanding voting shares for certain merger or amalgamation transactions that have not been approved by our board of directors;
- prohibiting us from engaging in a business combination with an interested shareholder for a period of three years after the date of the transaction in which the person becomes an interested shareholder, unless certain conditions are met;
- authorizing our board of directors to issue blank-check preference shares without shareholder approval;
- establishing a classified board with staggered three-year terms;
- only authorizing the removal of directors (i) for cause by the affirmative vote of the holders of a majority of the votes cast at a meeting or (ii) without cause by the affirmative vote of the holders of 66% of the common shares then issued and outstanding and entitled to vote on the resolution; and
- establishing advance notice requirements for nominations for election to our board of directors.

These provisions may make it difficult and expensive for a third party to pursue a tender offer, change in control or takeover attempt that is opposed by our management and/or our board of directors. Public shareholders who might desire to participate in these types of transactions may not have an opportunity to do so. These provisions could substantially impede the ability of public shareholders to benefit from a change in control or change our management and board of directors and, as a result, may adversely affect the market price of our common shares and your ability to realize any potential change of control premium.

As a shareholder of our company, you may have greater difficulties in protecting your interests than as a shareholder of a U.S. corporation.

The Companies Act 1981 of Bermuda, as amended (the “Companies Act”), applies to our company and differs in material respects from laws generally applicable to U.S. corporations and their shareholders. Taken together with the provisions of our bye-laws, some of these differences may result in your having greater difficulties in protecting your interests as a shareholder of our company than you would have as a shareholder of a U.S. corporation. This affects, among other things, the circumstances under which transactions involving an interested director are voidable, whether an interested director can be held accountable for any benefit realized in a transaction with our company, what approvals are required for business combinations by our company with a large shareholder or a wholly-owned subsidiary, what rights you may have as a shareholder to enforce specified provisions of the Companies Act or our bye-laws, and the circumstances under which we may indemnify our directors and officers.

Our bye-laws restrict shareholders from bringing legal action against our officers and directors.

Our bye-laws contain a broad waiver by our shareholders of any claims or right of action, both individually and on our behalf, against any of our officers or directors. The waiver applies to any action taken by an officer or director, or the failure of an officer or director to take any action, in the performance of his or her duties, except with respect to any matter involving any fraud or dishonesty on the part of the officer or director. This waiver limits the right of shareholders to assert claims against our officers and directors unless the act or failure to act involves fraud or dishonesty.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

Our business began operations in 1979. We reorganized our business in 1993 and incorporated Textainer Group Holdings Limited under the laws of Bermuda as a holding company of a group of corporations involved in the purchase, ownership, management, leasing and disposal of a fleet of intermodal containers. Textainer Group Holdings Limited is incorporated with an indefinite duration under registration number EC18896. Textainer Group Holdings Limited's common shares are listed on the New York Stock Exchange ("NYSE") under the symbol "TGH". Textainer Group Holdings Limited's headquarters office is located at Century House, 16 Par-La-Ville Road, Hamilton HM 08 Bermuda and our telephone number is (441) 296-2500. Our agent in the United States is Daniel W. Cohen, Textainer Group Holdings Limited, c/o Textainer Equipment Management (U.S.) Limited, 650 California Street, 16th Floor, San Francisco, CA 94108.

At December 31, 2017, Textainer Group Holdings Limited had two directly-owned subsidiaries:

- Textainer Equipment Management Limited ("TEML"), our wholly-owned subsidiary incorporated in Bermuda, which provides container management, acquisition and disposal services to affiliated and unaffiliated container investors; and
- Textainer Limited ("TL"), our wholly-owned subsidiary incorporated in Bermuda, which owns containers directly and via six subsidiaries:
 - Textainer Marine Containers II Limited ("TMCL II"), a Bermuda company which is wholly-owned by TL;
 - Textainer Marine Containers III Limited ("TMCL III"), a Bermuda company which is wholly-owned by TL;
 - Textainer Marine Containers IV Limited ("TMCL IV"), a Bermuda company which is wholly-owned by TL;
 - Textainer Marine Containers V Limited ("TMCL V"), a Bermuda company which is wholly-owned by TL;
 - TAP Funding Ltd. ("TAP Funding"), a Bermuda company in which TL and TAP Limited ("TAP") hold common shares of 50.1% and 49.9%, respectively, and voting rights of 66.7% and 33.3%, respectively; and
 - TW Container Leasing Ltd. ("TW"), a Bermuda company in which TL and Wells Fargo Container Corp. ("WFC") hold common shares and related voting rights of 25% and 75%, respectively.

Trencor Limited ("Trencor"), a company publicly traded on the JSE Limited (the "JSE") in Johannesburg, South Africa under the symbol "TRE", and its affiliate currently has beneficiary interest in 47.8% of our issued and outstanding common shares as shareholder of Halco Holdings Inc.

Our internet website address is www.textainer.com. The information contained on, or that can be accessed through, our website is not incorporated into and is not intended to be a part of this Annual Report on Form 20-F.

Significant Events

On July 23, 2015, TL entered into a five-year revolving credit facility (the "TL Revolving Credit Facility II") with a group of financial institutions and an aggregate commitment amount of up to \$190,000. The TL Revolving Credit Facility II provides for payments of interest only during its term beginning on its inception date through July 23, 2020, when all borrowings are due in full. Interest on the outstanding amount due under the TL Revolving Credit Facility II is based either on the base rate or LIBOR plus a spread between 0.80% and 1.65%, which varies based on TGH's leverage.

In August 2015, one of the Company's customers became insolvent and containers on operating and direct financing leases to the customer were deemed unlikely to be recovered. The Company maintains insurance that covers a portion of the exposure related to the value of containers that are unlikely to be recovered from its customers, the cost to recover containers and up to 183 days of lost lease rental income. Accordingly, during the year ended December 31, 2015, an impairment was recorded to write off containers, net and net investment in direct financing and sales-type leases with book values of \$8,815 and \$2,903, respectively. In addition, bad debt expense of \$2,574 was recorded for the year ended December 31, 2015 to fully reserve for the customer's outstanding accounts receivable (see Note 3 "Insurance Receivable and Impairment" to our consolidated financial statements in Item 18, "*Financial Statements*" in this Annual Report on Form 20-F for additional information).

On October 29, 2015, TGH's board of directors approved a share repurchase program of up to \$100,000 of the Company's common shares. Under the program, the Company may purchase its common shares from time to time in the open market, in privately negotiated transactions or by establishing a trading plan under Rule 10b5-1 of the Securities Exchange Act of 1934 to facilitate purchases of its common shares (see Note 16 "Share Repurchase Program" to our consolidated financial statements in Item 18, "*Financial Statements*" in this Annual Report on Form 20-F for additional information).

In February and March 2016, we concluded two separate purchases totaling approximately 41,000 containers that we had been managing for an institutional investor for total purchase consideration of \$71.0 million (see Note 4 "Container Purchases" to our consolidated financial statements in Item 18, "*Financial Statements*" in this Annual Report on Form 20-F for additional information).

In April and June 2016, we concluded two separate purchase leaseback transactions for approximately 15,000 containers from a shipping company for total purchase consideration of \$21.2 million (see Note 5 "Purchase-Leaseback Transactions" to our consolidated financial statements in Item 18, "*Financial Statements*" in this Annual Report on Form 20-F for additional information).

In August 2016, one of the Company's customers, Hanjin Shipping company Co., Ltd ("Hanjin"), filed for bankruptcy. The Company maintains insurance that covers a portion of the exposure related to the value of containers that are unlikely to be recovered from its customers, the cost to recover containers and up to 183 days of lost lease rental income. Accordingly, during the year ended December 31, 2016, an impairment of \$22,149 representing \$17,399 to write down the containers on direct finance leases with Hanjin to the lower of estimated fair market value or net book value and \$4,750 insurance deductible. In addition, bad debt expense of \$18,992, net of estimated insurance proceeds of \$2,592, was recorded for the year ended December 31, 2016 to fully reserve for Hanjin's outstanding accounts receivable. (see Note 3 "Insurance Receivable and Impairment" to our consolidated financial statements in Item 18, "*Financial Statements*" in this Annual Report on Form 20-F for additional information).

During the second quarter of 2017, TMCL III's 2013-1 Bonds and 2014-1 Bonds were early terminated and were fully repaid by the proceeds from the TMCL III's 2017-A Notes, which itself was full repaid by the proceeds from the TMCL V's 2017-1 Bonds. The Company wrote off \$7,228 of unamortized debt issuance costs and bond discounts during the period. (see Note 12 "Secured Debt Facilities, Credit Facilities, Term Loan and Bonds Payable, and Derivative Instruments" to our consolidated financial statements in Item 18, "*Financial Statements*" in this Annual Report on Form 20-F for additional information).

During the second quarter of 2017, TMCL V issued the Series 2017-1 Fixed Rate Asset Backed Notes (the "2017-1 Bonds") and the Series 2017-2 Fixed Rate Asset Backed Notes ("2017-2 Bonds") in an aggregated principal amount of \$420,000 and \$500,000, respectively. Both 2017-1 Bonds and 2017-2 Bonds were issued at fixed interest rates. Proceeds from the 2017-1 Bonds and 2017-2 Bonds were primarily used to fully repay the TMCL III debts and to repay the Company's certain short-term debts, respectively (see Note 12 "Secured Debt Facilities, Credit Facilities, Term Loan and Bonds Payable, and Derivative Instruments" to our consolidated financial statements in Item 18, "*Financial Statements*" in this Annual Report on Form 20-F for additional information).

During the second half of 2017, we concluded three separate purchases totaling approximately 20,000 containers that we had been managing for institutional investors for a total purchase consideration of \$19.9 million (see Note 4 "Container Purchases" to our consolidated financial statements in Item 18, "*Financial Statements*" in this Annual Report on Form 20-F for additional information).

During third quarter of 2017, the Company entered into an agreement with a third-party to manage approximately 112,000 containers in 182,000 TEU owned by that third-party effective August 1, 2017.

On August 31, 2017, TMCL II entered into an amendment of the TMCL II Secured Debt Facility which extended the conversion date to August 2020, and lowered the interest margin (see Note 12 “Secured Debt Facilities, Credit Facilities, Term Loan and Bonds Payable, and Derivative Instruments” to our consolidated financial statements in Item 18, “*Financial Statements*” in this Annual Report on Form 20-F for additional information).

On December 8, 2017, TAP Funding entered into an amendment of the TAP Funding Revolving Credit Facility which extended the maturity date to December 2021, increased the advance rate, lowered the interest rate margin and increased the aggregate commitment amount from \$150,000 to \$190,000 (see Note 12 “Secured Debt Facilities, Credit Facilities, Term Loan and Bonds Payable, and Derivative Instruments” to our consolidated financial statements in Item 18, “*Financial Statements*” in this Annual Report on Form 20-F for additional information).

On December 22, 2017, the U.S. Tax Cuts and Jobs Act of 2017 (TCJA) was enacted. The most significant impact on the Company is the U.S. federal corporate income tax reduction from 35% to 21% beginning January 01, 2018. A change in tax law is accounted for in the period of enactment, which require re-measurement of all our U.S. deferred income tax asset and liabilities during this period-end. The corporate tax reduction resulted in a \$2,653 one-time reduction in our net deferred tax liabilities and was recorded as a credit adjustment to our 2017 income tax expense. (see Note 11 “Income Taxes” to our consolidated financial statements in Item 18, “*Financial Statements*” in this Annual Report on Form 20-F for additional information).

On January 31, 2018, TMCL IV terminated its secured debt facility and the unpaid debt amount of \$129,400 was fully repaid by \$124,608 proceeds from the TL Revolving Credit Facility and TMCL IV’s available cash of \$4,792.

On February 15, 2018, Textainer Marine Containers VI Limited, an indirect wholly-owned subsidiary of the Company, completed a \$300 million seven-year fixed rate term facility. The proceeds of the facility were used to pay down certain of the Company’s short-term debt. (see Note 17 “Subsequent Events” to our consolidated financial statements in Item 18, “*Financial Statements*” in this Annual Report on Form 20-F for additional information).

In February 2018, we concluded a purchase of approximately 18,000 containers that we had been managing for an institutional investor for a total purchase consideration of \$13.2 million.

Principal Capital Expenditures

Our capital expenditures for containers in our owned fleet and fixed assets during 2017, 2016 and 2015 were \$300.1 million, \$505.5 million and \$533.3 million, respectively. We received proceeds from the sale of containers and fixed assets during 2017, 2016 and 2015 of \$135.3 million, \$126.6 million and \$129.5 million, respectively.

As all of our containers are used internationally, where no one container is domiciled in one particular place for a prolonged period of time, all of our long-lived assets are considered to be international with no single country of use. Our capital requirements are primarily financed through cash flows from operations, our secured debt facilities, share offerings and our revolving credit facilities.

B. Business Overview

Our Company

We are one of the world's largest lessors of intermodal containers based on fleet size, with a total fleet of approximately 2.2 million containers, representing almost 3.3 million TEU. Containers are an integral component of intermodal trade, providing a secure and cost-effective method of transportation because they can be used to transport freight by ship, rail or truck, making it possible to move cargo from point of origin to final destination without repeated unpacking and repacking. We lease containers to approximately 300 shipping lines and other lessees, including each of the world's top 20 container lines, as measured by the total TEU capacity of their container vessels. We believe that our scale, global presence, customer service, market knowledge and long history with our customers have made us one of the most reliable suppliers of leased containers. We have a long track record in the industry, operating since 1979, and have developed long-standing relationships with key industry participants. Our top 20 customers, as measured by revenues, have leased containers from us for an average of almost 30 years.

We have provided an average of more than 210,000 TEU of new containers per year for the past five years, and have been one of the largest buyers of new containers over the same period. We are one of the largest sellers of used containers, having sold an average of more than 130,000 containers per year for the last five years to more than 1,400 customers.

We provide our services worldwide via an international network of 14 regional and area offices and more than 500 independent depots.

We operate our business in three core segments.

- *Container Ownership.* As of December 31, 2017, we owned containers accounting for approximately 79% of our fleet.
- *Container Management.* As of December 31, 2017, we managed containers on behalf of 12 affiliated and unaffiliated container investors, providing acquisition, management and disposal services. As of December 31, 2017, total managed containers accounted for approximately 21% of our fleet.
- *Container Resale.* We generally sell containers from our fleet when they reach the end of their useful lives in marine service or when we believe it is financially attractive for us to do so, considering location, sale price, the cost of repair, and possible repositioning expenses. We also purchase and lease or resell containers from shipping line customers, container traders and other sellers of containers.

Our total revenues primarily consist of leasing revenues derived from the lease of our owned containers and, to a lesser extent, fees received for managing containers owned by third parties and equipment resale. The most important driver of our profitability is the extent to which revenues on our owned fleet and management fee income exceed our operating costs. The key drivers of our revenues are fleet size, rental rates, sales proceeds, utilization and direct costs. Our operating costs primarily consist of depreciation and amortization, container impairment, interest expense, direct operating expenses and administrative expenses. Our lessees are generally responsible for loss of or damage to a container beyond ordinary wear and tear, and they are required to purchase insurance to cover any other liabilities.

Our total fleet consists of containers that we own and containers owned by other container investors that we manage. In general, owning containers during periods of high demand for containers provides higher margins than managing containers, since we receive all of the net operating income for the containers that we own but only a percentage of the net operating income of the containers that we manage as a management fee. On the other hand, managing containers during periods of low demand for containers reduces the negative financial impact of such periods since the container investors bear the cost or risk of owning the containers.

For 2017, we generated revenues, income from operations and income before income tax and noncontrolling interests of \$490.9 million, \$143.9 million and \$22.4 million, respectively. During 2017, the average utilization of our owned fleet was 96.4%. As mentioned above, we operate in three reportable segments: Container Ownership,

Container Management and Container Resale. The following tables summarize revenues, by category of activity, and income before income tax and noncontrolling interests generated from each of our operating segments reconciled to our total revenues and income before income tax and noncontrolling interests shown in our consolidated statements of comprehensive income included in Item 18, “Financial Statements” in this Annual Report on Form 20-F for the fiscal years ended December 31, 2017, 2016 and 2015:

<u>2017</u>	<u>Container Ownership</u>	<u>Container Management</u>	<u>Container Resale</u>	<u>Other</u>	<u>Eliminations</u>	<u>Totals</u>
Lease rental income	\$ 442,219	\$ 2,669	\$ —	\$ —	\$ —	\$ 444,888
Management fees from external customers	266	9,953	4,775	—	—	14,994
Inter-segment management fees	—	40,269	9,477	—	(49,746)	—
Trading container sales proceeds	—	—	4,758	—	—	4,758
Gain on sale of containers, net	26,210	—	—	—	—	26,210
Total revenues	<u>\$ 468,695</u>	<u>\$ 52,891</u>	<u>\$ 19,010</u>	<u>\$ —</u>	<u>\$ (49,746)</u>	<u>\$ 490,850</u>
Segment (loss) income before income tax and noncontrolling interests	<u>\$ (1,707)</u>	<u>\$ 15,376</u>	<u>\$ 10,854</u>	<u>\$ (3,568)</u>	<u>\$ 1,405</u>	<u>\$ 22,360</u>
<u>2016 (1)</u>	<u>Container Ownership</u>	<u>Container Management</u>	<u>Container Resale</u>	<u>Other</u>	<u>Eliminations</u>	<u>Totals</u>
Lease rental income	\$ 458,246	\$ 2,181	\$ —	\$ —	\$ —	\$ 460,427
Management fees from external customers	291	10,076	3,053	—	—	13,420
Inter-segment management fees	—	38,080	8,493	—	(46,573)	—
Trading container sales proceeds	—	—	15,628	—	—	15,628
Gain on sale of containers, net	6,761	—	—	—	—	6,761
Total revenues	<u>\$ 465,298</u>	<u>\$ 50,337</u>	<u>\$ 27,174</u>	<u>\$ —</u>	<u>\$ (46,573)</u>	<u>\$ 496,236</u>
Segment income (loss) before income tax and noncontrolling interests	<u>\$ (84,252)</u>	<u>\$ 18,134</u>	<u>\$ 6,178</u>	<u>\$ (3,016)</u>	<u>\$ 1,633</u>	<u>\$ (61,323)</u>
<u>2015</u>	<u>Container Ownership</u>	<u>Container Management</u>	<u>Container Resale</u>	<u>Other</u>	<u>Eliminations</u>	<u>Totals</u>
Lease rental income	\$ 510,954	\$ 1,590	\$ —	\$ —	\$ —	\$ 512,544
Management fees from external customers	317	12,002	3,291	—	—	15,610
Inter-segment management fees	—	45,620	10,104	—	(55,724)	—
Trading container sales proceeds	—	—	12,670	—	—	12,670
Gain on sale of containers, net	3,454	—	—	—	—	3,454
Total revenues	<u>\$ 514,725</u>	<u>\$ 59,212</u>	<u>\$ 26,065</u>	<u>\$ —</u>	<u>\$ (55,724)</u>	<u>\$ 544,278</u>
Segment income (loss) before income tax and noncontrolling interests	<u>\$ 88,536</u>	<u>\$ 26,305</u>	<u>\$ 9,335</u>	<u>\$ (4,283)</u>	<u>\$ 786</u>	<u>\$ 120,679</u>

- (1) Certain previously reported information has been revised for the effect of immaterial corrections of identified errors pertaining to the calculation of gain on sale of container, net and to properly account for lease concessions. See Note 2 “Immaterial Correction of Errors in Prior Periods” to our consolidated financial statements in Item 18, “Financial Statements” in this Annual Report on Form 20-F.

General and administrative expenses are allocated to the reportable business segments based on direct overhead costs incurred by those segments. Amounts reported in the “Other” column represent activity unrelated to the active reportable operating segments. Amounts reported in the “Eliminations” column represent inter-segment management fees between the container management, container resale and container ownership segments.

Our container lessees use containers for their global trade utilizing many worldwide trade routes. The Company earns its revenue from these international carriers when the containers are on lease. Substantially all of our leasing related revenues are denominated in U.S. dollars.

The largest portion of our fleet is comprised of dry freight containers, which are by far the most common of the three principal types of intermodal containers. Dry freight intermodal containers are large, standardized steel boxes used to transport cargo by multiple modes of transportation, including ships, trains and trucks. We also lease

refrigerated containers, which have integral refrigeration units on one end that plug into an outside power source and are used to transport perishable goods. Compared to traditional shipping methods, intermodal containers typically provide users with faster loading and unloading as well as some protection from weather and theft, thereby reducing both transportation costs and time to market for our lessees' customers.

We primarily lease containers under four different types of leases. Term leases provide a customer with a specified number of containers for a specified period of time, typically ranging from three to five years, with an associated set of pick-up and drop-off conditions. Term leases also include lifecycle leases, under which lessees will lease containers until they reach a pre-specified age which is typically near the end of their useful lives. Once containers under lifecycle leases are returned to us, they are generally sold due to the age of the containers. Term leases represented 78.4% of our total on-hire fleet as of December 31, 2017. Master leases, which provide a framework of terms and conditions valid for a specified period of time, typically one year, give customers greater pick-up and drop-off flexibility than is typical in term leases and represented 13.2% of our total on-hire fleet as of December 31, 2017. Finance leases, which provide customers an alternative means for purchasing containers, represented 5.7% of our total on-hire fleet as of December 31, 2017. Spot leases, which provide customers with containers for a relatively short lease period and fixed pick-up and drop-off locations, represented 2.7% of our total on-hire fleet as of December 31, 2017.

Our expertise and flexibility in managing containers after their initial lease is an important factor in our success. The administrative process of leasing new containers is relatively easy because initial leases for new containers typically cover large volumes of units and are fairly standardized transactions. However, to successfully compete in our industry, we must not only obtain favorable initial long-term leases for new containers, but also maximize the return generated by these containers throughout their useful life in marine service and their ultimate sale into the secondary market. To do that, we focus on renewing or extending our long-term container leases beyond their expiration dates (typically three to five years from the start of the lease). In addition, we attempt to negotiate favorable return provisions on all leases, maintain an active presence in the master and spot lease markets, and work to increase our options for disposing of off-lease containers so that we have attractive alternatives if it is not possible to achieve reasonable renewal or extension of terms with the current lessee. We have the capability and the infrastructure to re-lease or dispose of our containers at comparatively attractive terms, which increases our leverage with the lessees.

We supply leased containers to the U.S. military pursuant to a contract with the U.S. Transportation Command Directorate of Acquisition ("USTranscom") and earn a fee for supplying and managing its fleet of leased containers. We are the main supplier of leased intermodal containers to the U.S. military.

We believe that we have the ability to reposition containers, if necessary, that are returned in lower demand locations to higher demand locations at competitive costs as a result of our experienced logistics team. Our large customer base of approximately 300 lessees increases our ability to re-lease returned containers. Our Container Resale segment sells containers to optimize their residual value in multiple markets, including locations with low lease-out demand. This system of generating an attractive revenue stream from and achieving high utilization of our container fleet has enabled us to become one of the world's largest container lessors.

Industry Overview

Containers are built in accordance with standard dimensions and weight specifications established by the International Organization for Standardization ("ISO"). The industry-standard measurement unit is the Twenty-Foot Equivalent Unit ("TEU"), which compares the length of a container to a standard 20' container. For example, a 20' container is equivalent to one TEU and a 40' container is equivalent to two TEU. Standard dry freight containers are typically 8' wide, come in lengths of 20', 40' or 45' and are either 8'6" or 9'6" high. The three principal types of containers are described as follows:

- *Dry freight standard containers.* A dry freight standard container is constructed of steel sides, roof, an end panel on one end and a set of doors on the other end, a wooden floor and a steel undercarriage. Dry freight standard containers are the least expensive and most commonly used type of container. They are used to carry general cargo, such as manufactured component parts, consumer staples, electronics and apparel. According to the latest available data, dry freight standard containers comprised approximately 90.1% of the worldwide container fleet, as measured in TEU, at December 31, 2016.

- *Dry freight specialized containers.* Dry freight specialized containers consist of open-top and flat-rack containers. An open-top container is similar in construction to a dry freight standard container except that the roof is replaced with a tarpaulin supported by removable roof bows. A flat-rack container is a heavily reinforced steel platform with a wood deck and steel end panels. Open-top and flat-rack containers are generally used to transport heavy or oversized cargo, such as marble slabs, building products or machinery. According to the latest available data, dry freight specialized containers comprised approximately 2.1% of the worldwide container fleet, as measured in TEU, at December 31, 2016.
- *Other containers.* Other containers include refrigerated containers, tank containers, 45' containers, pallet-wide containers and other types of containers. The two most prominent types of such containers are refrigerated containers and tank containers. A refrigerated container has an integral refrigeration unit on one end which plugs into an outside power source and is used to transport perishable goods. Tank containers are used to transport liquid bulk products such as chemicals, oils, and other liquids. According to the latest available data, other containers comprised approximately 7.8% of the worldwide container fleet, as measured in TEU, at December 31, 2016.

Containers provide a secure and cost-effective method of transportation because they can be used in multiple modes of transportation, making it possible to move cargo from a point of origin to a final destination without repeated unpacking and repacking. As a result, containers reduce transit time and freight and labor costs, as they permit faster loading and unloading of shipping vessels and more efficient utilization of transportation containers than traditional break bulk shipping methods. The protection provided by containers also reduces damage, loss and theft of cargo during shipment. While the useful life of containers varies based upon the damage and normal wear and tear suffered by the container, we estimate that our useful life for a standard dry freight container used in intermodal transportation is on average 13 to 14 years. Some shipping lines have recently indicated that they intend to keep their containers for longer than 13 to 14 years.

According to *World Cargo News*, as of January 2017, leasing companies owned approximately 50% of the total worldwide container fleet of 38.0 million TEU. The percentage of containers owned by shipping lines ranged from 39% to 54% from 1980 through 2017. Given the uncertainty and variability of export volumes and the fact that shipping lines have difficulty in accurately forecasting their container requirements at different ports, the availability of containers for lease significantly reduces a shipping line's need to purchase and maintain excess container inventory. In addition, leasing a portion of their total container fleets enables shipping lines to serve their manufacturer and retailer customers better by:

- increasing their flexibility to manage the availability and location of containers;
- increasing their ability to meet peak demand requirements, particularly prior to holidays such as Christmas and Lunar New Year; and
- reducing their capital expenditures.

Based on industry analyst reports, we expect 2018 new dry freight container production to remain more or less in line with the 3.2 million TEU in 2017, with lessors purchasing a higher percentage than the historical average. Global demand for shipping is expected to continue to increase at a rate of almost 5 % which is only slightly lower than the estimated 6.5% experienced in 2017. While new production inventory has increased to almost 700,000 TEU at the end of December 2017, availability of depot containers remain extremely limited with almost all lessors enjoying utilization rates above 97%. Deliveries of mega ships is also expected to have a positive impact on container demand in 2018. Idle container ship capacity meanwhile remains at a low level of 2% or less.

The shipping business has been characterized by cyclical swings due in part to lengthy periods of excess or scarce vessel capacity. We believe that these sustained periods of vessel supply/demand imbalances are mainly a function of the multi-year ordering and production cycle associated with the manufacture of new vessels, which requires shipping lines to estimate market growth many years into the future, and the shipping line industry's shift to the use of significantly larger vessels. Container leasing companies are partially insulated from the risks of these shipping cycles by the relatively short production time associated with the manufacture of new containers. Lead times for new container orders are typically only a few months, so the rate of new container ordering can be quickly adjusted to reflect unexpected market changes.

Our term leases maturing in 2018, represent approximately 9.7% of our fleet. Additionally, for most leasing companies, the percentage of containers on long-term leases has grown over the past ten years, while the percentage on master leases has declined. As of December 31, 2017, approximately 78% of our total on-hire fleet was on long-term leases, compared to approximately 67% ten years ago. As a result, changes in utilization have become less volatile for Textainer and most leasing companies.

According to *World Cargo News*, intermodal leasing companies, as ranked by total TEU as of January 2017, are as follows:

Company	TEU (000's)	Percent of Total
Triton International Limited	4,930	25.8%
Textainer(1)	3,280	17.2%
Florens Leasing	2,850	14.9%
SeaCo Global	2,430	12.7%
SeaCube Container Leasing Ltd.	1,220	6.4%
CAI International, Inc.	1,080	5.7%
Beacon Intermodal Leasing	1,060	5.5%
Touax Global Container Solutions	650	3.4%
Blue Sky Intermodal	360	1.9%
UES International	220	1.2%
Other	1,020	5.3%
Grand Total	19,100	100.0%

(1) Textainer Group's owned and managed fleet consisted of 3,280 TEU at December 31, 2017.

Competitive Strengths

We believe that we possess a number of strengths that provide us with a competitive advantage, including:

One of the Largest Container Lessors in the Industry. We operate one of the world's largest fleets of leased intermodal containers by fleet size, with a total fleet of approximately 2.2 million containers, representing almost 3.3 million TEU, as of December 31, 2017. We provide our services worldwide via a network of regional and area offices and independent depots. We have been one of the largest buyers of new containers purchasing an average of more than 210,000 TEU per year for the last five years and are also one of the largest sellers of used containers, selling an average of more than 130,000 containers per year for the last five years. Our consistent presence in the market buying and selling containers provides us with broad market intelligence, and valuable insight into the demand patterns of our shipping line customers and resale container buyers.

Proven Ability to Grow Our Fleet Over Time. Our ability to invest in our fleet has allowed us to become one the world's largest container lessors. We have demonstrated our ability to increase the size of our container fleet by purchasing containers from manufacturers and by acquiring existing container fleets or their management rights. Over the past 19 years, we have acquired the rights to manage over 1,500,000 TEU from former competitors and we have acquired approximately 700,000 TEU of containers from our managed fleet. Last year we acquired the rights to manage a fleet of 182,000 TEU formerly operated by Magellan Maritime Services GmbH. As one of the largest buyers of new containers, we have developed strong relationships with container manufacturers. These relationships, along with our large volume buying power and solid financial structure, enable us to reliably purchase containers during periods of high demand.

Ability to Generate Attractive Returns Throughout the Container Life-Cycle. One of our major strengths is our demonstrated ability to generate attractive revenue streams throughout the economic life of a container in marine service and upon resale of the container at the end of its marine service life. At the end of a lease, we generally have the ability to either negotiate an extension of the lease term or to take back the container and re-lease or sell it maximizing the container's return. This flexibility, coupled with our international coverage, organization and resources, allows us to deploy containers to those markets where we can re-lease

or sell them on comparatively attractive terms, thereby optimizing our returns and the residual value of our fleet.

Strong Long-Standing Relationships with Customers. Our scale, long presence in the business and reliability as a supplier of containers has resulted in strong relationships with our customers. We lease containers to approximately 300 shipping lines and other lessees, including each of the world's top 20 container lines, as measured by vessel fleet size in TEU and we have sold containers to an average of more than 1,400 resale customers for the last five years. We believe our ability to consistently supply containers in locations where our customers need them makes us one of the most reliable lessors of containers. Our top 20 customers, as measured by revenues, have leased containers from us for an average of almost 30 years.

Multiple Sources of Revenue. We believe that the long-term nature of our lease portfolio, as well as the presence of both owned and managed containers in our fleet, provides us with a more predictable source of revenues and operating cash flow and higher operating margins over time, enabling us to manage and grow our business more effectively. We derive revenues from leasing our owned containers, managing containers owned by third parties and buying and selling containers. These multiple revenue streams provide for a diverse income base, help to mitigate the effects of our cyclical industry on profitability and allow us to optimize our use of capital.

Experienced Management Team. Our senior executives have a long history in the industry. Our senior executives have an average of 14 years of service with us. The executive team has extensive experience in sourcing, leasing, financing, selling, trading and managing containers, as well as a long track record of successfully acquiring and selling container assets.

Business Strategies

We intend to grow our business profitably by pursuing the following strategies:

Leverage Our Status as one of the Largest Container Lessors and Consistent Purchaser and Seller of Containers. We endeavor to make regular purchases of containers to replace older containers and increase the size of our fleet. We believe that this consistent purchasing behavior and the resulting scale and young fleet age profile provides us with a competitive advantage in maintaining strong relationships with manufacturers and growing our market share with our existing customers.

Be the Most Reliable Supplier of Quality Containers. We continue to provide superior equipment and ensure that it is available in the right location and at the right time. Having one of the world's largest owned and managed container fleets, we are in a strong position to be the most reliable supplier of dry freight containers to meet the demands of shipping lines.

Pursue Attractive Container Related Acquisition Opportunities. We will continue to seek to identify and attempt to acquire attractive portfolios of containers and companies to allow us to grow our fleet profitably. We believe that the consolidation trend in our industry will continue and may offer us future growth opportunities. We also believe that current economic conditions may also result in potential acquisition opportunities, including the purchase and leaseback of customer-owned containers. Purchase and leaseback transactions can be attractive to our customers because they free up cash for other capital needs. These transactions enable us to buy attractively priced containers and at the same time place them on leases for the remainder of their marine service lives.

Continue to Focus on Maintaining High Levels of Utilization and Operating Efficiency. We will continue to target high utilization rates and attractive returns on our assets through our focus on longer-term leases and disciplined portfolio management. As of December 31, 2017, approximately 78% of our total on hire fleet (based on total TEU) was on long-term leases, compared to approximately 67% ten years ago. We also drive operating efficiency by maintaining a low cost structure, having brought down our fleet management cost per CEU per day by approximately 25% over the 10 years ended December 31, 2017. We believe that we can grow our fleet without a proportionate increase in our headcount, thereby improving our profitability by spreading our operating expenses over a larger revenue base.

Extend the Lease of In-fleet Containers. Since many shipping lines must utilize capital to finance vessels, it is possible that some will conclude in 2018, as they did in 2017, that it is more cost-effective to extend leases of in-fleet containers than either buy containers or lease new containers.

Grow Our Container Resale Business. We look to sell containers from our fleet when they reach the end of their useful lives in marine service or when we believe it is financially attractive for us to do so, considering the location, sales price, cost of repair, and possible repositioning expenses. In order to improve the sales price of our containers, we often move them from the location where they are returned by the lessee to another location that has a higher market price. We benefit not only as a result of the increased sales price but also because we often receive rental revenue from a shipping line for the one-way lease of the container. We also buy and resell containers from shipping line customers, container traders and other sellers of containers. We attempt to improve the sales price of these containers in the same manner as with containers from our fleet.

Maintain Access to Diverse Sources of Capital. We have successfully utilized a wide variety of financing alternatives to fund our growth, including secured debt financings, bank financing, and equity from third party investors in containers. We believe this diversity of funding, combined with our access to the public equity markets, provides us with an advantage in terms of both cost and availability of capital, versus our smaller competitors and also some of our shipping line customers.

Operations

We operate our business through a network of regional and area offices and independent depots. We maintain four regional offices as follows:

- Americas Region in Cranford, New Jersey, USA responsible for North and South America;
- European Region in New Malden, UK responsible for Europe, the Mediterranean, the Middle East, and Africa;
- North Asia Region in Yokohama, Japan responsible for Japan, South Korea, and Taiwan; and
- South Asia Region in Singapore, responsible for Southeast Asia, the People's Republic of China ("PRC") (including Hong Kong) and Australia.

Regional vice presidents are in charge of regional leasing and operations. Marketing directors and assistants located in the regional and area offices handle day-to-day marketing and collection activities. Our operations include a global sales force, container operations group, container resale group, and logistics services group. Our headquarters office is in Hamilton, Bermuda. Our administrative office is located in San Francisco, California.

Our Container Fleet

As of December 31, 2017, we operated 3,279,892 TEU. We attempt to continually invest in our container fleet each year in an effort to replace the older containers being retired from marine service and to build our fleet size. We purchased an average of more than 210,000 TEU of new containers per year over the past five years. Our ability to invest in our fleet on a consistent basis has been instrumental in our becoming one of the world's largest container lessors. Our container fleet consists primarily of standard dry freight and refrigerated containers. The containers that we lease are either owned outright by us or owned by third parties and managed by us. The table below summarizes the composition of our owned and managed fleets, in TEU and CEU, by type of containers as of December 31, 2017 (unaudited):

	TEU			CEU		
	Owned	Managed	Total	Owned	Managed	Total
Standard dry freight	2,381,650	676,349	3,057,999	2,135,792	602,752	2,738,544
Refrigerated	145,924	12,192	158,116	590,811	49,304	640,115
Other specialized	56,417	7,360	63,777	86,520	12,421	98,941
Total fleet	2,583,991	695,901	3,279,892	2,813,123	664,477	3,477,600
Percent of total fleet	78.8%	21.2%	100.0%	80.9%	19.1%	100.0%

The amounts in the table above did not change significantly from December 31, 2017 to the date of this Annual Report on Form 20-F.

Our containers are designed to meet a number of criteria outlined by the ISO. The standard criteria include the size of the container and the gross weight rating of the container. This standardization ensures that the widest possible number of transporters can use containers 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.

Maintenance and repair of our containers is performed by independent depots that we retain in major port areas and inland locations. Such depots also handle and inspect containers that are either picked up or redelivered by lessees, and store containers that are not leased.

Our Leases

Most of our revenues are derived from leasing our owned fleet of containers to our core shipping line customers. The vast majority of our container leases are structured as operating leases, though we also provide customers with finance leases. Regardless of lease type, we seek to exceed our targeted return on our owned and managed containers over the life of each container by managing container utilization, lease rates, drop-off restrictions and the disposal process. We lease containers under three different types of operating leases (term leases, master leases and spot leases) and also under finance leases.

Term leases

Term leases (also referred to as long-term leases) provide a customer with a specified number of containers for a specified period, typically ranging from three to five years, with an associated set of pick-up and drop-off conditions. Our term leases generally require our lessees to maintain all units on lease for the duration of the lease. Term leases also include lifecycle leases, under which lessees will lease containers until they reach a pre-specified age which is typically near the end of their useful lives rather than for a specified period. Once containers under lifecycle leases are returned to us, they are generally sold due to the age of the containers. Term leases provide us with enhanced cash flow certainty due to their extended duration but carry lower per diem rates than other lease types. As of December 31, 2017, 78.4% of our owned on-hire fleet, as measured in TEU, was on term leases.

As of December 31, 2017, our term leases had an average remaining duration of 36 months, assuming no leases are renewed. However, we believe that many of our customers will renew leases for containers that are less than sale age at the expiration of the lease. In addition, for leases that are not extended our containers typically remain on-hire at the contractual per diem rate for an average of an additional 13 months beyond the end of the contractual lease term.

The following are the minimum future rentals for our owned fleet at December 31, 2017, due under long-term leases (in thousands):

Year ending December 31 (dollars in thousands):		
2018	\$	263,425
2019		189,130
2020		131,427
2021		91,685
2022 and thereafter		120,345
Total future minimum lease payments receivable	\$	<u>796,012</u>

Some of our term leases give our customers Early Termination Options (“ETOs”). If exercised, ETOs allow customers to return containers prior to the expiration of the 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 rarely been exercised.

Master leases

Master leases provide a framework of terms and conditions pursuant to which lessees can lease containers on an as-needed basis for unspecified periods of time. Master lease terms and conditions are valid for a set period, typically one year, and provide the lessee with greater flexibility than is typical in term leases. Under our master leases, lessees know in advance their per diem rates and drop-off locations, subject to monthly drop-off location limits. In addition, under these master lease agreements, the lessee is generally not committed to leasing a minimum number of containers from us during the lease term and may generally return the containers to us at any time, subject to certain restrictions. Due to their flexibility and duration, master leases command higher per diem rates than term leases. A subset of master leases are our special leases, which are predominately round-trip Asia leases, allowing customers to return containers at any time but with restrictions on drop-off locations, generally in higher demand locations in Asia. As of December 31, 2017, 13.2% of our owned on-hire fleet, as measured in TEU, was on master leases.

Spot leases

Spot leases provide the customer with containers for a relatively short lease period with fixed pick-up and drop-off locations. Spot leases are generally used to position a container to a desired location for subsequent lease or sale. As of December 31, 2017, 2.7% of our total on-hire fleet, as measured in TEU, was on spot leases.

Finance Leases

Finance leases provide our lessees with an alternative method to finance their container acquisitions. Finance leases are long-term in nature, typically ranging from three to eight years and require relatively little customer service attention. They ordinarily require fixed payments over a defined period and provide lessees with a right to purchase the subject containers for a nominal amount at the end of the lease term. Per diem rates include an element of repayment of capital and, therefore, typically are higher than rates charged under other leases. Finance leases require the lessee to keep the containers on lease for the entire term of the lease. Finance leases are reflected as “Net investment in direct financing and sales-type leases” on our consolidated balance sheets. As of December 31, 2017, approximately 5.7% of our owned on-hire fleet, as measured in TEU, was on finance leases with an average remaining term of 24 months.

Maintenance, Repair and Damage Protection

Under all of our leases, our lessees are generally responsible for loss of or damage to a container beyond ordinary wear and tear, and they are required to purchase insurance to cover any other liabilities. Any damage must be repaired at the expense of the lessee according to standardized guidelines promulgated by the Institute of International Container Lessors (“IICL”). Lessees are also required to obtain insurance to cover loss of the equipment on lease, public liability and property damage insurance as well as indemnify us from claims related to their usage of the leased containers. In some cases, a Damage Protection Plan (“DPP”) is provided whereby the lessee pays us (in the form of either a higher per-diem rate or a fixed one-time payment upon the return of a container) to assume a portion of the financial burden of repairs up to a pre-negotiated amount. This DPP does not cover damages from war or war risks, loss of a container, constructive total loss of the container, damages caused by contamination or corrosion from cargo, damages to movable parts and any costs incurred in removing labels, which are all responsibilities of the lessees. DPP is generally cancelable by either party with prior written notice. Maintenance is monitored through inspections at the time that a container is leased out and returned. In 2017, DPP revenue was 2.1% of total lease rental income. We also maintain our own insurance to cover our containers when they are not on-hire to lessees or when the lessee fails to have adequate primary coverage, and third-party liability insurance for both on-hire and off-hire containers. In addition, we maintain insurance that, after satisfying our deductibles, would cover loss of revenue as a result of default under most of our leases, as well as the recovery cost or replacement value of most of our containers.

Lease Agreements

In general, our lease agreements consist of two basic elements, a master terms and conditions agreement (“Master Agreement”), and a lease schedule. Lease schedules contain the business terms (including daily rate, term duration and drop-off schedule, among other things) for specific leasing transactions, while Master Agreements outline the general rights and obligations of the lessor and lessee under all of the lease schedules covered by the Master Agreement. For most customers, we have a small number of Master Agreements (often one) and a large number of lease schedules.

Our standard Master Agreements generally require the lessees to pay rentals, depot charges, taxes and other charges when due, to maintain the containers in good condition and repair, to return the containers in good condition in accordance with the return conditions set forth in the Master Agreement, to use the containers in compliance with all laws, and to pay us for the value of the containers as determined under the terms of the agreements if the container is lost or destroyed. The default clause gives us certain legal remedies in the event that the lessee is in breach of the lease.

Re-leasing, Logistics and Depot Management

We believe that managing the period after termination of our containers’ first lease is one of the most important aspects of our business. The container shipping industry is 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, container shipping lines have an incentive to return leased containers in North America and Western Europe to avoid the cost of shipping empty containers back to Asia. Successful management of the deployment of our containers after they come off their first lease requires disciplined re-leasing capabilities, logistics management, depot management, careful cost control and effective sales of used containers.

Re-leasing

Since our leases allow our lessees to return their containers, we typically lease a container several times during its life. New containers can usually be leased with a limited sales and customer service infrastructure because initial leases for new containers typically cover large volumes of units and are fairly standardized transactions. Used containers, on the other hand, are typically leased in smaller transactions that are structured to accommodate pick-ups and returns in a variety of locations. Our utilization rates depend in part on our re-leasing capabilities. Factors that affect our ability to re-lease used containers include the size of our lessee base, ability to anticipate lessee needs, their presence in relevant geographic locations and the level of service we provide our lessees. We believe that our global presence and relationships with approximately 300 container lessees provide us an advantage in re-leasing our containers relative to many of our smaller competitors.

Logistics

Other methods of reducing off-lease risks include:

- *Limiting or prohibiting container returns to low-demand areas.* In order to reduce our repositioning costs, our leases typically include a prohibition on returning containers to specific locations, limitations on the number of containers that may be returned to lower demand locations, drop-off charges for returning containers to lower demand locations or a combination of these provisions.
- *Taking advantage of a robust resale market when available.* In order to optimize the investment return on a container, we have sold containers in our excess inventory and/or weak demand locations when an analysis indicates it is financially more attractive than attempting to re-lease or reposition the container.
- *Seeking one-way lease opportunities to move containers from lower demand locations to higher demand locations.* One-way leases may include incentives, such as free days, credits and limited damage waivers. The cost of offering these incentives is generally less than the cost we would incur if we were to pay to reposition the containers. We also use one-way leases to move containers from locations where the market price for selling containers is low to locations with a higher market price, to improve the resale value of the containers.

- *Paying to reposition our containers to higher demand locations.* At locations where our inventories remain high, despite the efforts described above, we will selectively choose to pay to reposition excess containers to locations with higher demand or higher resale prices.
- *Diversifying our customers.* We have sought to diversify our customers and, correspondingly, the locations where containers are needed around the world.

Depot Management

As of December 31, 2017, we managed our container fleet through approximately 530 independent container depot facilities in more than 230 locations. Depot facilities are generally responsible for repairing containers when they are returned by lessees and for storing the containers while they are off-hire. Our operations group is responsible for managing our depot relationships and periodically visiting the depot facilities to conduct quality assurance audits to control costs and ensure repairs meet industry standards. We occasionally supplement our internal operations group with the use of independent inspection agents. Furthermore, depot repair work is periodically audited to prevent over-charging. We are in regular communication with our depot partners through the use of electronic data interchange (“EDI”) and/or e-mail. The electronic exchange of container activity information with each depot is conducted via the internet. As of December 31, 2017, a large majority of our off-lease inventory was located at depots that are able to report container activity and damage detail via EDI. We use the industry standard, ISO 9897 Container Equipment Data Exchange messages, for most EDI reporting.

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

Our container repair standards and processes are generally managed in accordance with standards and procedures specified by the 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. As part of the inspection process, damages are categorized either as lessee damage or normal wear and tear. Items typically designated as lessee 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. In general, lessees are responsible for the lessee damage portion of the repair costs and we are responsible for normal wear and tear. The lessees are generally billed the lessee damage portion at the time the containers are returned. As discussed above in “Operations—Our Leases,” for an additional fee, we sometimes offer our lessees a DPP, pursuant to which we assume financial responsibility for repair costs up to a previously negotiated amount.

Management Services

As of December 31, 2017, we owned approximately 79% of the containers in our fleet (including containers held by entities we wholly and partially own), and managed the rest, equaling 695,901 TEU, on behalf of 12 affiliated and unaffiliated container investors. We earn acquisition, management and disposal fees on managed containers. Our information technology (“IT”) systems track revenues and operating expenses attributable to specific containers and the container investors receive payments based on the net operating income of their own containers. Fees to manage containers typically include acquisition fees of 1% to 2% of the purchase price; daily management fees of 8% to 13% of net operating income; and disposal fees of 5% to 10% of cash proceeds when containers are sold. We earned combined acquisition, management and disposal fees on our managed fleet of \$15.0 million, \$13.4 million and \$15.6 million for the years ended December 31, 2017, 2016 and 2015, respectively. If operating expenses were to exceed revenues, the container investors would be obligated to pay the excess or we would deduct the excess, including our management fee, from future net operating income. In some cases, we are compensated for sales through a percentage sharing of sale proceeds over an agreed floor amount. We will typically indemnify the container investors for liabilities or losses arising from negligence, willful misconduct or breach of our obligations in managing the containers. The container investors will indemnify us as the manager against any claims or losses arising with respect to the containers, provided that such claims or losses were not caused by our negligence, willful misconduct or breach of our obligations. Typically, the terms of the management agreements are for the expected remaining useful life in marine services of the containers subject to the agreement.

In June 2003, we entered into a contract with the USTranscom pursuant to which we serve as a major supplier of leased marine containers to the U.S. military. Compared to our shipping line customers, we provide a much broader level of services to the U.S. military under the USTranscom contract. We have developed and currently operate a proprietary information system for the U.S. military which provides the U.S. military real-time access to the status of its leased fleet. Furthermore, unlike our shipping line customers, who pick up from and return containers to container depots, for the U.S. military we are required to arrange transportation from a container depot to a military facility upon lease out and to pick up a container at a military facility and return it to a container depot when the lease period has ended. This requires us to arrange for movement of the empty containers by truck, rail and/or vessel. The USTranscom contract provides added compensation for these services. In addition, since approximately half of these services are required in non-U.S. locations, our expenses for contracting for these services may be incurred in foreign currencies. The USTranscom contract contains a foreign currency adjustment feature such that we are protected against many foreign currency risks for the expenses incurred under the USTranscom contract.

This contract also allows the U.S. military to return containers in many locations throughout the world. Since the inception of the USTranscom contract, we have delivered or transitioned approximately 171,000 containers and chassis to the U.S. military, of which approximately 116,000 containers have been returned. In addition, approximately 51,000 containers have been reported as unaccounted for and the U.S. Military paid a stipulated loss value for each such container. The USTranscom contract expired on June 23, 2013 and we were awarded a new contract on December 12, 2013. The new contract covered a base year starting on December 24, 2013, was renewed on October 1, 2014, October 1, 2015, October 1, 2016 and on October 1, 2017 with the contract extended until September 30, 2018. We are expecting a new request for next contract proposal by US Transcom within the upcoming months and the USTranscom has indicated that it will move to a multi-vendor container supply platform for the new contract.

Resale of Containers

Our Resale Division sells containers from our fleet at the end, typically about 13 years, of their useful lives in marine service or when we believe it is financially attractive for us to do so, considering the location, sale price, cost of repair, and possible repositioning expenses. In addition, we buy used containers (trading containers) from shipping lines and other third parties that we then lease or resell. Our Resale Division has a team of 19 container sales and operations specialists in five offices globally that manage the sale process for these used containers. Our Resale Division is one of the largest sellers of used containers among container lessors, selling an average of more than 130,000 containers per year for the last five years to more than 1,400 customers. Our Resale Division has been a significant profit center for us. From 2013 through 2017, this Division generated \$47.4 million in income before income tax and noncontrolling interests, including \$10.9 million during 2017. We generally sell containers to depots, domestic storage companies, freight forwarders (who often use the containers for one-way trips into less developed countries) and other purchasers of used containers.

Underwriting and Credit Controls

We only lease to container shipping lines and other lessees or sell to buyers that meet our credit criteria. Our credit approval process is rigorous and all of our underwriting and credit decisions are controlled by our credit committee, which is made up of senior management from different disciplines. Our credit committee sets different maximum exposure limits depending on our relationship and previous experience with each customer lessee and container sales customer. Credit criteria may include, but are not limited to, trade route, country, social and political climate, assessments of financial performance including net worth and profitability, asset ownership, bank and trade credit references, credit bureau reports, operational history and financial strength. Our marketing and resale staff are also responsible for collections, which positively contributes to our strong collection and credit approval process through our staff's close communication with our customers.

Our credit department sets and reviews credit limits for new and existing customer lessees and container sales customers, monitors compliance with those limits on an on-going basis, monitors collections, and deals with customers in default. Our credit department actively maintains a credit watch report on our proprietary information technology systems, which is available to all regional and area offices. This credit watch report lists customer lessees and container sales customers at or near their credit limits. New leases of containers to lessees on the credit watch report is only allowed with the approval of our credit department. Similarly, management may decide to stop sales of containers to purchasers whose payments are delinquent. Our credit committee meets regularly to assess performance of our container lessees and to recommend actions to be taken in order to reduce credit risks. Our underwriting processes are aided by the long payment experience we have with most of our customer lessees and container sales customers, our broad network of relationships in the container shipping industry that provides current information about customer lessees' and container sales customers' market reputations and our focus on collections.

Other factors reducing losses due to default by a lessee or customer include the growth in the container shipping industry, our constant monitoring of collections, effective collection mechanism, our historically high recovery rate for containers in default situations and the re-marketability of our container fleet. The growth in the container shipping industry helps reduce the risk of customer defaults since the core assets of a poorly performing shipping line, its ships and containers, have historically been needed to meet the demand for world containerized trade. In addition, the law in several major port locations is highly favorable to creditors and many of our large customers call on ports that will allow us to arrest, or seize, the customers' ships or fuel storage bunkers, or repossess our containers if the customer is in default under our container leases. Finally, we also purchase insurance for equipment recovery and loss of revenue due to customer defaults for most of our customers, in addition to the insurance that our customers are required to obtain, however our equipment recovery insurance is subject to high deductibles and has coverage limits and exclusions.

During 2013 through 2017, we recovered, on average, 84% of the containers that were the subject of defaulted contracts which had at least 1,000 CEU on lease. In connection with the Hanjin bankruptcy, 93% of the containers leased to Hanjin have been turned in, and we believe the unrecovered containers and the recovery expenses will be recoverable under the insurance policies. We typically incur operating expenses such as repairs and repositioning when containers are recovered after a default. However, recovery expenses are typically covered under insurance and we are reimbursed above our deductible amount. Due to the above, over the last five years, our write-offs of customer receivables for our owned and managed fleet have averaged 1.6% of our lease rental income over such period.

Marketing and Customer Service

Our global sales and customer service force is responsible for developing and maintaining relationships with senior management staff at our shipping line customers, negotiating lease contracts and maintaining day-to-day coordination with operations staff. This close customer communication often assists us in negotiating lease contracts that satisfy both our financial return requirements and our customers' operating needs. It also makes us more likely to be aware of our customers' potential equipment shortages and makes our customers more likely to be aware of our available container inventories.

Our senior sales people have considerable industry experience and we believe that the quality of our customer relationships and the level of communication with our customers represent an important advantage for us. As of December 31, 2017, our global sales and customer service group consisted of approximately 81 people, with 17 in North America, 43 in Asia and Australia, 15 in Europe and 6 in Africa.

Customers

We believe that our staff, organization and long presence in the business have resulted in very strong relationships with our shipping line customers. Our top 20 customers, as measured by lease billings of our total owned and managed fleet, have leased containers from us for an average of almost 30 years and have an average Dynamar credit rating, a common credit report used in the maritime sector, of 3.8. The Dynamar credit rating ranges from 1 to 10, with 1 indicating low credit risk. We had one customer that individually accounted for 14.4%, 12.0% and 10.4% of our lease billings for owned containers in 2017, 2016 and 2015, respectively. The Company's second largest customer individually accounted for 13.6%, 14.0% and 11.0% of our lease billings for owned containers in

2017, 2016 and 2015, respectively. Our top 20 customers include all of the world's largest shipping lines, as measured by container vessel fleet size. We currently have containers on-hire to approximately 300 customers. Our customers are mainly international shipping lines, but we also lease containers to freight forwarding companies and the U.S. military. Our five largest customers accounted for approximately 49.5% of our total owned and managed fleet's 2017 lease billings. Our top five customers by lease billings in 2017 were Mediterranean Shipping Company S.A., CMA-CGM S.A., Cosco Container Lines, Evergreen Marine Corp. Ltd. and Hapag-Lloyd AG. During 2017, 2016 and 2015, revenue from our 20 largest container lessees by lease billings represented 80.0%, 78.9% and 77.4% of our total owned and managed fleet's container leasing billings, respectively, with lease billings from our single largest container lessee accounting for \$80.2 million, \$73.0 million and \$72.9 million or 15.1%, 13.6% and 11.9% of our total owned and managed fleet's container lease billings during the respective periods. A default by any of these major customers, such as the bankruptcy of Hanjin in 2016, could have a material adverse impact on our business, results from operations and financial condition. In addition, the largest lessees of our owned fleet are often among the largest lessees of our managed fleet. The largest lessees of our managed fleet are responsible for a significant portion of the billings that generate our management fee revenue.

Proprietary Information Technology

We have developed proprietary IT systems that allow us to monitor container status and offer our customers a high level of service. Our systems include internet-based updates regarding container availability and booking status. Our systems record the status of and provide the accounting and billing for each of our containers individually by container number. We also have the ability to produce complete management reports for each portfolio of equipment we own and manage. This makes us a preferred candidate to quickly assume management of competitors' container fleets. We also maintain proprietary technology in support of our military business.

In addition, our systems allow our business partners to conduct certain business with us through our website, www.textainer.com. These systems allow customers to check our container inventories, review design specifications, request bookings for container pick-ups, create redelivery bookings and review and approve repair bills. Our website also allows depots to download recent statements for self-billing activity and to check the status of containers.

Suppliers

We have long relationships with all of our major suppliers. We currently purchase almost all of our containers in the PRC. There are four major manufacturers of dry freight standard and specialized containers. Our operations staff reviews the designs for our containers and periodically audits the production facilities of our suppliers. In addition, we use our Asian operations group and occasionally 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 do sometimes occur. We work with the manufacturers to correct these defects, and our manufacturers have generally honored their warranty obligations in such cases.

Competition

According to *World Cargo News*, as of January 2017, the top ten container leasing companies, as measured on a TEU basis, control approximately 94.6%, and the top five container leasing companies control approximately 76.9%, of the total equipment held by all container lessors. According to this data, we are one of the world's largest lessors of intermodal containers based on fleet size by TEU and we manage approximately 16.6% by TEU of the equipment held by all container leasing companies.

We compete with approximately ten other large or medium size container leasing companies, many smaller lessors, companies and financial institutions offering finance leases, and promoters of container ownership and leasing as a tax-efficient investment. It is common for our shipping line customers to utilize several leasing companies to meet their container needs.

Other lessors compete with us in many ways, including pricing, lease flexibility and supply reliability, as well as the location, availability, quality and individual characteristics of their containers and customer service. While we are forced to compete aggressively on price, we emphasize our supply reliability and high level of customer service

to our customers. We invest heavily to ensure container availability in higher demand locations. We dedicate a large part of our organization to building customer relationships, maintaining close day-to-day coordination with customers' operating staffs and have developed powerful and user-friendly systems that allow our customers to transact business with us through the internet. We believe that our close customer relationships, experienced staff, reputation for market leadership, scale efficiencies and proprietary systems provide important competitive advantages.

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, new claims brought against us or changes in our current insurance arrangements could result in liabilities that have a material adverse impact on our business.

Environmental

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 or our lessees' current or historical operations or the storage of our containers. Under some environmental laws in the U.S. and certain other countries, the owner or operator 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 fault of the owner or operator. While we maintain certain limited liability insurance coverage as well as require our lessees to provide us with indemnity against certain losses, the insurance coverage is subject to large deductibles, limits on maximum coverage and significant exclusions and may not be sufficient to protect against any or all liabilities and such indemnities may not cover or be sufficient to protect us against losses arising from environmental damage and/or systems or services we may be required to install.

In addition to environmental regulations affecting container movement, shipping, movement and spillage, environmental regulations also impact container production and operation, including regulations on the use of chemical refrigerants due to their ozone depleting and global warming effects. Our refrigerated containers currently use R134A or R404A refrigerant. While R134A does not contain chlorofluorocarbons ("CFC's"), the European Union has instituted regulations to phase out the use of R134A in automobile air conditioning systems beginning in 2011 due to concern that the release of R134A into the atmosphere may contribute to global warming. While the European Union regulations do not currently restrict the use of R134A in refrigerated containers or trailers, it is possible that the phase out of R134A in automobile air conditioning systems will be extended to containers in the future and our operations could be impacted. It has been proposed that R134A usage in containers be banned beginning in 2025, although the final decision has not been made as of yet.

Container production also raises environmental concerns. The floors of dry containers are plywood made from timber which may include tropical hardwoods. Due to concerns regarding de-forestation and climate change, many countries have implemented severe restrictions on the cutting and export of this wood. Accordingly, container manufacturers have switched a significant portion of production to alternatives such as birch, bamboo, and other farm grown wood and users are also evaluating alternative designs that would limit the amount of plywood required and are also considering possible synthetic materials. New woods or other alternatives have not proven their durability over the typical 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 may be impacted. Also, the insulation foam in the walls of refrigerated containers requires the use of a blowing agent that contains CFC's. Manufacturers are phasing out the use of this blowing agent in manufacturing. However, if future regulations prohibit the use or servicing of containers with insulation manufactured with this blowing agent we could be forced to incur large retrofitting expenses and these containers might bring lower rental rates and disposal prices. The container industry in China has always used solvent-based paint systems. New regulations in China for the container industry require

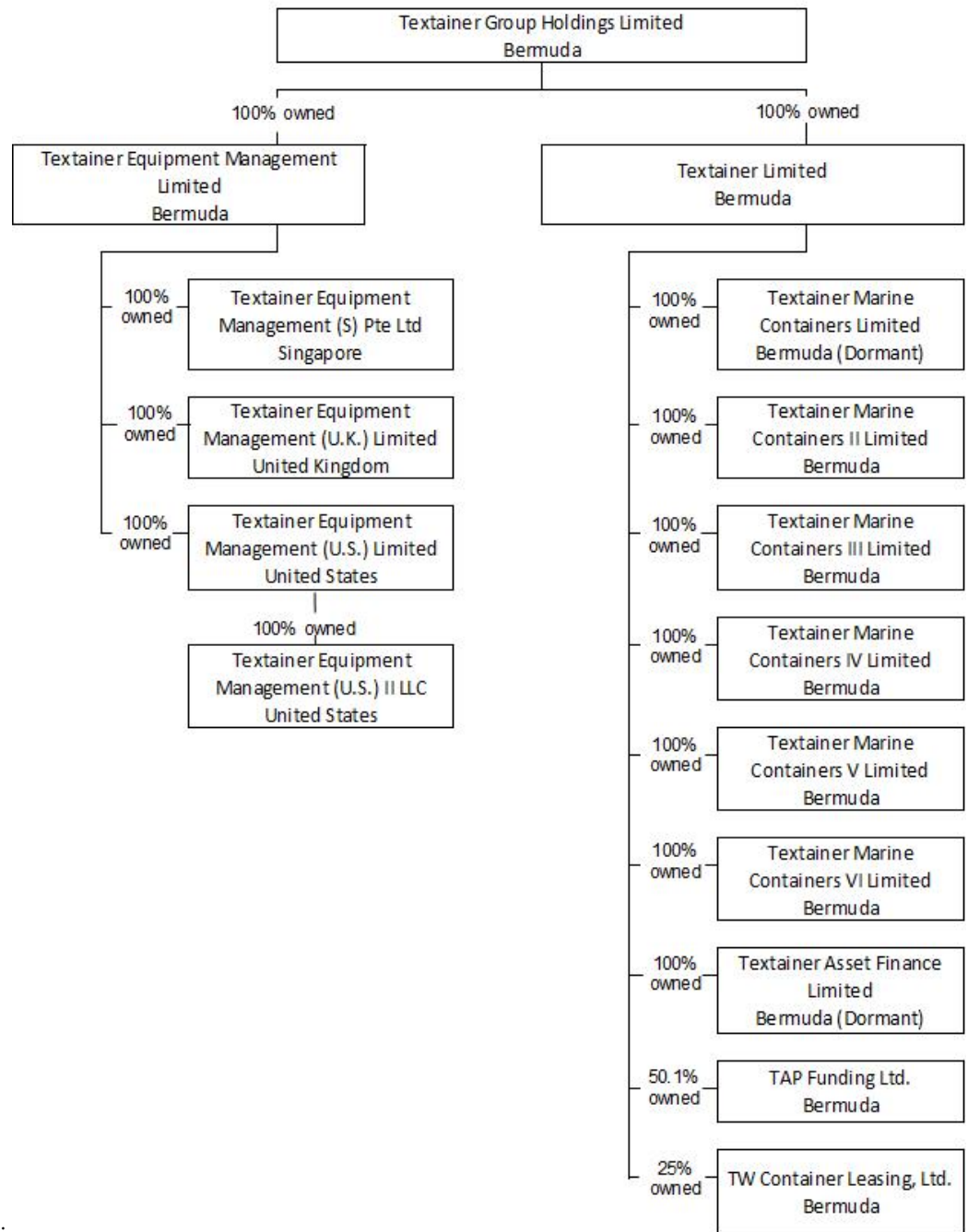
stopping the use of solvent-based paint systems, due to the restrictions on volatile organic compounds used in solvent-based paints. To comply with the new regulations, new water borne paint systems have been developed and are being used by container manufacturers. This change was already implemented in all factories in Southern China as of July 2016. The remaining container factories in China have been required to use water borne paint systems since April 1, 2017. The use of water borne paint systems has required significant factory investment and it is problematic to apply water borne paint during the winter in colder parts of China. The conversion to water borne paint may impact factory capacity, increase the cost of containers and require greater investment by us in container inspection and factory supervision.

Regulation

We may be subject to regulations promulgated in various countries, including the U.S., 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 Security 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 U.S. Moreover, the International Convention for Safe Containers, 1972, as amended, adopted by the International Maritime Organization, applies to new and existing 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, compliant containers and/or the adaptation of existing containers to meet any new requirements imposed by such regulations.

We may also be affected by legal or regulatory responses to potential global climate change. Please see Item 3, “*Key Information -- Risk Factors – Environmental liability and regulations may adversely affect our business, results of operations and financial condition.*”

C. Organizational Structure



Our current corporate structure is as follows:

We currently own 100% of all of our direct and indirect subsidiaries, except for TAP Funding and TW. TAP Funding is a joint venture involving TL and TAP. As of December 31, 2017, TL owned 50.1% and TAP owned 49.9% of the common shares and TL had two voting rights and TAP had one voting right of TAP Funding, with the exception of certain matters such as bankruptcy proceedings, the incurrence of debt and mergers and consolidations, which require unanimity. TW is a joint venture involving TL and WFC, a wholly-owned subsidiary of Wells Fargo and Company. As of December 31, 2017, TL owned 25% and WFC owned 75% of the common shares and related voting rights of TW.

Our principal shareholder, Halco, which owned approximately 47.8% of our outstanding share capital as of December 31, 2017, is a wholly-owned subsidiary of Trencor Limited. Trencor is a South African public investment holding company, that has been listed on the JSE in Johannesburg, South Africa since 1955. Trencor's origins date from 1929, and it currently has businesses owning, leasing and managing marine cargo containers and finance related activities. Halco was previously wholly-owned by Halco Trust, a discretionary trust with an independent trustee. On February 20, 2018, Halco Trust distributed and transferred to Trencor Limited, a nominated discretionary beneficiary of Halco Trust, the trust's 100% shareholding in Halco.

James E. McQueen, Hennie Van der Merwe and David M. Nurek are members of our board of directors and the board of directors of Trencor. In addition, two of our directors, Iain Brown and Hennie Van der Merwe are also members of the board of directors of Halco.

D. Property, Plant and Equipment

As of December 31, 2017, our employees were located in 14 regional and area offices in 13 different countries. We maintain an office in Bermuda, where Textainer Group Holdings Limited is incorporated. We have 13 offices outside Bermuda, including our administrative office in San Francisco, California and offices in Cranford, New Jersey; New Malden, United Kingdom; Hamburg, Germany; Durban, South Africa; Yokohama, Japan; Seoul, South Korea; Taipei, Taiwan; Singapore; Sydney, Australia; Port Klang, Malaysia; Hong Kong; and Shanghai, China. We lease our office space in Bermuda, the U.S., United Kingdom and Singapore and have exclusive agents that secure office space for us in our other locations. The lease for our Bermuda office expires in December 2018, the lease for our San Francisco office expires in May 2027, the lease for our Hackensack, New Jersey office expires in August 2021, the lease for our New Malden, United Kingdom office expires in December 2019 and our lease for our Singapore office expires in August 2021. In addition, we have non-exclusive agents who represent us in India, Indonesia, Pakistan, Republic of the Philippines, Sri Lanka, Thailand, and Vietnam. We believe that our current facilities are adequate to meet current requirements and that additional or substitute space will be available as needed to accommodate our expected growth.

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following Operating and Financial Review and Prospects should be read in conjunction with our audited consolidated financial statements and related notes included elsewhere in this Annual Report on Form 20-F. In addition to historical consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results may differ materially from those contained in or implied by any forward-looking statements. See “Information Regarding Forward-Looking Statements; Cautionary Language.” Factors that could cause or contribute to these differences include those discussed below and elsewhere in this Annual Report on Form 20-F, particularly in Item 3, “Key Information-- Risk Factors.”

Dollar amounts in this section of this Annual Report on Form 20-F are expressed in thousands of U.S. dollars unless otherwise indicated.

Certain previously reported information have been revised for the effect of immaterial corrections of identified errors related to the calculation of the gain on sale of containers, net and to properly account for lease concessions. See Note 2 “Immaterial Correction of Errors in Prior Periods” to our consolidated financial statements in Item 18, “Financial Statements” in this Annual Report on Form 20-F.

Executive Summary

Operating since 1979, we are one of the world’s largest lessors of intermodal containers based on fleet size, with a total fleet of approximately 2.2 million containers, representing almost 3.3 million TEU. During 2017: (i) we ordered approximately \$625 million for 300,000 TEU in capital expenditures for our total fleet, (ii) we increased the managed portion of our total fleet to 21.2% as of December 31, 2017 from 19.0% as of December 31, 2016 primarily due to our assumption of the management of 182,000 TEU formerly owned and managed by Magellan Maritime Services GmbH, a German container lessor that became insolvent, (iii) utilization averaged 96.4% compared to 94.7% in 2016; (iv) we completed over \$2.3 billion of financing in the debt markets, resulting in \$540 million in net incremental debt funding, and (v) we recorded a \$7.6 million expense in write-off of unamortized debt issuance costs and bond discounts related to the early redemption and amendments on our various debt facilities. Refer to “2018 Outlook” below for further discussion.

Our business comprises three reportable segments for financial reporting purposes: Container Ownership, Container Management and Container Resale. Our total revenues primarily consist of leasing revenues derived from the leasing of our owned containers and, to a lesser extent, fees received for managing containers owned by third parties, equipment resale and military management. The most important driver of our profitability is the extent to which net operating income on our owned fleet and management fee income exceed our operating costs. The key drivers of our net operating income are fleet size, rental rates, direct costs and utilization. Our operating costs primarily consist of depreciation, container impairment, amortization, interest expense, direct operating expenses and administrative expenses. Our lessees are generally responsible for loss of or damage to a container beyond ordinary wear and tear, and they are required to purchase insurance to cover any other liabilities.

Key Factors Affecting Our Performance

We believe there are a number of key factors that have affected, and are likely to continue to affect, our operating performance. These key factors include the following, among others:

- the demand for leased containers;
- lease rates;
- steel prices;
- interest rates;
- our ability to lease our new containers shortly after we purchase them;
- prices of new and used containers and the impact of changing prices on containers held for sale and the residual value of our in-fleet owned containers;

- remarketing risk;
- the creditworthiness of our customers;
- further consolidation among shipping lines and/or container lessors;
- further consolidation of container manufacturers and/or decreased access to new containers; and
- global and macroeconomic factors that affect trade generally, such as recessions, terrorist attacks, pandemics or the outbreak of war and hostilities.

For further details of these and other factors which may affect our business and results of operations, see Item 3, “*Key Information-- Risk Factors.*”

2018 Outlook

We expect the favorable market conditions we are seeing to continue into 2018, mostly driven by solid trade growth, shipping lines preference to lease, and minimal depot inventory. Forecasted growth in 2018 GDP has increased recently to around 4% due to several factors including strengthening European economies and the tax cut in the US. Container trade is expected to grow at an even faster rate. We expect new container prices to remain stable given the recent increase in steel prices and ongoing demand. Resale prices are also expected to remain high given the level of new container prices and the limited supply of containers placed on sale as a result of near full utilization. Yields on new leases have slightly moderated as competition increases. However, assuming disciplined ordering by lessors and shipping lines, we expect returns to remain at attractive levels.

Revenue

Our revenue comprises lease rental income, management fees, trading container sale proceeds and gain on sale of containers, net.

Lease Rental Income. We generate lease rental income by leasing our owned containers to container shipping lines and other customers. Lease rental income comprises daily per diem rental charges due under the lease agreements, together with payments for other charges set forth in the leases, such as handling fees, drop-off charges and pick-up charges and credits (together “geography revenue”) and charges for a damage protection plan (“DPP”). The operating results of our owned container business are determined by the amount by which our container rental revenue exceeds our ownership costs, consisting primarily of depreciation, interest expense, storage, handling and other direct operating expenses and management costs.

Utilization is a key performance indicator that demonstrates how much of our equipment is on lease at a point in time or over a period of time. We measure utilization on the basis of CEU on lease, dividing the actual number of CEU days on-hire by actual CEU days available for lease. We calculate containers available for lease by excluding containers that have been manufactured for us but have not yet been delivered to a lessee and containers designated as held-for-sale units. Our utilization is primarily a function of our current lease structure, overall level of container demand, the location of our available containers and prevailing lease terms by location. The location of available containers is critical because containers available in high-demand locations are more readily leased and are typically leased on more favorable terms than containers available in low-demand locations.

Lease rental income is also affected by per diem rates. The per diem rate for a lease is set at the time we enter into a lease agreement. Our long-term per diem rate for new containers has historically been strongly influenced by new container pricing (which in turn is heavily influenced by the cost of container manufacturing inputs such as steel, paint, wood, labor and other components), interest rates, the balance of supply and demand for containers at a particular time and location, our estimate of the residual value of the container at the end of its useful life in marine service, the type of the container being leased, container purchasing activities by container shipping lines and competitors, and efficiencies in container utilization by container shipping lines. Average per diem rates for containers in our owned fleet and in the portfolios of containers comprising our managed fleet change slowly in response to changes in new container prices because existing lease agreements can only be re-priced upon the expiration of the lease.

Management Fees. Management fee revenue is generated by our management services, which include the acquisition, leasing, repair, repositioning, storage and disposition of containers. We provide these management services pursuant to management agreements with container investors. Under these agreements, we earn fees for the acquisition of new containers and the management of the containers, and a sales commission upon disposition of containers under management. The management agreements typically cover the entire economic life of the containers.

Our acquisition fees are calculated as a percentage of the cost of the container. Our management fees are calculated as a percentage of net operating income of the containers. Net operating income is calculated as the lease payment and any other revenue attributable to a container, minus operating expenses related to that container (but not depreciation or financing expenses of the container investor). The management fee percentage generally varies based upon the type of lease and the terms of the management agreement. Management fee percentages for long-term leases are generally lower than management fee percentages for master or spot leases because less daily involvement by management personnel is required to manage long-term leases. Our sales commissions are either fixed dollar amount or based on a percentage of the sales price.

All rental operations are conducted worldwide in our name as agent for the container investors. Revenues, customer accounts receivable, operating expenses, and vendor payables arising from direct container operations of the managed portion of our fleet are excluded from our financial statements.

Trading Container Sales Proceeds. Our Container Resale Division purchases used containers from third parties, primarily shipping lines, and resells these containers to a wide variety of buyers. This activity is reported as trading container sales proceeds.

Gain on Sale of Containers, net. Gain on sale of containers, net, represents the excess of the sale price of our owned fleet containers over their net book value at the time of sale. Containers are generally sold at the end of their useful lives in marine service or when we believe it is financially attractive for us to do so, considering the location, sale price, cost of repair and possible repositioning expenses.

Gain on sale of containers, net, also includes gains and losses recognized at the inception of sales-type leases, representing the excess of the estimated fair value of containers placed on sales-type leases over their book value.

Operating Expenses

Our operating expenses include direct container expenses, cost of trading containers sold, depreciation of container rental equipment, container impairment, amortization expense, general and administrative expenses, short-term incentive compensation expense, long-term incentive compensation expense and bad debt expense (recovery).

Direct Container Expenses. Storage, handling, maintenance, repositioning, agency costs, insurance expenses and other direct container expenses are operating costs of our owned fleet. Storage and handling expenses occur when our customers drop off containers at depots around the world. Storage and handling expenses vary significantly by location. Other direct container expenses include maintenance expenses, which are the result of normal wear and tear on the containers, and repositioning expenses, which are incurred when we contract to move containers from locations where our inventories exceed actual or expected demand to locations with higher demand. Other direct container expenses also include agency costs, which are operational expenses incurred in our agent offices, and insurance expenses, which include customer default insurance and recovery costs for problem lessees. Storage, handling, maintenance, repositioning, and other direct container expenses are directly related to the number of containers in our owned fleet and inversely related to our utilization rate for those containers. As utilization increases, we typically have lower storage, handling, maintenance and repositioning expenses. We use the direct expense method of accounting for maintenance and repairs.

Our leases require the lessee to pay for any damage to the container beyond normal wear and tear at the end of the lease term. We also offer a DPP pursuant to which the lessee pays a fee over the term of the lease (per diem) or a lump sum upon return of containers in exchange for not being charged for certain damages at the end of the lease term. This revenue is recognized as earned over the term of the lease. We do not recognize DPP revenue and related

expense over the lease term for customers who are billed at the end of the lease term under the DPP or for other lessees who do not participate in the DPP. Based on past history, there is uncertainty as to collectability of these amounts from lessees who are billed at the end of the lease term because the amounts due under the DPP are typically re-negotiated at the end of the lease term or the lease term is extended.

Cost of Trading Containers Sold. We buy used containers for resale, primarily from shipping lines. Cost of trading containers sold represents the cost of these containers and is recognized as an expense at the time the containers are sold.

Depreciation Expense. We depreciate our non-refrigerated containers other than open top and flat rack containers over a period of 13 to 14 years, refrigerated containers over a period of 12 years, tank containers over a period of 20 years and open top and flat rack containers over a period of 14 to 16 years, on a straight-line basis to a fixed residual value. We regularly assess both the estimated useful life of our containers and the expected residual values, and, when warranted, adjust our depreciation estimates accordingly. Depreciation expense will vary over time based upon the number and the purchase price of containers in our owned fleet. Beginning from the third quarter of 2015, depreciation of our existing owned fleet increased as a result of a decrease in the estimated residual value of our 40' high cube dry containers. Beginning from the third quarter of 2016, depreciation of our existing owned fleet increased as a result of a decrease in the estimated residual values of our 20' dry containers, 40' dry containers, 40' high cube dry containers and 40' folding flat rack containers, partially offset by an increase in the estimated useful lives of 40' dry containers, 20' folding flat rack containers, 20' open top containers and 40' folding flat rack containers. Beginning from the third quarter of 2017, depreciation of our existing owned fleet decreased as a result of an increase in the estimated residual value of our 20' dry containers, 40' dry containers and 40' high cube dry containers.

Container Impairment. We evaluate our containers held for use in our leasing operation to determine whether there has been any event such as a decline in results of operations or residual values that would cause the book value of our containers held for use to be impaired. When an impairment exists, containers held for use are written down to their fair value and the amount of the write down is recorded in container impairment.

When the Company is required to write down the cost basis of its containers identified for sale to fair value less cost to sell, the Company measures the fair value of its containers identified for sale under a Level 2 input. The Company relies on its recent sales prices for identical or similar assets in markets, by geography, that are active. The Company records impairments to write down the value of containers identified for sale to their estimated fair value less cost to sell. Any subsequent increase in fair value are recognized as reversal of container impairment but not in excess of the cumulative loss previously recognized.

Amortization Expense. Amortization expense represents the amortization of the price paid for the rights to manage the container fleets of Capital Intermodal Limited, Capital Intermodal GmbH and Capital Intermodal Assets Limited(collectively "Capital Intermodal") and Amphibious Container Leasing Limited ("Amficon"); Capital Lease Limited, Hong Kong ("Capital"). The purchase prices are being amortized over the expected useful lives of the contracts on a pro-rata basis to the expected management fees.

General and Administrative Expense. Our general and administrative expenses are primarily employee-related costs such as salary, employee benefits, rent, travel and entertainment costs, as well as expenses incurred for outside services such as legal, consulting, tax and audit-related fees.

Short-term Incentive Compensation Expense. Short-term incentive compensation expense is the annual bonus plan in which all company employees participate. The compensation amounts are determined on an annual basis based on the company's performance.

Long-term Incentive Compensation Expense. Long-term incentive compensation expense represents costs recorded for share-based and cash compensation that vests over several years in which some company employees participate.

Bad Debt Expense, net. Bad debt expense, net, represents the amounts recorded to provide for an allowance for the doubtful collection of accounts receivable for the owned fleet.

A. Operating Results

Comparison of the Years Ended December 31, 2017, 2016 and 2015

The following table summarizes our total revenues for the years ended December 31, 2017, 2016 and 2015 and percentage changes between those periods:

	Year Ended December 31,			% Change Between	
	2017	2016	2015	2017 and 2016	2016 and 2015
	(Dollars in thousands)				
Lease rental income	\$ 444,888	\$ 460,427	\$ 512,544	(3.4%)	(10.2%)
Management fees	14,994	13,420	15,610	11.7%	(14.0%)
Trading container sales proceeds	4,758	15,628	12,670	(69.6%)	23.3%
Gain on sale of containers, net	26,210	6,761	3,454	287.7%	95.7%
Total revenues	<u>\$ 490,850</u>	<u>\$ 496,236</u>	<u>\$ 544,278</u>	<u>(1.1)%</u>	<u>(8.8)%</u>

Lease rental income decreased \$15,539 (-3.4%) from 2016 to 2017. This decrease was primarily due to a 9.1% decrease in average per diem rental rates, partially offset by a 1.2 percentage point increase in utilization for our owned fleet and a 4.8% increase in our owned fleet size. Lease rental income decreased \$52,117 (-10.2%) from 2015 to 2016. This decrease was primarily due to a 12.9% decrease in average per diem rental rates and a 2.2 percentage point decrease in utilization for our owned fleet, partially offset by a 4.1% increase in our owned fleet size. The decrease in lease rental income for 2016 included a \$11,534 decrease in revenue from Hanjin's bankruptcy in August 2016.

Management fees increased \$1,574 (11.7%) from 2016 to 2017 due to a \$1,723 increase in sales commissions and a \$560 resulting from a 6.0% increase in the size of the managed fleet, partially offset by a \$551 decrease due from lower acquisition fees due to lesser container purchases and a \$158 decrease resulting from lower fleet profitability. Management fees decreased \$2,190 (-14.0%) from 2015 to 2016 due to a \$1,600 decrease resulting from a 7.5% decrease in the size of the managed fleet primarily due to disposals of containers that reached the end of their useful lives, a \$892 decrease due to lower fleet profitability and a \$238 decrease in sales commissions, partially offset by a \$540 increase from higher acquisition fees due to more managed container purchases.

Trading container sales proceeds decreased \$10,870 (-69.6%) from 2016 to 2017 due to a \$12,830 decrease resulting from a 82.1% decrease in unit sales due to a decrease in the number of trading containers that we were able to source and sell, partially offset by an \$1,960 increase due to an increase in average sales proceeds per container. Trading container sales proceeds increased \$2,958 (23.3%) from 2015 to 2016 due to a \$9,298 increase resulting from a 73.4% increase in unit sales due to an increase in the number of trading containers that we were able to source and sell, partially offset by a \$6,340 decrease due to a decrease in average sales proceeds per container.

Gain on sale of containers, net, increased \$19,449 (287.7%) from 2016 to 2017 primarily due to a \$20,751 increase resulting from an increase in average sales proceeds of \$189 per unit and a \$988 increase from an average net gain on sales-type leases, partially offset by of \$1,453 decrease resulting from a 21.2% decrease in the number of containers sold. Gain on sale of containers, net, increased \$3,307 (95.7%) from 2015 to 2016 primarily due to a \$2,618 increase resulting from an increase in average sales proceeds of \$19 per unit and a \$815 increase resulting from a 23.8% increase in the number of containers sold, partially offset by a \$126 decrease from an average net loss on sales-type leases.

The following table summarizes our total operating expenses for the years ended December 31, 2017, 2016 and 2015 and percentage changes between those periods:

	Year Ended December 31,			% Change Between	
	2017	2016	2015	2017 and 2016	2016 and 2015
	(Dollars in thousands)				
Direct container expense	\$ 60,321	\$ 62,596	\$ 47,342	(3.6%)	32.2%
Cost of trading containers sold	3,302	15,904	12,475	(79.2%)	27.5%
Depreciation expense	231,043	236,144	191,930	(2.2%)	23.0%
Container impairment	8,072	94,623	35,345	(91.5%)	167.7%
Amortization expense	4,092	5,053	4,741	(19.0%)	6.6%
General and administrative expense	30,697	26,311	27,645	16.7%	(4.8%)
Short-term incentive compensation expense	3,481	2,242	913	55.3%	145.6%
Long-term incentive compensation expense	5,499	5,987	7,040	(8.2%)	(15.0%)
Bad debt expense, net	477	21,166	5,028	(97.7%)	321.0%
Total operating expenses	<u>\$ 346,984</u>	<u>\$ 470,026</u>	<u>\$ 332,459</u>	<u>(26.2%)</u>	<u>41.4%</u>

Direct container expense decreased \$2,275 (-3.6%) from 2016 to 2017 primarily due to an increase in utilization for our owned fleet, partially offset by an increase in the size of our owned fleet and included a \$8,754 decrease in storage expense, a \$2,950 decrease in recovery costs for problem lessees, partially offset by a \$5,191 increase in repositioning expense, a \$2,039 increase in maintenance expense and a \$1,401 increase in insurance expense. Direct container expense increased \$15,254 (32.2%) from 2015 to 2016 primarily due to a decrease in utilization for our owned fleet and an increase in the size of our owned fleet and included a \$8,419 increase in storage expense, a \$2,283 increase in repositioning expense, a \$2,281 increase in handling expense and a \$1,313 increase in insurance expense.

Cost of trading containers sold decreased \$12,602 (-79.2%) from 2016 to 2017 due to a \$13,057 decrease resulting from an 82.1% decrease in the number of containers sold due to a decrease in the number of trading containers that we were able to source and sell, partially offset by a \$455 increase resulting from a 16.0% increase in the average cost per unit of containers sold. Cost of trading containers sold increased \$3,429 (27.5%) from 2015 to 2016 due to a \$9,155 increase resulting from a 73.4% increase in the number of containers sold due to an increase in the number of trading containers that we were able to source and sell, partially offset by a \$5,726 decrease resulting from a 26.5% decrease in the average cost per unit of containers sold.

Depreciation expense decreased \$5,101 (-2.2%) from 2016 to 2017 and increased \$44,214 (23.0%) from 2015 to 2016. The following table summarizes the variances included within these changes,

	From 2016 to 2017	From 2015 to 2016
Increase in the size of our owned fleet, excluding fully depreciated containers	\$ 6,405	\$ 29,301
Increase in estimated future residual value of 20' dry, 40' dry and 40' high cube dry containers used in the calculation of depreciation expense, effective July 1, 2017	(7,104)	—
Decrease in estimated future residual value of 20' dry, 40' dry, 40' high cube dry and 40' folding flat rack containers and increase in the estimated useful lives of 40' dry, 20' folding flat rack, 20' open top and 40' folding flat rack containers, used in the calculation of depreciation expense effective July 1, 2016, of which \$4,402 was a one-time charge for containers that were fully depreciated to their previous residual value	(4,402)	25,432
Decrease in estimated future residual value of 40' high cube dry containers used in the calculation of depreciation expense, effective July 1, 2015	—	(10,519)
	<u>\$ (5,101)</u>	<u>\$ 44,214</u>

Container impairment decreased \$86,551 (-91.5%) from 2016 to 2017 and increased \$59,278 (167.7%) from 2015 to 2016. The following table summarizes the variances included within these changes,

	<u>From 2016 to 2017</u>	<u>From 2015 to 2016</u>
Write down containers on terminated direct finance leases to their estimated fair market value or net book value and for containers that were deemed unlikely to be recovered (\$4,750 insurance deductible) from a bankrupt customer in 2016	\$ (22,149)	\$ 22,149
(Decrease) increase in impairment to write down the value of containers held for sale to their estimated fair value less cost to sell	(50,980)	33,772
(Decrease) increase in impairment for containers that were unlikely to be recovered from lessees in default	(465)	4,273
Decrease in impairment on containers to a customer that became insolvent in 2015	(1,732)	(916)
Reversal of previously recorded impairments on containers held for sale due to rising used container prices during 2017	(11,225)	—
	<u>\$ (86,551)</u>	<u>\$ 59,278</u>

Amortization expense represents the amortization of the amounts paid to acquire the rights to manage the Capital Intermodal, Amficon and Capital fleets. Amortization expense decreased \$961 (-19.0%) and increased \$312 (6.6%) from 2016 to 2017 and from 2015 to 2016, respectively, primarily due to a revision in management fee revenue estimates for the Capital Intermodal, Amficon and Capital fleets.

General and administrative expense increased \$4,386 (16.7%) from 2015 to 2016 primarily due to a \$2,167 increase in rent expense, included a \$1,280 non-recurring charge recorded during 2017 related to an adjustment of prior periods expense, a \$899 increase in compensation costs, a \$835 increase in professional fees, and a \$270 increase in information technology costs. General and administrative expense decreased \$1,334 (-4.8%) from 2015 to 2016 primarily due to a \$815 decrease in professional fees, a \$349 decrease in rent expense, a \$219 decrease in compensation costs and a \$197 decrease in travel and entertainment expense, partially offset by a \$247 increase in information technology costs.

Short-term incentive compensation expense increased \$1,239 (55.3%) from 2016 to 2017 due to an increase in the amount of incentive compensation awards for 2017 compared to 2016 resulting from a better achievement of our anticipated financial performance for the fiscal year 2017 compared to fiscal year 2016. Short-term incentive compensation expense increased \$1,329 (145.6%) from 2015 to 2016 due to an increase in the amount of incentive compensation awards for 2016 compared to 2015 resulting from a better achievement of our anticipated financial performance for the fiscal year 2016 compared to fiscal year 2015.

Long-term incentive compensation expense decreased \$488 (-8.2%) from 2016 to 2017 primarily due to lower fair value of share options and restricted share units that were granted under the 2015 Share Incentive Plan ("2015 Plan") in November 2016 that vested in 2017 and an adjustment to forfeiture rates in 2017, partially offset by additional share options and restricted share units that were each granted under the 2015 Plan in November 2016 and 2017. Long-term incentive compensation expense decreased \$1,053 (-15.0%) from 2015 to 2016 primarily due to lower fair value of share options and restricted share units that was granted under the 2015 Plan in November 2015 that vested in 2016 and an adjustment to forfeiture rates in 2016 partially offset by additional share options and restricted share units that were each granted under the 2015 Plan in November 2015 and 2016.

Bad debt expense, net, decreased \$20,689 (-97.7%) from 2016 to 2017 primarily due to a provision of \$18,992, net of insurance proceeds, for Hanjin's bankruptcy in 2016 and management's assessment that the financial condition of certain of the Company's lessees and their ability to make required payments had improved during 2017. Bad debt expense, net, increased \$16,138 (321.0%) from 2015 to 2016 primarily due to a provision of \$18,992, net of insurance proceeds, for Hanjin's bankruptcy in 2016, as compared to a provision of \$2,574 resulting from a customer that became insolvent in 2015 and management's assessment that the financial condition of certain of the Company's lessees and their ability to make required payments had improved during 2016.

The following table summarizes other income (expenses) for the years ended December 31, 2017, 2016 and 2015 and percentage changes between those periods:

	Year Ended December 31,			% Change Between	
	2017	2016	2015	2017 and 2016	2016 and 2015
	(Dollars in thousands)				
Interest expense	\$ (117,475)	\$ (85,215)	\$ (76,063)	37.9%	12.0%
Write-off of unamortized deferred debt issuance costs and bond discounts	(7,550)	—	(458)	100.0%	(100.0%)
Interest income	613	408	125	50.2%	226.4%
Realized losses on interest rate swaps, collars and caps, net	(1,191)	(8,928)	(12,823)	(86.7)%	(30.4)%
Unrealized gains (losses) on interest rate swaps, collars and caps, net	4,094	6,210	(1,947)	(34.1)%	(419.0)%
Other, net	3	(8)	26	(137.5)%	(130.8)%
Net other expense	<u>\$ (121,506)</u>	<u>\$ (87,533)</u>	<u>\$ (91,140)</u>	<u>38.8%</u>	<u>(4.0)%</u>

Interest expense increased \$32,260 (37.9%) from 2016 to 2017 and \$9,152 (12.0%) from 2015 to 2016. The increase in interest expense for 2017 compared to 2016 was due to a \$34,374 increase resulting from an increase in average interest rates of 1.16 percentage points, partially offset by a \$2,114 decrease resulting from a decrease in average debt balances of \$75,167. The increase in interest expense for 2016 compared to 2015 was due to a \$9,681 increase resulting from an increase in average interest rates of 0.30 percentage points, partially offset by a \$529 decrease resulting from a decrease in average debt balances of \$21,236.

Write-off of unamortized debt issuance costs and bond discounts increased \$7,550 (100.0%) from 2016 to 2017 and decreased \$458 (-100.0%) from 2015 to 2016. The write-off of unamortized debt issuance costs and bond discounts for 2017 amount to 7,550, of which \$7,228 related to the early redemption of Textainer Marine Containers III Limited's ("TMCL III") 2013-1 Bonds, 2014-1 Bonds and 2017-A Notes, \$238 related to the amendment of Textainer Marine Containers II Limited's ("TMCL II") secured debt facility and \$84 related to the amendment of TAP Funding Limited's ("TAP") revolving credit facility. There was no write-off of unamortized deferred debt issuance costs and bond discounts for 2016. The write-off of unamortized debt issuance costs and bond discounts for 2015 amounted to \$458, of which \$160 and \$298 which related to the amendment of Textainer Limited's ("TL") revolving credit facility and the amendment of Textainer Marine Containers IV Limited's ("TMCL IV") secured debt facility, respectively.

Realized losses on interest rate swaps, collars and caps, net decreased \$7,737 (-86.7%) from 2016 to 2017 due to a \$6,352 decrease from a decrease in the average net settlement differential between variable interest rates received compared to fixed interest rates paid on interest rate swaps of 0.41 percentage points, and a \$1,385 decrease resulting from a decrease in average interest rate swap notional amounts of \$282,694. Realized losses on interest rate swaps, collars and caps, net decreased \$3,895 (-30.4%) from 2015 to 2016 due to a \$7,175 decrease from a decrease in the average net settlement differential between variable interest rates received compared to fixed interest rates paid on interest rate swaps of 0.41 percentage points, partially offset by a \$3,280 increase resulting from an increase in average interest rate swap notional amounts of \$352,525.

Unrealized gains on interest rate swaps, collars and caps, net decreased \$2,116 (-34.1%) from 2016 to 2017 primarily due to a smaller increase in long-term interest rates during 2017 compared to 2016. Unrealized gains (losses) on interest rate swaps, collars and caps, net changed from a net loss of \$1,947 in 2015 to a net gain of \$6,210 in 2016 primarily due to a decrease in long-term interest rates during 2015 compared to an increase in long-term interest rates during 2016. Unrealized gains (losses) were triggered by the change of the fair values of the Company's interest rate hedging instruments, which were mainly due to factors such as projected levels of forward yield curves, credit spreads and the passage of time.

The following table summarizes income tax benefit (expense) and net (loss) income attributable to the noncontrolling interests for the years ended December 31, 2017, 2016 and 2015 and percentage changes between those periods:

	Year Ended December 31,			% Change Between	
	2017	2016	2015	2017 and 2016	2016 and 2015
	(Dollars in thousands)				
Income tax (expense) benefit	\$ (1,618)	\$ 3,447	\$ (6,695)	(146.9)%	(151.5)%
Net income (loss) attributable to the noncontrolling interests	\$ 1,377	\$ (5,393)	\$ 5,576	(125.5)%	(196.7)%

Income tax (expense) benefit changed from income tax benefit of \$3,447 in 2016 to an income tax expense of \$1,618 in 2017. Our effective tax rate in 2017 increased to 7.24% from 5.62% in 2016. The change in income tax (expense) benefit in 2017 compared to 2016 was primarily due to an increase resulting from a higher level of U.S. sourcing income before tax and noncontrolling interests and a higher effective tax rate, partially offset by a tax benefit on the re-measurement of our U.S. deferred tax assets and liabilities due to the 2017 tax reform, TCJA. Income tax benefit (expense) changed from income tax expense of \$6,695 in 2015 to an income tax benefit of \$3,447 in 2016. Our effective tax rate in 2016 increased marginally to 5.62% from 5.55% in 2015. The change in income tax benefit (expense) in 2016 compared to 2015 was primarily due to a decrease resulting from a lower level of U.S. sourcing income before tax and noncontrolling interests.

Net income (loss) attributable to the noncontrolling interests in 2017, 2016 and 2015 represents the noncontrolling interest's portion of TAP Funding and TW Container Leasing, Ltd.'s ("TW") net income (loss). Net income attributable to the noncontrolling interests for the year ended December 31, 2017 and 2015 represents the noncontrolling interest's portion of TAP Funding's and TWCL's net income. Net loss attributable to the noncontrolling interests for the years ended December 31, 2016 represents the noncontrolling interest's portion of TAP Funding's and TWCL's net loss. See Item 4, "Information on the Company— History and Development of the Company."

Segment Information

The following table summarizes our income (loss) before income taxes and noncontrolling interests attributable to each of our business segments for the years ended December 31, 2017 and 2016 and 2015 (before inter-segment eliminations) and percentage changes between those periods:

	Year Ended December 31,			% Change Between	
	2017	2016	2015	2017 and 2016	2016 and 2015
	(Dollars in thousands)				
Container ownership	\$ (1,707)	\$ (84,252)	\$ 88,536	(98.0%)	(195.2%)
Container management	15,376	18,134	26,305	(15.2%)	(31.1%)
Container resale	10,854	6,178	9,335	75.7%	(33.8%)
Other	(3,568)	(3,016)	(4,283)	18.3%	(29.6%)
Eliminations	1,405	1,633	786	(14.0%)	107.8%
Income before income tax and noncontrolling interests	<u>\$ 22,360</u>	<u>\$ (61,323)</u>	<u>\$ 120,679</u>	<u>(136.5%)</u>	<u>(150.8%)</u>

Loss before income taxes and noncontrolling interests attributable to the Container Ownership segment decreased \$82,545 (-98.0%) from 2016 to 2017. The following table summarizes the variances included within this decrease:

Increase in interest expense	\$	(32,260) (1)
Decrease in lease rental income		(16,027) (2)
Increase in write-off of unamortized deferred debt issuance costs and bond discounts		(7,550) (3)
Decrease in unrealized gains on interest rate swaps, collars and caps, net		(2,116) (4)
Decrease in container impairments		86,551 (5)
Decrease in bad debt expense		20,685 (6)
Increase in gain on sale of containers, net		19,449 (7)
Decrease in realized losses on interest rate swaps, collars and caps, net		7,737 (8)
Decrease in depreciation expense		4,921 (9)
Other		1,155
	\$	<u>82,545</u>

- (1) The increase in interest expense was primarily due to an increase in average interest rates of 1.16 percentage points, partially offset by a decrease in average debt balances of \$75,167.
- (2) The decrease in lease rental income was primarily due to a 9.1% decrease in average per diem rental rates, partially offset by a 1.2 percentage point increase in utilization for our owned fleet and a 4.8% increase in our owned fleet size.
- (3) The write-off of unamortized debt issuance costs and bond discounts in 2017 amounted to \$7,228, \$238 and \$84, which related to the early redemption of TMCL III's 2013-1 Bonds, 2014-1 Bonds and 2017-A Notes, amendment of TMCL II's Secured Debt Facility, and amendment of TAP's Revolving Credit Facility, respectively.
- (4) The decrease in unrealized gains (losses) on interest rate swaps, collars and caps, net was primarily due to a lower increase in long-term interest rates during 2017 compared 2016.
- (5) The decrease in container impairment was due to a \$50,980 decrease in impairments to write down the value of containers held for sale to their estimated fair value less cost to sell and a \$11,225 reversal of previously recorded impairments on containers held for sale due to rising used container prices during 2017, a \$465 decrease in impairments for containers that were unlikely to be recovered from lessees in default, a \$17,399 impairment to write down the carrying value of containers on terminated direct finance leases to their estimated fair market value and a \$4,750 impairment net of estimated insurance proceeds for containers on operating and direct financing leases that were deemed unlikely to be recovered from a customer that filed for bankruptcy in August 2016 and a \$1,732 decrease in impairment for containers on operating and direct financing leases that were deemed unlikely recoverable from a customer that became insolvent in 2015.
- (6) The decrease in bad debt expense, net was primarily due to a provision of \$18,992, net of insurance proceeds, for Hanjin's bankruptcy in 2016 and management's assessment that the financial condition of certain of the Company's lessees and their ability to make required payments had improved during 2017.
- (7) The increase in gain on sale of containers, net was primarily due to an increase in average sales proceeds of \$189 per unit and an increase from a net gain on sales-type leases, partially offset by a 21.2% decrease in the number of containers sold.
- (8) The decrease in realized losses on interest rate swaps, collars and caps, net was due to a decrease in the average net settlement differential between variable interest rates received compared to fixed interest rates paid on interest rate swaps of 0.41 percentage points and a decrease in average interest rate swap notional amounts of \$282,694.
- (9) The decrease in depreciation expense was primarily due to a \$7,104 decrease resulting from an increase in the estimated future residual value of 20' dry, 40' dry and 40' high cube dry containers used in the calculation of depreciation expense effective July 1, 2017 and a \$4,402 one-time charge for containers that were fully depreciated to their previous residual value on the decrease in the estimated future residual value of 20' dry, 40' dry, 40' high cube dry and 40' folding flat rack containers used in the calculation of depreciation expense effective July 1, 2016, including a, partially offset by a \$6,585 increase resulting from an increase in the size of our owned fleet, excluding fully depreciated containers.

(Loss) income before income taxes and noncontrolling interests attributable to the Container Ownership segment decreased \$172,788 (-195.2%) from 2015 to 2016. The following table summarizes the variances included within this decrease:

Increase in container impairments	\$	(59,278) (1)
Decrease in lease rental income		(52,708) (2)
Increase in depreciation expense		(44,414) (3)
Increase in bad debt expense		(16,129) (4)
Increase in interest expense		(8,694) (5)
Increase in direct container expense		(6,776) (6)
Change from unrealized losses on interest rate swaps, collars and caps, net in 2015 to unrealized gains on interest rate swaps, collars and caps, net in 2016		8,157 (7)
Decrease in realized losses on interest rate swaps and caps, net		3,895 (8)
Increase in gain on sale of containers, net		3,307 (9)
Other		(148)
	\$	<u>(172,788)</u>

- (1) The increase in container impairment was due to a \$33,772 increase in impairments to write down the value of containers held for sale to their estimated fair value less cost to sell, a \$4,273 increase in impairments for containers that were unlikely to be recovered from lessees in default, a \$17,399 impairment to write down the carrying value of containers on terminated direct finance leases to their estimated fair market value and a \$4,750 impairment net of estimated insurance proceeds for containers on operating and direct financing leases that were deemed unlikely to be recovered from a customer that filed for bankruptcy in August 2016, partially offset by a \$916 decrease in impairment for containers on operating and direct financing leases that were deemed unlikely recoverable from a customer that became insolvent in 2015.
- (2) The decrease in lease rental income was primarily due to a 12.9% decrease in average per diem rental rates and a 2.2 percentage point decrease in utilization for our owned fleet, partially offset by a 4.1% increase in our owned fleet size. The decrease in lease rental income for 2016 included a \$11,534 decrease in revenue from Hanjin's bankruptcy in August 2016.
- (3) The increase in depreciation expense was primarily due to a \$29,501 increase resulting from an increase in the size of our owned fleet and a \$25,432 net increase resulting from a decrease in the estimated future residual value of 20' dry, 40' dry, 40' high cube dry and 40' folding flat rack containers and an increase in the estimated useful lives of 40' dry, 20' folding flat rack, 20' open top and 40' folding flat rack containers used in the calculation of depreciation expense effective July 1, 2016, including a \$4,402 a one-time charge for containers that were fully depreciated to their previous residual value, partially offset by a \$10,519 increase resulting from a decrease in the estimated future residual value of 40' high cube dry containers used in the calculation of depreciation expense, effective July 1, 2015.
- (4) The increase in bad debt expense, net was primarily due to a provision of \$18,992, net of insurance proceeds, for Hanjin's bankruptcy in 2016, as compared to a provision of \$2,574 resulting from a customer that became insolvent in 2015 and management's assessment that the financial condition of certain of the Company's lessees and their ability to make required payments had improved during 2016.
- (5) The increase in interest expense for 2016 was primarily due to an increase in average interest rates of 0.30 percentage points, partially offset by a decrease in average debt balances of \$21,236.
- (6) The increase in direct container expense was primarily due to a decrease in utilization for our owned fleet and an increase in the size of our owned fleet and included increases in storage, repositioning, handling and insurance expenses. The increase in direct container expense also included a decrease in inter-segment management fees of \$7,009 paid to our Container Management segment primarily due to lowered profitability of the owned fleet, partially offset by an increase in the size of the owned fleet and a decrease in inter-segment sales commissions of \$1,611 paid to our Container Resale segment primarily due to a decrease in average sales proceeds of our owned container sales, partially offset by an increase in the volume of owned container sales. Inter-segment management fees and sales commissions are eliminated in consolidation.
- (7) Unrealized gains (losses) on interest rate swaps, collars and caps, net changed from a net loss of \$1,947 in 2015 to a net gain of \$6,210 in 2016 primarily due to a decrease in long-term interest rates during 2015 compared to an increase in long-term interest rates in 2016.

- (8) The decrease in realized losses on interest rate swaps, collars and caps, net was due to a decrease in the average net settlement differential between variable interest rates received compared to fixed interest rates paid on interest rate swaps of 0.41 percentage points, partially offset by an increase in average interest rate swap notional amounts of \$352,525.
- (9) The increase in gain on sale of containers, net was primarily due to an increase in average sales proceeds of \$19 per unit and a 23.8% increase in the number of containers sold, partially offset by a decrease from a net loss on sales-type leases.

Income before income taxes and noncontrolling interests attributable to the Container Management segment decreased \$2,758 (-15.2%) from 2016 to 2017. The following table summarizes the variances included within this decrease:

Increase in general and administrative expense	\$	(4,123) (1)
Increase in short term incentive compensation expense		(1,124) (2)
Increase in management fees		1,326 (3)
Decrease in long term incentive compensation expense		1,069 (4)
Other		94
	\$	<u>(2,758)</u>

- (1) The increase in general and administrative expense was primarily due to increases in rent expense, compensation costs, professional fees and information technology costs.
- (2) The increase in short-term incentive compensation expense was due to an increase in the incentive compensation awards for 2017 compared to 2016 resulting from a better achievement of our anticipated financial performance for the fiscal year 2017 compared to fiscal year 2016.
- (3) The increase in management fees was primarily due to a \$1,216 increase in inter-segment management fees received from our Container Ownership segment primarily due to an increase in the size of the owned fleet, partially offset by lower profitability of the owned fleet, a \$233 increase in inter-segment acquisition fees received from our Container Ownership segment primarily due to an increase in the amount of owned container purchases, partially offset by a \$123 decrease in management fees from external customers resulting from lower acquisition fees due to lesser container purchases, partially offset by a 6.0% increase in the size of the managed fleet. Inter-segment management fees and acquisition fees are eliminated in consolidation.
- (4) The decrease in long-term incentive compensation expense was primarily due to lower fair value of share options and restricted share units that were granted under the 2015 Plan in November 2016 that vested in 2017 and an adjustment to forfeiture rates in 2017, partially offset by additional share options and restricted share units that were each granted under the 2015 Plan in November 2016 and 2017.

Income before income taxes and noncontrolling interests attributable to the Container Management segment decreased \$8,171 (-31.1%) from 2015 to 2016. The following table summarizes the variances included within this decrease:

Decrease in management fees	\$	(9,466) (1)
Increase in short term incentive compensation expense		(1,211) (2)
Decrease in long term incentive compensation expense		997 (3)
Decrease in general and administrative expense		507 (4)
Decrease in amortization expense		413 (5)
Other		589
	\$	<u>(8,171)</u>

- (1) The decrease in management fees was primarily due to a \$7,009 decrease in inter-segment management fees received from our Container Ownership segment primarily due to lower profitability of the owned fleet, partially offset by an increase in the size of the owned fleet, a \$1,926 decrease in management fees from external customers resulting from a 7.5% decrease in the size of the managed fleet primarily due to disposals of containers that reached the end of their useful lives and a \$531 decrease in inter-segment acquisition fees received from our Container Ownership segment primarily due to an decrease in the amount of owned container purchases. Inter-segment management fees and acquisition fees are eliminated in consolidation.

- (2) The increase in short-term incentive compensation expense was due to an increase in the incentive compensation awards for 2016 compared to 2015.
- (3) The decrease in long-term incentive compensation expense was due to share options and restricted share units granted under the 2007 Plan in 2010 and an adjustment to forfeiture rates in 2016, partially offset by additional share options and restricted share units that were each granted under the 2015 Plan in November 2015 and 2016.
- (4) The decrease in general and administrative expense due to decreases in professional fees, rent expense, compensation costs and travel and entertainment expense, partially offset by an increase in information technology costs.
- (5) The decrease in amortization expense was primarily due to a revision in management fee revenue estimates for the Capital Intermodal, Amficon and Capital fleets.

Income before income taxes and noncontrolling interests attributable to the Container Resale segment increased \$4,676 (75.7%) from 2016 to 2017. The following table summarizes the variances included within this increase:

Increase in management fees	\$	2,706	(1)
Change from losses on container trading, net to gains on container trading, net		1,739	(2)
Other		231	
	\$	4,676	

- (1) The increase in management fees was due to an increase in sales commissions resulting from a \$1,722 increase in sales commissions from external customers primarily due to an increase in average sales proceeds of managed container sales, partially offset by a decrease in the volume of managed containers sales and a \$984 increase in inter-segment sales commissions received from our Container Ownership segment primarily due to an increase in average sales proceeds of owned container sales, partially offset by a decrease in the volume of owned container sales. Inter-segment sales commissions are eliminated in consolidation.
- (2) Net gains (losses) on container trading, net changed from a net loss of \$284 in 2016 to a net gain of \$1,455 in 2017 primarily due to an increase in average sales margin per container, partially offset by an 82.1% decrease in unit sales resulting from a decrease in the number of trading containers that we were able to source and sell.

Income before income taxes and noncontrolling interests attributable to the Container Resale segment decreased \$3,157 (-33.8%) from 2015 to 2016. The following table summarizes the variances included within this decrease:

Decrease in management fees	\$	(1,848)	(1)
Increase in amortization expense		(725)	(2)
Change from gains on container trading, net in 2015 to losses on container trading, net in 2016		(492)	(3)
Other		(92)	
	\$	(3,157)	

- (1) The decrease in management fees was due to a decrease in sales commissions resulting from a \$1,611 decrease in inter-segment sales commissions received from our Container Ownership segment primarily due to a decrease in average sales proceeds of owned container sales, partially offset by an increase in the volume of owned container sales and a \$237 decrease in sales commissions from external customers primarily due to a decrease in average sales proceeds of managed container sales, partially offset by an increase in the volume of managed containers sales. Inter-segment sales commissions are eliminated in consolidation.
- (2) The increase in amortization expense was primarily due to a revision in management fees revenue estimates for the Capital Intermodal, Amficon and Capital fleets.
- (3) Net (losses) gains on container trading, net changed from a net gain of \$208 in 2015 to a net loss of \$284 in 2016 primarily due to a decrease in average sales margin per container, partially offset by a 73.4% increase in unit sales resulting from an increase in the number of trading containers that we were able to source and sell.

Loss before income taxes and noncontrolling interests attributable to Other activities unrelated to our reportable business segments increased \$552 (18.3%) from 2016 to 2017 primarily due to a \$541 increase in long-term incentive compensation expense resulting from additional share options and restricted share units that were each granted under the 2015 Plan in November 2016 and 2017.

Loss before income taxes and noncontrolling interests attributable to Other activities unrelated to our reportable business segments decreased \$1,267 (-29.6%) from 2015 to 2016 primarily due to a \$1,110 decrease in corporate overhead expense resulting primarily from a decrease in professional fees.

Segment eliminations decreased \$228 (-14.0%) from 2016 to 2017 and consisted of a \$233 increase in acquisition fees received by our Container Management segment from our Container Ownership segment, partially offset by a \$5 increase in depreciation expense related to capitalized acquisition fees received by our Container Management segment from our Container Ownership segment. Our Container Ownership segment capitalizes acquisition fees billed by our Container Management segment as part of containers, net and records depreciation expense to amortize the acquisition fees over the useful lives of the containers, which is eliminated in consolidation.

Segment eliminations increased \$847 (107.8%) from 2015 to 2016 and consisted of a \$531 decrease in acquisition fees received by our Container Management segment from our Container Ownership segment and a \$316 increase in depreciation expense related to capitalized acquisition fees received by our Container Management segment from our Container Ownership segment. Our Container Ownership segment capitalizes acquisition fees billed by our Container Management segment as part of containers, net and records depreciation expense to amortize the acquisition fees over the useful lives of the containers, which is eliminated in consolidation.

Currency

As in previous years, almost all of our revenues are denominated in U.S. dollars and approximately 75% of our direct container expenses in 2017 were denominated in U.S. dollars. Our operations in locations outside of the U.S. have some exposure to foreign currency fluctuations, and trade growth and the direction of trade flows can be influenced by large changes in relative currency values. In 2017, our non-U.S. dollar operating expenses were spread among 20 currencies, resulting in some level of self-hedging. We do not engage in currency hedging.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to use judgment in making estimates and assumptions that affect the reported amounts of assets and liabilities, the reported amounts of income and expenses during the reporting period and the disclosure of contingent assets and liabilities as of the date of the financial statements. We have identified the policies and estimates below as among those critical to our business operations and the understanding of our results of operations. These policies and estimates are considered critical due to the existence of uncertainty at the time the estimates are made, the likelihood of changes in estimates from period to period and the potential impact that these estimates can have on our financial statements. The following accounting policies and estimates include inherent risks and uncertainties related to judgments and assumptions made by us. Our estimates are based on the relevant information available at the end of each period.

Revenue Recognition

Lease Rental Income. We recognize revenue from operating leases of our owned containers as earned over the term of the lease. The Company's container leases generally do not include step-rent provisions, nor do they depend on indices or rates. The Company recognizes revenue on container leases that include lease concessions in the form of free-rent periods using the straight-line method over the minimum terms of the leases. We cease recognition of lease revenue if and when a container lessee defaults in making timely lease payments or we otherwise determine that future lease payments are not likely to be collected from the lessee. Our determination of the collectability of future lease payments is made by management on the basis of available information, including the current creditworthiness of container shipping lines that lease containers from us, historical collection results and review of specific past due receivables. If we experience unexpected payment defaults from our container lessees, we will cease revenue recognition for those leases, which will reduce container rental revenue. Finance lease income is

recognized using the effective interest method, which generates a constant rate of interest over the period of the lease. The same risks of collectability discussed above apply to our collection of finance lease income. If we experience unexpected payment defaults under our finance leases, we will cease revenue recognition for those leases that will reduce finance lease income.

Our leases typically require the lessee to pay, at the end of the lease term, for any damage to the container beyond normal wear and tear. We also offer a Damage Protection Plan (“DPP”) pursuant to which the lessee pays a fee over the term of the lease, primarily on a daily basis, in exchange for not being charged for certain damages at the end of the lease term. It is our policy to recognize these revenues as earned on a daily basis over the related term of the lease. We have not recognized revenue for customers who are billed at the end of the lease term under our DPP or for other lessees who do not participate in the DPP. Based on past history, there is uncertainty as to collectability of these amounts because the amounts due under the DPP are typically re-negotiated at the end of the lease term or when the lease term is extended.

Management Fee Revenue. We recognize revenue from management fees earned under management agreements on an as-earned basis. Fees are typically calculated as a percentage of net operating income, which is revenue from the containers under management minus direct operating expense related to those containers. If a lessee of a managed container defaults in making timely lease payments or we otherwise determine that future lease payments are not likely to be collected from the lessee, then we will cease to record lease revenue, which in turn will result in reduced management fee revenue.

Container Resale Revenue. We recognize revenue from resale of used containers at the time of delivery to, or pick-up by, the customer and when collectability is reasonably assured. The related expenses represent the cost of trading containers sold as well as other selling costs that are recognized as incurred.

Accounting for Container Leasing Equipment

Accounting for container leasing equipment includes depreciation, impairment of held for use equipment and the impairment of containers held for sale.

Depreciation. When we acquire containers, we record the cost of the container on our balance sheet. We then depreciate the container over its estimated useful life (which represents the number of years we expect to be able to lease the container to shipping lines) to its estimated “residual value” (which represents the amount we estimate we will recover upon the sale or other disposition of the equipment at the end of its “useful life” as a shipping container). Our estimates of useful life are based on our actual experience with our fleet, and our estimates of residual value are based on a number of factors including disposal price history.

We review our depreciation policies, including our estimates of useful lives and residual values, on a regular basis to determine whether a change in our estimates of useful lives and residual values is warranted.

We assessed the estimates used in the Company's depreciation policy on a quarterly basis during the years ended December 31, 2017 and 2016. We take a long-term view when assessing its residual values and typically does not change its residual values until disposal prices have been significantly above or below residual values between one to two years.

The Company estimates the useful lives and residual values of its containers to be as follows:

	Effective July 1, 2017		July 1, 2016 through June 30, 2017		January 1, 2016 through June 30, 2016	
	Estimated useful life (years)	Residual Value	Estimated useful life (years)	Residual Value	Estimated useful life (years)	Residual Value
Dry containers other than open top and flat rack containers:						
20'	13	\$ 1,000	13	\$ 950	13	\$ 1,050
40'	14	\$ 1,200	14	\$ 1,150	13	\$ 1,300
40' high cube	13	\$ 1,350	13	\$ 1,300	13	\$ 1,450
45' high cube dry van	13	\$ 1,500	13	\$ 1,500	13	\$ 1,500
Refrigerated containers:						
20'	12	\$ 2,750	12	\$ 2,750	12	\$ 2,750
20' high cube	12	\$ 2,049	12	\$ 2,049	12	\$ 2,049
40' high cube	12	\$ 4,500	12	\$ 4,500	12	\$ 4,500
Open top and flat rack containers:						
20' folding flat rack	15	\$ 1,300	15	\$ 1,300	14	\$ 1,300
40' folding flat rack	16	\$ 1,700	16	\$ 1,700	14	\$ 2,000
20' open top	15	\$ 1,500	15	\$ 1,500	14	\$ 1,500
40' open top	14	\$ 2,500	14	\$ 2,500	14	\$ 2,500
Tank containers	20	10% of cost	20	10% of cost	20	10% of cost

During the third quarter 2017, the Company reassessed the estimates contained in its depreciation policy. To perform the assessment, the Company analyzed sales data from 2008 to July 2017 as this period reflects the cyclical nature of the global economic environment and more specifically, the Company's industry. This period includes multiple business cycles, including two periods of weak trade growth (2009 and 2014 through July 2017) and two periods of strong container demand (2008 and 2010 through 2012). We believe the best comparison points are the weighted averages sales prices for this period excluding the highest and lowest years or periods and average sales prices for the last two periods/years which highlight the most current period trends as shown in the table below for each of our major equipment types.

Periods	Dry Containers			Refrigerated Containers
	20'	40'	40' High Cube	40' High Cube
Weighted average sales price from 2008 to July 2017 (excludes the highest and lowest periods)	\$ 1,163	\$ 1,443	\$ 1,607	\$ 4,782
Average sales price:				
2016	\$ 734	\$ 812	\$ 910	\$ 3,640
Year-to-date July 2017	\$ 1,069	\$ 1,186	\$ 1,363	\$ 4,527

The average of long-term average sales prices excluding the highest and lowest years and the year-to-date July 2017 sales prices for 20', 40' and 40' high cube dry containers were significantly above their residual values for the year-to-date July 2017 so the Company performed additional qualitative analyses and concluded a change in the residual values was warranted as the increase in value is indicative of a permanent increase. Accordingly, beginning July 1, 2017, the Company increased the estimated future residual value of its 20', 40' and 40' high cube dry containers.

During the third quarter 2016, the Company reassessed the estimates contained in its depreciation policy. As previously mentioned, we do not adjust long-term residual value estimates based on short-term data points including year-to-date July 2016 average sales prices shown in the table below.

Periods	Dry containers			Refrigerated Containers
	20'	40'	40' High Cube	40' High Cube
Weighted average sales price from 2008 to July 2016 (excludes the highest and lowest periods)	\$ 1,172	\$ 1,474	\$ 1,645	\$ 4,931
Average sales price:				
2015	\$ 966	\$ 1,132	\$ 1,229	\$ 3,747
Year-to-date July 2016	\$ 734	\$ 835	\$ 914	\$ 3,626

The average sales prices for 20', 40' and 40' high cube dry containers were significantly below their residual values in both 2015 and year-to-date July 2016 so the Company performed additional qualitative analyses and concluded a change in the residual values was warranted as the decline in value was indicative of a permanent decline. Accordingly, beginning July 1, 2016, the Company decreased the estimated future residual value of its 20', 40', and 40' dry high cube containers and 40' folding flat rack containers. Over the past few years, the Company has also experienced a significant increase in the useful lives of its 40' dry containers, 20' folding flat rack containers, 20' open top containers and 40' flat rack containers as the Company entered into leases with longer terms on these equipment types. Based on this extended period of longer useful lives and the Company's expectation that new equipment lives on these equipment types would remain near those levels, the Company increased the estimated useful lives of these equipment types effective July 1, 2016. While the average sales price for 40' high cube refrigerated containers have been below their residual value year-to-date July 2016 and in 2015, the Company does not believe the average sales price for those containers to be indicative of a decline in value because the containers that were disposed during those periods were lower cost containers that were not representative of the Company's fleet of 40' high cube refrigerated containers. Accordingly, the Company did not adjust the residual value of its 40' high cube refrigerated containers.

If market conditions in the future warrant a change in the estimated useful lives or residual values of our containers, we may be required to again recognize increased or decreased depreciation expense. A decrease in either the useful life or residual value of our containers would result in increased depreciation expense and decreased net income. An increase in either the useful life or residual value of our containers would result in reduced depreciation expense and increased net income.

Container Impairment. On a quarterly basis, we evaluate our containers held for use in our leasing operation to determine whether there has been any event such as a decline in results of operations or residual values that would cause the book value of our containers held for use to be impaired. This evaluation is performed at the lowest level of identifiable cash flows which we have determined to be groups of containers based on equipment type. The estimated undiscounted cash flows was based on historical lease operating revenue, expenses and residual values, adjusted to reflect current market conditions. Impairment exists when the estimated future undiscounted cash flows to be generated by an asset group are less than the net book value of that asset group. Any such impairment would be expensed in our results of operations. There was no such impairment for the years ended December 31, 2017, 2016 and 2015.

In 2017, 2016 and 2015 the Company recorded impairments for containers that were unlikely recoverable from lessees in default. When an impairment exists, the containers are written down to their fair value. This fair

value is then the containers' new cost basis and is depreciated over their remaining useful lives in marine services to their estimated residual values. Any impairment charge results in decreased net income.

Impairment of Containers Held for Sale. We also evaluate all off-lease containers to determine whether the containers will be repaired and returned to service or sold based upon what we estimate will be the best economic alternative. If we designate a container as held for sale, depreciation on the container ceases, and the container is reported at the lower of (1) its recorded value or (2) the amount we expect to receive upon sale (less the estimated cost to sell the container). Containers held for sale are evaluated for impairment on a quarterly basis based on sale prices for similar types of equipment in the locations in which the containers are stored. Any write-down of containers held for sale is reflected in our statement of operations as an expense. If a large number of containers are designated as held for sale or prices for used containers drop, impairment charges for containers held for sale may increase which would result in decreased net income. Subsequent additions or reductions to the fair values of these written down assets are recorded as adjustments to the carrying value of the equipment held for sale. Any subsequent increase in fair value are recognized as reversal to container impairment but not in excess of the cumulative loss previously recognized.

We will continue to monitor the performance of our container fleet and evaluate the key factors driving market conditions and assess the assumptions used in our impairment testing analysis should market conditions warrant a reassessment.

Allowance for Doubtful Accounts

We only lease to container shipping lines and other lessees that meet our credit criteria. Our credit approval process is rigorous and our underwriting and credit decisions are controlled by our credit committee, which is made up of senior management from different disciplines. Our credit committee sets different maximum exposure limits depending on our relationship and previous experience with each shipping line customer and container sales customer. Credit criteria may include, but are not limited to, trade route, country, social and political climate, assessments of net worth, asset ownership, bank and trade credit references, credit bureau reports, operational history and financial strength.

Our credit department sets and reviews credit limits for new and existing shipping line customers and container sales customers, monitors compliance with those limits on an on-going basis, monitors collections, and deals with customers in default. Our credit department actively maintains a credit watch report on our proprietary information technology systems, which is available to all regional and area offices. This credit watch report lists shipping line customers and container sales customers at or near their credit limits. New leases of containers by shipping line customers on the credit watch report would only be allowed with the approval of our credit department. Similarly, management may decide to stop sales of containers to purchasers whose payments are delinquent. Our underwriting processes are aided by the long payment experience we have with most of our shipping line customers and container sales customers, our broad network of relationships in the container shipping industry that provide current information about shipping line customers' and container sales customers' market reputations and our focus on collections.

Other factors reducing losses due to default by a lessee or customer include the growth in the container shipping industry, effective collection tools, our historically high recovery rate for containers in default situations and the re-marketability of our container fleet. The growth in the container shipping industry helps reduce the risk of customer defaults since the core assets of a poorly performing shipping line, its ships and containers, have historically been needed to meet the demand for world containerized trade. In addition, the law in several major port locations is highly favorable to creditors and many of our large customers call on ports that will allow us to arrest, or seize, the customers' ships or repossess our containers if the customer is in default under our container leases. Finally, we also purchase insurance for equipment recovery and loss of revenue due to customer defaults for most of our customers, in addition to the insurance that our customers are required to obtain, however our equipment recovery insurance is subject to high deductibles and has coverage limits and exclusions. In recent years our container recovery rate has declined as we have experienced several defaults where the containers are difficult to locate or when located are subject to liens for repairs and/or storage that make recovery uneconomical.

During 2013 through 2017, we recovered 84% of the containers that were the subject of defaulted contracts which had at least 1,000 CEU on lease. In connection with the Hanjin bankruptcy, approximately 93% of the containers leased to Hanjin have been turned in, and we believe the unrecovered containers and the recovery expenses will be recoverable under the insurance policies. We typically incur operating expenses such as repairs and repositioning when containers are recovered after a default. However, recovery expenses are typically covered by insurance and we are reimbursed above our deductible amount.

Our allowance for doubtful accounts is reviewed regularly by our management and is based on the risk profile of the receivables, credit quality indicators such as the level of past due amounts and economic conditions. Our credit committee meets regularly to assess performance of our container lessees and to recommend actions to be taken in order to reduce credit risks. Accounts are generally written off after an analysis is completed which indicates that collection of the full balance is remote. Changes in economic conditions or other events may necessitate additions or deductions to the allowance for doubtful accounts. The allowance is intended to provide for losses inherent in the owned fleet's accounts receivable, and requires the application of estimates and judgments as to the outcome of collection efforts and the realization of collateral, among other things. If the financial condition of our container lessees were to deteriorate, reducing their ability to make payments, additional allowances may be required, which would decrease our net income or increase our net loss in the period of the adjustment.

Recent Accounting Pronouncements

For further discussion, see Note 1 "Nature of Business and Summary of Significant Accounting Policies" to our consolidated financial statements in Item 18, "Financial Statements" in this Annual Report on Form 20-F.

B. Liquidity and Capital Resources

As of December 31, 2017, we had cash and cash equivalents of \$137,894. Our principal sources of liquidity have been (1) cash flows from operations, (2) the sale of containers, (3) borrowings under conduit facilities (which allow for recurring borrowings and repayments) granted to TMCL II (the "TMCL II Secured Debt Facility") and TMCL IV (the "TMCL IV Secured Debt Facility"), (4) borrowings under the revolving credit facilities extended to TL (the "TL Revolving Credit Facility" and the "TL Revolving Credit Facility II"), TW (the "TW Credit Facility"), and TAP Funding (the "TAP Funding Revolving Credit Facility"), (5) proceeds from TL's term loan (the "TL Term Loan") and (6) proceeds from the issuance of 2017-1 and 2017-2 Fixed Rate Asset Backed Notes (the "2017-1 Bonds" and "2017-2 Bonds", respectively). As of December 31, 2017, we had the following outstanding borrowings and borrowing capacities per debt facility (in thousands):

Facility:	Current Borrowing	Additional Borrowing Commitment	Total Commitment	Current Borrowing	Available Borrowing, as Limited by our Borrowing Base	
TMCL II Secured Debt Facility	\$ 664,751	\$ 535,249	\$ 1,200,000	\$ 664,751	\$ 58,648	\$
TMCL IV Secured Debt Facility (1)	133,000	167,000	300,000	133,000	26,127	
TL Revolving Credit Facility	574,000	126,000	700,000	574,000	70,956	
TL Revolving Credit Facility II	152,000	38,000	190,000	152,000	4,110	
TW Credit Facility	97,148	—	97,148	97,148	—	
TAP Funding Revolving Credit Facility	164,700	25,300	190,000	164,700	—	
TL Term Loan	354,000	—	354,000	354,000	—	
2017-1 Bonds	394,275	—	394,275	394,275	—	
2017-2 Bonds (2)	480,542	—	480,542	480,542	—	
Total (3)	<u>\$ 3,014,416</u>	<u>\$ 891,549</u>	<u>\$ 3,905,965</u>	<u>\$ 3,014,416</u>	<u>\$ 159,841</u>	<u>\$</u>

- (1) The TMCL IV Secured debt facility was terminated and unpaid debt amount was fully repaid by proceeds primarily from the TL Revolving Credit facility on January 31, 2018.
- (2) Future scheduled payments for 2017-2 Bonds exclude an unamortized discount of \$75.
- (3) Current borrowing for all debts exclude prepaid debt issuance costs in an aggregate amount of \$24,034.

We have typically funded a significant portion of the purchase price of new containers through borrowings under our TMCL II Secured Debt Facility, TL Revolving Credit Facility, TL Revolving Credit Facility II, and TAP Funding Revolving Credit Facility and intend to continue to utilize these facilities in the future. In 2017, at such time as our secured debt facilities reached an appropriate size, the facilities were refinanced through the issuance of bonds to institutional investors. We anticipate similar refinancing at such times as the TMCL II Secured Debt Facility or any similar revolving debt facilities we establish nears their maximum size. This timing will depend on our level of future purchases of containers and the size of our debt facilities in the future.

Our cash inflows from operations are affected by the utilization rate of our fleet and the per diem rates of our leases, whereas the cash inflows from proceeds for the sale of containers are affected by market demand for used containers and our available inventory of containers for sale. Our cash outflows are affected by payments and expenses related to our purchasing of containers, interest on our debt obligations or other contingencies discussed in Note 14 “Commitments and Contingencies” to our consolidated financial statements in Item 18, “*Financial Statements*” in this Annual Report on Form 20-F, which may place demands on our short-term liquidity.

We are a holding company with no material direct operations. Our principal assets are the equity interests we directly or indirectly hold in our operating subsidiaries, which own our operating assets. As a result, we are dependent on loans, dividends and other payments from our subsidiaries to generate the funds necessary to meet our financial obligations and to pay dividends, if any, on our common shares. Our subsidiaries are legally distinct from us and may be prohibited or restricted from paying dividends or otherwise making funds available to us under certain conditions. If we are unable to obtain funds from our subsidiaries, we may be unable to, or our board may exercise its discretion not to, pay dividends on our common shares. Our board of directors takes a fresh view every quarter, taking into consideration our cash needs for opportunities that may be available to us, and sets our dividend, if any, accordingly. The TL Revolving Credit Facility, TL Revolving Credit Facility II and TL Term Loan also prohibit TL from paying dividends to TGH in excess of certain limits. A substantial amount of cash used by TGH to pay dividends to its common shareholders has historically been received from TL in the form of dividends.

Our consolidated financial statements do not reflect the income taxes that would be payable to foreign taxing jurisdictions if the earnings of a group of corporations operating in those jurisdictions were to be transferred out of such jurisdictions, because such earnings are intended to be permanently reinvested in those countries. At December 31, 2017, cumulative earnings of approximately \$36,527 would be subject to income taxes of approximately \$10,958 if such earnings of foreign corporations were transferred out of such jurisdictions in the form of dividends.

The disruption in the credit market in 2008 and 2009 had a significant adverse impact on a number of financial institutions and Hanjin’s bankruptcy in 2016 had a significant adverse impact on the liquidity of the container leasing industry. Assuming that our lenders remain solvent, we currently believe that cash flow from operations, proceeds from the sale of containers and borrowing availability under our debt facilities are sufficient to meet our liquidity needs for the next twelve months. We will continue to monitor our liquidity and the credit markets. However, we cannot predict with any certainty the impact on the Company of any further disruptions in the credit environment.

Description of Indebtedness

For further discussion, see Note 12 “Secured Debt Facilities, Credit Facilities, Term Loan and Bonds Payable, and Derivative Instruments” to our consolidated financial statements in Item 18, “*Financial Statements*” in this Annual Report on Form 20-F.

As of December 31, 2017, the total outstanding principal balance on our fixed rate debt facilities was \$874.8 million with fixed interest rates between 3.73% and 3.91% as of December 31, 2017. Final Maturities on these fixed rate debt facilities are between May 2042 and June 2042. As of December 31, 2017, the total outstanding principal balance on our floating rate debt facilities was \$2,139.6 million with interest rates between 3.38% and 4.00%, primarily LIBOR plus a margin, as of December 31, 2017. Final Maturities on these floating rate debt facilities are between April 2019 and September 2026.

We have entered into several interest rate cap, collar and swap agreements to reduce the impact of changes in interest rates associated with our floating rate debt obligations. Total notional amount of these interest rate hedging

agreements amounted to \$1,284.2 million as of December 31, 2017 (also see Item 11 “Quantitative and Qualitative Disclosures about Market Risk” for further information).

TMCL II Secured Debt Facility. TMCL II has a securitization facility with a total commitment of \$1,200,000 (the “TMCL II Secured Debt Facility”). Our primary ongoing container financing requirements have been funded by commitments under the TMCL II Secured Debt Facility.

TMCL II is required to make principal payments on any payment date for the outstanding loan principal amount that exceeds the borrowing base on such payment date. The interest rate on the TMCL II Secured Debt Facility, payable monthly in arrears, is one-month London Inter Bank Offered Rate (“LIBOR”) plus 1.90% during the revolving period prior to the Conversion Date. There is a commitment fee on the unused amount of the total commitment.

Under the TMCL II Indenture, TGH, TMCL II and TGH’s wholly-owned subsidiary, Textainer Equipment Management Limited (“TEML”), must maintain certain financial covenants, including the following (i) TGH must maintain consolidated leverage ratio that is no greater than 3.5 to 1.00; (ii) TGH must maintain a consolidated fixed charge coverage ratio that is no less than 1.2 to 1.00; (iii) TEML may not incur more than \$1,000 of consolidated funded debt; (iv) TEML must make at least \$2,000 in after-tax profits annually; (v) Textainer Equipment Management (U.S.) Limited (“TEML US”), a wholly-owned subsidiary of TEML, may not incur more than \$1,000 of consolidated funded debt and (vi) TEML US must make at least \$200 in after-tax profits annually.

TMCL IV Secured Debt Facility. TMCL IV had a securitization facility with a total commitment of \$300,000 (the “TMCL IV Secured Debt Facility”). TMCL IV’s ongoing container financing requirements had been funded by commitments under the TMCL IV Secured Debt Facility. TMCL IV was required to make principal payments on any payment date for the outstanding loan principal amount that exceeds the borrowing base on such payment date. The interest rate on the TMCL IV Secured Debt Facility, payable monthly in arrears, was one-month LIBOR plus 2.50% during the revolving period prior to the Conversion Date. There was a commitment fee on the unused amount of the total commitment.

Under the TMCL IV Indenture, TGH, TMCL IV, TEML and TEMUS must maintain certain financial covenants, including the following (i) TMCL IV must maintain at least a 1.20 to 1.00 debt service coverage ratio; (ii) TMCL IV and TGH must maintain at least a 0.90:1.00 container disposition ratio; (iii) TEML may not incur more than \$1,000 of consolidated funded debt; (iv) TEML must make at least \$2,000 in after-tax profits annually; (v) TEML US may not incur more than \$1,000 of consolidated funded debt (vi); TEML US must make at least \$200 in after-tax profits annually; and (vii) TGH must maintain a ratio of consolidated funded debt to consolidated tangible net worth that is no greater than 4.00 to 1.00.

TL Revolving Credit Facility. TL has a credit agreement with Wells Fargo Bank and other lenders to provide it with a revolving credit facility (the “TL Credit Agreement”) with a total commitment amount of up to \$700,000 (which includes a \$50,000 letter of credit facility, together, the “TL Revolving Credit Facility”). The TL Revolving Credit Facility provides for payments of interest only during its term, beginning on its inception date through the Maturity Date. TL is required to make principal payments on any payment date for the outstanding loan principal amount that exceeds the borrowing base on such payment date. The interest rate on the TL Revolving Credit Facility, payable monthly in arrears, is based either on the base rate for Base rate loans plus a spread of between 1.50% and 2.00% or LIBOR for Eurodollar rate loans plus a spread between 2.0% and 2.50% during the revolving period prior to the Maturity Date. There is a commitment fee on the unused amount of the total commitment. The spread and the commitment fee vary based on the leverage of TGH.

The TL Revolving Credit Facility contains restrictive covenants, including limitations on certain liens, indebtedness and investments. In addition, the TL Credit Facility contains certain restrictive financial covenants on TL and TGH. The TL Revolving Credit Facility’s covenants require (1) TL to maintain a minimum liquidity of \$30,000; (2) TGH and TL each to maintain a consolidated leverage ratio of 3.50 to 1.00 or less; (3) TGH to maintain a minimum consolidated fixed charge coverage ratio of 1.20 to 1.00; and (4) TL to maintain a minimum consolidated interest coverage ratio of 2.50 to 1.00.

TL Revolving Credit Facility II. TL has a credit agreement with ABN AMRO Capital USA LLC and other lenders to provide it with a revolving credit facility (the “TL Credit Agreement II”) with a total commitment amount of up to \$190,000 (the “TL Revolving Credit Facility II”). The TL Revolving Credit Facility II provides for payments of interest only during its term, beginning on its inception date through the Maturity Date. TL is required to make principal payments on any payment date for the outstanding loan principal amount that exceeds the borrowing base on such payment date. The interest rate on the TL Revolving Credit Facility II, payable monthly in arrears, is based either on the base rate for Base rate loans plus a spread of between 1.50% and 2.00% or LIBOR for Eurodollar rate loans plus a spread between 2.0% and 2.50% during the revolving period prior to the Maturity Date. There is a commitment fee on the unused amount of the total commitment. The spread and the commitment fee vary based on the leverage of TGH.

The TL Revolving Credit Facility II contains restrictive covenants, including limitations on certain liens, indebtedness and investments. In addition, the TL Credit Facility II contains certain restrictive financial covenants on TL and TGH. The TL Revolving Credit Facility II’s covenants require (1) TL to maintain a minimum liquidity of \$30,000; (2) TGH and TL each to maintain a consolidated leverage ratio of 3.50 to 1.00 or less; (3) TGH to maintain a minimum consolidated fixed charge coverage ratio of 1.20 to 1.00; and (4) TL to maintain a minimum consolidated interest coverage ratio of 2.50 to 1.00.

TW Credit Facility. Our 25% owned joint venture, TW, has a credit agreement (“TW Credit Agreement”) with Wells Fargo Bank, N.A. (“WFB”), a wholly-owned subsidiary of Wells Fargo & Company, with a total commitment amount of up to \$144,889 (the “TW Credit Facility”). The monthly principal payment amount equals to available funds from net revenue collection after payments for manager and administration agent fee, interest, interest rate hedging payment and an amount required to maintain a cash reserve account balance of three-month interest. The aggregate unpaid loan principal balance is due on the Maturity Date. The TW Credit Facility contains restrictive covenants, including limitations on TW’s finance lease default ratio, debt service coverage ratio, certain liens, indebtedness and investments. In addition, the TW Credit Facility contains certain restrictive financial covenants on TGH’s leverage, fixed charge coverage, TEMPL’s net income and debt levels, and TW’s overall Asset Base minimums.

TAP Funding Revolving Credit Facility. Our 50.1% owned joint venture, TAP Funding, has a credit agreement (the “TAP Funding Credit Agreement”) with a group of banks that provides for a revolving credit facility with an aggregate commitment amount of up to \$190,000 (the “TAP Funding Revolving Credit Facility”). The interest rate on the TAP Funding Revolving Credit Facility, payable monthly in arrears, is one-month LIBOR plus 1.95% through its Maturity Date. There is a commitment fee on the unused amount of the total commitment. TAP Funding is required to make principal payments on a monthly basis to the extent that the outstanding amount due exceeded TAP Funding’s borrowing base.

The TAP Funding Revolving Credit Facility also contains restrictive covenants, including limitations on TEMPL’s net income and debt levels, TAP Funding’s certain liens, indebtedness, investments, overall Asset Base minimums, certain earnings ratio, tangible net worth and the average age of TAP Funding’s container fleet.

TL Term Loan. TL has a five-year term loan (the “TL Term Loan”) with a group of financial institutions that represents a partially-amortizing term loan with the remaining principal due in full on April 30, 2019. The TL Term Loan was entered into on April 30, 2014 and proceeds from the TL Term Loan, our secured debt facilities and available cash were used to repay all of the outstanding principal balance of TMCL’s bonds. TMCL then transferred all of its containers, net, net investment in direct financing and sales-type leases and remaining net assets, to TL, TMCL II and TMCL IV.

The interest rate on the TL Term Loan is based either on the base rate for Base rate loans plus a spread of between 1.50% and 2.00% or LIBOR for Eurodollar rate loans plus a spread between 2.0% and 2.50%, which is based upon TGH’s leverage. Under the terms of the TL Term Loan, scheduled principal repayments are payable in twenty quarterly installments, consisting of nineteen quarterly installments, commencing on September 30, 2014, each in an amount equal to 1.58% of the initial principal balance and one final installment payable on the maturity date. TL is required to make additional principal payments on any payment date for the outstanding loan principal amount that exceeds the borrowing base on such payment date.

The TL Term Loan contains restrictive covenants, including limitations on certain liens, indebtedness and investments. In addition, the TL Term Loan contains certain restrictive financial covenants on TL and TGH. The TL Term Loan's covenants require (1) TGH and TL each to maintain a consolidated leverage ratio of 3.50 to 1.00 or less; (2) TGH to maintain a minimum consolidated fixed charge coverage ratio of 1.20 to 1.00; and (3) TL to maintain a minimum consolidated interest coverage ratio of 2.50 to 1.00.

2017-1 Bonds & 2017-2 Bonds TMCL V issued the Series 2017-1 Fixed Rate Asset Backed Notes (the "2017-1 Bonds"), \$350,000 aggregate Class A principal amount and \$70,000 aggregate Class B principal amount of 2017-1 Bonds, to qualified institutional investors pursuant to Rule 144A under the Securities Act and to non-U.S. persons in accordance with Regulation S promulgated under the Securities Act.

The \$420,000 in 2017-1 Bonds represent fully amortizing notes payable over a scheduled payment term of 9 years, but not to exceed a maximum payment term of 25 years. The target final payment date and legal final payment date are May 20, 2026 and May 20, 2042, respectively. Proceeds from the 2017-1 Bonds was used to acquire containers from TMCL III and for general corporate purposes. TMCL V issued the Series 2017-2 Fixed Rate Asset Backed Notes (the "2017-2 Bonds"), \$416,000 aggregate Class A principal amount and \$84,000 aggregate Class B principal amount of 2017-2 Bonds, to qualified institutional investors pursuant to Rule 144A under the Securities Act and to non-U.S. persons in accordance with Regulation S promulgated under the Securities Act.

The \$500,000 in 2017-2 Bonds represent fully amortizing notes payable over a scheduled payment term of 9 years, but not to exceed a maximum payment term of 25 years. The target final payment date and legal final payment date are June 20, 2026 and June 20, 2042, respectively. Proceeds from the 2017-2 Bonds were used to acquire containers from TL and TMCL II and for general corporate purposes. Under the TMCL V Indenture, Series 2017-1 Supplement and Series 2017-2 Supplement, TGH, TMCL V, TEML and TEML US must maintain certain financial covenants, including the following (i) TMCL V must maintain at least a 1.10 to 1.00 of the debt service coverage ratio; (ii) TEML may not incur more than \$1,000 of consolidated funded debt; (iii) TEML must make at least \$2,000 in after-tax profits annually; (iv) TEML US may not incur more than \$1,000 of consolidated funded debt; (v) TEML US must make at least \$200 in after-tax profits annually; and (vi) TGH must maintain a ratio of consolidated funded debt to consolidated tangible net worth that is no greater than 4.00 to 1.00.

Debt Covenants. All of our debt facilities are secured by specific pools of containers and related assets owned by the Company. TGH also acts as an unconditional guarantor of the TL Revolving Credit Facility, TL Revolving Credit Facility II and TL Term Loan. In addition to customary events of default as defined in our credit agreements and indenture and various restrictive financial covenants fore-mentioned, the Company's debt facilities also contain other various debt covenants and borrowing base minimums. The TL Revolving Credit Facility, TL Revolving Credit Facility II and TL Term Loan also contain cross default provisions that may result in an acceleration of principal repayment under these debt facilities if an uncured default condition were to exist. We were in full compliance with these requirements at December 31, 2017.

On January 31, 2018, the TMCL IV Secured Debt Facility was terminated and the unpaid debt amount was fully repaid primarily by proceeds from the TL Revolving Credit Facility. On February 15, 2018, the Company completed a seven-year fixed rate term loan of \$300 million and the proceeds of the loan were used to pay down certain short-term debt. (see Note 12 "Secured Debt Facilities, Credit Facilities, Term Loan and Bonds payable, and Derivative Instruments" and Note 17 "Subsequent Event" to our consolidated financial statements in Item 18, "*Financial Statements*" in this Annual Report on Form 20-F).

Cash Flow

The following table summarizes historical cash flow information for the years ended December 31, 2017, 2016 and 2015:

	December 31,			% Change Between	
	2017	2016 (1)	2015	2017 and 2016	2016 and 2015
	(Dollars in thousands)				
Net income (loss)	\$ 20,742	\$ (57,876)	\$ 113,984	(135.8%)	(150.8)
Adjustments to reconcile net income (loss) to net cash provided by operating activities	230,233	335,770	257,974	(31.4%)	30.2
Net cash provided by operating activities	250,975	277,894	371,958	(9.7%)	(25.3)
Net cash used in investing activities	(85,364)	(280,430)	(305,627)	(69.6%)	(8.2)
Net cash used in financing activities	(70,372)	(4,619)	(83,957)	1423.5%	(94.5)
Effect of exchange rate changes	207	(233)	(240)	(188.8%)	(2.9)
Net (decrease) increase in cash, cash equivalents and restricted cash	95,446	(7,388)	(17,866)	(1391.9%)	(58.6)
Cash, cash equivalents and restricted cash at beginning of year	142,123	149,511	167,377	(4.9%)	(10.7)
Cash, cash equivalents and restricted cash at end of year	\$ 237,569	\$ 142,123	\$ 149,511	67.2%	(4.9)

- (1) Certain previously reported information has been revised for the effect of immaterial corrections of identified errors pertaining to the calculation of gain on sale of containers, net (see Note 2 “Immaterial Correction of Errors in Prior Periods” to our consolidated financial statements in Item 18, “Financial Statements” in this Annual Report on Form 20-F) and for the adoption of Accounting Standards Update No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments* and Accounting Standards Update No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*.

Operating Activities

Net cash provided by operating activities decreased \$26,919 (-9.7%) from 2016 to 2017. The following table summarizes the variances included within this decrease:

Increase in gain on sale of containers, net in 2017	\$ (19,449) (1)
Decrease in due to owners, net in 2017 compared to an increase in 2016	(13,327) (2)
Increase in trading containers in 2017 compared to a decrease in 2016	(6,857) (3)
Decrease in accounts payable and accrued expenses in 2017 compared to an increase in 2016	(6,125) (4)
Increase in net income adjusted for noncash items	14,787 (5)
Larger increase in accounts receivable in 2016 compared to 2017	5,263 (6)
Other, net	(1,211)
	<u>\$ (26,919)</u>

- (1) The increase in gain on sale of containers, net was due to an increase in average sales proceeds of \$189 per unit and a \$988 increase in net gain on sales-type leases, partially offset by a 21.2% decrease in the number of containers sold.
- (2) The decrease in due to owners, net in 2017 compared to an increase in 2016 was due to the timing of when payments were made.
- (3) The increase in trading containers in 2017 compared to a decrease in 2016 was due to a higher number of trading containers that were held for sale.
- (4) The decrease in accounts payable and accrued expenses in 2017 compared to an increase in 2016 was due to the timing of when payments were made.

- (5) The increase in net income adjusted for noncash items such as depreciation expense, container impairment, bad debts expense, amortization of debt issuance costs and other noncash items was primarily due to a 1.2 percentage point increase in utilization for our owned fleet due to improved conditions in the container leasing industry, a 4.8% increase in our owned fleet and 6% increase in the size of the managed fleet, partially offset by a 9.1% decrease in average per diem rental rates.
- (6) The larger increase in accounts receivable, net in 2016 compared to 2017 was due to lower revenue in 2017 and the timing of when collections on accounts receivable were received.

Net cash provided by operating activities decreased \$94,064 (-25.3%) from 2015 to 2016. The following table summarizes the variances included within this decrease:

Decrease in net income adjusted for noncash items	\$	(67,847) (1)
Larger increase in accounts receivable in 2016 compared to 2015		(9,565) (2)
Increase in gain on sale of containers, net		(6,099) (3)
Larger increase in due to owners, net in 2016 compared to 2015		(5,523) (4)
Increase in accounts payable and accrued expenses in 2016 compared to a decrease in 2015		(4,771) (5)
Smaller decrease in trading containers in 2016 compared to 2015		(1,374) (6)
Other, net		1,115
	\$	<u>(94,064)</u>

- (1) The decrease in net income adjusted for noncash items such as depreciation expense, container impairment, and other noncash items was primarily due to a 12.9% decrease in average per diem rental rates and a 2.2 percentage point decrease in utilization for our owned fleet, partially offset by a 4.1% increase in our owned fleet size due to the purchase of new and used containers.
- (2) The larger increase in accounts receivable, net in 2016 compared to 2015 was due to a larger fleet size in 2016 and the timing of when collections on accounts receivable were received.
- (3) The increase in gain on sale of containers, net was due to an increase in average sales proceeds of \$39 per unit and an 23.5% increase in the number of containers sold, partially offset by a decrease in average net gains on sales-type leases.
- (4) The larger increase in due to owners, net in 2016 compared to 2015 was due to the timing of when payments were made.
- (5) The increase in accounts payable and accrued expenses in 2016 compared to a decrease in 2015 was due to the timing of when payments were made.
- (6) The smaller decrease in trading containers in 2016 compared to 2015 was due to a change in the number of trading containers that were held for sale.

Investing Activities

Net cash used in investing activities decreased \$195,066 (-69.6%) from 2016 to 2017 due to a lower amount of cash paid for container and fixed asset purchases, higher insurance proceeds received from unrecoverable containers and higher proceeds from the sale of containers and fixed assets, partially offset by lower receipts of payments on direct financing and sales-type leases, net of income earned.

Net cash used in investing activities decreased \$25,197 (-8.2%) from 2015 to 2016 due to a lower amount of cash paid for container purchases and insurance proceeds received from unrecoverable containers, partially offset by lower proceeds from the sale of containers and fixed assets and lower receipts of payments on direct financing and sales-type leases, net of income earned.

Financing Activities

Net cash used in financing activities increased \$65,753 (1,423.5%) from 2016 to 2017. The following table summarizes the variances included within this increase:

Increase in net payments on debt	\$	(72,049)
Increase in debt issuance costs paid		(21,733)
Dividends paid to noncontrolling interests in 2017		(2,496)
Dividends paid to Textainer Group Holdings Limited shareholders in 2016		28,754
Proceeds received from the issuance of common shares upon the exercise of share options in 2017		961
Net tax benefit from share-based compensation awards in 2016		810
	\$	<u>(65,753)</u>

Net cash used in financing activities decreased \$79,338 (-94.5%) from 2015 to 2016. The following table summarizes the variances included within this decrease:

Decrease in dividends paid to Textainer Group Holdings Limited shareholders	\$	65,325
Purchases of treasury shares in 2015		9,149
Increase in net proceeds on debt		3,614
Dividends paid to noncontrolling interests in 2015		2,994
Decrease in net tax benefit from share-based compensation awards		523
Capital contributions from noncontrolling interests in 2015		(1,850)
Proceeds received from the issuance of common shares upon the exercise of share options in 2015		(301)
Increase in debt issuance costs paid		(116)
	\$	<u>79,338</u>

C. Research and Development, Patents and Licenses, etc.

We do not carry out research and development activities and our business and profitability are not materially dependent upon any patents or licenses. We have registered “TEXTAINER,” “TEX” and “tex” (logo) in the U.S. Patent and Trademark Office and in the patent and trademark agencies of thirteen countries as trademarks.

D. Trend Information

Please see Item 5, “*Operating and Financial Review and Prospects – Tabular Disclosure of Contractual Obligations*” for a description of identifiable trends, demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, our liquidity either increasing or decreasing at present or in the foreseeable future. We will require sufficient capital in the future to meet our payments and other obligations under our contractual obligations and commercial commitments. The need to make such payments is a “Trend” as it is unlikely that all such obligations will be eliminated from our future business activities. We intend to utilize cash on hand in order to meet our obligations under our contractual obligations and commercial commitments. It is likely that we will generate sufficient operating cash flow to meet these ongoing obligations in the foreseeable future. From time to time, we may issue additional debt in order to raise capital for future requirements.

E. Off-Balance Sheet Arrangements

At December 31, 2017, we had no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, change in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

F. Tabular Disclosure of Contractual Obligations

The following table sets forth our contractual obligations and commercial commitments by due date as of December 31, 2017:

	Payments Due by Twelve Month Period Ending December 31						2023 and thereafter
	Total	2018	2019	2020	2021	2022	
	(Dollars in thousands) (Unaudited)						
Total debt obligations:							
TMCL II Secured Debt Facility (1)	\$ 664,751	—	—	\$ 22,136	\$ 66,475	\$ 66,475	\$ 509,6
TMCL IV Secured Debt Facility (1) (2)	133,000	48,000	48,000	37,000	—	—	
TL Revolving Credit Facility	574,000	—	—	574,000	—	—	
TL Revolving Credit Facility II	152,000	36,000	36,000	80,000	—	—	
TW Credit Facility	97,148	26,793	21,854	25,654	17,009	5,279	5
TAP Funding Revolving Credit Facility	164,700	9,600	9,600	9,600	135,900	—	
TL Term Loan	354,000	39,600	314,400	—	—	—	
2017-1 Bonds	394,275	37,065	38,331	39,357	52,173	63,220	164,1
2017-2 Bonds (3)	480,542	40,627	40,968	43,958	55,259	67,021	232,7
Interest on obligations (4)	422,603	107,253	90,583	70,813	55,024	42,548	56,3
Interest rate swaps and collar (receivables) payables, net (5)	(3,698)	(2,801)	(921)	(56)	50	30	
Office lease obligations	19,638	2,104	2,156	2,113	2,053	1,936	9,2
Container contracts payable	131,087	131,087					
Total contractual obligations (6)	<u>\$ 3,584,046</u>	<u>\$ 475,328</u>	<u>\$ 600,971</u>	<u>\$ 904,575</u>	<u>\$ 383,943</u>	<u>\$ 246,509</u>	<u>\$ 972,7</u>

- (1) The estimated future repayments for TMCL II and TMCL IV Secured Debt Facilities are based on the assumptions that both facilities will not be extended on their associated conversion dates.
- (2) On January 31, 2018, the TMCL IV Secured Debt Facility was terminated and the unpaid debt amount was fully repaid by proceeds primarily from the TL Revolving Credit Facility.
- (3) Future scheduled payments for the 2017-2 Bonds exclude an unamortized discount of \$75.
- (4) Using 1.56% which was one month spot interest rate of London InterBank Offered Rate ("LIBOR") plus a margin rate that varies based on each debt facility. Weighted average interest rate at 3.63%.
- (5) Calculated based on the difference between our fixed contractual rates and the counterparties' estimated average rate at 1.56% which was one month spot LIBOR rate as of December 31, 2017, for all periods, for all interest rate contracts outstanding as of December 31, 2017.
- (6) Future scheduled payments for all debts exclude prepaid issuance costs in an aggregate amount of \$24,034.

G. Safe Harbor

This Annual Report on Form 20-F contains forward-looking statements. See "Information Regarding Forward-Looking Statements; Cautionary Language."

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES**A. Directors and Senior Management**

The following table sets forth information regarding our executive officers and directors as of March 6, 2018. Our board of directors is elected annually on a staggered basis and each director holds office for three years or until his successor has been duly elected, except in the event of his death, resignation, removal or earlier termination of his office. Our bye-laws provide for, among other things, the election of our board of directors on a staggered basis. The business address of each of our executive officers and non-management directors is Century House, 16 Par-La-Ville Road, Hamilton HM 08, Bermuda.

David M. Nurek, Robert D. Pedersen and Iain Brown are designated Class III directors, to hold office until our 2020 annual general meeting of shareholders, Philip K. Brewer, Hennie Van der Merwe and James E. McQueen are designated Class II directors, to hold office until our 2018 annual general meeting of shareholders and John A. Maccarone, Dudley R. Cottingham, and Hyman Shwiel are designated Class I directors, to hold office until our 2019 annual general meeting of shareholders. Directors may be re-elected when their term of office expires.

As of March 6, 2018, Tencor, through Halco Holdings Inc. (“Halco”), held a beneficiary interest in approximately 47.8% of our outstanding share capital. See Item 4, “*Information on the Company—Organizational Structure*” for an explanation of the relationship between us and Tencor. As indicated below, three of our directors are also directors of Tencor.

<u>Executive Officers and Directors</u>	<u>Age</u>	<u>Position</u>
Hyman Shwiel(1)(2)(3)	73	Chairman
Philip K. Brewer	60	Director, President and Chief Executive Officer
Iain Brown	54	Director
Dudley R. Cottingham(1)(2)(3)	66	Director
John A. Maccarone(2)(3)	73	Director
James E. McQueen(1)(4)	73	Director
David M. Nurek(2)(3)(5)	68	Director
Hennie Van der Merwe(7)	70	Director
Robert D. Pedersen (6)	58	Director
Olivier Ghesquiere	51	Executive Vice President - Leasing
Hilliard C. Terry, III	48	Executive Vice President and Chief Financial Officer

- (1) Member of the audit committee. Messrs. Cottingham and Shwiel are voting members and Mr. McQueen is a non-voting member.
- (2) Member of the compensation committee.
- (3) Member of the nominating and corporate governance committee.
- (4) Director of Tencor, the indirect beneficiary of 47.8% of our share interest.
- (5) Chairman of Tencor, the indirect beneficiary of 47.8% of our share interest.
- (6) Robert D. Pedersen retired from his position as the President and Chief Executive of TEML effective March 31, 2017.
- (7) Chief Executive Officer and Director of Tencor, the indirect beneficiary of 47.8% of our share interest.

Certain biographical information about each of these individuals is set forth below.

Directors

Hyman Shwiel has been a member of our board of directors since September 2007. Mr. Shwiel was a partner with Ernst & Young LLP for 25 years. He served during that period in various roles, including Area Managing Partner and as National Director of Enterprise and Professional Risk. Upon his retirement in 2005, he became a consultant to Ernst & Young until 2007. Mr. Shwiel holds a C.T.A. and a M.B.A. from the University of Cape Town and is a Chartered Accountant (South Africa) and a CPA.

Philip K. Brewer was appointed President and Chief Executive Officer and to our board of directors in October 2011. Mr. Brewer served as our Executive Vice President from 2006 to October 2011, responsible for managing our capital structure and identifying new sources of finance for our company, as well as overseeing the management and coordinating the activities of our risk management and resale divisions. Mr. Brewer was Senior Vice President of our asset management group from 1999 to 2005 and Senior Vice President of our capital markets group from 1996 to 1998. Prior to joining our company in 1996, Mr. Brewer worked at Bankers Trust starting in 1990 as a Vice President and ending as a Managing Director and President of its Indonesian subsidiary. From 1989 to 1990, he was Vice President in Corporate Finance at Jardine Fleming. From 1987 to 1989, he was Capital Markets Advisor to the United States Agency for International Development in Indonesia. From 1984 to 1987, he was an associate with Drexel Burnham Lambert, an investment banking firm, in New York. Mr. Brewer holds a B.A. in Economics and Political Science from Colgate University and an M.B.A. in Finance from Columbia University.

Iain Brown has been a member of our board of directors since May 2016. Mr. Brown is a member of the board of directors of Halco. Mr. Brown is a director of Container Investment Services Limited and has been providing administrative services and strategic advice to owners and investors in the container leasing industry for over twenty years. He holds a Bachelor of Science in Engineering degree from the University of Cape Town, a MS in Engineering from University of Texas and an MBA in Finance from The Wharton School of the University of Pennsylvania.

Dudley R. Cottingham has been a member of our board of directors since December 1993 and served as assistant Secretary and/or secretary between December 1993 and October 2007. He has also served in the past as president of certain of our subsidiaries and continues to serve as a director of our Bermuda subsidiaries. Mr. Cottingham has over 35 years of experience in public accounting for a variety of international and local clients. He is a director and the audit committee chairman of Bermuda Press (Holdings) Ltd., a newspaper publishing and commercial printing company listed on the Bermuda Stock Exchange and is chairman of the listing committee of the Bermuda Stock Exchange. He is chairman and an Investment and Operational Committee member of the Aurum Funds which are listed on the Bermuda and Irish Stock Exchanges. He is a managing director of and was formerly a partner of Arthur Morris & Company Limited, a provider of audit and accounting services for international clients, since 1982, and has served as vice president and director of Continental Management Ltd., a Bermuda company providing corporate representation, administration and management services, since 1982 and Continental Trust Corporation Ltd., a Bermuda company that provides corporate and individual trust administration services, since 1994. He is a director of Morris, Cottingham & Co. Ltd. and their other group companies in Turks & Caicos Islands. Mr. Cottingham is a Chartered Accountant.

John A. Maccarone served as our President and Chief Executive Officer from January 1999 until October 2011 when he retired from Textainer and as a member of our board of directors since December 1993. Mr. Maccarone co-founded Intermodal Equipment Associates, a marine container leasing company based in San Francisco, and held a variety of executive positions with the company from 1979 until 1987, when he joined the Textainer Group as President and Chief Executive Officer of Textainer Equipment Management Limited, now a subsidiary of our company. From 1977 through 1978, Mr. Maccarone was Director of Marketing based in Hong Kong for Trans Ocean Leasing Corporation, a San Francisco-based company. From 1969 to 1976, Mr. Maccarone was a marketing representative for IBM Corporation in Chicago, Illinois. From 1966 to 1968, he served as a Lieutenant in the U.S. Army Corps of Engineers in Thailand and Virginia. Mr. Maccarone holds a B.S. in Engineering Management from Boston University and an M.B.A. from Loyola University of Chicago.

James E. McQueen has been a member of our board of directors since March 2003. Mr. McQueen joined Trenchor in June 1976 and has served as financial director of Trenchor since April 1984. Mr. McQueen is also a director of one of Trenchor's subsidiaries. Mr. McQueen was a member of the board of directors of Halco until August 2017. Prior to joining Trenchor, Mr. McQueen was an accountant in public practice. Mr. McQueen received a Bachelor of Commerce degree and a Certificate in the Theory of Accounting from the University of Cape Town and is a Chartered Accountant (South Africa).

David M. Nurek has been a member of our board of directors since September 2007. Mr. Nurek was appointed as an alternate director of Trenchor in November 1992 and as a non-executive member of its board of directors in July 1995 and is chairman of Trenchor's remuneration and nomination and social and ethics committees and a member of its audit committee. Mr. Nurek is an executive of Investec Bank Limited, a subsidiary of Investec Limited, which is listed on the JSE. Investec Limited has entered into a dual listed company structure with Investec

plc, which is quoted on the London Stock Exchange (collectively, the “Investec Group”). He is the regional chairman of Investec Limited’s various businesses in the Western Cape, South Africa, and is also the Investec Group’s worldwide head of legal risk. Prior to joining Investec Limited in June 2000, Mr. Nurek served as chairman of the South African legal firm Sonnenberg Hoffmann & Galombik, which has since changed its name to Edward Nathan Sonnenbergs Inc. Mr. Nurek serves as a non-executive on the boards of directors of various listed and unlisted companies in South Africa and holds a Diploma in Law and a Graduate Diploma in Company Law from the University of Cape Town, and completed a Program of Instruction for Lawyers at Harvard Law School and a Leadership in Professional Services Firms program at Harvard Business School.

Hennie Van der Merwe has been a member of our board of directors since August 2017 and between March 2003 to 2011. Mr. Van der Merwe joined Trencor in 1997 and began serving as a director of Trencor in 1998. He was appointed the Chief Executive Officer of Trencor in August 2017. Mr. Van der Merwe also serves as non-executive chairman of the board of Master Drilling Group Limited and as a non-executive director of Bell Equipment Limited, both of which are listed on the JSE. From 1984 to 1991, he held various senior executive positions in the banking sector in South Africa, lastly as chief executive officer of Senbank, the corporate/merchant banking arm of Bankorp Group Ltd. From 1991 to 1998, Mr. Van der Merwe served as deputy chairman for Waco International Ltd., an international industrial group listed on the JSE with subsidiaries listed on the Sydney and London Stock Exchanges. Prior to entering the business world, Mr. Van der Merwe practiced as an attorney at law in Johannesburg, South Africa. Mr. Van der Merwe holds Bachelor of Arts and L.L.B degrees in Law from the University of Stellenbosch in South Africa, and a Master of Law in Tax Law from the University of the Witwatersrand in South Africa. In August 2017, Mr. Van der Merwe was appointed as a director of Halco, and as a director of both Leased Asset Pool Limited and TAC Limited, entities that each own intermodal containers managed by the Company.

Robert D. Pedersen has been a member of our board of directors since April 2017. Mr. Pedersen was appointed President and Chief Executive Officer of Textainer Equipment Management Limited, our management company, in October 2011 and retired on March 31, 2017. Mr. Pedersen served as our Executive Vice President responsible for worldwide sales and marketing related activities and operations since January 2006. Mr. Pedersen was Senior Vice President of our leasing group from 1999 to 2005. From 1991 to 1999, Mr. Pedersen held several positions within our company, and from 1978 through 1991, he worked in various capacities for Klinge Cool, a manufacturer of refrigerated container cooling units, XTRA, a container lessor, and Maersk Line, a container shipping line. Mr. Pedersen is a graduate of the A.P. Moller Shipping and Transportation Program and the Merkonom Business School in Copenhagen, where he majored in Company Organization.

Executive Officers

For certain biographical information about Philip K. Brewer, see “Directors” above.

Olivier Ghesquiere was appointed Executive Vice President – Leasing in January 2017 and is responsible for worldwide sales and marketing related activities and operations. Mr. Ghesquiere served as our Senior Vice President – Marketing and Sales since December 2015. Mr. Ghesquiere worked at Groupe Ermewa S.A. as Chief Operating Officer and then Chief Executive Officer from January 2009 through February 2015 where he was responsible for growing the railcar and locomotive fleet to become the second largest in Europe. During that time Mr. Ghesquiere was also chairman of Eurotainer SA for which he was the Managing Director from April 2004 through December 2008 where he developed their tank container business focusing on higher value segments of the market. Mr. Ghesquiere has served as Vice Chairman and chairman of the International Tank Container Organization (ITCO) leasing committee from 2006 through 2010. Mr. Ghesquiere holds a Masters in Applied Economics from the Louvain School of Management, Belgium.

Hilliard C. Terry, III was appointed Executive Vice President and Chief Financial Officer in January 2012. Prior to joining the company, Mr. Terry served as Vice President and Treasurer at Agilent Technologies, Inc., where he worked prior to the company’s initial public offering in 1999 and subsequent spin-off from Hewlett-Packard Company (HP). He previously served as the head of Investor Relations until he was appointed Vice President and Treasurer in 2006. Before joining Agilent Technologies, Mr. Terry worked in marketing and investor relations for HP’s VeriFone subsidiary and joined VeriFone, Inc. in 1995 prior to the company’s acquisition by HP in 1997. He also held positions in investor relations with Kenetech Corporation and investment banking at Goldman, Sachs & Co. Mr. Terry currently serves on the board of directors of Umpqua Holdings Corporation, a publicly traded financial services company and on the board of its principal subsidiary, Umpqua Bank. Mr. Terry also served

on the board of trustees of the Oakland Museum of California. Mr. Terry holds a B.A. in Economics from the University of California at Berkeley and an M.B.A. from Golden Gate University.

Board of Directors

Our board of directors currently consists of nine members. Our bye-laws provide that our board of directors shall consist of five to twelve directors, as the board of directors may determine from time to time.

B. Compensation

The aggregate direct compensation we paid to our executive officers as a group (four persons, including an executive officer retired on March 31, 2017) for the year ended December 31, 2017 was approximately \$2.3 million, which included approximately \$0.6 million in bonuses and approximately \$83 in funds set aside or accrued to provide for health and life insurance, retirement, or similar benefits. During 2017, our executive officers as a group were granted 80,332 share options, with an exercise price of \$22.95 and an expiration date of November 30, 2027, and 80,332 restricted share units through our 2015 Share Incentive Plan. This amount does not include expenses we incurred for other payments, including dues for professional and business associations, business travel and other expenses. We did not pay our officers who also serve as directors any separate compensation for their directorship during 2017, other than reimbursements for travel expenses.

All of our full-time employees, including employees of our direct and indirect subsidiaries and dedicated agents and our executive officers, were eligible to participate in our 2015 Short Term Incentive Plan ("STIP"). Under that plan, all eligible employees received an incentive award based on their respective job classification and our return on assets and earnings per share. In 2017, all STIP participants, including our executive officers received 75% of their target incentive award.

The aggregate direct compensation we paid to our directors who are not officers for their services as directors as a group for the year ended December 31, 2017 was approximately \$473. Some directors were also reimbursed for expenses incurred in order to attend board or committee meetings.

2007 Share Incentive Plan and 2015 Share Incentive Plan

Our board of directors adopted the 2007 Share Incentive Plan ("2007 Plan") on August 9, 2007, and our shareholders approved the 2007 Plan on September 4, 2007. The maximum number of common shares of Textainer Group Holdings Limited that could be granted pursuant to the 2007 Plan was 3,808,371 shares, representing 8% of the number of common shares issued and outstanding 45 days following our initial public offering on October 9, 2007, subject to adjustments for share splits, share dividends or other similar changes in our common shares or our capital structure. On February 23, 2010, the Company's Board of Directors approved an increase in the number of shares available for future issuance by 1,468,500 from 3,808,371 shares to 5,276,871 shares, which was approved by the Company's shareholders at the annual meeting of shareholders on May 19, 2010. The shares to be issued pursuant to awards under the 2007 Plan may be authorized, but unissued, or reacquired common shares. On May 21, 2015, TGH's board of directors approved an amendment and restatement of the 2007 Plan as the 2015 Plan at the annual meeting of shareholders. The amendment and restatement of the 2007 Plan increased the maximum number of shares available for future issuance by 2,000,000 shares and extended the term of such plan for ten years from the date of the annual meeting of shareholders. At December 31, 2017, 787,937 shares were available for future issuance under the 2015 Plan.

The 2015 Plan provides for the grant of share options, restricted shares, restricted share units, share appreciation rights and dividend equivalent rights, collectively referred to as "awards." Share options granted under the 2015 Plan may be either incentive share options under the provisions of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), or non-qualified share options. We may grant incentive share options only to our employees or employees of any parent or subsidiary of Textainer Group Holdings Limited. Awards other than incentive share options may be granted to our employees, directors and consultants or the employees, directors and consultants of any parent or subsidiary of Textainer Group Holdings Limited.

Our board of directors or a committee designated by our board of directors, referred to as the “plan administrator,” will administer the 2015 Plan, including selecting the award recipients, determining the number of shares to be subject to each award, determining the exercise or purchase price of each award and determining the vesting and exercise periods of each award. Awards under the plan may vest upon the passage of time or upon the attainment of certain performance criteria.

The exercise price of all share options granted under the 2015 Plan will be at least equal to 100% of the fair market value of our common shares on the date of grant. If, however, incentive share options are granted to an employee who owns shares possessing more than 10% of the voting power of all classes of our common shares or the shares of any parent or subsidiary, the exercise price of any incentive share option granted must equal at least 110% of the fair market value on the grant date and the maximum term of these incentive share options must not exceed five years. The maximum term of all other awards under the 2015 Plan will be ten years. The plan administrator will determine the term and exercise or purchase price of any other awards granted under the 2015 Plan.

Under the 2015 Plan, incentive share options may not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised during the lifetime of the participant only by the participant. Other awards shall be transferable by will or by the laws of descent or distribution and to the extent provided in the award agreement. The 2015 Plan permits the designation of beneficiaries by holders of awards, including incentive share options.

In the event a participant in the 2015 Plan terminates employment or is terminated by us (or by our parent or subsidiary) without cause, any options which have become exercisable prior to the time of termination will remain exercisable for three months from the date of termination (unless a shorter or longer period of time is determined by the plan administrator). In the event a participant in the 2015 Plan is terminated by us (or by our parent or subsidiary) for cause, any options which have become exercisable prior to the time of termination will immediately terminate. If termination was caused by death or disability, any options which have become exercisable prior to the time of termination, will remain exercisable for twelve months from the date of termination (unless a shorter or longer period of time is determined by the plan administrator). Unless an individual award agreement otherwise provides, all vesting of all other awards will generally terminate upon the date of termination.

Subject to any required action by our shareholders, the number of common shares covered by outstanding awards, the number of common shares that have been authorized for issuance under the 2015 Plan, the exercise or purchase price of each outstanding award, the maximum number of common shares that may be granted subject to awards to a participant in any calendar year, and the like, shall be proportionally adjusted by the plan administrator in the event of any increase or decrease in the number of issued common shares resulting from certain changes in our capital structure as described in the 2015 Plan.

In the event of a corporate transaction or a change in control of Textainer Group Holdings Limited, all outstanding awards under the 2015 Plan will terminate unless the acquirer assumes or replaces such awards. In addition and except as otherwise provided in an individual award agreement, assumed or replaced awards will automatically become fully vested if a participant is terminated by the acquirer without cause within twelve months after a corporate transaction. In the event of a corporate transaction where the acquirer does not assume or replace awards granted under the 2015 Plan, all of these awards become fully vested immediately prior to the consummation of the corporate transaction. In the event of a change in control and except as otherwise provided in an individual award agreement, outstanding awards will automatically become fully vested if a participant is terminated by the acquirer without cause within twelve months after such change in control.

Under the 2015 Plan, a “corporate transaction” is generally defined as:

- acquisition of 50% or more of the common shares by any individual or entity including by tender offer;
- a reverse merger or amalgamation in which 40% or more of the common shares is acquired by an individual or entity;
- a sale, transfer or other disposition of all or substantially all of the assets of Textainer Group Holdings Limited;

- a merger, amalgamation or consolidation in which Textainer Group Holdings Limited is not the surviving entity; or
- a complete liquidation or dissolution.

Under the 2015 Plan, a “change in control” is generally defined as:

- acquisition of 50% or more of the common shares by any individual or entity which a majority of our board of directors (who have served on the board for at least 12 months) do not recommend that our shareholders accept, or
- a change in the composition of the board of directors as a result of contested elections over a period of 12 months or less.

Unless terminated sooner, the 2015 Plan will automatically terminate in 2025. The board of directors will have authority to amend or terminate the 2015 Plan. To the extent necessary to comply with applicable provisions of federal securities laws, state corporate and securities laws, the Code, the rules of any applicable stock exchange or national market system, and the rules of any non-U.S. jurisdiction applicable to awards granted to residents therein, we will obtain shareholder approval of any such amendment to the 2015 Plan in such a manner and to such a degree as required.

2008 Bonus Plan

On September 21, 2007, our board of directors approved the Textainer Group Holdings Limited 2008 Bonus Plan (the “Bonus Plan”). The Bonus Plan provides for incentive payments to our employees and those of our affiliates, including our dedicated agents and key executives. Although the Bonus Plan permits the awards to be paid in shares, we expect that the awards will be cash-based. The Bonus Plan is designed to provide incentive awards based on the achievement of goals relating to our performance and the performance of our individual business units while maintaining a degree of flexibility in the amount of incentive compensation paid to such individuals. Under the Bonus Plan, performance goals may relate to one or more of the following measures, for the company as a whole, a line of business, service or product: increase in share price, earnings per share, total shareholder return, operating margin, gross margin, return on equity, return on assets, return on investment, operating income, net operating income, pre-tax income, cash flow, revenue, expenses, earnings before interest, taxes and depreciation, economic value added, market share, corporate overhead costs, liquidity management, net interest income, net interest income margin, return on capital invested, shareholders’ equity, income before income tax expense, residual earnings after reduction for certain compensation expenses, net income, profitability of an identifiable business unit or product, or performance relative to a peer group of companies on any of the foregoing measures.

Employment with Executive Officers and Directors

We have entered into employment agreements with most of our executive officers. Each of these employment agreements contains provisions requiring us to make certain severance payments in case the executive officer is terminated without cause. The agreements terminate upon termination of employment. Employment is at-will for each of our executive officers and they may be terminated at any time for any reason.

Other than as disclosed above, none of our directors has service contracts with us or any of our subsidiaries providing for benefits upon termination of employment.

C. Board Practices

Our corporate governance practices are in compliance with, and are not prohibited by, the laws of Bermuda. Therefore, we are exempt from many of the New York Stock Exchange's ("NYSE") corporate governance practices, other than the establishment of a formal audit committee satisfying the requirements of Rule 10A-3 under the Exchange Act and notification of non-compliance with NYSE listing requirements pursuant to Rule 10A-3 promulgated under the Exchange Act. The practices that we follow in lieu of the NYSE's corporate governance rules are described below.

- We do not, and are not required under Bermuda law to, maintain a board of directors with a majority of independent directors. Currently, a majority of our directors are not independent, as that term is defined by the NYSE.
- We are not required by Bermuda law to hold regular meetings of the board of directors at which only independent directors are present.
- Under Bermuda law, compensation of executive officers does not need to be determined by an independent committee. We have established a compensation committee that reviews and approves the compensation and benefits for our executive officers and other key executives, makes recommendations to the board regarding compensation matters and is responsible for awarding compensation to our executive officers and other employees under our share compensation plans. The committee also has the discretion to interpret and amend the terms of, and take all other actions necessary to administer, the 2015 Plan. However, our compensation committee is not comprised solely of independent directors, as required by NYSE standards. The members of our compensation committee are Messrs. Cottingham, Maccarone, Nurek and Shwiel. Mr. Nurek is a director of Trencor. Messrs. Cottingham, Maccarone and Shwiel satisfy the NYSE's standards for director independence.
- We have established an audit committee responsible (i) for advising the board regarding the selection of independent auditors, (ii) overseeing the Company's accounting and financial reporting process, (iii) evaluating our internal controls, and (iv) overseeing compliance with policies and legal requirements with respect to financial reporting. Our audit committee need not comply with NYSE requirements that the audit committee have a minimum of three members or the NYSE's standards of director independence for domestic issuers. Our audit committee has three members, Messrs. Shwiel, Cottingham and McQueen. Messrs. Shwiel and Cottingham are voting members of the committee and are independent as that term is defined in Rule 10A-3 under the Exchange Act. Mr. McQueen is a director of Trencor and has no voting rights.
- We have established a nominating and governance committee, although this committee is not comprised solely of independent directors, as would be required of a domestic issuer. Our nominating and governance committee has four members, Messrs. Cottingham, Maccarone, Nurek and Shwiel. Messrs. Cottingham, Maccarone and Shwiel satisfy the NYSE's standards for director independence. Our board of directors has adopted a nominating and governance committee charter.
- Under Bermuda law, we are not required to obtain shareholder consent prior to issuing securities or adopting share compensation plans. Nonetheless, we sought and received the approval of our shareholders for our 2015 Plan on May 21, 2015 and 2007 Plan on September 4, 2007. Under Bermuda law, consent of the Bermuda Monetary Authority is required for the issuance of securities in certain circumstances.
- Under Bermuda law, we are not required to adopt corporate governance guidelines or a code of business conduct. Nonetheless, we have adopted both corporate governance guidelines and a code of business conduct.

D. Employees

As of December 31, 2017, we employed 164 people. We believe that our relations with our employees are good, and we are not a party to any collective bargaining agreements.

E. Share Ownership

See Item 7, "*Major Shareholders and Related Party Transactions*" for information regarding director and senior management ownership of our common shares.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

The following table presents information regarding the beneficial ownership of our common shares as of March 6, 2018:

- each person or entity that we know beneficially owns more than 5% of our issued and outstanding shares;
- each director, director nominee and executive officer; and
- all of our directors, director nominees and executive officers as a group.

Beneficial ownership is determined in accordance with the rules of the SEC and generally includes any shares over which a person exercises sole or shared voting or investment power. The percentage of beneficial ownership of our common shares owned is based on 57,099,249 common shares issued and outstanding on March 6, 2018. We do not believe that we are directly or indirectly owned or controlled by any foreign government. The voting rights of our common shares held by major shareholders are the same as the voting rights of shares held by all other shareholders. We are unaware of any arrangement that might result in a change of control.

Holders	Number of Common Shares Beneficially Owned	
	Shares (1)	% (2)
5% or More Shareholders		
Halco Holdings Inc. (3)	27,278,802	47.8%
Trencor Limited (3)	27,278,802	47.8%
Isam K. Kabbani (4)	3,372,350	5.9%
Directors and Executive Officers		
Philip K. Brewer (5)	565,959	1.0%
Dudley R. Cottingham (6)	19,716	*
John A. Maccarone (7)	1,497,201	2.6%
James E. McQueen (8)	27,295,518	47.8%
David M. Nurek (9)	27,295,518	47.8%
Hyman Shwiel	21,716	*
Iain Brown (10)	27,286,356	47.8%
Hennie Van der Merwe (11)	27,279,802	47.8%
Robert D. Pedersen	391,464	*
Hilliard C. Terry, III	168,369	*
Olivier Ghesquiere	98,422	*
Current directors and executive officers (11 persons) as a group	30,083,635	52.7%

* Less than 1%.

- (1) Beneficial ownership by a person assumes the exercise of all share options, warrants and rights held by such person, even if not vested. Common shares beneficially owned include the following share options and restricted share units:

	Grant Date											
	11/18/2009	11/18/2010	11/16/2011	1/20/2012	11/14/2012	11/14/2013	11/19/2014	11/12/2015	5/19/2016	11/30/2016	5/19/2017	11/30/2017
Share options												
Exercise price	\$ 16.97	\$ 28.26	\$ 28.54	\$ 31.34	\$ 28.05	\$ 38.36	\$ 34.14	\$ 14.17	\$ 12.23	\$ 9.70	N/A	\$ 22.95
Expiration date	11/17/2019	11/17/2020	11/15/2021	1/19/2022	11/14/2022	11/14/2023	11/19/2024	11/12/2025	5/19/2026	11/30/2026	N/A	11/30/2027
Philip K. Brewer	22,350	15,000	30,000	—	32,000	36,000	38,520	45,291	—	54,349	—	46,197
Robert D. Pedersen	—	7,500	16,500	—	23,000	26,000	27,820	26,534	—	39,252	—	—
Hilliard C. Terry, III	—	—	—	10,000	11,000	12,500	13,375	15,726	—	19,265	—	16,375
Olivier Ghesquiere	—	—	—	—	—	—	—	—	10,000	19,200	—	17,760
Restricted share units												
Philip K. Brewer	—	—	—	—	—	—	9,630	22,645	—	40,761	—	46,197
Dudley R. Cottingham	—	—	—	—	—	—	—	—	—	—	6,154	—
John A. Maccarone	—	—	—	—	—	—	—	—	—	—	6,154	—
James E. McQueen	—	—	—	—	—	—	—	—	—	—	6,154	—
David M. Nurek	—	—	—	—	—	—	—	—	—	—	6,154	—
Hyman Shwiel	—	—	—	—	—	—	—	—	—	—	6,154	—
Iain Brown	—	—	—	—	—	—	—	—	—	—	6,154	—
Hennie Van der Merwe	—	—	—	—	—	—	—	—	—	—	—	—
Robert D. Pedersen	—	—	—	—	—	—	6,955	16,354	—	29,439	6,154	—
Hilliard C. Terry, III	—	—	—	—	—	—	3,343	7,862	—	14,448	—	16,375
Olivier Ghesquiere	—	—	—	—	—	—	—	—	7,500	14,400	—	17,760

- (2) Percentage ownership is based on 57,099,249 shares outstanding as of March 6, 2018.
- (3) Includes 27,278,802 shares held by Halco Holdings Inc. (“Halco”). Halco is wholly-owned by Tencor. Halco was previously wholly-owned by Halco Trust, a discretionary trust with an independent trustee. On February 20, 2018, Halco Trust distributed and transferred to Tencor, a nominated discretionary beneficiary of Halco Trust, the trust’s 100% shareholding in Halco.
- (4) Includes 3,372,350 shares held by Delmas Invest Holding S.A, an affiliate of Mr. Kabbani.
- (5) Includes 94,045 shares held by the Philip Brewer 2009 Trust and 32,974 shares held by a joint account of Mr. Brewer and Dr. Choi Yue Victoria Woo.
- (6) Includes 8,080 shares held by Caribbean Dream Limited, a company owned by a trust in which Mr. Cottingham is the principal beneficiary and 5,482 shares held by Mr. Cottingham.
- (7) Includes 1,205,100 shares held by the Maccarone Family Partnership L.P., 283,497 shares held by the Maccarone Revocable Trust, 1,100 shares held by the Maccarone Charitable Trust, 1,000 shares held by the John Maccarone IRA Rollover and 350 shares held by the Bryan Maccarone UTMA.
- (8) Includes 27,278,802 shares held by Halco (which in terms of SEC regulations are solely reported herewith as beneficially owned by Mr. McQueen due to his position as a director of Tencor) and 10,562 shares held by Mr. McQueen. Mr. McQueen is one of our directors, and a member of the board of directors of Tencor. Mr. McQueen disclaims beneficial ownership, except to the extent of his pecuniary interest therein, if any, of the shares held by Halco.
- (9) Includes 27,278,802 shares held by Halco (which in terms of SEC regulations are solely reported herewith as beneficially owned by Mr. Nurek due to his position as a director of Tencor) and 10,562 shares held by Mr. Nurek. Mr. Nurek is one of our directors, and a member of the board of directors of Tencor. Mr. Nurek disclaims beneficial ownership, except to the extent of his pecuniary interest therein, if any, of the shares held by Halco.
- (10) Includes 27,278,802 shares held by Halco (which in terms of SEC regulations are solely reported herewith as beneficially owned by Mr. Brown due to his position as a director of Halco), 700 shares held by the trust of IB Settlement and 700 shares held by Michelle Brown, Mr. Brown’s spouse. Mr. Brown is one of our directors and also a director of Halco. Mr. Brown disclaims beneficial ownership, except to the extent of his pecuniary interest therein, if any, of the shares held by Halco.
- (11) Includes 27,278,802 shares held by Halco (which in terms of SEC regulations are solely reported herewith as beneficially owned by Mr. Van der Merwe due to his position as a director of Tencor) and 1,000 shares held by Mr. Van der Merwe. Mr. Van der Merwe is one of our directors, a director of Halco and also a CEO and

director of Trencor. Mr. Van der Merwe disclaims beneficial ownership, except to the extent of his pecuniary interest therein, if any, of the shares held by Halco.

As of March 6, 2018, based on information available to the Company, 19,716 of our common shares issued and outstanding were held by one record holder in our domicile and headquarters country (Bermuda). We also had six shareholders of record in the United States and held an aggregate of 29,353,645 of our common shares, which includes 29,316,508 shares held by Cede & Company, a nominee of the Depository Trust Company. The shares held by Cede & Company include common shares beneficially owned by several holders in the United States and by non-U.S. beneficial owners.

B. Related Party Transactions

We do not have a corporate policy regarding related party transactions, nor are there any provisions in our memorandum of association or bye-laws regarding related party transactions, other than the provision, as permitted by Bermuda law, that we, or one of our subsidiaries, may enter into a contract in which our directors or officers are directly or indirectly interested if the director or officer discloses his interest to our board of directors at the first opportunity at a meeting of directors or in writing.

Loans to Executive Officers

As permitted by Bermuda law, in the past, we have extended loans to our employees in connection with their acquisition of our common shares in accordance with our various employees' share schemes. As of December 31, 2017 and 2016, no amounts were outstanding on such loans to employees. Currently, there are no loans outstanding to our directors or executive officers, and we will not extend loans to our directors or executive officers in the future, in compliance with the requirements of Section 402 of the Sarbanes-Oxley Act of 2002 and Section 13(k) of the Securities Exchange Act of 1934, as amended.

Indemnification of Officers and Directors

We have entered into indemnification agreements with each of our directors and executive officers to give such directors and officers, as well as their immediate family members, additional contractual assurances regarding the scope of indemnification set forth in our bye-laws, and to provide additional procedural protections which may, in some cases, be broader than the specific indemnification provisions contained in our bye-laws. The indemnification agreements may require us, among other things, to indemnify such directors and officers, as well as their immediate family members, against liabilities that may arise by reason of their status or service as directors or officers and to advance expenses as a result of any proceeding against them as to which they could be indemnified.

Agreements with Needman Group Holdings Inc.

Textainer Equipment Management Limited has entered into a management agreement with Needman Group Holdings Inc., related to Textainer Equipment Management Limited's management of containers owned by Needman Group Holdings Inc. Needman Group Holdings Inc. is under the trust IKK Settlement and Mr. Isam Kabbani, a former member of our board, is the settlor of the IKK Settlement. In 2017, 2016 and 2015, we managed approximately 10,000 TEU (for which we received approximately \$193 in management fees), 9,000 TEU (for which we received approximately \$250 in management fees) and 9,000 TEU (for which we received approximately \$168 in management fees), respectively, for Needman Group Holdings Inc.

Agreements with Maccarone Container Fund, LLC

Textainer Equipment Management Limited has entered into a management agreement with Maccarone Container Fund, LLC, related to Textainer Equipment Management Limited's management of containers owned by Maccarone Container Fund, LLC effective 2016. Director John Maccarone and his family members are the beneficial owners of Maccarone Container Fund, LLC. In 2017 and 2016, we managed approximately 1,300 TEU (for which we received approximately \$17 in management fees) and 1,300 TEU (for which we received approximately \$2 in management fees), respectively, for Maccarone Container Fund, LLC.

Relationships and Agreements with Entities Related to Trencor Limited

Halco is a wholly-owned subsidiary of Trencor Limited. Halco was previously wholly-owned by Halco Trust (“Trust”), a discretionary trust with an independent trustee. On February 20, 2018, Halco Trust distributed and transferred to Trencor, a nominated discretionary beneficiary of Halco Trust, the trust’s 100% shareholding in Halco. Hennie Van der Merwe, David Nurek and James McQueen, are members of our board of directors and the board of directors of Trencor. In addition, two of our directors, Hennie Van der Merwe and Iain Brown are also members of the board of directors of Halco.

We have entered into an agreement with LAPCO, an associate of Halco, related to our management of containers owned by LAPCO. Pursuant to this agreement, LAPCO has the right, but not an obligation, to require us to purchase containers on its behalf, within guidelines specified in the agreement and for as long as the management agreement is in place. In 2017, 2016 and 2015, we received the following fees or commissions from LAPCO: (i) \$2,329, \$2,282 and \$2,889, respectively, in management fees and (ii) \$666, \$713 and \$653, respectively, in sales commissions and acquisition fees. In 2017, 2016 and 2015, fees received under the LAPCO agreement accounted for 4.2%, 3.9% and 4.1%, respectively, of total combined Container Management and Container Resale segment revenue and 0.6%, 0.6% and 0.7%, respectively, of total revenue. LAPCO is free to compete against us with respect to its investment in containers and uses our competitors to manage some of its containers.

Halco acquired 2,100,000 common shares in the Company’s initial public offering on October 15, 2007 at the initial public offering price. The underwriters did not receive any discount or commission on these shares. The common shares that were purchased by Halco in the offering are not freely tradable in the public market due to Halco’s status as our “affiliate,” as such term is defined in Rule 144 under the Securities Act. See Item 14. *“Material Modifications to the Rights of Security Holders and Use of Proceeds”* for further details on these trading restrictions.

Transactions with Container Investment Limited

A member of our board of directors, Iain Brown, serves as Director and owns 50% of Container Investment Limited (“CIS”). CIS is a U.K. company that provides administration and accounting services. In 2017, 2016 and 2015, the Company paid \$96, \$63, and \$102, respectively, to CIS primarily for accounting services provided to the Company’s U.K. entity, Textainer Equipment Management (U.K.) Limited.

Transactions with Continental Management Ltd.

A member of our board of directors, Dudley R. Cottingham, is also a member of the board of directors of Continental Management Ltd (“Continental”). Continental is a Bermuda company that provides corporate representation, administration and management services. In 2017, 2016 and 2015, the Company paid \$59, \$60, and \$58, respectively, to Continental primarily for Bermuda government annual fees and registered office fees.

Transactions with Umpqua Bank

Our Executive Vice President and Chief Financial Officer, Hilliard C. Terry, III, serves as a member of the Board of Directors of Umpqua Holdings Corporation, the NASDAQ listed holding company for Umpqua Bank and Umpqua Investments, Inc. Umpqua Bank is a lender with a less than 5% commitment in the \$700,000 Credit Agreement with the Company’s wholly-owned subsidiary, Textainer Limited (“TL Credit Agreement”). Umpqua Bank participates in the TL Credit Agreement on the same terms as the other lenders in the facility.

C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and Other Financial Information

Financial Statements

Our audited consolidated financial statements which are comprised of our consolidated balance sheets as of December 31, 2017 and 2016 and the related consolidated statements of comprehensive income, shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2017 and the notes to those statements and the report of independent registered public accounting firm thereon, are included under Item 18, "Financial Statements" of this Annual Report on Form 20-F. Also, see Item 5, "Operating and Financial Review and Prospects" for additional financial information.

Legal Proceedings

See Item 4, "Information on the Company -- Business Overview—Legal Proceedings" for information on our legal proceedings which may have, or have had in the recent past, significant effects on our financial position or profitability.

Dividend Policy

The following table summarizes dividends that we have declared and paid since January 1, 2015:

<u>Date Declared</u>	<u>Dividend per Outstanding Common Share</u>	<u>Total Dividend</u>
February 2015	\$ 0.47	\$ 26,781
April 2015	\$ 0.47	\$ 26,783
July 2015	\$ 0.47	\$ 26,796
October 2015	\$ 0.24	\$ 13,719
February 2016	\$ 0.24	\$ 13,479
April 2016	\$ 0.24	\$ 13,577
August 2016	\$ 0.03	\$ 1,698

We are not required to pay dividends, and our shareholders do not have contractual or other rights, to receive dividends. The timing and amount of future dividends will be at the discretion of our board of directors and will be dependent on our future operating results and the cash requirements of our business. There are a number of factors that can affect our ability to pay dividends and there is no guarantee that we will pay dividends in any given year. See Item 3, "Key Information -- Risk Factors," for a discussion of these factors. Our board of directors may decide, in its discretion, at any time, to decrease the amount of dividends, otherwise modify or repeal the dividend policy or discontinue entirely the payment of dividends.

In addition, we will not pay dividends in the event we are not allowed to do so under Bermuda law, are in default under (or such payment would cause a default under) the revolving credit facility, revolving credit facility II or term loan of our wholly-owned subsidiary, Textainer Limited, or if such payment would cause us to breach any of our covenants. These covenants include certain financial covenants, which would be directly affected by the payment of dividends, such as a minimum tangible net worth level (which level would decrease by the amount of any dividend paid) and a maximum ratio of consolidated funded debt to consolidated tangible net worth (which amount would decrease by the amount of any dividend paid). Please see Item 5, "Operating and Financial Review and Prospects—Liquidity and Capital Resources" for a description of these covenants. Furthermore, since we are a holding company, substantially all of the assets shown on our consolidated balance sheet are held by our subsidiaries. Accordingly, our earnings and cash flow and our ability to pay dividends are largely dependent upon the earnings and cash flows of our subsidiaries and the distribution or other payment of such earnings to us in the form of dividends.

In 2014 we began calculating our earnings and profits under U.S. federal income tax principles for purposes of determining whether distributions exceed our current and accumulated earnings and profits. We believe that some or

all of our distributions will be treated as a return of capital to our U.S. shareholders and we report each quarter on our website at www.textainer.com whether that quarter's distribution exceeds our current accumulated earnings and profits. The taxability of the dividends does not impact our corporate tax position. You should consult with a tax advisor to determine the proper tax treatment of these distributions.

B. Significant Changes

Except as disclosed in the Annual Report on Form 20-F, no significant changes have occurred since December 31, 2017, which is the date of our audited consolidated financial statements included in this Annual Report on Form 20-F.

ITEM 9. THE OFFER AND LISTING

A. Offer and Listing Details

Trading Markets and Price History

Our common shares have been listed on the New York Stock Exchange ("NYSE") under the symbol "TGH" since October 10, 2007. Prior to that time, there was no public market for our common shares. The following table sets forth the high and low closing sale prices, as reported on the NYSE for our common shares for the periods indicated:

	High	Low
Annual Highs and Lows:		
2017	\$ 23.55	\$ 8.50
2016	\$ 15.72	\$ 7.05
2015	\$ 34.44	\$ 13.48
2014	\$ 39.87	\$ 29.25
2013	\$ 43.06	\$ 31.98
Quarterly Highs and Lows (two most recent full financial years):		
Fourth quarter 2017	\$ 23.55	\$ 17.50
Third quarter 2017	\$ 17.95	\$ 13.95
Second quarter 2017	\$ 16.40	\$ 9.75
First quarter 2017	\$ 17.30	\$ 8.50
Fourth quarter 2016	\$ 10.35	\$ 7.05
Third quarter 2016	\$ 13.08	\$ 7.45
Second quarter 2016	\$ 15.72	\$ 9.76
First quarter 2016	\$ 14.84	\$ 7.31
Monthly Highs and Lows (over the most recent six month period):		
February 2018	\$ 24.50	\$ 16.30
January 2018	\$ 26.40	\$ 21.85
December 2017	\$ 22.65	\$ 21.00
November 2017	\$ 23.55	\$ 18.90
October 2017	\$ 19.85	\$ 17.50
September 2017	\$ 17.95	\$ 15.20

Transfer Agent

The transfer agent and registrar for our common shares is Computershare Shareholder Services, Inc. and its fully owned subsidiary Computershare Trust Company, N.A., having its principal office at 250 Royall Street, Canton, MA 02021.

B. Plan of Distribution

Not applicable.

C. Markets

See Item 9, “*Offer and Listing Details – Trading Markets*” above.

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

We are an exempted company incorporated under the laws of Bermuda. We are registered with the Registrar of Companies in Bermuda under registration number EC18896. We were incorporated on December 3, 1993 under the name Textainer Group Holdings Limited, prior to that time our business was based in Panama. Our headquarters office is located at 16 Par-La-Ville Road, Hamilton HM 08 Bermuda.

We incorporate by reference into this Annual Report on Form 20-F the description of our memorandum of association and our bye-laws contained in “Description of Share Capital” of our Registration Statement on Form F-1 filed with the SEC on September 26, 2007. Such information is a summary which does not purport to be complete and is qualified in its entirety by reference to our memorandum of association and our bye-laws, copies of which have been filed as Exhibits 3.1 and 3.2, respectively, to such Registration Statement.

C. Material Contracts

We have not entered into any material contracts during the two years immediately preceding the date of this Annual Report on Form 20-F other than contracts entered into in the ordinary course of business and other than those described in Item 4, “*Information on the Company—History and Development of the Company—Significant Events*” or elsewhere in this Annual Report on Form 20-F.

D. Exchange Controls

Trencor, a South African company listed on the JSE, has an indirect beneficiary interest in 47.8% of our issued and outstanding shares as of December 31, 2017. South Africa's exchange control regulations provide for restrictions on exporting capital from South Africa. These restrictions require Trencor to obtain approval from South African exchange control authorities before engaging in transactions that would result in dilution of their share interest in us below certain thresholds, whether through their sale of their own shareholdings or through the approval of our issuance of new shares. The exchange control authorities may decide not to grant such approval if a proposed transaction were to dilute Trencor's beneficiary interest in us below certain levels. While the South African government has, to some extent, relaxed exchange controls in recent years, it is difficult to predict whether or how it will further relax or abolish exchange control measures in the future. The above requirements could restrict or limit our ability to issue new shares. In addition, Trencor is required to comply with JSE Listings Requirements in connection with its holding or sale of our common shares.

E. Taxation

The following discussion is a summary of the material Bermuda and U.S. federal income tax consequences of an investment in our common shares. This discussion is not exhaustive of all possible tax considerations. In particular, this discussion does not address the tax consequences under state, local, and other national (e.g., non-Bermuda and non-U.S.) tax laws. Accordingly, we urge you to consult your own tax advisor regarding your particular tax circumstances and the tax consequences under state, local, and other national tax laws. The following discussion is based upon laws and relevant interpretations thereof in effect as of the date hereof, all of which are subject to change, possibly with retroactive effect.

Bermuda Tax Consequences

The following is a summary of the material Bermuda tax consequences of an investment in our common shares. The following discussion is not exhaustive of all possible tax considerations. We urge you to consult your own tax advisor regarding your particular tax circumstances.

Taxation of the Companies

We and our Bermuda subsidiaries have obtained an assurance from the Bermuda Minister of Finance under the Exempted Undertakings Tax Protection Act 1966 that, if any legislation is enacted in Bermuda imposing any tax computed on profits or income, or computed on any capital asset, gain, or appreciation, or any tax in the nature of estate duty or inheritance tax, then such tax will not until March 31, 2035 be applicable to us or any of our operations, or to any of our shares, debentures, or other obligations, except insofar as such tax applies to persons ordinarily resident in Bermuda or is payable by us in respect of real property owned or leased by us in Bermuda. As an exempted company, we are required to pay an annual Bermuda government fee based on our assessable capital.

Taxation of Holders

Currently, there is no Bermuda income or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by our shareholders in respect of our common shares. The issue, transfer, or redemption of our common shares is not currently subject to stamp duty.

United States Federal Income Tax Consequences

The following is a summary of the material U.S. federal income tax consequences of an investment in our common shares. The following discussion is not exhaustive of all possible tax considerations. This summary is based upon the Code, regulations promulgated under the Code by the U.S. Treasury Department (including proposed and temporary regulations), rulings, current administrative interpretations and official pronouncements of the IRS, and judicial decisions, all as currently available and all of which are subject to differing interpretations or to change, possibly with retroactive effect. Any such change could materially and adversely affect the tax consequences described below. No assurance can be given that the IRS will not assert, or that a court will not sustain, a position contrary to any of the tax consequences described below.

This summary does not address all aspects of U.S. federal income taxation that may be important to a particular holder in light of its investment or tax circumstances or to holders subject to special tax rules, such as banks; financial institutions; insurance companies; dealers in stocks, securities, or currencies; traders in securities that elect to use a mark-to-market method of accounting for their securities holdings; tax-exempt organizations; real estate investment trusts; regulated investment companies; qualified retirement plans, individual retirement accounts, and other tax-deferred accounts; certain former citizens or long-term residents of the U.S.; persons subject to the alternative minimum tax; persons holding common shares as part of a straddle, hedge, conversion transaction, or other integrated transaction; persons who acquired common shares pursuant to the exercise of any employee share option or otherwise as compensation for services; persons actually or constructively holding 10% or more of our voting shares; and U.S. Holders (as defined below) whose functional currency is other than the U.S. dollar.

This discussion is not a comprehensive description of all of the U.S. federal tax consequences that may be relevant with respect to an investment in common shares. We urge you to consult your own tax advisor regarding your particular circumstances and the U.S. federal income and estate tax consequences to you of owning and disposing of common shares, as well as any tax consequences arising under the laws of any state, local, foreign or other tax jurisdiction and the possible effects of changes in U.S. federal or other tax laws.

This summary is directed solely to persons who hold their common shares as capital assets within the meaning of Section 1221 of the Code, which includes property held for investment. For purposes of this discussion, the term “U.S. Holder” means a beneficial owner of common shares that is any of the following:

- a citizen or resident of the U.S. or someone treated as a U.S. citizen or resident for U.S. federal income tax purposes;
- a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the U.S., any state thereof, or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source;
- a trust if a U.S. court can exercise primary supervision over the trust’s administration and one or more U.S. persons have the authority to control all substantial decisions of the trust; or
- a trust in existence on August 20, 1996 that has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

The term “Non-U.S. Holder” means a beneficial owner of common shares that is not a U.S. Holder or an entity treated as a partnership for U.S. federal income tax purposes. As described in “—Taxation of Non-U.S. Holders” below, the tax consequences to a Non-U.S. Holder may differ substantially from the tax consequences to a U.S. Holder.

If a partnership (including for this purpose any entity treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of common shares, the U.S. federal income tax consequences to a partner in the partnership will depend on the status of the partner and the activities of the partnership. A holder of common shares that is a partnership and the partners in such partnership should consult their own tax advisors regarding the U.S. federal income tax consequences of an investment in common shares.

Taxation of the Companies

Textainer and Non-U.S. Subsidiaries

A non-U.S. corporation deemed to be engaged in a trade or business within the U.S. is subject to U.S. federal income tax on income which is treated as effectively connected with the conduct of that trade or business. Such income tax, if imposed, is based on effectively connected income computed in a manner similar to the manner in which the income of a domestic corporation is computed, except that a foreign corporation will be entitled to deductions and credits for a taxable year only if it timely files a U.S. federal income tax return for that year. In addition, a non-U.S. corporation may be subject to the U.S. federal branch profits tax on the portion of its effectively connected earnings and profits, with certain adjustments, deemed repatriated out of the U.S. Currently, the maximum U.S. federal income tax rates are 35% for a corporation’s effectively connected income and 30% for the branch profits tax. Effective January 1, 2018, the maximum U.S. federal income tax rate drops to 21% for a corporation’s effectively connected income.

A portion of our income is treated as effectively connected with the conduct of a trade or business within the U.S., and such effectively connected income is subject to U.S. federal income tax. U.S. federal income tax returns have been filed declaring such effectively connected income.

The determination of whether a person is engaged in a U.S. trade or business is based on a highly factual analysis. In general, there is no clear test as to the nature and scope of activities that constitute being engaged in a U.S. trade or business, and it is unclear how a court would construe the existing authorities with respect to our activities. Accordingly, it is possible that the IRS could assert that a significantly greater portion of our income than we currently report is derived from the conduct of a U.S. trade or business and therefore, is effectively connected income that is subject to U.S. federal income tax.

In addition to U.S. federal income tax on income associated with a U.S. trade or business, we are also subject to a 30% U.S. withholding tax imposed on the gross amount of certain “fixed or determinable annual or periodic gains, profits and income” derived from sources within the U.S. (such as rents, dividends and interest on investments), to the extent such amounts are not effectively connected income. This 30% U.S. withholding tax is subject to reduction by applicable treaties. Distributions by our U.S. subsidiaries to us are expected to be subject to this 30% U.S. withholding tax.

U.S. Subsidiaries

Our U.S. subsidiaries are subject to U.S. federal income tax at regular corporate rates on their worldwide income, regardless of its source, subject to reduction by allowable foreign tax credits.

Transfer Pricing

Under U.S. federal income tax laws, transactions among taxpayers that are owned or controlled directly or indirectly by the same interests generally must be at arm’s-length terms. The IRS may distribute, apportion, or allocate gross income, deductions, credits, or allowances between or among such taxpayers if it determines that such transactions are not at arm’s-length terms and that such distribution, apportionment, or allocation is necessary in order to clearly reflect the income of any of such taxpayers. Additionally, if we have not met the requirements of the new CBC Regulations (effective for our taxable years beginning on or after June 30, 2016), we may become subject to penalties and the IRS may pursue a further investigation or audit of our operations, which may result in an adjustment to our transfer pricing policies as described in the immediately preceding sentence. In such a situation, we may incur increased tax liability, possibly materially, thereby reducing our profitability and cash flows.

Taxation of U.S. Holders

The discussion in “—Distributions on Common Shares” and “—Dispositions of Common Shares” below assumes that we will not be treated as a passive foreign investment company (“PFIC”) for U.S. federal income tax purposes. For a discussion of the rules that apply if we are treated as a PFIC, see “—Passive Foreign Investment Company” below.

Distributions on Common Shares

General. Subject to the discussion in “—Passive Foreign Investment Company” below, if you actually or constructively receive a distribution on common shares, you must include the distribution in gross income as a taxable dividend on the date of your receipt of the distribution, but only to the extent of our current or accumulated earnings and profits, as calculated under U.S. federal income tax principles. Such amount must be included without reduction for any foreign taxes withheld. Dividends paid by us will not be eligible for the dividends received deduction allowed to corporations with respect to dividends received from certain domestic corporations. Dividends paid by us may or may not be eligible for preferential rates applicable to qualified dividend income, as described below. In addition, certain non-corporate U.S. Holders may be subject to an additional 3.8% Medicare tax on dividend income whether or not it is “qualified dividend income.” See “—Medicare Tax” below.

To the extent a distribution exceeds our current and accumulated earnings and profits, it will be treated first as a non-taxable return of capital to the extent of your adjusted tax basis in the common shares, and thereafter as capital gain. Preferential tax rates for long-term capital gain may be applicable to non-corporate U.S. Holders. In addition, certain non-corporate U.S. Holders may be subject to an additional 3.8% Medicare tax on capital gain. See “—Medicare Tax” below.

Qualified Dividend Income. With respect to non-corporate U.S. Holders (i.e., individuals, trusts, and estates), the maximum individual U.S. federal income tax rate applicable to “qualified dividend income” (“QDI”) generally is 20%. Among other requirements, dividends will be treated as QDI if either (i) our common shares are readily tradable on an established securities market in the U.S., or (ii) we are eligible for the benefits of a comprehensive income tax treaty with the U.S. which includes an information exchange program and which is determined to be satisfactory by the Secretary of the U.S. Treasury. The income tax treaty between the U.S. and Bermuda (the jurisdiction of our incorporation) does not qualify for these purposes. However, subject to the discussion below, under “—*Passive Foreign Investment Company—Mark-to-Market Election*,” we expect that under current administrative guidance, our common shares are “readily tradable” on an established securities market as a result of being listed on the NYSE.

In addition, for dividends to be treated as QDI, we must not be a PFIC (as discussed below) for either the taxable year in which the dividend was paid or the preceding taxable year. We do not believe that we were a PFIC for our prior taxable year and we intend to conduct our business so that we should not be treated as a PFIC for our current taxable year or any future taxable year. However, because the PFIC determination is highly fact intensive and made at the end of each taxable year, it is possible that we may be a PFIC for the current or any future taxable year. Please see the discussion under “—*Passive Foreign Investment Company*” below. Additionally, in order to qualify for QDI treatment, you generally must have held the common shares for more than 60 days during the 121-day period beginning 60 days prior to the ex-dividend date. However, your holding period will be reduced for any period during which the risk of loss is diminished.

Since the QDI rules are complex, you should consult your own tax advisor regarding the availability of the preferential tax rates for dividends paid on common shares.

In-Kind Distributions. Generally, distributions to you of new common shares or rights to subscribe for new common shares that are received as part of a pro rata distribution to all of our shareholders will not be subject to U.S. federal income tax. The adjusted tax basis of the new common shares or rights so received will be determined by allocating your adjusted tax basis in the old common shares between the old common shares and the new common shares or rights received, based on their relative fair market values on the date of distribution. However, in the case of a distribution of rights to subscribe for common shares, the adjusted tax basis of the rights will be zero if the fair market value of the rights is less than 15% of the fair market value of the old common shares on the date of distribution and you do not make an election to determine the adjusted tax basis of the rights by allocation as described above. Your holding period for the new common shares or rights should include the holding period for the old common shares on which the distribution was made.

Foreign Tax Credits. Subject to certain conditions and limitations, any foreign taxes paid on or withheld from distributions from us and not refundable to you may be credited against your U.S. federal income tax liability or, alternatively, may be deducted from your taxable income. This election is made on a year-by-year basis and applies to all foreign taxes paid by you or withheld from you that year.

Distributions will constitute foreign source income for foreign tax credit limitation purposes. The foreign tax credit limitation is calculated separately with respect to two specific classes of income. For this purpose, distributions characterized as dividends distributed by us are expected to constitute “passive category income” or, in the case of certain U.S. Holders, “general category income.” Special limitations may apply if a dividend is treated as QDI (as defined above).

Since the rules governing foreign tax credits are complex, you should consult your own tax advisor regarding the availability of foreign tax credits in your particular circumstances.

Dispositions of Common Shares

Subject to the discussion in “—Passive Foreign Investment Company” below, you will recognize taxable gain or loss on the sale or other taxable disposition of common shares equal to the difference between the U.S. dollar value of (i) the amount realized on the disposition (i.e., the amount of cash plus the fair market value of any property received), and (ii) your adjusted tax basis in the common shares. Such gain or loss will be capital gain or loss.

If you have held the common shares for more than one year at the time of disposition, such capital gain or loss will be long-term capital gain or loss. Preferential tax rates for long-term capital gain apply for non-corporate U.S. Holders. The maximum rate for individuals on net long-term capital gain is currently 20%. In the case of a corporation, capital gains are taxed at the same rate as ordinary income, the maximum rate for which is currently 35%. If you have held the common shares for one year or less, such capital gain or loss will be short-term capital gain or loss taxable as ordinary income. The deductibility of capital losses is subject to limitations. In addition, certain U.S. persons, including individuals, estates and trusts, will be subject to an additional 3.8% Medicare tax on capital gain income. See “—Medicare Tax” below.

Any gain or loss recognized on the disposition of common shares is not expected to give rise to foreign source income for U.S. foreign tax credit purposes.

You should consult your own tax advisor regarding the U.S. federal income tax consequences if you receive currency other than U.S. dollars upon the disposition of common shares.

Passive Foreign Investment Company

We will be a PFIC under Section 1297 of the Code if, for a taxable year, either (a) 75% or more of our gross income for such taxable year is passive income (the “income test”) or (b) 50% or more of the average percentage, generally determined by fair market value, of our assets during such taxable year either produce passive income or are held for the production of passive income (the “asset test”). “Passive income” includes, for example, dividends, interest, certain rents and royalties, certain gains from the sale of stock and securities, and certain gains from commodities transactions. However, rents meeting certain requirements are treated as derived from the conduct of an active trade or business and are not treated as passive income.

Certain “look through” rules apply for purposes of the income and asset tests described above. If we own, directly or indirectly, 25% or more of the total value of the outstanding shares of another corporation, we will be treated as if we (a) held directly a proportionate share of the other corporation’s assets, and (b) received directly a proportionate share of the other corporation’s income. In addition, passive income does not include any interest, dividends, rents, or royalties that are received or accrued by us from a “related person” (as defined in Section 954(d)(3) of the Code), to the extent such items are properly allocable to income of such related person that is not passive income.

Under the income and asset tests, whether or not we are a PFIC will be determined annually based upon the composition of our income and the composition and valuation of our assets, all of which are subject to change. In analyzing whether we should be treated as a PFIC, we are relying on the amount and character of our projected revenues and the amount and character of our projected capital expenditures, the valuation of our assets, and our election to treat certain of our subsidiaries as disregarded entities for U.S. federal income tax purposes. If the amount and character of our actual revenues and capital expenditures do not match our projections, we may be a PFIC. In these calculations, we have valued our intangible assets based on our market capitalization, determined using the market price of our common shares. Such market price may fluctuate. If our market capitalization is less than anticipated or subsequently declines, this will decrease the value of our intangible assets and we may be a PFIC. Furthermore, we have made a number of assumptions regarding the value of our intangible assets. We believe our valuation approach is reasonable. However, it is possible that the IRS could challenge the valuation of our intangible assets, which may result in our being a PFIC.

We do not believe that we were a PFIC for our prior taxable year and we intend to conduct our business so that we should not be treated as a PFIC for our current taxable year or any future taxable year. However, because the PFIC determination is highly fact intensive and made at the end of each taxable year, it is possible that we may be a PFIC for the current or any future taxable year or that the IRS may challenge our determination concerning our PFIC status.

Default PFIC Rules under Section 1291 of the Code. If we are a PFIC, the U.S. federal income tax consequences to a U.S. Holder of an investment in common shares will depend on whether such U.S. Holder is permitted to make and makes (i) an election to treat us as a qualified electing fund (“QEF”) under Section 1295 of the Code (a “QEF Election”) or (ii) a mark-to-market election under Section 1296 of the Code (a “Mark-to-Market Election”). A U.S. Holder owning common shares while we were or are a PFIC that has not made either a QEF Election or a Mark-to-Market Election will be referred to in this summary as a “Non-Electing U.S. Holder.”

If you are a Non-Electing U.S. Holder, you will be subject to the default tax rules of Section 1291 of the Code with respect to:

- any “excess distribution” paid on common shares, which means the excess (if any) of the total distributions received by you during the current taxable year over 125% of the average distributions received by you during the three preceding taxable years (or during the portion of your holding period for the common shares prior to the current taxable year, if shorter); and
- any gain recognized on the sale or other taxable disposition (including a pledge) of common shares.

Under these default tax rules:

- any excess distribution or gain will be allocated ratably over your holding period for the common shares;
- the amount allocated to the current taxable year and any period prior to the first day of the first taxable year in which we were a PFIC will be treated as ordinary income in the current year;
- the amount allocated to each of the other years will be treated as ordinary income and taxed at the highest applicable tax rate in effect for that year; and
- the resulting tax liability from any such prior years will be subject to the interest charge applicable to underpayments of tax.

In addition, notwithstanding any election you may make, dividends that you receive from us will not be eligible for the preferential tax rates applicable to QDI (as discussed above in “—Distributions on Common Shares”) if we are a PFIC either in the taxable year of the distribution or the preceding taxable year, but will instead be taxable at rates applicable to ordinary income.

Special rules for Non-Electing U.S. Holders will apply to determine U.S. foreign tax credits with respect to foreign taxes imposed on distributions on common shares.

If we are a PFIC for any taxable year during which you hold common shares, we will continue to be treated as a PFIC with respect to you for all succeeding years during which you hold common shares, regardless of whether we actually continue to be a PFIC.

QEF Election. We currently do not intend to prepare or provide you with certain tax information that would permit you to make a QEF Election to avoid the adverse tax consequences associated with owning PFIC stock.

Mark-to-Market Election. U.S. Holders may make a Mark-to-Market Election, but only if the common shares are marketable stock. The common shares will be “marketable stock” as long as they remain listed on the NYSE and are regularly traded. Shares are “regularly traded” for any calendar year during which it is traded (other than in *de minimis* quantities) on at least fifteen days during each calendar quarter. There can be no assurances, however, that our common shares will be treated, or continue to be treated, as regularly traded.

If you make a Mark-to-Market Election, you generally will not be subject to the default rules of Section 1291 of the Code discussed above. Rather, you will be required to recognize ordinary income for any increase in the fair market value of the common shares for each taxable year that we are a PFIC. You will also be allowed to deduct as an ordinary loss any decrease in the fair market value to the extent of net marked-to-market gain previously included in prior years. Your adjusted tax basis in the common shares will be adjusted to reflect the amount included or deducted.

The Mark-to-Market Election will be effective for the taxable year for which the election is made and all subsequent taxable years, unless the common shares cease to be marketable stock or the IRS consents to the revocation of the election. You should consult your own tax advisor regarding the availability of, and procedure for making, a Mark-to-Market Election.

Since the PFIC rules are complex, you should consult your own tax advisor regarding them and how they may affect the U.S. federal income tax consequences of an investment in common shares.

Medicare Tax

Certain U.S. persons, including individuals, estates and trusts, may be required to pay an additional 3.8% on, among other things, dividends and capital gains from the sale or disposition of Common Shares. For individuals, the additional Medicare tax applies to the lesser of (i) “net investment income” or (ii) the excess of “modified adjusted gross income” over \$200,000 (\$250,000 if married and filing jointly or \$125,000 if married and filing separately). “Net investment income” generally equals the taxpayer’s gross investment income reduced by the deductions that are allocable to such income. U.S. Holders likely will not be able to credit foreign taxes against the 3.8% Medicare tax. You should consult your tax advisors regarding the implications of the additional Medicare tax resulting from your ownership and disposition of our common shares.

Information Reporting and Backup Withholding

Information reporting requirements will apply to distributions on common shares or proceeds from the disposition of common shares paid within the U.S. (and, in certain cases, outside the U.S.) to a U.S. Holder unless such U.S. Holder is an exempt recipient, such as a corporation. Furthermore, backup withholding (currently at 28%) may apply to such amounts unless such U.S. Holder (i) is an exempt recipient that, if required, establishes its right to an exemption, or (ii) provides its taxpayer identification number, certifies that it is not currently subject to backup withholding, and complies with other applicable requirements. A U.S. Holder may avoid backup withholding if it furnishes a properly completed IRS Form W-9 and is able to make the required certifications.

Backup withholding is not an additional tax. Rather, amounts withheld under the backup withholding rules may be credited against your U.S. federal income tax liability. Furthermore, you may obtain a refund of any excess amounts withheld by filing an appropriate claim for refund with the IRS and furnishing any required information in a timely manner.

Information Reporting Regarding PFICs and Specified Foreign Financial Assets

If we are a PFIC, all U.S. Holders may be required to file annual tax returns (including on Form 8621) containing such information as the U.S. Treasury requires.

U.S. Holders who are individuals will be subject to reporting obligations with respect to their common shares if they do not hold their common shares in an account maintained by a financial institution and the aggregate value of their common shares and certain other “specified foreign financial assets” exceeds \$50,000. Significant penalties can apply if a U.S. Holder is required to disclose its common shares under these rules and fails to do so.

In the event a U.S. Holder does not file the information reports described above relating to ownership of a PFIC or disclosure of specified foreign financial assets, the statute of limitations on the assessment and collection of U.S. federal income taxes of such U.S. holder for the related tax year will not close before such report is filed.

If you are a U.S. Holder, you are urged to consult with your own tax advisor regarding the application of the PFIC and specified foreign financial assets information reporting requirements and related statute of limitations tolling provisions with respect to our common shares.

Taxation of Non-U.S. Holders

Distributions on Common Shares

Subject to the discussion in “—Information Reporting and Backup Withholding” below, as a Non-U.S. Holder, you generally will not be subject to U.S. federal income tax, including withholding tax, on distributions received on common shares, unless the distributions are effectively connected with a trade or business that you conduct in the U.S. and (if an applicable income tax treaty so requires) attributable to a permanent establishment that you maintain in the U.S.

If distributions are effectively connected with a U.S. trade or business and (if applicable) attributable to a U.S. permanent establishment, you will be subject to tax on such distributions in the same manner as a U.S. Holder, as described in “Taxation of U.S. Holders – Distributions on Common Shares” above. In addition, any such distributions received by a corporate Non-U.S. Holder may also, under certain circumstances, be subject to an additional “branch profits tax” at a 30% rate or such lower rate as may be specified by an applicable income tax treaty.

Dispositions of Common Shares

Subject to the discussion in “—Information Reporting and Backup Withholding” below, as a Non-U.S. Holder, you generally will not be subject to U.S. federal income tax, including withholding tax, on any gain recognized on a sale or other taxable disposition of common shares, unless (i) the gain is effectively connected with a trade or business that you conduct in the U.S. and (if an applicable income tax treaty so requires) attributable to a permanent establishment that you maintain in the U.S., or (ii) you are an individual and are present in the U.S. for at least 183 days in the taxable year of the disposition, and certain other conditions are met.

If you meet the test in clause (i) above, you generally will be subject to tax on any gain that is effectively connected with your conduct of a trade or business in the U.S. in the same manner as a U.S. Holder, as described in “Taxation of U.S. Holders – Dispositions of Common Shares” above. Effectively connected gain realized by a corporate Non-U.S. Holder may also, under certain circumstances, be subject to an additional “branch profits tax” at a 30% rate or such lower rate as may be specified by an applicable income tax treaty.

If you meet the test in clause (ii) above, you generally will be subject to tax at a 30% rate on the amount by which your U.S. source capital gain exceeds your U.S. source capital loss during the taxable year.

Information Reporting and Backup Withholding

Payments to Non-U.S. Holders of distributions on, or proceeds from the disposition of, common shares are generally exempt from information reporting and backup withholding. However, a Non-U.S. Holder may be required to establish that exemption by providing certification of non-U.S. status on an appropriate IRS Form W-8.

Backup withholding is not an additional tax. Rather, amounts withheld under the backup withholding rules may be credited against your U.S. federal income tax liability. Furthermore, you may obtain a refund of any excess amounts withheld by filing an appropriate claim for refund with the IRS and furnishing any required information in a timely manner.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

Whenever a reference is made in this Annual Report on Form 20-F to any contract, agreement or other document, the reference may not be complete and you should refer to the copy of that contract, agreement or other document filed as an exhibit to one of our previous SEC filings. You can read our SEC filings over the Internet at the SEC's website at <http://www.sec.gov>. You may also read and copy any document we file with the SEC at its public reference facilities at 100 F Street N.E., Washington, D.C. 20549. You may also obtain copies of these documents at prescribed rates by writing to the Public Reference Section of the SEC at 100 F Street N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference facilities. Copies of reports and other information may also be inspected in the offices of the NYSE, 20 Broad Street, New York, New York 10005.

I. Subsidiary Information

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk represents the risk of changes in value of a financial instrument, derivative or non-derivative, caused by fluctuations in foreign exchange rates and interest rates. Changes in these factors could cause fluctuations in our results of operations and cash flows. We are exposed to the market risks described below.

Foreign Exchange Rate Risk. Although we have significant foreign-based operations, the U.S. dollar is our primary operating currency. Thus, substantially all of our revenue and the majority of our expenses in 2017, 2016 and 2015 were denominated in U.S. dollars. During 2017, 2016 and 2015, 25%, 36% and 27%, respectively, of our direct container expenses were paid in up to 20 different foreign currencies, respectively. We do not hedge these container expenses as there are no significant payments made in any one foreign currency. Foreign exchange fluctuations did not materially impact our financial results in those periods.

Interest Rate Risk. We have entered into various interest rate swap, collar and cap agreements to mitigate our exposure associated with our variable rate debt. The swap agreements involve payments by us to counterparties at fixed rates in return for receipts based upon variable rates indexed to the London Inter Bank Offered Rate ("LIBOR"). The differentials between the fixed and variable rate payments under these agreements are recognized in realized losses on interest rate swaps, collars and caps, net in the consolidated statement of income.

As of December 31, 2017, 2016 and 2015, none of the derivative instruments we have entered into qualify for hedge accounting. The fair value of the derivative instruments is measured at each of these balance sheet dates and the change in fair value is recorded in the consolidated statements of comprehensive income as unrealized gains (losses) on interest rate swaps and caps, net.

We utilize a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. This hierarchy prioritizes the inputs into three broad levels as follows: Level 1 inputs which are observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 inputs which are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly, which include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active; and Level 3 inputs which are unobservable inputs that reflect the reporting entity's own assumptions.

We use the exchange price notion, which is the price in an orderly transaction between market participants to sell an asset or transfer a liability in the market in which the reporting entity would transact for the asset or liability, that is, the principal or most advantageous market for the asset or liability. The transaction to sell the asset or transfer the liability is a hypothetical transaction at the measurement date, considered from the perspective of a market participant that holds the asset or owes the liability. Therefore, the definition focuses on the price that would be received to sell the asset or paid to transfer the liability (an exit price), not the price that would be paid to acquire the asset or received to assume the liability (an entry price).

Our liability valuation reflects our credit standing and the credit standing of the counterparties to the interest rate swaps and caps. The valuation technique we utilized to calculate the fair value of the interest rate swaps, collars and caps was the income approach. This approach represents the present value of future cash flows based upon current market expectations. Fair value of the interest rate swap agreements changed from a liability to an asset during 2016 primarily reflects an increase in long-term interest rates.

The notional amount of the interest rate swap agreements was \$1,067,530 as of December 31, 2017, with expiration dates between January 2018 and July 2023. We receive fixed rates between 0.60% and 1.98% under the interest rate swap agreements. The net fair value asset of these agreements was \$7,580, and \$3,862 as of December 31, 2017 and 2016, respectively.

The notional amount of the interest rate collar agreements was \$78,713 as of December 31, 2017, with expiration dates between April 2019 and June 2023. The net fair value of these agreements was an asset \$126 and a liability \$250 as of December 31, 2017 and 2016, respectively

The notional amount of the interest rate cap agreements was \$138,000 as of December 31, 2017, with expiration dates between May 2018 and December 2019.

Based on the average debt balances and derivative instruments for the year ended December 31, 2017, it is estimated that a 1% increase in interest rates would result in a net increase of 10,365 in interest expense and realized losses on interest rate swaps, collars and caps, net. It would also result in a decrease in the fair value of interest rate swaps, collars and caps, net of \$12,843.

Quantitative and Qualitative Disclosures About Credit Risk

We maintain detailed credit records about our container lessees. Our credit policy sets different maximum exposure limits for our container lessees. Credit criteria may include, but are not limited to, container lessee trade route, country, social and political climate, assessments of net worth, asset ownership, bank and trade credit references, credit bureau reports, including those from Dynamar B.V. or “Dynamar,” and Lloyd’s Marine Intelligence Unit (common credit reporting agencies used in the maritime sector), operational history and financial strength. We monitor our container lessees’ performance and our lease exposures on an ongoing basis, and our credit management processes are aided by the long payment experience we have with most of our container lessees and our broad network of long-standing relationships in the shipping industry that provide current information about our container lessees. In managing this risk, we also make an allowance for doubtful accounts. The allowance for doubtful accounts is developed based on two key components:

- specific reserves for receivables which are impaired for which management believes full collection is doubtful; and
- reserves for estimated losses inherent in the receivables based upon historical trends.

As of December 31, 2017, approximately 94.4% of accounts receivable for our total fleet and 98.0% of the finance lease receivables were from container lessees and customers outside of the U.S. Customers in Switzerland, France, the PRC (including Hong Kong), Taiwan and Singapore accounted for approximately 15.1%, 14.4%, 14.4%, 13.9% and 10.9%, respectively, of our total fleet container leasing revenue for 2017. Customers in no other country accounted for greater than 10.0% of our total fleet container leasing revenue for the same period. Total fleet container leasing revenue differs from our reported container rental revenue in that total fleet container leasing revenue comprises revenue earned from leases on containers in our total fleet, including revenue earned by our investors from leases on containers in our managed fleet, while our reported container revenue only comprises container leasing revenue associated with our owned fleet. We derive revenue with respect to container leasing revenue associated with our managed fleet from management fees based upon the operating performance of the managed containers.

Lease billings from our 20 largest container lessees represented \$425,552, or 80.0% of our total owned and managed fleet container lease billings for 2017, with lease billings from our single largest container lessee accounting for \$80,210, or 15.1% and another container lessee accounting for \$76,612, or 14.4% of our owned and managed fleet container lease billings during such period. We had no other container lessees accounting for over 10% of our owned and managed fleet container lease billings in 2017.

An allowance for doubtful accounts of \$5,775 has been established against receivables as of December 31, 2017 for our owned fleet. During 2017, receivable write-offs from the allowance for doubtful accounts, net of recoveries, totaled \$26,546 for our owned fleet.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not applicable.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

On October 15, 2007, we completed our initial public offering of our common shares at a price of \$16.50 per share and listed our common shares on the New York Stock Exchange (“NYSE”) under the symbol “TGH.” We sold an aggregate of 9,000,000 of our common shares and generated proceeds of \$138.0 million, after deducting underwriting discounts and other offering expenses. The managing underwriters of our initial public offering were Credit Suisse Securities (USA) LLC, Wachovia Capital Markets, LLC, Jefferies & Company, Inc., Piper Jaffray & Co. and Fortis Securities LLC. There have been no material modifications to the rights of our security holders and the use of proceeds from our initial public offering previously disclosed in our registration statement on Form F-1 (File No. 333-146304) filed by us in connection with our initial public offering.

On September 19, 2012, we completed an underwritten public offering of an aggregate of 8,625,000 of our common shares at a price of \$31.50. We sold 6,125,000 new common shares, which were listed on the NYSE under the symbol “TGH” and Halco Holdings Inc. (“Halco”) sold 2,500,000 of its existing common shares. We received \$184.8 million after deducting underwriting discounts and other offering expenses. The managing underwriters of our public offering were Merrill Lynch, Pierce, Fenner & Smith Incorporated, Wells Fargo Securities, LLC and Credit Suisse Securities (USA) LLC. There have been no material modifications to the rights of our security holders and the use of proceeds from our public offering previously disclosed in our registration statement on Form F-3 (File No. 333-171410) and related prospectus supplements filed by us in connection with our public offering.

ITEM 15. CONTROLS AND PROCEDURES

A. Disclosure Controls and Procedures

Textainer’s Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) as of December 31, 2016, have concluded that, as of such date, our disclosure controls and procedures were effective.

Disclosure controls are controls and procedures designed to reasonably assure that information required to be disclosed in our reports filed under the Exchange Act, such as this Annual Report on Form 20-F, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms. Disclosure controls are also designed to reasonably assure that this information is accumulated and communicated to our management, including the Chief Executive Officer and the Chief Financial Officer, to allow timely decisions regarding required disclosure.

B. Management’s Annual Report on Internal Control Over Financial Reporting

Textainer’s management, with oversight by the Board of Directors, is responsible for establishing and maintaining adequate internal control over financial reporting. Textainer’s internal control system was designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation and fair presentation of financial statements in accordance with generally accepted accounting principles in the United States.

Textainer’s management assessed the effectiveness of our internal control over financial reporting as of December 31, 2017. In making this assessment, management used the criteria established in *Internal Control—Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, our management concluded that our internal control over financial reporting was effective as of December 31, 2017.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective may not prevent or detect misstatements and can provide only reasonable assurance with respect to financial statement preparation and presentation. 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.

C. Report of the Registered Public Accounting Firm

Our internal controls over financial reporting as of December 31, 2017 have been audited by KPMG LLP, an independent registered public accounting firm, as stated in their report, which is included under Item 18, “*Financial Statements*” on page F-3 in this Annual Report on Form 20-F.

ITEM 16. [RESERVED]

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

In accordance with New York Stock Exchange (“NYSE”) rules, we have an audit committee responsible for advising the board regarding the selection of independent auditors and evaluating our internal controls. As a foreign private issuer, we are not required to comply with NYSE requirements that our audit committee has a minimum of three members and that all of our audit committee members satisfy the NYSE’s requirements for independence. Our audit committee has three members, Messrs. Shwiel, Cottingham and McQueen. Messrs. Shwiel and Cottingham are voting members of the audit committee and are independent as that term is defined in Rule 10A-3 under the Exchange Act. The board affirmatively determined that Messrs. Shwiel and Cottingham are audit committee financial experts. Mr. Shwiel is also the chairman of our board of directors. Mr. McQueen is a director of Trencor and has no voting rights. Our board of directors has adopted an audit committee charter effective October 9, 2007.

ITEM 16B. CODE OF ETHICS

We have adopted the Textainer Group Holdings Limited Code of Business Conduct and Ethics (the “Code of Business Conduct and Ethics”), which covers members of our board of directors and all of our employees (including our principal executive officer, principal financial officer, principal accounting officer or controller, and persons performing similar functions).

The Code of Business Conduct and Ethics addresses, among other things, the following items:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely and understandable disclosure in reports and documents that we file with, or submit to, the Securities and Exchange Commission and in other public communications made by us;
- compliance with applicable governmental laws, rules and regulations;
- the prompt internal reporting of violations of the code to an appropriate person or persons identified in the code; and
- accountability for adherence to the code.

During 2017, no waivers or amendments were made to the Code of Business Conduct and Ethics for any of our directors or executive officers. We have posted the text of the Code of Business Conduct and Ethics on our website at www.textainer.com.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Our audit committee pre-approves all services provided by our principal accountants, KPMG LLP. All of the services and fees described below were reviewed and pre-approved by our audit committee. Our audit committee has delegated to the chairman of the audit committee certain limited authority to grant pre-approvals. These decisions to pre-approve a service must be presented to the full audit committee at its next scheduled meeting.

The following is a summary of the fees billed to us by our principal accountants for professional services rendered during 2017 and 2016:

<u>Fee Category</u>	<u>2017 Fees</u>	<u>2016 Fees</u>
Audit Fees	\$ 1,766	\$ 1,531
Audit-Related Fees	195	20
Tax Fees	22	15
Total Fees	<u>\$ 1,983</u>	<u>\$ 1,566</u>

Audit Fees-- Consists of fees billed for professional services rendered for the audit of our financial statements and services that are normally provided by our principal accountants in connection with statutory and regulatory filings or engagements.

Audit-Related Fees—Consists of fees for attestation related services other than those described above as Audit fees. Fees of \$20 billed in both 2017 and 2016 relate to the performance of agreed upon procedures on certain specific lender requirements.

Tax Fees-- Consists of fees billed for professional services for tax compliance, tax advice and tax planning.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

We rely on the exemption afforded by Rule 10A-3(b)(1)(iv)(D) under the Exchange Act. One of the three members of our audit committee (Mr. McQueen) is a director of Trencor. Mr. McQueen is neither a voting member nor chairperson of our audit committee nor one of our executive officers. We believe that such reliance does not materially adversely affect the ability of the audit committee to act independently or to satisfy the other requirements of Rule 10A-3.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

None.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

None.

ITEM 16G. CORPORATE GOVERNANCE

Our corporate governance practices are in compliance with, and are not prohibited by, the laws of Bermuda. Therefore, we are exempt from many of the New York Stock Exchange's ("NYSE") corporate governance practices, other than the establishment of a formal audit committee satisfying the requirements of Rule 10A-3 under the Exchange Act and notification of non-compliance with NYSE listing requirements pursuant to Rule 10A-3 promulgated under the Exchange Act. The practices that we follow in lieu of the NYSE's corporate governance rules are described below.

- We do not, and are not required under Bermuda law to, maintain a board of directors with a majority of independent directors. Currently, a majority of our directors are not independent, as that term is defined by the NYSE.
- We are not required by Bermuda law to hold regular meetings of the board of directors at which only independent directors are present.
- Mr. Shwiel serves as the Chairman of our board of directors and he has been determined to be independent under applicable NYSE rules. If the Chairman of our board of directors is not an independent director, our Corporate Governance Guidelines provide that a lead independent director who is an independent director as defined by applicable NYSE rules will be appointed and annually elected by the independent directors of the board. The lead independent director will be responsible for coordinating the activities of the independent directors and shall perform such other duties and responsibilities as the board may determine. In addition to the duties of all board members, the specific responsibilities of the lead independent director are as follows:
 - Act as the principal liaison between the independent directors of the board and the chairman of the board;
 - Develop the agenda for and preside at executive sessions of the board's independent directors when needed;
 - If requested by the chairman, approve with the chairman of the board the agenda for board and board committee meetings and the need for special meetings of the board, and service as deputy board chairman;
 - Advise the chairman of the board as to the quality, quantity and timeliness of the information submitted by the Company's management that is necessary or appropriate for the independent directors to effectively and responsibly perform their duties;
 - Recommend to the board the retention of advisors and consultants who report directly to the board;
 - Assist the board and Company officers in better ensuring compliance with and implementation of the Corporate Governance Guidelines;
 - Serve as chairman of the board when the chairman is not present; and
 - Serve as a liaison for consultation and communication with shareholders.
- Under Bermuda law, compensation of executive officers need not be determined by an independent committee. We have established a compensation committee that reviews and approves the compensation and benefits for our executive officers and other key executives, makes recommendations to the board regarding compensation matters and is responsible for awarding compensation to our executive officers and other employees under our share compensation plans. The committee also has the discretion to interpret and amend the terms of, and take all other actions necessary to administer, the 2007 Share Incentive Plan. However, our compensation committee is not comprised solely of independent directors, as required by NYSE standards. The members of our compensation committee are Messrs. Cottingham, Maccarone, Nurek and Shwiel. Mr. Nurek is a director of Trencor. Messrs. Cottingham, Maccarone and Shwiel satisfy the NYSE's standards for director independence. Our board of directors has also adopted a compensation committee charter.

- We have established an audit committee responsible for (i) advising the board regarding the selection of independent auditors, (ii) overseeing the Company's accounting and financial reporting processes, (iii) evaluating our internal controls, and (iv) overseeing compliance with policies and legal requirements with respect to financial reporting. Our audit committee need not comply with the NYSE's requirements that the audit committee have a minimum of three members or the NYSE's standards of independence for domestic issuers. Our audit committee has three members, Messrs. Cottingham, McQueen and Shwiel. Messrs. Cottingham and Shwiel are voting members of the committee and are independent as that term is defined in Rule 10A-3 under the Exchange Act. Mr. McQueen is a director of Trencor and has no voting rights on the audit committee. Our board of directors has also adopted an audit committee charter.
- We have established a nominating and governance committee, although this committee is not comprised solely of independent directors, as would be required of a domestic issuer. Our nominating and governance committee has four members, Messrs. Cottingham, Maccarone, Nurek and Shwiel. Messrs. Cottingham, Maccarone and Shwiel satisfy the NYSE's standards for director independence. Our board of directors has also adopted a nominating and governance committee charter.
- Under Bermuda law, we are not required to obtain shareholder consent prior to issuing securities or adopting share compensation plans. Nonetheless, we sought and received the approval of our shareholders for our 2007 Share Incentive Plan on September 4, 2007 and on May 21, 2015 we received shareholder approval for the amendment and restatement of our 2007 Share Incentive Plan as the 2015 Share Incentive Plan. We are also required under Bermuda law to obtain the consent of the Bermuda Monetary Authority for the issuance of securities in certain circumstances.
- Under Bermuda law, we are not required to adopt corporate governance guidelines or a code of business conduct. Nonetheless, we have adopted both corporate governance guidelines and a code of business conduct.
- As a foreign private issuer, we are not required to solicit proxies or provide proxy statements to the NYSE. However, we have provided a proxy statement to the NYSE and expect to continue to do so in the future.

PART III

ITEM 17. FINANCIAL STATEMENTS

We have responded to Item 18 “Financial Statements.”

ITEM 18. FINANCIAL STATEMENTS

Reference is made to pages F-1 through F-47 and is incorporated herein by reference.

Audited Consolidated Financial Statements

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ITEM 19. EXHIBITS

The exhibits filed as part of this Annual Report on Form 20-F are listed in the Exhibit Index.

TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES

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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Textainer Group Holdings Limited:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Textainer Group Holdings Limited and subsidiaries (the Company) as of December 31, 2017 and 2016, the related consolidated statements of comprehensive income (loss), shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2017, and the related notes and financial statement schedules I to II (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, 2017 and 2016, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2017, 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, 2017, 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 March 14, 2018 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 1987.

San Francisco, California
March 14, 2018

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Textainer Group Holdings Limited:

Opinion on Internal Control Over Financial Reporting

We have audited Textainer Group Holdings Limited and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2017, 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, 2017, 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, 2017 and 2016, the related consolidated statements of comprehensive income (loss), shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2017, and the related notes and financial statement schedules I to II (collectively, the "consolidated financial statements"), and our report dated March 14, 2018 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 Annual 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

San Francisco, California
March 14, 2018

TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income (Loss)

Years ended December 31, 2017, 2016 and 2015

(All currency expressed in United States dollars in thousands, except per share amounts)

	2017	2016 (1)	2015
Revenues:			
Lease rental income	\$ 444,888	\$ 460,427	\$ 512,544
Management fees	14,994	13,420	15,610
Trading container sales proceeds	4,758	15,628	12,670
Gain on sale of containers, net	26,210	6,761	3,454
Total revenues	<u>490,850</u>	<u>496,236</u>	<u>544,278</u>
Operating expenses:			
Direct container expense	60,321	62,596	47,342
Cost of trading containers sold	3,302	15,904	12,475
Depreciation expense	231,043	236,144	191,930
Container impairment	8,072	94,623	35,345
Amortization expense	4,092	5,053	4,741
General and administrative expense	30,697	26,311	27,645
Short-term incentive compensation expense	3,481	2,242	913
Long-term incentive compensation expense	5,499	5,987	7,040
Bad debt expense, net	477	21,166	5,028
Total operating expenses	<u>346,984</u>	<u>470,026</u>	<u>332,459</u>
Income from operations	<u>143,866</u>	<u>26,210</u>	<u>211,819</u>
Other (expense) income:			
Interest expense (2)	(117,475)	(85,215)	(76,063)
Write-off of unamortized deferred debt issuance costs and bond discounts (2)	(7,550)	—	(458)
Interest income	613	408	125
Realized losses on interest rate swaps, collars and caps, net	(1,191)	(8,928)	(12,823)
Unrealized gains (losses) on interest rate swaps, collars and caps, net	4,094	6,210	(1,947)
Other, net	3	(8)	26
Net other expense	<u>(121,506)</u>	<u>(87,533)</u>	<u>(91,140)</u>
Income (loss) before income tax and noncontrolling interests	22,360	(61,323)	120,679
Income tax (expense) benefit, net	<u>(1,618)</u>	<u>3,447</u>	<u>(6,695)</u>
Net income (loss)	20,742	(57,876)	113,984
Less: Net (income) loss attributable to the noncontrolling interests	<u>(1,377)</u>	<u>5,393</u>	<u>(5,576)</u>
Net income (loss) attributable to Textainer Group Holdings Limited common shareholders	<u>\$ 19,365</u>	<u>\$ (52,483)</u>	<u>\$ 108,408</u>
Net income (loss) attributable to Textainer Group Holdings Limited common shareholders per share:			
Basic	\$ 0.34	\$ (0.93)	\$ 1.90
Diluted	\$ 0.34	\$ (0.93)	\$ 1.90
Weighted average shares outstanding (in thousands):			
Basic	56,845	56,608	56,953
Diluted	57,159	56,608	57,093
Other comprehensive income (loss):			
Foreign currency translation adjustments	207	(233)	(240)
Comprehensive income (loss)	20,949	(58,109)	113,744
Comprehensive (income) loss attributable to the noncontrolling interest	<u>(1,377)</u>	<u>5,393</u>	<u>(5,576)</u>
Comprehensive income (loss) attributable to Textainer Group Holdings Limited common shareholders	<u>\$ 19,572</u>	<u>\$ (52,716)</u>	<u>\$ 108,168</u>

- (1) Certain amounts for the year ended December 31, 2016 have been restated for immaterial corrections of identified errors pertaining to the calculation of gain on sale of containers, net and to properly account for lease concessions (see Note 2 “Immaterial Correction of Errors in Prior Periods”).
- (2) Amount for the years ended December 31, 2016 and 2015 has been restated to reclassify the write-off of unamortized deferred debt costs and bond discounts out of interest expense to conform with the 2017 presentation.

See accompanying notes to consolidated financial statements.

TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES

Consolidated Balance Sheets
December 31, 2017 and 2016
(All currency expressed in United States dollars in thousands)

	2017	2016 (1)
Assets		
Current assets:		
Cash and cash equivalents	\$ 137,894	\$ 84,045
Accounts receivable, net of allowance for doubtful accounts of \$5,775 and \$31,844 in 2017 and 2016, respectively	78,312	76,547
Net investment in direct financing and sales-type leases	56,959	64,951
Trading containers	10,752	4,363
Containers held for sale	22,089	25,513
Prepaid expenses and other current assets	12,243	13,584
Insurance receivable	15,909	44,785
Due from affiliates, net	1,134	869
Total current assets	335,292	314,657
Restricted cash	99,675	58,078
Containers, net of accumulated depreciation of \$1,172,355 and \$990,784 at 2017 and 2016, respectively	3,791,610	3,717,542
Net investment in direct financing and sales-type leases	125,665	172,283
Fixed assets, net of accumulated depreciation of \$10,788 and \$10,136 at 2017 and 2016, respectively	2,151	1,993
Intangible assets, net of accumulated amortization of \$44,279 and \$40,762 at 2017 and 2016, respectively	11,105	15,197
Interest rate swaps, collars and caps	7,787	4,816
Deferred taxes	1,563	1,385
Other assets	5,494	8,075
Total assets	\$ 4,380,342	\$ 4,294,026
Liabilities and Equity		
Current liabilities:		
Accounts payable	\$ 6,867	\$ 12,060
Accrued expenses	13,365	9,721
Container contracts payable	131,087	11,990
Other liabilities	235	265
Due to owners, net	11,131	18,132
Debt, net of unamortized deferred financing costs of \$3,989 and \$6,137 at 2017 and 2016, respectively	233,681	205,081
Total current liabilities	396,366	257,249
Debt, net of unamortized deferred financing costs of \$20,045 and \$10,267 at 2017 and 2016, respectively	2,756,627	2,833,216
Interest rate swaps, collars and caps	81	1,204
Income tax payable	9,081	9,076
Deferred taxes	5,881	6,237
Other liabilities	2,024	2,259
Total liabilities	3,170,060	3,109,241
Equity:		
Textainer Group Holdings Limited shareholders' equity:		
Common shares, \$0.01 par value. Authorized 140,000,000 shares; 57,727,220 shares issued and 57,097,220 shares outstanding at 2017; 57,417,119 shares issued and 56,787,119 shares outstanding at 2016	578	575
Additional paid-in capital	397,821	390,780
Treasury shares, at cost, 630,000 shares	(9,149)	(9,149)
Accumulated other comprehensive income	(309)	(516)
Retained earnings	763,601	744,236
Total Textainer Group Holdings Limited shareholders' equity	1,152,542	1,125,926
Noncontrolling interest	57,740	58,859
Total equity	1,210,282	1,184,785
Total liabilities and equity	\$ 4,380,342	\$ 4,294,026

(1) Certain amounts as of December 31, 2016 have been restated for immaterial corrections of identified errors related to the calculation of gain on sale of containers, net, to properly account for lease concessions (see Note 2 "Immaterial Correction of Errors in Prior Periods") and to reclassify debt balances to conform with the 2017 presentation.

See accompanying notes to consolidated financial statements.

TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES

Consolidated Statements of Shareholders' Equity
Years ended December 31, 2017, 2016 and 2015
(All currency expressed in United States dollars in thousands, except share amounts)

	Textainer Group Holdings Limited Shareholders' Equity									
	Common shares		Treasury shares		Additional paid-in capital	Accumulated other comprehensive income (loss)	Retained earnings	Total Textainer Group Holdings Limited shareholders' equity	Noncontrolling interest	Total equity
	Shares	Amount	Shares	Amount						
Balances, December 31, 2014	56,863,094	\$ 565	—	\$ —	\$ 378,316	\$ (43)	\$ 811,144	\$ 1,189,982	\$ 59,820	\$ 1,249,802
Dividends to shareholders (\$1.65 per common share)	—	—	—	—	—	—	(94,079)	(94,079)	—	(94,079)
Dividends paid to noncontrolling interest	—	—	—	—	—	—	—	—	(2,994)	(2,994)
Purchase of treasury shares	—	—	(630,000)	(9,149)	—	—	—	(9,149)	—	(9,149)
Restricted share units vested	272,945	7	—	—	(7)	—	—	—	—	—
Exercise of share options	27,056	—	—	—	301	—	—	301	—	301
Long-term incentive compensation expense	—	—	—	—	7,743	—	—	7,743	—	7,743
Tax benefit from share options exercised and restricted share units vested	—	—	—	—	(1,333)	—	—	(1,333)	—	(1,333)
Capital contributions from noncontrolling interest	—	—	—	—	—	—	—	—	1,850	1,850
Comprehensive income:										
Net income attributable to Textainer Group Holdings Limited common shareholders	—	—	—	—	—	—	108,408	108,408	—	108,408
Net income attributable to noncontrolling interests	—	—	—	—	—	—	—	—	5,576	5,576
Foreign currency translation adjustments	—	—	—	—	—	(240)	—	(240)	—	(240)
Total comprehensive income										113,744
Balances, December 31, 2015	57,163,095	572	(630,000)	(9,149)	385,020	(283)	825,473	1,201,633	64,252	1,265,885
Dividends to shareholders (\$0.51 per common share)	—	—	—	—	—	—	(28,754)	(28,754)	—	(28,754)
Restricted share units vested	254,024	3	—	—	(3)	—	—	—	—	—
Long-term incentive compensation expense	—	—	—	—	6,573	—	—	6,573	—	6,573
Net tax benefit from share options exercised and restricted share units vested	—	—	—	—	(810)	—	—	(810)	—	(810)
Comprehensive loss:										
Net loss attributable to Textainer Group Holdings Limited common shareholders	—	—	—	—	—	—	(52,483)	(52,483)	—	(52,483)
Net loss attributable to noncontrolling interests	—	—	—	—	—	—	—	—	(5,393)	(5,393)
Foreign currency translation adjustments	—	—	—	—	—	(233)	—	(233)	—	(233)
Total comprehensive loss										(58,109)
Balances, December 31, 2016 (1)	57,417,119	575	(630,000)	(9,149)	390,780	(516)	744,236	1,125,926	58,859	1,184,785
Dividends paid to noncontrolling interest	—	—	—	—	—	—	—	—	(2,496)	(2,496)
Restricted share units vested	244,633	2	—	—	(2)	—	—	—	—	—
Exercise of share options	65,468	1	—	—	960	—	—	961	—	961
Long-term incentive compensation expense	—	—	—	—	6,083	—	—	6,083	—	6,083
Comprehensive income:										
Net income attributable to Textainer Group Holdings Limited common shareholders	—	—	—	—	—	—	19,365	19,365	—	19,365
Net income attributable to noncontrolling interests	—	—	—	—	—	—	—	—	1,377	1,377
Foreign currency translation adjustments	—	—	—	—	—	207	—	207	—	207
Total comprehensive income										20,949
Balances, December 31, 2017	57,727,220	\$ 578	(630,000)	\$ (9,149)	\$ 397,821	\$ (309)	\$ 763,601	\$ 1,152,542	\$ 57,740	\$ 1,210,282

(1) Certain amounts for the year ended 2016 have been restated for immaterial corrections of identified errors pertaining to the calculation of gain on sale of containers, net and to properly account for lease concessions (see Note 2 "Immaterial Correction of Errors in Prior Periods").

See accompanying notes to consolidated financial statements.

TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES

Consolidated Statements of Cash Flows
Years ended December 31, 2017, 2016 and 2015
(All currency expressed in United States dollars in thousands)

	2017	2016 (1)	2015 (1)
Cash flows from operating activities:			
Net income (loss)	\$ 20,742	\$ (57,876)	\$ 113,984
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation expense	231,043	236,144	191,930
Container impairment	8,072	94,623	35,345
Bad debt expense, net	477	21,166	5,028
Unrealized (gains) losses on interest rate swaps, collars and caps, net	(4,094)	(6,210)	1,947
Amortization and write-off of unamortized deferred debt issuance costs and accretion of bond discount	20,814	9,704	7,887
Amortization of intangible assets	4,092	5,053	4,741
Gain on sale of containers, net	(26,210)	(6,761)	(3,454)
Share-based compensation expense	6,083	6,573	7,743
Decrease (increase) in:			
Accounts receivable, net	(6,672)	(11,935)	(1,532)
Trading containers, net	(6,389)	468	1,842
Prepaid expenses and other current assets	1,463	1,902	(3,873)
Insurance receivable	8,670	(20,072)	(1,685)
Due from affiliates, net	(265)	(354)	(525)
Other assets	2,581	(1,088)	5,754
Increase (decrease) in:			
Accounts payable	(5,193)	1,583	4,825
Accrued expenses	3,556	2,905	(5,108)
Deferred revenue and other liabilities	(265)	(290)	(318)
Due to owners, net	(7,001)	6,326	803
Long-term income tax payable	5	398	982
Deferred taxes, net	(534)	(4,365)	5,642
Total adjustments	230,233	335,770	257,974
Net cash provided by operating activities	250,975	277,894	371,958
Cash flows from investing activities:			
Purchase of containers and fixed assets	(300,125)	(505,528)	(533,306)
Proceeds from sale of containers and fixed assets	135,299	126,560	129,452
Receipt of payments on direct financing and sales-type leases, net of income earned	66,846	90,343	98,227
Insurance proceeds received for unrecoverable containers	12,616	8,195	—
Net cash used in investing activities	(85,364)	(280,430)	(305,627)
Cash flows from financing activities:			
Proceeds from debt	1,729,580	582,500	566,177
Principal payments on debt	(1,770,715)	(551,586)	(538,877)
Purchase of treasury shares	—	—	(9,149)
Debt issuance costs	(27,702)	(5,969)	(5,853)
Issuance of common shares upon exercise of share options	961	—	301
Net tax benefit from share-based compensation awards	—	(810)	(1,333)
Capital contributions from noncontrolling interest	—	—	1,850
Dividends paid to noncontrolling interests	(2,496)	—	(2,994)
Dividends paid to shareholders	—	(28,754)	(94,079)
Net cash used in financing activities	(70,372)	(4,619)	(83,957)
Effect of exchange rate changes	207	(233)	(240)
Net increase (decrease) in cash, cash equivalents and restricted cash	95,446	(7,388)	(17,866)
Cash, cash equivalents and restricted cash, beginning of the year	142,123	149,511	167,377
Cash, cash equivalents and restricted cash, end of the year	\$ 237,569	\$ 142,123	\$ 149,511
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest expense and realized losses on interest rate swaps, collars and caps, net	\$ 105,322	\$ 83,881	\$ 82,577
Net income taxes paid	\$ 925	\$ 1,503	\$ 941
Supplemental disclosures of noncash investing activities:			
Increase (decrease) in accrued container purchases	\$ 119,097	\$ (29,366)	\$ (21,967)
Containers placed in direct financing and sales-type leases	\$ 9,378	\$ 101,354	\$ 77,294
Decrease in insurance receivable due to a decrease in estimated unrecoverable containers	\$ 7,546	\$ —	\$ —

- (1) Certain amounts for the years ended December 31, 2016 and 2015 have been restated for immaterial corrections of identified errors related to the calculation of gain on sale of containers, net, to properly account for lease concessions (see Note 2 "Immaterial Correction of Errors in Prior Periods"), to reclassify debt balances in order to conform with the 2017 presentation and for the adoption of Accounting Standards Update No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments* and Accounting Standards Update No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*.

See accompanying notes to consolidated financial statements.

TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

December 31, 2017, 2016, and 2015

(All currency expressed in U.S. dollars in thousands, except per share amounts)

(1) Nature of Business and Summary of Significant Accounting Policies

(a) *Nature of Operations*

Textainer Group Holdings Limited (“TGH”) is incorporated in Bermuda. TGH is the holding company of a group of corporations, Textainer Group Holdings Limited and subsidiaries (collectively, the “Company”), involved in the purchase, management, leasing and resale of a fleet of marine cargo containers. The Company manages and provides administrative support to the affiliated and unaffiliated owners (the “Owners”) of the containers and structures and manages container leasing investment programs.

The Company conducts its business activities in three main areas: Container Ownership, Container Management and Container Resale. These activities are described below (also see Note 13 “Segment Information”).

Container Ownership

The Company’s containers consist primarily of standard dry freight containers, but also include refrigerated and other special-purpose containers. These containers are financed through retained earnings; revolving credit facilities, secured debt facilities and a term loan provided by banks; bonds payable to investors; and a public offering of TGH’s common shares. Expenses related to lease rental income include direct container expenses, depreciation expense and interest expense.

Container Management

The Company manages, on a worldwide basis, a fleet of containers for and on behalf of the Owners.

All rental operations are conducted worldwide in the name of the Company who, as agent for the Owners, acquires and sells containers, enters into leasing agreements and depot service agreements, bills and collects lease rentals from the lessees, disburses funds to depots for container handling, and remits net amounts, less management fees and commissions, to the Owners. Revenues, customer accounts receivable, fixed assets, depreciation and other operating expenses, and vendor payables arising from direct container operations of the managed portion of the Owners’ fleet have been excluded from the Company’s financial statements.

Management fees are typically a percentage of net operating income of each Owner’s fleet and consist of fees earned by the Company for services related to the management of the containers, sales commissions and net acquisition fees earned on the acquisition of containers. Expenses related to the provision of management services include general and administrative expense, short-term and long-term incentive compensation expense and amortization expense.

Container Resale

The Company buys and subsequently resells used containers (trading containers) from third parties. Container sales revenue represents the proceeds on the sale of containers purchased for resale. Cost of containers sold represents the cost of equipment purchased for resale that were sold as well as the related selling costs. The Company earns sales commissions related to the sale of the containers that it manages.

(b) Principles of Consolidation and Variable Interest Entity

The consolidated financial statements of the Company include TGH and all of its subsidiaries in which the Company has a controlling financial interest. All significant intercompany accounts and balances have been eliminated in consolidation.

The Company determines whether it has a controlling financial interest in an entity by evaluating whether the entity is a variable interest entity (“VIE”) or a voting interest entity (“VME”). If it is determined that the Company does not have a variable interest in the entity, no further analysis is required and the Company does not consolidate the entity.

On December 20, 2012, the Company’s wholly-owned subsidiary, Textainer Limited (“TL”), purchased 50.1% of the outstanding common shares of TAP Funding Ltd. (“TAP Funding”) (a Bermuda company) from TAP Ltd. (“TAP”). Both before and after this purchase, TAP Funding leases containers to lessees under operating, direct financing and sales-type leases. TAP is governed by members and management agreements and the Company’s wholly-owned subsidiary, Textainer Equipment Management Limited (“TEML”), manages all of TAP Funding’s containers, making day-to-day decisions regarding the marketing, servicing and design of TAP Funding’s leases. TL’s purchase of a majority ownership of TAP Funding’s common shares allowed the Company to increase the size of its owned fleet at an attractive price. Under TAP Funding’s members agreement, TL owns 50.1% and TAP owns 49.9% of the common shares of TAP Funding. As common shareholders, TL has two voting rights and TAP has one voting right of TAP Funding, with the exception of certain matters such as bankruptcy proceedings and the incurrence of debt and mergers and consolidations, which require unanimity. TL also has two seats and TAP has one seat on TAP Funding’s board of directors. In addition, TL has an option to purchase the remaining outstanding common shares of TAP Funding held by TAP during the period beginning January 1, 2019 and through December 1, 2020 for a purchase price equal to the equity carrying value of TAP Funding plus 6% of TAP’s percentage ownership interest in TAP Funding minus the sum of any and all U.S. federal, state and local taxes of any nature that would be recognized by TL if TAP Funding was liquidated by TL immediately after TL purchased its shares.

TAP Funding is a VME and the Company consolidates TAP Funding as the Company has a controlling financial interest in TAP Funding, in which TL owns 50% or more voting interest. TAP Funding’s profits and losses are allocated to TL and TAP on the same basis as their ownership percentages. The equity owned by TAP in TAP Funding is shown as a noncontrolling interest on the Company’s consolidated balance sheets and the net income (loss) attributable to the noncontrolling interest’s operations is shown as net (income) loss attributable to the noncontrolling interests on the Company’s consolidated statements of comprehensive income (loss).

The Company has a joint venture, TW Container Leasing, Ltd. (“TW”) (a Bermuda company), between TL and Wells Fargo Container Corp. (“WFC”). The purpose of TW is to lease containers to lessees under direct financing leases. TW is governed by members, credit and management agreements. Under the members agreement, TL owns 25% and WFC owns 75% of the common shares and related voting rights of TW. TL also has two seats and WFC has six seats on TW’s board of directors, with each seat having equal voting rights, provided, however, that the approval of at least one TL-appointed director is required for any action of the board of directors. Under a credit agreement with Wells Fargo Bank, N.A. (“WFB”), TW maintains a credit facility with an outstanding balance of \$97,148 as of December 31, 2017. TW is required to make monthly principal pay down from its available funds, net revenue collection after interest payment, interest rate hedging payment and certain management fees, until the outstanding balance is fully repaid and prior to final maturity (see Note 12 “Secured Debt Facilities, Credit Facilities, Term Loan and Bonds Payable, and Derivative Instruments”). Both WFC and WFB are directly and indirectly wholly-owned subsidiaries of Wells Fargo and Company. The remaining cost of originating direct financing leases will be provided in the form of capital contributions from TL and WFC, split 25% and 75%, respectively. Under the management agreement, TEML manages all of TW’s containers, making day-to-day decisions regarding the marketing, servicing and design of TW’s direct financing leases.

The Company has determined that it has a variable interest in TW and that TW is a VIE. The Company consolidates TW as the Company has determined that it is the primary beneficiary of TW by its equity ownership in the entity and by virtue of its role as manager of the vehicle, namely that the Company has the power to direct the activities of TW that most significantly impact TW's economic performance. The book values of TW's direct financing and sales-type leases and related debt as of December 31, 2017 and 2016 are disclosed in Note 7 "Direct Financing and Sales-type Leases" and Note 12 "Secured Debt Facilities, Credit Facilities, Term Loan and Bonds Payable, and Derivative Instruments", respectively.

The majority of the container equipment included in the accompanying consolidated financial statements is owned by TL, Textainer Marine Containers II Limited ("TMCL II"), Textainer Marine Containers III Limited ("TMCL III"), Textainer Marine Containers IV Limited ("TMCL IV") and Textainer Marine Containers V Limited ("TMCL V"), all Bermuda companies and all of which were wholly-owned subsidiaries of the Company as of December 31, 2017 and 2016.

(c) Cash and Cash Equivalents and Restricted Cash

Cash and cash equivalents are comprised of interest-bearing deposits or money market securities with original maturities of three months or less. The Company maintains cash and cash equivalents and restricted cash (see Note 14 "Commitments and Contingencies—Restricted Cash") with various financial institutions. These financial institutions are located in Bermuda, Canada, Hong Kong, Malaysia, Singapore, the United Kingdom and the United States. A significant portion of the Company's cash and cash equivalents and restricted cash is maintained with a small number of banks and, accordingly, the Company is exposed to the credit risk of these counterparties in respect of the Company's cash and cash equivalents and restricted cash. Furthermore, the deposits maintained at some of these financial institutions exceed the amount of insurance provided on the deposits. Restricted cash is excluded from cash and cash equivalents and is included in long-term assets.

In November 2016, the FASB issued Accounting Standards Update No. 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash ("ASU 2016-18"). The Company early adopted ASU 2016-18 on April 1, 2017, which resulted in a \$24,161 decrease in net cash used in financing activities and the inclusion of restricted cash balances of \$33,917 and \$58,078 to the beginning of the year and end of the year cash, cash equivalents and restricted cash, respectively, in the Company's consolidated statements of cash flows for the year ended December 31, 2016. This also resulted in a \$26,393 increase in net cash used in financing activities and the inclusion of restricted cash balances of \$60,310 and \$33,917 to the beginning of the year and end of the year cash, cash equivalents and restricted cash, respectively, in the Company's consolidated statements of cash flows for the year ended December 31, 2015 (see Note 1(t) "Recently Issued Accounting Standards").

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated balance sheets that sum to the total of the same such amounts shown in the consolidated statements of cash flows:

	2017	2016	2015
Cash and cash equivalents	\$ 137,894	\$ 84,045	\$ 115,594
Restricted cash included in long-term assets	99,675	58,078	33,917
Cash at end of period	<u>\$ 237,569</u>	<u>\$ 142,123</u>	<u>\$ 149,511</u>

(d) Intangible Assets

Intangible assets, consisting primarily of exclusive rights to manage container fleets, are amortized over the expected life of the contracts based on forecasted income to the Company. The contract terms range from 11 to 13 years. The Company reviews its intangible assets for impairment if events and circumstances indicate that the carrying amount of the intangible assets may not be recoverable. The Company compares the carrying value of the intangible assets to expected future undiscounted cash flows for the purpose of assessing the recoverability of the recorded amounts. If the

carrying amount exceeds expected undiscounted cash flows, the intangible assets shall be reduced to their fair value.

(e) Lease Rental Income

Leasing income arises principally from the renting of containers owned by the Company to various international shipping lines. Revenue is recorded when earned according to the terms of the container rental contracts. These contracts are typically for terms of three to five years, but can vary from one to eight years, and are generally classified as operating leases.

Under long-term lease agreements, containers are usually leased from the Company for periods of three to five years. Such leases are generally cancelable with a penalty at the end of each 12-month period. Under master lease agreements, the lessee is not committed to leasing a minimum number of containers from the Company during the lease term and may generally return the containers to the Company at any time, subject to certain restrictions in the lease agreement. Under long-term lease and master lease agreements, revenue is earned and recognized evenly over the period that the equipment is on lease.

Under direct financing and sales-type leases, the containers are usually leased from the Company for the remainder of the container's useful life with a bargain purchase option at the end of the lease term. Revenue is earned and recognized on direct financing leases over the lease terms so as to produce a constant periodic rate of return on the net investment in the leases. Under sales-type leases, a gain or loss is recognized at the inception of the leases by subtracting the book value of the containers from the estimated fair value of the containers and the remaining revenue is earned and recognized over the lease terms so as to produce a constant periodic rate of return on the net investment in the leases.

The Company's container leases generally do not include step-rent provisions, nor do they depend on indices or rates. The Company recognizes revenue on container leases that include lease concessions in the form of free-rent periods using the straight-line method over the minimum terms of the leases.

The following is a schedule, by year, of future minimum lease payments receivable under the long-term leases as of December 31, 2017:

Year ending December 31:		
2018	\$	263,425
2019		189,130
2020		131,427
2021		91,685
2022 and thereafter		120,345
Total future minimum lease payments receivable	\$	<u>796,012</u>

The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its lessees to make required payments. These allowances are based on management's current assessment of the financial condition of the Company's lessees and their ability to make their required payments. If the financial condition of the Company's lessees deteriorates, resulting in an impairment of their ability to make payments, additional allowances may be required.

(f) Direct Container Expense

Direct container expense represents the operating costs arising from the containers owned by the Company and includes storage, handling, maintenance, Damage Protection Plan ("DPP") repair, repositioning, agent, insurance expense and repair and recovery costs for problem lessees. These costs are recognized when incurred.

(g) Containers Held for Resale

The Company, through one or more of its subsidiaries, buys trading containers for resale, which are valued at the lower of cost or market value. The cost of trading containers sold is specifically identified.

(h) Foreign Currencies

A functional currency is determined for each of the Company's entities based on the currency of the primary economic environment in which the entity operates. The Company's functional currency, excluding its foreign subsidiaries, is the U.S. dollar. Assets and liabilities denominated in a currency other than the entity's functional currency are re-measured into its functional currency at the balance sheet date with a gain or loss recognized in current year net income. Foreign currency exchange gains and losses that arise from exchange rate changes on transactions denominated in a foreign currency are recognized in net income as incurred. Foreign currency exchange gains, reported in direct container expense in the consolidated statements of comprehensive income were \$156, \$188, and \$221 for the years ended December 31, 2017, 2016 and 2015, respectively. For consolidation purposes, the financial statements are translated into U.S. dollars using the current exchange rate for the assets and liabilities and a weighted average exchange rate for the revenues and expenses recorded during the year with any translation adjustment shown as an element of accumulated other comprehensive income.

(i) Containers and Fixed Assets

Capitalized container costs include the container cost payable to the manufacturer and the associated transportation costs incurred in moving the containers from the manufacturer to the containers' first destined port. Containers purchased new are depreciated using the straight-line method over their estimated useful lives to an estimated dollar residual value. Containers purchased used are depreciated based upon their remaining useful lives at the date of acquisition to an estimated dollar residual value.

The Company evaluates the estimated residual values and remaining estimated useful lives on a regular basis to determine whether a change in our estimates of useful lives and residual values is warranted.

After the Company performed its regular depreciation policy review during third quarter of 2017, the Company concluded that, beginning July 1, 2017, an increase in the estimated future residual value of its 20', 40' and 40' high cube dry containers, as stated in the below table on the Company's useful lives and residual values estimates, was appropriate. Depreciation expense may fluctuate in future periods based on fluctuations in these estimates. The net effect of these changes was a decrease in depreciation expense of \$7,104 for the year ended December 31, 2017.

After the Company performed its regular depreciation policy review during the third quarter of 2016, the Company concluded that, beginning July 1, 2016, a decrease in the estimated future residual value of its 20' dry containers, 40' dry containers, 40' high cube dry containers and 40' folding flat rack containers and an increase in the useful lives of its 40' dry containers, 20' folding flat rack containers, 20' open top containers and 40' flat rack containers, as stated in the below table on the Company's useful lives and residual values estimates, was appropriate. Depreciation expense may fluctuate in future periods based on fluctuations in these estimates. The effect of these changes was an increase in depreciation expense of \$25,126 for the year ended December 31, 2016, of which a \$4,402 one-time charge was for containers that were fully depreciated to their previous residual value.

The Company estimates the useful lives and residual values of its containers to be as follows:

	<u>Effective July 1, 2017</u>		<u>July 1, 2016 through June 30, 2017</u>		<u>January 1, 2016 through June 30, 2016</u>	
	<u>Estimated useful life (years)</u>	<u>Residual Value</u>	<u>Estimated useful life (years)</u>	<u>Residual Value</u>	<u>Estimated useful life (years)</u>	<u>Residual Value</u>
Dry containers other than open top and flat rack containers:						
20'	13	\$ 1,000	13	\$ 950	13	\$ 1,050
40'	14	\$ 1,200	14	\$ 1,150	13	\$ 1,300
40' high cube	13	\$ 1,350	13	\$ 1,300	13	\$ 1,450
45' high cube dry van	13	\$ 1,500	13	\$ 1,500	13	\$ 1,500
Refrigerated containers:						
20'	12	\$ 2,750	12	\$ 2,750	12	\$ 2,750
20' high cube	12	\$ 2,049	12	\$ 2,049	12	\$ 2,049
40' high cube	12	\$ 4,500	12	\$ 4,500	12	\$ 4,500
Open top and flat rack containers:						
20' folding flat rack	15	\$ 1,300	15	\$ 1,300	14	\$ 1,300
40' folding flat rack	16	\$ 1,700	16	\$ 1,700	14	\$ 2,000
20' open top	15	\$ 1,500	15	\$ 1,500	14	\$ 1,500
40' open top	14	\$ 2,500	14	\$ 2,500	14	\$ 2,500
Tank containers	20	10% of cost	20	10% of cost	20	10% of cost

The cost, accumulated depreciation and net book value of the Company's leasing equipment by equipment type as of December 31, 2017 and 2016 were as follows:

	2017			2016 (1)		
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Dry containers other than open top and flat rack containers:						
20'	\$ 1,497,557	\$ (347,910)	\$ 1,149,647	\$ 1,399,878	\$ (304,652)	\$ 1,095,226
40'	223,916	(75,610)	148,306	253,226	(76,344)	176,882
40' high cube	2,043,253	(476,238)	1,567,015	1,861,221	(405,503)	1,455,718
45' high cube dry van	29,010	(8,494)	20,516	29,823	(6,957)	22,866
Refrigerated containers:						
20'	24,062	(5,394)	18,668	24,420	(3,830)	20,590
20' high cube	5,139	(2,327)	2,812	5,149	(1,948)	3,201
40' high cube	1,002,843	(229,465)	773,378	1,004,532	(169,383)	835,149
Open top and flat rack containers:						
20' folding flat	16,595	(3,525)	13,070	16,712	(2,942)	13,770
40' folding flat	43,334	(14,394)	28,940	43,620	(12,634)	30,986
20' open top	10,837	(1,237)	9,600	11,048	(1,069)	9,979
40' open top	26,690	(4,469)	22,221	27,115	(3,778)	23,337
Tank containers	40,729	(3,292)	37,437	31,582	(1,744)	29,838
	<u>\$ 4,963,965</u>	<u>\$ (1,172,355)</u>	<u>\$ 3,791,610</u>	<u>\$ 4,708,326</u>	<u>\$ (990,784)</u>	<u>\$ 3,717,542</u>

(1) Certain amounts as of December 31, 2016 have been restated for immaterial corrections of identified errors related to the calculation of the gain on sale of containers, net (see Note 2 "Immaterial Correction of Errors in Prior Periods").

Fixed assets are recorded at cost and depreciated on a straight-line basis over the estimated useful lives of the assets, ranging from three to seven years.

The Company reviews its containers for impairment whenever events or circumstances indicate that the carrying amount of such assets may not be recoverable. The Company compares the carrying value of the containers to the expected future undiscounted cash flows for the purpose of assessing the recoverability of the recorded amounts. If the carrying value exceeds expected future undiscounted cash flows, the assets are reduced to fair value. There was no such impairment for the years ended December 31, 2017 and 2016. In addition, containers identified as being available for sale are valued at the lower of carrying value or fair value, less costs to sell.

The Company evaluates the recoverability of the recorded amount of container rental that are unlikely to be recovered from lessees in default. The Company also records impairments to write-down containers held for sale to their estimated fair value less cost to sell. The fair value was estimated based on recent gross sales proceeds for sales of similar containers. When containers are retired or otherwise disposed of, the cost and related accumulated depreciation are removed and any resulting gain or loss is recognized. Any subsequent increase in fair value less costs to sell are recognized as reversal of container impairment but not in excess of the cumulative loss previously recognized.

The Company recorded the following impairments that are included in container impairment in the consolidated statements of comprehensive income (loss) for the years ended December 31, 2017, 2016 and 2015:

	2017	2016	2015
Impairment to write down the value of containers held for sale to their estimated fair value less cost to sell	\$ 15,475	\$ 66,455	\$ 32,680
Impairment on containers from a bankruptcy customer in 2016 and customer that became insolvent in 2015	—	22,961	1,968
Impairment for containers that were unlikely to be recovered from lessees in default (see Note 3 "Insurance Receivable and Impairment")	3,822	5,207	697
Reversal of previously recorded impairments on containers held for sale due to rising used container prices during the year	(11,225)	—	—
Container impairment	<u>\$ 8,072</u>	<u>\$ 94,623</u>	<u>\$ 35,345</u>

During the years ended December 31, 2017, 2016 and 2015, the Company recorded the following net gain on sales of containers, included in gain on sale of containers, net in the consolidated statements of comprehensive (loss) income:

	2017		2016 (1)		2015	
	Units	Amount	Units	Amount	Units	Amount
Gain on sale of previously written down containers, net	56,862	\$ 18,662	118,071	\$ 9,151	65,786	\$ 2,336
Gain (loss) on sale of containers not written down, net	55,505	7,548	20,319	(2,390)	45,777	1,118
Gain on sale of containers, net	<u>112,367</u>	<u>\$ 26,210</u>	<u>138,390</u>	<u>\$ 6,761</u>	<u>111,563</u>	<u>\$ 3,454</u>

- (1) Certain amounts as of December 31, 2016 have been restated for immaterial corrections of identified errors related to the calculation of the gain on sale of containers, net (see Note 2 "Immaterial Correction of Errors in Prior Periods").

If other containers are subsequently identified as available for sale, the Company may incur additional write-downs or may incur losses on the sale of these containers if they are sold. The Company will continue to evaluate the recoverability of recorded amounts of containers and a write-down of certain containers held for continued use and/or an increase in its depreciation rate may be required in future periods for some or all containers.

(j) Income Taxes

The Company uses the asset and liability method to account for income taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss. 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. The effect on deferred tax assets and liabilities of a change in the tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is recorded when the realization of a deferred tax asset is deemed to be unlikely.

The Company also accounts for income tax positions only if those positions are 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. Changes in the recognition or measurement are reflected in the period in which the change in judgment occurs. If there are findings in future regulatory examinations of the Company's tax returns, those findings may result in an adjustment to income tax expense.

The Company records interest and penalties related to unrecognized tax benefits in income tax expense.

(k) Maintenance and Repair Expense and Damage Protection Plan

The Company's leases generally require the lessee to pay for any damage to the container beyond normal wear and tear at the end of the lease term. The Company offers a DPP to certain lessees of its containers. Under the terms of the DPP, the Company charges lessees an additional amount primarily on a daily basis and the lessees are no longer obligated for certain future repair costs for containers subject to the DPP. It is the Company's policy to recognize these revenues as earned on a daily basis over the related term of its leases. The Company has not recognized revenue and related expense for customers who are billed at the end of their lease terms under the DPP. Based on past history, there is uncertainty as to collectability of these amounts from lessees who are billed at the end of their lease terms because the amounts due under the DPP are typically re-negotiated at the end of the lease terms or the lease terms are extended. The Company uses the direct expense method of accounting for maintenance and repairs.

(l) Debt Issuance Costs

The Company capitalizes costs directly associated with the issuance or modification of its debt and the balance of the debt issuance costs, net of amortization, are netted against the debt recorded in the consolidated balance sheets.

Debt issuance costs are amortized using the interest rate method and the straight-line method over the general terms of the related fixed principal payment debt and the related revolving debt facilities, respectively, and the amortization is recorded in the consolidated statements of comprehensive income (loss) as interest expense. In 2017, 2016 and 2015, debt issuance costs of \$27,702, \$5,969 and \$5,853, respectively, were capitalized and amortization of debt issuance costs of \$13,201, \$9,465 and \$7,158, respectively, were recorded in interest expense.

When the Company's debt is modified or terminated, any unamortized debt issuance costs related to a decrease in borrowing capacity with any of the Company's lenders is immediately written-off and recorded in interest expense. In 2017, interest expense included \$238, \$6,516 and \$84 of write-offs of unamortized debt issuance costs related to the amendment of TMCL II's secured debt facility, the redemption of TMCL III's 2013-1 Bonds, 2014-1 Bonds, the termination of TMCL III's 2017-A Notes and the amendment of TAP Funding's secured debt facility, respectively, (see Note 12 "Secured Debt Facilities, Credit Facilities, Term Loan and Bonds Payable, and Derivative Instruments"). No unamortized debt issuance costs were written-off during the year ended December 31, 2016. In 2015, interest expense included \$458 of write-offs of unamortized debt issuance costs related to the amendment of TL's revolving credit facility and the amendment of the Company's wholly-owned subsidiary, Textainer Marine Containers IV Limited's ("TMCL IV") (a Bermuda company), secured debt facility.

(m) Concentrations

Although substantially all of the Company's income from operations is derived from assets employed in foreign countries, virtually all of this income is denominated in U.S. dollars. The Company does pay some of its expenses in various foreign currencies. During 2017, 2016 and 2015, \$15,143 or 25%, \$22,642 or 36%, and \$12,700 or 27%, respectively, of the Company's direct container expenses were paid in up to 20 different foreign currencies. In accordance with its policy, the Company does not hedge these container expenses as there are no significant payments made in any one foreign currency.

The Company's customers are mainly international shipping lines, which transport goods on international trade routes. Once the containers are on-hire with a lessee, the Company does not track their location. The domicile of the lessee is not indicative of where the lessee is transporting the containers. The Company's business risk in its foreign concentrations lies with the creditworthiness of the lessees rather than the geographic location of the containers or the domicile of the lessees. Except

for the lessees noted in the table below, no other single lessee made up greater than 10% of the Company's lease rental income during the years ended December 31, 2017, 2016 and 2015:

	2017	2016 (1)	2015
Mediterranean Shipping Company S.A.	14.4%	12.0%	10.4%
CMA-CGM S.A.	13.6%	14.0%	11.0%

- (1) Certain amounts as of December 31, 2016 have been restated for immaterial corrections of identified errors relating to properly account for lease concessions (see Note 2 "Immaterial Correction of Errors in Prior Periods").

Mediterranean Shipping Company S.A. accounted for 13.1% and 9.0% of the Company's gross accounts receivable as of December 31, 2017 and 2016, respectively. CMA-CGM S.A. accounted for 12.9% and 9.1% of the Company's gross accounts receivable as of December 31, 2017 and 2016, respectively. Hanjin Shipping Co. accounted for 19.9% of the Company's gross accounts receivable as of December 31, 2016. Hanjin Shipping Co. filed for bankruptcy in August 2016 and the Company's outstanding accounts receivable with this customer was fully reserved as of December 31, 2016 and was written off as of December 31, 2017 (see Note 3 "Insurance Receivable and Impairment"). There is no other single lessee that accounted for more than 10% of the Company's gross accounts receivable as of December 31, 2017 and 2016. As of December 31, 2016, the Company's gross accounts receivable has been restated for immaterial corrections of identified errors pertaining to properly account for lease concessions (see Note 2 "Immaterial Correction of Errors in Prior Periods").

Total fleet lease rental income differs from reported lease rental income in that total fleet lease rental income comprises revenue earned from leases on containers in the Company's total fleet, including revenue earned by the Owners from leases on containers in its managed fleet, while the Company's reported lease rental income only comprises income associated with its owned fleet. Except for the customers noted in the table below, no other customer that individually accounted for over 10% of the lease billings of the Company's total fleet in 2017, 2016 and 2015:

	2017	2016	2015
Mediterranean Shipping Company S.A.	15.1%	13.6%	11.9%
CMA-CGM S.A.	14.4%	15.4%	12.2%

The Company currently has containers on-hire to approximately 300 customers. The Company's customers are mainly international shipping lines, but the Company also leases containers to freight forwarding companies and the U.S. military. The Company's five largest customers accounted for approximately 49.5%, 48.1% and 40.3% of the Company's total fleet leasing billings in 2017, 2016 and 2015, respectively. During 2017, 2016 and 2015, revenue from the Company's 20 largest container lessees by lease billings represented 80.0%, 78.9% and 77.4% of the Company's total fleet container lease billings, respectively. A default by any of these major customers could have a material adverse impact on the Company's business, results from operations and financial condition.

As of December 31, 2017 and 2016, approximately 94.4 % and 95.0%, respectively, of the Company's accounts receivable for its total fleet were from container lessees and customers outside of the U.S. As of December 31, 2017 and 2016, approximately 98.0% and 99.8%, respectively, of the Company's finance lease receivables for its total fleet were from container lessees and customers outside of the U.S. Except for the countries outside of the U.S. noted in the table below, customers in no other single country made up greater than 10% of the Company's total fleet container lease rental income during 2017, 2016 and 2015.

<u>Country</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Switzerland	15.1%	13.4%	11.5%
France	14.4%	15.3%	12.2%
People's Republic of China	14.4%	14.1%	15.9%
Taiwan	13.9%	12.2%	11.1%
Singapore	10.9%	8.7%	11.0%
Korea	6.8%	9.9%	11.6%

(n) Derivative Instruments

The Company has entered into various interest rate swap, collar and cap agreements to mitigate its exposure associated with its variable rate debt. The swap agreements involve payments by the Company to counterparties at fixed rates in return for receipts based upon variable rates indexed to the London Inter Bank Offered Rate ("LIBOR"). The differentials between the fixed and variable rate payments under these agreements are recognized in realized losses on interest rate swaps, collars and caps, net in the consolidated statements of comprehensive (loss) income.

As of the balance sheet dates, none of the derivative instruments are designated by the Company for hedge accounting. The fair value of the derivative instruments is measured at each balance sheet date and the change in fair value is recorded in the consolidated statements of comprehensive income as unrealized gains (losses) on interest rate swaps, collars and caps, net.

(o) Share Options and Restricted Share Units

The Company estimates the fair value of all employee share options awarded under its 2015 Share Incentive Plan (the "2015 Plan"), amended and restated from the 2007 Share Incentive Plan (the "2007 Plan") on May 21, 2015, on the grant date. The value of the portion of the award that is ultimately expected to vest is recognized as expense over the requisite service periods in the Company's consolidated statements of comprehensive income as part of long-term incentive compensation expense.

The Company uses the Black-Scholes-Merton ("Black-Scholes") option-pricing model to determine the estimated fair value for employee share option awards. The Company uses the fair market value of the Company's common shares on the grant date, discounted for estimated dividends that will not be received by the employees during the vesting period, for determining the estimated fair value for employee restricted share units. Compensation expense for employee share awards is recognized on a straight-line basis over the vesting period of the award. Share-based compensation expense of \$6,083, \$6,573 and \$7,743 was recorded as a part of long-term incentive compensation during 2017, 2016 and 2015, respectively, for share options and restricted share units awarded to employees under the 2015 Plan.

(p) Comprehensive Income

The Company discloses the effect of its foreign currency translation adjustment as a component of other comprehensive income (loss) in the Company's consolidated statements of comprehensive income (loss).

(q) **Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The Company's management evaluates its estimates on an ongoing basis, including those related to the container rental equipment, intangible assets, accounts receivable, income taxes, and accruals.

These estimates are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments regarding the carrying values of assets and liabilities. Actual results could differ from those estimates under different assumptions or conditions.

(r) **Net Income (Loss) Attributable to Textainer Group Holdings Limited Common Shareholders per Share**

Basic earnings per share ("EPS") is computed by dividing net income (loss) attributable to Textainer Group Holdings Limited common shareholders by the weighted average number of shares outstanding during the applicable period. Diluted EPS reflects the potential dilution that could occur if all outstanding share options were exercised for, and all outstanding restricted share units were converted into, common shares. Potentially dilutive share options and restricted share units that were anti-dilutive under the treasury stock method were excluded from the computation of diluted EPS. A reconciliation of the numerator and denominator of basic EPS with that of diluted EPS during 2017, 2016 and 2015 is presented as follows:

Share amounts in thousands	2017	2016 (1)	2015
Numerator:			
Net income (loss) attributable to Textainer Group Holdings Limited common shareholders	\$ 19,365	\$ (52,483)	\$ 108,408
Denominator:			
Weighted average common shares outstanding-- basic	56,845	56,608	56,953
Dilutive share options and restricted share units	314	—	140
Weighted average common shares outstanding-- diluted	57,159	56,608	57,093
Net income (loss) attributable to Textainer Group Holdings Limited common shareholders per common share			
Basic	\$ 0.34	\$ (0.93)	\$ 1.90
Diluted	\$ 0.34	\$ (0.93)	\$ 1.90
Anti-dilutive share options and restricted share units, excluded from the computation of diluted EPS because they were anti-dilutive			
	1,164	1,361	1,158

- (1) Amounts for the year ended December 31, 2016 have been restated for immaterial corrections of identified errors pertaining to the calculation of gain on sale of containers, net and to properly account for lease concessions (see Note 2 "Immaterial Correction of Errors in Prior Periods").

Given that the Company had a net loss attributable to Textainer Group Holdings Limited common shareholders for the year ended 2016, there was no dilutive effect of share option and restricted share units.

(s) **Fair Value Measurements**

The Company utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those levels:

- Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices which are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.
- Level 3: Unobservable inputs that reflect the reporting entity's own assumptions.

The Company uses the exchange price notion, which is the price in an orderly transaction between market participants to sell an asset or transfer a liability in the market in which the reporting entity would transact for the asset or liability, that is, the principal or most advantageous market for the asset or liability. The transaction to sell the asset or transfer the liability is a hypothetical transaction at the measurement date, considered from the perspective of a market participant that holds the asset or owes the liability. Therefore, the definition focuses on the price that would be received to sell the asset or paid to transfer the liability (an exit price), not the price that would be paid to acquire the asset or received to assume the liability (an entry price).

The following table summarizes the Company's assets and liabilities measured at fair value on a recurring basis as of December 31, 2017 and 2016:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2017			
Assets			
Interest rate swaps, collars and caps	\$ —	\$ 7,787	\$ —
Total	<u>\$ —</u>	<u>\$ 7,787</u>	<u>\$ —</u>
Liabilities			
Interest rate swaps, collars and caps	\$ —	\$ 81	\$ —
Total	<u>\$ —</u>	<u>\$ 81</u>	<u>\$ —</u>
December 31, 2016			
Assets			
Interest rate swaps, collars and caps	\$ —	\$ 4,816	\$ —
Total	<u>\$ —</u>	<u>\$ 4,816</u>	<u>\$ —</u>
Liabilities			
Interest rate swaps, collars and caps	\$ —	\$ 1,204	\$ —
Total	<u>\$ —</u>	<u>\$ 1,204</u>	<u>\$ —</u>

The following table summarizes the Company's assets measured at fair value on a non-recurring basis as of December 31, 2017 and 2016:

	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	Years Ended December 31, 2017 and 2016
	(Level 1)	(Level 2)	(Level 3)	Total Impairments (2)
December 31, 2017				
Assets				
Containers held for sale (1)	\$ —	\$ 8,984	\$ —	\$ 15,475
Total	\$ —	\$ 8,984	\$ —	\$ 15,475
December 31, 2016				
Assets				
Containers held for sale (1)	\$ —	\$ 19,230	\$ —	\$ 66,455
Total	\$ —	\$ 19,230	\$ —	\$ 66,455

- (1) Represents the carrying value of containers included in containers held for sale in the consolidated balance sheets that have been impaired to write down the value of the containers to their estimated fair value less cost to sell.
- (2) Included in container impairment in the accompanying consolidated statements of comprehensive income (loss).

The Company measures the fair value of its \$1,284,243 notional amount of interest rate swaps, collars and caps using observable (Level 2) market inputs. The valuation also reflects the credit standing of the Company and the counterparties to the interest rate swaps, collars and caps. The valuation technique utilized by the Company to calculate the fair value of the interest rate swaps, collars and caps is the income approach. This approach represents the present value of future cash flows based upon current market expectations. The Company's interest rate swap, collar and cap agreements had net fair value asset and liability of \$7,787 and \$81, respectively, as of December 31, 2017 and a fair value asset and liability of \$4,816 and \$1,204, respectively, as of December 31, 2016. The credit valuation adjustment was determined to be \$31 and \$87 (both of which were additions to the net liabilities) as of December 31, 2017 and 2016, respectively. The change in fair value during 2017, 2016 and 2015 of \$4,094, \$6,210 and \$(1,947), respectively, was recorded in the consolidated statements of comprehensive income (loss) as unrealized gains (losses) on interest rate swaps, collars and caps, net.

When the Company is required to write down the cost basis of its containers held for sale to fair value less cost to sell, the Company measures the fair value of its containers held for sale under a Level 2 input. At December 31, 2017 and 2016, the carrying value of 7,325 and 26,600 containers held for sale have been impaired in \$8,984 and \$19,230 were net of impairment charges of \$4,362 and \$15,332, respectively. The Company relies on its recent sales prices for identical or similar assets in markets, by geography, that are active. The Company records impairments to write down the value of containers held for sale to their estimated fair value less cost to sell. Subsequent additions or reductions to the fair values of these written down assets are recorded as adjustments to the carrying value of the equipment held for sale. Any subsequent increase in fair value less costs to sell are recognized as reversal to container impairment but not in excess of the cumulative loss previously recognized.

The Company calculates the fair value of financial instruments and includes this additional information in the notes to the consolidated financial statements when the fair value is different from the book value of those financial instruments. The Company's financial instruments include cash and cash equivalents, restricted cash, accounts receivable and payable, net investment in direct financing and sales-type leases, due from affiliates, net, container contracts payable, due to owners, net, debt and interest rate swaps, collars and caps. At December 31, 2017 and 2016, the fair value of the Company's financial instruments approximated the related book value of such instruments except that, the fair value of net investment in direct financing and sales-type leases (including the short-term balance) was approximately \$183,305 and \$235,769 at December 31, 2017 and 2016, respectively, compared to book values of \$182,624 and \$237,234 at December 31, 2017 and 2016, respectively. The fair value of long-term debt (including current maturities) based on the borrowing rates available to the Company was

approximately \$2,995,190 and \$2,991,396 at December 31, 2017 and 2016, respectively, compared to book values of \$2,990,308 and \$3,038,297 at December 31, 2017 and 2016, respectively.

(t) Recently Issued Accounting Standards and Pronouncements

In March 2016, the FASB issued Accounting Standards Update No. 2016-09, *Compensation – Stock Compensation (Topic 718)* (“ASU 2016-09”). ASU 2016-09 simplifies several aspects of accounting for share-based payment award transactions which includes accounting for income taxes, classification of excess tax benefits on statement of cash flows, minimum statutory tax withholding requirements and classification of employee taxes paid on the statement of cash flows when an employer withholds shares for tax-withholding purposes. The new guidance also allows an entity to make a policy election to account for forfeitures as they occur. ASU 2016-09 is effective for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. The Company adopted ASU 2016-09 on January 1, 2017 using the prospective transition method for the amendments related to the presentation of excess tax benefits on the statement of cash flows and will continue to account for forfeitures of share-based payment by estimating the number of awards expected to be forfeited and adjusting the estimate when it is likely to change. The Company’s adoption on ASU 2016-09 resulted in no changes to the Company’s 2016 consolidated financial statements.

In August 2016, the FASB issued Accounting Standards Update No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments* (“ASU 2016-15”). This amendment provides guidance on how cash receipts and cash payments are presented and classified in the statement of cash flows for certain scenarios and transactions, as defined in ASU 2016-15. ASU 2016-15 is effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption of ASU 2016-15 is permitted. ASU 2016-15 requires the use of the retrospective transition method for all periods presented. The Company early adopted ASU 2016-15 on April 1, 2017, which resulted in a reclassification of \$8,195 of insurance proceeds from cash flows from operating activities to cash flows from investing activities in the Company’s consolidated statements of cash flows for the year ended December 31, 2016.

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* (“ASU 2014-09”). This new standard will replace all current U.S. GAAP guidance on this topic and eliminate industry-specific guidance. Leasing revenue recognition is specifically excluded from ASU 2014-09, and therefore, the new standard will only apply to sales of equipment portfolios, dispositions of used equipment and management service agreements. The new guidance defines a five-step process to achieve the core principle of ASU 2014-09, which is to recognize revenues when promised goods or services are transferred to customers in amounts that reflect the consideration to which an entity expects to be entitled for those goods or services. The topic was amended in August 2015 to defer the effective date to annual periods beginning after December 15, 2017.

The Company will adopt the new revenue standards on the effective date of January 1, 2018 using the modified retrospective method of adoption for the first quarter of 2018. The Company does not expect the adoption of ASU 2014-09 to have an impact on the timing of revenue recognition or on its consolidated financial statements. Upon adoption of ASU 2014-09, the revenue recognition for our sales of equipment portfolios, dispositions of used equipment and management service agreements will remain materially consistent with our current practice. The Company will continue to recognize revenue for our equipment sales at a “point in time” following the transfer of control to the customer, which typically occurs upon delivery of containers to the customers. The Company will continue to recognize revenue for our management service agreements “over time” as services are provided to the customers. In addition, ASU 2014-09 requires expanded disclosures of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

In February 2016, the FASB issued Accounting Standards Update No. 2016-02, *Leases (Topic 842)* (“ASU 2016-02”). ASU 2016-02 will replace all current U.S. GAAP guidance on this topic. Under ASU 2016-02, lessors will account for leases using an approach that is substantially equivalent to existing U.S. GAAP for sales-type leases, direct financing leases and operating leases and lessors should be precluded from recognizing selling profit and revenue at lease commencement for a lease that does

not transfer control of the underlying asset to the lessees. A dual approach is to be applied for lessee accounting with lease classification determined in accordance with the principles in existing lease requirements. Under the new guidance, lessees will be required to recognize the following on the balance sheet for all leases at the commencement date, with an exception for short-term leases and leases that commence at or near the end of the underlying asset's economic life:

- (i) *Right-of-use ("ROU") asset*, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term; and
- (ii) *Lease liability*, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis.

ASU 2016-02 is effective for fiscal years beginning after December 15, 2018, with early application permitted. ASU 2016-02 requires the use of the modified retrospective method for all periods presented, with certain practical expedients available. The Company plans to adopt ASU 2016-02 effective January 1, 2019 and is continuing to analyze and evaluate the potential impact on its current accounting practices, consolidated financial statements and related disclosures. The Company expects the adoption of ASU 2016-02 will not have a material impact on our consolidated balance sheets, consolidated income statements and consolidated cash flow statements. The accounting for capital leases will remain substantially unchanged upon adoption of ASU 2016-02. The Company expects to complete its assessment of the impact of ASU 2016-02 in fiscal year 2018.

In June 2016, the FASB issued Accounting Standards Update No. 2016-13, *Financial Instruments – Credit Losses (Topic 326)* ("ASU 2016-13"). This guidance affects trade receivables and net investments in leases and the amendments in this update replace the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses. The guidance requires the measurement of expected credit losses to be based on relevant information from past events, current conditions, and reasonable and supportable information that affect collectability. ASU 2016-13 is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years and with early adoption permitted for fiscal years beginning after December 15, 2018. The Company is currently evaluating the potential impact on its consolidated financial statements and related disclosures. The Company expects to complete its assessment of the impact of ASU 2016-13 in fiscal year 2019.

(2) Immaterial Correction of Errors in Prior Periods

During the first quarter of 2017, the Company identified errors related to the calculation of the gain on sale of containers, net and lease concessions that had not properly been recognized. In accordance with ASC 250, the Company evaluated the materiality of the errors from both a quantitative and qualitative perspective, and concluded that the errors were immaterial to the Company's prior period interim and annual consolidated financial statements. Since these revisions were not material to any prior period interim or annual consolidated financial statements, no amendments to previously filed interim or annual reports are required. Consequently, the Company has adjusted for the errors by revising its historical consolidated balance sheet presented herein resulting in a \$839 increase in accounted receivable, net, a \$2,792 decrease in containers, net, a \$1,821 decrease in retained earnings and a \$132 decrease in noncontrolling interests recorded in the consolidated balance sheet as of December 31, 2016. For the year ended December 31, 2016, the correction of the errors also resulted in a decrease in gain on sale of containers, net of \$2,792 and an increase of \$839 in lease rental income, resulting in a decrease of \$1,821 in net income (loss) recorded in the consolidated statements of comprehensive income (loss).

(3) Insurance Receivable and Impairment

In August 2016, one of the Company's customers filed for bankruptcy and the book value of its owned containers, net on operating leases and direct financing leases with this customer was \$178,344 and \$88,171, respectively. The Company maintains insurance that covers a portion of the exposure related to the value of containers that are unlikely to be recovered from this customer, the cost to recover containers, up to 183 days

of lost lease rental income and defaulted accounts receivable. During the year ended December 31, 2016, the Company recorded a total container impairment of \$22,149 representing \$17,399 to write down the containers on direct finance leases with this customer to the lower of estimated fair market value or net book value and \$4,750 insurance deductible. As of December 31, 2016, an insurance receivable of \$39,321, net of insurance deductible of \$4,750, was recorded for estimated unrecoverable containers of \$24,912 (or 10% of the containers on lease to the customer) as a reduction to containers, net and \$19,159 of recovery costs recorded as a reduction to direct container expense on the Company's owned fleet. The Company also recorded bad debt expense of \$18,992, net of estimated insurance proceeds of \$2,592, to fully reserve for the customer's outstanding accounts receivable during the year ended December 31, 2016. During the recent quarters in 2017, the Company reassessed its estimate of unrecoverable containers to actual amount of unrecoverable containers commensurate with the insurance claim filing. Accordingly, the Company recorded a \$7,592 reduction to the insurance receivable and addition to the containers, net, for the year ended December 31, 2017. An additional insurance receivable of \$32,067 was also recorded for the year ended December 31, 2017 for recovery costs that are reimbursable as reduction to direct container expense. For the year ended December 31, 2017, the Company received a total of \$50,479 insurance proceeds for the Company's owned fleet, which was recorded as a reduction to the insurance receivable.

Insurance receivable recorded on the Company's owned fleet related to this bankrupt customer are as follows:

Estimated unrecoverable containers, net of insurance deductible	\$ 20,162
Recovery costs	19,159
Accounts receivable coverage by insurance	2,592
Insurance receivable associated with this bankruptcy customer as of December 31, 2016	41,913
Recovery costs	32,067
Insurance proceeds received	(50,479)
Reassessment associated with estimate of unrecoverable containers to actual amount of loss commensurate with the insurance claim filing	(7,592)
Insurance receivable to this bankruptcy customer as of December 31, 2017	<u>\$ 15,909</u>

In August 2015, one of the Company's customers became insolvent and containers on operating and direct financing leases to the customer were deemed unlikely to be recovered. The Company maintains insurance that covers a portion of the exposure related to the value of containers that are unlikely to be recovered from its customers, the cost to recover containers and up to 183 days of lost lease rental income. Accordingly, during the year ended December 31, 2015, an impairment was recorded to write off containers, net and net investment in direct financing and sales-type leases with book values of \$8,815 and \$2,903, respectively. In addition, bad debt expense of \$2,574 was recorded in the condensed consolidated statements of comprehensive (loss) income for the year ended December 31, 2015 to fully reserve for the customer's outstanding accounts receivable. As of December 31, 2015, an insurance receivable of \$11,436 was recorded for \$8,796 of estimated proceeds for containers unlikely to be recovered, \$1,685 of recovery costs recorded as a reduction to direct container expense and \$955 of lost lease rental income recorded as a reduction to container impairment. The impairment net of estimated insurance proceeds of \$1,968 was recorded in container impairment in the condensed consolidated statements of comprehensive (loss) income for the year ended December 31, 2015. An additional insurance receivable of \$1,007 was recorded for the year ended December 31, 2016 for \$768 of recovery costs recorded as a reduction to direct container expense and \$239 of lost lease rental income recorded as a reduction to container impairment for the years ended December 31, 2016. For the year ended December 31, 2016, the Company received a total of \$8,250 insurance proceeds for the Company's owned fleet, which was recorded as a reduction to the insurance receivable. In addition, the Company received final insurance proceeds of \$3,592 for the Company's owned fleet during the first quarter of 2017 and accordingly, wrote-off the remaining balance of insurance receivable of \$1,321 recorded a \$469 increase to containers, net, a \$1,052 increase to container impairment and a \$200 reduction to recovery costs for the year ended December 31, 2016. A further allocation of \$720 insurance receivable, \$200 to recovery costs and a \$920 reduction to container impairment was recorded for the year ended December 31, 2017.

Insurance receivable recorded on the Company's owned fleet related to this insolvency customer are as follows:

Insurance receivable associated with this insolvency customer as of December 31, 2015	\$ 11,436
Recovery costs	768
Lost lease rental income	239
Wrote off of remaining balance of insurance receivable per final insurance proceeds received	(1,321)
Insurance proceeds received	(8,250)
Insurance receivable associated with this insolvency customer as of December 31, 2016	2,872
Allocation adjustment on insurance receivable per final insurance proceeds received	720
Final insurance proceeds received	(3,592)
Insurance receivable to this insolvency customer as of December 31, 2017	<u>\$ -</u>

(4) Container Purchases

In 2016, the Company concluded two separate purchases totaling approximately 41,100 containers from a third-party owner for total purchase consideration of approximately \$71,000. The total purchase price, which was based on the fair value of the assets acquired, was recorded in our net investment in direct financing and sales-type leases. One of the purchases totaling approximately 38,600 containers for total purchase consideration of \$55,000 was for containers leased to one of the Company's customers which subsequently filed for bankruptcy in August 2016, see Note 3 "Insurance Receivable and Impairment".

In 2017, the Company concluded three separate purchases totaling 19,802 containers that it had been managing for institutional investors, including related net investment in direct financing and sales-type leases, accounts receivable, due from owners, net, accounts payable and accrued expenses for total cash purchase consideration of \$19,893. The Company previously managed these fleets for the institutional investors, accordingly, intangible asset for the management rights relinquished amounting to \$170 was written-off. The total purchase price, which was allocated based on the fair value of the assets and liabilities acquired, was recorded as follows and there were no intangible assets recognized related to the leases:

Containers, net	\$ 18,453
Other net assets	1,440
	<u>\$ 19,893</u>

(5) Purchase-leaseback Transactions

In 2016, the Company concluded two separate purchase leaseback transactions for 14,954 containers from a shipping company for total purchase consideration of \$21,151. The purchase price and leaseback rental rates were below market rates. The leases also require the lessee to pay drop-off charges at above market rates when the containers are returned.

The containers were recorded at fair value and the difference between the purchase price and the fair value of the containers was recorded as prepaid expenses and other current assets, resulting in the following purchase price allocation:

Containers, net	\$ 14,015
Prepaid expenses and other current assets	7,136
Purchase price	<u>\$ 21,151</u>

As the lessee returns containers, the balance of prepaid expenses and other current assets will be reduced by drop-off charges paid to the Company. The remaining balance of drop-off charges was \$5,233 and \$6,218 as of December 31, 2017 and 2016, respectively.

(6) Transactions with Affiliates and Owners

Amounts due from affiliates, net generally result from cash advances and the payment of affiliated companies' administrative expenses by the Company on behalf of such affiliates. Balances are generally paid within 30 days.

Management fees, including acquisition fees and sales commissions during 2017, 2016 and 2015 were as follows:

	2017	2016	2015
Fees from affiliated Owner	\$ 2,994	\$ 2,994	\$ 3,542
Fees from unaffiliated Owners	10,073	8,556	10,252
Fees from Owners	13,067	11,550	13,794
Other fees	1,927	1,870	1,816
Total management fees	<u>\$ 14,994</u>	<u>\$ 13,420</u>	<u>\$ 15,610</u>

Due to owners, net represents lease rentals collected on behalf of and payable to Owners, net of direct expenses and management fees receivable. Due to owners, net at December 31, 2017 and 2016 consisted of the following:

	2017	2016
Affiliated Owner	\$ 1,409	\$ 5,167
Unaffiliated Owners	9,722	12,965
Total due to Owners, net	<u>\$ 11,131</u>	<u>\$ 18,132</u>

(7) Direct Financing and Sales-type Leases

The Company leases containers under direct financing and sales-type leases. The Company had 111,059 and 135,221 containers under direct financing and sales-type leases as of December 31, 2017 and 2016, respectively.

The components of the net investment in direct financing and sales-type leases, which are reported in the Company's Container Ownership segment as of December 31, 2017 and 2016 were as follows:

	2017	2016
Future minimum lease payments receivable	\$ 204,451	\$ 269,256
Residual value of containers	4,885	—
Less unearned income	(26,712)	(32,022)
Net investment in direct financing and sales-type leases	<u>\$ 182,624</u>	<u>\$ 237,234</u>
Amounts due within one year	\$ 56,959	\$ 64,951
Amounts due beyond one year	125,665	172,283
Net investment in direct financing and sales-type leases	<u>\$ 182,624</u>	<u>\$ 237,234</u>

In September 2016, net investment in direct financing leases with a balance of \$88,171 was reclassified to containers, net due to one of the Company's customers filing for bankruptcy in August 2016 (see Note 3 "Insurance Receivable and Impairment").

The carrying value of TW's net investment in direct financing and sales-type leases was \$103,571 and \$133,991 at December 31, 2017 and 2016, respectively.

The Company maintains detailed credit records about its container lessees. The Company's credit committee sets different maximum exposure limits for its container lessees. The Company uses various credit criteria to set maximum exposure limits rather than a standardized internal credit rating. Credit criteria used by the Company to set maximum exposure limits may include, but are not limited to, container lessee trade route, country, social and political climate, assessments of net worth, asset ownership, bank and trade credit references, credit bureau reports, including those from Dynamar B.V. and Lloyd's Marine Intelligence Unit

(common credit reporting agencies used in the maritime sector), operational history and financial strength. The Company monitors its container lessees' performance and its lease exposures on an ongoing basis, and its credit management processes are aided by the long payment experience the Company has had with most of its container lessees and the Company's broad network of long-standing relationships in the shipping industry that provide the Company current information about its container lessees.

If the aging of current billings for the Company's direct financing and sales-type leases included in accounts receivable, net were applied to the related balances of the unbilled future minimum lease payments receivable component of the Company's net investment in direct finance leases and sales-type leases as of December 31, 2017, the aging would be as follows:

1-30 days past due	\$	2,838
31-60 days past due		21
61-90 days past due		2,786
Greater than 90 days past due		31,682
Total past due		37,327
Current		167,124
Total future minimum lease payments	\$	204,451

The Company maintains allowances, if necessary, for doubtful accounts and estimated losses resulting from the inability of its lessees to make required payments under direct financing and sales-type leases based on, but not limited to, each lessee's payment history, management's current assessment of each lessee's financial condition and the adequacy of the fair value of containers that collateralize the leases compared to the book value of the related net investment in direct financing and sales-type leases. The changes in the carrying amount of the allowance for doubtful accounts related to billed amounts under direct financing and sales-type leases and included in accounts receivable, net, during the years ended December 31, 2017 and 2016 are as follows:

Balance as of December 31, 2015	\$	3,883
Additions charged to expense		9,140
Write-offs		(3,462)
Balance as of December 31, 2016		9,561
Additions charged to expense		525
Write-offs		(9,839)
Balance as of December 31, 2017	\$	247

The following is a schedule by year of future minimum lease payments receivable under these direct financing and sales-type leases as of December 31, 2017:

Year ending December 31:		
2018	\$	66,703
2019		48,192
2020		29,553
2021		34,862
2022 and thereafter		25,141
Total future minimum lease payments receivable	\$	204,451

Lease rental income includes income earned from direct financing and sales-type leases in the amount of \$13,417, \$18,558 and \$25,291 during 2017, 2016 and 2015, respectively. Amounts for 2016 and 2015 have been restated for immaterial corrections of identified errors pertaining to the classification of certain leases (see Note 2 "Immaterial Correction of Errors in Prior Periods").

(8) Containers and Fixed Assets

Containers, net at December 31, 2017 and 2016 consisted of the following:

	2017	2016 (1)
Containers	\$ 4,963,965	\$ 4,708,326
Less accumulated depreciation	(1,172,355)	(990,784)
Containers, net	<u>\$ 3,791,610</u>	<u>\$ 3,717,542</u>

- (1) Amount as of December 31, 2016 has been restated for immaterial corrections of identified errors related to the calculation of gain on sale of containers, net (see Note 2 "Immaterial Correction of Errors in Prior Periods").

Trading containers had carrying values of \$10,752 and \$4,363 as of December 31, 2017 and 2016, respectively, and are not subject to depreciation. Containers held for sale had carrying values of \$22,089 and \$25,513 as of December 31, 2017 and 2016, respectively, and are also not subject to depreciation. All owned containers are pledged as collateral for debt as of December 31, 2017 and 2016.

Fixed assets, net at December 31, 2017 and 2016 consisted of the following:

	2017	2016
Computer equipment and software	\$ 9,563	\$ 8,898
Office furniture and equipment	1,428	1,408
Automobiles	36	34
Leasehold improvements	1,912	1,789
	<u>12,939</u>	<u>12,129</u>
Less accumulated depreciation	(10,788)	(10,136)
Fixed assets, net	<u>\$ 2,151</u>	<u>\$ 1,993</u>

(9) Intangible Assets

The changes in the carrying amount of intangible assets during the years ended December 31, 2017, 2016 and 2015 are as follows:

Balance as of December 31, 2014	\$ 24,991
Amortization expense	(4,741)
Balance as of December 31, 2015	<u>20,250</u>
Amortization expense	(5,053)
Balance as of December 31, 2016	<u>15,197</u>
Amortization expense	(3,922)
Write-off from the relinquishment of management rights	(170)
Balance as of December 31, 2017	<u>\$ 11,105</u>

The following is a schedule, by year, of future amortization of intangible assets as of December 31, 2017:

Year ending December 31:	
2018	\$ 4,207
2019	4,156
2020	2,742
Total future amortization of intangible assets	<u>\$ 11,105</u>

(10) Accrued Expenses

Accrued expenses at December 31, 2017 and 2016 consisted of the following:

	2017	2016
Accrued compensation	\$ 5,025	\$ 3,049
Direct container expense	4,521	2,014
Interest payable	3,157	3,402
Other	662	1,256
Total accrued expenses	<u>\$ 13,365</u>	<u>\$ 9,721</u>

(11) Income Taxes

The Company is not subject to taxation in its country of incorporation; however, the Company is subject to taxation in certain other jurisdictions due to the nature of the Company's operations. The Company estimates its tax liability based upon its understanding of the tax laws of the various countries in which it operates. Income tax expense (benefit) for 2017, 2016 and 2015 consisted of the following:

	2017	2016	2015
Current			
Bermuda	\$ —	\$ —	\$ —
Foreign	2,142	930	3,648
	<u>2,142</u>	<u>930</u>	<u>3,648</u>
Deferred			
Bermuda	—	—	—
Foreign	(524)	(4,377)	3,047
	<u>(524)</u>	<u>(4,377)</u>	<u>3,047</u>
	<u>\$ 1,618</u>	<u>\$ (3,447)</u>	<u>\$ 6,695</u>

The components of income (loss) before income taxes and noncontrolling interest were as follows:

	2017	2016 (1)	2015
Bermuda sources	\$ —	\$ —	\$ —
Foreign sources	22,360	(61,323)	120,679
	<u>\$ 22,360</u>	<u>\$ (61,323)</u>	<u>\$ 120,679</u>

A reconciliation of the differences between the Bermuda statutory income tax rate and the effective tax rate as provided in the consolidated statements of comprehensive (loss) income is as follows:

	2017		2016 (1)		2015	
Bermuda tax rate	\$ —	0.00%	\$ —	0.00%	\$ —	0.00%
Foreign tax rate	1,297	(5.80)%	5,339	8.80%	(4,343)	3.60%
Tax uncertainties	(2,915)	13.04%	(1,892)	(3.18)%	(2,352)	1.95%
	<u>\$ (1,618)</u>	<u>7.24%</u>	<u>\$ 3,447</u>	<u>5.62%</u>	<u>\$ (6,695)</u>	<u>5.55%</u>

- (1) Amounts for 2016 have been restated for immaterial corrections of identified errors pertaining to the calculation of gain on sale of containers, net and to properly account for lease concessions (see Note 2 "Immaterial Correction of Errors in Prior Periods").

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 2017 and 2016 are presented below:

	2017	2016
Deferred tax assets		
Net operating loss carryforwards	\$ 19,209	\$ 26,605
Other	1,557	1,811
	20,766	28,416
Valuation allowance (net operating loss)	(1,138)	(678)
Deferred tax assets	19,628	27,738
Deferred tax liabilities		
Containers, net	23,275	31,778
Other	671	812
Deferred tax liabilities	23,946	32,590
Net deferred tax liabilities	\$ 4,318	\$ 4,852

In assessing the extent to which deferred tax assets are realizable, the Company's management considers whether it is more likely than not that the deferred tax assets will 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's management considers the projected future reversal of taxable temporary items for making this assessment. Based upon the projections for the reversal of taxable temporary items over the periods in which the deferred tax assets are deductible, the Company's management believes it is more likely than not the Company will not realize a portion of the benefits of these deductible differences, thus a valuation allowance has been provided.

The Company has net operating loss carry-forwards of \$113,228 that will begin to expire from December 31, 2018 through December 31, 2037 if not utilized. The Company expects to utilize the net operating loss carry-forwards prior to their expiration, net of the valuation allowance.

The accompanying consolidated financial statements do not reflect the income taxes that would be payable to foreign taxing jurisdictions if the earnings of a group of corporations operating in those jurisdictions were to be transferred out of such jurisdictions, because such earnings are intended to be permanently reinvested in those countries. At December 31, 2017, cumulative earnings of approximately \$36,527 would be subject to income taxes of approximately \$10,958 if such earnings of foreign corporations were transferred out of such jurisdictions in the form of dividends.

The Company's foreign tax returns, including the United States, State of California, State of New Jersey, State of Texas, Malaysia, Singapore, and United Kingdom, are subject to examination by the various tax authorities. The Company's foreign tax returns are no longer subject to examinations by taxing authorities for years before 2011, except for its United Kingdom tax returns which are no longer subject to examinations for years before 2011.

The U.S. Tax Cuts and Job Act of 2017 (TCJA) was signed into law on December 22, 2017. The TCJA significantly revised the U.S. federal corporate income tax by, among other things, lowering the corporate income tax rate, implementing a territorial tax system, imposing a repatriation tax on earnings of foreign subsidiaries that are deemed to be repatriated to the United States, imposing limitations on the deduction of interest expense and executive compensation, and the creation of the base erosion anti-abuse tax (BEAT), a new minimum tax.

The most significant effect of TCJA on the Company was the U.S. federal corporate tax rate reduction from 35% to 21%. A change in tax law is accounted for in the period of enactment, which require re-measurement of all our U.S. deferred income tax asset and liabilities during this year-end. As the Company is in an overall net deferred tax liability position, the corporate tax rate reduction results in a net tax benefit of \$2,653 in 2017, when the deferred tax assets and liabilities are revalued downward. In addition, the Company's 2017 effective tax rate was favorably affected by 11.9% due to the TCJA.

On the other significant provisions that are not yet effective but may impact the Company's income taxes in future taxes such as limitation on the deduction of interest expense in excess of 30 percent of adjusted

taxable income, limitation of net operating losses generated after fiscal year 2017 to 80 percent of taxable income and an incremental tax on BEAT.

A reconciliation of the beginning and ending unrecognized tax benefit amounts for 2017 and 2016 are as follows:

Balance at December 31, 2015	\$ 12,065
Increases related to prior year tax positions	—
Decreases related to prior year tax positions	(204)
Increases related to current year tax positions	2,378
Lapse of statute of limitations	(908)
Balance at December 31, 2016	13,331
Increases related to prior year tax positions	100
Decreases related to prior year tax positions	(12)
Increases related to current year tax positions	3,642
Lapse of statute of limitations	(911)
Balance at December 31, 2017	<u>\$ 16,150</u>

If the unrecognized tax benefits of \$16,150 at December 31, 2017 were recognized, tax benefits in the amount of \$16,102 would reduce our annual effective tax rate. The Company believes the total amount of unrecognized tax benefit as of December 31, 2017 will decrease by \$1,138 in the next twelve months due to expiration of the statute of limitations, which would reduce our annual effective tax rate.

Interest and penalty expense recorded during 2017, 2016 and 2015 amounted to \$181, \$281 and \$70, respectively. Total accrued interest and penalties as of December 31, 2017 and 2016 were \$1,108 and \$926, respectively, and were included in non-current income taxes payable.

(12) Secured Debt Facilities, Credit Facilities, Term Loan and Bonds Payable, and Derivative Instruments

The following represents the Company's debt obligations as of December 31, 2017 and 2016:

Secured Debt Facilities, Credit Facilities, Term Loan and Bonds Payable	2017		2016		Final Maturity
	Outstanding	Average Interest	Outstanding	Average Interest	
TMCL II Secured Debt Facility (1)	\$ 659,714	3.38%	\$ 951,923	2.40%	Aug 2021
TMCL IV Secured Debt Facility (1) (2)	132,885	4.00%	140,202	2.69%	February 2022
TL Revolving Credit Facility	568,403	3.56%	671,060	2.50%	June 2022
TL Revolving Credit Facility II	150,906	3.55%	174,005	2.44%	June 2022
TW Credit Facility	97,148	3.38%	122,723	2.63%	September 2022
TAP Funding Revolving Credit Facility	163,276	3.43%	149,230	2.45%	December 2022
TL Term Loan	352,555	3.69%	394,732	2.59%	August 2023
2013-1 Bonds	—	—	200,595	3.90%	September 2023
2014-1 Bonds	—	—	233,827	3.27%	October 2023
2017-1 Bonds	390,013	3.91%	—	—	November 2023
2017-2 Bonds	475,408	3.73%	—	—	January 2024
Total debt obligations	<u>\$ 2,990,308</u>		<u>\$ 3,038,297</u>		
Amount due within one year	<u>\$ 233,681</u>		<u>\$ 205,081</u>		
Amounts due beyond one year	<u>\$ 2,756,627</u>		<u>\$ 2,833,216</u>		

(1) Final maturity of the TMCL II Secured Debt Facility and TMCL IV Secured Debt Facility are based on the assumptions that both facilities will not be extended on their associated conversion dates.

(2) On January 31, 2018, the TMCL IV Secured Debt Facility was terminated and the unpaid debt amount was fully repaid by proceeds primarily from the TL Revolving Credit Facility (see Note 17 “Subsequent Events”).

Secured Debt Facilities

(a) *TMCL II*

TMCL II has a securitization facility (the “TMCL II Secured Debt Facility”) that provides for an aggregate commitment amount of up to \$1,200,000. There is a commitment fee on the unused amount of the total commitment, payable monthly in arrears. TMCL II’s primary ongoing container financing requirements have been funded by commitments under the TMCL II Secured Debt Facility. The advance rates under the TMCL II Secured Debt Facility were 80.0% and 72.5% at December 31, 2017 and 2016, respectively. TMCL II is required to maintain restricted cash balances on deposit in a designated bank account equal to five months of interest expense.

On February 27, 2017, TMCL II entered into an amendment of the TMCL II Secured Debt which revised certain of the covenants and restrictions, and increased the interest rate.

On August 31, 2017, TMCL II entered into an amendment which extended the conversion date to August 2020, and lowered the interest rate to one-month LIBOR plus 1.90%, payable monthly in arrears, during the revolving period prior to the conversion date. The amendment also replaced the borrowing capacity of two of the TMCL II Secured Debt Facility lenders with three other lenders and, accordingly, the Company wrote off \$238 of unamortized debt issuance costs in August 2017.

(b) *TMCL IV*

TMCL IV had a securitization facility (the “TMCL IV Secured Debt Facility”) that provided for an aggregate commitment amount of up to \$300,000. There is a commitment fee on the unused amount of the total commitment, payable monthly in arrears. Final legal payment date was two years after the Conversion Date (February 2, 2018) if the TMCL IV Secured Debt Facility was not renewed by the Conversion Date. TMCL IV’s ongoing container financing requirements had been funded by commitments under the TMCL IV Secured Debt Facility. The advance rates under the TMCL IV Secured Debt Facility were 80.0% and 72.5% at December 31, 2017 and 2016, respectively. TMCL IV was required to maintain restricted cash balances on deposit in a designated bank account equal to five months of interest expense.

On February 27, 2017, TMCL IV entered into an amendment of the TMCL IV Secured Debt Facility which revised certain of the covenants and restrictions, and increased interest margin from 1.95% to 2.50%.

On January 31, 2018, the TMCL IV Secured Debt Facility was terminated and the unpaid debt amount of \$129,400 was fully repaid by \$124,608 proceeds from the TL Revolving Credit Facility and TMCL IV’s available cash of \$4,792.

Under the terms of the TMCL II Secured Debt Facility and TMCL IV Secured Debt Facility, the total outstanding principal of each of these two programs may not exceed the lesser of the commitment amount and an amount that is calculated based on TMCL II and TMCL IV’s book value of equipment, restricted cash and net investment in direct financing and sales-type leases as specified in each of the relevant secured debt facility indentures (the “Asset Base”). The total obligations under the TMCL II Secured Debt Facility and the TMCL IV Secured Debt Facility are secured by a pledge of TMCL II and TMCL IV’s assets, respectively. As of December 31, 2017, TMCL II Secured Debt Facility and TMCL IV Secured Debt Facility’s Asset Base amounted to \$723,991 and \$159,128, respectively and TMCL II and TMCL IV’s total assets amounted to \$1,088,797 and \$218,145, respectively.

Credit Facilities

(a) *TL*

TL has a revolving credit facility (the “TL Revolving Credit Facility”) that provides for an aggregate commitment amount of up to \$700,000 (which includes a \$50,000 letter of credit facility). There is a commitment fee on the unused amount of the total commitment, payable quarterly in arrears. The TL Revolving Credit Facility provides for payments of interest only during its term beginning on its inception

date through June 19, 2020 when all borrowings are due in full. Interest on the outstanding amount due under the TL Revolving Credit Facility is based either on the base rate for Base Rate loans plus a spread between 1.50% and 2.00% or LIBOR for Eurodollar rate loans plus a spread between 2.00% and 2.50%, as defined in the credit agreement, which varied based on TGH's leverage. TL's primary ongoing container financing requirements have been funded by commitments under the TL Revolving Credit Facility. The advance rates under the TL Revolving Credit Facility were 84.5% and 85.0% at December 31, 2017 and 2016, respectively. Interest payments on Base Rate loans and Eurodollar rate loans are payable in arrears on the last day of each calendar month and on the last day of each interest period, respectively.

TL has another revolving credit facility (the "TL Revolving Credit Facility II") that provides for an aggregate commitment amount of up to \$190,000. There is a commitment fee on the unused amount of the total commitment, payable quarterly in arrears. The TL Revolving Credit Facility II provides for payments of interest only during its term beginning on its inception date through July 23, 2020, when all borrowings are due in full. Interest on the outstanding amount due under the TL Revolving Credit Facility II is based either on the base rate for Base Rate loans plus a spread between 1.50% and 2.00% or LIBOR for Eurodollar rate loans plus a spread between 2.00% and 2.50%, as defined in the credit agreement, which varies based on TGH's leverage. The advance rates under the TL Revolving Credit Facility II were 84.5% and 85.0% at December 31, 2017 and 2016, respectively. Interest payments on Base Rate loans and Eurodollar rate loans are payable in arrears on the last day of each interest period, not to exceed three months, and on the last day of each calendar month, respectively.

On February 27, 2017 and October 31, 2017, TL entered into amendments of the TL Revolving Credit Facility and TL Revolving Credit Facility II which revised certain of the covenants and restrictions and increased the interest rate.

The TL Revolving Credit Facility and the TL Revolving Credit Facility II are each secured by segregated pools of TL's containers and under the terms of both facilities, the total outstanding principal may not exceed the lesser of the commitment amount and an amount (the "Asset Base"), which is based on a formula based on TL's net book value of containers and net investment in direct financing and sales-type leases designated to each of the TL Revolving Credit Facility and TL Revolving Credit Facility II. As of December 31, 2017, TL Revolving Credit Facility and the TL Revolving Credit Facility II's Asset Base amounted to \$662,925 and \$156,110, respectively. TGH acts as an unconditional guarantor of the TL Revolving Credit Facility and the TL Revolving Credit Facility II. The Company had no outstanding letters of credit under the TL Revolving Credit Facility as of December 31, 2017 and 2016.

(b) **TW**

TW has a credit agreement, with Wells Fargo Bank N.A. as the lender, which provided for a revolving credit facility with an aggregate commitment amount of up to \$300,000 (the "TW Credit Facility"). The revolving credit period was terminated on July 29, 2016 through an amendment. TW is required to make monthly principal pay downs from its available funds, net revenue collection after interest payment, interest rate hedging payment and certain management fees, until the outstanding balance is fully repaid prior to final maturity. Interest on the outstanding amount due under the TW Credit Facility is based on one-month LIBOR plus 2.0%, payable monthly in arrears. The advance rates under the TW Credit Facility were 90% and 80% for containers under operating leases and net investment in direct financing and sales-type leases, respectively, at both December 31, 2017 and 2016. TW is required to maintain restricted cash balances on deposit in a designated bank account equal to three months of interest expense.

The TW Credit Facility is secured by a pledge of TW's total assets and under the terms of the TW Credit Facility, the total outstanding principal may not exceed the lesser of the commitment amount and an amount that is based on a formula based on TW's net book value of containers, restricted cash and net investment in direct financing and sales-type leases (the "Asset Base"). As of December 31, 2017, TW Credit Facility's Asset Base and TW's total assets amounted to \$106,786 and \$134,997, respectively.

(c) **TAP Funding**

TAP Funding has a credit agreement, that provides for a revolving credit facility with an aggregate commitment amount of up to \$190,000 (the "TAP Funding Revolving Credit Facility"). There is a commitment fee on the unused amount of the total commitment, payable monthly in arrears. TAP Funding's primary ongoing container financing requirements have been funded by commitments under the TAP Funding

Revolving Credit Facility. The advance rates under the TAP Funding Revolving Credit Facility were 80.0% and 77.0% at December 31, 2017 and 2016, respectively. TAP Funding is required to maintain restricted cash balances on deposit in a designated bank account equal to five months of interest expense. Interest on the outstanding amount due under the TAP Funding Revolving Credit Facility is based on one-month LIBOR plus 1.95%, payable monthly in arrears.

On February 27, 2017, TAP Funding entered into an amendment of the TAP Funding Revolving Credit Facility which revised certain of the covenants and restrictions.

On December 8, 2017, TAP Funding entered into an amendment of the TAP Funding Revolving Credit Facility which extended the maturity date to December 7, 2021, increased the advance rate from 77.0% to 80.0%, lowered the interest margin from 2.25% to 1.95% and increased the aggregate commitment amount from \$150,000 to \$190,000.

The TAP Funding Revolving Credit Facility is secured by a pledge of TAP Funding's total assets and under the terms of the TAP Funding Revolving Credit Facility, the total outstanding principal may not exceed the lesser of the commitment amount and an amount (the "Asset Base"), which is based on a formula based on TAP Funding's net book value of containers and direct financing and sales-type leases. As of December 31, 2017, TAP Funding Revolving Credit Facility's Asset Base and TAP Funding's total assets amounted to \$164,213 and \$220,747, respectively.

Term Loan

TL has a \$500,000 five-year term loan (the "TL Term Loan") that represents a partially-amortizing term loan with the remaining principal due in full on April 30, 2019. Interest on the outstanding amount due under the TL Term Loan is based on the base rate for Base Rate loans plus a spread between 1.50% and 2.00% or LIBOR for Eurodollar rate loans plus a spread between 2.00% and 2.50%, as defined in the credit agreement, which is based upon TGH's leverage. Under the terms of the TL Term Loan, scheduled principal repayments are payable in twenty quarterly installments, consisting of nineteen quarterly installments, commencing on September 30, 2014, each in an amount equal to 1.58% of the initial principal balance and one final installment payable on the Maturity Date (April 30, 2019). The advance rates under the TL Term Loan were 84.5% and 85.0% at December 31, 2017 and 2016, respectively. Interest payments are payable in arrears on the last day of each interest period, not to exceed three months.

On February 27, 2017 and October 31, 2017, TL entered into amendments of the TL Term Loan which revised certain of the covenants and restrictions, and increased the interest rate.

The TL Term Loan is secured by a segregated pool of the Company's containers and under the terms of the TL Term Loan, the total outstanding principal may not exceed the lesser of the commitment amount and an amount that is based on a formula based on TL's net book value of containers and net investment in direct financing and sales-type leases designated to the TL Term Loan (the "Asset Base"). As of December 31, 2017, TL Term Loan's Asset Base amounted to \$364,186. TGH acts as an unconditional guarantor of the TL Term Loan.

Bonds Payable

(a) TMCL III

Textainer Marine Containers III Limited ("TMCL III") (a Bermuda Company), one of the Company's wholly-owned subsidiaries, issued \$300,900 aggregate principal amount of Series 2013-1 Fixed Rate Asset Backed Notes (the "2013-1 Bonds") and \$301,400 aggregate principal amount of Series 2014-1 Fixed Rate Asset Backed Notes (the "2014-1 Bonds") to qualified institutional investors pursuant to Rule 144A under the Securities Act and to non-U.S. persons in accordance with Regulation S promulgated under the Securities Act.

The 2013-1 Bonds were issued at 99.5% of par value, resulting in a discount of \$1,542 which is being accreted to interest expense using the interest rate method over a 10 year term. The \$300,900 in 2013-1 Bonds represent fully amortizing notes payable on a straight-line basis over a scheduled payment term of 10 years, but not to exceed a maximum payment term of 25 years. Both principal and interest incurred were payable

monthly in arrears. The target final payment date and legal final payment date was September 20, 2023 and September 20, 2038, respectively. TMCL III was required to maintain restricted cash balances on deposit in a designated bank account equal to nine months of interest expense on the 2013-1 Bonds.

The 2014-1 Bonds were issued at 99.9% of par value, resulting in a discount of \$102 which is being accreted to interest expense using the interest rate method over a 10 year term. The \$301,400 in 2014-1 Bonds represent fully amortizing notes payable on a straight-line basis over a scheduled payment term of 10 years, but not to exceed a maximum payment term of 25 years. Both principal and interest incurred were payable monthly in arrears. The target final payment date and legal final payment date was October 20, 2024 and October 20, 2039, respectively. TMCL III was required to maintain restricted cash balances on deposit in a designated bank account equal to nine months of interest expense on the 2014-1 Bonds.

On April 20, 2017, TMCL III entered into \$406,000 of one-year floating rate asset-backed notes (the “2017-A Notes”) with a group of financial institutions. Interest on the outstanding amount due under the 2017-A Notes was based on adjusted LIBOR plus a spread of 3.0%. The entire proceeds of the 2017-A Notes with TMCL III’s available cash was used to fully repay the unpaid principal amount of \$195,585 and \$228,562 of the 2013-1 Bonds and the 2014-1 Bonds, respectively, on April 20, 2017.

On May 17, 2017, the TMCL III 2017-A Notes were fully repaid by proceeds from the sale of TMCL III’s containers to Textainer Marine Containers V Limited’s (“TMCL V”) (a Bermuda Company), one of the Company’s wholly-owned subsidiaries, and TMCL III’s available cash.

Unamortized debt issuance costs and unamortized bond discounts of the 2013-1 Bonds, the 2014-1 Bonds and the 2017-A Notes in an aggregate amount of \$7,228 was written-off in second quarter of 2017.

(b) **TMCL V**

On May 17, 2017, TMCL V issued the Series 2017-1 Fixed Rate Asset Backed Notes (the “2017-1 Bonds”), \$350,000 aggregate Class A principal amount and \$70,000 aggregate Class B principal amount of 2017-1 Bonds, to qualified institutional investors pursuant to Rule 144A under the Securities Act and to non-U.S. persons in accordance with Regulation S promulgated under the Securities Act. The \$420,000 in 2017-1 Bonds represent fully amortizing notes payable over a scheduled payment term of 9 years, but not to exceed a maximum payment term of 25 years. The target final payment date and legal final payment date are May 20, 2026 and May 20, 2042, respectively. Both principal and interest incurred are payable monthly in arrears. The advance rate under the 2017-1 Bonds was 75.2% at December 31, 2017. TMCL V was required to maintain restricted cash balances on deposit in a designated bank account equal to nine months of interest expense on the 2017-1 Bonds. Proceeds from the 2017-1 Bonds was used to acquire containers from TMCL III and for general corporate purposes. The 2017-1 Bonds are secured by a pledge of TMCL V’s total assets.

On June 28, 2017, TMCL V issued the Series 2017-2 Fixed Rate Asset Backed Notes (the “2017-2 Bonds”), \$416,000 aggregate Class A principal amount and \$84,000 aggregate Class B principal amount of 2017-2 Bonds, to qualified institutional investors pursuant to Rule 144A under the Securities Act and to non-U.S. persons in accordance with Regulation S promulgated under the Securities Act. The \$500,000 in 2017-2 Bonds represent fully amortizing notes payable over a scheduled payment term of 9 years, but not to exceed a maximum payment term of 25 years. The target final payment date and legal final payment date are June 20, 2026 and June 20, 2042, respectively. Both principal and interest incurred are payable monthly in arrears. The advance rate under the 2017-2 Bonds was 77.6% at December 31, 2017. TMCL V was required to maintain restricted cash balances on deposit in a designated bank account equal to nine months of interest expense on the 2017-2 Bonds. Proceeds from the 2017-2 Bonds was used to acquire containers from TL and TMCL II and for general corporate purposes. The 2017-2 Bonds are secured by a pledge of TMCL V’s total assets.

Under the terms of the 2017-1 Bonds and the 2017-2 Bonds, the total outstanding principal may not exceed an amount that is based on a formula based on TMCL V’s book value of equipment, restricted cash and net investment in direct financing and sales-type leases as specified in the bond indenture (the “Asset Base”). The total obligations under the 2017-1 Bonds and the 2017-2 Bonds are secured by a pledge of TMCL V’s assets. As of December 31, 2017, the 2017-1 Bonds and the 2017-2 Bonds’ Asset Base amounted to \$395,892 and \$482,198, respectively, and TMCL V’s total assets amounted to \$1,179,021.

Restrictive Covenants

The Company's secured debt facilities, revolving credit facilities, the TL Term Loan, the 2017-1 Bonds and the 2017-2 Bonds contain restrictive covenants, including limitations on certain liens, indebtedness and investments.

- The TL Revolving Credit Facility, TL Revolving Credit Facility II and the TL Term Loan contain certain restrictive financial covenants on TGH's consolidated tangible net worth and TGH and TL's leverage coverage.
- The TMCL II Secured Debt Facility, the TMCL IV Secured Debt Facility, the TW Credit Facility, the TAP Funding Revolving Credit Facility, the 2017-1 Bonds and the 2017-2 Bonds contain restrictive covenants on TGH's leverage, debt service coverage, TGH's container management subsidiary net income and debt levels.
- The TMCL II Secured Debt Facility and TMCL IV Secured Debt Facility also contain restrictive covenants regarding certain containers sales proceeds ratio.
- The TW Credit Facility also contains restrictive covenants limiting TW's finance lease default ratio and debt service coverage ratio.
- The TMCL II Secured Debt Facility, the TMCL IV Secured Debt Facility, the TAP Funding Revolving Credit Facility, the 2017-1 Bonds and the 2017-2 Bonds also contain restrictive covenants' regarding certain debt service ratios and the average age of the underlying container fleets securing each of these obligations.
- The TMCL II Secured Debt Facility, the TMCL IV Secured Debt Facility, the 2017-1 Bonds and the 2017-2 Bonds also contain restrictive covenants on TMCL II, TMCL IV and TMCL V's ability to incur other obligations and distribute earnings, respectively.
- All of the Company's debt facilities also contain restrictive covenants on borrowing base minimums.

TGH and its subsidiaries were in full compliance with these restrictive covenants at December 31, 2017.

The following is a schedule of future scheduled repayments, by year, and borrowing capacities, as of December 31, 2017:

	Twelve months ending December 31,						Available borrowing, as limited by the Borrowing Base	Current Availa Borrow
	2018	2019	2020	2021	2022 and thereafter	Total Borrowing		
TMCL II Secured Debt (1) Facility	\$ —	\$ —	\$ 22,136	\$ 66,475	\$ 576,140	\$ 664,751	\$ 58,648	\$ 723
TMCL IV Secured Debt (1) (2) Facility	48,000	48,000	37,000	—	—	133,000	26,127	159
TL Revolving Credit Facility	—	—	574,000	—	—	574,000	70,956	644
TL Revolving Credit Facility II	36,000	36,000	80,000	—	—	152,000	4,110	156
TW Credit Facility	26,793	21,854	25,654	17,009	5,838	97,148	—	97
TAP Funding Revolving Credit Facility	9,600	9,600	9,600	135,900	—	164,700	—	164
TL Term Loan	39,600	314,400	—	—	—	354,000	—	354
2017-1 Bonds	37,065	38,331	39,357	52,173	227,349	394,275	—	394
2017-2 Bonds (3)	40,627	40,968	43,958	55,259	299,730	480,542	—	480
Total (4)	<u>\$ 237,685</u>	<u>\$ 509,153</u>	<u>\$ 831,705</u>	<u>\$ 326,816</u>	<u>\$ 1,109,057</u>	<u>\$ 3,014,416</u>	<u>\$ 159,841</u>	<u>\$ 3,174</u>

- (1) Future scheduled payments for TMCL II and TMCL IV Secured Debt Facility are based on the assumptions that both facilities will not be extended on their associated conversion dates.
- (2) On January 31, 2018, the TMCL IV Secured Debt Facility was terminated and the unpaid debt amount was fully repaid by proceeds primarily from the TL Revolving Credit Facility (see Note 17 "Subsequent Events").
- (3) Future scheduled payments for 2017-2 Bonds exclude an unamortized discount of \$75.
- (4) Future scheduled payments for all debts exclude prepaid debt issuance costs in an aggregate amount of \$24,034.

Derivative Instruments

The Company has entered into several interest rate cap, collar and swap agreements with several banks to reduce the impact of changes in interest rates associated with its debt obligations. The following is a summary of the Company's derivative instruments as of December 31, 2017:

Derivative instruments	Notional amount
Interest rate swap contracts with several banks, with fixed rates between 0.60% and 1.98% per annum, amortizing notional amounts, with termination dates through July 15, 2023	\$ 1,067,530
Interest rate collar contracts with a bank which cap rates between 1.26% and 2.18% per annum, and sets floors for rates between 0.76% and 1.68% per annum, amortizing notional amount, with termination dates through June 15, 2023	78,713
Interest rate cap contracts with several banks with fixed rates between 3.70% and 4.49% per annum, nonamortizing notional amounts, with termination dates through December 15, 2019	138,000
Total notional amount as of December 31, 2017	<u>\$ 1,284,243</u>

The Company's interest rate swap, collar and cap agreements had a fair value asset and liability of \$7,787 and \$81 as of December 31, 2017, respectively, and a fair value asset and a fair value liability of \$4,816 and \$1,204 as of December 31, 2016, respectively, which are inclusive of counterparty risk. The primary external risk of the Company's interest rate swap agreements is the counterparty credit exposure, as defined as the ability of a counterparty to perform its financial obligations under a derivative contract. The Company monitors its counterparties' credit ratings on an on-going basis and they were in compliance with the related derivative agreements at December 31, 2017. The Company does not have any master netting arrangements with its counterparties. The Company's fair value assets and liabilities for its interest rate swap, collar and cap agreements are included in interest rate swaps, collars and caps in the accompanying condensed consolidated balance sheets. The change in fair value was recorded in the condensed consolidated statements of comprehensive income (loss) as unrealized gains (losses) on interest rate swaps, collars and caps, net.

(13) Segment Information

As described in Note 1(a) “Nature of Operations”, the Company operates in three reportable segments: Container Ownership, Container Management and Container Resale. The following tables show segment information for 2017, 2016 and 2015, reconciled to the Company’s income before income tax and noncontrolling interests as shown in its consolidated statements of comprehensive income:

2017	Container Ownership	Container Management	Container Resale	Other	Eliminations	Totals
Lease rental income	\$ 442,219	\$ 2,669	\$ —	\$ —	\$ —	\$ 444,888
Management fees from external customers	266	9,953	4,775	—	—	14,994
Inter-segment management fees	—	39,529	9,477	—	(49,006)	—
Trading container sales proceeds	—	—	4,758	—	—	4,758
Gain on sale of containers, net	26,210	—	—	—	—	26,210
Total revenue	\$ 468,695	\$ 52,151	\$ 19,010	\$ —	\$ (49,006)	\$ 490,850
Depreciation expense	\$ 236,577	\$ 776	\$ —	\$ —	\$ (6,310)	\$ 231,043
Container impairment	\$ 8,072	\$ —	\$ —	\$ —	\$ —	\$ 8,072
Interest expense	\$ 117,475	\$ —	\$ —	\$ —	\$ —	\$ 117,475
Write-off of unamortized deferred debt issuance costs and bond discounts	\$ 7,550	\$ —	\$ —	\$ —	\$ —	\$ 7,550
Unrealized gains on interest rate swaps, collars and caps, net	\$ 4,094	\$ —	\$ —	\$ —	\$ —	\$ 4,094
Segment (loss) income before income tax and noncontrolling interests	\$ (1,707)	\$ 15,376	\$ 10,854	\$ (3,568)	\$ 1,405	\$ 22,360
Total assets	\$ 4,316,272	\$ 139,989	\$ 10,873	\$ 6,859	\$ (93,651)	\$ 4,380,342
Purchases of long-lived assets	\$ 418,288	\$ 934	\$ —	\$ —	\$ —	\$ 419,222

2016 (1)	Container Ownership	Container Management	Container Resale	Other	Eliminations	Totals
Lease rental income	\$ 458,246	\$ 2,181	\$ —	\$ —	\$ —	\$ 460,427
Management fees from external customers	291	10,076	3,053	—	—	13,420
Inter-segment management fees	—	38,080	8,493	—	(46,573)	—
Trading container sales proceeds	—	—	15,628	—	—	15,628
Gain on sale of containers, net	6,761	—	—	—	—	6,761
Total revenue	\$ 465,298	\$ 50,337	\$ 27,174	\$ —	\$ (46,573)	\$ 496,236
Depreciation expense	\$ 241,498	\$ 876	\$ —	\$ —	\$ (6,230)	\$ 236,144
Container impairment	\$ 94,623	\$ —	\$ —	\$ —	\$ —	\$ 94,623
Interest expense	\$ 85,215	\$ —	\$ —	\$ —	\$ —	\$ 85,215
Unrealized gains on interest rate swaps, collars and caps, net	\$ 6,210	\$ —	\$ —	\$ —	\$ —	\$ 6,210
Segment (loss) income before income tax and noncontrolling interests	\$ (84,252)	\$ 18,134	\$ 6,178	\$ (3,016)	\$ 1,633	\$ (61,323)
Total assets	\$ 4,261,296	\$ 89,905	\$ 6,010	\$ 4,900	\$ (68,085)	\$ 4,294,026
Purchases of long-lived assets	\$ 474,956	\$ 1,206	\$ —	\$ —	\$ —	\$ 476,162
2015	Container Ownership	Container Management	Container Resale	Other	Eliminations	Totals
Lease rental income	\$ 510,954	\$ 1,590	\$ —	\$ —	\$ —	\$ 512,544
Management fees from external customers	317	12,002	3,291	—	—	15,610
Inter-segment management fees	—	45,620	10,104	—	(55,724)	—
Trading container sales proceeds	—	—	12,670	—	—	12,670
Gain on sale of containers, net	3,454	—	—	—	—	3,454
Total revenue	\$ 514,725	\$ 59,212	\$ 26,065	\$ —	\$ (55,724)	\$ 544,278
Depreciation expense	\$ 197,084	\$ 792	\$ —	\$ —	\$ (5,946)	\$ 191,930
Container impairment	\$ 35,345	\$ —	\$ —	\$ —	\$ —	\$ 35,345
Interest expense	\$ 76,063	\$ —	\$ —	\$ —	\$ —	\$ 76,063
Write-off of unamortized deferred debt issuance costs	\$ 458	\$ —	\$ —	\$ —	\$ —	\$ 458
Unrealized losses on interest rate swaps, collars and caps, net	\$ 1,947	\$ —	\$ —	\$ —	\$ —	\$ 1,947
Segment income (loss) before income tax and noncontrolling interests	\$ 88,536	\$ 26,305	\$ 9,335	\$ (4,283)	\$ 786	\$ 120,679
Total assets	\$ 4,348,196	\$ 117,033	\$ 5,210	\$ 7,251	\$ (112,378)	\$ 4,365,312
Purchases of long-lived assets	\$ 510,269	\$ 1,070	\$ —	\$ —	\$ —	\$ 511,339

- (1) Amounts for the years ended December 31, 2016 have been restated for immaterial corrections of identified errors pertaining to the calculation of the gains on sale of containers, net and to properly account for lease concessions (see Note 2 “Immaterial Correction of Errors in Prior Periods”).

General and administrative expenses are allocated to the reportable business segments based on direct overhead costs incurred by those segments. Amounts reported in the “Other” column represent activity unrelated to the active reportable business segments. Amounts reported in the “Eliminations” column represent inter-segment management fees between the Container Management and the Container Resale segments and the Container Ownership segment.

Geographic Segment Information

The Company's container lessees use containers for their global trade utilizing many worldwide trade routes. The Company earns its revenue from international carriers when the containers are in use and carrying cargo around the world. Substantially all of the Company's leasing related revenue is denominated in U.S. dollars. As all 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 with no single country of use.

The following table represents the geographic allocation of lease rental income and management fees during the years ended December 31, 2017, 2016 and 2015 based on customers' primary domicile:

	Years ended December 31,					
	2017	Percent of Total	2016 (1)	Percent of Total	2015	Percent of Total
Lease rental income:						
Asia	\$ 231,928	52.1%	\$ 256,489	55.7%	\$ 301,209	58.7%
Europe	182,291	41.0%	176,164	38.2%	183,785	35.9%
North / South America	26,329	5.9%	21,929	4.8%	15,957	3.1%
All other international	4,340	1.0%	5,845	1.3%	11,593	2.3%
Bermuda	—	0.0%	—	0.0%	—	0.0%
	<u>\$ 444,888</u>	<u>100.0%</u>	<u>\$ 460,427</u>	<u>100.0%</u>	<u>\$ 512,544</u>	<u>100.0%</u>
Management fees:						
Bermuda	\$ 9,074	60.5%	\$ 8,668	64.6%	\$ 10,201	65.3%
Europe	3,729	24.9%	2,541	18.9%	3,190	20.4%
North / South America	1,948	13.0%	1,915	14.3%	1,819	11.7%
Asia	28	0.2%	41	0.3%	48	0.3%
All other international	215	1.4%	255	1.9%	352	2.3%
	<u>\$ 14,994</u>	<u>100.0%</u>	<u>\$ 13,420</u>	<u>100.0%</u>	<u>\$ 15,610</u>	<u>100.0%</u>

(1) Amounts for the year ended December 31, 2016 have been restated for immaterial corrections of identified errors pertaining to properly account for lease concessions (see Note 2 "Immaterial Correction of Errors in Prior Periods").

The following table represents the geographic allocation of trading container sales proceeds and gains on sale of containers, net during the years ended December 31, 2017, 2016 and 2015 based on the location of sale:

	Years ended December 31,					
	2017	Percent of Total	2016 (1)	Percent of Total	2015	Percent of Total
Trading container sales proceeds:						
Asia	\$ 3,349	70.4%	\$ 11,647	74.5%	\$ 6,401	50.5%
North / South America	816	17.2%	2,948	18.9%	2,581	20.4%
Europe	593	12.5%	1,033	6.6%	3,688	29.1%
Bermuda	—	—	—	0.0%	—	0.0%
	<u>\$ 4,758</u>	<u>100.0%</u>	<u>\$ 15,628</u>	<u>100.0%</u>	<u>\$ 12,670</u>	<u>100.0%</u>
Gain (loss) on sale of containers, net:						
Asia	\$ 18,321	69.9%	\$ 6,015	89.0%	\$ 929	26.9%
North / South America	5,002	19.1%	1,855	27.4%	3,022	87.5%
Europe	2,994	11.4%	1,576	23.3%	(490)	(14.2)%
Bermuda	—	0.0%	—	0.0%	—	0.0%
All other international	(107)	(0.4)%	(2,685)	(39.7)%	(7)	(0.2)%
	<u>\$ 26,210</u>	<u>100.0%</u>	<u>\$ 6,761</u>	<u>100.0%</u>	<u>\$ 3,454</u>	<u>100.0%</u>

- (1) Amounts for the year ended December 31, 2016 have been restated for immaterial corrections of identified errors pertaining to the calculation of gain on sale of containers, net (see Note 2 “Immaterial Correction of Errors in Prior Periods”).

(14) Commitments and Contingencies

(a) Leases

The Company has entered into several operating leases for office space. Rent expense amounted to \$3,432, \$1,213 and \$1,614 during 2017, 2016 and 2015, respectively.

Future minimum lease payment obligations under the Company’s noncancelable operating leases at December 31, 2017 were as follows:

	Operating leasing
Year ending December 31:	
2018	\$ 2,104
2019	2,156
2020	2,113
2021	2,053
2022 and thereafter	11,212
Total	<u>\$ 19,638</u>

(b) Restricted Cash

Restricted interest-bearing cash accounts were established by the Company as additional collateral for outstanding borrowings under the Company’s TMCL II Secured Debt Facility, TMCL IV Secured Debt Facility, TW Credit Facility, TAP Funding Revolving Credit Facility, 2013-1 Bonds, 2014-1 Bonds, 2017-1 Bonds and 2017-2 Bonds. In addition, TL is required under its credit facilities to maintain a \$10,000 cash balance. The total balance of these restricted cash accounts was \$99,675 and \$58,078 as of December 31, 2017 and 2016, respectively.

(c) Container Commitments

At December 31, 2017, the Company had placed orders with manufacturers for containers to be delivered subsequent to December 31, 2017 in the total amount of \$244,990.

(15) Share Option and Restricted Share Unit Plans

As of December 31, 2017, the Company maintained one active share option and restricted share unit plan, the 2015 Share Incentive Plan (“2015 Plan”). The 2015 Plan provided for the grant of share options, restricted share units, restricted shares, share appreciation rights and dividend equivalent rights. The 2015 Plan provided for grants of incentive share options only to the Company’s employees or employees of any parent or subsidiary of TGH. Awards other than incentive share options could be granted to the Company’s employees, directors and consultants or the employees, directors and consultants of any parent or subsidiary of TGH. At December 31, 2017, 787,937 shares were available for future issuance under the 2015 Plan.

Share options are granted at exercise prices equal to the fair market value of the shares on the grant date. Each employee’s options vest in increments of 25% per year beginning approximately one year after an option’s grant date. Unless terminated pursuant to certain provisions within the share option plans, including discontinuance of employment with the Company, all unexercised options expire ten years from the date of grant.

Beginning approximately one year after a restricted share unit’s grant date for each employee’s restricted share unit granted prior to 2010, each employee’s restricted share units vest in increments of 15% per year for the first two years, 20% for the third year and 25% for the fourth and fifth year. Beginning

approximately one year after a restricted share unit's grant date for each restricted share unit granted in 2010 and thereafter, each employee's restricted share units vest in increments of 25% per year. Restricted share units granted to directors fully vest one year after their grant date.

The following is a summary of activity in the Company's 2015 Plan for the years ended December 31, 2017, 2016, and 2015:

	Share options (common share equivalents)	Weighted average exercise price
Balances, December 31, 2014	961,031	\$ 29.63
Options granted during the period	257,428	\$ 14.20
Options exercised during the period	(32,495)	\$ 11.90
Options expired during the period	(6,532)	\$ 30.99
Options forfeited during the period	(20,086)	\$ 33.70
Balances, December 31, 2015	1,159,346	\$ 26.62
Options granted during the period	341,532	\$ 9.77
Options exercised during the period	—	\$ —
Options expired during the period	(38,317)	\$ 31.33
Options forfeited during the period	(30,748)	\$ 29.97
Balances, December 31, 2016	1,431,813	\$ 22.41
Options granted during the period	246,722	\$ 22.75
Options exercised during the period	(65,468)	\$ 14.67
Options expired during the period	(45,638)	\$ 25.55
Options forfeited during the period	(42,752)	\$ 16.04
Balances, December 31, 2017	1,524,677	\$ 22.88
Options exercisable at December 31, 2017	875,083	\$ 27.04
Options vested and expected to vest at December 31, 2017	1,453,930	\$ 23.15

	Restricted share units	Weighted average grant date fair value
Balances, December 31, 2014	633,218	\$ 27.99
Share units granted during the period	277,336	\$ 13.01
Share units vested during the period	(272,945)	\$ 26.00
Share units forfeited during the period	(20,086)	\$ 30.31
Balances, December 31, 2015	617,523	\$ 21.70
Share units granted during the period	361,152	\$ 9.81
Share units vested during the period	(254,024)	\$ 24.26
Share units forfeited during the period	(30,748)	\$ 25.93
Balances, December 31, 2016	693,903	\$ 14.72
Share units granted during the period	289,800	\$ 20.82
Share units vested during the period	(244,633)	\$ 18.33
Share units forfeited during the period	(46,022)	\$ 14.24
Balances, December 31, 2017	693,048	\$ 16.03
Share units outstanding and expected to vest at December 31, 2017	620,950	\$ 16.07

The estimated weighted average grant date fair value of share options granted during 2017, 2016 and 2015 was \$10.32, \$4.01 and \$3.16 per share, respectively. As of December 31, 2017, \$12,797 of total compensation cost related to non-vested share option and restricted share unit awards not yet recognized is expected to be recognized over a weighted average period of 3 years. The aggregate intrinsic value of all options exercisable and outstanding, which represents the total pre-tax intrinsic value, based on the Company's closing common share price of \$21.50 per share as of December 31, 2017 was \$2,034. The aggregate intrinsic value is calculated as the difference between the exercise prices of the Company's share options that were in-the-money and the market value of the common shares that would have been issued if those share options were exercised as of December 31, 2017. The aggregate intrinsic value of all options exercised during 2017 and 2015, based on the closing share price on the date each option was exercised was \$241 and \$325, respectively. There were no share options exercised during 2016.

The following table summarizes information about share options exercisable and outstanding at December 31, 2017:

	Share options exercisable		Share options outstanding	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
Range of per-share exercise prices:				
\$7.10	10,600	\$ 7.10	10,600	\$ 7.10
\$9.70	306,666	\$ 9.70	74,735	\$ 9.70
\$9.75 - \$12.23	13,750	\$ 11.55	2,500	\$ 12.23
\$14.17	219,742	\$ 14.17	103,843	\$ 14.17
\$16.97	47,410	\$ 16.97	47,410	\$ 16.97
\$22.95	242,972	\$ 22.95	—	\$ —
\$27.68 - \$28.26	209,140	\$ 28.12	208,890	\$ 28.12
\$28.54 - \$31.34	114,715	\$ 28.78	114,715	\$ 28.78
\$34.14	190,019	\$ 34.14	142,727	\$ 34.14
\$38.36	169,663	\$ 38.36	169,663	\$ 38.36
	<u>1,524,677</u>	<u>\$ 22.88</u>	<u>875,083</u>	<u>\$ 27.04</u>

The weighted average contractual life of options exercisable and outstanding as of December 31, 2017 was 5.6 years and 7.0 years, respectively.

The fair value of each share option granted under the 2015 Plan was estimated on the date of grant using the Black-Scholes option pricing model for the years ended December 31, 2017, 2016 and 2015 with the following assumptions:

	2017	2016	2015
Risk-free interest rates	2.2%	1.9%	1.8%
Expected terms (in years)	5.4	5.2	5.2
Expected common share price volatilities	47.4%	43.7%	44.5%
Expected dividends	0.0%	0.0%	6.8%
Expected forfeitures	5.9%	5.3%	4.0%

The risk-free interest rate is based on the implied yield on a U.S. Treasury zero-coupon issue with a remaining term equal to the expected term of the share option life. The expected term is calculated based on historical exercises. The expected common share price volatility for the 2015 Plan is based on the historical volatility of publicly traded companies within the Company's industry. The dividend yield reflects the estimated future yield on the date of grant. The Company only recognizes expense for share-based awards that are ultimately expected to vest. The forfeiture rate is based on the Company's estimate of share options that are expected to cancel prior to vesting.

(16) Share Repurchase Program

On October 29, 2015, TGH's board of directors approved a share repurchase program of up to \$100,000 of the Company's common shares. Under the program, the Company may purchase its common shares from time to time in the open market, in privately negotiated transactions or by establishing a trading plan under Rule 10b5-1 of the Securities Exchange Act of 1934 to facilitate purchases of its common shares. During 2015, the Company repurchased 630,000 shares at an average price of \$14.52 for a total amount of \$9,149. The Company did not repurchase any of its common shares during the years ended December 31, 2017 and 2016.

(17) Subsequent Events

On February 15, 2018, The Company completed a \$300 million, seven-year fixed rate term financing with a lender group comprised of a financial institution and an institutional investor. The facility was issued by Textainer Marine Containers VI Limited ("TMCL VI"), an indirect wholly-owned subsidiary of the Company. The facility is partially amortized and the remaining principal is due in full in seven years. The weighted average life of the facility is approximately five years and is secured by a pledge of TMCL VI's containers. The proceeds of the facility were used to paydown certain of the Company's short-term debt.

In February 2018, the company concluded a purchase of approximately 18,000 containers that we had been managing for an institutional investor for a total purchase consideration of \$13.2 million.

TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES
SCHEDULE I - CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

Parent Company Information
Years Ended December 31, 2017, 2016 and 2015
(All currency expressed in United States dollars in thousands)

	2017	2016 (1)(2)	2015 (2)
Operating expenses:			
General and administrative expense	\$ 2,664	\$ 2,657	\$ 2,966
Long-term incentive compensation expense	904	363	432
Total operating expenses	3,568	3,020	3,398
Loss from operations	(3,568)	(3,020)	(3,398)
Other income (expense):			
Equity in net income (loss) of subsidiaries	22,933	(49,470)	111,806
Interest income	—	4	—
Net other income (loss)	22,933	(49,466)	111,806
Income (loss) before income tax	19,365	(52,486)	108,408
Income tax benefit	—	3	—
Net income (loss) attributable to Textainer Group Holdings Limited common shareholders	\$ 19,365	\$ (52,483)	\$ 108,408
Net income (loss) attributable to Textainer Group Holdings Limited common shareholders per share:			
Basic	\$ 0.34	\$ (0.93)	\$ 1.90
Diluted	\$ 0.34	\$ (0.93)	\$ 1.90
Weighted average shares outstanding (in thousands):			
Basic	56,845	56,608	56,953
Diluted	57,159	56,608	57,093
Other comprehensive income:			
Foreign currency translation adjustments	207	(233)	(240)
Comprehensive income (loss) attributable to Textainer Group Holdings Limited common shareholders	\$ 19,572	\$ (52,716)	\$ 108,168

- (1) Certain amounts for the year ended December 31, 2016 have been restated for immaterial corrections of identified errors pertaining to the calculation of gain on sale of containers, net and to properly account for lease concessions (see Note 2 "Immaterial Correction of Errors in Prior Periods").
- (2) Certain amounts for the years ended December 31, 2016 and 2015 have been reclassified to conform with 2017 presentation.

TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES

SCHEDULE I - CONDENSED BALANCE SHEETS

Parent Company Information

December 31, 2017 and 2016

(All currency expressed in United States dollars in thousands)

	2017	2016 (1)
Assets		
Current assets:		
Cash and cash equivalents	\$ 5,530	\$ 2,975
Prepaid expenses	216	173
Due from affiliates, net	1,020	189
Total current assets	6,766	3,337
Investments in subsidiaries	1,147,157	1,124,018
Total assets	\$ 1,153,923	\$ 1,127,355
Liabilities and Shareholders' Equity		
Current liabilities:		
Accrued expenses	\$ 568	\$ 618
Total current liabilities	568	618
Shareholders' equity:		
Common shares	578	575
Additional paid-in capital	398,634	391,591
Treasury shares	(9,149)	(9,149)
Accumulated other comprehensive income	(309)	(516)
Retained earnings	763,601	744,236
Total shareholders' equity	1,153,355	1,126,737
Total liabilities and shareholders' equity	\$ 1,153,923	\$ 1,127,355

(1) Certain amounts as of December 31, 2016 have been restated for immaterial corrections of identified errors related to the calculation of gain on sale of containers, net and to properly account for lease concessions (see Note 2 "Immaterial Correction of Errors in Prior Periods").

TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES

SCHEDULE I - CONDENSED STATEMENTS OF CASH FLOWS

Parent Company Information

Years ended December 31, 2017, 2016 and 2015

(All currency expressed in United States dollars in thousands)

	<u>2017</u>	<u>2016 (1)(2)</u>	<u>2015 (2)</u>
Cash flows from operating activities:			
Net income (loss) attributable to Textainer Group Holdings Limited common shareholders	\$ 19,365	\$ (52,483)	\$ 108,408
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Equity in (income) loss of subsidiaries	(22,933)	49,470	(111,806)
Dividends received from subsidiaries	—	28,000	100,000
Share-based compensation	6,083	6,573	7,743
Decrease (increase) in:			
Prepaid expenses	(43)	15	16
Increase (decrease) in:			
Accrued expenses	(50)	(489)	454
Total adjustments	<u>(16,943)</u>	<u>83,569</u>	<u>(3,593)</u>
Net cash provided by operating activities	<u>2,422</u>	<u>31,086</u>	<u>104,815</u>
Cash flows from investing activities:			
(Decrease) increase in investments in subsidiaries, net	(204)	(3,969)	233
Net cash (used in) provided by investing activities	<u>(204)</u>	<u>(3,969)</u>	<u>233</u>
Cash flows from financing activities:			
Purchase of treasury shares	—	—	(9,149)
Issuance of common shares upon exercise of share options	961	—	301
Dividends paid	—	(28,754)	(94,079)
Due from affiliates, net	(831)	(364)	585
Net cash provided by (used) in financing activities	<u>130</u>	<u>(29,118)</u>	<u>(102,342)</u>
Effect of exchange rate changes	207	(233)	(240)
Net increase (decrease) in cash and cash equivalents	<u>2,555</u>	<u>(2,234)</u>	<u>2,466</u>
Cash and cash equivalents, beginning of the year	2,975	5,209	2,743
Cash and cash equivalents, end of the year	<u>\$ 5,530</u>	<u>\$ 2,975</u>	<u>\$ 5,209</u>

(1) Certain amounts for the year ended December 31, 2016 have been restated for immaterial corrections of identified errors related to the calculation of gain on sale of containers, net and to properly account for lease concessions (see Note 2 "Immaterial Correction of Errors in Prior Periods").

(2) Certain amounts for the years ended December 31, 2016 and 2015 have been reclassified to conform with 2017 presentation.

TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES

Valuation Accounts

Years ended December 31, 2017, 2016 and 2015

(All currency expressed in United States dollars in thousands)

	Balance at Beginning of Year	Additions Charged to Expense	Deductions	Balance at End of Year
December 31, 2015				
Accounts receivable, allowance for doubtful accounts	\$ 12,139	\$ 5,028	\$ (3,114)	\$ 14,053
December 31, 2016				
Accounts receivable, allowance for doubtful accounts	\$ 14,053	\$ 21,166	\$ (3,375)	\$ 31,844
December 31, 2017				
Accounts receivable, allowance for doubtful accounts	\$ 31,844	\$ 477	\$ (26,546)	\$ 5,775

ITEM 19. EXHIBITS

The following exhibits are filed as part of this Annual Report on Form 20-F:

Exhibit Number	Description of Document
1.1	<u>Memorandum of Association of Textainer Group Holdings Limited (1)</u>
1.2	<u>Bye-laws of Textainer Group Holdings Limited (2)</u>
2.1	<u>Form of Common Share Certificate (3)</u>
4.1	<u>Office Lease, dated August 8, 2001, by and between Pivotal 650 California St., LLC and Textainer Equipment Management (U.S.) Limited (the “Office Lease”),(4)</u>
4.2	<u>First Amendment to the Office Lease, dated as of December 23, 2008, by and between A – 650 California Street, LLC and Textainer Equipment Management (U.S.) Limited (5)</u>
4.3	<u>Second Amendment to the Office Lease, dated as of April 23, 2015, by and between Columbia REIT – 650 California Street, LLC and Textainer Equipment Management (U.S.) Limited (6)</u>
4.4*	<u>Employment Agreement, dated as of October 1, 2011 by and between Textainer Equipment Management (U.S.) Limited and Philip K. Brewer (7)</u>
4.5*	<u>Employment Agreement, dated January 10, 2012 by and between Textainer Equipment Management (U.S.) Limited and Hilliard C. Terry, III (8)</u>
4.6*	<u>Employment Agreement, dated December 4, 2015 by and between Textainer Equipment Management (U.S.) Limited and Olivier Ghesquiere (9)</u>
4.7*	<u>2015 Share Incentive Plan (as amended and restated effective May 21, 2015) (10)</u>
4.8*	<u>2008 Bonus Plan (11)</u>
4.9*	<u>Form of Indemnification Agreement (12)</u>
4.10	<u>Amended and Restated Indenture, dated September 15, 2014, by and between Textainer Marine Containers Limited II, as issuer and Wells Fargo Bank, National Association, as indenture trustee (“TMCL II Indenture”),(13)</u>
4.11†	<u>Amendment Number 1, dated December 21, 2016 to the TMCL II Indenture</u>
4.12†	<u>Amendment Number 2, dated February 27, 2017 to the TMCL II Indenture</u>
4.13	<u>Amended and Restated Textainer Marine Containers Limited II Series 2012-1 Supplement, dated September 15, 2014 to the TMCL II Indenture (the “Series 2012-1 Supplement”),(14)</u>
4.14†	<u>Amendment Number 1, dated December 21, 2016 to the Series 2012-1 Supplement</u>
4.15†	<u>Amendment Number 2, dated February 27, 2017 to the Series 2012-1 Supplement</u>
4.16	<u>Credit Agreement, dated September 24, 2012, by and among, Textainer Limited, as borrower, Textainer Group Holdings Limited, as guarantor, Bank of America, N.A., as agent and the lenders party thereto (“TL Credit Agreement”),(15)</u>
4.17	<u>Amendment Number 1, dated as of July 25, 2013 to the TL Credit Agreement (16)</u>
4.18	<u>Amendment Number 2, dated April 30, 2014 to the TL Credit Agreement (17)</u>
4.19	<u>Amendment Number 3, dated June 19, 2015 to the TL Credit Agreement (18)</u>
4.20†	<u>Amendment Number 4, dated June 23, 2016 to the TL Credit Agreement</u>
4.21†	<u>Amendment Number 5, dated October 26, 2016 to the TL Credit Agreement</u>

Exhibit Number	Description of Document
4.22†	Amendment Number 6, dated February 24, 2017 to the TL Credit Agreement
4.23**	Fourth Amended and Restated Equipment Management Services Agreement, dated as of June 1, 2002, by and between Textainer Equipment Management Limited and Leased Assets Pool Company Limited (19)
4.24	Amendment to Fourth Amended and Restated Equipment Management Services Agreement, dated as of September 12, 2007, by and between Textainer Equipment Management Limited and Leased Asset Pool Company Limited (20)
4.25	Container Management Services Agreement, dated as of December 1, 2016, by and between Maccarone Container Fund, LLC and Textainer Equipment Management Limited (21)
4.26†	Voting Limitation Deed, dated January 1, 2018, by and between Halco Holdings, Inc. and the Company
4.27†	Indenture, dated May 27, 2017, by and between Textainer Marine Containers Limited V, as issuer and Wells Fargo Bank, National Association, as indenture trustee ("TMCL V Indenture")
4.28†	Textainer Marine Containers Limited V Series 2017-1 Supplement, dated as of May 17, 2017 to the TMCL V Indenture
4.29†	Textainer Marine Containers Limited V Series 2017-2 Supplement, dated as of June 28, 2017 to the TMCL V Indenture
8.1†	Subsidiaries of the Registrant
12.1†	Certification of the Chief Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2†	Certification of the Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a) under the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1†	Certification of the Chief Executive Officer required by Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2†	Certification of the Chief Financial Officer required by Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
15.1†	Consent of KPMG LLP
101.INS†	XBRL Instance Document
101.SCH†	XBRL Taxonomy Extension Schema Document
101.CAL†	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF†	XBRL Taxonomy Definition Linkbase Document
101.LAB†	XBRL Taxonomy Extension Label Linkbase Document
101.PRE†	XBRL Taxonomy Extension Presentation Linkbase Document

† Filed herewith.

* Indicates management contract or compensatory plan.

** Confidential treatment requested for certain portions of this exhibit, which portions are omitted and filed separately with the SEC.

(1) Incorporated by reference to Exhibit 3.1 to the Registrant's Registration Statement on Form F-1 (File No. 333-146304) filed with the SEC on September 26, 2007.

- (2) Incorporated by reference to Exhibit 3.2 to the Registrant's Registration Statement on Form F-1 (File No. 333-146304) filed with the SEC on September 26, 2007.
- (3) Incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form F-1 (File No. 333-146304) filed with the SEC on September 26, 2007.
- (4) Incorporated by reference to Exhibit 10.1 to the Registrant's Registration Statement on Form F-1 (File No. 333-146304) filed with the SEC on September 26, 2007.
- (5) Incorporated by reference to Exhibit 4.2 to the Registrant's Annual Report on Form 20-F (File No. 001-33725) filed with the SEC on March 16, 2009.
- (6) Incorporated by reference to Exhibit 4.3 to the Registrant's Annual Report on Form 20-F (File No. 001-33725) filed with the SEC on March 11, 2016.
- (7) Incorporated by reference to Exhibit 4.3 to the Registrant's Annual Report on Form 20-F (File No. 001-33725) filed with the SEC on March 15, 2012.
- (8) Incorporated by reference to Exhibit 4.6 to the Registrant's Annual Report on Form 20-F (File No. 001-33725) filed with the SEC on March 15, 2012.
- (9) Incorporated by reference to Exhibit 4.7 to the Registrant's Annual Report on Form 20-F (File No. 001-33725) filed with the SEC on March 27, 2017.
- (10) Incorporated by reference to Exhibit 4.7 to the Registrant's Annual Report on Form 20-F (File No. 001-33725) filed with the SEC on March 11, 2016.
- (11) Incorporated by reference to Exhibit 10.8 to the Registrant's Registration Statement on Form F-1 (File No. 333-146304) filed with the SEC on September 26, 2007.
- (12) Incorporated by reference to Exhibit 4.10 to the Registrant's Annual Report on Form 20-F (File No. 001-33725) filed with the SEC on March 15, 2012.
- (13) Incorporated by Reference to Exhibit 4.11 to the Registrant's Annual Report on Form 20-F (File No. 001-33725) filed with the SEC on March 13, 2015.
- (14) Incorporated by Reference to Exhibit 4.12 to the Registrant's Annual Report on Form 20-F (File No. 001-33725) filed with the SEC on March 13, 2015
- (15) Incorporated by reference to Exhibit 4.25 to the Registrant's Annual Report on Form 20-F (File No. 001-33725) filed with the SEC on March 15, 2013.
- (16) Incorporated by reference to Exhibit 4.27 to the Registrant's Annual Report on Form 20-F (File No. 001-33725) filed with the SEC on March 19, 2014.
- (17) Incorporated by Reference to Exhibit 4.15 to the Registrant's Annual Report on Form 20-F (File No. 001-33725) filed with the SEC on March 13, 2015.
- (18) Incorporated by reference to Exhibit 4.15 to the Registrant's Annual Report on Form 20-F (File No. 001-33725) filed with the SEC on March 11, 2016.
- (19) Incorporated by reference to Exhibit 10.17 to the Registrant's Registration Statement on Form F-1 (File No. 333-146304) filed with the SEC on September 26, 2007.
- (20) Incorporated by reference to Exhibit 10.18 to the Registrant's Registration Statement on Form F-1 (File No. 333-146304) filed with the SEC on September 26, 2007.
- (21) Incorporated by reference to Exhibit 4.21 to the Registrant's Annual Report on Form 20-F (File No. 001-33725) filed with the SEC on March 27, 2017.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

Textainer Group Holdings Limited

/s/ PHILIP K. BREWER

Philip K. Brewer
President and Chief Executive Officer

/s/ HILLIARD C. TERRY, III

Hilliard C. Terry, III
Executive Vice President and Chief Financial Officer

March 14, 2018

**AMENDMENT NO. 1 TO
AMENDED AND RESTATED INDENTURE**

THIS AMENDMENT NO. 1, dated as of December 21, 2016 (the “Amendment”), is made to amend the Amended and Restated Indenture, dated as of September 15, 2014 (as amended, supplemented or otherwise modified from time to time prior to the date hereof, the “Indenture”), between TEXTAINER MARINE CONTAINERS II LIMITED, a company organized under the laws of the Bermuda, as issuer (the “Issuer”), and WELLS FARGO BANK, NATIONAL ASSOCIATION, as indenture trustee (the “Indenture Trustee”).

W I T N E S S E T H:

WHEREAS, the Issuer and the Indenture Trustee have previously entered into the Indenture;

WHEREAS, the Issuer desires to amend the Indenture in order to modify certain of the Early Amortization Events and to modify certain other provisions of the Indenture and the Indenture Trustee, at the direction of Noteholders representing in aggregate the Requisite Global Majority, has been directed to execute and deliver this Amendment;

NOW THEREFORE, in consideration of the premises and mutual covenants herein contained, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Defined Terms. Capitalized terms used in this Amendment and not otherwise defined herein shall have the meanings assigned to such terms in the Indenture or, if not defined therein, in the Series 2012-1 Supplement.

Section 2. Amendment to the Indenture. Pursuant to the terms of Section 1002 of the Indenture, the Indenture is amended as follows:

2.1 The following definitions are added to Section 101 of the Indenture in appropriate alphabetical order:

“Deferral Period” means the period commencing on December 20, 2016 and ending on February 28, 2017.”

“Deferral Period Fee” means, for the Series 2012-1 Notes on each Payment Date during the Deferral Period, an amount equal to interest accrued on the unpaid principal balance of the Series 2012-1 Notes at an interest rate of one percent (1%) per annum.”

“Subordinated Management Fee”. For each Payment Date during the Deferral Period, an amount equal to the product of (i) ten percent (10%) and (ii) the Management Fee and Management Fee Arrearage payable on such date.”

2.2 Clause (2) in each of Parts I, II and III of Section 302(c) are amended to read as follows:

"(2) To the Manager, an amount equal to the excess of (A) the Management Fee and Management Fee Arrearage payable on such Payment Date, over (B) (x) during the Deferral Period, the Subordinated Management Fee, and (y) during any time not described in the foregoing clause (x), zero."

2.3 Clause (14) in Part I and Part II of Section 302(c) and clause (10) in Part III of Section 302(c) are amended to add the words ", Deferral Period Fee," after the words Step Up Warehouse Fee in each such clause.

2.4 Clause (19) in each of Part I and Part II of Section 302(c) and clause (15) in Part III of Section 302(c) is amended and restated to read as follows:

"To the Manager, an amount equal to the sum of (A) any unreimbursed Manager Advances, and (B) all unpaid Subordinated Management Fees."

2.5 The following provision is added as Section 302(g) of the Indenture:

"(g) All amounts available for distribution to the Issuer from the Trust Account or any Series Account shall during the Deferral Period be retained in, or deposited into, the Trust Account."

2.6 Section 801 of the Indenture is amended to add the following as clauses (xv), (xvi), (xvii), (xviii) and (xix):

"(xv) The Issuer and the Indenture Trustee (acting at the direction of the Requisite Global Majority) shall not have signed by February 28, 2017, an amendment to this Indenture that revises Sections 801 and 1201, and other provisions, hereof, the Series 2012-1 Supplement and, if applicable, the other Series 2012-1 Related Documents on terms agreed by Issuer and Indenture Trustee (acting at the direction of the Requisite Global Majority or, if required by the terms of the Indenture or the Series 2012-1 Supplement, the Super Majority of Holders or each Noteholder); or

(xvi) during the Deferral Period, the Issuer shall declare or make a dividend or other distribution of cash or property to TL including a distribution of any amounts otherwise payable to the Issuer from the Trust Account or any Series Account; or

(xvii) during the Deferral Period, the Issuer acquires additional Containers from TL, any Affiliate of TL or any other Person; or

(xviii) during the Deferral Period, the Issuer sells, transfers or conveys any Managed Container to TL or any Affiliate of either TL or TGH; or

(xix) during the Deferral Period, an event of default (determined without regard to any waiver or curative amendment) shall occur under any Funded Debt Document of either TL or TGH."

2.7 Clause (5) in Section 1201 of the Indenture is amended to read as follows:

“(5)

At all times from the Restatement Date through the fiscal quarter ended September 30, 2016, the EBIT Ratio of the Issuer as of the end of any fiscal quarter is less than 1.25 to 1. On and after February 28, 2017, the EBIT Ratio of the Issuer as of the end of any fiscal quarter (including the fiscal quarter ending December 31, 2016) is less than 1.25 to 1. The Issuer shall deliver (or cause the Manager to deliver to the Indenture Trustee and the Noteholders) a calculation of the EBIT Ratio of the Issuer for the fiscal quarter ending December 31, 2016 by not later than February 15, 2017.”

2.8 Clause (a) in Section 1307 of the Indenture is amended to read as follows:

“(a) in the case of the Indenture Trustee, at the following address: 600 S. 4th Street, MAC N9300-061, Minneapolis, Minnesota 55479, Attention: Corporate Trust Services/Asset-Backed Administration.”

Section 3. Representations and Warranties. (a) The Issuer hereby confirms that, after giving effect to this Amendment, each of the representations and warranties set forth in the Indenture made by the Issuer are true and correct as of the date first written above with the same effect as though each had been made by such party as of such date, except to the extent that any of such representations and warranties expressly relate to earlier dates.

(b) The Issuer hereby confirms that (i) each of the conditions precedent to the amendment to the Indenture have been, or contemporaneously with the execution of this Amendment will be, satisfied, (ii) the Indenture, as amended by this Amendment, constitutes the legal, valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms, and (iii) the security interest and liens created by the Indenture and the Series 2012-1 Supplement are hereby ratified and affirmed by the Issuer and remain in full force and effect.

Section 4. Effectiveness of Amendment.

4.1 The Amendment shall become effective on the date on which all of the following events or conditions shall have occurred or been satisfied:

(i) this Amendment has been executed and delivered by the Issuer and the Indenture Trustee and approved by Noteholders representing in aggregate the Requisite Global Majority;

(ii) the Indenture Trustee shall have received (1) pursuant to Section 1301 of the Indenture, an Officer's Certificate in form and substance satisfactory to the Indenture Trustee, and (2) pursuant to Section 1003 of the Indenture, an Opinion of Counsel addressed to the Indenture Trustee stating that the execution of this Amendment is authorized or permitted by the Indenture;

(iii) the Requisite Global Majority shall have directed the Indenture Trustee to enter into this Amendment;

- (iv) Amendment Number 1 to the Series 2012-1 Supplement shall be in full force and effect;
- effect;
- (v) Amendment Number 1 to the Series 2012-1 Note Purchase Agreement shall be in full force and effect;
- (vi) Amendment Number 1 to the Management Agreement shall be in full force and effect;
- (vii) The Issuer shall have provided the Administrative Agent with copies of amendments executed on or about the date hereof, to (i) the Amended and Restated Series 2013-1 Supplement issued pursuant to, and incorporating the terms of, the Amended and Restated Indenture, dated as of February 4, 2015 (as amended to date), between Textainer Marine Containers IV Limited, as issuer, and Wells Fargo Bank, National Association, as indenture trustee and (ii) the Credit Agreement, dated as of April 26, 2013 (as amended to date), among TAP Funding Ltd., as borrower, the Lenders from time to time thereto, and ABN AMRO Capital USA LLC, as administrative agent, in each case certified as complete and correct and in full force and effect, except to the extent conditioned on the simultaneous effectiveness of this Amendment;
- (viii) The Issuer shall have paid or caused to be paid, a fee to each Series 2012-1 Noteholder who executes and delivers this Amendment by no later than 5:00 p.m. Eastern time on December 21, 2016, an amendment fee equal to 12.5 basis points of the Series 2012-1 Note Commitment of such consenting Series 2012-1 Noteholder, such amendment fee may be paid by the Issuer depositing such amount into the Series 2012-1 Series Account, and upon such deposit, the Trustee shall promptly pay such fee to each consenting Series 2012-1 Noteholder, in accordance with the written direction of the Issuer (and by consenting to this Amendment, each Series 2012-1 Noteholder agrees to be paid in such manner); and
- (ix) The Issuer shall have paid all fees and expenses of counsel to the Series 2012-1 Noteholders and the Indenture Trustee in connection with the preparation and negotiation of this Amendment.

4.2 This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

4.3 On and after the execution and delivery hereof, (i) this Amendment shall become a part of the Indenture and (ii) each reference in the Indenture to “this Indenture”, or “hereof”, “hereunder” or words of like import, and each reference in any other document to the Indenture shall mean and be a reference to such Indenture, as amended or modified hereby.

4.4 Except as expressly amended or modified hereby, the Indenture shall remain in full force and effect and is hereby ratified and confirmed by the parties hereto.

Section 5. Execution in Counterparts, Effectiveness. This Amendment may be executed by the parties hereto in separate counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement.

Section 6. Governing Law; Jurisdiction; Waiver of Jury Trial. THIS AMENDMENT SHALL BE GOVERNED BY AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, INCLUDING SECTION 5-1401 AND SECTION 5-1402 OF THE GENERAL OBLIGATIONS LAWS, BUT OTHERWISE WITHOUT REGARD TO ANY OTHER PRINCIPALS OF CONFLICT OF LAW AND THE RIGHTS, OBLIGATIONS AND REMEDIES OF THE PARTIES HERETO SHALL BE DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. IF ANY PROVISION OF THIS AMENDMENT IS DEEMED INVALID, IT SHALL NOT AFFECT THE BALANCE OF THIS AMENDMENT. THIS AMENDMENT HAS BEEN DELIVERED IN THE LAWS OF THE STATE OF NEW YORK.

ANY LEGAL SUIT, ACTION OR PROCEEDING AGAINST THE ISSUER ARISING OUT OF OR RELATING TO THIS AMENDMENT, OR ANY TRANSACTION CONTEMPLATED HEREBY, MAY BE INSTITUTED IN ANY FEDERAL OR STATE COURT IN THE CITY AND COUNTY OF NEW YORK, STATE OF NEW YORK AND THE ISSUER HEREBY WAIVES ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING, AND, SOLELY FOR THE PURPOSES OF ENFORCING THIS AMENDMENT, THE ISSUER HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY SUCH COURT IN ANY SUCH SUIT, ACTION OR PROCEEDING. THE ISSUER HEREBY IRREVOCABLY APPOINTS AND DESIGNATES NATIONAL CORPORATE RESEARCH LTD., HAVING AN ADDRESS AT 10 E. 40TH STREET, 10TH FLOOR, NEW YORK, NEW YORK 10016 ITS TRUE AND LAWFUL ATTORNEY-IN-FACT AND DULY AUTHORIZED AGENT FOR THE LIMITED PURPOSE OF ACCEPTING SERVICING OF LEGAL PROCESS, AND THE ISSUER AGREES THAT SERVICE OF PROCESS UPON SUCH PARTY SHALL CONSTITUTE PERSONAL SERVICE OF SUCH PROCESS ON SUCH PERSON. THE ISSUER SHALL MAINTAIN THE DESIGNATION AND APPOINTMENT OF SUCH AUTHORIZED AGENT UNTIL ALL AMOUNTS PAYABLE UNDER THE INDENTURE, AS AMENDED BY THIS AMENDMENT, SHALL HAVE BEEN PAID IN FULL. IF SUCH AGENT SHALL CEASE TO SO ACT, THE ISSUER SHALL IMMEDIATELY DESIGNATE AND APPOINT ANOTHER SUCH AGENT SATISFACTORY TO THE INDENTURE TRUSTEE AND SHALL PROMPTLY DELIVER TO THE INDENTURE TRUSTEE EVIDENCE IN WRITING OF SUCH OTHER AGENT'S ACCEPTANCE OF SUCH APPOINTMENT.

EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, AS AGAINST THE OTHER PARTIES HERETO, ANY RIGHTS IT MAY HAVE TO A JURY TRIAL IN RESPECT OF ANY CIVIL ACTION OR PROCEEDING (WHETHER ARISING IN CONTRACT OR TORT OR OTHERWISE), INCLUDING ANY COUNTERCLAIM, ARISING UNDER OR RELATING TO THE INDENTURE, AS AMENDED BY THIS AMENDMENT, OR ANY OTHER RELATED DOCUMENT, INCLUDING IN RESPECT OF THE NEGOTIATION, ADMINISTRATION OR ENFORCEMENT HEREOF OR THEREOF.

Section 8. PATRIOT ACT. The parties hereto acknowledge that in accordance with the Customer Identification Program (CIP) requirements under the USA PATRIOT Act and its implementing regulations, the Indenture Trustee in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Indenture Trustee. Each party hereby agrees that it shall provide the Indenture Trustee with such information as the Indenture Trustee may request that will help Indenture Trustee to identify and verify each party's identity, including without limitation each party's name, physical address, tax identification number, organizational documents, certificate of good standing, license to do business, or other pertinent identifying information.

[Signature pages follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective officers as of the day and year first above written.

TEXTAINER MARINE CONTAINERS II LIMITED

By: /s/ Michael Harvey
Name: Michael Harvey
Title: Executive Vice President

**Amendment No. 1 to
TMCL II A&R Indenture**

WELLS FARGO BANK, NATIONAL ASSOCIATION, as
Indenture Trustee
By: /s/ Kristen L. Puttin
Name: Kristen L. Puttin
Title: Vice President

Amendment No. 1 to
TMCL II A&R Indenture

AMENDMENT NO. 1 TO THE AMENDED
AND RESTATED INDENTURE IS HEREBY APPROVED
BY EACH OF THE FOLLOWING NOTEHOLDERS,
AND EACH SUCH NOTEHOLDER HEREBY DIRECTS THE
INDENTURE TRUSTEE TO EXECUTE THIS AMENDMENT NO. 1

Series 2012-1 Noteholder:

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: /s/ Emily Alt
Name: Emily Alt
Title: Director

**Amendment No. 1 to
TMCL II A&R Indenture**

Series 2012-1 Noteholder:

BANK OF AMERICA, N.A.

By: /s/ Adarsh Dhand

Name: Adarsh Dhand

Title: Vice President

**Amendment No. 1 to
TMCL II A&R Indenture**

Series 2012-1 Noteholder:

ROYAL BANK OF CANADA

By: /s/ Austin J. Meler

Name: Austin J. Meler

Title: Authorized Signatory

**Amendment No. 1 to
TMCL II A&R Indenture**

Series 2012-1 Noteholder:

ING BELGIUM SA/NV

By: /s/ Filip Masschelein
Name: Filip Masschelein
Title:

By: /s/ Isabel Frits
Name: Isabel Frits
Title: Director

Amendment No. 1 to
TMCL II A&R Indenture

Series 2012-1 Noteholder:

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH

By: /s/ Patrick J. Hart
Name: Patrick J. Hart
Title: Authorized Signatory

By: /s/ Erin McCutcheon
Name: Erin McCutcheon
Title: Authorized Signatory

**Amendment No. 1 to
TMCL II A&R Indenture**

Series 2012-1 Noteholder:

KEYBANK, NATIONAL
ASSOCIATION

By: /s/ Richard Andersen
Name: Richard Andersen
Title: Designated Signer

**Amendment No. 1 to
TMCL II A&R Indenture**

Series 2012-1 Noteholder:

SANTANDER BANK, N.A.

By: /s/ Paul Lammey

Name: Paul Lammey

Title: Managing Director

**Amendment No. 1 to
TMCL II A&R Indenture**

Series 2012-1 Noteholder:

ABN AMRO CAPITAL USA LLC

By: /s/ Ross Briggs
Name: Ross Briggs
Title: Vice President

By: /s/ R. Bisscheroux
Name: R. Bisscheroux
Title: Director

**Amendment No. 1 to
TMCL II A&R Indenture**

Series 2012-1 Noteholder:

SUNTRUST BANK
By: /s/ Jason Meyer
Name: Jason Meyer
Title: First Vice President

Amendment No. 1 to
TMCL II A&R Indenture

**AMENDMENT NO. 2 TO
AMENDED AND RESTATED INDENTURE**

THIS AMENDMENT NO. 2, dated as of February 27, 2017 (the “Amendment”), is made to amend the Amended and Restated Indenture, dated as of September 15, 2014 (as amended by Amendment No. 1, dated as of December 21, 2016 and as amended, supplemented or otherwise modified from time to time prior to the date hereof, the “Indenture”), between TEXTAINER MARINE CONTAINERS II LIMITED, a company organized under the laws of the Bermuda, as issuer (the “Issuer”), and WELLS FARGO BANK, NATIONAL ASSOCIATION, as indenture trustee (the “Indenture Trustee”).

W I T N E S S E T H:

WHEREAS, the Issuer and the Indenture Trustee have previously entered into the Indenture;

WHEREAS, the Issuer desires to amend the Indenture in order to modify one of the Early Amortization Events and to modify certain other provisions of the Indenture and the Indenture Trustee, at the direction of Noteholders representing in aggregate the Requisite Global Majority, has been directed to execute and deliver this Amendment;

NOW THEREFORE, in consideration of the premises and mutual covenants herein contained, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Defined Terms. Capitalized terms used in this Amendment and not otherwise defined herein shall have the meanings assigned to such terms in the Indenture or, if not defined therein, in the Series 2012-1 Supplement.

Section 2. Amendment to the Indenture. Pursuant to the terms of Section 1002 of the Indenture, the Indenture is amended as follows:

2.1 The following definitions are deleted from Section 101 of the Indenture; "EBIT", "EBIT Ratio", "Hedging Reference Date", and "Interest Expense".

2.2 The following definitions are added to Section 101 of the Indenture in the appropriate alphabetical order:

Cash on Cash Return: With respect to any Container and the Lease thereof, an amount (expressed as a percentage) the numerator of which is equal to the product of (i) the per diem rental for such Container as set forth in the Lease, and (ii) 365, and denominator of which is equal to the Original Equipment Cost of such Container.

Debt Service Coverage Ratio: For any Payment Date, the ratio (as reported on the Manager Report delivered on the related Determination Date), of (A) the DSCR Adjusted Available Proceeds for the six (6) immediately preceding calendar months, to (B) an amount equal to the sum of (1) the aggregate DSCR Covered Principal Payments for six (6) immediately preceding Payment Dates and (2) the aggregate DSCR Covered Interest Payment for the six (6) immediately preceding Payment Date. For purposes of calculating the Debt Service Coverage Ratio the amount set forth in clause (B)(1) above shall be calculated using the Effective Advance Rate in effect on the last day of the month in which the sixth (6th) Payment Date occurs.

DSCR Adjusted Available Proceeds: For any Payment Date, an amount (as reported on the Manager Report delivered on the related Determination Date) equal to the sum of (i) the Available Distribution Amount to be distributed on such Payment Date (exclusive of the amount of (x) any Manager Advances included in such amount, (y) sales proceeds from the sales of a Managed Container to an Affiliate of the Issuer included in such amount and (z) for the Payment Date occurring in March 2017, the amounts set forth in Section 2.8 of Amendment No. 2 to this Indenture, dated as of February 27, 2017) and (ii) all cash expenses paid by, or on behalf of, the Issuer during the immediately preceding Collection Period relating to the recovery of Hanjin Issuer Containers.

DSCR Covered Interest Payment: For any Payment Date, an amount equal to the aggregate amount of all amounts actually paid on such Payment Date pursuant to clause (1) through (7) inclusive of Part I of Section 302(c) of the Indenture.

DSCR Covered Principal Payment: For any Payment Date, the amount set forth in either clause (A) or (B):

(A) prior to the Conversion Date, an amount equal to the sum of:

(1) an amount equal to the product of (i) the Aggregate Principal Balance (calculated as of the close of business on the last day of the immediately preceding calendar month) and (ii) five sixths of one percent (0.83333%); and

(2) an amount equal to the product of (i) the sum of the Net Book Values (calculated as of the close of business on the last day of the immediately preceding calendar month) of all Managed Containers that were sold during the calendar month immediately preceding such Payment Date (exclusive of all Managed Container

that were sold to an Affiliate of the Issuer during such month), and (ii) the Effective Advance Rate, calculated as of the close of business of the last day of the calendar month immediately preceding such Payment Date;

(B) on or after the Conversion Date, an amount equal to the sum of the Minimum Principal Payment Amount for such Payment Date and the Scheduled Principal Payment Amount for such Payment Date.

DSCR Sweep Event: On any Payment Date beginning with the Payment Date occurring in March 2017, the Debt Service Coverage Ratio (as reported on the Manager Report delivered on the related Determination Date) is less than 1.20 to 1.00. Such DSCR Sweep Event will be automatically cured if the Debt Service Coverage Ratio for any subsequent Payment Date equals or exceeds 1.20 to 1.00.

Effective Advance Rate. For any date of determination, an amount equal to the quotient of (A) an amount equal to the excess, if any, of (x) the Aggregate Principal Balance on such date of determination (determined after giving effect to all payments of Minimum Principal Payment Amounts, Scheduled Principal Payment Amounts, Supplemental Principal Payment, prepayments and additional principal payments resulting from the occurrence of a DSCR Sweep Event actually paid on such date), over (y) the balance of cash and Eligible Investments on deposit in the Restricted Cash Account on such date of determination (calculated after giving effect to and amounts released or added to the Restricted Cash Account on such date), divided by (B) the Aggregate Net Book Value on such date of determination.

Hanjin Issuer Container: A Managed Container that was on lease to Hanjin Shipping Limited or one of its Affiliates on August 30, 2016.

2.3 Clause (xii) of the definition of "Eligible Container" in Section 101 of the Indenture is amended and restated

to read as follows:

"(xii) (A) The sum of the Net Book Values of all Eligible Containers that are subject to a lease (that is not a Finance Lease) to any lessee or sublessee that is the subject of an Insolvency Proceeding shall not exceed an amount equal to ten percent (10%) of the Aggregate Net Book Value; and

(B) If such Managed Container is on lease (that is not a Finance Lease) to a lessee or a sublessee that this subject to an Insolvency Event, then such lessee or sublessee must not be more than 150 days delinquent on any lease with respect to any Container in the Fleet (regardless of whether such Container is owned by the Issuer).

The criteria in clauses (A) and (B) are additive and both such criteria shall be complied with independently. Containers that are subject to a Finance Lease with a lessee or sublessee that is subject to an Insolvency Proceeding are addressed in clause (xx) below."

2.4 The definition of "Step Up Warehouse Fee" in Section 101 of the Indenture is amended to insert the phrase "DSCR Sweep Event" after the words "Early Amortization Event" appearing in such definition.

2.5 The definition of "Subordinated Management Fee" in Section 101 of the Indenture is amended to (i) delete the words "during the Deferral Period" after the words "Payment Date" and (ii) replace the words "ten percent (10%)" with the words "twenty percent (20%)".

2.6 Clause (2) in each of Parts (I), (II) and (III) of Section 302(c) of the Indenture is amended and restated to read as follows: "(2) first to the Manager, an amount equal to the excess of (A) the Management Fee and Management Fee Arrearage payable on such Payment Date, over (b) the Subordinated Management Fee, and second, to TL and/or TEMPL in reimbursement of that portion of the fees and expenses described in Sections 4.1(h) and (i) of Amendment 2 to this Indenture, dated as of February 27, 2017, that was paid by TL and/or TEMPL (as applicable)".

2.7 Clause (15) in Part I of Section 302(c) of the Indenture is amended to read as follows:

"(15) If a DSCR Sweep Event has occurred and is then continuing, to the Series Account for each Series of Notes then Outstanding, on a pro rata basis (based on the then unpaid principal balance of all Series of Notes then Outstanding), all remaining Available Distribution Amount until the unpaid principal balances of all Series of Notes then Outstanding have been paid in full;"

Existing clause (15) and all subsequent numbered paragraphs in Part I of Section 302(c) of the Indenture are re-numbered accordingly.

2.8 Section 302(g) of the Indenture is deleted. All amounts held in the Trust Account pursuant to Section 302(g) shall be included in the Available Distribution Amount to be distributed from the Trust Account on the Payment Date in March 2017.

2.9 Paragraph (a) of Section 627 of the Indenture is amended and restated to read as follows:

"(a) The Issuer shall (or shall cause the Manager on the Issuer's behalf, to) enter into and maintain transactions under Interest Rate Hedge Agreements with respect to (i) Managed Containers that are then subject to the Long-Term Leases and Finance Leases and (ii) Managed Containers that are then subject to Master Leases, in the amounts required by the hedging policy set forth in Exhibit F hereto. Any such Interest Rate Hedge Agreements related to Long-Term Leases and Finance Leases must have a weighted average tenor of no less than one year less than the then weighted average remaining term of the applicable Long-Term Leases and Finance Leases."

2.10 Section 631 of the Indenture is amended to add the following sentence:

"The Issuer shall not, without the prior written consent of the Administrative Agent in each instance, purchase any Container on or after February 27, 2017 unless (i) such Container is on lease on the date of its acquisition by the Issuer, and (ii) the Cash on Cash Return to the Issuer under such Lease is ten percent (10%) or higher.

2.11 Clauses (xv), (xvi), (xvii), (xviii) and (xix) included in Section 801 are hereby deleted.

2.12 Clause (5) in Section 1201 of the Indenture is amended to read as follows:

"(5) On any Payment Date occurring on or after the Payment Date occurring in March 2017, the Debt Service Coverage Ratio is less than 1.05 to 1. Such condition will be automatically cured if the Debt Service Coverage Ratio as of any subsequent Payment Date equals or exceeds 1.05 to 1.00;"

2.13 The first sentence in the penultimate paragraph of Section 1201 of the Indenture is amended to read as follows:

"If an Early Amortization Event in clause (5) has occurred, such breach shall be deemed cured and such Early Amortization Event shall be deemed no longer continuing if such condition is cured in accordance with the provision of clause (5) above."

Section 3. Representations and Warranties.

3.1 The Issuer hereby confirms that, after giving effect to this Amendment, each of the representations and warranties set forth in the Indenture made by the Issuer are true and correct as of the date first written above with the same effect as though each had been made by such party as of such date, except to the extent that any of such representations and warranties expressly relate to earlier dates.

3.2 The Issuer hereby confirms that (i) each of the conditions precedent to the amendment to the Indenture have been, or contemporaneously with the execution of this Amendment will be, satisfied, (ii) the Indenture, as amended by this Amendment, constitutes the legal, valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms, and (iii) the security interest and liens created by the Indenture and the Series 2012-1 Supplement are hereby ratified and affirmed by the Issuer and remain in full force and effect.

3.3 The Issuer hereby confirms that the Debt Service Coverage Ratio, calculated for the six month period ended January 31, 2017, is 1.03.

Section 4. Effectiveness of Amendment.

4.1 Section 2 of this Amendment shall become effective on the date on which all of the following events or conditions shall have occurred or been satisfied:

(a) this Amendment has been executed and delivered by the Issuer and the Indenture Trustee and approved by Noteholders representing in aggregate the Requisite Global Majority;

(b) the Indenture Trustee shall have received (1) pursuant to Section 1301 of the Indenture, an Officer's Certificate in form and substance satisfactory to the Indenture Trustee, and (2) pursuant to Section 1003 of the Indenture, an Opinion of Counsel addressed to the Indenture Trustee stating that the execution of this Amendment is authorized or permitted by the Indenture;

(c) the Requisite Global Majority shall have directed the Indenture Trustee to enter into this Amendment;

(d) Amendment Number 2 to the Series 2012-1 Supplement shall be in full force and effect;

(e) Amendment Number 2 to the Series 2012-1 Note Purchase Agreement shall be in full force and effect;

(f) Amendment Number 2 to the Management Agreement shall be in full force and effect;

(g) The Issuer shall have provided the Administrative Agent with copies of amendments executed on or about the date hereof, and in each case satisfactory to the Administrative Agent and the Requisite Global Majority to each of the following:

(i) the Amended and Restated Series 2013-1 Supplement issued pursuant to, and incorporating the terms of, the Amended and Restated Indenture, dated as of February 4, 2015 (as amended to date), between Textainer Marine Containers IV Limited, as issuer, and Wells Fargo Bank, National Association, as indenture trustee;

(ii) the Term Loan Agreement, dated as of April 30, 2014, by and among TL, as borrower, TGH, as guarantor and MUFG Union Bank, N.A., as administrative agent for the Lenders;

(iii) the Revolving Credit Agreement, dated as of July 23, 2015, by and among TL, as borrower, TGH, as guarantor, and ABN AMRO Capital USA LLC, as administrative agent; and

(iv) the Credit Agreement, dated as of September 24, 2012, by and among TL, as borrower, TGH, as guarantor, and Bank of America, N.A., as administrative agent;

(h) The Issuer shall have paid or caused to be paid, a fee to each Series 2012-1 Noteholder who executes and delivers this Amendment by no later than 5:00 p.m. Eastern time on February 27, 2017, an amendment fee equal to 12.5 basis points of the Series 2012-1 Note Commitment of such consenting Series 2012-1 Noteholder, such amendment fee may be paid by the Issuer depositing such amount into the Series 2012-1 Series Account, and upon such deposit, the Trustee shall promptly pay such fee to each consenting Series 2012-1 Noteholder, in accordance with the written direction of the Issuer (and by consenting to this Amendment, each Series 2012-1 Noteholder agrees to be paid in such manner);

(i) The Issuer shall have paid or caused to be paid all fees and expenses of counsel to the Series 2012-1 Noteholders and the Indenture Trustee in connection with the preparation and negotiation of this Amendment; and

(j) The Issuer shall have provided to the Administrative Agent and each Series 2012-1 Noteholders, a calculation of the Debt Service Coverage Ratio as of January 31, 2017.

4.2 This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

4.3 On and after the execution and delivery hereof, (i) this Amendment shall become a part of the Indenture and (ii) each reference in the Indenture to “this Indenture”, or “hereof”, “hereunder” or words of like import, and each reference in any other document to the Indenture shall mean and be a reference to such Indenture, as amended or modified hereby.

4.4 Except as expressly amended or modified hereby, the Indenture shall remain in full force and effect and is hereby ratified and confirmed by the parties hereto.

Section 5. Execution in Counterparts. This Amendment may be executed by the parties hereto in separate counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement.

Section 6. Governing Law; Jurisdiction; Waiver of Jury Trial. THIS AMENDMENT SHALL BE GOVERNED BY AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, INCLUDING SECTION 5-1401 AND SECTION 5-1402 OF THE GENERAL OBLIGATIONS LAWS, BUT OTHERWISE WITHOUT REGARD TO ANY OTHER PRINCIPALS OF CONFLICT OF LAW AND THE RIGHTS, OBLIGATIONS AND REMEDIES OF THE PARTIES HERETO SHALL BE DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. IF ANY PROVISION OF THIS AMENDMENT IS DEEMED INVALID, IT SHALL NOT AFFECT THE BALANCE OF THIS AMENDMENT. THIS AMENDMENT HAS BEEN DELIVERED IN THE LAWS OF THE STATE OF NEW YORK.

ANY LEGAL SUIT, ACTION OR PROCEEDING AGAINST THE ISSUER ARISING OUT OF OR RELATING TO THIS AMENDMENT, OR ANY TRANSACTION CONTEMPLATED HEREBY, MAY BE INSTITUTED IN ANY FEDERAL OR STATE COURT IN THE CITY AND COUNTY OF NEW YORK, STATE OF NEW YORK AND THE ISSUER HEREBY WAIVES ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING, AND, SOLELY FOR THE PURPOSES OF ENFORCING THIS AMENDMENT, THE ISSUER HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY SUCH COURT IN ANY SUCH SUIT, ACTION OR PROCEEDING. THE ISSUER HEREBY IRREVOCABLY APPOINTS AND DESIGNATES NATIONAL CORPORATE RESEARCH LTD., HAVING AN ADDRESS AT 10 E. 40TH STREET, 10TH FLOOR, NEW YORK, NEW YORK 10016 ITS TRUE AND LAWFUL ATTORNEY-IN-FACT AND DULY AUTHORIZED AGENT FOR THE LIMITED PURPOSE OF ACCEPTING SERVICING OF LEGAL PROCESS, AND THE ISSUER AGREES THAT SERVICE OF PROCESS UPON SUCH PARTY SHALL CONSTITUTE PERSONAL SERVICE OF SUCH PROCESS ON SUCH PERSON. THE ISSUER SHALL MAINTAIN THE DESIGNATION AND APPOINTMENT OF SUCH AUTHORIZED AGENT UNTIL ALL AMOUNTS PAYABLE UNDER THE INDENTURE, AS AMENDED BY THIS AMENDMENT, SHALL HAVE BEEN PAID IN FULL. IF SUCH AGENT SHALL CEASE TO SO ACT, THE ISSUER SHALL IMMEDIATELY DESIGNATE AND APPOINT ANOTHER SUCH AGENT SATISFACTORY TO THE INDENTURE TRUSTEE AND SHALL PROMPTLY DELIVER TO THE INDENTURE TRUSTEE EVIDENCE IN WRITING OF SUCH OTHER AGENT'S ACCEPTANCE OF SUCH APPOINTMENT.

EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, AS AGAINST THE OTHER PARTIES HERETO, ANY RIGHTS IT MAY HAVE TO A JURY TRIAL IN RESPECT OF ANY CIVIL ACTION OR PROCEEDING (WHETHER ARISING IN CONTRACT OR TORT OR OTHERWISE), INCLUDING ANY COUNTERCLAIM, ARISING UNDER OR RELATING TO THE INDENTURE, AS AMENDED BY THIS AMENDMENT, OR ANY OTHER RELATED DOCUMENT, INCLUDING IN RESPECT OF THE NEGOTIATION, ADMINISTRATION OR ENFORCEMENT HEREOF OR THEREOF.

Section 7. PATRIOT ACT. The parties hereto acknowledge that in accordance with the Customer Identification Program (CIP) requirements under the USA PATRIOT Act and its implementing regulations, the Indenture Trustee in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Indenture Trustee. Each party hereby agrees that it shall provide the Indenture Trustee with such information as the Indenture Trustee may request that will help Indenture Trustee to identify and verify each party's identity, including without limitation each party's name, physical address, tax identification number, organizational documents, certificate of good standing, license to do business, or other pertinent identifying information.

[Signature pages follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective officers as of the day and year first above written.

TEXTAINER MARINE CONTAINERS II LIMITED

By: /s/ Adam Hopkin
Name: Adam Hopkin
Title: Secretary

**Amendment No. 2 to
TMCL II A&R Indenture**

WELLS FARGO BANK, NATIONAL ASSOCIATION, as
Indenture Trustee

By: /s/ Kristen L. Puttin
Name: Kristen L. Puttin
Title: Vice President

**Amendment No. 2 to
TMCL II A&R Indenture**

AMENDMENT NO. 2 TO THE AMENDED
AND RESTATED INDENTURE IS HEREBY APPROVED
BY EACH OF THE FOLLOWING NOTEHOLDERS,
AND EACH SUCH NOTEHOLDER HEREBY DIRECTS THE
INDENTURE TRUSTEE TO EXECUTE THIS AMENDMENT NO. 2

Series 2012-1 Noteholder:

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: /s/ Emily Alt
Name: Emily Alt
Title: Director

Amendment No. 2 to
TMCL II A&R Indenture

Series 2012-1 Noteholder:

BANK OF AMERICA, N.A.

By: /s/ Adarsh Dhand
Name: Adarsh Dhand
Title: Vice President

**Amendment No. 2 to
TMCL II A&R Indenture**

Series 2012-1 Noteholder:

ROYAL BANK OF CANADA

By: /s/ Thomas C. Dean
Name: Thomas C. Dean
Title: Authorized Signatory

By: /s/ Austin J. Meler
Name: Austin J. Meler
Title: Authorized Signatory

Amendment No. 2 to
TMCL II A&R Indenture

Series 2012-1 Noteholder:

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH

By: /s/ Patrick J. Hart
Name: Patrick J. Hart
Title: Authorized Signatory

By: /s/ Chris Fera
Name: Chris Fera
Title: Authorized Signatory

Amendment No. 2 to
TMCL II A&R Indenture

Series 2012-1 Noteholder:

KEYBANK, NATIONAL ASSOCIATION

By: /s/ Richard Andersen
Name: Richard Andersen
Title: Designated Signer

**Amendment No. 2 to
TMCL II A&R Indenture**

Series 2012-1 Noteholder:

SANTANDER BANK, N.A.

By: /s/ Dalber Barbosa
Name: Dalber Barbosa
Title: Vice President

**Amendment No. 2 to
TMCL II A&R Indenture**

Series 2012-1 Noteholder:

ABN AMRO CAPITAL USA LLC

By: /s/ Ross Briggs
Name: Ross Briggs
Title: Vice President

By: /s/ Urvashi Zutshi
Name: Urvashi Zutshi
Title: Managing Director

**Amendment No. 2 to
TMCL II A&R Indenture**

Series 2012-1 Noteholder:

ING BELGIUM SA/NV

By: /s/ Richard Maxwell-Lawford
Name: Richard Maxwell-Lawford
Title: Senior Manager – Risk

By: /s/ Luc Missoorten
Name: Luc Missoorten
Title: Program Manager Structured Finance

**Amendment No. 2 to
TMCL II A&R Indenture**

Series 2012-1 Noteholder:

SUNTRUST BANK

By: /s/ Pawan Churiwal
Name: Pawan Churiwal
Title: Vice President

Amendment No. 2 to
TMCL II A&R Indenture

**AMENDMENT NO. 1 TO
AMENDED AND RESTATED SERIES 2012-1 SUPPLEMENT**

THIS AMENDMENT NO. 1, dated as of December 21, 2016 (the “Amendment”), is made to amend the Amended and Restated Series 2012-1 Supplement, dated as of September 15, 2014 (as amended, supplemented or otherwise modified from time to time prior to the date hereof, the “Series 2012-1 Supplement”), between TEXTAINER MARINE CONTAINERS II LIMITED, a company organized under the laws of the Bermuda, as issuer (the “Issuer”), and WELLS FARGO BANK, NATIONAL ASSOCIATION, as indenture trustee (the “Indenture Trustee”).

W I T N E S S E T H:

WHEREAS, the Issuer and the Indenture Trustee have previously entered into the Series 2012-1 Supplement;

WHEREAS, the Issuer desires to amend the Series 2012-1 Supplement in order to modify certain of the terms and conditions set forth therein and the Indenture Trustee, at the direction of Series 2012-1 Noteholders representing in aggregate the Control Party for Series 2012-1, has been directed to execute and deliver this Amendment;

NOW THEREFORE, in consideration of the premises and mutual covenants herein contained, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Defined Terms. Capitalized terms used in this Amendment and not otherwise defined herein shall have the meanings assigned to such terms in the Series 2012-1 Supplement.

Section 2. Amendment to the Series 2012-1 Supplement. Pursuant to the terms of Section 705 of the Series 2012-1 Supplement, the Series 2012-1 Supplement is amended as follows:

2.1 In Section 101 of the Series 2012-1 Supplement, the brackets are deleted around the phrase “determined by the [Administrative Agent]” in the definition of “Defaulting Noteholder”.

2.2 The following sentence is added to the end of the definition of "Conversion Event" in Section 101 of the Series 2012-1 Supplement:

“If the Conversion Event occurs as the result of the occurrence of an Early Amortization Event, then any subsequent cure of such Early Amortization Event will not restore the ability of the Issuer to request Series 2012-1 Advances from a Series 2012-1 Noteholder without the consent of such Series 2012-1 Noteholder.”

2.3 The following definition of “Deferral Period” is added to Section 101 of the Series 2012-1 Supplement in the appropriate alphabetical order:

“Deferral Period” means the period commencing on December 20, 2016 and ending on February 28, 2017.”

2.4 The following provision is added as a new Section 203(d) of the Series 2012-1 Supplement:

“(d) If for any reason the Issuer receives a Series 2012-1 Advance for which all of the conditions precedent set forth in Section 502 of this Supplement or any other Series 2012-1 Related Document have not been satisfied, the Issuer shall promptly (but in any event within two (2) Business Days after Issuer’s knowledge of such failure to comply) repay in full such Series 2012-1 Advance plus accrued interest on the amount repaid to the date of such repayment and all Breakage Costs resulting from such repayment.”

2.5 The following sentence is added at the end of Section 204(b) of the Series 2012-1 Supplement:

“Notwithstanding anything to the contrary herein or in any other Series 2012-1 Related Document, the Issuer agrees that it does not have the right to submit, and the Issuer shall not submit, a Funding Notice during the Deferral Period.”

2.6 The following sentence is added at the end of Section 204(e) of the Series 2012-1 Supplement:

“The Issuer further agrees that the Unused Fee shall continue to accrue during the Deferral Period.”

2.7 The following provision is added as new Section 502(f) of the Series 2012-1 Supplement:

(f) Lien Release Documents. The Issuer shall deliver to the Administrative Agent and each Deal Agent, a copy of all lien release documents specified in the Container Sale Agreement or Container Transfer Agreement, as the case may be, and any other document requested by the Administrative Agent or any Deal Agent evidencing the release of all Liens in all Containers and related assets that will be acquired by the Issuer on such Funding Date.

Section 3. Representations and Warranties (a). (a) The Issuer hereby confirms that each of the representations and warranties set forth in the Series 2012-1 Supplement made by the Issuer are true and correct as of the date first written above with the same effect as though each had been made by such party as of such date, except to the extent that any of such representations and warranties expressly relate to earlier dates.

(b) The Issuer hereby confirms that (i) each of the conditions precedent to the amendment to the Series 2012-1 Supplement have been, or contemporaneously with the execution of this Amendment will be, satisfied, (ii) the Series 2012-1 Supplement, as amended by this Amendment, constitutes the legal, valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms, and (iii) the security interest and liens created by the Indenture and the Series 2012-1 Supplement are hereby ratified and affirmed by the Issuer and remain in full force and effect.

Section 4. Management Agreement Amendment. By their signatures to this Amendment, the Series 2012-1 Noteholders representing in aggregate the Requisite Global Majority hereby also direct the Indenture Trustee to enter into Amendment Number 1 to the Management Agreement, a copy of which is attached hereto as **Exhibit A**.

Section 5. Effectiveness of Amendment.

(a) The Amendment shall become effective on the date on which all of the following events or conditions shall have occurred or been satisfied:

(i) this Amendment has been executed and delivered by the Issuer and the Indenture Trustee and approved by Series 2012-1 Noteholders representing in aggregate the Control Party for Series 2012-1;

(ii) the Indenture Trustee shall have received (1) pursuant to Section 1301 of the Indenture, an Officer's Certificate in form and substance satisfactory to the Indenture Trustee, and (2) pursuant to Section 1003 of the Indenture, an Opinion of Counsel addressed to the Indenture Trustee and otherwise in form and substance satisfactory of the Indenture Trustee;

(iii) the Control Party for Series 2012-1 shall have directed the Indenture Trustee to enter into this Amendment;

(iv) Amendment Number 1 to the Indenture shall be in full force and effect and all conditions precedent therein have been satisfied;

(v) Amendment Number 1 to the Series 2012-1 Note Purchase Agreement shall be in full force and effect and all conditions precedent therein have been satisfied; and

(vi) Amendment Number 1 to the Management Agreement shall be in full force and effect and all conditions precedent therein have been satisfied.

(b) This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

(c) On and after the execution and delivery hereof, (i) this Amendment shall become a part of the Series 2012-1 Supplement and (ii) each reference in the Series 2012-1 Supplement to “this Series 2012-1 Supplement”, or “hereof”, “hereunder” or words of like import, and each reference in any other document to the Indenture shall mean and be a reference to such Indenture, as amended or modified hereby.

(d) Except as expressly amended or modified hereby, the Series 2012-1 Supplement shall remain in full force and effect and is hereby ratified and confirmed by the parties hereto.

Section 6. Execution in Counterparts, Effectiveness. This Amendment may be executed by the parties hereto in separate counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement.

Section 7. Governing Law; Jurisdiction; Waiver of Jury Trial. THIS AMENDMENT SHALL BE GOVERNED BY AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, INCLUDING SECTION 5-1401 AND SECTION 5-1402 OF THE GENERAL OBLIGATIONS LAWS, BUT OTHERWISE WITHOUT REGARD TO ANY OTHER PRINCIPLES OF CONFLICT OF LAW AND THE RIGHTS, OBLIGATIONS AND REMEDIES OF THE PARTIES HERETO SHALL BE DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. IF ANY PROVISION OF THIS AMENDMENT IS DEEMED INVALID, IT SHALL NOT AFFECT THE BALANCE OF THIS AMENDMENT. THIS AMENDMENT HAS BEEN DELIVERED IN THE LAWS OF THE STATE OF NEW YORK.

ANY LEGAL SUIT, ACTION OR PROCEEDING AGAINST THE ISSUER ARISING OUT OF OR RELATING TO THIS AMENDMENT, OR ANY TRANSACTION CONTEMPLATED HEREBY, MAY BE INSTITUTED IN ANY FEDERAL OR STATE COURT IN THE CITY AND COUNTY OF NEW YORK, STATE OF NEW YORK AND THE ISSUER HEREBY WAIVES ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING, AND, SOLELY FOR THE PURPOSES OF ENFORCING THIS AMENDMENT, THE ISSUER HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY SUCH COURT IN ANY SUCH SUIT, ACTION OR PROCEEDING. THE ISSUER HEREBY IRREVOCABLY APPOINTS AND DESIGNATES NATIONAL CORPORATE RESEARCH LTD., HAVING AN ADDRESS AT 10 E. 40TH STREET, 10TH FLOOR, NEW YORK, NEW YORK 10016 ITS TRUE AND LAWFUL ATTORNEY-IN-FACT AND DULY AUTHORIZED AGENT FOR THE LIMITED PURPOSE OF ACCEPTING SERVICING OF LEGAL PROCESS, AND THE ISSUER AGREES THAT SERVICE OF PROCESS UPON SUCH PARTY SHALL CONSTITUTE PERSONAL SERVICE OF SUCH PROCESS ON SUCH PERSON. THE ISSUER SHALL MAINTAIN THE DESIGNATION AND APPOINTMENT OF SUCH AUTHORIZED AGENT UNTIL ALL AMOUNTS PAYABLE UNDER THE SERIES 2012-1 SUPPLEMENT, AS AMENDED BY THIS AMENDMENT, SHALL HAVE BEEN PAID IN FULL. IF SUCH AGENT SHALL CEASE TO SO ACT, THE ISSUER SHALL

IMMEDIATELY DESIGNATE AND APPOINT ANOTHER SUCH AGENT SATISFACTORY TO THE INDENTURE TRUSTEE AND SHALL PROMPTLY DELIVER TO THE INDENTURE TRUSTEE AND THE ADMINISTRATIVE AGENT EVIDENCE IN WRITING OF SUCH OTHER AGENT'S ACCEPTANCE OF SUCH APPOINTMENT.

EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, AS AGAINST THE OTHER PARTIES HERETO, ANY RIGHTS IT MAY HAVE TO A JURY TRIAL IN RESPECT OF ANY CIVIL ACTION OR PROCEEDING (WHETHER ARISING IN CONTRACT OR TORT OR OTHERWISE), INCLUDING ANY COUNTERCLAIM, ARISING UNDER OR RELATING TO THE INDENTURE, AS AMENDED BY THIS AMENDMENT, OR ANY OTHER RELATED DOCUMENT, INCLUDING IN RESPECT OF THE NEGOTIATION, ADMINISTRATION OR ENFORCEMENT HEREOF OR THEREOF.

Section 8. PATRIOT ACT. The parties hereto acknowledge that in accordance with the Customer Identification Program (CIP) requirements under the USA PATRIOT Act and its implementing regulations, the Indenture Trustee in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Indenture Trustee. Each party hereby agrees that it shall provide the Indenture Trustee with such information as the Indenture Trustee may request that will help Indenture Trustee to identify and verify each party's identity, including without limitation each party's name, physical address, tax identification number, organizational documents, certificate of good standing, license to do business, or other pertinent identifying information.

[Signature pages follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective officers as of the day and year first above written.

TEXTAINER MARINE CONTAINERS II LIMITED

By: /s/ Michael Harvey
Name: Michael Harvey
Title: Executive Vice President

**Amendment No. 1 to
TMCL II A&R Series 2012-1 Supplement**

WELLS FARGO BANK, NATIONAL ASSOCIATION, as
Indenture Trustee

By: /s/ Kristen L. Puttin
Name: Kristen L. Puttin
Title: Vice President

Amendment No. 1 to
TMCL II A&R Series 2012-1 Supplement

AMENDMENT NO. 1 TO THE AMENDED
AND RESTATED SERIES 2012-1 SUPPLEMENT
IS HEREBY APPROVED BY EACH OF THE
FOLLOWING SERIES 2012-1 NOTEHOLDERS
AND EACH SUCH SERIES 2012-1 NOTEHOLDER
HEREBY DIRECTS THE INDENTURE TRUSTEE
TO EXECUTE THIS AMENDMENT NO. 1

Series 2012-1 Noteholder:

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: /s/ Emily Alt
Name: Emily Alt
Title: Director

**Amendment No. 1 to
TMCL II A&R Series 2012-1 Supplement**

Series 2012-1 Noteholder:

BANK OF AMERICA, N.A.

By: /s/ Adarsh Dhand
Name: Adarsh Dhand
Title: Vice President

Amendment No. 1 to
TMCL II A&R Series 2012-1 Supplement

Series 2012-1 Noteholder:

ROYAL BANK OF CANADA

By: /s/ Austin J. Meler
Name: Austin J. Meler
Title: Authorized Signatory

Amendment No. 1 to
TMCL II A&R Series 2012-1 Supplement

Series 2012-1 Noteholder:

ING BELGIUM SA/NV

By: /s/ Filip Masschelein
Name: Filip Masschelein
Title:

By: /s/ Isabel Frits
Name: Isabel Frits
Title: Director

By: /s/ Patrick J. Hart
Name: Patrick J. Hart
Title: Authorized Signatory

By: /s/ Erin McCutcheon
Name: Erin McCutcheon
Title: Authorized Signatory

Series 2012-1 Noteholder:

KEYBANK, NATIONAL ASSOCIATION

By: /s/ Richard Andersen
Name: Richard Andersen
Title: Designated Signer

Amendment No. 1 to
TMCL II A&R Series 2012-1 Supplement

Series 2012-1 Noteholder:

SANTANDER BANK, N.A.

By: /s/ Paul Lammey
Name: Paul Lammey
Title: Managing Director

Amendment No. 1 to
TMCL II A&R Series 2012-1 Supplement

Series 2012-1 Noteholder:

ABN AMRO CAPITAL USA LLC

By: /s/ Ross Briggs
Name: Ross Briggs
Title: Vice President

By: /s/ R. Bisscheroux
Name: R. Bisscheroux
Title: Director

**Amendment No. 1 to
TMCL II A&R Series 2012-1 Supplement**

Series 2012-1 Noteholder:

SUNTRUST BANK

By: /s/ Jason Meyer
Name: Jason Meyer
Title: First Vice President

Amendment No. 1 to
TMCL II A&R Series 2012-1 Supplement

**AMENDMENT NO. 2 TO
AMENDED AND RESTATED SERIES 2012-1 SUPPLEMENT**

THIS AMENDMENT NO. 2, dated as of February 27, 2017 (the “Amendment”), is made to amend the Amended and Restated Series 2012-1 Supplement, dated as of September 15, 2014 (as amended by Amendment No. 1, dated as of December 21, 2016 and as amended, supplemented or otherwise modified from time to time prior to the date hereof, the “Series 2012-1 Supplement”), between TEXTAINER MARINE CONTAINERS II LIMITED, a company organized under the laws of the Bermuda, as issuer (the “Issuer”), and WELLS FARGO BANK, NATIONAL ASSOCIATION, as indenture trustee (the “Indenture Trustee”).

W I T N E S S E T H:

WHEREAS, the Issuer and the Indenture Trustee have previously entered into the Series 2012-1 Supplement;

WHEREAS, the Issuer desires to amend the Series 2012-1 Supplement in order to modify certain of the terms and conditions set forth therein and the Indenture Trustee, at the direction of Series 2012-1 Noteholders representing in aggregate the Control Party for Series 2012-1, has been directed to execute and deliver this Amendment;

NOW THEREFORE, in consideration of the premises and mutual covenants herein contained, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Defined Terms. Capitalized terms used in this Amendment and not otherwise defined herein shall have the meanings assigned to such terms in the Series 2012-1 Supplement.

Section 2. Amendment to the Series 2012-1 Supplement. Pursuant to the terms of Section 705 of the Series 2012-1 Supplement, the Series 2012-1 Supplement is amended as follows:

2.1 The definition of "Applicable Margin" in Section 101 of the Series 2012-1 Supplement is amended and restated to read as follows:

“**Applicable Margin**” means, with respect to each day, commencing on February 27, 2017, during an Interest Accrual Period on which a Series 2012-1 Advance by a Series 2012-1 Noteholder is outstanding, one of the following amounts for such Series 2012-1 Advance:

- (A) for each day occurring prior to the Conversion Date, two and one quarter percent (2.25%) per annum;
- (B) for each day on or subsequent to the Conversion Date, three and one quarter percent (3.25%) per annum.

2.2 The definition of "Step Up Warehouse Fee" in Section 101 of the Series 2012-1 Supplement is amended and restated to read as follows:

"Step Up Warehouse Fee" means, for each Payment Date, an amount equal to the sum, for each Series 2012-1 Advance outstanding for each day during the related Interest Accrual Period on which a DSCR Sweep Event is continuing, of the product of (A) the principal balance of such Series 2012-1 Advance, (B) an interest rate equal to one half of one percent (0.50%) per annum, and (C) 1/360. If the Step Up Warehouse Fee is not paid in full on any Payment Date, then such unpaid Step Up Warehouse Fee shall not accrue additional interest.

2.3 The last sentence of Section 204(b) of the Series 2012-1 Supplement is amended and restated to read as follows:

"Notwithstanding anything to the contrary herein or in any other Series 2012-1 Related Document, the Issuer agrees that it does not have the right to submit, and the Issuer shall not submit, a Funding Notice during the Deferral Period, or at any time when a DSCR Sweep Event is continuing or, after giving effect on a *pro forma* basis to the requested Series 2012-1 Advance, a DSCR Sweep Event would occur."

2.4 The following sentence is added at the end of Section 204(e) of the Series 2012-1 Supplement:

"The Issuer further agrees that the Unused Fee shall continue to accrue during the Deferral Period or at all times prior to the Conversion Date when a DSCR Sweep Event is continuing."

2.5 The following is added to the end of clause (i) in the first sentence of Section 203(a) of the Series 2012-1 Supplement:

"and, if a DSCR Sweep Event is then continuing, the then unpaid principal balance of the Series 2012-1 Notes shall be payable in full to the extent that funds are available for such purpose in accordance with the provisions of Section 303(a),"

In addition, the phrase "of Part (II) of Section 303 hereof" at the end of the first sentence of Section 203(a) of the Series 2012-1 Supplement is amended to read "Section 303(b) hereof",

2.6 The following is inserted as a new clause (5) in Section 303(a) of the Series 2013-1 Supplement:

"(5) if a DSCR Sweep Event has occurred and is then continuing, all remaining available funds shall be paid to the Series 2012-1 Noteholders, on a pro rata basis, as an additional principal payment on the Series 2012-1 Notes until the unpaid principal balances of all Series 2012-1 Notes then Outstanding have been paid in full;"

Existing clause (5) in Section 303(a) of the Series 2012-1 Supplement and all subsequent numbered paragraphs in Section 303(a) of the Series 2012-1 Supplement are re-numbered accordingly.

2.7 Section 502(b) of the Series 2012-1 Supplement is amended to insert the words "or would otherwise be reasonably expected to occur" after the word "both" in the third line of such clause.

2.8 The following provision is added as a new clause (g) of Section 502 of the Series 2012-1 Supplement:

"(g) DSCR Sweep Event. Both before and after giving effect to such requested advance, no DSCR Cash Sweep Event shall have occurred and then be continuing or would occur, after giving effect on a *pro forma* basis to such requested Series 2012-1 Advance."

Section 3. Representations and Warranties

(a). (a) The Issuer hereby confirms that each of the representations and warranties set forth in the Series 2012-1 Supplement made by the Issuer are true and correct as of the date first written above with the same effect as though each had been made by such party as of such date, except to the extent that any of such representations and warranties expressly relate to earlier dates.

(b) The Issuer hereby confirms that (i) each of the conditions precedent to the amendment to the Series 2012-1 Supplement have been, or contemporaneously with the execution of this Amendment will be, satisfied, (ii) the Series 2012-1 Supplement, as amended by this Amendment, constitutes the legal, valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms, and (iii) the security interest and liens created by the Indenture and the Series 2012-1 Supplement are hereby ratified and affirmed by the Issuer and remain in full force and effect.

Section 4. Management Agreement Amendment. By their signatures to this Amendment, the Series 2012-1 Noteholders representing in aggregate the Requisite Global Majority hereby also direct the Indenture Trustee to enter into Amendment Number 2 to the Management Agreement, a copy of which is attached hereto as **Exhibit A**.

Section 5. Effectiveness of Amendment.

(a) The Amendment shall become effective on the date on which all of the following events or conditions shall have occurred or been satisfied:

(i) this Amendment has been executed and delivered by the Issuer and the Indenture Trustee and approved by Series 2012-1 Noteholders representing in aggregate the Control Party for Series 2012-1;

(ii) the Indenture Trustee shall have received (1) pursuant to Section 1301 of the Indenture, an Officer's Certificate in form and substance satisfactory to the Indenture Trustee, and (2) pursuant to Section 1003 of the Indenture, an Opinion of Counsel addressed to the Indenture Trustee and otherwise in form and substance satisfactory of the Indenture Trustee;

(iii) the Control Party for Series 2012-1 shall have directed the Indenture Trustee to enter into this Amendment;

(iv) Amendment Number 2 to the Indenture shall be in full force and effect and all conditions precedent therein have been satisfied;

(v) Amendment Number 2 to the Series 2012-1 Note Purchase Agreement shall be in full force and effect and all conditions precedent therein have been satisfied; and

(vi) Amendment Number 2 to the Management Agreement shall be in full force and effect and all conditions precedent therein have been satisfied.

(b) This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

(c) On and after the execution and delivery hereof, (i) this Amendment shall become a part of the Series 2012-1 Supplement and (ii) each reference in the Series 2012-1 Supplement to "this Series 2012-1 Supplement", or "hereof", "hereunder" or words of like import, and each reference in any other document to the Indenture shall mean and be a reference to such Indenture, as amended or modified hereby.

(d) Except as expressly amended or modified hereby, the Series 2012-1 Supplement shall remain in full force and effect and is hereby ratified and confirmed by the parties hereto.

Section 6. Execution in Counterparts, Effectiveness. This Amendment may be executed by the parties hereto in separate counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement.

Section 7. Governing Law; Jurisdiction; Waiver of Jury Trial. THIS AMENDMENT SHALL BE GOVERNED BY AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, INCLUDING SECTION 5-1401 AND SECTION 5-1402 OF THE GENERAL OBLIGATIONS LAWS, BUT OTHERWISE WITHOUT REGARD TO ANY OTHER PRINCIPLES OF CONFLICT OF LAW AND THE RIGHTS, OBLIGATIONS AND REMEDIES OF THE PARTIES HERETO SHALL BE DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. IF ANY PROVISION OF THIS AMENDMENT IS DEEMED INVALID, IT SHALL NOT AFFECT THE BALANCE OF THIS AMENDMENT. THIS AMENDMENT HAS BEEN DELIVERED IN THE LAWS OF THE STATE OF NEW YORK.

ANY LEGAL SUIT, ACTION OR PROCEEDING AGAINST THE ISSUER ARISING OUT OF OR RELATING TO THIS AMENDMENT, OR ANY TRANSACTION CONTEMPLATED HEREBY, MAY BE INSTITUTED IN ANY FEDERAL OR STATE COURT IN THE CITY AND COUNTY OF NEW YORK, STATE OF NEW YORK AND THE ISSUER HEREBY WAIVES ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING, AND, SOLELY FOR THE PURPOSES OF ENFORCING THIS AMENDMENT, THE ISSUER HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY SUCH COURT IN ANY SUCH SUIT, ACTION OR PROCEEDING. THE ISSUER HEREBY IRREVOCABLY APPOINTS AND DESIGNATES NATIONAL CORPORATE RESEARCH LTD., HAVING AN ADDRESS AT 10 E. 40TH STREET, 10TH FLOOR, NEW YORK, NEW YORK 10016 ITS TRUE AND LAWFUL ATTORNEY-IN-FACT AND DULY AUTHORIZED AGENT FOR THE LIMITED PURPOSE OF ACCEPTING SERVICING OF LEGAL PROCESS, AND THE ISSUER AGREES THAT SERVICE OF PROCESS UPON SUCH PARTY SHALL CONSTITUTE PERSONAL SERVICE OF SUCH PROCESS ON SUCH PERSON. THE ISSUER SHALL MAINTAIN THE DESIGNATION AND APPOINTMENT OF SUCH AUTHORIZED AGENT UNTIL ALL AMOUNTS PAYABLE UNDER THE SERIES 2012-1 SUPPLEMENT, AS AMENDED BY THIS AMENDMENT, SHALL HAVE BEEN PAID IN FULL. IF SUCH AGENT SHALL CEASE TO SO ACT, THE ISSUER SHALL IMMEDIATELY DESIGNATE AND APPOINT ANOTHER SUCH AGENT SATISFACTORY TO THE INDENTURE TRUSTEE AND SHALL PROMPTLY DELIVER TO THE INDENTURE TRUSTEE AND THE ADMINISTRATIVE AGENT EVIDENCE IN WRITING OF SUCH OTHER AGENT'S ACCEPTANCE OF SUCH APPOINTMENT.

EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, AS AGAINST THE OTHER PARTIES HERETO, ANY RIGHTS IT MAY HAVE TO A JURY TRIAL IN RESPECT OF ANY CIVIL ACTION OR PROCEEDING (WHETHER ARISING IN CONTRACT OR TORT OR OTHERWISE), INCLUDING ANY COUNTERCLAIM, ARISING UNDER OR RELATING TO THE INDENTURE, AS AMENDED BY THIS AMENDMENT, OR ANY OTHER RELATED DOCUMENT, INCLUDING IN RESPECT OF THE NEGOTIATION, ADMINISTRATION OR ENFORCEMENT HEREOF OR THEREOF.

Section 8. PATRIOT ACT. The parties hereto acknowledge that in accordance with the Customer Identification Program (CIP) requirements under the USA PATRIOT Act and its implementing regulations, the Indenture Trustee in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Indenture Trustee. Each party hereby agrees that it shall provide the Indenture Trustee with such information as the Indenture Trustee may request that will help Indenture Trustee to identify and verify each party's identity, including without limitation each party's name, physical address, tax identification number, organizational documents, certificate of good standing, license to do business, or other pertinent identifying information.

[Signature pages follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective officers as of the day and year first above written.

TEXTAINER MARINE CONTAINERS II LIMITED

By: /s/ Adam Hopkin
Name: Adam Hopkin
Title: Secretary

**Amendment No. 2 to
TMCL II A&R Series 2012-1 Supplement**

WELLS FARGO BANK, NATIONAL ASSOCIATION, as
Indenture Trustee

By: /s/ Kristen L. Puttin
Name: Kristen L. Puttin
Title: Vice President

Amendment No. 2 to
TMCL II A&R Series 2012-1 Supplement

AMENDMENT NO. 2 TO THE AMENDED
AND RESTATED SERIES 2012-1 SUPPLEMENT
IS HEREBY APPROVED BY EACH OF THE
FOLLOWING SERIES 2012-1 NOTEHOLDERS
AND EACH SUCH SERIES 2012-1 NOTEHOLDER
HEREBY DIRECTS THE INDENTURE TRUSTEE
TO EXECUTE THIS AMENDMENT NO. 2

Series 2012-1 Noteholder:

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: /s/ Emily Alt
Name: Emily Alt
Title: Director

Amendment No. 2 to
TMCL II A&R Series 2012-1 Supplement

Series 2012-1 Noteholder:

BANK OF AMERICA, N.A.

By: /s/ Adarsh Dhand
Name: Adarsh Dhand
Title: Vice President

Amendment No. 2 to
TMCL II A&R Series 2012-1 Supplement

By: /s/ Thomas C. Dean
Name: Thomas C. Dean
Title: Authorized Signatory

By: /s/ Austin J. Meler
Name: Austin J. Meler
Title: Authorized Signatory

Series 2012-1 Noteholder:

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH

By: /s/ Patrick J. Hart
Name: Patrick J. Hart
Title: Authorized Signatory

By: /s/ Chris Fera
Name: Chris Fera
Title: Authorized Signatory

Amendment No. 2 to
TMCL II A&R Series 2012-1 Supplement

Series 2012-1 Noteholder:

KEYBANK, NATIONAL ASSOCIATION

By: /s/ Richard Andersen
Name: Richard Andersen
Title: Designated Signer

**Amendment No. 2 to
TMCL II A&R Series 2012-1 Supplement**

Series 2012-1 Noteholder:

SANTANDER BANK, N.A.

By: /s/ Dalber Barbosa
Name: Dalber Barbosa
Title: Vice President

Amendment No. 2 to
TMCL II A&R Series 2012-1 Supplement

Series 2012-1 Noteholder:

ABN AMRO CAPITAL USA LLC

By: /s/ Ross Briggs
Name: Ross Briggs
Title: Vice President

By: /s/ Urvashi Zutshi
Name: Urvashi Zutshi
Title: Managing Director

Amendment No. 2 to
TMCL II A&R Series 2012-1 Supplement

Series 2012-1 Noteholder:

ING BELGIUM SA/NV

By: /s/ Richard Maxwell-Lawford
Name: Richard Maxwell-Lawford
Title: Senior Manager – Risk

By: /s/ Luc Missoorten
Name: Luc Missoorten
Title: Program Manager Structured Finance

Amendment No. 2 to
TMCL II A&R Series 2012-1 Supplement

Series 2012-1 Noteholder:

SUNTRUST BANK

By: /s/ Pawan Churiwal
Name: Pawan Churiwal
Title: Vice President

Amendment No. 2 to
TMCL II A&R Series 2012-1 Supplement

AMENDMENT NO. 4 TO CREDIT AGREEMENT

THIS AMENDMENT NO. 4, dated as of June 23, 2016 (this “**Amendment**”), by and among TEXTAINER LIMITED (“**TL**” or the “**Borrower**”), a company with limited liability organized under the laws of Bermuda, TEXTAINER GROUP HOLDINGS LIMITED (the “**Guarantor**”), a company with limited liability organized under the laws of Bermuda, the financial institutions listed on the signature pages hereof under the headings “**LENDERS**” (each a “**Lender**” and, collectively, the “**Lenders**”), or “**SWAP CONTRACT COUNTERPARTIES**” (each a “**Swap Contract Counterparty**” and, collectively, the “**Swap Contract Counterparties**”), and BANK OF AMERICA, N.A., as administrative agent for the Lenders (in such capacity, the “**Administrative Agent**”) and L/C Issuer, is made to the Credit Agreement (as defined below).

WITNESSETH:

WHEREAS, the Borrower, the Guarantor, the Lenders and the Administrative Agent are parties to a Credit Agreement, dated as of September 24, 2012 (as amended by Amendment Number 1 to Credit Agreement and Security Agreement, dated as of July 25, 2013, Consent and Amendment No. 2 to Credit Agreement and Security Agreement, dated as of April 30, 2014, and Amendment No. 3, to Credit Agreement dated as of June 19, 2015, the “**Credit Agreement**”);

WHEREAS, the parties desire to amend the Credit Agreement in order to modify certain provisions thereof; and

WHEREAS, the Required Lenders have agreed to such amendment of the Credit Agreement, subject to the terms and conditions hereof;

NOW THEREFORE, in consideration of the promises and mutual covenants herein contained, the parties hereto agree as follows:

SECTION 1 Definitions; Interpretation.

(a) **Terms Defined in Credit Agreement.** All capitalized terms used in this Amendment (including in the recitals hereof) and not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement.

(b) **Interpretation.** The rules of interpretation set forth in **Section 1.02** of the Credit Agreement shall be applicable to this Amendment and are incorporated herein by this reference.

SECTION 2 Amendments to the Credit Agreement. Pursuant to **Section 11.01** of the Credit Agreement, the Credit Agreement is hereby amended as follows:

(a) Section 1.01 of the Credit Agreement is hereby amended by inserting the following new definitions:

““**Amendment No. 4. Effective Date**” means June 23, 2016.”

““**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.”

““**Consolidated EBIT**” means for any Person for any Measurement Period, the sum of (a) Consolidated Net Income of such Person (or, in the case of the Borrower, such Person without giving effect to any of its Subsidiaries (except as set forth in the proviso in this **clause (a)**) for such Measurement Period; *provided, however, that* with respect to the Consolidated Net Income of the Borrower, dividends paid by any Subsidiary of the Borrower or TWC shall be included in the calculation of the Consolidated Net Income of the Borrower, but only to the extent such dividends are actually paid in cash to the Borrower during such Measurement Period, (b) income tax expense of such Person and its Subsidiaries (or, in the case of the Borrower, such Person without giving effect to any of its Subsidiaries) for such Measurement Period, (c) Consolidated Interest Expense of such Person and its Subsidiaries (or, in the case of the Borrower, such Person without giving effect to any of its Subsidiaries (except as set forth in the proviso in this **clause (c)**) for such Measurement Period; *provided, however, that* with respect to the Consolidated Interest Expense of the Borrower, interest expense payments made by the Borrower during such Measurement Period under any guaranties of Indebtedness of its Subsidiaries shall be included in the calculation of the Consolidated Interest Expense of the Borrower to the extent (i) not otherwise included in the Borrower’s Consolidated Interest Expense and (ii) deducted in calculating the Borrower’s Consolidated Net Income during such Measurement Period, (d) rental expense of such Person and its Subsidiaries (or, in the case of the Borrower, such Person without giving effect to any of its Subsidiaries) during such Measurement Period relating to any lease of Marine Containers or transportation equipment under which such Person or Subsidiary is lessee, and (e) solely with respect to the Consolidated EBIT of the Guarantor for any fiscal quarter occurring during the period from April 1, 2016 through June 30, 2018 (the “**Add-Back Period**”), (i) actual GAAP impairment charges with respect to Marine Containers held for sale, reducing Consolidated Net Income in any such fiscal quarter included in a Measurement Period and not exceeding \$55,000,000 in the aggregate for any Measurement Period (it being understood that the amount of any such impairment charge add-back in any fiscal quarter that is reduced in a Measurement Period calculation due to the existence of the aggregate cap shall not be increased for any subsequent Measurement Period that includes such fiscal quarter), and (ii) a one-time actual GAAP impairment charge with respect Marine Containers on lease or held for lease which may be taken on one occasion during the Add-Back Period, reducing Consolidated Net Income in a Measurement Period, not to exceed in the aggregate the lesser of (x) 50% of such actual GAAP impairment charge and (y) \$40,000,000, *provided, that* such aggregate limit in this clause (e)(ii) may be increased by any unused portion during the same Measurement Period of the \$55,000,000 limit in clause (e)(i) above (it being understood that any such unused portion applied to increase the add-back in this clause (e)(ii) shall not be available under clause (e)(i) for any period in which such clause (e)(ii) increase applies). For the avoidance of doubt, the Consolidated EBIT of the Borrower shall not include the add-backs identified in clause (e) above.”

““**EEA Financial Institution**” means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (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 delegatee) having responsibility for the resolution of any EEA Financial Institution.”

“**EU Bail-In Legislation Schedule**” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.”

“**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.”

(b) The definition of “**Consolidated Interest Coverage Ratio**” is hereby amended and restated in its entirety to read as follows:

“**Consolidated Interest Coverage Ratio**” means for any Person during any Measurement Period, the ratio of (A) Consolidated EBIT for such Measurement Period to (B) the sum of (1) Consolidated Interest Expense of such Person and its Subsidiaries (or, in the case of the Borrower, such Person without giving effect to any of its Subsidiaries, except as set forth in the proviso in this **clause (1)**) during such Measurement Period (to the extent that such amount is actually paid in cash by such Person during such Measurement Period); *provided, however, that* with respect to the Consolidated Interest Expense of the Borrower, interest expense payments made by the Borrower during such Measurement Period under any guaranties of Indebtedness of its Subsidiaries shall be included in the calculation of the Consolidated Interest Expense of the Borrower during such Measurement Period to the extent not otherwise included in the Borrower’s Consolidated Interest Expense for such Measurement Period, and (2) rental expense of such Person and its Subsidiaries (or, in the case of the Borrower, such Person without giving effect to any of its Subsidiaries) during such Measurement Period relating to any lease of Marine Containers or transportation equipment under which such Person or any Subsidiary thereof is lessee. For purposes of **Section 7.11** of this Agreement, the Consolidated Interest Coverage Ratio of each Loan Party shall be calculated to exclude the net income of (i) of TWC (except as set forth in the proviso in clause (1) above) shown in the most recent consolidating financial statements of the Guarantor delivered pursuant to **Section 6.01** and (ii) of any Subsidiary to the extent of any ownership of such Subsidiary held by any Person that is not a Loan Party or Affiliate thereof.”

(c) The definition of “**Defaulting Lender**” is hereby amended by (i) deleting “or” following “(i) become the subject of a proceeding under any Debtor Relief Law” therein and (ii) adding “or (iii) become the subject of a Bail-in Action” immediately after “including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity,” therein.

(d) The definition of “**FATCA**” is hereby amended and restated in its entirety to read as follows:

“**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), any current or future regulations or official interpretations thereof; any applicable intergovernmental agreement entered into thereunder (and any foreign legislation implemented to give effect to such intergovernmental agreements) and any agreements entered into pursuant to Section 1471(b)(1) of the Code.”

(e) All references in the Credit Agreement and the exhibits thereto to “IRS Form W-8BEN”

are hereby amended and restated to be references to “IRS Form W-8BEN or W-8BEN-E (as applicable).

(f) **Section 7.11** of the Credit Agreement is hereby amended by re-lettering subsection (e) as subsection (f), and by inserting a new subsection (e) as follows:

“(e) **Minimum Consolidated Tangible Net Worth.** Permit Consolidated Tangible Net Worth of the Guarantor at any time to be less than \$936,091,000 plus, 50% of positive quarterly Consolidated Net Income of the Guarantor following March 31, 2016, with no deduction for any period in which there is a net loss.”

(g) **Section 7.11** of the Credit Agreement is hereby further amended by amending and restating re-lettered subsection (f) in its entirety to read as follows:

“**Revised Financial Terms.** If at any time after the Amendment No. 4. Effective Date any Loan Party shall enter into or be a party to any agreement governing Indebtedness for borrowed money which singularly or in the aggregate exceeds Eighty Million Dollars (\$80,000,000), including all such instruments or agreements in existence as of the Amendment No. 4. Effective Date and all such instruments or agreements entered into after the Amendment No. 4. Effective Date (each, a “**Principal Lending Agreement**”), and any such Principal Lending Agreement at any time includes a Consolidated Leverage Ratio, a Consolidated Interest Coverage Ratio or a minimum Consolidated Tangible Net Worth requirement (or, in each case, any substantially comparable financial ratio or minimum Consolidated Tangible Net Worth requirement, as applicable) which is more restrictive on such Loan Party than the applicable Consolidated Leverage Ratio, Consolidated Interest Coverage Ratio or minimum Consolidated Tangible Net Worth requirements set forth in **Sections 7.11(a) through (e)**, or such Principal Lending Agreement subsequently loosens or further restricts any such financial ratio or minimum Consolidated Tangible Net Worth requirement, as applicable (each such loosened or further restricted ratio or minimum Consolidated Tangible Net Worth requirement, as applicable, a “**Revised Financial Term**”), then and in any such event such Loan Party shall give written notice thereof to the Administrative Agent not later than thirty (30) days following the date of execution of such Principal Lending Agreement or amendment or termination thereof, as the case may be. Effective on the date of execution, amendment, modification or termination of such Principal Lending Agreement, as the case may be, the applicable provisions of **Sections 7.11(a) through (e)** shall automatically be deemed to be amended to include such Revised Financial Term; *provided* that in no event shall the level of any such Revised Financial Term be less restrictive on such Loan Party than the corresponding financial ratio or minimum Consolidated Tangible Net Worth requirement, as applicable, in **Sections 7.11(a) through (e)** in effect on the Amendment No. 4. Effective Date. Each Loan Party further covenants to promptly execute and deliver at its expense each and every amendment to this Agreement in form and substance satisfactory to the Administrative Agent evidencing the amendment of this Agreement to include, modify or exclude, as the case may be, the effect of such Revised Financial Term, provided that the execution and delivery of any such amendment shall not be a precondition to the effectiveness of such amendment, but shall merely be for the convenience of the parties hereto.”

(h) **Article XI** of the Credit Agreement is hereby amended by adding the following new **Section 11.21** immediately after **Section 11.20** therein:

“**11.21 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 such parties, 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 which 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.”

SECTION 3 Conditions of Effectiveness. Section 2 of this Amendment shall become effective, as of the date first above written, upon the satisfaction of the following conditions:

- (a) The execution and delivery of this Amendment by the Borrower, the Administrative Agent and Required Lenders.

(b) There shall not have occurred a material adverse change (a) in the operations, business, properties, liabilities (actual or contingent) or condition (financial or otherwise) of the Guarantor, the Borrower or their Subsidiaries, taken as a whole, since December 31, 2015, (b) the ability of the Borrower or the Guarantor to perform its Obligations under the Loan Documents, (c) the legality, validity, binding effect or enforceability against the Borrower or Guarantor of the Loan Documents (collectively, a “**Material Adverse Effect**”), or (d) in the facts and information regarding the Borrower and Guarantor as represented to date.

(c) The absence of any action, suit, investigation or proceeding pending or, to the knowledge of the Borrower or any Guarantor, threatened in any court or before any arbitrator or governmental authority that could reasonably be expected to have a Material Adverse Effect.

(d) The Administrative Agent shall have received certificates of Responsible Officer of each Loan Party as the Administrative Agent may require evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with this Amendment and the other Loan Documents to which such Loan Party is a party.

(e) The Borrower shall have paid or caused to be paid to the Administrative Agent, for the account of each Lender who executes and delivers this Amendment no later than 5:00 p.m. eastern time on June 23, 2016, an amendment fee equal to 12.5 basis points of the respective Commitment of such Lender.

- (f) The Borrower shall have paid all amounts described in **Section 7(b)** hereof that have been invoiced prior to the date hereof.

SECTION 4 Representations and Warranties. Each Loan Party hereby represents and warrants to the Administrative Agent, the Swap Contract Counterparties and the Lenders as follows:

(a) Each Loan Party hereby confirms and restates, as of the date hereof, the representations and warranties made by it in **Article V** of the Credit Agreement and in the other Loan Documents. For the purposes of this **Section 4**, any representations and warranties which relate solely to an earlier date shall not be deemed confirmed and restated as of the date hereof (*provided that* such representations and warranties shall be true, correct and complete as of such earlier date).

(b) This Amendment has been duly executed and delivered by each Loan Party. The execution, delivery and performance by each Loan Party of this Amendment is within such Loan Party's corporate powers and has been duly authorized by all necessary corporate or other organizational action. This Amendment and the Credit Agreement as amended hereby, and all other Loan Documents to which such Loan Party is a party constitute the legal, valid and binding obligation of such Loan Party, enforceable against each Loan Party that is a party thereto in accordance with its terms.

(c) The execution and delivery by such Loan Party of this Amendment and the performance by such Loan Party of this Amendment and the Credit Agreement as amended hereby will not (a) violate any Law, the violation of which could be reasonably expected to result in a Material Adverse Effect, (b) conflict with or result in any breach or contravention of, or the creation of any Lien under, or require any payment to be made under (i) any Contractual Obligation to which such Loan Party is a party or affecting such Loan Party or the Properties of such Loan Party or any of its Subsidiaries or (ii) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Loan Party or its property is subject.

(d) No Default or Event of Default has occurred and is continuing.

SECTION 5 Ratification. Except as expressly amended hereby, the Credit Agreement, the other Loan Documents and all documents, instruments and agreements related thereto, are hereby ratified and confirmed in all respects and shall continue in full force and effect. The Credit Agreement, together with this Amendment, shall be read and construed as a single agreement. All references in the Loan Documents to the Credit Agreement or any other Loan Document shall hereafter refer to the Credit Agreement or any other Loan Document as amended hereby. The Lenders' and the Administrative Agent's execution and delivery of, or acceptance of, this Amendment shall not be deemed to create a course of dealing or otherwise create any express or implied duty by any of them to provide any other or further amendments, consents or waivers in the future.

SECTION 6 FATCA. For purposes of determining withholding taxes imposed under FATCA from and after the date hereof, the Borrower and the Administrative Agent shall treat, and the Lenders hereby authorize the Administrative Agent to treat, the Credit Agreement (as amended hereby) as not constituting a "grandfathered obligation" within the meaning of Treasury Regulation Section 1.1471-2(b)(2)(i).

SECTION 7 Miscellaneous.

(a) **No Reliance.** The Borrower hereby acknowledges and confirms to the Administrative Agent, the Swap Contract Counterparties and the Lenders that the Borrower is executing this Amendment on the basis of its own investigation and for its own reasons without reliance upon any agreement, representation, understanding or communication by or on behalf of any other Person.

(b) **Costs and Expenses.** The Borrower agrees to pay to the Administrative Agent on demand the reasonable out-of-pocket expenses incurred by the Administrative Agent and its Affiliates, including the reasonable fees, charges and disbursements of counsel to the Administrative Agent, in connection with the preparation, negotiation, execution and delivery of this Amendment.

(c) **Binding Effect.** This Amendment shall be binding upon, inure to the benefit of and be enforceable by the Borrower, the Administrative Agent, each Lender and their respective successors and assigns.

(d) **Governing Law.** THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW THAT WOULD RESULT IN THE APPLICATION OF THE LAW OF ANOTHER JURISDICTION; PROVIDED THAT SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW SHALL APPLY.

(e) **Complete Agreement; Amendments.** This Amendment, together with the other Loan Documents, contains the entire and exclusive agreement of the parties hereto and thereto with reference to the matters discussed herein and therein. This Amendment supersedes all prior commitments, drafts, communications, discussions and understandings, oral or written, with respect thereto. This Amendment may not be modified, amended or otherwise altered except in accordance with the terms of **Section 11.01** of the Credit Agreement.

(f) **Severability.** Whenever possible, each provision of this Amendment shall be interpreted in such manner as to be effective and valid under all applicable laws and regulations. If, however, any provision of this Amendment shall be prohibited by or invalid under any such law or regulation in any jurisdiction, it shall, as to such jurisdiction, be deemed modified to conform to the minimum requirements of such law or regulation, or, if for any reason it is not deemed so modified, it shall be ineffective and invalid only to the extent of such prohibition or invalidity without affecting the remaining provisions of this Amendment, or the validity or effectiveness of such provision in any other jurisdiction.

(g) **Counterparts.** This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Delivery of an executed counterpart of a signature page of this Amendment by facsimile or in electronic (i.e., “pdf” or “tif”) format shall be effective as delivery of a manually executed counterpart of this Amendment.

(h) **Loan Documents.** This Amendment shall constitute a Loan Document.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment, as of the date first above written.

THE BORROWER

TEXTAINER LIMITED

By /s/ Michael Harvey
Name: Michael Harvey
Title: Executive Vice President

THE ADMINISTRATIVE AGENT

BANK OF AMERICA, N.A.

By /s/ Robert Rittelmeyer
Name: Robert Rittelmeyer
Title: Vice President

CONSENTED TO AND ACKNOWLEDGED BY:

GUARANTOR

TEXTAINER GROUP HOLDINGS LIMITED

By /s/ Christopher C. Morris
Name: Christopher C. Morris
Title: Executive Vice President

THE LENDERS:

BANK OF AMERICA, N.A., as a Lender and as L/C Issuer

By /s/ Irene Bertozzi Bartenstein
Name: Irene Bertozzi Bartenstein
Title: Director

WELLS FARGO BANK, NATIONAL ASSOCIATION, as a Lender,
as L/C Issuer and as Co-Documentation Agent

By _____
Name:
Title:

BNP PARIBAS, as a Lender and as Co-Documentation Agent

By /s/ Robert Papas
Name: Robert Papas
Title: Director

BNP PARIBAS, as a Lender and as Co-Documentation Agent

By /s/ Andrew Stratos
Name: Andrew Stratos
Title: Director

ROYAL BANK OF CANADA, as a Lender and as Syndication
Agent

By /s/ Glenn Van Allen
Name: Glenn Van Allen
Title: Authorized Signatory

MUFG UNION BANK, N.A., as a Lender and as Co-Documentation
Agent

By /s/ Michael McCauley
Name: Michael McCauley
Title: Director

KEYBANK NATIONAL ASSOCIATION

By /s/ Tad Stainbrook
Name: Tad Stainbrook
Title: Vice President

JPMORGAN CHASE BANK, N.A.

By /s/ William Doolittle
Name: William R. Doolittle
Title: Executive Director

CITIBANK, NATIONAL ASSOCIATION

By /s/ Nanci Dias
Name: Nanci Dias
Title: Senior Vice President

DBS BANK LTD.

By /s/ Jacqueline Tan
Name: Jacqueline Tan
Title: Senior Vice President

SANTANDER BANK, N .A.

By /s/ William Maag
Name: William Maag
Title: Managing Director

FIRST HAWAIIAN BANK

By /s/ Darlene N. Blakeney
Name: Darlene N. Blakeney
Title: Vice President

BRANCH BANKING AND TRUST COMPANY

By /s/ Brian Jones
Name: Brian R. Jones
Title: Senior Vice President

UMPQUA BANK

By /s/ Patrick O’Bannon
Name: Patrick O’Bannon
Title: Vice President

THE SWAP CONTRACT COUNTERPARTIES:

WELLS FARGO BANK, NATIONAL ASSOCIATION

By _____
Name:
Title:

MUFG UNION BANK, N.A.

By _____
Name:
Title:

AMENDMENT NO. 5 TO CREDIT AGREEMENT

THIS AMENDMENT NO. 5, dated as of October 26, 2016 (this “**Amendment**”), by and among TEXTAINER LIMITED (“**TL**” or the “**Borrower**”), a company with limited liability organized under the laws of Bermuda, TEXTAINER GROUP HOLDINGS LIMITED (the “**Guarantor**”), a company with limited liability organized under the laws of Bermuda, the financial institutions listed on the signature pages hereof under the headings “**LENDERS**” (each a “**Lender**” and, collectively, the “**Lenders**”), or “**SWAP CONTRACT COUNTERPARTIES**” (each a “**Swap Contract Counterparty**” and, collectively, the “**Swap Contract Counterparties**”), and BANK OF AMERICA, N.A., as administrative agent for the Lenders (in such capacity, the “**Administrative Agent**”) and L/C Issuer, is made to the Credit Agreement (as defined below).

WITNESSETH:

WHEREAS, the Borrower, the Guarantor, the Lenders and the Administrative Agent are parties to a Credit Agreement, dated as of September 24, 2012 (as amended by Amendment Number 1 to Credit Agreement and Security Agreement, dated as of July 25, 2013, Consent and Amendment No. 2 to Credit Agreement and Security Agreement, dated as of April 30, 2014, Amendment No. 3, to Credit Agreement dated as of June 19, 2015 and Amendment No. 4 to Credit Agreement dated as of June 23, 2016, the “**Credit Agreement**”);

WHEREAS, the parties desire to amend the Credit Agreement in order to modify certain provisions thereof; and

WHEREAS, the Required Lenders have agreed to such amendment, subject to the terms and conditions hereof;

NOW THEREFORE, in consideration of the promises and mutual covenants herein contained, the parties hereto agree as follows:

SECTION 1 Definitions; Interpretation.

(a) **Terms Defined in Credit Agreement.** All capitalized terms used in this Amendment (including in the recitals hereof) and not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement.

(b) **Interpretation.** The rules of interpretation set forth in **Section 1.02** of the Credit Agreement shall be applicable to this Amendment and are incorporated herein by this reference.

SECTION 2 Amendments to the Credit Agreement. Pursuant to **Section 11.01** of the Credit Agreement, the Credit Agreement is hereby amended as follows:

(a) The definition of “**Applicable Rate**” is hereby amended by adding the following sentence at the end of such definition: “Notwithstanding anything in the foregoing to the contrary, at all times during the period from September 30, 2016 through February 28, 2017, the Applicable Rate shall be based on Pricing Level 3.”

(b) **Section 6.01** is hereby amended by inserting the following, immediately preceding the “.” at the end thereof:

“; and

(c) within 45 days after the end of the fourth fiscal quarter of the 2016 fiscal year, a consolidated and, with respect to the Borrower and Guarantor, consolidating balance sheet of such Person and its Subsidiaries as at the end of such fiscal quarter, the related consolidated and, with respect to the Borrower and Guarantor, consolidating statements of income or operations for such fiscal quarter, and the related consolidated changes in shareholders' equity, and cash flows for such fiscal quarter and for the portion of such Person's fiscal year then ended, setting forth in each case in comparative form the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, all in reasonable detail, unaudited and certified by a Responsible Officer of Borrower as fairly presenting the financial condition, results of operations, shareholders' equity and cash flows of such Person and its Subsidiaries in accordance with GAAP, subject only to normal year-end audit adjustments and the absence of footnotes".

(c) **Section 6.02(b)** is hereby amended by inserting "and (c)" immediately following the reference to "(b)" in the second line of Section 6.02(b).

(d) **Section 7.11(b)** is hereby amended and restated to read as follows:

"(b) **Minimum Consolidated Interest Coverage of Guarantor.** At all times from the Closing Date through the fiscal quarter ended June 30, 2016, permit the Consolidated Interest Coverage Ratio of the Guarantor as of the end of any fiscal quarter to be less than 1.5 to 1. On and after February 28, 2017, in the case of the Guarantor, except to the extent provided herein, permit the Consolidated Interest Coverage Ratio of the Guarantor as of the end of any fiscal quarter (including the fiscal quarter ending December 31, 2016) to be less than 1.5 to 1."

(e) **Section 7.11(d)** is hereby amended and restated to read as follows:

"(d) **Minimum Consolidated Interest Coverage of Borrower.** At all times from the Closing Date through the fiscal quarter ended June 30, 2016, permit the Consolidated Interest Coverage Ratio of the Borrower as of the end of any fiscal quarter to be less than 2.0 to 1. On and after February 28, 2017, in the case of the Borrower, except to the extent provided herein, permit the Consolidated Interest Coverage Ratio of the Borrower as of the end of any fiscal quarter (including the fiscal quarter ending December 31, 2016) to be less than 2.0 to 1."

(f) **Section 8.01** is hereby amended as follows:

(i) **Section 8.01(e)** is hereby amended by deleting the word "or" immediately preceding clause (ii), and by inserting the following at the end of such **8.01(e)**: "(iii) during the period from September 30, 2016 through February 28, 2017, any Receivables Subsidiary (A) fails to make any payment when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) in respect of any Indebtedness or Guarantee having an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than \$15,000,000, or (B) fails to observe or perform any other agreement or condition relating to any such Indebtedness or Guarantee or contained in any instrument or agreement evidencing, securing or relating thereto, or any early amortization or termination event occurs, or other event occurs, the effect of which default or other event is to cause, or to permit the holder or holders of such Indebtedness or the beneficiary or beneficiaries of such Guarantee (or a trustee or agent on behalf of such holders or beneficiary or beneficiaries) to cause, with the giving of notice if required, such Indebtedness to be demanded or to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such

Indebtedness to be made, prior to its stated maturity, or early amortization of principal of such Indebtedness to occur, or such Guarantee to become payable or cash collateral in respect thereof to be demanded; or”

(ii) **Section 8.01(m)** is hereby amended by inserting, immediately prior the “.” At the end thereof, the following:

“; or

(n) during the period from and excluding September 30, 2016 through and including February 28, 2017, Borrower shall (i) make or commit to capital expenditures (including without limitation for purchases of Marine Containers) in excess of an aggregate of \$146,000,000 for capital expenditures committed prior to October 14, 2016; (ii) Dispose of Collateral pursuant to Section 7.05(b) except to the extent that no Default exists or would exist as a result of such disposition and the Borrower repays the Loans in an amount equal to the greater of (x) 100% of the net proceeds of such disposition and (y) 85% of the net book value of the Marine Containers disposed, promptly after Borrower’s receipt of a report from Manager setting forth such proceeds; (iii) Dispose of Collateral pursuant to Section 7.05 (c), other than dispositions to TMCLII of Receivables Program Assets with an aggregate net book value not in excess of \$180,000,000, so long as there occurs a substantially simultaneous paydown of the Loans in an amount equal to (x) \$85,000,000 in connection with a transaction involving approximately \$150,000,000 of Receivables Program Assets and (y) \$23,000,000 in connection with transactions involving sales of approximately \$30,000,000 in Receivables Program Assets; (iii) grant liens on Collateral consisting of Segregated Collateral Pools unless no Default exists or would result therefrom and the aggregate amount (determined by net book value) of such released Collateral does not exceed \$30,000,000; or (iv) declare or make any Restricted Payments; or (v) have less than \$25,000,000 in cash and cash equivalents that is unrestricted and unencumbered (except for liens securing the Obligations) exclusive of any cash or cash equivalents held by Subsidiaries of the Borrower; or

(o) Borrower and Required Lenders shall not have signed, by February 28, 2017, an amendment to this Agreement that revises **Section 7.11** and makes other amendments on terms agreed by Borrower and Required Lenders; or

(p) any bankruptcy or insolvency proceeding shall have been filed by or against any customer of the Borrower, Guarantor or any Subsidiary that is lessee of either (i) 1% or more of the Net Book Value of Marine Containers relied upon in order to cause the Borrowing Base to equal or exceed Total Outstandings or (ii) (other than in the case of Hanjin Shipping Co., Ltd. and its Affiliates) 1% or more of the Consolidated Total Assets of the Guarantor, and the Borrower and Guarantor shall not have agreed to additional amendments satisfactory to the Administrative Agent and Required Lenders within ten (10) days following the commencement of such proceeding; or

(q) during the period from September 30, 2016 through February 28, 2017, TEMPL shall declare or make a dividend or other distribution to the Guarantor the proceeds of which dividend or distribution will be used by the Guarantor to pay a dividend or distribution with respect to the capital stock of the Guarantor; or

(r) during the period from September 30, 2016 through February 28, 2017, the Guarantor or any of its Subsidiaries (other than TAP Funding Ltd. and TW Container Leasing, Ltd.) enters into a purchase or other acquisition of the capital stock or other securities or (as principal) assets of another Person other than capital expenditures or acquisitions of Receivables Program Assets permitted pursuant to Section 8.01(n)."

(g) **Section 11.21** Appointment of Borrower is hereby renumbered as "**Section 11.22 Appointment of Borrower.**" to correct a numbering error.

(h) **Exhibit H** is hereby amended and restated in the form attached to as **Exhibit A**.

SECTION 3 Waiver & Agreements. Subject to the satisfaction of the conditions set forth in **Section 4**, the Lenders hereby agree that any representation regarding the occurrence of a Default or Event of Default, made or required to be made in connection with the Loans to be advanced on the date of this Amendment, be deemed to be representations after giving effect to this Amendment, and that any requirement that no Default or Event of Default have occurred as of the date of the Notice of Borrowing solely with respect to such advance is hereby waived. This Waiver is limited to the extent described herein and shall not be construed to be a waiver of any other terms, provisions, covenants, warranties or agreements contained in the Credit Agreement or a waiver of any Default or Event of Default that may hereafter occur (other than the foregoing waiver).

SECTION 4 Conditions of Effectiveness. **Sections 2 and 3** of this Amendment shall become effective, as of September 30, 2016, upon the satisfaction of the following conditions:

(a) The execution and delivery of this Amendment by the Borrower, the Administrative Agent and Required Lenders.

(b) There shall not have occurred a material adverse change (a) in the operations, business, properties, liabilities (actual or contingent) or condition (financial or otherwise) of the Guarantor, the Borrower or their Subsidiaries, taken as a whole, since June 30, 2016 (except in each case to the extent triggered by the bankruptcy of Hanjin Shipping Co., Ltd. And its Affiliates), (b) the ability of the Borrower or the Guarantor to perform its Obligations under the Loan Documents, (c) the legality, validity, binding effect or enforceability against the Borrower or Guarantor of the Loan Documents (collectively, a "**Material Adverse Effect**"), or (d) in the facts and information regarding the Borrower and Guarantor as represented to date.

(c) The absence of any action, suit, investigation or proceeding pending or, to the knowledge of the Borrower or the Guarantor, threatened in any court or before any arbitrator or governmental authority that could reasonably be expected to have a Material Adverse Effect.

(d) The Administrative Agent shall have received certificates of Responsible Officer of each Loan Party as the Administrative Agent may require evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with this Amendment and the other Loan Documents to which such Loan Party is a party.

(e) The Administrative Agent shall have received a Borrowing Base Certificate, dated as of September 30, 2016, demonstrating, on a pro forma basis after giving effect to contemplated and permitted asset dispositions and Segregated Collateral Pool Liens and effectiveness of this Amendment, continued Borrowing Base compliance.

(f) The Borrower shall have provided the Administrative Agent with copies of amendments or waivers, under (i) the Revolving Credit Agreement, dated as of July 23, 2015, among the Borrower, as borrower, the Guarantor, as guarantor, the lenders party thereto and ABN AMRO Capital USA LLC, as administrative agent, (ii) the Term Loan Agreement, dated as of April 30, 2014, among the Borrower, as borrower, the Guarantor, as guarantor, the lenders party thereto and Union Bank, N.A., as administrative agent, (iii) the Credit Agreement, dated as of April 26, 2013, among TAP Funding Ltd., as borrower, the lenders party thereto and ABN AMRO Capital USA LLC, as administrative agent, and (iv) the Credit Agreement, dated as of August 5, 2011, among TW Container Leasing, Ltd., the lenders party thereto and Wells Fargo Securities LLC, as administrative agent, required for the Borrower to certify that no default or event of default exists under any Indebtedness facilities to which the Borrower, Guarantor or Subsidiaries is an obligor, in each case certified as complete and correct and in full force and effect, except to the extent conditioned on the simultaneous effectiveness of this Amendment.

(g) The Borrower shall have paid or caused to be paid to the Administrative Agent all fees as described in the fee letter between the Administrative Agent and the Borrower, including, without limitation, a fee for the account of each Lender who executes and delivers this Amendment no later than 5:00 p.m. eastern time on October 26, 2016, an amendment fee equal to 12.5 basis points of the respective Commitment of such Lender.

(h) The Borrower shall have paid all amounts described in **Section 8(b)** hereof that have been invoiced prior to the date hereof.

SECTION 5 Representations and Warranties. Each Loan Party hereby represents and warrants to the Administrative Agent, the Swap Contract Counterparties and the Lenders as follows:

(a) Each Loan Party hereby confirms and restates, as of the date hereof, the representations and warranties made by it in **Article V** of the Credit Agreement and in the other Loan Documents. For the purposes of this **Section 4**, any representations and warranties which relate solely to an earlier date shall not be deemed confirmed and restated as of the date hereof (*provided that* such representations and warranties shall be true, correct and complete as of such earlier date).

(b) This Amendment has been duly executed and delivered by each Loan Party. The execution, delivery and performance by each Loan Party of this Amendment is within such Loan Party's corporate powers and has been duly authorized by all necessary corporate or other organizational action. This Amendment and the Credit Agreement as amended hereby, and all other Loan Documents to which such Loan Party is a party constitute the legal, valid and binding obligation of such Loan Party, enforceable against each Loan Party that is a party thereto in accordance with its terms.

(c) The execution and delivery by such Loan Party of this Amendment and the performance by such Loan Party of this Amendment and the Credit Agreement as amended hereby will not (a) violate any Law, the violation of which could be reasonably expected to result in a Material Adverse Effect, (b) conflict with or result in any breach or contravention of, or the creation of any Lien under, or require any payment to be made under (i) any Contractual Obligation to which such Loan Party is a party or affecting such Loan Party or the Properties of such Loan Party or any of its Subsidiaries or (ii) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Loan Party or its property is subject.

(d) After giving effect to this Amendment, no Default or Event of Default has occurred and is continuing.

SECTION 6 Ratification. Except as expressly amended hereby, the Credit Agreement, the other Loan Documents and all documents, instruments and agreements related thereto, are hereby ratified and confirmed in all respects and shall continue in full force and effect. The Credit Agreement, together with this Amendment, shall be read and construed as a single agreement. All references in the Loan Documents to the Credit Agreement or any other Loan Document shall hereafter refer to the Credit Agreement or any other Loan Document as amended hereby. The Lenders' and the Administrative Agent's execution and delivery of, or acceptance of, this Amendment shall not be deemed to create a course of dealing or otherwise create any express or implied duty by any of them to provide any other or further amendments, consents or waivers in the future.

SECTION 7 FATCA. For purposes of determining withholding taxes imposed under FATCA from and after the date hereof, the Borrower and the Administrative Agent shall treat, and the Lenders hereby authorize the Administrative Agent to treat, the Credit Agreement (as amended hereby) as not constituting a "grandfathered obligation" within the meaning of Treasury Regulation Section 1.1471-2(b)(2)(i).

SECTION 8 Miscellaneous.

(a) **No Reliance.** The Borrower hereby acknowledges and confirms to the Administrative Agent, the Swap Contract Counterparties and the Lenders that the Borrower is executing this Amendment on the basis of its own investigation and for its own reasons without reliance upon any agreement, representation, understanding or communication by or on behalf of any other Person.

(b) **Costs and Expenses.** The Borrower agrees to pay to the Administrative Agent on demand the reasonable out-of-pocket expenses incurred by the Administrative Agent and its Affiliates, including the reasonable fees, charges and disbursements of counsel to the Administrative Agent, in connection with the preparation, negotiation, execution and delivery of this Amendment.

(c) **Binding Effect.** This Amendment shall be binding upon, inure to the benefit of and be enforceable by the Borrower, the Administrative Agent, each Lender and their respective successors and assigns.

(d) **Governing Law.** **THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW THAT WOULD RESULT IN THE APPLICATION OF THE LAW OF ANOTHER JURISDICTION; PROVIDED THAT SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW SHALL APPLY.**

(e) **Complete Agreement; Amendments.** This Amendment, together with the other Loan Documents, contains the entire and exclusive agreement of the parties hereto and thereto with reference to the matters discussed herein and therein. This Amendment supersedes all prior commitments, drafts, communications, discussions and understandings, oral or written, with respect thereto. This Amendment may not be modified, amended or otherwise altered except in accordance with the terms of **Section 11.01** of the Credit Agreement.

(f) **Severability.** Whenever possible, each provision of this Amendment shall be interpreted in such manner as to be effective and valid under all applicable laws and regulations. If, however, any provision of this Amendment shall be prohibited by or invalid under any such law or regulation in any jurisdiction, it shall, as to such jurisdiction, be deemed modified to conform to the minimum requirements of such law or regulation, or, if for any reason it is not deemed so modified, it shall be ineffective and invalid only to the extent of such prohibition or invalidity without affecting the remaining provisions of this Amendment, or the validity or effectiveness of such provision in any other jurisdiction.

(g) **Counterparts.** This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Delivery of an executed counterpart of a signature page of this Amendment by facsimile or in electronic (i.e., “pdf” or “tif”) format shall be effective as delivery of a manually executed counterpart of this Amendment.

(h) **Loan Documents.** This Amendment shall constitute a Loan Document.

SECTION 9 No Actions, Claims, Etc. As of the date hereof, each of the Borrower and the Guarantor acknowledges and confirms that it has no knowledge of any actions, causes of action, claims, demands, damages or liabilities of whatever kind or nature, in law or in equity, against the Administrative Agent, any L/C Issuer, or any Lender or any of their respective Related Parties, in any case, arising from any action or failure of such Persons to act under the Credit Agreement or any other Loan Document on or prior to the date of this Amendment, or of any offset right, counterclaim or defense of any kind against any of its respective obligations, indebtedness or liabilities to the Administrative Agent or any Lender under the Credit Agreement. Each of the Borrower and the Guarantor unconditionally releases, waives and forever discharges (i) any and all liabilities, obligations, duties, promises or indebtedness of any kind of the Administrative Agent or any Lender to such Borrower, except the obligations required to be performed by the Administrative Agent or any Lender under this Amendment, the Credit Agreement and the other Loan Documents on or after the date hereof, and (ii) all claims, offsets, causes of action, suits or defenses of any kind whatsoever (if any), whether arising at law or in equity, whether known or unknown, which the Borrower or Guarantor might otherwise have against the Administrative Agent or any Lender or any of their respective Related Parties in connection with the Credit Agreement, the other Loan Documents or the transactions contemplated thereby, in either case (i) or (ii), on account of any past or presently existing condition, act, omission, event, contract, liability, obligation, indebtedness, claim, cause of action, defense, circumstance or matter of any kind.

SECTION 10 Most Favored Lender Status. The Borrower and Guarantor acknowledge and agree that they will not enter into, amend or modify any document evidencing or governing Indebtedness of Borrower or Guarantor in anticipation of, or having effect during, the period from September 30, 2016 through February 28, 2017 (the “**Negotiation Period**”), to contain, (a) one or more covenants not contained in this Amendment or one or more covenants that is more restrictive on the Borrower or Guarantor and/or any of its Subsidiaries than the Credit Agreement as amended by this Amendment, (b) one or more Defaults or Events of Default that is not contained in the Credit Agreement as amended by this Amendment or is more restrictive than the Defaults and Events of Default in the Credit Agreement as amended by this Amendment, (c) with respect to any Indebtedness facilities with the Borrower as an Obligor, a borrowing base advance rate on Marine Containers that is lower than 85% or useful life or residual value parameters for Marine Containers that are less favorable to the Borrower or (d) a waiver, amendment or Negotiation Period that is shorter or conditioned on additional matters than the amendment and Negotiation Period as defined in this Amendment, unless in each case the applicable Loan Party contemporaneously executes an amendment to this Agreement, in form and substance reasonably satisfactory to the Administrative Agent and the Required Lenders, to include each additional or more restrictive covenant, Default or Event of Default and lower Borrowing Base advance rate, less favorable useful life and residual value herein and/or such shorter or more restrictive Negotiation Period or waiver or amendment; provided, that the terms of the Credit Agreement shall nonetheless, without any further action on the part of any Loan Party, the Administrative Agent or any Lender, be deemed amended automatically to include each additional or more restrictive covenant, Default and Event of Default and lower Borrowing Base advance rate, less favorable useful life and residual value and such shorter or more restrictive Negotiation Period, waiver or amendment.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment, as of the date first above written.

THE BORROWER

TEXTAINER LIMITED

By /s/ Michael Harvey
Name: Michael Harvey
Title: Executive Vice President

THE ADMINISTRATIVE AGENT

BANK OF AMERICA, N.A.

By /s/ Irene Bertozzi Bartenstein
Name: Irene Bertozzi Bartenstein
Title: Director

CONSENTED TO AND ACKNOWLEDGED BY:

GUARANTOR

TEXTAINER GROUP HOLDINGS LIMITED

By /s/ Adam Hopkin
Name: Adam Hopkin
Title: Secretary

THE LENDERS:

BANK OF AMERICA, N.A., as a Lender and as L/C Issuer

By /s/ Irene Bertozzi Bartenstein
Name: Irene Bertozzi Bartenstein
Title: Director

WELLS FARGO BANK, NATIONAL ASSOCIATION,as a Lender,
as L/C Issuer and as Co-Documentation Agent

By /s/ Emily Alt
Name: Emily Alt
Title: Director

BNP PARIBAS, as a Lender and as Co-Documentation Agent

By /s/ Andrew Stratos
Name: Andrew Stratos
Title: Director

ROYAL BANK OF CANADA, as a Lender and as Syndication
Agent

By /s/ Scott Umbs
Name: Scott Umbs
Title: Authorized Signatory

MUFG UNION BANK, N.A., as a Lender and as Co-Documentation Agent

By /s/ Michael McCauley
Name: Michael McCauley
Title: Director

KEYBANK NATIONAL ASSOCIATION

By /s/ Tad L. Stainbrook
Name: Tad L. Stainbrook
Title: Vice President

JPMORGAN CHASE BANK. N.A.

By /s/ William R. Doolittle
Name: William R. Doolittle
Title: Executive Director

CITIBANK, NATIONAL ASSOCIATION

By /s/ Nanci Dias
Name: Nanci Dias
Title: Senior Vice President

DBS BANK LTD.

By /s/ Yeo How Ngee
Name: Yeo How Ngee
Title: Managing Director

SANTANDER BANK, N .A.

By /s/ Marcelo Castro
Name: Marcelo Castro
Title: Managing Director

FIRST HAWAIIAN BANK

By /s/ Darlene N. Blakeney
Name: Darlene N. Blakeney
Title: Vice President

BRANCH BANKING AND TRUST COMPANY

By /s/ Brian R. Jones
Name: Brian R. Jones
Title: Senior Vice President

UMPQUA BANK

By /s/ Patrick O’Bannon
Name: Patrick O’Bannon
Title: Vice President

THE SWAP CONTRACT COUNTERPARTIES:

WELLS FARGO BANK, NATIONAL ASSOCIATION

By /s/ Joe Hunter
Name: Joe Hunter
Title: Authorized Signatory

MUFG UNION BANK, N.A.

By /s/ Michael McCauley
Name: Michael McCauley
Title: Director

[Signature Page to Amendment No. 5 to Credit Agreement]

CONTAINER DEPRECIATION POLICY

Leased Containers:

Purchased New:

Depreciated on a straight line basis over the period set forth below for the applicable Container to an estimated residual value.

<u>Container Type</u>	<u>Applicable Period (in years)</u>
2B	13
2C	13
2D	13
2F	13
2H	13
2L	15
2M	13
2R	12
2S	13
2T	15
2U	13
2W	13
2Y	12
2Z	13
4F	13
4H	13
4J	13
4L	16
4M	13
4N	13
4S	14
4T	14
4U	13
4W	13
4Y	12

Purchased Used:

Depreciated on a straight line basis over the remaining useful life to an estimated dollar residual value.

Trading Marine Containers:

Not depreciated

AMENDMENT NO. 6 TO CREDIT AGREEMENT AND CONSENT

THIS AMENDMENT NO. 6 TO CREDIT AGREEMENT AND CONSENT, dated as of February 24, 2017 (this “**Amendment**”), by and among TEXTAINER LIMITED (“**TL**” or the “**Borrower**”), a company with limited liability organized under the laws of Bermuda, TEXTAINER GROUP HOLDINGS LIMITED (the “**Guarantor**”), a company with limited liability organized under the laws of Bermuda, the financial institutions listed on the signature pages hereof under the headings “**LENDERS**” (each a “**Lender**” and, collectively, the “**Lenders**”), and BANK OF AMERICA, N.A., as administrative agent for the Lenders (in such capacity, the “**Administrative Agent**”) and L/C Issuer, is made to the Credit Agreement (as defined below).

WITNESSETH:

WHEREAS, the Borrower, the Guarantor, the Lenders and the Administrative Agent are parties to a Credit Agreement, dated as of September 24, 2012 (as amended by Amendment Number 1 to Credit Agreement and Security Agreement, dated as of July 25, 2013, Consent and Amendment No. 2 to Credit Agreement and Security Agreement, dated as of April 30, 2014, Amendment No. 3, to Credit Agreement dated as of June 19, 2015, Amendment No. 4 to Credit Agreement dated as of June 23, 2016, and Amendment No. 5 to Credit Agreement dated October 26, 2016, the “**Credit Agreement**”);

WHEREAS, the parties desire to amend the Credit Agreement in order to modify certain provisions thereof; and

WHEREAS, the Required Lenders have agreed to such amendment, subject to the terms and conditions hereof;

NOW THEREFORE, in consideration of the promises and mutual covenants herein contained, the parties hereto agree as follows:

SECTION 1 Definitions; Interpretation.

(a) **Terms Defined in Credit Agreement.** All capitalized terms used in this Amendment (including in the recitals hereof) and not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement.

(b) **Interpretation.** The rules of interpretation set forth in **Section 1.02** of the Credit Agreement shall be applicable to this Amendment and are incorporated herein by this reference.

SECTION 2 Amendments to the Credit Agreement. Pursuant to **Section 11.01** of the Credit Agreement, the Credit Agreement is hereby amended as follows:

(a) **Section 1.01** is hereby amended by amending the following definitions as follows:

The definition of “**Applicable Rate**” is hereby amended by deleting the chart contained therein and replacing it in its entirety with the following:

Applicable Rate

Level	Consolidated Leverage Ratio of Guarantor	Commitment Fee	Eurodollar Rate & Letters of Credit	Base Rate
1	≤ 2.75:1	0.275%	2.00%	1.50%
2	> 2.75:1 but ≤ 3.25:1	0.325%	2.25%	1.75%
3	> 3.25:1	0.375%	2.50%	2.00%

The definition of “**Borrowing Base**” is hereby amended by replacing each reference to “85% of” therein with “the Applicable Advance Rate multiplied by”.

The definition of “**Consolidated EBIT**” is hereby amended by restating such definition in its entirety as follows:

“**Consolidated EBIT**” means for any Person for any Measurement Period, the sum of (a) Consolidated Net Income of such Person (or, in the case of the Borrower, such Person without giving effect to any of its Subsidiaries (except as set forth in the proviso in this **clause (a)**) for such Measurement Period; provided, however, that with respect to the Consolidated Net Income of the Borrower, dividends paid by any Subsidiary of the Borrower or TWC shall be included in the calculation of the Consolidated Net Income of the Borrower, but only to the extent such dividends are actually paid in cash to the Borrower during such Measurement Period, (b) income tax expense of such Person and its Subsidiaries (or, in the case of the Borrower, such Person without giving effect to any of its Subsidiaries) for such Measurement Period, (c) Consolidated Interest Expense of such Person and its Subsidiaries (or, in the case of the Borrower, such Person without giving effect to any of its Subsidiaries (except as set forth in the proviso in this **clause (c)**) for such Measurement Period; provided, however, that with respect to the Consolidated Interest Expense of the Borrower, interest expense payments made by the Borrower during such Measurement Period under any guaranties of Indebtedness of its Subsidiaries shall be included in the calculation of the Consolidated Interest Expense of the Borrower to the extent (i) not otherwise included in the Borrower’s Consolidated Interest Expense and (ii) deducted in calculating the Borrower’s Consolidated Net Income during such Measurement Period, and (d) rental expense of such Person and its Subsidiaries (or, in the case of the Borrower, such Person without giving effect to any of its Subsidiaries) during such Measurement Period relating to any lease of Marine Containers or transportation equipment under which such Person or Subsidiary is lessee.”

The definition of “**Consolidated Interest Coverage Ratio**” is hereby amended (a) by replacing the reference therein to “**Consolidated EBIT**” with a reference to “**Consolidated EBITDA**” and (b) by deleting the last sentence of such definition.

The definition of “**Consolidated Interest Expense**” is hereby amended by deleting the last sentence of such definition.

The definition of “**Maturity Date**” is hereby amended by inserting the following in lieu of the period at the end of such definition: “; provided, that, if as of the Springing Maturity Date, the Union Bank Term Loan Facility has not been refinanced or amended so that the Union Bank Term Loan Facility shall mature on a date no earlier than September 21, 2020, then the Maturity Date shall be the Springing Maturity Date.”

(b) **Section 1.01** is hereby further amended by deleting the definition of “**Increase Effective Date**” in its entirety.

(c) **Section 1.01** is hereby further amended by inserting the following new definitions in alphabetical order:

““**ABN Revolving Credit Facility**” means that certain the Revolving Credit Agreement, dated as of July 23, 2015, among the Borrower, as borrower, the Guarantor, as guarantor, the lenders party thereto and ABN AMRO Capital USA LLC, as administrative agent.”

““**Amendment No. 6 Effective Date**” means February 27, 2017”.

“**Annualized Capital Expenditures**” means (i) with respect to the fiscal quarter ending March 31, 2017, the amount of Capital Expenditures for such fiscal quarter multiplied by four, (ii) with respect to the fiscal quarter ending June 30, 2017, the amount of Capital Expenditures for such fiscal quarter and the immediately preceding fiscal quarter multiplied by two and (iii) with respect to the fiscal quarter ending September 30, 2017, Capital Expenditures for such fiscal quarter and the immediately preceding two fiscal quarters multiplied by one and one third.

““**Applicable Advance Rate**” means the following percentages during the corresponding time periods set forth opposite such percentages:

Period	Applicable Advance Rate
Amendment No. 6 Effective Date through June 30, 2017	85%
July 1, 2017 through September 30, 2017	84.75%
October 1, 2017 through December 31, 2017	84.50%
January 1, 2018 through March 31, 2018	84.25%
April 1, 2018 through June 30, 2018	84.0%
July 1, 2018 through September 30, 2018	83.75%
October 1, 2018 through December 31, 2018	83.50%
January 1, 2019 through March 31, 2019	83.25%
April 1, 2019 through June 30, 2019	83.00%
July 1, 2019 through September 30, 2019	82.75%
October 1, 2019 through December 31, 2019	82.50%
January 1, 2020 through March 31, 2020	82.25%
April 1, 2020 and thereafter	82.00%

“**Capital Expenditures**” means, with respect to any Person for any period, any expenditure in respect of the purchase or other acquisition of any fixed or capital asset (excluding normal replacements and maintenance which are properly charged to current operations).”

““**Consolidated EBITDA**” means for any Person for any Measurement Period, the sum of, (a) Consolidated EBIT of such Person and its Subsidiaries (or, in the case of the Borrower, such Person without giving effect to any of its Subsidiaries, except to the relevant extent provided in the definition of Consolidated EBIT) for the most recently completed Measurement Period, plus (b) to the extent deducted in calculating such Consolidated EBIT (without duplication) depreciation and amortization expense.”

““**Fixed Charge Coverage Ratio**” means, for the Guarantor during any Measurement Period, the ratio of (a) Consolidated EBITDA for such Measurement Period minus (i) Capital Expenditures for such Measurement Period (or, for the Measurement Periods ending on or prior to September 30, 2017, the applicable Annualized Capital Expenditures), plus (ii) the proceeds of any Disposition of Marine Containers in such Measurement Period, minus (iii) any gains on Dispositions of Marine Containers in such Measurement Period, plus (iv) any losses on Dispositions of Marine Containers in such Measurement Period, plus (v) 100% of the actual GAAP impairment charges with respect to Marine Containers incurred during any trailing twelve month period ending on or before December 31, 2018 not exceeding \$55,000,000 in the aggregate, provided, that no add-back under this clause (v) shall be permitted for any period ending after December 31, 2018, plus (vi) cash receipts in respect of Finance Leases in excess of earnings recognized in Consolidated EBITDA in respect of such Finance Leases, to (b) the sum of (i) Consolidated Interest Expense payable in cash, (ii) the aggregate amount of federal, state, local and foreign income taxes payable in cash, (iii) regularly scheduled payments of principal in respect of Indebtedness, other than due on the maturity date of the Union Bank Term Loan Facility and (iv) rental expense of such Person and its Subsidiaries during such Measurement Period relating to any lease of Marine Containers or transportation equipment under which such Person or any Subsidiary thereof is lessee.”

““**Liquidity**” means (i) unrestricted (except by **Section 7.11(g)** and parallel provisions in the documentation governing Segregated Collateral Pool Debt) and unencumbered (except to secure the Obligations) cash or Cash Equivalents of the Borrower exclusive of any cash or cash equivalents held by Subsidiaries of the Borrower, plus (ii) the sum of (A) the amount by which the lesser of the Aggregate Commitments and the Borrowing Base exceeds the Total Outstandings, if positive, and (B) the amount by which the lesser of the aggregate commitments (or similar term as defined in the ABN Revolving Loan Facility) and the borrowing base (or similar term as defined in the ABN Revolving Loan Facility) exceeds total outstanding obligations (or similar term as defined in the ABN Revolving Loan Facility), if positive, and minus (iii) any negative result under either clause (A) or (B) above, and (without duplication) minus (iv) any borrowing base shortfall under the Union Bank Term Loan or any Segregated Collateral Pool Debt.”

““**Springing Maturity Date**” means January 30, 2019.”

“**Union Bank Term Loan Facility**” means that certain Term Loan Agreement, dated as of April 30, 2014, among the Borrower, as borrower, the Guarantor, as guarantor, the lenders party thereto and Union Bank, N.A., as administrative agent.”

(d) **Section 2.14** is deleted in its entirety.

(e) **Section 6.01(a)** is hereby amended by inserting the following immediately prior to the “;” contained in the proviso therein: “for each of the fiscal years ending on or before December 31, 2016”.

(f) **Section 6.01** is hereby further amended by inserting the following new **clauses (d) and (e)**:

“(d) with respect to the fiscal year ended December 31, 2016, as soon as available, but in any event within 120 days after the end of such fiscal year, a stand-alone balance sheet of the Borrower as at the end of such fiscal year, the related statements of income or operations for such fiscal year, and the related changes in shareholders’ equity, and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, unaudited and certified by a Responsible Officer of Borrower as fairly presenting the financial condition, results of operations, shareholders’ equity and cash flows of the Borrower in accordance with GAAP, subject only to normal year-end audit adjustments and the absence of footnotes. Commencing with the fiscal year ending December 31, 2017, as soon as available, but in any event within 120 days after the end of each fiscal year of the Borrower, a stand-alone balance sheet of the Borrower at the end of such fiscal year, the related statements of income or operations for such fiscal year, and the related changes in shareholders’ equity, and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and prepared in accordance with GAAP, audited and accompanied by a report and opinion of an independent certified public accountant of nationally recognized standing reasonably acceptable to the Required Lenders, which report and opinion shall be prepared in accordance with generally accepted auditing standards and shall not be subject to any “going concern” or like qualification or exception or any qualification or exception as to the scope of such audit; and

(e) as soon as available, but in any event within 60 days after the end of each of the first three fiscal quarters of each fiscal year of the Borrower, a stand-alone unaudited balance sheet of the Borrower as at the end of such fiscal quarter, the related statements of income or operations for such fiscal quarter, and the related changes in shareholders’ equity, and cash flows for such fiscal quarter and for the portion of such Person’s fiscal year then ended, setting forth in each case in comparative form the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, all in reasonable detail, certified by a Responsible Officer of Borrower as fairly presenting the financial condition, results of operations, shareholders’ equity and cash flows of the Borrower in accordance with GAAP, subject only to normal year-end audit adjustments and the absence of footnotes.”

(g) **Section 6.02(l)** is hereby amended by (i) inserting “(and, in the case of the Borrower, a stand-alone budget for the Borrower for such fiscal year)” immediately after the first reference to “Person” therein and (ii) inserting “(or stand-alone, as applicable),” immediately after the reference to “consolidated” in the first parenthetical therein.

(h) **Section 7.03(c)** is hereby replaced in its entirety with the following:

“(c) Investments by the Borrower in Subsidiaries; *provided, however, that* (i) the aggregate amount of Investments permitted under this Section 7.03(c) in Receivables Subsidiaries during any twelve month period shall not exceed in the aggregate the greater of (A) \$20 million and (B) the total dividend payments actually received by the Borrower from all Receivables Subsidiaries (other than TAP Funding and TWC) in such period, and (ii) if any Investment in any Receivables Subsidiary (1) is used to cure an “early amortization event” with respect to such Subsidiary or similar event, (2) is made while any event of default has occurred under any contract or agreement to which such Receivables Subsidiary is a party, or (3) is made while any early amortization event has occurred or any other event or condition has occurred under any contract or agreement to which such Receivables Subsidiary is a party that gives rise to a restriction on such Receivables Subsidiary’s right to declare or make payment of cash dividends or other cash distributions, then (x) the aggregate amount of Investments by Borrower in Receivables Subsidiaries shall not exceed in the aggregate during any such twelve month period the lesser of (A) \$20 million and (B) the total dividend payments actually received by the Borrower from all Receivables Subsidiaries (other than TAP Funding and TWC) in such period and (y) any such Investment otherwise permitted under this Section 7.03(c) in a Receivables Subsidiary shall be limited to two such Investments in such Receivables Subsidiary during such twelve month period.”

(i) **Section 7.06** is hereby amended by (i) replacing the reference to “70%” therein with “50%” and (ii) replacing the second sentence therein with the following: “Notwithstanding the foregoing, no Restricted Payments shall be permitted at any time prior to January 1, 2020.”

(j) **Section 7.11(a)** is hereby amended by replacing the reference to “4.0” therein with “3.5”.

(k) **Section 7.11(b)** is hereby replaced in its entirety with the following:

“(b) **Fixed Charge Coverage Ratio.**

(i) Permit the Fixed Charge Coverage Ratio of the Guarantor to be less than 1.5 to 1 as of the end of the fiscal quarter ending on March 31, 2017.

(ii) Permit the Fixed Charge Coverage Ratio of the Guarantor as of the end of any fiscal quarter ending on or after June 30, 2017 to be less than 1.2 to 1.”

(l) **Section 7.11(c)** is hereby amended by replacing the reference to “4.0” therein with “3.5”

(m) **Section 7.11(d)** is hereby amended by replacing the second sentence therein with the following: “On and after the Amendment No. 6 Effective Date, in the case of the Borrower, permit the Consolidated Interest Coverage Ratio of the Borrower at the end of each respective Measurement Period to be less than the ratio set forth below opposite each such Measurement Period:

Measurement Period Ending	Minimum Consolidated Interest Coverage Ratio:
December 31, 2016	4.0 to 1
March 31, 2017	3.25 to 1
June 30, 2017	2.75 to 1
September 30, 2017	2.75 to 1
December 31, 2017	2.50 to 1
March 31, 2018	2.50 to 1
June 30, 2018	2.50 to 1
September 30, 2018	2.75 to 1
December 31, 2018	2.75 to 1
March 31, 2019	3.0 to 1
June 30, 2019	3.0 to 1
September 30, 2019 and each fiscal quarter through the Maturity Date	4.0 to 1

(n) **Section 7.11(f)** is replaced in its entirety with the following:

“(f) **Revised Financial Terms.** If at any time after the Amendment No. 6. Effective Date, the Borrower shall enter into or be a party to any agreement governing committed Indebtedness for borrowed money, including all such instruments or agreements in existence as of the Amendment No. 6. Effective Date and all such instruments or agreements entered into after the Amendment No. 6. Effective Date (each, a “**Committed Indebtedness Agreement**”), and any such Committed Indebtedness Agreement at any time includes advance rate criteria, financial covenants, other negative covenants or events of default which, in any case, are more restrictive on the Borrower or any other Loan Party than the advance rate criteria contained in the definition of “Applicable Advance Rate” set forth in **Section 1.01**, the financial covenants and other negative covenants set forth in **Article VII** or the Events of Default set forth in **Article VIII**, or such Committed Indebtedness Agreement subsequently loosens or further restricts any such advance rate criteria, financial covenants, other negative covenants or events of default, as applicable (each such loosened or further restricted financial covenants, other negative covenants or events of default, as applicable, a “**Revised Committed Indebtedness Term**”), then and in any such event the Borrower shall give written notice thereof to the Administrative Agent not later than thirty (30) days following the date of execution of such Committed Indebtedness Agreement or amendment or termination thereof, as the case may be. Effective on the date of execution, amendment, modification or termination of such Committed Indebtedness Agreement, as the case may be, the applicable provisions of **Section 1.01**, **Article VII** and/or **Article VIII** shall automatically be deemed to be amended to include such Revised Committed Indebtedness Term; *provided* that in no event shall the level of any such Revised

Indebtedness Term be less restrictive on such Loan Party than the corresponding advance rate criteria, financial covenant, other negative covenant or event of default, as applicable, in **Section 1.01, Article VII** and/or **Article VIII** in effect on the Amendment No. 6. Effective Date. The Borrower further covenants to promptly make available to the Administrative Agent such documentation or other information as may be reasonably requested by the Administrative Agent with respect to any Revised Committed Indebtedness Term in order to determine the Borrower's compliance with this **Section 7.11(f)** and to execute and deliver at its expense each and every amendment to this Agreement in form and substance satisfactory to the Administrative Agent evidencing the amendment of this Agreement to include, modify or exclude, as the case may be, the effect of such Revised Committed Indebtedness Term, provided that the execution and delivery of any such amendment shall not be a precondition to the effectiveness of such amendment, but shall merely be for the convenience of the parties hereto. Notwithstanding the foregoing, this Section 7.11(f) shall not apply with respect to advance rates applicable to the Permitted Capitalized Lease (as defined in Amendment No. 6 to this Agreement)."

(o) **Article VII** is hereby amended by adding the following new **Section 7.11(g)** immediately after **Section 7.11(f)** therein:

"(g) **Minimum Liquidity Covenant.** The Borrower shall at all times maintain at least \$30,000,000 of Liquidity, including no less than \$10,000,000 in unrestricted (except by this Section 7.11(g) and parallel provisions in the documentation governing Segregated Collateral Pool Debt) and unencumbered (except to secure the Obligations) cash and Cash Equivalents."

(p) **Section 8.01(e)** is hereby amended by (i) deleting "during the period from September 30, 2016 through February 28, 2017," contained in clause (iii) therein and (ii) deleting the phrases "or any early amortization or termination event occurs" and "or early amortization of principal of such Indebtedness to occur," in clause (iii)(B).

(q) **Sections 8.01(n), 8.01(o), 8.01(q) and 8.01(r)** are hereby deleted.

(r) **Section 8.01(p)** is hereby (i) renumbered as **Section 8.01(n)** and (ii) amended by (A) replacing each reference therein to "1%" with "3%" and (B) replacing the reference to "(10)" therein in with "(30)".

(s) **Section 9.10(b)(ii)** is hereby amended by (i) replacing the second parenthetical contained therein with the following "(as compared to the Collateral included in the Borrowing Base Certificate as of December 31, 2016)" and (ii) in clause (A), replacing the phrase "shall not have increased by more than one year" with the phrase "shall not exceed six and one-half (6.5) years".

(t) **Exhibit D** is hereby deleted in its entirety and replaced with **Exhibit D (Form of Compliance Certificate)** attached hereto as **Exhibit A**.

SECTION 3 Consent. Borrower wishes to enter into a capitalized lease transaction with respect to a Segregated Collateral Pool. Such transaction will consist of a sale by Borrower of a Segregated Collateral Pool to a third party lender, coupled with a lease back by Borrower of such Segregated Collateral Pool (provided that the proceeds of such transaction received by Borrower will constitute Indebtedness of Borrower secured by such Segregated Collateral Pool). The documentation governing such transaction will not be substantially similar to the Credit Agreement. Each Lender party hereto consents to such capitalized lease transaction, that the Indebtedness of Borrower thereunder shall constitute permitted

Indebtedness, and the Lien securing such Indebtedness shall constitute a permitted Lien, for all purposes of the Loan Documents, subject to satisfaction of the following conditions (such a transaction that satisfies the following conditions, the “**Permitted Capitalized Lease**”):

- (a) The Net Book Value of the Segregated Collateral Pool subject to such transaction equal up to \$180 million;
- (b) The gross cash proceeds received by Borrower in such transaction shall equal at least 80% of such Net Book Value;
- (c) The proceeds of such transaction are applied (i) to pay fees and expenses associated with such transaction and (ii) to repay the Obligations;
- (d) The maturity of such Permitted Capitalized Lease shall be after the Maturity Date (without consideration of the Springing Maturity Date);
- (e) The Borrower shall have provided the Administrative Agent with copies of the documentation governing such capitalized lease, together with reports as to the Net Book Value and borrowing base characteristics of the related Segregated Collateral Pool; and
- (f) no Default or Event of Default shall have occurred and be continuing, and the Borrower shall have demonstrated *pro forma* compliance (by Borrower and Guarantor) with all covenants contained in **Section 7.11** after giving effect to such Permitted Capitalized Lease .

The Lenders, the Administrative Agent and the L/C Issuer agree that the Secured Parties’ Lien on such Segregated Collateral Pool automatically shall be released in accordance with **Section 9.10(b)(ii)** of the Credit Agreement (as if the Permitted Capitalized Lease were Segregated Collateral Pool Debt) so long as the Borrower shall have submitted to the Administrative Agent a Borrowing Base Report demonstrating that, immediately prior to and after giving *pro forma* effect to such Permitted Capitalized Lease, the Total Outstandings shall not exceed the lesser of (1) the Aggregate Commitments and (2) the Borrowing Base, together with a report demonstrating the effect of such transaction on the Borrowing Base characteristics contained in **Section 9.10(b)(ii)** of the Credit Agreement and compliance therewith. In such event, the Administrative Agent, on behalf of the Secured Parties, shall be deemed to have released such Segregated Collateral Pool from the Lien of the Collateral Documents, and the Administrative Agent shall, at Borrower’s request, within three (3) Business Days execute any documentation reasonably required to evidence such release. Furthermore, the parties hereto agree that the Lien of the Collateral Documents shall not re-attach despite the structure of the Permitted Capitalized Lease as a sale-leaseback in which the Segregated Collateral Pool is reconveyed (or deemed reconveyed) to the Borrower so long as such Segregated Collateral Pool remains subject to a Lien pursuant to the Permitted Capitalized Lease.

SECTION 4 Conditions of Effectiveness. **Section 2** of this Amendment shall become effective, as of February 27, 2017, upon the satisfaction of the following conditions:

- (a) The execution and delivery of this Amendment by the Borrower, the Administrative Agent and Required Lenders.
- (b) There shall not have occurred a material adverse change (a) in the operations, business, properties, liabilities (actual or contingent) or condition (financial or otherwise) of the Guarantor, the Borrower or their Subsidiaries, taken as a whole, since December 31, 2016, (b) the ability of the Borrower or the Guarantor to perform its Obligations under the Loan Documents, (c) the legality, validity, binding effect or enforceability against the Borrower or Guarantor of the Loan Documents (collectively, a “**Material Adverse Effect**”), or (d) in the facts and information regarding the Borrower and Guarantor as represented to date.

(c) The absence of any action, suit, investigation or proceeding pending or, to the knowledge of the Borrower or the Guarantor, threatened in any court or before any arbitrator or governmental authority that could reasonably be expected to have a Material Adverse Effect.

(d) The Administrative Agent shall have received certificates of Responsible Officer of each Loan Party as the Administrative Agent may require evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with this Amendment and the other Loan Documents to which such Loan Party is a party.

(e) The Borrower shall have provided the Administrative Agent with executed copies of amendments, under (i) the ABN Revolving Credit Facility and (ii) the Union Bank Term Loan Facility, in each case on terms equivalent to this Amendment, and (iii) the Indenture, dated as of May 1, 2012 between Textainer Marine Containers II Limited and Wells Fargo Bank, National Association, as indenture trustee and (iv) the Indenture dated as of August 5, 2013, between Textainer Marine Containers IV Limited and Wells Fargo Bank, National Association, as indenture trustee, in each case on terms satisfactory to the Administrative Agent in its reasonable discretion, and all of items (i) through (iv) certified as complete and correct and in full force and effect, except to the extent conditioned on the simultaneous effectiveness of this Amendment.

(f) The Borrower shall have provided to the Administrative Agent a Borrowing Base Certificate as of each of December 31, 2016 and the Amendment No. 6 Effective Date for each of the Credit Agreement, the Union Bank Term Loan and the ABN Revolving Loan, with such reports as of December 31, 2016 for each of the Credit Agreement, the Union Bank Term Loan and the ABN Revolving Loan to include detail as to the characteristics of collateral of the type referred to in **Section 9.10(b)(ii)** of the Credit Agreement, and (iii) such other financial statements and reports as may be requested, all to the satisfaction of the Administrative Agent.

(g) The Borrower shall have paid or caused to be paid to the Administrative Agent all fees as described in the fee letter between the Administrative Agent and the Borrower, including, without limitation, a fee for the account of each Lender who executes and delivers this Amendment no later than 5:00 p.m. eastern time on February 24, 2017, an amendment fee equal to 25 basis points of the respective Commitment of such Lender.

(h) The Borrower shall have paid all amounts described in **Section 8(b)** hereof that have been invoiced prior to the date hereof.

SECTION 5 Representations and Warranties. Each Loan Party hereby represents and warrants to the Administrative Agent and the Lenders as follows:

(a) Each Loan Party hereby confirms and restates, as of the date hereof, the representations and warranties made by it in **Article V** of the Credit Agreement and in the other Loan Documents. For the purposes of this **Section 5**, any representations and warranties which relate solely to an earlier date shall not be deemed confirmed and restated as of the date hereof (*provided that* such representations and warranties shall be true, correct and complete as of such earlier date).

(b) This Amendment has been duly executed and delivered by each Loan Party. The execution, delivery and performance by each Loan Party of this Amendment is within such Loan Party's corporate powers and has been duly authorized by all necessary corporate or other organizational action. This Amendment and the Credit Agreement as amended hereby, and all other Loan Documents to which such Loan Party is a party constitute the legal, valid and binding obligation of such Loan Party, enforceable against each Loan Party that is a party thereto in accordance with its terms.

(c) The execution and delivery by such Loan Party of this Amendment and the performance by such Loan Party of this Amendment and the Credit Agreement as amended hereby will not (a) violate any Law, the violation of which could be reasonably expected to result in a Material Adverse Effect, (b) conflict with or result in any breach or contravention of, or the creation of any Lien under, or require any payment to be made under (i) any Contractual Obligation to which such Loan Party is a party or affecting such Loan Party or the Properties of such Loan Party or any of its Subsidiaries or (ii) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Loan Party or its property is subject.

(d) After giving effect to this Amendment, no Default or Event of Default has occurred and is continuing.

SECTION 6 Ratification. Except as expressly amended hereby, the Credit Agreement, the other Loan Documents and all documents, instruments and agreements related thereto, are hereby ratified and confirmed in all respects and shall continue in full force and effect. The Credit Agreement, together with this Amendment, shall be read and construed as a single agreement. All references in the Loan Documents to the Credit Agreement or any other Loan Document shall hereafter refer to the Credit Agreement or any other Loan Document as amended hereby. The Lenders' and the Administrative Agent's execution and delivery of, or acceptance of, this Amendment shall not be deemed to create a course of dealing or otherwise create any express or implied duty by any of them to provide any other or further amendments, consents or waivers in the future.

SECTION 7 FATCA. For purposes of determining withholding taxes imposed under FATCA from and after the date hereof, the Borrower and the Administrative Agent shall treat, and the Lenders hereby authorize the Administrative Agent to treat, the Credit Agreement (as amended hereby) as not constituting a "grandfathered obligation" within the meaning of Treasury Regulation Section 1.1471-2(b)(2)(i).

SECTION 8 Miscellaneous.

(a) **No Reliance.** The Borrower hereby acknowledges and confirms to the Administrative Agent and the Lenders that the Borrower is executing this Amendment on the basis of its own investigation and for its own reasons without reliance upon any agreement, representation, understanding or communication by or on behalf of any other Person.

(b) **Costs and Expenses.** The Borrower agrees to pay to the Administrative Agent on demand the reasonable out-of-pocket expenses incurred by the Administrative Agent and its Affiliates, including the reasonable fees, charges and disbursements of counsel to the Administrative Agent, in connection with the preparation, negotiation, execution and delivery of this Amendment.

(c) **Binding Effect.** This Amendment shall be binding upon, inure to the benefit of and be enforceable by the Borrower, the Administrative Agent, each Lender and their respective successors and assigns.

(d) **Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW THAT WOULD RESULT IN THE APPLICATION OF THE LAW OF ANOTHER JURISDICTION; PROVIDED THAT SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW SHALL APPLY.**

(e) **Complete Agreement; Amendments.** This Amendment, together with the other Loan Documents, contains the entire and exclusive agreement of the parties hereto and thereto with reference to the matters discussed herein and therein. This Amendment supersedes all prior commitments, drafts, communications, discussions and understandings, oral or written, with respect thereto. This Amendment may not be modified, amended or otherwise altered except in accordance with the terms of **Section 11.01** of the Credit Agreement.

(f) **Severability.** Whenever possible, each provision of this Amendment shall be interpreted in such manner as to be effective and valid under all applicable laws and regulations. If, however, any provision of this Amendment shall be prohibited by or invalid under any such law or regulation in any jurisdiction, it shall, as to such jurisdiction, be deemed modified to conform to the minimum requirements of such law or regulation, or, if for any reason it is not deemed so modified, it shall be ineffective and invalid only to the extent of such prohibition or invalidity without affecting the remaining provisions of this Amendment, or the validity or effectiveness of such provision in any other jurisdiction.

(g) **Counterparts.** This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement. Delivery of an executed counterpart of a signature page of this Amendment by facsimile or in electronic (i.e., “pdf” or “tif”) format shall be effective as delivery of a manually executed counterpart of this Amendment.

(h) **Loan Documents.** This Amendment shall constitute a Loan Document.

SECTION 9 No Actions, Claims, Etc. As of the date hereof, each of the Borrower and the Guarantor acknowledges and confirms that it has no knowledge of any actions, causes of action, claims, demands, damages or liabilities of whatever kind or nature, in law or in equity, against the Administrative Agent, any L/C Issuer, or any Lender or any of their respective Related Parties, in any case, arising from any action or failure of such Persons to act under the Credit Agreement or any other Loan Document on or prior to the date of this Amendment, or of any offset right, counterclaim or defense of any kind against any of its respective obligations, indebtedness or liabilities to the Administrative Agent or any Lender under the Credit Agreement. Each of the Borrower and the Guarantor unconditionally releases, waives and forever discharges (i) any and all liabilities, obligations, duties, promises or indebtedness of any kind of the Administrative Agent or any Lender to such Borrower, except the obligations required to be performed by the Administrative Agent or any Lender under this Amendment, the Credit Agreement and the other Loan Documents on or after the date hereof, and (ii) all claims, offsets, causes of action, suits or defenses of any kind whatsoever (if any), whether arising at law or in equity, whether known or unknown, which the Borrower or Guarantor might otherwise have against the Administrative Agent or any Lender or any of their respective Related Parties in connection with the Credit Agreement, the other Loan Documents or the transactions contemplated thereby, in either case (i) or (ii), on account of any past or presently existing condition, act, omission, event, contract, liability, obligation, indebtedness, claim, cause of action, defense, circumstance or matter of any kind.

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment, as of the date first above written.

THE BORROWER

TEXTAINER LIMITED

By /s/ Adam Hopkin
Name: Adam Hopkin
Title: Secretary

THE ADMINISTRATIVE AGENT

BANK OF AMERICA, N.A.

By _____
Name:
Title:

**CONSENTED TO AND
ACKNOWLEDGED BY:**

GUARANTOR

TEXTAINER GROUP HOLDINGS LIMITED

By /s/ Adam Hopkin
Name: Adam Hopkin
Title: Secretary

[Signature Page to Amendment No. 6 to Credit Agreement]

THE LENDERS:

BANK OF AMERICA, N.A., as a Lender and as L/C Issuer

By /s/ Irene Bertozzi Bartenstein
Name: Irene Bertozzi Bartenstein
Title: Director

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as a Lender, as L/C Issuer and as Co-Documentation Agent

By /s/ Emily Alt
Name: Emily Alt
Title: Director

BNP PARIBAS,
as a Lender and as Co-Documentation Agent

By /s/ Robert Papas
Name: Robert Papas
Title: Director

By /s/ Stephanie Klein
Name: Stephanie Klein
Title: Vice President

ROYAL BANK OF CANADA,
as a Lender and as Syndication Agent

By /s/ Glenn Van Allen
Name: Glenn Van Allen
Title: Authorized Signatory

MUFG UNION BANK, N.A.,
as a Lender and as Co-Documentation Agent

By /s/ Michael McCauley
Name: Michael McCauley
Title: Director

KEYBANK NATIONAL ASSOCIATION

By /s/ Tad L. Stainbrook
Name: Tad L. Stainbrook
Title: Vice President

[Signature Page to Amendment No. 6 to Credit Agreement]

JPMORGAN CHASE BANK. N.A.

By /s/ William R. Doolittle
Name: William R. Doolittle
Title: Executive Director

CITIBANK, NATIONAL ASSOCIATION

By /s/ Nanci Dias
Name: Nanci Dias
Title: Senior Vice President and Senior Relationship Manager

[Signature Page to Amendment No. 6 to Credit Agreement]

DBS BANK LTD.

By /s/ Yeo How Ngee
Name: Yeo How Ngee
Title: Managing Director

SANTANDER BANK, N.A.

By /s/ Andres Barbosa
Name: Andres Barbosa
Title: Executive Director

FIRST HAWAIIAN BANK

By /s/ Darlene N. Blakeney
Name: Darlene N. Blakeney
Title: Vice President

BRANCH BANKING AND TRUST COMPANY

By /s/ T. J. Lockwood
Name: T. J. Lockwood
Title: Senior Vice President

UMPQUA BANK

By /s/ Patrick O’Bannon
Name: Patrick O’Bannon
Title: Vice President

[Signature Page to Amendment No. 6 to Credit Agreement]

Voting Limitation Deed

1 January 2018

Between

Halco Holdings Inc.

and

Textainer Group Holdings Limited

This Voting Limitation Deed is made as a deed on 1 January 2018 between:

- (1) **Halco Holdings Inc.**, a company registered in the British Virgin Islands with company number 1506006 whose registered office is at Coastal Buildings, Wickhams Cay II, Road Town, Tortola, British Virgin Islands (the "**Halco**"); and
- (2) **Textainer Group Holdings Limited**, a company incorporated in Bermuda with company registration number 18896 whose registered office is at Century House, 16 Par-La-Ville Road, Hamilton HM 08, Bermuda (the "**Textainer**").

Recitals:

- (A) Textainer is incorporated in Bermuda and its Common Shares (as defined below) are listed on the New York Stock Exchange.
- (B) Halco holds 27,278,802 Common Shares as at the date hereof. This Deed will apply to such number of Common Shares as are held by Halco from time to time during the Term (as defined below).
- (C) At Halco's request, the parties have agreed that for the Term, Halco will exercise certain of the voting rights to which it would otherwise be entitled under the Bye-laws (as defined below) as a holder of Common Shares in respect of any proposal to be voted upon at a general meeting of the members of Textainer (whether at an annual general meeting, special general meeting or otherwise) regarding the election, re-election or removal of directors of Textainer, on the terms and conditions set out herein.

It is agreed:

1 Interpretation

- 1.1 In this Deed, except where a different interpretation is necessary in the context, the Parties shall be referred to in the manner set out after their names above and the following expressions shall have the following meanings:

"**Act**" means the Companies Act 1981 of Bermuda, as amended or replaced from time to time.

"**Business Day**" means any day other than a Saturday, Sunday or public holiday in Bermuda, British Virgin Islands or the Isle of Man.

"**Bye-laws**" means the current bye-laws of Textainer as amended or restated from time to time following the date hereof.

"**Common Share**" means a common share in the capital of Textainer having a par value of US\$0.01, or any share in the capital of Textainer which replaces such share as a result of a reorganisation of the share capital of Textainer.

"**Designated Resolution**" has the meaning set out in clause 3.1(a).

"**Limited Shares**" means, in respect of a Designated Resolution, that positive number of Common Shares determined by the Limited Shares Formula and represented therein by the letter "A";

"Limited Shares Formula" means:

$A = (B \text{ minus } (C \text{ multiplied by } 19.9\%)) \text{ divided by } (100\% \text{ minus } 19.9\%)$

Where:

A = the number of Common Shares to be determined in respect of the Designated Resolution, provided that any fraction of Common Shares will be rounded up to the nearest whole number;

B = the total number of Common Shares owned by Halco at the time of the Designated Resolution;

C = the total number of issued and outstanding Common Shares of Textainer (excluding any Common Shares held in treasury) at the time of the Designated Resolution.

"Party" means a party to this deed.

"Removal (General)" means the removal of a director of Textainer pursuant to the Act, the Bye-laws or otherwise, but in each case excluding any Removal (without Cause).

"Removal (without Cause)" means the removal of a director of Textainer without cause pursuant to clause 41.1(ii) of the Bye-laws.

"Term" has the meaning set out in clause 2.1.

1.2 All references to "date of this Deed" in this Deed shall mean the abovementioned date.

1.3 References in this Deed to the Recitals and clauses are references respectively to the Recitals and clauses of this Deed.

1.4 Save where the context specifically requires otherwise, words importing one gender shall be treated as importing any gender, words importing individuals shall be treated as importing corporations and vice versa, words importing the singular shall be treated as importing the plural and vice versa, and words importing the whole shall be treated as including a reference to any part thereof. References to persons shall include bodies' corporate, unincorporated associations and partnerships, in each case whether or not having a separate legal personality. References to the word **"include"** or **"including"** (or any similar term) are not to be construed as implying any limitation and general words introduced by the word "other" (or any similar term) shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things.

1.5 Clause headings are inserted for ease of reference only and shall not affect construction.

1.6 Any reference to **"writing"** or **"written"** includes faxes and emails and any other non-transitory form of visible reproduction of words.

2 Duration

- 2.1 Subject to clause 2.2, notwithstanding the date on which this Deed is signed, this Deed shall come into force and take effect at 00h01 Pacific Standard Time ("**PST**") on 1 January 2018 and shall remain in full force and effect up to and including 30 June 2022 (the "**Term**") and thereafter it will terminate automatically.
- 2.2 Should any regulatory approval in any relevant jurisdiction in relation to this Deed be withdrawn, denied or expire during the Term, Textainer shall have the right to unilaterally terminate this Deed prior to the end of the Term.

3 Halco Undertaking

- 3.1 Halco hereby irrevocably and unconditionally undertakes in favour of Textainer that, notwithstanding any voting rights to which it would otherwise be entitled under the Bye-laws, it shall not, at any time during the Term:
- (a) exercise, whether directly or indirectly, and whether through a representative of Halco, by way of proxy or otherwise, any of the voting rights attaching to the Limited Shares in any manner (including voting in favour of, voting against or (if applicable) abstaining from voting) on any proposal to be voted upon at a general meeting of the members of Textainer (whether at an annual general meeting, special general meeting or otherwise) for the election, re-election or Removal (General) of a person as a director of Textainer (a "**Designated Resolution**");
 - (b) provide any authority or written instructions or directions to any central securities depository participant, stockbroker, attorney, agent or any other third party to exercise any voting rights attaching to the Limited Shares, in any manner as contemplated in clause 3.1(a) on a Designated Resolution for and on behalf of Halco; or
 - (c) in any other manner not referred to in clauses 3.1(a) or 3.1(b), cause or procure to be exercised for and on its behalf any voting rights attaching to the Limited Shares in any manner contemplated in clause 3.1(a) in respect of a Designated Resolution.
- 3.2 If any proposal to be voted upon at a general meeting of the members of Textainer (whether at an annual general meeting, special general meeting or otherwise) relates to the Removal (without Cause) of a director of Textainer, Halco shall exercise the voting rights attaching to all of its Common Shares on such proposal proportionately in accordance with the manner in which the other members of Textainer have exercised their voting rights on such proposal.
- 3.3 Textainer will be entitled to refuse to accept or recognise any purported exercise of voting rights for or on behalf of Halco in respect of its Limited Shares in contravention of the provisions of clause 3.1 above, and in respect of all of its Common Shares in contravention of the provisions of clause 3.2 above.
- 3.4 Halco hereby irrevocably and unconditionally appoints the chairman of the general meeting of the members of Textainer (whether an annual general meeting, special general meeting or otherwise) as its proxy for the purpose of giving effect to clauses 3.1 and 3.2, and hereby undertakes to execute and deliver (or procure the execution and delivery of) an instrument of proxy in accordance with the Bye-laws and such further documents, as may be required to implement and give effect to this clause 3.4.

4 General

Assignment

- 4.1 This Deed is personal to the Parties and no Party may assign, transfer, subcontract, delegate, charge or otherwise deal in any other manner with this Deed or any of its rights or obligations nor grant, declare, create or dispose of any right or interest in it without the prior written consent of the other Party.
- 4.2 Any purported assignment, transfer, subcontracting, delegation, charging or other dealing in contravention of this clause shall be ineffective.

Entire Agreement

- 4.3 This Deed and the documents referred to or incorporated in it constitute the entire agreement between the Parties relating to the subject matter of this Deed and supersede and extinguish any prior drafts, agreements, undertakings, representations, warranties and arrangements of any nature whatsoever, whether or not in writing, between the Parties in relation to the subject matter of this Deed.
- 4.4 Each of the Parties acknowledges and agrees that it has not entered into this Deed in reliance on any statement or representation of any person (whether a Party or not) other than as expressly incorporated in this Deed and each of the Parties have obtained their own independent advice.
- 4.5 Without limiting the generality of the foregoing, each of the Parties irrevocably and unconditionally waives any right or remedy it may have to claim damages and/or to rescind this Deed by reason of any misrepresentation (other than a fraudulent misrepresentation) having been made to it by any person (whether Party or not) prior to entering into this Deed.
- 4.6 Each of the Parties acknowledges and agrees that the only cause of action available to it under the terms of this Deed shall be for breach of contract.
- 4.7 Nothing in this Deed or in any other document referred to herein shall be read or construed as excluding any liability or remedy as a result of fraud or dishonesty.

Waiver, Variation and Release

- 4.8 No omission to exercise or delay in exercising on the part of any Party any right, power or remedy provided by law or under this Deed shall constitute a waiver of such right, power or remedy or any other right, power or remedy or impair such right, power or remedy. No single or partial exercise of any such right, power or remedy shall preclude or impair any other or further exercise thereof or the exercise of any other right, power or remedy provided by law or under this Deed.
- 4.9 Any waiver of any right, power or remedy under this Deed must be in writing and may be given subject to any conditions thought fit by the grantor. Unless otherwise expressly stated, any waiver shall be effective only in the instance and only for the purpose for which it is given.
- 4.10 No variation to this Deed shall be of any effect unless it is agreed in writing and signed by or on behalf of each Party.

Further assurance

- 4.11 Each Party shall, at the reasonable request of any other Party, perform (or procure the performance of) all further acts and things, and execute and deliver (or procure the execution and delivery of) such further documents, as may be required to implement and give effect to this agreement.

Costs and Expenses

- 4.12 Each Party shall pay its own costs and expenses in relation to the negotiation, preparation; execution and carrying into effect of this Deed and other agreements forming part of the transaction.

Notices

- 4.13 Any communication to be given in connection with the matters contemplated by this Deed shall be in writing except where expressly provided otherwise and shall either be delivered by hand with a copy sent by email. Delivery by courier shall be regarded as delivery by hand. A communication shall be deemed to have been served if delivered by hand at the address referred to in clause 4.14, at the time of delivery. If a communication would otherwise be deemed to have been delivered outside normal business hours (being 8.30am (PST) to 5.30pm (PST) on a Business Day) under the preceding provisions of this clause 4.13, it shall be deemed to have been delivered at 8.30am (PST) on the next Business Day.
- 4.14 Such communication shall be sent to the address and the email address set out below or to such other address or email address as may from time to time be notified in writing to the other Party in accordance with this clause 4.14. Each communication shall be marked for the attention of the relevant person.
- Halco – at the address noted above on page 1 of this Deed with a copy by email to [], marked for the attention of Barry Smith and Iain Brown.
- Textainer - at the address noted above on page 1 of this Deed with a copy by email to Daniel W Cohen at [], marked for the attention of Dan Cohen.

Counterparts

- 4.15 This Deed may be executed in any number of counterparts, each of which when so executed shall be deemed an original but all such counterparts shall constitute one and the same instrument. Delivery of a counterpart by email transmission of an Adobe pdf file (or similar electronic record) shall be effective as delivery of an executed counterpart.

Governing Law and Jurisdiction

- 4.16 This Deed shall be governed by and construed in accordance with the laws of England.
- 4.17 The Parties irrevocably submit to the non-exclusive jurisdiction of the courts of England to settle any dispute which may arise out of or in connection with this Deed.

Attestations

This deed has been executed and delivered on the date stated above.

SIGNED as a deed:

By *(name of authorised signatory)*:

/s/ Barry Curtis Smith

For and on behalf of:

Halco Holdings Inc.

Duly authorised

In the presence of:

(Name, address and occupation of witness):

SIGNED as a deed:

By *(name of authorised signatory)*:

/s/ Michael J. Harvey

For and on behalf of:

Textainer Group Holdings Limited

Duly authorised

In the presence of:

(Name, address and occupation of witness):

TEXTAINER MARINE CONTAINERS V LIMITED
Issuer

and

WELLS FARGO BANK, NATIONAL ASSOCIATION
Indenture Trustee

INDENTURE

Dated as of May 17, 2017

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This Indenture, dated as of May 17, 2017 (as amended or supplemented from time to time as permitted hereby, the “Indenture”), between TEXTAINER MARINE CONTAINERS V LIMITED, an exempted company with limited liability incorporated and existing under the laws of Bermuda (the “Issuer”), and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association, as Indenture Trustee (the “Indenture Trustee”).

W I T N E S S E T H:

WHEREAS, the Issuer desires to issue asset-backed notes pursuant to this Indenture;

WHEREAS, the Notes will be full recourse obligations of the Issuer and will be secured by the Collateral;

WHEREAS, all acts and things have been done and performed which are necessary to make the Notes, when executed by the Issuer, authenticated by the Indenture Trustee and issued, the legal, valid and binding obligations of the Issuer, enforceable in accordance with their terms, and to make this Indenture a valid and binding agreement for the security of the Notes authenticated and delivered under this Indenture;

NOW THEREFORE, in consideration of the mutual agreements herein contained, each party agrees as follows for the benefit of the Noteholders and each Interest Rate Hedge Provider:

GRANTING CLAUSE

To secure the payment of the Aggregate Outstanding Obligations and the performance of all of the Issuer’s covenants and agreements in this Indenture and each other Related Document to which it is a party, the Issuer hereby grants, assigns, conveys, mortgages, pledges, charges, hypothecates and transfers to the Indenture Trustee, for the benefit of the Noteholders of all Series of Notes and each Interest Rate Hedge Provider, a first priority perfected security interest in and to all assets and property of the Issuer (other than the Series-Specific Collateral), whether now existing or hereafter acquired, including without limitation all of the Issuer’s right, title and interest in, to and under the following (other than the Series-Specific Collateral), whether now existing or hereafter created or acquired (with respect to clauses (v) through (xv) below, only to the extent such assets or property arise out of or in any way relate to (but only to the extent they relate to) the Managed Containers):

(i) the Managed Containers and all other Transferred Assets;

(ii) all Deposit Accounts and all Securities Accounts, including the Trust Account, the Excess Funding Account and any Pre-Funding Account, and all cash and cash equivalents, Eligible Investments, Financial Assets, Investment Property, Security Entitlements and other instruments or amounts credited or deposited from time to time in any of the foregoing;

- (iii) the Contribution and Sale Agreement, each Container Transfer Agreement, the Management Agreement and each other Related Document to which the Issuer is a party;
- (iv) all collections received by the Issuer from the operation of the Managed Containers, including any Issuer Proceeds and Pre-Adjustment Issuer Proceeds, on deposit in the Master Account;
- (v) all Accounts;
- (vi) all Chattel Paper, and all Leases and all schedules, supplements, amendments, modifications, renewals, extensions and all guaranties and other credit support with respect to the foregoing and all rentals, payments and monies due and to become due in respect of the foregoing, and all rights to terminate or compel performance thereof;
- (vii) all Contracts;
- (viii) all Documents;
- (ix) all General Intangibles;
- (x) all Instruments;
- (xi) all Inventory;
- (xii) all Supporting Obligations;
- (xiii) all Equipment;
- (xiv) all Letter of Credit Rights;
- (xv) all Commercial Tort Claims;
- (xvi) all property of the Issuer held by the Indenture Trustee including, without limitation, all property of every description now or hereafter in the possession or custody of or in transit to the Indenture Trustee for any purpose, including, without limitation, safekeeping, collection or pledge, for the account of the Issuer, or as to which the Issuer may have any right or power;
- (xvii) the right of the Issuer to terminate, perform under, or compel performance of the terms of the Container Related Agreements and all claims for damages arising out of the breach of any Container Related Agreement;
- (xviii) any guarantee of the Container Related Agreements and any rights of the Issuer in respect of any subleases or assignments permitted under the Container Related Agreements;

(xix) all or any part of insurance proceeds of all or any part of the Collateral and all proceeds of the voluntary or involuntary disposition of all or any part of the Collateral or such proceeds;

(xx) any and all payments made or due to the Issuer in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any Governmental Authority and any other cash or non-cash receipts from the sale, exchange, collection or other disposition of all or any part of the Collateral;

(xxi) to the extent not otherwise included, all income, payments and Proceeds of each of the foregoing and all accessions to, substitutions and replacements for, and rents, profits and products of each of the foregoing;

provided, however, that, notwithstanding the foregoing, the “Collateral” shall specifically exclude any Series-Specific Collateral.

All of the property described in this Granting Clause is herein collectively called the “Collateral” and as such is security for the payment of the Aggregate Outstanding Obligations and the performance of all of the Issuer’s covenants and agreements in this Indenture and each other Related Document to which it is a party. Notwithstanding the foregoing Grant, (i) no account, instrument, chattel paper or other obligation or property of any kind due from, owed by, or belonging to, a Sanctioned Person and (ii) no Lease in which the Lessee is a Sanctioned Person, shall, in either instance, constitute Collateral.

In furtherance of the foregoing, the Issuer hereby grants, assigns, conveys, mortgages, pledges, charges, hypothecates and transfers to the Indenture Trustee, for the benefit of the Noteholders and each Interest Rate Hedge Provider, (i) a fixed charge over the Contribution and Sale Agreement, each Container Transfer Agreement and the Management Agreement and (ii) a floating charge over all other assets of the Issuer (other than the Series-Specific Collateral).

In furtherance of the foregoing, the Issuer hereby appoints the Indenture Trustee as its designee for purposes of exercising the power of attorney granted by the Manager pursuant to Section 11.4 of the Management Agreement.

The Indenture Trustee acknowledges such Grant, accepts the trusts hereunder in accordance with the provisions hereof, and agrees to perform the duties herein required as hereinafter provided. Notwithstanding the foregoing, the Indenture Trustee does not assume, and shall have no liability to perform, any of the Issuer’s obligations under any agreement included in the Collateral and shall have no liability arising from the failure of the Issuer or any other Person to duly perform any such obligations. The Issuer hereby confirms and the Indenture Trustee hereby acknowledges that the Issuer does not currently have any rights with respect to Commercial Tort Claims on the date hereof.

The Issuer hereby irrevocably authorizes the Indenture Trustee at any time, and from time to time, to file in any filing office in any UCC jurisdiction any financing statements (including any such financing statements claiming a security interest in all assets of the Issuer, other than the Series-Specific Collateral) and amendments thereto that (i) indicate the Collateral, regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the UCC, and (ii) provide any other information required by Article 9 of the UCC for the sufficiency or filing office acceptance of any financing statement or amendment, including whether the Issuer is an organization (*provided, however*, that the Indenture Trustee has no obligation or duty to take such action nor to determine whether to perfect, file, record or maintain any perfected, filed or recorded document or instrument (all of which the Issuer shall prepare, deliver and instruct the Indenture Trustee to execute) in connection with the grant of a security interest in the Collateral hereunder), the type of organization and any organizational identification number issued to the Issuer. The Issuer agrees to furnish any such information to the Indenture Trustee promptly upon the Indenture Trustee's request. The Issuer also ratifies its authorization for the Indenture Trustee to have filed in any jurisdiction any similar initial financing statements or amendments thereto if filed prior to the date hereof.

ARTICLE I

DEFINITIONS

Section 101. Defined Terms.

Capitalized terms used in this Indenture shall have the following meanings and the definitions of such terms shall be equally applicable to both the singular and plural forms of such terms:

"Account": Any "account", as such term is defined in Section 9-102(a)(2) of the UCC.

"Account Debtor": Any "account debtor", as such term is defined in Section 9-102(a)(3) of the UCC.

"Accrual Condition": As of any Transfer Date, the condition that shall exist if the Managed Containers transferred on such Transfer Date shall be transferred to the Issuer without the transfer of accrued rentals that are owed by the related Lessee for periods prior to the Transfer Date. The Accrual Condition shall exist on the date hereof.

"Additional Funding Amount": For each Transfer Date, an amount equal to the product of (i) the actual number of days in the two (2) calendar months immediately following such Transfer Date and (ii) the then average daily gross billed (per diem) rate on all Leases in effect on such Transfer Date with respect to all Eligible Containers transferred on such Transfer Date.

"Administrative Agent": For any Series, this term shall have the meaning set forth in the related Supplement.

"Advance Rate": For any Series of Notes, the amount specified as such in the related Supplement.

"Affiliate": With respect to a specified Person, any other Person that directly or indirectly through one or more intermediaries controls, or is controlled by or under common control with such specified Person. For the purposes of this definition, "control", when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Aggregate Asset Base": As of any date of determination, the sum of the Asset Bases for all Series of Notes then Outstanding.

"Aggregate Net Book Value": As of any date of determination, an amount equal to the sum of the Net Book Values of all Eligible Containers.

"Aggregate Outstanding Obligations": As of any date of determination, an amount equal to the sum of (i) the Outstanding Obligations for all Series of Notes then Outstanding and (ii) all other amounts owing by the Issuer to the Indenture Trustee, any Noteholder, any Interest Rate Hedge Provider or other Person pursuant to the terms of any Related Document.

"Aggregate Principal Balance": As of any date of determination, an amount equal to the sum of the then Unpaid Principal Balance of all Series of Notes then Outstanding.

"Aggregate Required Asset Base": As of any Determination Date, an amount equal to the then Aggregate Principal Balance for all Series then Outstanding.

"Applicable Law": With respect to any Person or Managed Container, all law, treaties, judgment, decrees, injunctions, waits, rules, regulations, orders, directives, concessions, licenses and permits of any Governmental Authority applicable to such Person or its Property or in respect of its operations.

"Asset Allocation Percentage": As of any date of determination for each Series of Notes then Outstanding, a fraction (expressed as a percentage) equal to (A) divided by (B), as follows:

(A) (x) the Asset Entitlement for such Series of Notes as of such date of determination, divided by (y) an amount equal to (1) one hundred percent (100%) minus (2) the Required Overcollateralization Percentage for such Series; and

(B) the sum of the amounts described in clause (A) for all Series then Outstanding as of such date of determination.

Notwithstanding the foregoing or any other provision herein or in the Related Documents, if on any date of determination only one Series of Notes is then Outstanding, the Asset Allocation Percentage for such Series of Notes on such date of determination shall be equal to one hundred percent (100%).

"Asset Base:" As of any date of determination for each Series of Notes, the amount identified as such in the related Supplement.

"Asset Base Deficiency:" As of any Payment Date, the condition that exists if the Aggregate Required Asset Base exceeds the Aggregate Asset Base. If such term is used in a quantitative context, the amount of the Asset Base Deficiency shall be equal to the amount of such excess.

"Asset Base Report:" A certificate with appropriate insertions setting forth the components of the Asset Base as of the date of determination for which such certificate is submitted, which certificate shall be substantially in the form of Exhibit A to this Indenture (and, for purposes of any Series, including any additional Asset Base Report that may be required pursuant to the terms of the Supplement under which such Series was issued) and shall be certified by an Authorized Signatory of the Manager or one of its permitted Affiliates on behalf of the Manager.

"Asset Entitlement:" As of any date of determination for each Series of Notes then Outstanding, an amount equal to the Unpaid Principal Balance of all Notes of such Series as of such date of determination.

"Authorized Signatory:" Any Person designated by written notice delivered to the Indenture Trustee as authorized to execute documents and instruments on behalf of a Person.

"Available Distribution Amount:" For any Payment Date, all amounts in the Trust Account on the related Determination Date that consist of: (i) Issuer Proceeds, less certain sums deducted in accordance with the terms of the Management Agreement, in each case for the most recently completed Collection Period, (ii) all Warranty Purchase Amounts and Manager Advances received by the Issuer after the Determination Date in the immediately preceding month, (iii) any earnings on Eligible Investments in the Trust Account to the extent that such earnings were credited to such account after the Determination Date in the immediately preceding month, (iv) if such Payment Date occurs in one of the two (2) calendar months immediately succeeding any Transfer Date, an amount equal to the product of (x) fifty percent (50%) and (y) the Additional Funding Amount for such Transfer Date, (v) funds transferred from the Excess Funding Account on such Payment Date and (vi) any Capital Contribution (to the extent consisting of cash) made to the Issuer after the Determination Date in the immediately preceding month. In no event shall the Available Distribution Amount include the proceeds of the Containers and Leases sold at the direction of a Liquidating Series pursuant to Section 804(b) of this Indenture.

"Available Funds:" For any Series of Notes, the amount identified as such and set forth in the related Supplement.

"Back-up Data Files:" This term shall have the meaning set forth in the Management Agreement.

"Back-up Manager Event:" This term shall have the meaning set forth in the Management Agreement.

"Bankruptcy Code:" The United States Bankruptcy Reform Act of 1978, as amended.

"Book-Entry Custodian:" The Person appointed pursuant to the terms of this Indenture to act in accordance with a certain letter of representations agreement such Person has with the Depositary, in which the Depositary delegates its duties to maintain the Book-Entry Notes to such Person and authorizes such Person to perform such duties.

"Book-Entry Notes:" Collectively, the Rule 144A Book-Entry Notes, the Regulation S Temporary Book-Entry Notes and the Unrestricted Book-Entry Notes.

"Business Day:" Any day other than a Saturday, a Sunday or a day on which the New York Stock Exchange, the Federal Reserve Bank or banking institutions in New York, New York, or the city in which the Corporate Trust Office is located, are authorized or are obligated by law, executive order or governmental decree to be closed.

"Capital Contribution:" With respect to any Person, any cash and/or the fair market value of any property contributed to the capital of such Person by the owners of the equity interests thereof.

"Casualty Loss:" Any of the following events with respect to any Managed Container: (a) the actual total loss or compromised total loss of such Managed Container, (b) loss, theft or destruction of such Managed Container, (c) thirty (30) days following a determination by, or on behalf of, the Issuer that such Managed Container is damaged beyond repair or permanently rendered unfit for use for any reason whatsoever, (d) the seizure, condemnation or confiscation of such Managed Container for a period exceeding sixty (60) days or (e) if such Managed Container is subject to a Lease, such Managed Container shall have been deemed under its Lease to have suffered a casualty loss as to the entire Managed Container. In determining the date on which a Casualty Loss occurred, the application of the time frames set forth in clauses (a) through (e) above shall in no event result in the deemed occurrence of a Casualty Loss prior to the date on which an officer of the Issuer or the Manager obtains actual knowledge of such Casualty Loss.

"Casualty Proceeds:" This term shall have the meaning set forth in the Management Agreement.

"CEU:" A cost-equivalent unit which is a fixed unit of measurement based on the cost of a Container relative to the cost of a twenty-foot standard dry freight Container.

"Change of Control." The occurrence of any of the following events with respect to the Manager: (i) the Manager amalgamates or consolidates with, or merges with or into, another Person or (ii) the Manager sells, assigns, conveys, transfers, leases or otherwise disposes of (in each case, whether in one transaction or a series of transactions) all, or substantially all, of its assets to any Person, (iii) any Person amalgamates or consolidates with, or merges with or into, the Manager, or (iv) Textainer Group Holdings Limited shall fail to own, directly or indirectly, a majority of the equity interests in the Manager.

"Chattel Paper:" Any Lease (including any Finance Lease) or other "chattel paper", as such term is defined in Section 9-102(a)(11) of the UCC.

"Class:" All Notes of a Series having the same right to payment of principal and interest pursuant to the terms of the Supplement pursuant to which such Series of Notes was issued.

"Code:" The Internal Revenue Code of 1986, as amended, or any successor statute thereto.

"Collateral:" This term shall have the meaning set forth in the Granting Clause of this Indenture.

"Collection Allocation Percentage:" Unless otherwise stated in a Supplement for any Series of Notes, as of any date of determination for such Series of Notes, a fraction (expressed as a percentage) equal to (A) divided by (B), as follows:

(A) the Invested Amount for such Series of Notes; and

(B) the sum of the Invested Amounts for all Series of Notes then Outstanding (exclusive of the Invested Amount for any Liquidation Deficiency Series).

Notwithstanding the foregoing or any other provision herein or in the Related Documents, if on any date of determination only one Series of Notes is then Outstanding, the Collection Allocation Percentage for such Series of Notes on such date of determination shall be equal to one hundred percent (100%).

"Collection Period:" With respect to any Payment Date, the period from the first day of the calendar month immediately preceding the month in which such Payment Date occurs through and including the last day of such calendar month.

"Collections:" With respect to any Collection Period, all payments (including any cash proceeds) actually received by the Issuer, or by the Manager on behalf of the Issuer, with respect to the Managed Containers and the other items of Collateral.

"Commercial Tort Claims:" Any "commercial tort claim", as such term is defined in 9-102(a)(13) of the UCC.

"Competitor:" Any Person engaged and competing with any of the Issuer, Textainer Limited, Textainer Group Holdings Limited or the Manager in the Container leasing business; provided, however, that in no event shall any insurance company, bank, bank holding company, savings institution or trust company, fraternal benefit society, pension, retirement or profit sharing trust or fund, or any collateralized bond obligation fund or similar fund (or any trustee of any such fund) or any holder of any obligations of any such fund (solely as a result of being such a holder) be deemed to be a Competitor.

"Consolidated Funded Debt:" This term shall have the meaning set forth in the Management Agreement.

"Container:" Any dry freight cargo, high cube or other type of marine or intermodal container.

"Container Related Agreement:" Any agreement relating to the Managed Containers or agreements relating to the use or management of such Managed Containers whether in existence on any Series Issuance Date or thereafter acquired, including, but not limited to, all Leases, the Management Agreement, any Container Transfer Agreement, the Contribution and Sale Agreement and the Chattel Paper.

"Container Representations and Warranties:" This term shall have the meanings set forth in the applicable Container Transfer Agreement or the Contribution and Sale Agreement, as context may require.

"Container Transfer Agreement:" Any agreement between the Issuer and any Special Purpose Entity regarding the transfer of containers and other related assets between the Issuer and such Special Purpose Entity, including without limitation the TMCLII Container Transfer Agreement, the TMCLIII Container Transfer Agreement and the TMCLIV Container Transfer Agreement.

"Contracts:" All contracts, undertakings, franchise agreements or other agreements (other than rights evidenced by Chattel Paper, Documents or Instruments), arising out of or in any way related to the Managed Containers or to the Notes, in or under which Issuer may now or hereafter have any right, title or interest, including, without limitation, the Management Agreement, the Contribution and Sale Agreement, any Container Transfer Agreement, any Interest Rate Hedge Agreements and any related agreements, security interests or UCC or other financing statements and, with respect to an Account, any agreement relating to the terms of payment or the terms of performance thereof.

"Contribution and Sale Agreement:" The Contribution and Sale Agreement, dated as of May 17, 2017, between the Issuer and TL, as such agreement may be amended, modified or supplemented from time to time in accordance with its terms.

"Control Agreement:" A control agreement, among the Issuer, the Indenture Trustee and the Securities Intermediary, which shall be substantially in the form of Exhibit F to this Indenture, for each of the Trust Account, Excess Funding Account, each Restricted Cash Account, each Pre-Funding Account and each Series Account.

"Control Party:" With respect to a Series of Notes, the Person(s) described as such in the Supplement for such Series of Notes.

"Conversion Date:" With respect to any Series of Warehouse Notes, the date on which a Conversion Event occurs with respect to such Series of Warehouse Notes.

"Conversion Event:" With respect to any Series of Warehouse Notes, any event that will result in the termination of the revolving period for such Series and the commencement of principal amortization of such Series as set forth in the related Supplement.

"Corporate Trust Office:" The principal office of the Indenture Trustee at which at any particular time its corporate trust business shall be administered. As of the date hereof, such office is located at 600 S. 4th Street, MAC N9300-061, Minneapolis, Minnesota 55479, Attention: Corporate Trust Services - Asset Backed Administration.

"Default Interest:" The incremental interest specified in the related Supplement payable by the Issuer resulting from (i) the failure of the Issuer to pay when due any principal of or interest on the Notes of the related Series or (ii) the occurrence of an Event of Default with respect to such Series.

"Definitive Note:" A Note issued in physical form pursuant to the terms and conditions of Section 202 hereof.

"Deposit Account:" Any "deposit account," as such term is defined in Section 9-102(a)(29) of the UCC.

"Depository:" The Depository Trust Company until a successor depository shall have become such pursuant to the applicable provisions of this Indenture and thereafter "Depository" shall mean or include each Person who is then a Depository hereunder. For purposes of this Indenture, unless otherwise specified pursuant to Section 202, any successor Depository shall, at the time of its designation and at all times while it serves as Depository, be a clearing agency registered under the Exchange Act, and any other applicable statute or regulation.

"Depository Participants:" A broker, dealer, bank, other financial institution or other Person for whom from time to time the Depository effects book-entry transfers and pledges of securities deposited with the Depository.

"Depreciation Policy:" A depreciation policy:

(i) under which, for purposes of calculating an Asset Base, the Original Equipment Cost of a Managed Container is depreciated (x) in the case of a Managed Container acquired by the Issuer or TL directly from the manufacturer of such Managed Container, using the straight-line method over a thirteen (13) year useful life (except in the case of refrigerated containers, in which case a twelve (12) year useful life will be used) to the residual value thereof (which shall equal 40% of the Original Equipment Cost thereof, except in the case of refrigerated containers, in which case the residual value shall be deemed to equal 25% of the Original Equipment Cost thereof), or (y) in the case of a Managed Container not included in clause (x), using the straight-line method over the remaining useful life of such Managed Container as of the date of acquisition of such Managed Container by the Issuer or TL (based upon a total useful life of thirteen (13) years (except in the case of 4Y (refrigerated) containers, in which case a twelve (12) year useful life will be used)) to the residual value thereof (which shall equal 40% of the lower of (x) the amount set forth in clause (B) of the definition of "Original Equipment Cost" thereof and (y) the Estimated Original Equipment Cost thereof, except in the case of refrigerated containers, in which case the residual value shall be deemed to equal 25% of the lower of (A) the amount set forth in clause (B) of the definition of "Original Equipment Cost" thereof and (B) the Estimated Original Equipment Cost thereof); and

(ii) which, for any purpose other than calculating the Asset Base, is determined in accordance with GAAP.

"Determination Date:" The fourth (4th) Business Day prior to the related Payment Date.

"Director Services Provider:" AMACAR Investments LLC, a Delaware limited liability company, and its successors and assigns.

"Documents:" Any "documents," as such term is defined in Section 9-102(a)(30) of the UCC.

"Dollars:" Dollars and the sign "\$" means lawful money of the United States of America.

"Early Amortization Event:" For each Series of Notes, the existence of either of the following: a Trust Early Amortization Event and any Series-Specific Early Amortization Event for such Series.

"Eligible Account:" Any of (a) a segregated account with an Eligible Institution, (b) a segregated trust account with the corporate trust department of a depository institution organized under the laws of the United States or any of the states thereof, including the District of Columbia (or any domestic branch of a foreign bank), and acting as a trustee for funds deposited in such account, so long as the senior securities of such depository institution shall have a credit rating from each of Moody's and Standard & Poor's in one of its generic credit rating categories no lower than "A3" or "A-", as the case may be, or (c) an account held with the Indenture Trustee.

"Eligible Container:" As of any date of determination, any Managed Container which, when considered with all other Managed Containers, shall meet the following criteria:

(i) Specifications. Such Managed Container conforms to the standard specifications used by the Manager for Containers purchased by and on behalf of Container owners other than the Issuer for that category of Container and to any applicable standards promulgated by applicable international standards organizations;

(ii) Casualty Losses. Such Managed Container shall not have suffered a Casualty Loss;

(iii) Title. The related Seller shall have had good and marketable title at the time of conveyance to the Issuer;

(iv) No Violation. The conveyance of such Managed Container to the Issuer does not violate any agreement of the related Seller;

(v) Assignability. Except with respect to Leases with the U.S. government, the lessor's rights with respect to such Managed Container are freely assignable;

(vi) All Necessary Actions Taken. The applicable Seller and the Issuer shall have taken all necessary actions to transfer title to such Managed Container and all related Leases (other than the TUS Subleases) from such Seller to the Issuer;

(vii) General Trading Terms. Substantially all of the Leases for Eligible Containers shall contain the general trading terms the Manager uses in its normal course of business;

(viii) Purchase Price. In the case of a Managed Container purchased by the Issuer, the purchase price paid therefor by the applicable Seller and by the Issuer was not greater than the fair market value of such Managed Container at the time of acquisition by the applicable Seller and then again by the Issuer;

(ix) No Prohibited Person or Prohibited Jurisdiction. Such Managed Container is then not on lease to a Prohibited Person, and to the actual knowledge of the Issuer or the Manager, is not subleased to a Prohibited Person or located, operated or used in a Prohibited Jurisdiction unless it is used by the government of the United States or one of its allies or pursuant to a license granted by the Office of Foreign Assets Control of the United States Treasury Department;

(x) Good Title; No Liens. The Issuer has good and marketable title to such Managed Container, free and clear of all Liens other than Permitted Encumbrances;

(xi) Container Representations and Warranties. The Container Representations and Warranties applicable to such Managed Container are true and correct;

(xii) Restrictions on Leases to Affiliates. Such Managed Container is not subject to a Lease under which the Manager, the Issuer or any of their respective Affiliates is the lessee; provided, however, that a Managed Container is permitted to be subject to a Head Lease Agreement;

(xiii) Bankrupt Lessees under Finance Leases. Such Managed Container is not then under a Finance Lease to a lessee which, to the best knowledge of the Manager, is the subject of an Insolvency Proceeding; and

(xiv) Bankrupt Lessee under Operating Leases. If such Managed Container is on lease (and such lease is not a Finance Lease) to a lessee or sublessee (other than Hanjin Shipping Limited or one of its Affiliates) that is subject to an Insolvency Proceeding, then such lessee or sublessee must not be more than 150 days delinquent on rental payments on any lease with respect to any Container in the Fleet (regarding of whether such Container is owned by the Issuer).

With respect to the criteria in clause (xiv), a Managed Container that has failed to comply with the criteria in clause (xiv) may subsequently be reclassified as an Eligible Container (assuming that all of the criteria in clause (i) through (xiii) are met) if either (1) the lease of such Managed Container to such lessee or sublessee is terminated and either (a) such Managed Container has been recovered by, or on behalf of, the Issuer on such

date of determination, or (b) the Manager has classified such Managed Container in accordance with its standard practice as "approved for recovery and assigned to a turn-in booking", or (2) the lessee or sublessee has become current under all delinquent lease payments.

"Eligible Institution:" Any one or more of the following institutions: (i) the corporate trust department of the Indenture Trustee; *provided* that the Indenture Trustee maintains a long-term unsecured senior debt rating of at least investment grade from Standard & Poor's and from Moody's (so long as Notes deemed Outstanding hereunder are rated by Moody's), or (ii) a depository institution organized under the laws of the United States of America or any one of the states thereof or the District of Columbia (or any domestic branch of a foreign bank), (a) which has both (x) a long-term unsecured senior debt rating of not less than "A" by Standard & Poor's Ratings Group and "A2" by Moody's Investors Service, Inc., and (y) a short-term unsecured senior debt rating rated in the highest rating category by each Rating Agency and (b) whose deposits are insured by the Federal Deposit Insurance Corporation.

"Eligible Investments:" One or more of the following:

(i) direct obligations of, and obligations fully guaranteed as to the timely payment of principal and interest by, the United States or obligations of any agency or instrumentality thereof when such obligations are backed by the full faith and credit of the United States;

(ii) certificates of deposit and bankers' acceptances (which shall each have an original maturity of not more than three hundred sixty-five (365) days) of any United States depository institution or trust company incorporated under the laws of the United States or any State and subject to supervision and examination by federal and/or State authorities, *provided* that the long-term unsecured senior debt obligations of such depository institution or trust company at the date of acquisition thereof have been rated "AA-/Aa3" (or the equivalent) or better by the Rating Agencies, or the short-term unsecured senior debt obligations of such depository institution or trust company are rated by each Rating Agency in its highest rating category;

(iii) commercial paper (having original maturities of not more than two hundred seventy (270) days) of any corporation, incorporated under the laws of the United States or any State thereof which on the date of acquisition has been rated by each Rating Agency in the highest short-term unsecured commercial paper rating category;

(iv) any money market fund that has been rated by each Rating Agency in its highest rating category (including any designations of "plus" or "minus") or that invests solely in Eligible Investments;

(v) eurodollar deposits (which shall each have an original maturity of not more than three hundred sixty-five (365) days) of any depository institution or trust company, *provided* that the long-term unsecured senior debt obligations of such depository institution or trust company at the date of acquisition thereof have been rated "AA-/Aa3" (or the equivalent) or better by the Rating Agencies, or the short-term unsecured senior debt obligations of such depository institution or trust company are rated by each Rating Agency in its highest rating category; and

(vi) other obligations or securities that are acceptable to each Rating Agency as an Eligible Investment hereunder and will not result in a reduction or withdrawal in the then current rating of the Notes as evidenced by a letter to such effect from each Rating Agency.

Nothing in the definition of “Eligible Investments” is intended to prohibit the Issuer from acquiring (to the extent permitted above) an Eligible Investment issued by the Indenture Trustee or an Affiliate of the Indenture Trustee.

"Entitlement Order:" Any “entitlement order” as defined in Section 8-102(8) of the UCC.

"Equipment:" Any “equipment” as defined in Section 9-102(a)(33) of the UCC.

"ERISA:" The Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate:" With respect to any Person, any other Person meeting the requirements of paragraphs (b), (c), (m) or (o) of Section 414 of the Code.

"Estimated Original Equipment Cost:" With respect to each Managed Container acquired by TL from a third party that is not the manufacturer of such Managed Container:

(A) With respect to a Managed Container where TL has purchased other containers for the same container type and manufacture year as such Managed Container acquired by TL from a third party, the average original equipment cost of all TL containers purchased from a manufacturer with the same container type and manufacture year;

(B) With respect to a Managed Container where TL has not purchased other TL containers for the same container type and manufacture year as such Managed Container acquired by TL from a third party, the lesser of (x) the average original equipment cost of all TL containers purchased from a manufacture with the same container type for all other manufacture years where TL purchased such container type and (y) the average original equipment cost of the same container type purchased in the next closest container manufacturer year following the manufacture year of such acquired Managed Container; or

(C) With respect to a Managed Container where TL has not previously purchased other containers of the same container type, a methodology agreed to by the Requisite Global Majority.

"Event of Default:" For each Series of Notes, the existence of any of the following: a Trust Event of Default or a Series-Specific Event of Default for such Series.

"Exchange Act:" The Securities Exchange Act of 1934, as amended.

"Excess Concentration Percentage:" As of any date of determination for each Series of Notes then Outstanding, the percentage specified as such in the Supplement pursuant to which such Series of Notes was issued.

"Excess Funding Account:" The account or accounts established pursuant to Section 306 of this Indenture.

"Existing Commitment:" With respect to any Series (A) of Warehouse Notes (i) prior to its Conversion Date, the aggregate Initial Commitment with respect to such Series of Notes Outstanding consisting of one or more Classes, expressed as a dollar amount, as set forth in the related Supplement and subject to reduction from time to time in accordance with the related Supplement and (ii) after its Conversion Date, the then Unpaid Principal Balance of the Notes of such Series and (B) of Term Notes, the then Unpaid Principal Balance of the Notes of such Series.

"Expected Final Payment Date:" With respect to any Series, the date on which the principal balance of the Outstanding Notes of such Series are expected to be paid in full. The Expected Final Payment Date for a Series shall be set forth in the related Supplement.

"Fair Market Value:" With respect to any asset (including a Container), shall mean the price at which a willing buyer, not an Affiliate of the seller, and a willing seller who does not have to sell, would agree to purchase and sell such asset, as determined by the Manager.

"FATCA:" Sections 1471 through 1474 of the Code, as amended, any regulations thereunder or other official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code and any intergovernmental agreements (including any foreign legislation, rules, regulations, guidance notes or other, similar guidance adopted pursuant to or implementing such agreements) entered into in connection with such Sections.

"FATCA Withholding Tax:" Any withholding or deduction made pursuant to FATCA in respect to any payment.

"Finance Lease:" Any Lease of a Container which provides the Lessee the right or option to purchase the Container at the expiration of the Lease and which satisfies the criteria for classification as a capital lease pursuant to GAAP, including Statement of Financial Accounting Standards No. 13, as amended.

"Financial Assets:" Any "financial asset," as such term is defined in Section 8-102(a)(9) of the UCC.

"Fleet:" As of any date of determination, both of the following collectively: (i) the Managed Containers and (ii) without duplication of clause (i), all other Containers then managed by Manager.

"General Intangibles:" Any "general intangible" as such term is defined in Section 9-102(a)(42) of the UCC.

"Generally Accepted Accounting Principles or GAAP:" With respect to any Person, those generally accepted accounting principles and practices which are recognized as such by (i) the American Institute of Certified Public Accountants acting through its Accounting Principles Board or by the Financial Accounting Standards Board or through other appropriate boards or committees thereof consistently applied as to the party in question or (ii) such other equivalent entity(ies) that has or have authority for promulgating accounting principles and practices applicable to such Person.

"Governmental Authority:" Any of the following: (i) any national, state or other sovereign government, and any federal, regional, state, provincial, local, city government or other political subdivision, (ii) any governmental or quasi-governmental agency, authority, board, bureau, commission, department, instrumentality or public body, (iii) any court or administrative tribunal or (iv) with respect to any Person, any arbitration tribunal or other non-governmental authority to whose jurisdiction that Person has consented.

"Grant:" To grant, bargain, sell, convey, assign, transfer, mortgage, pledge, create and perfect a security interest in and right of set-off against, deposit, set over and confirm.

"Head Lease Agreement:" A Lease between the Issuer (or the Manager, on behalf of the Issuer), as lessor, and TUS, as lessee, that contains the following principal terms and conditions:

- (i) The rent payable by TUS thereunder with respect to Managed Containers equals at least 99.67% of the amount of rent received by TUS from the applicable TUS Sublessee;
- (ii) the obligations of TUS thereunder are secured by a first priority security interest granted by TUS in all TUS Subleases, and the proceeds of such TUS Subleases, in each case, to the extent but only to the extent related to the Managed Containers subject to such Lease;
- (iii) such Lease requires that all rental payments payable under the TUS Subleases (other than payments by the U.S. Military) shall be remitted directly to a Master Account. The Manager shall require that the U.S. Military be instructed to remit directly to the Paying Agent Trustee Account all rental and other payments owing with respect to any TUS Subleased Containers leased to the U.S. Military;
- (iv) such Lease requires that a Managed Container shall not be subleased by TUS to a Prohibited Person and, to the actual knowledge of TUS, shall not be subleased by a TUS Sublessee to a Prohibited Person or located, operated or used in a Prohibited Jurisdiction unless it is used pursuant to a license granted by the Office of Foreign Assets Control of the United States Treasury Department;
- (v) the term thereof with respect to a Managed Container shall expire upon the expiration or earlier termination of the TUS Sublease of such Managed Container;
- (vi) events of default by TUS thereunder shall include (but not be limited to) the following:

- a. any rental or other payments received by TUS with respect to a TUS Sublease (other than (i) amounts permitted to be deducted pursuant to Section 6.1 of the Management Agreement and (ii) amounts equal to the TUS Sublease Spread) with respect to a TUS Sublease of a Managed Container are not remitted to the Trust Account within seven days after the last Business Day of the week during which such payments are received by TUS from the applicable TUS Sublessees, and such condition shall continue unremedied for three (3) Business Days after such remittance is due;
- b. any representation and warranty made by TUS thereunder, or in any certificate, report, or financial statement delivered by TUS pursuant thereto, shall prove to have been untrue in any material and adverse respect when made and shall continue unremedied for a period of 30 days after the earlier to occur of (i) an officer of TUS has actual knowledge thereof or (ii) TUS receives notice thereof;
- c. TUS shall cease to be engaged in the container management business;
- d. the filing of any petition in any bankruptcy proceeding, any assignment for the benefit of creditors, appointment of a receiver of all or any of TUS's assets, entry into any type of liquidation, whether compulsory or voluntary, or the initiation of any other bankruptcy or insolvency proceeding by or against TUS including, without limitation, any action by TUS to call a meeting of its creditors or to compound with or negotiate for any composition with its creditors; *provided that*, in the case of any involuntary proceeding, such proceeding is not dismissed or stayed within 60 days;
- e. TUS is unable to pay its debts when due or shall commence an insolvency proceeding;
- f. TUS assigns its interest therein (*provided that* no sublease of a Managed Container shall be deemed to constitute an assignment thereof);
- g. TUS shall have failed to pay any amounts due or suffered to exist an event of default with respect to the term of any indebtedness which singularly or in the aggregate exceeds \$1,000,000 and the effect of such failure or event of default is to cause such indebtedness to be immediately declared due and payable prior to the date on which it would otherwise have been due and payable;
- h. either of the following shall occur: (i) TUS shall have Consolidated Funded Debt (as defined in the Management Agreement) in excess of \$1,000,000 or (ii) the annual after-tax profit of TUS (calculated on a rolling four quarter basis) shall be less than \$200,000;

- i. TUS amalgamates or consolidates with, or merges with or into, another Person, (ii) TUS sells, assigns, conveys, transfers, leases, or otherwise disposes of (in each case, whether in one transaction or a series of transactions) all, or substantially all, of its assets to any person, other than pursuant to subleases of Containers, (iii) any person amalgamates or consolidates with, or merges with or into, TUS, or (iv) the Manager shall fail to own, directly or indirectly, a majority of the equity interests in TUS;
- j. a judgment is rendered against TUS that is in excess of \$1,000,000 or that is not covered by insurance or bonded or stayed within 30 days of becoming final, and that results in a material adverse change with respect to TUS; or
- k. the lien, created by TUS on its interest in the TUS Subleases and the proceeds thereof (the "Sublease Collateral") pursuant to the terms of the Head Lease Agreement, shall fail to be perfected or the Sublease Collateral shall be subject to a Lien other than a Permitted Encumbrance.

"Holder:" See *Noteholder*.

"Indebtedness:" With respect to any Person means, without duplication, (a) any obligation of such Person for borrowed money, including, without limitation, (i) any obligation incurred through the issuance and sale of bonds, debentures, notes or other similar debt instruments, and (ii) any obligation for borrowed money which is non-recourse to the credit of such Person but which is secured by any asset of such Person, (b) any obligation of such Person on account of deposits or advances, (c) any obligation of such Person for the deferred purchase price of any property or services, except accounts payable arising in the ordinary course of such Person's business, (d) any obligation of such Person as lessee under a capital lease, (e) any Indebtedness of another secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person, (f) any obligation in respect of interest rate or foreign exchange hedging agreements, (g) liabilities and obligations of others for which such Person is directly or indirectly liable, by way of guaranty (whether by direct guaranty, suretyship, discount, endorsement, take-or-pay agreement, agreement to purchase or advance or keep in funds or other agreement having the effect of a guaranty) and (h) any obligation of such Person to reimburse the issuer of any letter of credit issued for the account of such Person upon which a draw has been made.

"Indenture:" This term has the meaning set forth in the first paragraph hereof.

"Indenture Trustee:" The Person performing the duties of the Indenture Trustee under this Indenture.

"Indenture Trustee Fee:" This term shall have the meaning set forth in Section 905 hereof.

"Independent Accountants:" KPMG LLP or other independent certified public accountants of internationally recognized standing selected by the Manager who may also render other services to the Manager or any of its Affiliates, or other firm acceptable to the Requisite Global Majority and the Manager.

"Initial Commitment:" With respect to any Series, the aggregate initial commitment, expressed as a dollar amount, to purchase up to a specified principal balance of such Series, which commitments shall be set forth in the related Supplement.

"Insolvency Law:" The Bankruptcy Code, the Companies Act 1981 of Bermuda or similar Applicable Law in any other applicable jurisdiction.

"Insolvency Proceeding:" Any Proceeding under any applicable Insolvency Law.

"Instrument:" Any "instrument," as such term is defined in Section 9-102(a)(47) of the UCC.

"Intangible Assets:" As of any date of determination, with respect to any Person, the intangible assets of such Person determined in accordance with GAAP.

"Interest Payment:" For each Series of Notes Outstanding on any Payment Date, the amount set forth in the related Supplement.

"Interest Rate Hedge Agreement:" An ISDA interest rate cap agreement, ISDA interest rate swap agreement, ISDA interest rate ceiling agreement, ISDA interest rate floor agreement or any combination of the foregoing or other similar agreement entered into pursuant to the terms of this Indenture or any Supplement between the Issuer and an Interest Rate Hedge Provider named therein, including any schedules and confirmations prepared and delivered in connection therewith.

"Interest Rate Hedge Provider:" Any Eligible Interest Rate Hedge Provider or any counterparty to a cap, collar or other hedging instrument permitted to be entered into pursuant to this Indenture.

"Inventory:" Any "inventory," as such term is defined in Section 9-102(a)(48) of the UCC.

"Invested Amount:" Unless otherwise stated in a Supplement for any Series of Notes, as of any date of determination for such Series of Notes, one of the following: (a) if no Early Amortization Event for any Series or Event of Default for any Series is then continuing, an amount equal to (x) the initial Unpaid Principal Balance of such Series on its Issuance Date minus the initial Restricted Cash Amount for such Series of Notes on its Issuance Date, divided by (y) 100% minus the Required Overcollateralization Percentage for such Series of Notes in effect on such date of determination; or (b) if any Early Amortization Event for any Series or Event of Default for any Series is then continuing, an amount (not less than zero) equal to (x) the Unpaid Principal Balance on the date on which such Early Amortization Event for any Series or Event of Default for any Series occurred, minus the amount then on deposit in the Restricted Cash Account for such Series of Notes on the date on which such Early Amortization Event for

any Series or Event of Default for any Series occurred, divided by (y) 100% minus the Required Overcollateralization Percentage for such Series of Notes on the date on which such Early Amortization Event for any Series or Event of Default for any Series occurred.

"Investment:" When used in connection with any Person, any investment by or of that Person, whether by means of purchase or other acquisition of securities of any other Person or by means of loan, advance, capital contribution, guaranty or other debt or equity participation or interest in any other Person including any partnership and joint venture interests of each Person in any other Person. The amount of any Investment shall be the original principal or capital amount thereof, plus additional paid in capital (including, without limitation, share premium and contributed surplus), plus retained earnings, less all returns of principal or equity thereon (and without adjustment by reason of the financial condition of such other Person) and shall, if made by the transfer or exchange of property other than cash, be deemed to have been made in an original principal or capital amount equal to the fair market value of such property.

"Investment Property:" Any "investment property" as such term is defined in Section 9-102(a)(49) of the UCC.

"Issuer:" Textainer Marine Containers V Limited, an exempted company with limited liability incorporated and existing under the laws of Bermuda.

"Issuer Expenses:" For any Collection Period an amount equal to overhead and all other costs, expenses and liabilities of the Issuer (other than Operating Expenses paid pursuant to the Management Agreement and any Management Fee) payable during such Collection Period (including costs and expenses permitted to be paid to or by the Manager in connection with the conduct of the Issuer's business), in each case determined on a cash basis. Notwithstanding the foregoing, Issuer Expenses shall not include (i) depreciation or amortization on the Managed Containers, (ii) payments of principal, interest and premium, if any, on or with respect to the Notes, or (iii) funds used to acquire additional Containers. In no event shall the Manager be obligated to pay any Issuer Expenses from its own funds.

"Issuer Proceeds:" This term shall have the meaning set forth in the Management Agreement.

"Lease:" Any lease agreement relating to one or more Managed Containers entered into from time to time on behalf of the Issuer (which lease may relate to both Managed Containers and other Containers). Leases may be in the name of Manager, any Affiliate thereof or any third-party lessor from whom Manager has acquired management rights. Leases shall include all TUS Subleases.

"Legal Final Payment Date:" With respect to any Series, this terms shall have the meaning set forth in the related Supplement.

"Letter of Credit Right:" Any "letter-of-credit right," as such term is defined in Section 9-102(a)(51) of the UCC.

"Lien:" Any security interest, lien, charge, pledge, equity or encumbrance of any kind.

"Liquidation Deficiency Series:" Any Liquidating Series that (i) has sold a portion of the Terminated Managed Containers (as defined in the Management Agreement) and related Leases in accordance with Section 804 of this Indenture regarding remedies, and (ii) after giving effect to the application of the net proceeds of such Terminated Managed Containers and related Leases, a Liquidation Deficiency Series Amount exists.

"Liquidation Deficiency Series Amount:" For any Liquidating Series, an amount equal to the then Unpaid Principal Balance of, and accrued interest on, all Classes of the Notes of such Liquidating Series, after giving effect to the application of the proceeds of the sale relating to such Liquidating Series contemplated by Section 804 of this Indenture.

"Liquidating Series:" One or more Series of Notes with respect to which the applicable Control Parties have consented to or directed a sale of Collateral, but the Requisite Global Majority has not consented to such sale of Collateral.

"Long-Term Lease:" A Lease, other than a Finance Lease, that has an initial term of twenty-four (24) months or greater.

"Managed Containers:" As of any date of determination, all Containers then owned by the Issuer.

"Management Agreement:" The Management Agreement, dated as of May 17, 2017, between the Manager and the Issuer, as such agreement shall be amended, restated, supplemented or otherwise modified or replaced from time to time.

"Management Fee:" A fee for each Series of Notes then Outstanding as compensation to the Manager for the performance of its services.

"Management Fee Arrearage:" For any Payment Date, an amount equal to any unpaid Management Fee from all prior Collection Periods.

"Manager:" The Person performing the duties of the Manager under the Management Agreement; initially, TEML.

"Manager Advance:" The term shall have the meaning as set forth in the Management Agreement.

"Manager Default:" With respect to any Series, any Trust Manager Default and any Series-Specific Manager Default (as defined in the related Supplement) for such Series.

"Manager Report:" The term shall have the meaning as set forth in the Management Agreement.

"Manager Termination Notice:" A written notice to be provided to the Manager and other specified Persons pursuant to Section 405(b) of this Indenture.

"Manager Transfer Facilitator:" The Person performing the duties of the Manager Transfer Facilitator under the Manager Transfer Facilitator Agreement; initially, Wells Fargo Bank, National Association.

"Manager Transfer Facilitator Agreement:" The Manager Transfer Facilitator Agreement, dated as of May 17, 2017, among Wells Fargo Bank, National Association, as manager transfer facilitator, the Issuer and the Indenture Trustee, as such agreement shall be amended, restated, supplemented or otherwise modified or replaced from time to time in accordance with its terms.

"Manager Transfer Facilitator Fee:" This term shall have the meaning set forth in the Manager Transfer Facilitator Agreement.

"Managing Officer:" Any representative of the Manager involved in, or responsible for, the management of the day-to-day operations of the Issuer and the administration and servicing of the Managed Containers whose name appears on a list of managing officers furnished to Issuer and the Indenture Trustee by the Manager, as such list may from time to time be amended.

"Master Account:" The term shall have the meaning as set forth in the Management Agreement.

"Master Lease:" A Lease other than a Finance Lease or a Long-Term Lease.

"Material Adverse Change:" Any set of circumstances or events which (i) has, or could reasonably be expected to have, any material adverse effect whatsoever upon the validity or enforceability of any Related Document or the security for any of the Notes, (ii) is, or could reasonably be expected to be, material and adverse to the condition (financial or otherwise) or business operations of Issuer or Manager, individually or taken together as a whole, (iii) materially impairs, or could reasonably be expected to materially impair, the ability of Issuer or Manager to perform any of their respective obligations under the Related Documents, or (iv) materially impairs, or could reasonably be expected to materially impair, the ability of Indenture Trustee to enforce any of its or their respective legal rights or remedies pursuant to the Related Documents.

"Minimum Principal Payment Amount:" With respect to any Series (if applicable to such Series), the amount identified as such in the related Supplement.

"Moody's:" Moody's Investors Service, Inc. and any successor thereto.

"Net Book Value or NBV:" With respect to a Managed Container that is:

(A) not subject to Finance Lease, as of any date of determination, an amount equal to the Original Equipment Cost of such Container, less any accumulated depreciation calculated utilizing the Depreciation Policy; and

(B) subject to a Finance Lease, the net investment value of such Finance Lease determined in accordance with GAAP.

"Net Issuer Proceeds:" This term shall have the meaning set forth in the Management Agreement.

"Notes:" Any one of the notes or other securities executed by the Issuer pursuant to this Indenture and authenticated by, or on behalf of, the Indenture Trustee, substantially in the form attached to the related Supplement.

"Noteholder or Holder:" The Person in whose name a Note is registered in the Note Register, except that, solely for the purposes of giving any consent, waiver, request or demand, the interest evidenced by any Note registered in the name of either of the Sellers or the Issuer or any Affiliate of any of them known to be such an Affiliate by the Indenture Trustee shall not be taken into account in determining whether the requisite percentage of the Aggregate Principal Balance of the Outstanding Notes necessary to effect any such consent, waiver, request or demand is represented.

"Noteholder FATCA Information:" Information sufficient to eliminate the imposition of U.S. withholding tax under FATCA.

"Noteholder Tax Identification Information:" Properly completed and signed tax certifications (generally, in the case of U.S. Federal Income Tax, IRS Form W-9 (or applicable successor form) in the case of a person that is a "United States Person" within the meaning of Section 7701(a)(30) of the Code or the appropriate IRS Form W-8 (or applicable successor form) in the case of a person that is not a "United States Person" within the meaning of Section 7701(a)(30) of the Code).

"Note Purchase Agreement:" Any underwriting agreement or other purchase agreement for the Notes of any Series.

"Note Register:" The register which shall provide for the registration and transfer of the Notes and is maintained by the Indenture Trustee at its Corporate Trust Office pursuant to this Indenture.

"Note Registrar:" This term shall have the meaning set forth in Section 205(a) of this Indenture, initially the Indenture Trustee.

"OFAC:" The Office of Foreign Assets Control of the United States Department of the Treasury.

"Officer's Certificate:" A certificate signed by a duly authorized officer of the Person who is required to sign such certificate.

"Operating Expenses:" This term shall have the meaning set forth in the Management Agreement.

"Opinion of Counsel:" A written opinion of counsel, who, unless otherwise specified, may be counsel employed by the Issuer, the Sellers or the Manager, in each case reasonably acceptable to the Person or Persons to whom such Opinion of Counsel is to be delivered. The counsel rendering such opinion may rely (i) as to factual matters on a certificate of a Person whose duties relate to the matters being certified, and (ii) insofar as the opinion relates to local law matters, upon opinions of local counsel.

"Original Equipment Cost" or "OEC:" With respect to a Managed Container, one of the following:

(A) with respect to each Managed Container purchased by TL directly from the manufacturer of such Managed Container, an amount equal to the sum of (i) the vendor's or manufacturer's invoice price of the related Managed Container, (ii) all reasonable and customary inspection, transport, and initial positioning costs necessary to put such Managed Container in service and (iii) reasonable acquisition fees and other fees not to exceed 2.5% of the amounts described in clauses (i) and (ii) above; or

(B) with respect to each Managed Container acquired by TL from a third party that is not the manufacturer of such Managed Container, an amount equal to the sum of (i) the cash purchase price paid by TL for such Managed Container and (ii) reasonable acquisition fees not to exceed 2.5% of the amount described in the foregoing clause (i).

"Outstanding:" When used with reference to the Notes and as of any particular date, any Note theretofore and thereupon being authenticated and delivered except:

(i) any Note canceled by the Indenture Trustee or proven to the satisfaction of the Indenture Trustee to have been duly canceled by the Issuer at or before said date;

(ii) any Note, or portion thereof, called for payment or redemption for which monies equal to the principal amount or redemption price thereof, as the case may be, with interest to the date of maturity or redemption, shall have theretofore been deposited with the Indenture Trustee (whether upon or prior to maturity or the redemption date of such Note);

(iii) any Note in lieu of or in substitution for which another Note shall subsequently have been authenticated and delivered; and

(iv) any Note held by the Issuer, any Seller or any Affiliate of either the Issuer or any Seller.

"Outstanding Obligations:" As of any date of determination for any Series of Notes issued under this Indenture or any Supplement thereto, an amount equal to the sum of (i) all accrued interest payable on such Series of Notes (including, for any Series of Notes for which the related Noteholder has funded or maintains its investment through the issuance of commercial paper, interest accrued through the last maturing tranche, interest or fixed period, as applicable), (ii) the then Unpaid Principal Balance of such Series of Notes, (iii) all other amounts owing by the Issuer to Noteholders or to any Person under this Indenture or any Supplement hereto and (iv) amounts owing by the Issuer under any Interest Rate Hedge Agreement.

"Overdue Rate:" The rate of interest specified in the related Supplement applicable to a Note then earning Default Interest, but in no event to exceed two percent (2%) over the interest rate per annum otherwise then applicable to such Note.

"Ownership Interest:" An ownership interest in a Book-Entry Note.

"Paying Agent Trustee Account:" Collection account number 4121-228878 (routing number 121-000-248) maintained by Wells Fargo Bank, National Association.

"Payment Date:" The twentieth (20th) calendar day of each month or, if such day is not a Business Day, on the next Business Day.

"Permitted Encumbrance:" With respect to the Collateral, any or all of the following: (i) Liens for taxes not yet due or which are being contested in good faith by appropriate Proceedings and for the payment of which adequate reserves are provided by the Manager; (ii) with respect to the Managed Containers, carriers', warehousemen's, mechanics, or other like Liens arising in the ordinary course of business and relating to amounts not yet due or which shall not have been overdue for a period of more than sixty (60) days or which are being contested in good faith by appropriate Proceedings and for the payment of which adequate reserves are provided by the Manager; (iii) with respect to the Managed Containers, Leases entered into in the ordinary course of business providing for the leasing of Managed Containers; (iv) Liens created by this Indenture and (v) the rights of the Manager under the Management Agreement; *provided* that any Proceedings of the type described in clauses (i) and (ii) above could not reasonably be expected to subject the Indenture Trustee or any Noteholder to any civil or criminal penalty or liability or involve any material risk of loss, sale or forfeiture of any of the Collateral.

"Person:" An individual, a partnership, a limited liability company, a corporation, a joint venture, an unincorporated association, a joint-stock company, a trust, or other entity or a Governmental Authority.

"Plan:" An "employee benefit plan," as such term is defined in Section 3(3) of ERISA, or a plan described in Section 4975(e)(1) of the Code of the Issuer or its ERISA Affiliates.

"Pre-Adjustment Issuer Proceeds:" This term shall have the meaning set forth in the Management Agreement.

"Pre-Funding Account:" Any account that is designated as a "Pre-Funding Account" for any Series of Notes in the Supplement for such Series, to be used solely to hold funds that will be used to acquire additional Containers from the Sellers during a specified period of time following the issuance of such Series of Notes.

"Prepayment:" Any mandatory or optional prepayment of principal of any Series of Notes prior to the Expected Final Payment Date of such Series including, without limitation, any prepayment pursuant to Article VII of this Indenture.

"Principal Balance:" With respect to any Note, as of any date of determination, an amount equal to the unpaid principal balance of such Note.

"Principal Reserve Account:" The account(s) designated as such in the related Supplement.

"Principal Reserve Amount:" For any Series of Notes then Outstanding, the amount identified as such in the related Supplement.

"Principal Terms:" With respect to any Series, (i) the name or designation of such Series; (ii) the initial principal amount of the Notes to be issued for such Series (or method for calculating such amount) and the Minimum Principal Payment Amounts and the Scheduled Principal Payment Amount for each Payment Date (or method for calculating such amount); (iii) the interest rate to be paid with respect to the Notes for such Series (or method for the determination thereof); (iv) the Payment Date and the date or dates from which interest shall accrue and on which principal is scheduled to be paid; (v) the designation of all Series Accounts and the terms governing the operation of all such Series Accounts; (vi) the Expected Final Payment Date (if any) and the Legal Final Payment Date for the Series; (vii) the number of Notes of the Series; (viii) the priority of such Series with respect to any other Series; (ix) the designated Control Party with respect to such Series and the Rating Agencies, if any, for such Series; (x) the designation of such Series as either a Term Note or a Warehouse Note; and (xi) the calculation of the Asset Base, the Advance Rate, the Required Overcollateralization Percentage and the Excess Concentration Percentage for such Series.

"Proceeding:" Any suit in equity, action at law, or other judicial or administrative proceeding.

"Proceeds:" Any "proceeds," as such term is defined in Section 9-102(a)(64) of the UCC.

"Prohibited Jurisdiction:" Any country or jurisdiction, from time to time, that is the subject of a prohibition order (or any similar order or directive), sanctions or restrictions promulgated or administered by the Office of Foreign Assets Control of the United States Treasury Department.

"Prohibited Person:" Any of the following currently or in the future: (i) a person named on the list of Specially Designated Nationals or Blocked Persons maintained by OFAC available at <http://www.treas.gov/offices/eotffc/ofac/sdn/index.html>, or (ii) (A) an agency of the government of a Prohibited Jurisdiction, (B) an organization controlled by a Prohibited Jurisdiction, or (C) a person resident in a Prohibited Jurisdiction, to the extent the agency, organization, or person is subject to a sanctions program administered by OFAC.

"Prospective Owner:" This term shall have the meaning as set forth in Section 205(h) of this Indenture.

"Purchaser Letter:" This term shall have the meaning set forth in Section 205(i) of this Indenture.

"Rating Agency or Rating Agencies:" With respect to any Outstanding Series, each statistical rating agency selected by the Issuer to rate such Series and having an outstanding rating with respect to such Series.

"Rating Agency Condition:" With respect to (i) (A) the issuance of an additional Series, (B) any Change of Control (as defined in the Management Agreement), (C) any waiver of a Trust Event of Default or Trust Manager Default, (D) for purposes of the Aggregate Asset Base calculation, any revision to the Depreciation Policy which would reduce the amount of depreciation expense that would be recorded in any year from that which would have been recorded pursuant to the Depreciation Policy prior to such revision, (E) the addition of an Affiliate of TL as a Seller under the Contribution and Sale Agreement or (F) any other action expressly specified in any Related Document as requiring the affirmative approval or consent of each Rating Agency, means a confirmation issued in writing by each Rating Agency that has issued an outstanding rating with respect to any Series of Notes then Outstanding that the rating(s) on such existing Series will not be downgraded or withdrawn as the result of the issuance of such additional Series, Change of Control, waiver or other action; and (ii) any other action, means that each Rating Agency that has issued an outstanding rating with respect to any Series of Notes then Outstanding shall have been given ten (10) Business Days (or such shorter period as is practicable or acceptable to each Rating Agency) prior notice thereof and, within such notice period, such Rating Agency shall not have notified the Sellers, the Indenture Trustee or Issuer in writing that such action will result in a downgrade, qualification or withdrawal of any such outstanding rating; *provided, however*, the term "Rating Agency Condition" shall also include the satisfaction of any other requirement for the fulfillment of the Rating Agency Condition that may be set forth in a Supplement for any Series of Notes which is not rated.

"Record Date:" Except as otherwise provided with respect to a Series in the related Supplement, with respect to any Payment Date, the last Business Day of the month preceding the month in which the related Payment Date occurs.

"Regulation S Book-Entry Notes:" Collectively, the Unrestricted Book-Entry Notes and the Regulation S Temporary Book-Entry Notes.

"Regulation S Temporary Book-Entry Notes:" The temporary book-entry notes in fully registered form without coupons that represent the Notes sold in offshore transactions within the meaning of and in compliance with Regulation S under the Securities Act and which will be registered with the Depositary.

"Related Assets:" With respect to any Transferred Container: (i) all right, title and interest in and to, but none of the obligations under, any agreement with the manufacturer or seller of such Transferred Container, (ii) all right, title and interest in and to any Lease to which such Transferred Container was subject on the Transfer Date, to the extent related to such Transferred Container (excluding any payments, proceeds and other amounts accrued but not paid as of the effective date of such transfer), and (iii) all payments, proceeds and income of the foregoing or related thereto.

"Related Documents:" With respect to any Series, each Container Transfer Agreement, the Contribution and Sale Agreement, this Indenture, the related Supplement, the Notes of such Series, the Note Purchase Agreement for such Series, the Management Agreement, the Manager Transfer Facilitator Agreement, each Interest Rate Hedge Agreement (upon execution thereof) and each other document or instrument executed in connection with the issuance of any Series, as any of the foregoing may from time to time be amended, modified, supplemented or renewed.

"Release Date:" The date on which Released Assets are transferred by the Issuer to any Seller or any Affiliate of any Seller pursuant to the terms of the Related Documents.

"Released Assets:" This term shall have the meaning set forth in the applicable Container Transfer Agreement or the Contribution and Sale Agreement, as context may require.

"Replacement Manager:" Any Person appointed to replace the then Manager as manager of the Managed Containers, which Person shall be acceptable to the Requisite Global Majority.

"Reportable Event:" This term shall have the meaning given to such term in ERISA.

"Required Deposit Rating:" With regard to an institution, the short-term unsecured senior debt rating of such institution is in a category signifying investment grade by each Rating Agency.

"Required Overcollateralization Percentage:" For any Series of Notes, the percentage set forth in the related Supplement.

"Required Payments:" For any Series of Notes then Outstanding, the payments identified as such in the related Supplement. Such Supplement shall also specify the relative priority in which the various components of the Required Payments are to be paid.

"Required Payment Deficiency:" For each Series of Notes then Outstanding, the condition that will exist if funds on deposit on the Series Account for such Series (determined after giving effect to all draws on the Restricted Cash Account(s) for such Series, but without giving effect to any allocation of Shared Available Funds to such Series) is not sufficient to pay all Required Payments for such Series of Notes.

"Requisite Global Majority:" As of any date of determination, the determination of whether a Requisite Global Majority exists with respect to a particular course of action shall be determined in accordance with Section 503 of this Indenture.

"Responsible Officer:" When used with respect to the Indenture Trustee and the Manager Transfer Facilitator, any officer assigned to the Corporate Trust Office (or any successor thereto), including any Vice President, Assistant Vice President, Trust Officer, any Assistant Secretary, any trust officer or any other officer of the Indenture Trustee customarily performing functions similar to those performed by any of the above designated officers and having direct responsibility for the administration of this Indenture.

"Restricted Cash Account:" The account(s) designated as such in the related Supplement.

"Restricted Cash Amount:" For any Series of Notes then Outstanding, the amount identified as such in the related Supplement.

"Rule 144A:" Rule 144A under the Securities Act, as amended from time to time.

"Rule 144A Book-Entry Notes:" The permanent book-entry notes in fully registered form without coupons that represent the Notes sold in reliance on Rule 144A and which will be registered with the Depository.

"Sale:" This term shall have the meaning set forth in Section 816(a) of this Indenture.

"Sales Proceeds:" This term shall have the meaning set forth in the Management Agreement.

"Sanctioned Country:" Any country or territory to the extent that the government of such country or territory is the subject of Sanctions consisting of a general embargo imposed by any Sanctions Authority.

"Sanctioned Person:" Any of the following: (a) any Person that is listed on, or owned or controlled by a Person listed on (or a Person acting on behalf of such a Person) (i) the list of "Specially Designated Nationals and Blocked Persons" maintained by OFAC available at <http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx> or as otherwise published from time to time, the "Sectoral Sanctions Identifications" list maintained by OFAC available at http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/ssi_list.aspx or as otherwise published from time to time, or the "Foreign Sanctions Evaders" list maintained by OFAC available at http://www.treasury.gov/resource-center/sanctions/SDNList/Pages/fse_list.aspx or as otherwise published from time to time, (ii) the Consolidated List of Financial Sanctions Targets and the Investment Ban List maintained by Her Majesty's Treasury or (iii) any similar list maintained by, or public announcement of a Sanctions designation made by, a Sanctions Authority, each as amended, supplemented or substituted from time to time; or (b) (i) an agency of the government of a Sanctioned Country, (ii) an organization directly or indirectly controlled by a Sanctioned Country or (iii) a Person resident in (or organized under the laws of) a Sanctioned Country (to the extent subject to a Sanctions program administered by OFAC, the European Union or the United Nations), or (iv) a Person who is owned or controlled by, or acting on behalf of such a Person.

"Sanctions:" Any trade, economic or financial sanctions laws, regulations, embargoes or restrictive measures administered, enacted or enforced by a Sanctions Authority.

"Sanctions Authority:" Each of the following: (a) the United States Government, (b) the United Nations Security Council, (c) the European Union, (d) the United Kingdom, (e) the governments, official institutions or agencies and other relevant sanctions authorities of any of the foregoing in clauses (a) through (d), including OFAC, the US Department of State, and Her Majesty's Treasury or (f) any other governmental authority with jurisdiction over the Issuer, TL or the Manager.

"Scheduled Principal Payment Amount:" With respect to any Series of Notes (if applicable to such Series), the amount identified as such in the related Supplement.

"Securities Account:" Any "securities account," as such term is defined in Section 8-501 of the UCC.

"Securities Act:" The Securities Act of 1933, as amended from time to time.

"Securities Entitlement:" Any "securities entitlement," as such term is defined in Section 8-102(a)(17) of the UCC.

"Securities Intermediary:" Any "securities intermediary", as such term is defined in Section 8-102 of the UCC.

"Seller:" Any or all, as the context may require, of TL and any wholly-owned subsidiary of TL that is a Special Purpose Entity (including without limitation TMCLII, TMCLIII and TMCLIV), in its capacity as counterparty to a Container Transfer Agreement or the Contribution and Sale Agreement.

"Senior Notes:" With respect to any Series of Notes, those Note(s) of such Series, if any, that are designated as "Senior Notes" in the related Supplement.

"Senior Series:" Any Series of Senior Notes issued pursuant to a Supplement.

"Series:" Any series of Notes established pursuant to a Supplement.

"Series Account:" Any deposit, trust, escrow or similar account maintained for the benefit of the Noteholders of any Series as specified in the related Supplement.

"Series Issuance Date:" With respect to any Series, the date on which the Notes of such Series are to be originally issued in accordance with Section 1006 of this Indenture and the related Supplement.

"Series-Specific Collateral:" With respect to any Series of Notes, the collateral identified as such in the related Supplement.

"Series-Specific Early Amortization Event:" With respect to any Series of Notes, the events or conditions identified as such in the related Supplement.

"Series-Specific Event of Default:" With respect to any Series of Notes, the events or conditions identified as such in the related Supplement.

"Series-Specific Manager Default:" With respect to any Series of Notes, the events or conditions identified as such in the related Supplement.

"Shared Available Funds:" For any Series, this term shall have the meaning set forth in the Supplement for such Series.

"Special Purpose Entity:" A trust, partnership, corporation, exempted company with limited liability or other entity established and wholly-owned (directly or indirectly) by TL and/or one or more Subsidiaries wholly-owned (directly or indirectly) by TL (each an "Entity") to acquire Containers, leases, other related assets and proceeds of the foregoing, provided that:

(a) no portion of the indebtedness or any other obligations (contingent or otherwise) of such Entity (i) is guaranteed by TL or TGH (excluding guarantees of obligations pursuant to Standard Securitization Undertakings), (ii) is recourse to or obligates TL or TGH in any way other than pursuant to Standard Securitization Undertakings or (iii) subjects any property or asset of TL or TGH, directly or indirectly, contingently or otherwise, to the satisfaction of obligations of such Entity incurred in such transactions, other than pursuant to Standard Securitization Undertakings;

(b) none of TL or TGH has any material contract, agreement, arrangement or understanding with such Entity other than on terms no less favorable to TL or TGH than those that might be obtained at the time from Persons that are not affiliates of such Entity, other than fees payable in the ordinary course of business in connection with servicing and managing containers; provided that a sale of Containers at net book value shall be deemed to comply with this paragraph (b); and

(c) none of TL or TGH has any obligation to maintain or preserve the financial condition of such Entity or cause such Entity to achieve certain levels of operating results.

Notwithstanding the foregoing, each of TMCL, TMCLII, TMCLIII and TMCLIV constitutes a Special Purpose Entity.

"Standard Securitization Undertakings:" Representations, warranties, covenants and indemnities of TGH, TL and/or other transferring Subsidiary of TL that are reasonably customary in securitization transactions.

"Standard & Poor's:" Standard and Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and any successor thereto.

"Step Up Warehouse Fee:" For any Series of Warehouse Notes, the incremental fee (whether or not characterized as a fee in the relevant Related Documents) payable by the Issuer on such Warehouse Notes upon the occurrence and continuance of an Early Amortization Event for such Series or Event of Default for such Series.

"Subordinate Notes:" With respect to any Series of Notes, those Note(s), if any, that are designated as "Subordinate Notes" in the related Supplement.

"Subordinate Series:" Any Series of Subordinate Notes issued pursuant to a Supplement.

"*Subsidiary*:" A subsidiary of a Person means any corporation, association, partnership, limited liability company, joint venture or other business entity of which more than fifty percent (50%) of the voting stock or other equity interests (in the case of Persons other than corporations) is owned or controlled directly or indirectly by such Person, or one or more of the Subsidiaries of such Person, or a combination thereof.

"*Supplement*:" Any supplement to this Indenture executed in accordance with Article X of this Indenture.

"*Supporting Obligation*:" Any "supporting obligation" as defined in Section 9-102(a)(77) of the UCC.

"*TEML*:" Textainer Equipment Management Limited, an exempted company with limited liability continued into and existing under the laws of Bermuda.

"*TEM-US*:" Textainer Equipment Management (U.S.) Limited, a corporation organized under the laws of the State of Delaware and a wholly-owned subsidiary of TEML.

"*Term Lease*:" This term shall have the meaning set forth in the Management Agreement.

"*Term Note*:" Any Note on which principal and interest are payable on each Payment Date from and after its date of issuance.

"*TEU*:" A twenty (20) foot equivalent unit, an industry standard measure based on the physical dimensions of a Container.

"*TGH*:" Textainer Group Holdings Limited, an exempted company with limited liability incorporated and existing under the laws of Bermuda, including its permitted successors and assigns.

"*TL*:" Textainer Limited, an exempted company with limited liability incorporated and existing under the laws of Bermuda, including its permitted successors and assigns.

"*TMCL*:" Textainer Marine Containers Limited, an exempted company with limited liability incorporated and existing under the laws of Bermuda, and its successors and permitted assigns.

"*TMCLII*:" Textainer Marine Containers II Limited, an exempted company with limited liability incorporated and existing under the laws of Bermuda, and its successors and permitted assigns.

"*TMCLII Container Transfer Agreement*:" The Container Transfer Agreement, dated as of May 17, 2017, between the Issuer and TMCLII, as such agreement may be amended, modified or supplemented from time to time in accordance with its terms.

"TMCLIII:" Textainer Marine Containers III Limited, an exempted company with limited liability incorporated and existing under the laws of Bermuda, and its successors and permitted assigns.

"TMCLIII Container Transfer Agreement:" The Container Transfer Agreement, dated as of May 17, 2017, between the Issuer and TMCLIII, as such agreement may be amended, modified or supplemented from time to time in accordance with its terms.

"TMCLIV:" Textainer Marine Containers IV Limited, an exempted company with limited liability incorporated and existing under the laws of Bermuda, and its successors and permitted assigns.

"TMCLIV Container Transfer Agreement:" The Container Transfer Agreement, dated as of May 17, 2017, between the Issuer and TMCLIV, as such agreement may be amended, modified or supplemented from time to time in accordance with its terms.

"TMCLV Trustee Release Certificate:" This term shall have the meaning set forth in Section 404 hereof.

"Transfer Date:" The date on which a Transferred Container is transferred, conveyed or sold by a Seller to the Issuer pursuant to the terms of the Contribution and Sale Agreement or a Container Transfer Agreement.

"Transferred Assets:" The "Transferred Assets" (as defined in the Contribution and Sale Agreement or Container Transfer Agreement, as applicable) transferred by the Issuer's counterparty to the Issuer thereunder.

"Transferred Containers:" The "Transferred Assets" (as defined in the Contribution and Sale Agreement or Container Transfer Agreement, as applicable) transferred by the Issuer's counterparty to the Issuer thereunder.

"Trust Account:" The account or accounts established by the Indenture Trustee, in the name of the Indenture Trustee, for the benefit of the Noteholders and each Interest Rate Hedge Provider, pursuant to Section 302 hereof.

"Trust Early Amortization Event:" The occurrence of any of the events or conditions set forth in Section 1201 hereof.

"Trust Event of Default:" The occurrence of any of the events or conditions set forth in Section 801 hereof.

"Trust Manager Default:" The term shall have the meaning as set forth in the Management Agreement.

"TUS:" This term shall have the meaning set forth in the Management Agreement.

"TUS Sublease:" This term shall have the meaning set forth in the Management Agreement.

"TUS Sublease Spread:" This term shall have the meaning set forth in the Management Agreement.

"TUS Subleased Container:" Each Managed Container that is subject to both (i) a Head Lease Agreement with TUS as lessee and (ii) a TUS Sublease.

"TUS Sublessee:" This term shall have the meaning set forth in the Management Agreement.

"U.S. Military:" The Military Surface Deployment and Distribution Command or its permitted successor in interest or assign.

"UCC:" The Uniform Commercial Code as the same may, from time to time, be in effect in the State of New York; provided, however, in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of the Indenture Trustee's security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, the term "UCC" shall mean the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such attachment, perfection of priority and for purposes of definitions related to such provisions.

"Unpaid Principal Balance:" On any date of determination (i) for any Note or Class of Note(s), the then unpaid principal balance of such Note or Class of Notes, as the case may be, and (ii) for each Series of Notes then Outstanding, an amount equal to the then unpaid principal balance of all Notes of such Series that are then Outstanding.

"Unrestricted Book-Entry Notes:" The permanent book-entry notes in fully registered form without coupons that are exchangeable for Regulation S Temporary Book-Entry Notes after the expiration of the 40-day distribution compliance period and which will be registered with the Depositary.

"Warehouse Note:" Any Series of Notes that has a revolving period during which periodic payments of principal are not scheduled to be paid.

"Warranty Purchase Amount:" As defined in the Contribution and Sale Agreement or the "Reconveyance Price" in the applicable Container Transfer Agreement, as context may require.

Section 102. Other Definitional Provisions.

(a) With respect to any Series, all terms used herein and not otherwise defined herein shall have meanings ascribed to them in the related Supplement.

(b) All terms defined in this Indenture shall have the defined meanings when used in any agreement, certificate or other document made or delivered pursuant hereto, including any Supplement, unless otherwise defined therein.

(c) As used in this Indenture and in any certificate or other document made or delivered pursuant hereto or thereto, accounting terms not defined in this Indenture or in any such certificate or other document, and accounting terms partly defined in this Indenture or in any such certificate or other document to the extent not defined, shall have the respective meanings given to them under GAAP, consistently applied. To the extent that the definitions of accounting terms in this Indenture or in any such certificate or other document are inconsistent with the meanings of such terms under GAAP or regulatory accounting principles, the definitions contained in this Indenture or in any such certificate or other document shall control.

(d) With respect to any Collection Period, the “related Record Date,” the “related Determination Date,” and the “related Payment Date,” shall mean the Record Date occurring on the last Business Day of such Collection Period and the Determination Date and Payment Date occurring in the month immediately following the end of such Collection Period.

(e) With respect to any Series of Notes, the “related Supplement” shall mean the Supplement pursuant to which such Series of Notes is issued.

(f) References to the Manager’s financial statements shall mean the financial statements of the Manager and its consolidated Subsidiaries.

(g) With respect to any ratio analysis required to be performed as of the most recently completed fiscal quarter, the most recently completed fiscal quarter shall mean the fiscal quarter for which financial statements were required hereunder to have been delivered.

(h) With respect to the calculation of any financial ratio set forth in this Indenture or any other Related Document, the components of such calculations are to be determined in accordance with GAAP, consistently applied, with respect to the Issuer or the Manager, as the case may be.

Section 103. Computation of Time Periods.

Unless otherwise stated in this Indenture or any Supplement issued pursuant to the terms hereof, in the computation of a period of time from a specified date to a later specified date, the word “from” means “from and including” and the words “to” and “until” each means “to but excluding.”

Section 104. Statutory References.

References in this Indenture and any other Related Document to any section of the UCC shall mean, on or after the effective date of adoption of any revision to the UCC in the applicable jurisdiction, such revised or successor section thereto.

Section 105. Duties of Manager Transfer Facilitator.

All of the duties and responsibilities of the Manager Transfer Facilitator set forth in this Indenture, any Supplement or any other Related Document issued pursuant hereto are subject in all respects to the terms and conditions of the Manager Transfer Facilitator Agreement. Each of the Issuer, the Indenture Trustee and, by acceptance of its Notes, each Noteholder hereby acknowledges the terms of the Manager Transfer Facilitator Agreement and agrees to cooperate with the Manager Transfer Facilitator in its execution of its duties and responsibilities.

ARTICLE II

THE NOTES

Section 201. Authorization of Notes.

(a) The number of Series or Classes of Notes which may be created by this Indenture is not limited; *provided*, however, that, the issuance of any Series of Notes shall not result in, or with the giving of notice or the passage of time or both would result in, the occurrence of a Trust Early Amortization Event, a Series Specific Early Amortization Event, a Trust Event of Default or a Series-Specific Event of Default. The aggregate principal amount of Notes of each Series which may be issued, authenticated and delivered under this Indenture is not limited except as shall be set forth in any Supplement and as restricted by the provisions of this Indenture.

(b) The Notes issuable under this Indenture shall be issued in such Series (and with such Classes, if applicable), as may from time to time be created by a Supplement pursuant to this Indenture. Each Series shall be created by a different Supplement and shall be designated to differentiate the Notes of such Series from the Notes of any other Series.

(c) Upon satisfaction of and compliance with the requirements and conditions to closing set forth in the related Supplement, Notes of the Series to be executed and delivered on a particular Series Issuance Date pursuant to such related Supplement, may be executed by the Issuer and delivered to the Indenture Trustee for authentication following the execution and delivery of the related Supplement creating such Series or from time to time thereafter, and the Indenture Trustee shall authenticate and deliver Notes upon an Issuer request set forth in an Officer's Certificate of the Issuer signed by one of its Authorized Signatories, without further action on the part of the Issuer.

Section 202. Form of Notes; Book-Entry Notes.

(a) Notes of any Series or Class may be issued, authenticated and delivered, at the option of the Issuer, as Regulation S Book-Entry Notes, Rule 144A Book-Entry Notes, or as Definitive Notes or as may otherwise be set forth in a Supplement and shall be substantially in the form of the exhibits attached to the related Supplement. Notes of each Series shall be dated the date of their authentication and shall bear interest at such rate, be payable as to principal, premium, if any, and interest on such date or dates, and shall contain such other terms and provisions as shall be established in the related Supplement. Except as otherwise provided in any Supplement, the Notes shall be issued in minimum denominations of \$100,000 and in integral multiples of \$1,000 in excess thereof; *provided* that one Note of each Class may be issued in a nonstandard denomination.

(b) If the Issuer shall choose to issue Regulation S Book-Entry Notes or Rule 144A Book-Entry Notes, such notes shall be issued in the form of one or more Regulation S Book-Entry Notes or one or more Rule 144A Book-Entry Notes which (i) shall represent, and shall be denominated in an aggregate amount equal to, the aggregate principal amount of all Notes to be issued hereunder, (ii) shall be delivered as one or more Notes held by the Book-Entry

Custodian, or, if appointed to hold such Notes as provided below, the Notes shall be registered in the name of the Depositary or its nominee, (iii) shall be substantially in the form of the exhibits attached to the related Supplement, with such changes therein as may be necessary to reflect that each such Note is a Book-Entry Note, and (iv) shall each bear a legend substantially to the effect included in the form of the exhibits attached to the related Supplement.

(c) Notwithstanding any other provisions of this Section 202 or of Section 205, unless and until a Book-Entry Note is exchanged in whole for Definitive Notes, a Book-Entry Note may be transferred, in whole, but not in part, and in the manner provided in this Section 202, only by (i) the Depositary to a nominee of such Depositary, or (ii) by a nominee of such Depositary to such Depositary or another nominee of such Depositary or (iii) by such Depositary or any such nominee to a successor Depositary selected or approved by the Issuer or to a nominee of such successor Depositary or in the manner specified in Section 202(d). The Depositary shall order the Note Registrar to authenticate and deliver any Book-Entry Notes and any Book-Entry Note for each Series of Notes having an aggregate initial outstanding principal balance equal to the initial outstanding balance of such Series. Noteholders shall hold their respective Ownership Interests in and to such Notes through the book-entry facilities of the Depositary. Without limiting the foregoing, any Book-Entry Noteholders shall hold their respective Ownership Interests, if any, in Book-Entry Notes only through Depositary Participants.

(d) If (i) the Issuer elects to issue Definitive Notes, (ii) the Depositary for the Notes represented by one or more Book-Entry Notes at any time notifies the Issuer that it is unwilling or unable to continue as Depositary of the Notes or if at any time the Depositary shall no longer be a clearing agency registered under the Exchange Act and any other applicable statute or regulation, and a successor Depositary is not appointed or approved by the Issuer within 90 days after the Issuer receives such notice or becomes aware of such condition, as the case may be, (iii) the Indenture Trustee, at the written direction of the Noteholders representing more than 50% of the outstanding principal balance of the Notes, elects to terminate the book-entry system through the Depositary or (iv) after a Trust Event of Default or a Series-Specific Event of Default, Noteholders of such Series notify the Depositary, or Book-Entry Custodian, as the case may be, in writing that the continuation of a book-entry system through the Depositary, or the Book-Entry Custodian, as the case may be, is no longer in such Noteholders' best interest, upon the request of such Noteholders, the Issuer will promptly execute, and the Indenture Trustee, upon receipt of an Officer's Certificate evidencing such determination by the Issuer, will promptly authenticate and make available for delivery, Definitive Notes for such Series, in authorized denominations and in an aggregate principal amount equal to the principal amount of the Book-Entry Note then outstanding for such Series in exchange for such Book-Entry Note or as an original issuance of Notes and this Section 202(d) shall no longer be applicable to the Notes of such Series. Upon the exchange of such Book-Entry Notes for such Definitive Notes without coupons, in authorized denominations, such Book-Entry Notes shall be canceled by the Indenture Trustee. All Definitive Notes shall be issued without coupons. Such Definitive Notes issued in exchange of the Book-Entry Notes pursuant to this Section 202(d) shall be registered in such names and in such authorized denominations as the Depositary, in the case of an exchange, or the Note Registrar, in the case of an original issuance, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Indenture Trustee. The Indenture Trustee may conclusively rely on any such

instructions furnished by the Depositary or the Note Registrar, as the case may be, and shall not be liable for any delay in delivery of such instructions. The Indenture Trustee shall make such Notes available for delivery to the Persons in whose names such Notes are so registered.

(e) As long as the Notes outstanding are represented by one or more Book-Entry Notes:

(i) the Note Registrar and the Indenture Trustee may deal with the Depositary for all purposes (including the payment of principal of and interest on the Notes) as the authorized representative of the Noteholders;

(ii) the rights of Noteholders shall be exercised only through the Depositary and shall be limited to those established by law and agreements between such Noteholders and the Depositary and/or the Depositary Participants. Unless and until Definitive Notes are issued, the Depositary will make book-entry transfers among the Depositary Participants and receive and transmit payments of principal of, and interest on, the Notes to such Depositary Participants; and

(iii) whenever this Indenture requires or permits actions to be taken based upon instructions or directions of Holders of Notes evidencing a specified percentage of the voting rights of a particular series, the Depositary shall be deemed to represent such percentage only to the extent that it has received instructions to such effect from Noteholders and/or Depositary Participants owning or representing, respectively, such required percentage of the beneficial interest in the Notes and has delivered such instruction to the Indenture Trustee.

(f) Whenever a notice or other communication to the Noteholders is required under this Indenture, unless and until Definitive Notes have been issued to Noteholders, the Indenture Trustee shall give all such notices and communications to the Depositary.

(g) The Indenture Trustee is hereby initially appointed as the Book-Entry Custodian and hereby agrees to act as such in accordance with the agreement that it has with the Depositary authorizing it to act as such. The Book-Entry Custodian may, and, if it is no longer qualified to act as such, the Book-Entry Custodian shall, appoint, by written instrument delivered to the Issuer and the Depositary, any other transfer agent (including the Depositary or any successor Depositary) to act as Book-Entry Custodian under such conditions as the predecessor Book-Entry Custodian and the Depositary or any successor Depositary may prescribe, *provided* that the predecessor Book-Entry Custodian shall not be relieved of any of its duties or responsibilities by reason of any such appointment of other than the Depositary. If the Indenture Trustee resigns or is removed in accordance with the terms hereof, the successor Indenture Trustee or, if it so elects, the Depositary shall immediately succeed to its predecessor's duties as Book-Entry Custodian. The Issuer shall have the right to inspect, and to obtain copies of, any Notes held as Book-Entry Notes by the Book-Entry Custodian.

(h) The provisions of Section 205(i) shall apply to all transfers of Definitive Notes, if any, issued in respect of Ownership Interests in the Rule 144A Book-Entry Notes.

(i) To the extent Definitive Notes are issued under any Supplement, the Issuer will require that each relevant Noteholder provide Noteholder Tax Identification Information to the Indenture Trustee and, if requested, a transfer statement in accordance with Treasury Regulation section 1.6045A-1(a)(1) to the Indenture Trustee to comply with its cost basis reporting obligations under the Code.

(j) No transfer of any Note or interest therein shall be made unless that transfer is made pursuant to an effective registration statement under the Securities Act, and effective registration or qualification under applicable state securities laws, or is made in a transaction that does not require such registration or qualification. If a transfer of any Definitive Note is to be made without registration under the Securities Act (other than in connection with the initial issuance thereof or a transfer thereof by the Depositary or one of its Affiliates), then the Note Registrar shall refuse to register such transfer unless it receives (and upon receipt, may conclusively rely upon) either: (i) a certificate from such Noteholder substantially in the form attached as Exhibit C hereto or such other certification reasonably acceptable to the Indenture Trustee and a certificate from such Noteholder's prospective transferee substantially in the form attached as Exhibit C hereto or such other certification reasonably acceptable to the Indenture Trustee; or (ii) an Opinion of Counsel satisfactory to the Indenture Trustee to the effect that such transfer may be made without registration under the Securities Act (which Opinion of Counsel shall not be an expense of the Issuer or any Affiliate thereof or of the Depositary, the Manager or Affiliate thereof, the Indenture Trustee or the Note Registrar in their respective capacities as such), together with the written certification(s) as to the facts surrounding such transfer from the Noteholder desiring to effect such transfer and/or such Noteholder's prospective transferee on which such Opinion of Counsel is based. If such a transfer of any interest in a Book-Entry Note is to be made without registration under the Securities Act, the transferor will be deemed to have made each of the representations and warranties set forth on Exhibit C hereto in respect of such interest as if it was evidenced by a Definitive Note and the transferee will be deemed to have made each of the representations and warranties set forth in Exhibit C hereto in respect of such interest as if it was evidenced by a Definitive Note. None of the Depositary, the Issuer, the Indenture Trustee or the Note Registrar is obligated to register or qualify the Notes under the Securities Act or any other securities law or to take any action not otherwise required under this Indenture to permit the transfer of any Note or interest therein without registration or qualification. Any Noteholder desiring to effect such a transfer shall, and does hereby agree to, indemnify the Depositary, the Issuer, the Indenture Trustee and the Note Registrar against any liability that may result if the transfer is not so exempt or is not made in accordance with such federal and state laws.

Section 203. Execution, Recourse Obligation.

The Notes shall be executed on behalf of the Issuer by an Authorized Signatory of the Issuer. The Notes shall be dated the date of their authentication by the Indenture Trustee.

In case any Authorized Signatory of the Issuer whose signature shall appear on the Notes shall cease to be an Authorized Signatory of the Issuer before the authentication by the Indenture Trustee and delivery of such Notes, such signature or facsimile signature shall nevertheless be valid and sufficient for all purposes.

All Notes and the interest thereon shall be full recourse obligations of the Issuer and shall be secured by all of the Issuer's right, title and interest in the Collateral. The Notes shall never constitute obligations of the Indenture Trustee, the Manager, the Sellers or of any shareholder or any Affiliate of any Seller (other than the Issuer) or any member or shareholder of the Issuer, or any officers, directors, employees or agents of any thereof, and no recourse may be had under or upon any obligation, covenant or agreement of this Indenture, any Supplement or of any Notes, or for any claim based thereon or otherwise in respect thereof, against any incorporator or against any past, present, or future owner, partner of an owner or any officer, employee or director thereof or of any successor entity, or any other Person, either directly or through the Issuer, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly agreed that this Indenture and the obligations issued hereunder are solely obligations of the Issuer, and that no such personal liability whatever shall attach to, or is or shall be incurred by, any other Person under or by reason of this Indenture, any Supplement or any Notes or implied therefrom, or for any claim based thereon or in respect thereof, all such liability and any and all such claims being hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Indenture and the issue of such Notes. Except as provided in any Supplement, no Person other than the Issuer shall be liable for any obligation of the Issuer under this Indenture or any Note or any losses incurred by any Noteholder.

Section 204. Certificate of Authentication.

No Notes shall be secured hereby or entitled to the benefit hereof or shall be or become valid or obligatory for any purpose unless there shall be endorsed thereon a certificate of authentication by the Indenture Trustee, substantially in the form set forth in the form of Note attached to the related Supplement. Such certificate on any Note issued by the Issuer shall be conclusive evidence and the only competent evidence that it has been duly authenticated and delivered hereunder.

At the written direction of the Issuer, the Indenture Trustee shall authenticate and deliver the Notes. It shall not be necessary that the same Authorized Signatory of the Indenture Trustee execute the certificate of authentication on each of the Notes.

Section 205. Registration; Registration of Transfer and Exchange of Notes.

(a) The Indenture Trustee shall keep at its Corporate Trust Office books for the registration and transfer of the Notes (the "Note Register"). The Issuer hereby appoints the Indenture Trustee as its registrar (the "Note Registrar") and transfer agent to keep such books and make such registrations and transfers as are hereinafter set forth in this Section 205 and also authorizes and directs the Indenture Trustee to provide a copy of such registration record to the Manager upon its request. The names and addresses of the Holders of all Notes and all transfers of, and the names and addresses of, and the principal amounts (and stated interest) owing to, the transferee of, all Notes will be registered in such Note Register. The Person in whose name any Note is registered shall be deemed and treated as the owner and Holder thereof for all purposes of this Indenture, and the Indenture Trustee and the Issuer shall not be affected by any notice or knowledge to the contrary. If a Person other than the Indenture Trustee is appointed by the Issuer to maintain the Note Register, the Issuer will give the Indenture Trustee and each

Administrative Agent prompt written notice of such appointment and of the location, and any change in the location, of the successor note registrar. Notwithstanding the foregoing, so long as Wells Fargo Bank, National Association is acting as the Indenture Trustee, it shall also act as the Note Registrar.

(b) Payments of principal, premium, if any, and interest on any Note shall be payable on each Payment Date only to the registered Holder thereof on the Record Date immediately preceding such Payment Date. The principal of, premium, if any, and interest on each Note shall be payable at the Corporate Trust Office in immediately available funds in such coin or currency of the United States of America as at the time for payment shall be legal tender for the payment of public and private debts. Except as set forth in any Supplement, all interest payable on the Notes shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Notwithstanding the foregoing or any provision in any Note to the contrary, if so requested by the registered Holder of any Note by written notice to the Indenture Trustee, all amounts payable to such registered Holder may be paid either (i) by crediting the amount to be distributed to such registered Holder to an account maintained by such registered Holder with the Indenture Trustee or by transferring such amount by wire to such other bank in the United States, including a Federal Reserve Bank, as shall have been specified in such notice, for credit to the account of such registered Holder maintained at such bank, or (ii) by mailing a check to such address as such Holder shall have specified in such notice, in either case without any presentment or surrender of such Note to the Indenture Trustee (except in connection with the final payment on a Note in accordance with Section 207) at the Corporate Trust Office.

(c) All payments on the Notes shall be paid to the Noteholders reflected in the Note Register as of the related Record Date by wire transfer of immediately available funds for receipt prior to 2:00 p.m. (New York City time) on the related Payment Date. Any payments received by the Noteholders after 2:00 p.m. (New York City time) on any day shall be considered to have been received on the next succeeding Business Day; *provided, however*, that if the Issuer has deposited the required funds with the Indenture Trustee by 1:00 p.m. (New York City time), on such date, then the Issuer, upon receipt by the Noteholders of such payment, shall be deemed to have made such payment at the time so required. Notwithstanding the foregoing or any provision in any Note to the contrary, if so requested by the registered Noteholder by written notice to the Indenture Trustee, all amounts payable to such registered Noteholder may be paid by mailing on the related Payment Date a check to such address as such Noteholder shall have specified in such notice, in either case without any presentment or surrender of such Note (except in connection with the final payment on a Note in accordance with Section 207) to the Indenture Trustee at the Corporate Trust Office.

(d) Upon surrender for registration of transfer of any Note at the Corporate Trust Office, the Issuer shall execute and the Indenture Trustee, upon written request, shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Notes of the same Series (and Class, if applicable), of any authorized denominations and of a like aggregate original principal amount.

(e) All Notes issued upon any registration of transfer or exchange of Notes shall be the legal, valid and binding obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture and any Supplement, as the Notes surrendered upon such registration of transfer or exchange.

(f) Every Note presented or surrendered for registration of transfer or for exchange shall (if so required by the Issuer or the Indenture Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Issuer and the Indenture Trustee duly executed, by the Holder thereof or his attorney duly authorized in writing.

(g) Any service charge, fees or expenses made or expense incurred by the Indenture Trustee for any such registration, discharge from registration or exchange referred to in this Section 205 shall be paid by the Noteholder. The Indenture Trustee or the Issuer may require payment by the Holder of a sum sufficient to cover any tax expense or other governmental charge payable in connection therewith.

(h) If Notes are issued or exchanged in definitive form under Section 202, such Notes will not be registered by the Indenture Trustee unless each prospective initial Noteholder acquiring a Note, each prospective transferee acquiring a Note and each prospective owner (or transferee thereof) of a beneficial interest in Notes (each, a “Prospective Owner”) acquiring such beneficial interest provides the Manager, the Issuer, the Indenture Trustee and any successor Manager with a written representation that the statement in either subsection (1) or (2) of Section 208 is an accurate representation as to all sources of funds to be used to pay the purchase price of the Notes.

(i) No transfer of a Note shall be deemed effective unless (x) the transference of such Note is not to a Competitor and (y) the registration and prospectus delivery requirements of Section 5 of the Securities Act and any applicable state securities laws are complied with, or such transfer is exempt from the registration and prospectus delivery requirements under said Securities Act and laws. In the event that a transfer is to be made without registration or qualification, such Noteholder’s prospective transferee shall deliver to the Indenture Trustee an investment letter substantially in the form of Exhibit C hereto (the “Purchaser Letter”) or such other form as set forth in a Supplement to this Indenture. Neither the Indenture Trustee nor the Issuer is under any obligation to register the Notes under the Securities Act or any other securities law or to bear any expense with respect to such registration by any other Person or monitor compliance of any transfer with the securities laws of the United States regulations promulgated in connection thereto or ERISA.

Section 206. Mutilated, Destroyed, Lost and Stolen Notes.

(a) If (i) any mutilated Note is surrendered to the Indenture Trustee, or the Indenture Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Note, and (ii) there is delivered to the Indenture Trustee such security or indemnity as it and the Issuer may require to hold the Issuer, the Manager and the Indenture Trustee harmless, then the Issuer shall execute and the Indenture Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a replacement Note of the same Series and maturity and of like terms as the mutilated, destroyed, lost or stolen Note; *provided, however*, that if any such destroyed, lost or stolen Note, but not a mutilated Note, shall have become, or within seven days shall be due and payable, the Issuer may pay such destroyed, lost or stolen Note when so due or payable instead of issuing a replacement Note.

(b) If, after the delivery of such replacement Note, or payment of a destroyed, lost or stolen Note pursuant to the proviso to the preceding sentence, a bona fide purchaser of the original Note in lieu of which such replacement Note was issued presents for payment such original Note, the Issuer and the Indenture Trustee shall be entitled to recover upon the security or indemnity provided therefor to the extent of any and all loss, damage, cost or expense incurred by the Issuer or the Indenture Trustee in connection therewith.

(c) The Indenture Trustee and the Issuer may, for each new Note authenticated and delivered under the provisions of this Section 206, require the advance payment by the Noteholder of the expenses, including counsel fees, service charges and any tax or governmental charge which may be incurred by the Indenture Trustee or the Issuer. Any Note issued under the provisions of this Section 206 in lieu of any Note alleged to be destroyed, mutilated, lost or stolen, shall be equally and proportionately entitled to the benefits of this Indenture with all other Notes of the same Series. The provisions of this Section 206 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

Section 207. Delivery, Retention and Cancellation of Notes.

Each Noteholder is required, and hereby agrees, to return to the Indenture Trustee on or prior to the Legal Final Payment Date (or, if earlier, the date on which the Unpaid Principal Balance of, and accrued interest and other amounts related to, the applicable Series of Notes shall be paid in full (for example, pursuant to a refinancing of the Notes of the applicable Series or pursuant to the exercise of remedies under Article VIII hereof)), any Note on which the final payment due thereon will be made for the related Series of Notes. Any such Note as to which the Indenture Trustee has made or holds the final payment thereon shall be deemed canceled and shall no longer be Outstanding for any purpose of this Indenture, whether or not such Note is ever returned to the Indenture Trustee. Matured Notes delivered upon final payment to the Indenture Trustee and any Notes transferred or exchanged for other Notes shall be canceled and disposed of by the Indenture Trustee in accordance with its policy of disposal and the Indenture Trustee shall promptly deliver to the Issuer such canceled Notes upon reasonable prior written request. If the Indenture Trustee shall acquire, for its own account, any of the Notes, such acquisition shall not operate as a redemption or satisfaction of the indebtedness represented by such Notes. If the Issuer shall acquire any of the Notes, such acquisition shall operate as a redemption or satisfaction of the indebtedness represented by such Notes. Notes which have been canceled by the Indenture Trustee shall be deemed paid and discharged for all purposes under this Indenture.

Section 208. ERISA Deemed Representations.

Unless otherwise specified in any applicable Supplement, each prospective initial Noteholder acquiring Notes and each Prospective Owner will be deemed to have represented by such purchase to the Issuer, the Indenture Trustee, the Manager and any successor Manager that either (1) it is not acquiring the Notes with the assets of a Plan; or (2) the acquisition and holding of the Notes will not give rise to a nonexempt prohibited transaction under Section 406(a) of ERISA or Section 4975 of the Code.

ARTICLE III

PAYMENT OF NOTES; STATEMENTS TO NOTEHOLDERS

Section 301. Principal and Interest.

Distributions of principal, premium, if any, and interest on any Series of Notes shall be made to Noteholders of each Series as set forth in Section 302 of this Indenture and the related Supplement. The maximum Overdue Rate for any Note under any Series shall be equal to the sum of (i) two percent (2.00%) per annum, plus (ii) the interest rate for such Note prior to the occurrence of the relevant Event of Default for such Series. Except as set forth in any Supplement, all interest and fees payable on, or with respect to, the Notes shall be computed on the basis of a 360-day year consisting of twelve 30-day months.

Section 302. Trust Account.

(a) On or prior to the date hereof, the Indenture Trustee shall establish and maintain the Trust Account into which all of the following amounts shall be deposited: (i) Collections (subject to any deductions permitted pursuant to Section 5.1(b) of the Management Agreement), (ii) Warranty Purchase Amounts and (iii) other payments required by this Indenture and other Related Documents to be deposited therein. Such Trust Account shall initially be established and maintained with the Corporate Trust Office in trust for the Indenture Trustee, on behalf of the Noteholders and each Interest Rate Hedge Provider, and shall be maintained until the Aggregate Outstanding Obligations are paid in full. The Trust Account shall at all times be an Eligible Account and shall be pledged to the Indenture Trustee pursuant to the terms of this Indenture. The Issuer shall not establish any additional Trust Accounts without prior written notice to the Indenture Trustee and without the prior written consent of the Requisite Global Majority.

(b) The Issuer shall cause the Manager to deposit funds into the Trust Account at the times and in the amounts required pursuant to the terms of the Management Agreement. So long as no Trust Event of Default or Trust Manager Default shall have occurred and then be continuing, the Manager shall be permitted to net out, from amounts otherwise required to be deposited into the Trust Account pursuant to Section 302(a) the amount of any Management Fees or Management Fee Arrearage that would otherwise be due and payable on the immediately succeeding Payment Date.

(c) On or prior to each Determination Date, the Issuer shall cause the Manager, pursuant to Section 7.3 of the Management Agreement, to prepare and deliver to the Issuer, the Indenture Trustee and each Administrative Agent, the Manager Report. Subject to Section 302(d), on each Payment Date, the Indenture Trustee, based on the Manager Report (or in the absence of any Manager Report, in accordance with written instructions from the Requisite Global Majority), upon which Manager Report the Indenture Trustee shall be entitled to conclusively rely, shall distribute from the Trust Account to the Series Account for each Series of Notes then Outstanding (other than a Liquidation Deficiency Series), an amount equal to the product of (i) the Available Distribution Amount and (ii) the Collection Allocation Percentage for such Series on such Determination Date, for further distribution in accordance with the

priority of payments set forth in the related Supplement. So long as the Accrual Condition shall exist on a Transfer Date, an amount equal to fifty percent (50%) of the Additional Funding Amount deposited in the Trust Account on such Transfer Date will be included in the Available Distribution Amount on each of the Payment Dates occurring in the two (2) calendar months immediately following such Transfer Date.

(d) The Sales Proceeds resulting from a partial sale of Collateral made in accordance with the provisions of Section 804(b) of this Indenture shall be deposited directly into the Series Account for each Liquidating Series and such Sales Proceeds shall not be subject to the allocation procedures set forth in Section 302(c).

(e) Once the Available Distribution Amount has been allocated to each Series, then that portion of the Available Distribution Amount allocable to such Series shall be paid to each Noteholder of such Series in accordance with the priority of payments set forth in the related Supplement.

(f) The Issuer shall have the right, but not the obligation, at any time to make (or to direct the Indenture Trustee in writing to make) principal payments on any Series of Notes and payments of other Outstanding Obligations from some or all of (i) amounts that are payable or have been paid to the Issuer pursuant to this Section 302, (ii) amounts that the Issuer receives from advances or draws under any Series of Warehouse Notes, (iii) proceeds of the issuance of any Series of Notes, (iv) cash and Eligible Investments on deposit in the Excess Funding Account and (v) other funds held by the Issuer. Without limiting the foregoing, at the written direction of the Issuer, amounts and proceeds contemplated by the preceding sentence may be included in distributions in respect of principal payments on the Notes of one or more Series and payments of other Outstanding Obligations pursuant to Section 302(c).

(g) The Issuer is also required to deposit in the Trust Account (i) on each Transfer Date, so long as the Accrual Condition shall exist on such Transfer Date, the Additional Funding Amount for the Managed Containers acquired on such Transfer Date, and (ii) all Warranty Purchase Amounts and any other payments required to be deposited in the Trust Account pursuant to the Indenture and the other Related Documents on the date specified in the Related Documents.

Section 303. Investment of Monies Held in the Trust Account, the Excess Funding Account, each Restricted Cash Account, each Series Accounts and each Pre-Funding Account.

(a) Subject to the provisions of Section 703 hereof, the Indenture Trustee will, at the direction of the Issuer, invest amounts in the Trust Account, the Excess Funding Account, each Restricted Cash Account, each Pre-Funding Account and each Series Account in such Eligible Investments as the Issuer or its designee (or its authorized agent) shall direct in writing or by telephone, subsequently confirmed in writing. Each Eligible Investment (including reinvestment of the income and proceeds of Eligible Investments) shall be held to its maturity and shall mature or shall be payable on demand not later than the Business Day immediately preceding the next succeeding Payment Date. If the Indenture Trustee has not received written instructions from the Issuer or its designee by 2:30 p.m. (New York time) on the day such funds are received as to the investment of funds then on deposit in any of the aforementioned accounts,

such funds shall remain uninvested. Any funds in the Trust Account, the Excess Funding Account, each Restricted Cash Account, each Series Account and each Pre-Funding Account not so invested must be insured by the Federal Deposit Insurance Corporation to the extent applicable. Eligible Investments shall be made in the name of the Indenture Trustee for the benefit of the Noteholders and each Interest Rate Hedge Provider. Any earnings on Eligible Investments in the Trust Account, the Excess Funding Account, each Restricted Cash Account, each Series Account and each Pre-Funding Account shall be retained in the respective account and be distributed in accordance with the terms of this Indenture or any related Supplement. The Indenture Trustee shall not be liable or responsible for losses on any investments made by it pursuant to this Section 303 including without limitation, any loss of principal or interest or for any breakage fees or penalties in connection with the purchase or liquidation of any investment made in accordance with the instructions of the Issuer. The Issuer acknowledges that upon its written request and at no additional cost, it has the right to receive notification after the completion of each purchase and sale of permitted investments or the Indenture Trustee's receipt of a broker's confirmation. The Issuer agrees that such notifications shall not be provided by the Indenture Trustee hereunder, and the Indenture Trustee shall make available, upon request and in lieu of notifications, periodic account statements that reflect such investment activity. No statement need be made available for any fund/account if no activity has occurred in such fund/account during such period.

(b) On or prior to the date hereof, each of the Issuer and the Securities Intermediary shall enter into Control Agreements each in the form of Exhibit F hereto for each of the Trust Account, the Excess Funding Account, each Restricted Cash Account, any Series Accounts and each Pre-Funding Account. At all times on and after the date hereof, each such account shall be the subject of a Control Agreement.

(c) The Indenture Trustee, acting in accordance with the terms of this Indenture, shall be entitled to deliver an Entitlement Order to the Securities Intermediary at which such accounts are maintained at any time; *provided, however*, that the Indenture Trustee agrees not to invoke its right to provide an Entitlement Order unless a Trust Event of Default has occurred and is continuing. The Control Agreements shall provide that upon receipt of the Entitlement Order in accordance with the provisions of this Indenture, the Indenture Trustee shall comply with such Entitlement Order without further consent by the Issuer or any other Person.

(d) Each of the Trust Account, the Excess Funding Account, each Restricted Cash Account, the Series Accounts and each Pre-Funding Account shall be initially established with the Indenture Trustee and, so long as any Outstanding Obligations remain unpaid, shall be maintained with the Indenture Trustee so long as (A) the short-term unsecured debt obligations of the financial institution fulfilling the role of the Indenture Trustee are rated not less than the Required Deposit Rating or (B) each of the Trust Account, the Excess Funding Account, each Restricted Cash Account, the Series Accounts and each Pre-Funding Account are maintained at the Corporate Trust Office. If any of the Trust Account, the Excess Funding Account, each Restricted Cash Account, the Series Accounts or and each Pre-Funding Account are not maintained at the Corporate Trust Office or if the short-term unsecured debt obligations of the Indenture Trustee fall below the Required Deposit Rating, then the Issuer shall within ten (10) days after obtaining knowledge of such condition, with the Indenture Trustee's assistance as necessary, cause each of the Trust Account, the Excess Funding Account, each Restricted Cash

Account, the Series Accounts and each Pre-Funding Account to be transferred to either (A) an Eligible Institution which then maintains the Required Deposit Rating or (B) the Corporate Trust Office of the successor Indenture Trustee. Prior to any of the Trust Account, the Excess Funding Account, each Restricted Cash Account, any Series Accounts or and each Pre-Funding Account being maintained with a Person other than the Indenture Trustee, the Issuer shall obtain the prior written consent of the Requisite Global Majority and shall cause a new Control Agreement to be entered into with such Person as securities intermediary.

(e) Each of the Trust Account, the Excess Funding Account, each Restricted Cash Account, the Series Accounts and each Pre-Funding Account shall be maintained in the State of New York and shall be governed by the laws of the State of New York, regardless of any provision in any other agreement. Each Control Agreement shall provide for purposes of the UCC that New York shall be deemed to be the Securities Intermediary's jurisdiction and each of the Trust Account, the Excess Funding Account, each Restricted Cash Account, each Series Account and each Pre-Funding Account (as well as the Securities Entitlements related thereto) shall be governed by the laws of the State of New York.

(f) The Indenture Trustee, in its capacity as the Securities Intermediary, has not entered into, and until the termination of this Indenture will not enter into, any agreement with any other Person relating to any of the Trust Account, the Excess Funding Account, each Restricted Cash Account, any Series Account, and each Pre-Funding Account or any Financial Assets credited thereto pursuant to which it has agreed to comply with Entitlement Orders of such other Person and the Securities Intermediary has not entered into, and until the termination of this Indenture will not enter into, any agreement with the Issuer, any Seller, the Manager or the Indenture Trustee purporting to limit or condition the obligation of the Securities Intermediary to comply with Entitlement Orders as set forth in Section 303(c) hereof.

(g) Except for the claims and interest of the Indenture Trustee and of the Issuer hereunder in each of the Trust Account, the Excess Funding Account, each Restricted Cash Account, each Series Account and each Pre-Funding Account, to the best of its knowledge without independent investigation, the Indenture Trustee, in its capacity as the initial Securities Intermediary, knows of no claim to, or interest in, any of the Trust Account, the Excess Funding Account, each Restricted Cash Account, any Series Account, and each Pre-Funding Account or in any Financial Asset credited thereto. If any other Person asserts any Lien, encumbrance or adverse claim (including any writ, garnishment, judgment, warrant of attachment, execution or similar process) against any of the Trust Account, the Excess Funding Account, each Restricted Cash Account, any Series Account, and each Pre-Funding Account or in any Financial Asset credited thereto, the Securities Intermediary will promptly notify the Indenture Trustee, the Manager, each Administrative Agent, each Interest Rate Hedge Provider and the Issuer thereof.

(h) The Indenture Trustee shall possess a perfected security interest in all right, title and interest in and to all funds on deposit from time to time in each of the Trust Account, the Excess Funding Account, each Restricted Cash Account, each Series Account, and each Pre-Funding Account and in all Proceeds thereof. Each of the Trust Account, the Excess Funding Account, each Restricted Cash Account, each Series Account and each Pre-Funding Account shall be in the name of and under the sole dominion and control of the Indenture Trustee for the benefit of the Noteholders and each Interest Rate Hedge Provider. The Indenture

Trustee shall make withdrawals and payments from each of the Trust Account, the Excess Funding Account, each Restricted Cash Account, each Series Account and each Pre-Funding Account and apply such amounts in accordance with the provisions of this Indenture and the related Manager Report or, in the absence of any Manager Report, in accordance with written instructions from the Requisite Global Majority.

(i) The Issuer shall not direct the Indenture Trustee to make any investment of any funds or to sell any investment held in any of the Trust Account, the Excess Funding Account, each Restricted Cash Account, any Series Account and each Pre-Funding Account unless the security interest of the Indenture Trustee in such account and any funds or investments held therein shall continue to be perfected without any further action by any Person.

(j) The Financial Assets and other items deposited to the accounts will not be subject to deduction, set-off, banker's lien, or any other right in favor of any Person except as created pursuant to this Indenture. For the avoidance of doubt, the fees and expenses of the Indenture Trustee shall be payable solely pursuant to Section 302 or Section 806 of this Indenture and in accordance with the priority of payments set forth in any applicable Supplement and shall not be subject to deduction, set-off, bankers lien or other right of the Indenture Trustee.

Section 304. Copies of Reports to Noteholders and each Interest Rate Hedge Provider.

(a) Upon request, the Indenture Trustee shall promptly furnish to each Noteholder, each Administrative Agent and each Interest Rate Hedge Provider a copy of the reports, financial statements and notices referred to in Section 304(b) received by the Indenture Trustee pursuant to the Contribution and Sale Agreement, this Indenture, the Management Agreement or any other Related Document.

(b) The Indenture Trustee will make available promptly upon receipt thereof to the Noteholders via the Indenture Trustee's internet website at www.CTSLink.com the financial statements referred to in Section 7.2 of the Management Agreement, the Equipment and Lease Report, the Manager Report, the Asset Base Report and the annual insurance confirmation; *provided*, that, as a condition to access to the Indenture Trustee's website, the Indenture Trustee shall require each such Noteholder to execute the Indenture Trustee's standard form documentation, and upon such execution, each such Noteholder shall be deemed to have certified to the Indenture Trustee it (i) is a Noteholder, (ii) understands that such items contain material nonpublic information (within the meaning of U.S. Federal Securities laws), (iii) is requesting the information solely for use in evaluating such party's investment in the Notes and will keep such information strictly confidential (with such exceptions and restrictions to distribution of the information as are more fully set forth in the information request certification) and (iv) is not a Competitor. Each time a Noteholder accesses the internet website, it will be deemed to have confirmed the representations and warranties made pursuant to the certification as of the date of such access. The Indenture Trustee will provide the Issuer with copies of such information request certification. Assistance in using the Indenture Trustee's website can be obtained by calling the Indenture Trustee's customer service desk at (866) 846-4526. The Indenture Trustee will make no representation or warranties as to the accuracy or completeness of such documents and will assume no responsibility therefor.

Section 305. Records.

The Indenture Trustee shall cause to be kept and maintained adequate records pertaining to the Trust Account, the Excess Funding Account, each Restricted Cash Account, each Series Account, and each Pre-Funding Account and all receipts and disbursements therefrom. The Indenture Trustee shall deliver or make available at least monthly an accounting thereof in the form of a trust statement to the Issuer, each member of the Issuer, the Manager, each Administrative Agent and each Interest Rate Hedge Provider.

Section 306. Excess Funding Account. (a) The Issuer shall establish on or prior to the date hereof, and shall thereafter maintain so long as any Outstanding Obligations remain unpaid, an Eligible Account in the name of the Issuer with the Indenture Trustee which shall be designated as the Excess Funding Account, which account shall be held by the Indenture Trustee for the benefit of the Noteholders of all Series of Notes pursuant to the terms of this Indenture and the related Supplements. Any and all monies on deposit in the Excess Funding Account shall be invested in Eligible Investments in accordance with this Indenture and shall be distributed in accordance with this Section 306.

(b) On each Payment Date, the Indenture Trustee shall, in accordance with the Manager Report (or, subject to Section 306(d), in the absence of any Manager Report, in accordance with written instructions from the Requisite Global Majority), deposit into the Excess Funding Account, all amounts designated for deposit therein in accordance with the terms of the Supplement for any Series of Notes then Outstanding. In addition, the Indenture Trustee shall, in accordance with the Manager Report (or, in the absence of any Manager Report, in accordance with written instructions from the Requisite Global Majority), deposit into the Excess Funding Account additional funds received from the Issuer from time to time.

(c) On each Payment Date on which no Trust Event of Default or Asset Base Deficiency is existing, the Indenture Trustee shall, in accordance with the Manager Report (or, subject to Section 306(d), in the absence of any Manager Report, in accordance with written instructions from the Requisite Global Majority), withdraw funds from the Excess Funding Account and deposit such funds into the Trust Account, which funds will be included in the calculation of the Available Distribution Amount for such Payment Date.

(d) While no Trust Event of Default or Asset Base Deficiency is continuing or would result therefrom, the Issuer may direct disposition of funds in the Excess Funding Account without consent of the Indenture Trustee, any Noteholder or any other Person.

Section 307. CUSIP Numbers.

The Issuer in issuing the Notes may use “CUSIP” numbers (if then generally in use), and, if so, the Indenture Trustee shall use “CUSIP” numbers in notices of redemption as a convenience to Holders; *provided* that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Notes or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Notes, and any such redemption shall not be affected by any defect in or omission of such numbers. The Issuer will promptly notify the Indenture Trustee of any change in the “CUSIP” numbers.

Section 308. No Claim.

The Indenture Trustee hereby agrees, and by accepting the benefits of this Indenture, each of the Sellers and Manager shall be deemed to have agreed, that amounts payable to it pursuant to the terms of the Related Documents shall be non-recourse to the Issuer and shall not constitute a claim against the Issuer or the Collateral in the event such amounts are not paid in accordance with Section 302 or 806 of this Indenture.

Section 309. Compliance with Withholding Requirements.

Notwithstanding any other provision of this Indenture, the Indenture Trustee shall comply with all United States federal income tax withholding requirements with respect to payments to Noteholders of interest, original issue discount, or other amounts that the Indenture Trustee reasonably believes are applicable under the Code. The consent of Noteholders shall not be required for any such withholding.

Section 310. Tax Treatment of Notes.

The Issuer has entered into this Indenture, and the Notes will be issued, with the intention that, for United States federal, state and local income, single business and franchise tax purposes, the Notes will qualify as indebtedness. The Issuer and the Indenture Trustee, by entering into this Indenture, and each Noteholder and beneficial owner of a Note, by its acceptance of its Note or of a beneficial interest therein, will be deemed to, agree to treat the Notes as indebtedness for United States federal, state and local income, single business and franchise tax purposes.

Section 311. Subordination.

Wells Fargo Bank, National Association, in its capacity as the Securities Intermediary hereby irrevocably subordinates to the security interest of the Indenture Trustee under this Indenture any and all security interest in, liens on and rights of setoff against any and all of the Collateral that the Securities Intermediary may have or acquire on the date hereof or at any time hereafter until all Outstanding Obligations, and all amounts payable by the Issuer under this Indenture and all other Related Documents have been paid in full and all covenants and agreements of the Issuer in this Indenture and all other Related Documents have been fully performed.

ARTICLE IV

COLLATERAL

Section 401. Collateral.

(a) The Notes and the obligations of the Issuer hereunder shall be obligations of the Issuer as provided in Section 203 hereof. The Noteholders and each Interest Rate Hedge Provider shall also have the benefit of, and the Notes shall be secured by and be payable from, the Issuer's right, title and interest in the Collateral. The income, payments and Proceeds of such Collateral shall be allocated to each such Series of Notes strictly in accordance with the applicable payment priorities set forth in Section 302 and Section 806 hereof.

(b) Notwithstanding anything contained in this Indenture to the contrary, the Issuer expressly agrees that it shall remain liable under each of its Contracts and Leases to observe and perform all the conditions and obligations to be observed and performed by it thereunder and that it shall perform all of its duties and obligations thereunder, all in accordance with and pursuant to the terms and provisions of each such Contract or Lease, as the case may be.

(c) The Indenture Trustee hereby acknowledges the appointment by the Issuer of the Manager to service and administer the Collateral in accordance with the provisions of the Management Agreement and, so long as such Management Agreement shall not have been terminated in accordance with its terms, the Indenture Trustee hereby agrees to provide the Manager with such documentation and to take all such actions with respect to the Collateral as the Manager may reasonably request in writing in accordance with the express provisions of the Management Agreement; *provided, however*, that the Indenture Trustee shall be entitled to receive from the Issuer reasonable compensation and cost reimbursement for any such action. Until such time as the Management Agreement has been terminated in accordance with its terms, the Manager, on behalf of the Issuer, shall continue to collect all Accounts and payments on the Leases in accordance with the provisions of the Management Agreement and make such deposits into the Trust Account as are required pursuant to the terms of the Management Agreement. Any Proceeds received directly by the Issuer in payment of any Account or Leases or in payment for, or in respect of, any of the Managed Containers or on account of any of the Contracts to which the Issuer is a party shall be promptly deposited by the Issuer in precisely the form received (with all necessary endorsements) in the Trust Account, and until so deposited shall be deemed to be held in trust by the Issuer as the Indenture Trustee's property and shall continue to be collateral security for all of the obligations secured by this Indenture and shall not constitute payment thereof until applied as hereinafter provided. If (i) an Event of Default has occurred, (ii) any Sale of the Collateral pursuant to Section 816 hereof shall have occurred or (iii) a Manager Default has occurred, the Issuer shall at the request of the Indenture Trustee, acting with the consent of or at the direction of the Requisite Global Majority, to the extent practicable and to the extent the Issuer possesses such documents, deliver to the Indenture Trustee (or such other Person as the Indenture Trustee may direct) originals (or, to the extent originals cannot be delivered, copies) of all other documents evidencing, and relating to, the sale and delivery of the Managed Containers and the Issuer shall, to the extent practicable and to the extent the Issuer possesses such documents, deliver originals (or, to the extent originals cannot be delivered,

copies) of all other documents evidencing and relating to, the performance of any labor, maintenance, remarketing or other service which created such Accounts, including, without limitation, all original orders, invoices and shipping receipts. The Issuer shall be required to deliver or disclose any information, data, document or agreement which is proprietary to the Issuer, only to the extent required by the terms of the Management Agreement.

(d) The Issuer hereby represents and warrants that this Indenture creates a valid and continuing security interest (as defined in the UCC) in the Collateral in favor of the Indenture Trustee, for the benefit of the Noteholders, which security interest is prior to all other Liens (other than Permitted Encumbrances), and is enforceable as such as against creditors of and purchasers from the Issuer. Any breaches of the representation and warranty set forth in this **Section 401(d)** may be waived by the Indenture Trustee, only with the prior written consent of the Requisite Global Majority and with the prior satisfaction of the Rating Agency Condition.

(e) Notwithstanding anything contained in this Indenture to the contrary, any Secured Party may reject or refuse to accept any Collateral for credit toward payment of the Notes that is an account, instrument, chattel paper, lease, or other obligation or property of any kind due from, owed by, or belonging to, a Sanctioned Person.

Section 402. Pro Rata Interest.

(a) Except as expressly provided for herein and in any Supplement, the Notes of all Outstanding Series shall be equally and ratably entitled to the benefits of this Indenture without preference, priority or distinction, all in accordance with the terms and provisions of this Indenture and the related Supplement. All Notes issued hereunder are and are to be, to the extent (including any exceptions) provided in this Indenture and the related Supplement, equally and ratably secured by this Indenture without preference, priority or distinction on account of the actual time or times of the authentication or delivery of the Notes so that all Notes of a particular Series at any time Outstanding (including Notes owned by any Seller and its Affiliates, other than the Issuer) shall have the same right, Lien and preference under this Indenture and shall all be equally and ratably secured hereby with like effect as if they had all been executed, authenticated and delivered simultaneously on the date hereof.

(b) With respect to each Series of Notes, the execution and delivery of the related Supplement shall be upon the express condition that if the conditions specified in Section 701 of this Indenture are met with respect to such Series of Notes, the security interest and all other estate and rights granted by this Indenture with respect to such Series of Notes shall cease and become null and void and all of the property, rights, and interest granted as security for the Notes of such Series shall revert to and revest in the Issuer without any other act or formality whatsoever.

Section 403. Indenture Trustee's Appointment as Attorney-in-Fact.

(a) The Issuer hereby irrevocably constitutes and appoints Indenture Trustee, and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Issuer and in the name of the Issuer or in its own name, from time to time, for the purpose of carrying out the

terms of this Indenture, to take any and all action and to execute and deliver any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Indenture; *provided, however*, that the Indenture Trustee has no obligation or duty to take such action nor to determine whether to perfect, file, record or maintain any perfected, filed or recorded document or instrument (all of which the Issuer shall prepare, deliver and instruct the Indenture Trustee to execute) in connection with the grant of a security interest in the Collateral hereunder.

(b) The Indenture Trustee shall not exercise the power of attorney or any rights granted to the Indenture Trustee pursuant to this Section 403 unless a Trust Event of Default shall have occurred and then be continuing. The Issuer hereby ratifies, to the extent permitted by law, all actions that said attorney shall lawfully do or cause to be done by virtue hereof. The power of attorney granted pursuant to this Section 403 is a power coupled with an interest and shall be irrevocable until all Series of Notes are paid and performed in full.

(c) The powers conferred on the Indenture Trustee hereunder are solely to protect Indenture Trustee's interests in the Collateral and shall not impose any duty upon it to exercise any such powers except as set forth herein. The Indenture Trustee shall be accountable only for amounts that it actually receives as a result of the exercise of such powers and neither it nor any of its officers, directors, employees, agents or representatives shall be responsible to the Issuer for any act or failure to act, except for its own negligence or willful misconduct.

(d) The Issuer also authorizes (but does not obligate) the Indenture Trustee to (i) so long as a Trust Manager Default is continuing, communicate with any party to any Contract or Lease relating to a Managed Container with regard to the assignment of the right, title and interest of the Issuer in and under the Contracts or Leases relating to a Managed Container hereunder and other matters relating thereto and (ii) so long as a Trust Event of Default is continuing, execute, in connection with the sale of Collateral provided for in Article VIII hereof, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral.

(e) If the Issuer fails to perform or comply with any of its agreements contained herein and a Responsible Officer of the Indenture Trustee shall receive notice of such failure, the Indenture Trustee, with the consent of and at the direction of the Requisite Global Majority, shall perform or comply, or otherwise cause performance or compliance, with such agreement, the reasonable expenses, including attorneys' fees and expenses, of Indenture Trustee incurred in connection with such performance or compliance together with interest thereon at the rate specified in the related Supplement, shall be payable by the Issuer to the Indenture Trustee on demand and shall constitute additional Outstanding Obligations secured hereby.

Section 404. Release of Security Interest.

The Indenture Trustee, at the written direction of the Manager, shall release from the Lien of this Indenture, any Managed Container and the Related Assets sold or transferred or paid-in-kind pursuant to, and in accordance with the terms of, Section 606(a) hereof. In effectuating such release, the Indenture Trustee shall be provided with and shall be entitled to rely on: (A) so long as no Trust Early Amortization Event is then continuing, a written direction

of the Manager (with a copy to each Administrative Agent) identifying each Managed Container or other items to be released from the Lien of this Indenture in accordance with the provisions of this Section 404 accompanied by an Asset Base Certificate, or (B) (x) if a Trust Early Amortization Event is then continuing, all of the following: (i) the items set forth in clause (A) above, and (ii) a certificate from the Manager (with a copy to each Administrative Agent) stating that such release is in compliance with Sections 404 and 606(a) hereof and (y) if a Trust Manager Default (other than a Trust Manager Default of the type described in Section 11.1(i) or (j) of the Management Agreement) is then continuing, the prior consent of the Requisite Global Majority shall also be required with respect to each such release. The Issuer is authorized to file any UCC partial releases in the appropriate jurisdictions with respect to such released Containers.

The Indenture Trustee will, promptly upon receipt of such certificate from the Manager and at the Issuer's expense, execute and deliver to the Issuer, the Sellers or, the Manager, as appropriate, any Administrative Agent and each Interest Rate Hedge Provider, a non-recourse certificate of release substantially in the form of Exhibit E hereto (each, a "TMCLV Trustee Release Certificate") and such additional documents and instruments as that Person may reasonably request to evidence the termination and release from the Lien of this Indenture of such Container and the other related items of Collateral.

Section 405. Administration of Collateral.

(a) The Indenture Trustee, on behalf of the Noteholders and each Interest Rate Hedge Provider, has, pursuant to the Manager Transfer Facilitator Agreement, appointed the Manager Transfer Facilitator to perform all of the activities set forth therein. The Indenture Trustee shall promptly as practicable notify the Noteholders, each Interest Rate Hedge Provider and the Manager Transfer Facilitator of a Trust Manager Default of which a Responsible Officer has actual knowledge. If a Trust Manager Default shall have occurred and then be continuing, the Indenture Trustee, in accordance with the written direction of the Requisite Global Majority, shall deliver to the Manager (with a copy to each Administrative Agent, each Interest Rate Hedge Provider and the Manager Transfer Facilitator) a Manager Termination Notice terminating the Manager of its responsibilities in accordance with the terms of the Management Agreement. If the Manager Transfer Facilitator is unable to locate and qualify a Replacement Manager acceptable to the Requisite Global Majority within sixty (60) days after the date of delivery of the Manager Termination Notice, then the Manager Transfer Facilitator may and shall, at the direction of the Requisite Global Majority, appoint, or petition a court of competent jurisdiction to appoint as a successor Manager, a Person acceptable to the Requisite Global Majority, having a net worth of not less than \$15,000,000 and whose regular business includes marine cargo container leasing and/or container chassis leasing. In connection with the appointment of a Replacement Manager, the Indenture Trustee may, with the written consent of the Requisite Global Majority, make such arrangements for the compensation of such Replacement Manager out of Collections as the Indenture Trustee (acting in accordance with the Requisite Global Majority) and such Replacement Manager shall agree. The terminated Manager shall not be entitled to receive any Management Fee or other amounts owing to it pursuant to the Management Agreement for any period after the effective date of such replacement, but shall be entitled to receive any such amounts earned or accrued through the effective date of such replacement which amounts shall be payable in accordance with Section

302 of this Indenture. The Indenture Trustee shall take such action, consistent with the Management Agreement and the other Related Documents, as shall be reasonably necessary to effectuate any such succession including exercising the power of attorney granted by the Manager pursuant to Section 11.4 of the Management Agreement. In no event shall the Indenture Trustee and the Manager Transfer Facilitator be required to act as the Replacement Manager.

(b) Upon a Responsible Officer of the Indenture Trustee obtaining actual knowledge or the receipt of written notice that any repurchase obligations of the applicable Seller under the Contribution and Sale Agreement or Container Transfer Agreement (as applicable) has arisen, the Indenture Trustee shall notify each Interest Rate Hedge Provider and each Noteholder of such event and shall enforce such repurchase obligations at the written direction of the Requisite Global Majority.

Section 406. Quiet Enjoyment.

The security interest hereby granted to the Indenture Trustee by the Issuer is subject to the right of any lessee to the quiet enjoyment of any Managed Container under lease to such lessee for so long as such lessee is not in default under the Lease therefor and the Manager under the Management Agreement (including any Replacement Manager) or the Indenture Trustee (as provided in Section 405 hereof) continues to receive all amounts payable under such Lease.

ARTICLE V

RIGHTS OF NOTEHOLDERS; ALLOCATION AND APPLICATION OF NET ISSUER PROCEEDS; REQUISITE GLOBAL MAJORITY

Section 501. Rights of Noteholders.

The Noteholders of each Series shall have the right to receive, to the extent necessary to make the required payments with respect to the Notes of such Series at the times and in the amounts specified in the related Supplement, (i) the portion of Collections allocable to Noteholders of such Series pursuant to this Indenture and the related Supplement, (ii) funds on deposit in the Trust Account (subject to the priorities set forth in Section 302 hereof) and the Excess Funding Account, and (iii) funds on deposit in any Series Account and the Restricted Cash Account(s) for such Series. Each Noteholder, by acceptance of its Notes, (a) acknowledges and agrees that (except as expressly provided herein and in a Supplement entered into in accordance with Section 1006(b) hereof) the Noteholders of a Series shall not have any interest in any Series Account or any Restricted Cash Account(s) for the benefit of any other Series and (b) ratifies and confirms the terms of this Indenture and the Related Documents executed in connection with such Series.

Section 502. Allocations Among Series.

With respect to each Collection Period, Collections on deposit in the Trust Account will be allocated to each Series then Outstanding in accordance with Article III of this Indenture and the Supplements.

Section 503. Determination of Requisite Global Majority.

Certain actions to be taken, or consents or waivers to be given, require the direction or consent of the Requisite Global Majority. A Requisite Global Majority shall exist with respect to any action proposed to be taken pursuant to the terms of the Indenture or other Related Documents if the Control Party or Control Parties representing more than fifty percent (50%) of the sum of the Existing Commitments of all Series of Outstanding Notes (but excluding any Liquidation Deficiency Series) shall approve or direct such proposed action (in making such a determination, each Control Party shall be deemed to have voted the entire Existing Commitment of the related Series in favor of, or in opposition to, such proposed action, as the case may be). The Indenture Trustee shall be responsible for identifying the Requisite Global Majority in accordance with the terms of this Section 503.

ARTICLE VI

COVENANTS

For so long as any Aggregate Outstanding Obligations of the Issuer remains outstanding the Issuer shall observe each of the following covenants:

Section 601. Payment of Principal and Interest, Payment of Taxes.

(a) The Issuer will duly and punctually pay the principal of and interest on the Notes in accordance with the terms of the Notes, this Indenture and the related Supplement.

(b) The Issuer will take all actions as are necessary to insure that all taxes and governmental claims, if any, in respect of the Issuer's activities and assets are promptly paid.

Section 602. Maintenance of Office.

(a) The only "place of business" (within the meaning of Section 9-307 of the UCC) of the Issuer is located at Century House, 16 Par-la-Ville Road, Hamilton HM HX, Bermuda. The Issuer shall not establish a new place of business or location for its chief executive office outside of Bermuda unless (i) it shall have given to the Indenture Trustee, each Administrative Agent and each Interest Rate Hedge Provider not less than sixty (60) days' prior written notice of its intention so to do, clearly describing such new location and providing such other information in connection therewith as the Indenture Trustee or any Interest Rate Hedge Provider may reasonably request, (ii) not less than fifteen (15) days' prior to the effective date of such relocation, the Issuer shall have taken, at its own cost, all action necessary so that such change of location does not impair the security interest of the Indenture Trustee in the Collateral, or the perfection of the sale or contribution of the containers to the Issuer, and shall have delivered to the Indenture Trustee, each Administrative Agent and each Interest Rate Hedge Provider copies of all filings required in connection therewith and (iii) the Issuer has delivered to the Indenture Trustee one or more Opinions of Counsel satisfactory to the Requisite Global Majority, stating that, after giving effect to such change of location: (A) none of the Sellers and the Issuer will, pursuant to applicable Insolvency Law, be substantively consolidated in the event of any Insolvency Proceeding by, or against, any Seller, (B) under applicable Insolvency Law, the transfers of Transferred Assets made in accordance with the terms of the Related Documents will be treated as a "true sale" in the event of any Insolvency Proceeding by, or against, any Seller, and (C) either (1) in the opinion of such counsel, all registration of charges, financing statements, or other documents of similar import, and amendments thereto have been executed and filed that are necessary to fully preserve and protect the interest of the Issuer and the Indenture Trustee in the Transferred Assets, or (2) stating that, in the opinion of such counsel, no such action shall be necessary to preserve and protect such interest.

(b) The Issuer will not maintain a place of business within the United States of America.

Section 603. Corporate Existence.

The Issuer will keep in full effect its existence, rights and franchises as an exempted company incorporated under the laws of Bermuda, and will obtain and preserve its qualification in each jurisdiction in which such qualification is necessary to protect the validity and enforceability of this Indenture, any Supplements issued hereunder and the Notes.

Section 604. Protection of Collateral.

The Issuer, at its expense, will cause this Indenture and any Supplement hereto to be registered under Section 55 of the Companies Act 1981 of Bermuda in the Register of Charges kept at the Registrar of Companies of Bermuda (or under any successor statute) or any other Governmental Authority and will from time to time execute and deliver all amendments to this Indenture and any Supplement and all such financing statements, continuation statements, instruments of further assurance and other instruments, and will, upon the reasonable request of the Manager, the Indenture Trustee, or the Requisite Global Majority, take such other action necessary or advisable to:

- (a) grant more effectively the security interest in all or any portion of the Collateral;
- (b) maintain or preserve the Lien of this Indenture (and the priority thereof) or carry out more effectively the purposes hereof including executing and filing such documents as may be required under any international convention for the perfection of interests in Containers that may be adopted subsequent to the date of this Indenture;
- (c) perfect, publish notice of, and protect, as applicable, the validity of the security interest in the Collateral created pursuant to this Indenture;
- (d) enforce any of the items of the Collateral;
- (e) preserve and defend its right, title and interest to the Collateral and the rights of the Indenture Trustee in such Collateral against the claims of all Persons (other than the Noteholders or any Person claiming through the Noteholders);
- (f) pay any and all taxes levied or assessed upon all or any part of the Collateral;
- (g) pay any and all fees, taxes and other charges payable in connection with registration of this Indenture and any Supplement hereto with the Registrar of Companies of Bermuda or any other Governmental Authority; or
- (h) notify such parties of any Commercial Tort Claims in which the Issuer has rights that arise after the date hereof and exceed \$250,000 and take such actions necessary to create and perfect the Indenture Trustee's Lien therein.

In furtherance of clauses (b) and (c) above, the Issuer hereby agrees that if at any time there is a change in Applicable Law (or a change in the interpretation of Applicable Law by any governmental authority) which, in the reasonable judgment of the Requisite Global Majority, may affect the perfection of the Indenture Trustee's security interest in the Collateral, then the Issuer shall, within thirty (30) days after written request from the Requisite Global Majority, furnish to the Indenture Trustee an Opinion of Counsel either (i) stating that, in the opinion of such counsel, such action has been taken with respect to the recording, filing, re-recording and refiling of this Indenture, any Supplements hereto and any other requisite documents, and with respect to the execution and filing of any financing statements and continuation statements, as are necessary to maintain the Lien created by this Indenture and reciting the details of such action, or (ii) stating that, in the opinion of such counsel, no such action is necessary to maintain such Lien. Such Opinion of Counsel shall also describe the recording, filing, re-recording and refiling of this Indenture, any Supplements hereto and any other requisite documents and the execution and filing of any financing statements and continuation statements that, in the opinion of such counsel, are required to maintain the Lien and security interest of this Indenture.

Section 605. Performance of Obligations.

Except as otherwise permitted by this Indenture, the Management Agreement, the Contribution and Sale Agreement or any Container Transfer Agreement, the Issuer will not take, or fail to take, any action, and will use its best efforts not to permit any action to be taken by others, which would release any Person from any of such Person's covenants or obligations under any agreement or instrument included in the Collateral (excluding any Interest Rate Hedge Agreement), or which would result in the amendment, hypothecation, subordination, termination or discharge of, or impair the validity or effectiveness of, any such agreement or instrument (excluding any Interest Rate Hedge Agreement).

Section 606. Negative Covenants. The Issuer will not, without the prior written consent of the Requisite Global Majority in each instance:

- (a) at any time sell, transfer, exchange or otherwise dispose of any of the Collateral, except as follows:
 - (i) in connection with a sale following the occurrence of a Trust Event of Default pursuant to Section 816 hereof;
 - (ii) sales of Managed Containers and the associated Related Assets:
 - (A) to Persons that are neither Prohibited Persons nor Affiliates of the Issuer, in the ordinary course of business (including any such sales resulting from the sell/repair decision of the Manager), so long as (1) the net cash proceeds from such disposition are deposited in the Trust Account, (2) no Asset Base Deficiency, Early Amortization Event or Event of Default for any Series is then continuing or would result from such disposition, and (3) if an Early Amortization Event for any Series is then continuing or would result from such disposition, the sum of the Net Book Values of all Managed Containers that were sold for less than Net

Book Value during the four (4) immediately preceding Collection Periods shall not exceed an amount equal to the product of (x) five percent (5%) and (y) an amount equal to the quotient of (i) the sum of the aggregate Net Book Value as of the last day of each of the four (4) immediately preceding Collection Periods, divided by (ii) four (4);

(B) in connection with a repurchase or substitution made by a Seller pursuant to the terms of the Contribution and Sale Agreement or any Container Transfer Agreement to remedy one or more false Container Representations and Warranties;

(C) to an Affiliate of the Issuer that is a Special Purpose Entity, so long as (1) no Asset Base Deficiency, Early Amortization Event for any Series or an Event of Default for any Series is then continuing or would result from such disposition, (2) the consideration received by the Issuer from such disposition (x) to the extent consisting of cash, is deposited in the Trust Account and (y) shall equal or exceed an amount equal to the sum of the then Net Book Values of the assets so disposed of, and (3) the selection procedures used in selecting such Managed Containers did not materially discriminate against the Issuer as to the type of Containers, utilization potential, lease rates, lessees or Lease terms, in comparison to the Managed Containers as a whole (immediately prior to such sale);

(iii) any other dispositions that have been specifically approved in writing by the Requisite Global Majority; and

(iv) dividends and distributions of cash, so long as no Asset Base Deficiency, Early Amortization Event for any Series or an Event of Default for any Series is then continuing or would result from such disposition;

(b) claim any credit on, make any deduction from the principal, premium, if any, or interest payable in respect of the Notes (other than amounts properly withheld from such payments under any Applicable Law) or assert any claim against any present or former Noteholder by reason of the payment of any taxes levied or assessed upon any of the Collateral;

(c) (i) permit the validity or effectiveness of this Indenture to be impaired, or (ii) permit the Lien of this Indenture with respect to the Collateral (excluding any Interest Rate Hedge Agreement) to be subordinated, terminated or discharged, except as permitted with respect to a sale of such Collateral made in accordance with Section 404, this Section 606 or Article VII hereof or upon payment in full of all Aggregate Outstanding Obligations, or (iii) permit any Person to be released from any covenants or obligations with respect to any Related Document (excluding any Interest Rate Hedge Agreement, it being understood that any such Interest Rate Hedge Agreement shall be terminated in accordance with the terms thereof), except as may be expressly permitted by the terms of such Related Document;

(d) permit any Lien (except any Permitted Encumbrance) to be created on or extend to or otherwise arise upon or burden the Collateral or any part thereof or any interest therein or the Proceeds thereof other than the Lien created pursuant to this Indenture;

(e) permit the Lien of this Indenture not to constitute a valid first priority perfected security interest in the Collateral;

(f) fail to maintain the registration of this Indenture or any Supplement with the Office of the Registrar of Companies of Bermuda or fail to maintain the effectiveness of any required UCC filings in the applicable jurisdictions;

(g) engage in any activities within the United States; *provided* that the Managed Containers may be leased by the Issuer to Persons in the United States or for use in the United States; and

(h) for purposes of the Aggregate Asset Base calculation, revise the Depreciation Policy with respect to the Managed Containers in such a way as to reduce the amount of depreciation expense that would be recorded in any year from that which would have been recorded pursuant to the Depreciation Policy prior to such revision, unless in each such instance (i) such revised Depreciation Policy complies with GAAP and (ii) the Issuer shall have obtained evidence that the Rating Agency Condition shall have been satisfied with respect to such revision.

Section 607. Non-Consolidation of Issuer.

(a) The Issuer shall be operated in such a manner that it shall not be substantively consolidated with the estate of any other Person in the event of the bankruptcy or insolvency of the Issuer or such other Person. Without limiting the foregoing, the Issuer shall (1) conduct its business in its own name, (2) maintain its books, records and bank accounts separate from those of any other Person, (3) not commingle its funds with those of any other Person (except for any commingling of monies attributable to the Managed Containers that are on deposit in the Master Account until such time as such monies are transferred to the Trust Account in accordance with the terms of the Management Agreement), (4) maintain separate financial statements, showing its assets and liabilities separate and apart from those of any other Person and, to the extent that the Issuer's assets, liabilities, expenses, revenues, and other financial information are required to be included in any consolidated financial statement, a note will be included in such financial statements that indicates that the Issuer is a separate legal entity from the other members of the consolidated group, its assets are not assets of any other member of the consolidated group, and its assets are not available to the creditors of any other member of the consolidated group, (5) other than with respect to Manager Advances, pay its own liabilities and expenses out of its own funds, (6) enter into a transaction with an Affiliate only if such transaction is intrinsically fair, commercially reasonable and on the same terms as would be available in an arm's length transaction with a Person or entity that is not an Affiliate (provided, any transaction between the Issuer and an Affiliate pursuant to the Management Agreement, any Container Transfer Agreement or the Contribution and Sale Agreement shall be deemed to have satisfied this clause (6)), (7) allocate fairly and reasonably any overhead expenses that are shared with an Affiliate, (8) hold itself out as a separate entity and maintain adequate capital in light of

its contemplated business operations, (9) correct any known misunderstanding regarding its separate identity, (10) use separate stationary, invoices and checks from those of any other Person and (11) observe all other organizational formalities.

(b) Notwithstanding any provision of law which otherwise empowers the Issuer, the Issuer shall not (1) hold itself out as being liable for the debts of any other Person, (2) act other than in its corporate name and through its duly authorized officers or agents, (3) engage in any joint activity or transaction of any kind with or for the benefit of any Affiliate including any of the transactions described in Section 611 hereof, except (i) payment of lawful distributions to its members and (ii) the execution, delivery and performance of the Management Agreement, (4) enter into any transaction that is prohibited pursuant to the provisions of Section 610 herein or (5) take any other action that would be inconsistent with maintaining the separate legal identity of the Issuer or engage in any other activity not contemplated by this Indenture and the Related Documents.

Section 608. No Bankruptcy Petition.

The Issuer shall not (1) commence any Insolvency Proceeding seeking to have an order for relief entered with respect to it, or seeking reorganization, arrangement, adjustment, wind-up, liquidation, dissolution, composition or other relief with respect to it or its debts, (2) seek appointment of a receiver, trustee, custodian or other similar official for it or any part of its assets, (3) make a general assignment for the benefit of creditors, or (4) take any action in furtherance of, or consenting or acquiescing in, any of the foregoing.

Section 609. Liens.

The Issuer shall not (i) permit any Lien (except any Permitted Encumbrance) to be created on or extend to or otherwise arise upon or burden the Collateral or any part thereof or any interest therein or the Proceeds thereof; or (ii) permit the Lien of this Indenture not to constitute a valid first priority security interest in the Collateral.

Section 610. Other Indebtedness.

The Issuer shall not contract for, create, incur, assume or suffer to exist any Indebtedness except (i) any Notes issued pursuant to this Indenture or any Supplement issued hereunder, (ii) obligations incurred in accordance with the terms of the Related Documents including, without limitation, Manager Advances and Management Fees incurred in accordance with the terms of the Management Agreement, (iii) trade payables and expense accruals incurred in the ordinary course and which are incidental to the purposes permitted pursuant to the Issuer's charter documents and (iv) Interest Rate Hedge Agreements required or permitted pursuant to the terms of Section 627 hereof. For the avoidance of doubt, the Issuer shall not incur any Indebtedness for borrowed money other than pursuant to clauses (i) and (iv) of this Section 610.

Section 611. Guarantees, Loans, Advances and Other Liabilities.

The Issuer will not make any loan, advance or credit to, or guarantee (directly or indirectly or by an instrument having the effect of assuring another's payment or performance on any obligation or capability of so doing, or otherwise), endorse (except for the endorsement of

checks for collection or deposit) or otherwise become contingently liable, directly or indirectly, in connection with the obligations, stock or dividends of, or own, purchase, repurchase or acquire (or agree contingently to do so) any stock, obligations or securities of, or any other interest in, or make any capital contribution to, any other Person.

Section 612. Consolidation, Amalgamation, Merger and Sale of Assets; Ownership of the Issuer.

(a) The Issuer shall not consolidate with, amalgamate or merge with or into any other Person or sell, convey, transfer or lease all or substantially all of its assets, whether in a single transaction or a series of transactions, to any Person, except for (i) any such sale, conveyance or transfer contemplated in this Indenture or any Supplement issued hereunder and (ii) any Lease of a container in accordance with the terms of the Management Agreement.

(b) The obligations of the Issuer hereunder shall not be assignable nor shall any Person succeed to the obligations of the Issuer hereunder except in each case in accordance with the provisions of this Indenture.

(c) The Issuer shall give prior written notice to the Control Party for each Series of Notes and to each Interest Rate Hedge Provider of any action pursuant to this Section 612; provided, that such notice shall also be given to each Noteholder of any Warehouse Notes.

(d) All of the authorized and issued shares of the Issuer shall at all times collectively be owned by Textainer Limited and/or its Affiliates.

Section 613. Other Agreements.

The Issuer will not after the date of the issuance of the Notes enter into or become a party to any agreements or instruments other than (i) this Indenture, the Supplements, the Contribution and Sale Agreement, any Container Transfer Agreement, the Management Agreement, the Manager Transfer Facilitator Agreement, the Note Purchase Agreement, the other Related Documents for any Series of Notes and any agreements or instruments contemplated under the foregoing agreements listed in this Section 613(i), (ii) any agreement pursuant to which the Issuer issues additional shares to any other Person, (iii) any indemnification agreements with officers and directors of the Issuer *provided* that any payments owing by the Issuer thereunder shall be payable only to the extent set forth in Sections 302 or 806 hereof, (iv) any agreement among the Issuer and one or more Affiliates with respect to the payment and accounting treatment of routine administrative expenses incurred by or on behalf of the Issuer in the normal course of its business, (v) any Interest Rate Hedge Agreement required or permitted pursuant to the terms of Section 627 hereof, and (vi) any other agreement(s) contemplated by any Related Document, including, without limitation, any agreement(s) for disposition of the Transferred Assets permitted by Sections 404, 606(a), 804 or 816 hereof and any agreement(s) for the sale, repurchase, lease or re-lease of a container made in accordance with the provisions of any Container Transfer Agreement, the Contribution and Sale Agreement or the Management Agreement. In addition, the Issuer will not amend, modify or waive any provision of the Contribution and Sale Agreement, any applicable Container Transfer Agreement, the Management Agreement or any other Related Documents or give any approval or consent or permission provided for therein without the prior written consent of the requisite Persons set forth in such Related Document.

Section 614. Charter Documents.

(a) The Issuer shall not alter or amend its memorandum of association except in accordance with the Companies Act 1981 of Bermuda and until same has been approved by (a) a unanimous resolution of the board (other than the Independent Director (as such capitalized term is defined in the bye-laws of the Issuer)); and (b) a resolution of the members of the Issuer; *provided*, that the Rating Agency Condition shall have been satisfied with respect to such alteration or amendment.

(b) No bye-law of the Issuer may be rescinded, altered or amended and no new bye-law may be made save in accordance with the Companies Act 1981 of Bermuda and until the same has been approved by (a) a resolution of the board; and (b) a resolution of the members of the Issuer; provided that a Special Bye-Law Amendment (as such capitalized term is defined in the bye-laws of the Issuer) shall require (x) the prior unanimous approval of the board (including the Independent Director (as such capitalized term is defined in the bye-laws of the Issuer)), and (y) a resolution of all of the members of the Issuer.

Section 615. Capital Expenditures.

The Issuer will not make any expenditure (by long-term or operating lease or otherwise) for capital assets (both realty and personalty), except for (a) acquisition of additional containers made in accordance with the terms of the Management Agreement or (b) capital improvements to the containers in the ordinary course of its business and in accordance with the Management Agreement.

Section 616. Permitted Activities.

The Issuer will not engage in any activity or enter into any transaction except as permitted under its memorandum of association or bye-laws. The Issuer will observe all organizational and managerial procedures required by its constitutional documents and Applicable Law. The Issuer shall (i) keep complete minutes of the meetings and other proceedings of the Issuer and (ii) continuously maintain the resolutions, agreements and other instruments underlying the transaction contemplated by the Related Documents.

Section 617. Investment Company.

The Issuer will conduct its operations in a manner which will not subject it to registration as an “investment company” under the Investment Company Act of 1940, as amended.

Section 618. Payments of Collateral.

If the Issuer shall receive from any Person any payments with respect to the Collateral (to the extent such Collateral has not been released from the Lien of this Indenture in accordance with Section 404 hereof), the Issuer shall receive such payment in trust for the Indenture Trustee, as secured party hereunder, and subject to the Indenture Trustee’s security interest and shall, by not later than one Business Day after receipt thereof, deposit such payment in the Trust Account.

The Issuer shall notify the Indenture Trustee, each Administrative Agent, each Interest Rate Hedge Provider and the Manager Transfer Facilitator (but only with respect to the occurrence of a Manager Default for any Series) in writing of any of the following immediately 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) Event of Default, Manager Default or Back-up Manager Event. The occurrence of an Event of Default, Manager Default or Back-up Manager Event for any Series and any acceleration of the related Notes;
- (b) Litigation. The institution of any litigation, arbitration proceeding or Proceeding before any Governmental Authority which might have or result in a Material Adverse Change;
- (c) Material Adverse Change. The occurrence of a Material Adverse Change;
- (d) Other Events. The occurrence of an Early Amortization Event for any Series, or such other events that may, with the giving of notice or the passage of time or both, constitute an Event of Default for any Series.

Section 620. Books and Records. The Issuer shall, and shall cause the Manager to, maintain complete and accurate books and records in which full and correct entries in conformity with GAAP shall be made of all dealings and transactions in relation to its business and activities. In connection with each transfer of Transferred Assets, the Issuer shall report, or cause to be reported, on its financial records the transfer of the Transferred Assets as a purchase under GAAP. The Issuer will ensure that no financial statement, nor any consolidated financial statements of the Issuer, suggests that the assets of the Issuer are available to pay the debts of any Seller, the Manager, or any of their Affiliates.

Section 621. Taxes. The Issuer shall, or shall cause the Manager to, pay when due, all of its taxes, unless and only to the extent that Issuer is contesting such taxes in good faith and by appropriate Proceedings and Issuer has set aside on its books such reserves or other appropriate provisions therefor as may be required by GAAP.

Section 622. Subsidiaries. The Issuer shall not create any Subsidiaries.

Section 623. Investments. The Issuer shall not make or permit to exist any Investment in any Person except for Investments in Eligible Investments made in accordance with the terms of this Indenture.

Section 624. Use of Proceeds. The Issuer shall use the proceeds of the Notes only for general corporate purposes, including the distribution of dividends, the repayment of other indebtedness and paying the costs of the issuance of the Notes. In addition, Issuer shall not permit any proceeds of the Notes to be used, either directly or indirectly, for the purpose, whether immediate, incidental or ultimate, of “purchasing or carrying any margin stock” within the meaning of Regulation U of the Board of Governors of the Federal Reserve System, as amended from time to time, and shall furnish to each Holder, upon its request, a statement in conformity with the requirements of Regulation U.

Section 625. Asset Base Report.

The Issuer shall prepare and deliver to the Indenture Trustee, each Administrative Agent and each Interest Rate Hedge Provider, on each Determination Date, an Asset Base Report.

Section 626. Financial Statements.

The Issuer shall prepare and deliver to the Indenture Trustee, each Administrative Agent and each Interest Rate Hedge Provider, or shall cause the Manager to prepare and deliver to such parties pursuant to the Management Agreement, quarterly financial statements of the Issuer, the Manager, Textainer Group Holdings Limited and Textainer Limited within sixty (60) days after the end of each of the first three (3) fiscal quarters of each fiscal year (beginning with the fiscal quarter ending on September 30, 2013) and separate annual financial statements of the Issuer and the Manager, audited by their regular Independent Accountants, within one hundred twenty (120) days after the end of each fiscal year ending on and after December 31, 2013. All financial statements shall be prepared in accordance with GAAP. Delivery of any reports, information and documents to such Persons is for informational purposes only and each such Person's receipt of such (including monthly distribution reports) and any publicly available information shall not constitute actual or constructive notice or knowledge of any information contained therein or determinable from information contained therein, including the Issuer's compliance with any of its covenants hereunder (as to which the Indenture Trustee is entitled to rely exclusively on Officer's Certificates).

Section 627. Interest Rate Hedge Agreements.

(a) The Issuer shall enter into Interest Rate Hedge Agreements upon the terms and conditions set forth in each Supplement (to the extent applicable in such Supplement).

(b) On each Determination Date, Issuer shall provide or cause to be provided the Indenture Trustee, each Administrative Agent and each Interest Rate Hedge Provider, a monthly report reflecting the hedging policy calculations as of the end of the preceding calendar month based on all transactions outstanding as of the end of such month under Interest Rate Hedge Agreements then in effect, including transactions which are scheduled to commence on a future date.

(c) The termination provisions provided for in any Supplement relating to any Interest Rate Hedge Agreements are in addition to, and not to the exclusion of, any termination provisions contained in such Interest Rate Hedge Agreements.

(d) The parties hereto acknowledge and agree that the Indenture Trustee shall not be required to act as a "commodity pool operator" (as defined in the Commodity Exchange Act, as amended) or be required to undertake regulatory filings related to this Indenture or any other Related Document in connection therewith.

Section 628. UNIDROIT Convention.

The Issuer shall comply with the terms and provisions of the UNIDROIT Convention or any other internationally recognized system for recording interests in or liens against shipping containers at the time that such convention is adopted by the container leasing industry.

Section 629. Other Information.

For so long as any of the Notes are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act and the Issuer is not subject to Section 13 or 15(d) of the Exchange Act, the Issuer will, and shall cause the Manager to, (i) provide or cause to be provided to any Holder of Notes and any prospective purchaser thereof designated by such a Holder, upon the request of such Holder or prospective purchaser, the information required to be provided to such Holder or prospective purchaser by Rule 144A(d)(4) under the Securities Act; and (ii) update such information to prevent such information from becoming materially false and materially misleading in a manner adverse to any Noteholder.

Section 630. Separate Identity.

The Issuer will be operated, or will cause itself to be operated, so that the Issuer will not be substantively consolidated with Textainer Limited, TMCL, the Manager or any of their respective Affiliates.

Section 631. Purchase of Additional Containers.

The Issuer shall not use funds to be classified as an Issuer Expense to purchase additional Containers.

Section 632. Sanctions.

The Issuer shall not (i) in a manner which would violate any Sanction, other than pursuant to a license issued by OFAC, lease, or consent to any sublease of, any of the Managed Containers to any Person that is a Sanctioned Person or (ii) derive any of its assets or operating income from investments in or transactions with any such Sanctioned Person. If the Issuer obtains knowledge that a Container is subleased to a Sanctioned Person or located or used in a Sanctioned Country in a manner which would violate any Sanction (other than pursuant to a license issued by OFAC), then the Issuer shall, within one (1) Business Day after obtaining knowledge thereof, remove such Managed Container from the Aggregate Asset Base for so long as such condition continues.

Section 633. Tax Election of the Issuer.

The Issuer will not elect or agree to elect to be treated as an association taxable as a corporation for United States federal income tax or any State income or franchise tax purposes.

Section 634. Rating Agency Notices.

Subject to the application of applicable law, the Issuer shall promptly deliver a copy of any written notice concerning the Issuer's credit rating received by it from any Rating Agency to the Indenture Trustee, each Administrative Agent and each Interest Rate Hedge Provider.

Section 635. Compliance with Law.

The Issuer shall comply with any applicable statute, license, rule or regulation by which it or any of its properties may be bound if the failure to comply would reasonably be expected to result in a Material Adverse Effect.

Section 636. FATCA.

Each holder of a Note or an interest therein, by acceptance of such Note or such interest in such Note, will be deemed to have agreed to provide the Issuer and the Indenture Trustee with such Noteholder Tax Identification Information as requested from time to time by the Issuer or the Indenture Trustee. In addition, if a Note is issued or significantly modified (within the meaning of section 1.1001-3 of the income tax regulations) after June 30, 2014, each holder of a Note or an interest therein, by acceptance of such Note or such interest in such Note, will be deemed to have agreed to provide the Issuer and the Indenture Trustee with such Noteholder FATCA Information as requested from time to time by the Issuer or the Indenture Trustee. Each holder of a Note or an interest therein will be deemed to understand that each of the Issuer and the Indenture Trustee has the right to withhold tax on interest and other applicable amounts under the Code (without any corresponding gross-up) payable with respect to each holder of a Note, or to any beneficial owner of an interest in a Note, that fails to comply with the foregoing requirements. The Issuer hereby covenants with the Indenture Trustee that the Issuer will provide the Indenture Trustee with sufficient information so as to enable the Indenture Trustee to determine whether or not the Indenture Trustee is obliged to make any withholding, including FATCA Withholding Tax, in respect of any payments with respect to a Note (and if applicable, to provide the necessary detailed information to effectuate any withholding, including FATCA Withholding Tax, such as setting forth applicable amounts to be withheld). Issuer agrees that, as between Issuer and the Indenture Trustee shall be released of any liability relating to its actions that are in compliance with this Section 636 and FATCA. Notwithstanding any other provisions herein, the term 'applicable law' for purposes of this Section 636 includes U.S. federal tax law and FATCA. Upon request from the Indenture Trustee, the Issuer will provide such additional information that it may have to assist the Indenture Trustee in making any withholdings or informational reports.

(a) Upon reasonable request, the Issuer agrees that it shall make available to any representative of the Indenture Trustee, each Administrative Agent, any Interest Rate Hedge Provider and any Holder of a Warehouse Note and their duly authorized representatives, attorneys or accountants, for inspection and copying its books of account, records and reports relating to the Managed Containers and copies of all Leases or other documents relating thereto, all in the format which the Manager uses for its own operations. Such inspections shall be conducted during normal business hours and shall not unreasonably disrupt the business of the Manager. The Indenture Trustee, each Interest Rate Hedge Provider and each Noteholder shall, and shall cause their respective representatives to, hold in confidence all such information except to the extent disclosure may be required by law (and all reasonable applications for confidential treatment are unavailing); *provided that*, if no Trust Event of Default shall have occurred and then be continuing, the Issuer shall not be required to provide such access to any such Person more than once per calendar year. Each Noteholder, each Interest Rate Hedge Provider, each Holder of a Note and the Indenture Trustee agrees that it and its Affiliates and their respective shareholders, directors, agents, representatives, accountants and attorneys shall keep confidential any matter of which any of them becomes aware through such inspections or discussions (unless readily available from public sources), except as may be otherwise required by regulation, law or court order or required by appropriate Governmental Authorities (and all reasonable applications for confidential treatment are unavailing) or as necessary to preserve their rights or security under or to enforce the Related Documents, *provided that* the foregoing shall not limit the right of any Interest Rate Hedge Provider to make such information available to its regulators, securities rating agencies, reinsurers and credit and liquidity providers whom such Interest Rate Hedge Provider, as the case may be, reasonably believes will respect the confidential nature of such information. Any expense incident to the reasonable exercise by the Indenture Trustee, any Interest Rate Hedge Provider or any Noteholder of any right under this Section shall be borne by the Person exercising such right unless an Event of Default shall have occurred and then be continuing in which case such expenses shall be borne by the Issuer.

(b) The Issuer also agrees (i) to make available a Managing Officer on a reasonable basis to the Indenture Trustee, each Administrative Agent, each Interest Rate Hedge Provider, any Noteholder or any Prospective Owner of a Note for the purpose of answering reasonable questions respecting recent developments affecting the Issuer and (ii) to allow the Indenture Trustee, each Administrative Agent, Interest Rate Hedge Provider or any Prospective Owner of a Note to inspect the Manager's facilities during normal business hours.

The Issuer represents and covenants that it will not, directly or indirectly, use the proceeds of the transaction, 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, or in any country or territory, that, at the time of such funding, is the subject of Sanctions, or in any other manner that will result in a violation by any Person (including any Person participating in the transaction, whether as underwriter, advisor, investor or otherwise) of Sanctions.

Each holder of a Note or an interest therein, by acceptance of such Note or such interest in such Note, will be deemed to have agreed to provide the Issuer and the Indenture Trustee with such Noteholder Tax Identification Information as requested from time to time by the Issuer or the Indenture Trustee. Each Noteholder or holder of an interest in a Note will be deemed to understand that each of the Issuer and the Indenture Trustee has the right to (i) withhold tax (including, without limitation, FATCA Withholding Tax) on interest and other applicable amounts under the Code (without any corresponding gross-up) payable with respect to each holder of a Note, or to any beneficial owner of an interest in a Note, that fails to comply with the foregoing requirements, fails to establish an exemption of such withholding or as otherwise required under the Code or other Applicable Law (including, for the avoidance of doubt, FATCA) and (ii) provide such information and documentation and any other information concerning its interest in the applicable Note to the IRS and any other relevant U.S. or foreign tax authority. Upon request from the Indenture Trustee, the Issuer will provide such additional information that it may have to assist the Indenture Trustee in making any withholdings or informational reports.

ARTICLE VII

DISCHARGE OF INDENTURE; PREPAYMENTS

Section 701. Full Discharge.

Upon payment in full of the Aggregate Outstanding Obligations, the Indenture Trustee shall, at the request and at the expense of the Issuer, execute and deliver to the Issuer such deeds or other instruments as shall be requisite to evidence the satisfaction and discharge of this Indenture and the security hereby created with respect to the applicable Series, and to release the Issuer from its covenants contained in this Indenture and the related Supplement with respect to such Series. In connection with the satisfaction and discharge of this Indenture the Indenture Trustee shall be provided with and shall be entitled to conclusively rely upon an Opinion of Counsel stating that such satisfaction and discharge is authorized or permitted.

Section 702. Prepayment of Notes.

The Issuer may, from time to time, make an optional Prepayment of principal of the Notes of a Series at the times, in the amounts and subject to the conditions and limitations set forth in the Supplement for the Series of Notes to be prepaid, and all amounts due under the Interest Rate Hedge Agreements (including any termination payments) required solely pursuant to the Related Supplement.

Section 703. Unclaimed Funds.

In the event that any amount due to any Noteholder remains unclaimed, the Issuer shall, at its expense, cause to be published once, in the eastern edition of The Wall Street Journal notice that such money remains unclaimed. Any such unclaimed amounts shall not be invested by the Indenture Trustee (notwithstanding the provisions of Section 303 hereof) and no additional interest shall accrue on the related Note subsequent to the date on which such funds were available for distribution to such Noteholder. Any such unclaimed amounts shall be held by the Indenture Trustee in accordance with the applicable laws with respect to the escheat of funds.

ARTICLE VIII

DEFAULT PROVISIONS AND REMEDIES

Section 801. Trust Events of Default.

“Trust Event of Default”, wherever used herein with respect to any Series of Notes, means any one of the following events (whatever the reason for such Trust Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority):

(i) The entry of a decree or order for relief by a court having jurisdiction in respect of the Issuer in any involuntary case under any applicable Insolvency Law, or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, or sequestrator (or other similar official) for the Issuer or for any substantial part of its properties, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of sixty (60) consecutive days;

(ii) The commencement by the Issuer of a voluntary case under any applicable Insolvency Law, or other similar law now or hereafter in effect, or the consent by the Issuer to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee or sequestrator (or other similar official) of the Issuer or any substantial part of its properties, or the making by the Issuer of any general assignment for the benefit of creditors, or the failure by the Issuer generally to pay its debts as they become due, or the taking of any action by the Issuer in furtherance of any such action;

(iii) All of the following conditions shall have occurred: (A) a Trust Manager Default shall have occurred and shall not have been remedied, waived or cured, (B) the Indenture Trustee (acting at the direction of the Requisite Global Majority) shall have directed the Issuer in writing, with a copy of such written direction delivered to the Manager, to appoint a Replacement Manager for the Terminated Managed Containers in accordance with the terms of the Management Agreement, and (C) a Replacement Manager shall not have been appointed and assumed the management of all Terminated Managed Containers pursuant to a management agreement reasonably acceptable to the Requisite Global Majority by the date which is ninety (90) days after the date on which such Trust Manager Default initially occurred;

(iv) An Asset Base Deficiency has occurred and is continuing on any Payment Date, such condition continues unremedied for a period of ninety (90) consecutive days and the Requisite Global Majority has declared a Trust Event of Default;

(v) The Issuer is required to register as an Investment Company under the Investment Company Act of 1940, as amended;

(vi) The occurrence of a reportable event (within the meaning of Section 4043 of ERISA) with respect to any Plan maintained by the Issuer as to which the Pension Benefit Guaranty Corporation has not by regulation waived the requirement that it be notified thereof, or the occurrence of any event or condition with respect to a Plan which reasonably could be expected to result in any liability in excess of \$250,000 or which actually results in the imposition of a Lien on the assets of the Issuer;

(vii) The Indenture Trustee shall fail to have a first priority perfected security interest in the Collateral;

(viii) TL or any of its Subsidiaries shall fail to own all of the shares in the Issuer.

Each Trust Event of Default shall apply with respect to each Series of Notes then Outstanding unless the related Supplement shall specifically provide to the contrary. A Series-Specific Event of Default (as defined in the related Supplement) for any Series shall apply solely with respect to such Series of Notes, unless the related Supplement for any other Series of Notes shall specifically provide to the contrary.

Section 802. Acceleration of Stated Maturity; Rescission and Annulment.

(a) Upon the occurrence of a Trust Event of Default of the type described in Section 801(i) or (ii) hereof, the Unpaid Principal Balance of, and accrued interest on, all Series of Notes, together with all other amounts then due and owing to the Noteholders and each Interest Rate Hedge Provider, shall become immediately due and payable without further action by any Person.

(b) If any other Trust Event of Default occurs and is continuing, then and in every such case the Indenture Trustee shall at the direction of the Requisite Global Majority, declare the principal of and accrued interest on all Notes of all Series then Outstanding to be due and payable immediately, by written notice to the Issuer, and upon any such declaration such principal and accrued interest shall become immediately due and payable.

(c) At any time after such a declaration of acceleration has been made and before a judgment or decree for payment of the money due has been obtained by the Indenture Trustee as hereinafter provided in this Article, the Requisite Global Majority, in its sole discretion, by written notice to the Issuer and the Indenture Trustee, may rescind and annul such declaration and its consequences if:

(i) the Issuer has paid or deposited with the Indenture Trustee a sum sufficient to pay:

(A) all of the installments of interest and, if the Legal Final Payment Date has occurred with respect to any Series, principal of all Notes of such Series, in each case to the extent such amounts were overdue prior to the date of such acceleration;

(B) to the extent that payment of such interest is lawful, interest at the Default Rate on the amounts set forth in clause (A) above;

(C) all unpaid Indenture Trustee Fees, Manager Transfer Facilitator Fees, indemnified amounts and sums paid or advanced by the Indenture Trustee or the Manager Transfer Facilitator hereunder or by the Manager and the reasonable and documented compensation, out-of-pocket expenses, indemnities, disbursements and advances of the Indenture Trustee or the Manager Transfer Facilitator and their respective agents and counsel incurred in connection with the enforcement of this Indenture and the other Related Documents; and

(D) all payments due and payable under any Interest Rate Hedge Agreement, together with interest thereon in accordance with the terms thereof; and

(ii) all Events of Default, other than the nonpayment of the principal of or interest on Notes which have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 813 hereof.

No such rescission with respect to any Trust Event of Default shall affect any subsequent Trust Event of Default or impair any right consequent thereon, nor shall any such rescission affect any Interest Rate Hedge Agreement which has been terminated in accordance with its terms.

(d) For purposes of clarification only, the Noteholders of each Series shall have the right to accelerate the maturity of such Series of Notes during the continuance of Series-Specific Event of Default for such Series, on the terms and conditions set forth in the related Supplement.

Section 803. Collection of Indebtedness.

The Issuer covenants that, if a Trust Event of Default occurs and is continuing and a declaration of acceleration has been made under Section 802 and not rescinded, the Issuer will, upon demand of the Indenture Trustee (acting at the written direction of a Noteholder), pay to the Indenture Trustee, for the benefit of the Noteholders of all Series then Outstanding and each Interest Rate Hedge Provider, an amount equal to the sum of (i) the sum of (A) the whole amount then due and payable for all Series of Notes then Outstanding, (B) all amounts owing by the Issuer under any Interest Rate Hedge Agreement, and (C) such further amounts as shall be required to pay in full all of the Outstanding Obligations, including in each case, the costs and out-of-pocket expenses of collection, including the reasonable compensation, expenses, indemnities, disbursements and advances of the Indenture Trustee, the Requisite Global Majority, their agents and counsel incurred in connection with the enforcement of this Indenture, and (ii) to the extent that the payment of such interest is lawful, interest on the amount set forth in clause (i) at the applicable Overdue Rate with respect to the Notes and at the applicable default rate as set forth in the related Interest Rate Hedge Agreements or other Related Documents.

(a) If a Trust Event of Default shall occur and be continuing or a Series Specific Event of Default shall occur and be continuing for all Series of Notes then Outstanding, the Indenture Trustee by such officer or agent as it may appoint, shall notify each Noteholder, each Administrative Agent and the applicable Rating Agencies of such Trust Event of Default and shall, if instructed by the Requisite Global Majority, do any of the following:

(i) Institute any Proceedings, in its own name and as trustee of an express trust, for the collection of all amounts then due and payable on the Notes of all Series or under the Indenture or the related Supplement with respect thereto, whether by declaration or otherwise, enforce any judgment obtained, and collect from the Collateral and any other assets of the Issuer any monies adjudged due;

(ii) Subject to the quiet enjoyment rights of any Lessee of a Managed Container, sell (including any sale made in accordance with Section 816 hereof), hold or lease the Terminated Managed Containers or any portion thereof or rights or interest therein, at one or more public or private transactions conducted in any manner permitted by law;

(iii) Institute any Proceedings from time to time for the complete or partial foreclosure of the Lien created by this Indenture with respect to the Managed Containers and Leases; provided that any Managed Containers and Leases sold in any such foreclosure sale shall be subject to the rights of (i) any Lessee under any Lease of such Managed Containers and (ii) the rights of the Manager under the Management Agreement with respect to any Managed Container that is not a Terminated Managed Container. It shall be a condition to any such sale that the purchaser of such sold Managed Containers and Lease shall enter into a management agreement with TEML with respect to any sold Managed Container that is not a Terminated Managed Container, which management agreement shall be in form and substance reasonably satisfactory to TEML (provided that if such purchaser is already party to a management agreement with TEML, such management agreement shall be deemed to be satisfactory to TEML for purposes of this sentence).;

(iv) Institute such other appropriate Proceedings to protect and enforce any other rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted therein, or to enforce any other proper remedy;

(v) Exercise any remedies of a secured party under the UCC or any applicable law and take any other appropriate action to protect and enforce the rights and remedies of the Indenture Trustee or the Noteholders hereunder;

(vi) Appoint a receiver or a manager over the Issuer or its assets; and

(vii) If a Trust Manager Default is then continuing, terminate the Management Agreement in accordance with its provisions.

(b) In the event that Control Parties for one or more Series of Notes consent to or direct a sale of Collateral (each such Series, a “Liquidating Series”) but the Requisite Global Majority does not consent to such sale of Collateral, a portion of the Managed Containers and related Leases pledged as Collateral pursuant to the Indenture (selected as set forth in Section 804(c) below) may be sold (i) at the direction of the Control Party for such Liquidating Series, if the amount of net proceeds realized from such sale will be sufficient to repay all principal, interest and other amounts owed to each Class of Notes that is the Control Party for each such Liquidating Series or (ii) at all times not covered by clause (i), at the direction of the Noteholders of such Liquidating Series representing in aggregate more than 66 2/3% of the then Unpaid Principal Balance of the Notes of such Liquidating Series. The net proceeds of such sale of Managed Containers and Leases shall be applied to the payment of the Notes of each Liquidating Series in accordance with the terms of the Supplement for such Liquidating Series. The value of the Managed Containers and Leases to be sold in respect of the Liquidating Series will be equal to the sum, for each Liquidating Series, of the product of (i) the Asset Allocation Percentage of such Liquidating Series and (ii) the then Aggregate Net Book Value. If the proceeds of any partial sale of Collateral is not sufficient to repay in full the Unpaid Principal Balance of, and accrued interest on, the Notes of such Liquidating Series, the Notes of such Liquidating Series shall remain Outstanding and shall be entitled, after payments are made to all non-Liquidating Series, to receive Shared Available Funds allocable to such Series in accordance with the terms of the Supplements of other Series of Notes then Outstanding. Any Managed Containers and Leases sold pursuant to this provision shall be subject to the rights of (i) any Lessee under any Lease of such Managed Containers and (ii) the rights of the Manager under the Management Agreement with respect to any Managed Container that is not a Terminated Managed Container. It shall be a condition to any such sale that the purchaser of such sold Managed Containers and Lease shall enter into a management agreement with TEML with respect to any sold Managed Container that is not a Terminated Managed Container, which management agreement shall be in form and substance reasonably satisfactory to TEML (provided that if such purchaser is already party to a management agreement with TEML, such management agreement shall be deemed to be satisfactory to TEML for purposes of this sentence).

(c) The specific Managed Containers and Leases to be included in any partial sale of Collateral pursuant to Section 804(b) above will be selected (i) by the Manager if no Trust Manager Default is then outstanding, or (ii) in all other instances, as set forth in the immediately succeeding sentence, in each case on a non-systematic basis such that Managed Containers to be sold will be representative in term, age, type, and on-lease status as the pool of Managed Containers owned by the Issuer after giving effect to such partial sale. If a Trust Manager Default has occurred and is continuing, a third-party consultant, accounting firm or other advisor will be hired by the Indenture Trustee (acting at the direction of the Requisite Global Majority) at the expense of the Issuer to conduct such selection process.

(d) The Issuer or the Indenture Trustee may only sell all of the Managed Containers and related Leases if the Control Parties of all outstanding Series shall consent to such sale.

(e) For purposes of clarification only, the Noteholders of each Series shall have the right to accelerate the maturity of such Series of Notes during the continuance of Series-Specific Event of Default for such Series, on the terms and conditions set forth in the related Supplement.

(f) If the Requisite Global Majority elects to sell all, or any portion, of the Collateral following the occurrence of an Event of Default, the Manager Transfer Facilitator shall use reasonable efforts to assist the Indenture Trustee in soliciting bids for each such sale of the Collateral.

Section 805. Indenture Trustee May Enforce Claims Without Possession of Notes.

(a) In all Proceedings brought by the Indenture Trustee (and also any Proceedings involving the interpretation of any provision of this Indenture to which the Indenture Trustee shall be a party), the Indenture Trustee shall be held to represent all of the Noteholders, and it shall not be necessary to make any Noteholder a party to any such Proceedings.

(b) All rights of action and claims under this Indenture, the related Supplement or any of the Notes may be prosecuted and enforced by the Indenture Trustee without the possession of such Notes or the production thereof in any Proceeding relating thereto, and any such Proceeding instituted by the Indenture Trustee shall be brought in its own name as trustee of an express trust, and any recovery whether by judgment, settlement or otherwise shall, after provision for the payment of the compensation, expenses, and disbursements incurred and advances made, by the Indenture Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Notes.

Section 806. Allocation of Money Collected. If the Notes of all Series have been declared due and payable following a Trust Event of Default and such declaration and its consequences have not been rescinded or annulled, any money collected by the Indenture Trustee pursuant to this Article or otherwise and any other monies that may be held or thereafter received by the Indenture Trustee as security for such Notes shall be applied, to the extent permitted by law, in the following order, at the date or dates fixed by the Indenture Trustee:

FIRST: To the payment of all amounts due the Indenture Trustee under Section 905 hereof; and

SECOND: Any remaining amounts shall be distributed in accordance with Section 302(c) hereof.

Section 807. Limitation on Suits.

Except to the extent permitted under Section 802(b) hereof, no Noteholder shall have the right to institute any Proceeding, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless:

(i) such Holder has previously given written notice to the Indenture Trustee and the Requisite Global Majority of a continuing Trust Event of Default;

(ii) the Requisite Global Majority shall have made written request to the Indenture Trustee to institute Proceedings in respect of such Trust Event of Default in its own name as Indenture Trustee hereunder;

(iii) such Holder or Holders have offered to the Indenture Trustee security or indemnity satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request;

(iv) the Indenture Trustee has, for thirty (30) days after its receipt by a Responsible Officer of the Indenture Trustee of such notice, request and offer of security or indemnity, failed to institute any such Proceeding; and

(v) no direction inconsistent with such written request has been given to the Indenture Trustee during such thirty (30) day period by the Requisite Global Majority;

it being understood and intended that no one or more Noteholders shall have any right in any manner whatsoever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Noteholder, or to obtain or to seek to obtain priority or preference over any other Noteholder (except to the extent provided in the related Supplement) or to enforce any right under this Indenture, except in the manner herein provided and for the benefit of all Noteholders.

Section 808. Unconditional Right of Holders to Receive Principal, Interest and Commitment Fees.

Notwithstanding any other provision of this Indenture, each Noteholder shall have the right, which is absolute and unconditional, to receive payment of the principal of, and interest, commitment fees and premiums in respect of such Note as such principal, interest and commitment fees becomes due and payable in accordance with the provisions of this Indenture and the related Supplement and to institute any Proceeding for the enforcement of such payment, and such rights shall not be impaired without the consent of such Holder.

Section 809. Restoration of Rights and Remedies.

If the Indenture Trustee or any Holder has instituted any Proceeding to enforce any right or remedy under this Indenture or the related Supplement and such Proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Indenture Trustee or to such Holder, then and in every such case, subject to any determination in such Proceeding, the Issuer, the Indenture Trustee and the Holders shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Indenture Trustee and the Holders shall continue as though no such Proceeding had been instituted.

Section 810. Rights and Remedies Cumulative.

No right or remedy conferred upon or reserved to the Indenture Trustee, any Interest Rate Hedge Provider or to the Holders pursuant to this Indenture or any Supplement is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 811. Delay or Omission Not Waiver.

No delay or omission of the Indenture Trustee, any Interest Rate Hedge Provider or any Holder of any Note to exercise any right or remedy accruing upon any Trust Event of Default shall impair any such right or remedy or constitute a waiver of any such Trust Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Indenture Trustee, any Interest Rate Hedge Provider, or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Indenture Trustee, by any Interest Rate Hedge Provider, or by the Holders, as the case may be.

Section 812. Control by Requisite Global Majority.

(a) Upon the occurrence of a Trust Event of Default, the Requisite Global Majority shall have the right to direct in writing the time, method and place of conducting any Proceeding for any remedy available to the Indenture Trustee or exercising any trust or power conferred on the Indenture Trustee, *provided* that (i) such direction shall not be in conflict with any rule of law or with this Indenture, including, without limitation, Section 804 hereof and (ii) the Indenture Trustee may take any other action deemed proper by the Indenture Trustee which is not inconsistent with such direction.

(b) Notwithstanding the grant of a security interest to secure the Outstanding Obligations owing to the Indenture Trustee, for the benefit of the Noteholders and each Interest Rate Hedge Provider, all rights to direct actions or to exercise rights or remedies under this Indenture or the UCC (including those set forth in Section 804 hereof) shall be vested solely in the Requisite Global Majority and, by accepting the benefits of this Indenture, each Noteholder and Interest Rate Hedge Provider acknowledges such statement; provided, however, that nothing contained herein shall constitute a modification of Section 808, Section 813(b) or Section 816(d) hereof.

Section 813. Waiver of Past Defaults.

(a) The Requisite Global Majority may, on behalf of all Noteholders of all Series, waive any past Trust Event of Default and its consequences, except a Trust Event of Default

(i) in the payment of (x) the principal balance of any Note on the Legal Final Payment Date, or (y) interest on any Note of any Series on any Payment Date, all of which defaults can be waived solely by the affected Noteholder, or

(ii) in respect of a covenant or provision hereof which cannot be modified or amended without the consent of all the Noteholders of all Series pursuant to Section 1002 of this Indenture.

(b) Upon any such waiver, such Trust Event of Default shall cease to exist and shall be deemed to have been cured and not to have occurred for every purpose of this Indenture; *provided, however*, that no such waiver shall extend to any subsequent or other Trust Event of Default or impair any right consequent thereon nor affect any Interest Rate Hedge Agreement which has been terminated in accordance with its terms.

Section 814. Undertaking for Costs.

All parties to this Indenture agree, and each Holder of any Note by acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Indenture Trustee for any action taken, suffered or omitted by it as Indenture Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; *provided, however*, that the provisions of this Section shall not apply to any suit instituted by the Indenture Trustee or any Holder or group of Holders, holding in the aggregate more than ten percent (10%) of the aggregate principal balance of the Notes of all Series then Outstanding, or (ii) to any suit instituted by any Holder for the enforcement of (x) the payment of interest on any Notes on any Payment Date or (y) the payment of the principal of any Note on or after the Legal Final Payment Date of such Note.

Section 815. Waiver of Stay or Extension Laws.

The Issuer covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Issuer (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Indenture Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

Section 816. Sale of Collateral.

(a) The power to effect any sale (a "Sale") of any portion of the Collateral pursuant to Section 804 hereof shall not be exhausted by any one or more Sales as to any portion of the Collateral remaining unsold, but shall continue unimpaired until the entire Collateral shall have been sold or the Aggregate Outstanding Obligations shall have been paid in full. The Indenture Trustee at the written direction of the Requisite Global Majority may from time to time postpone any Sale by public announcement made at the time and place of such Sale.

(b) Upon any Sale, whether made under the power of sale hereby given or under judgment, order or decree in any Proceeding for the foreclosure or involving the enforcement of this Indenture: (i) the Indenture Trustee, at the written direction of the Requisite Global Majority, may bid for and purchase the property being sold, and upon compliance with the terms of such Sale may hold, retain and possess and dispose of such property in accordance with the terms of this Indenture; and (ii) the receipt of the Indenture Trustee or of any officer thereof making such Sale shall be a sufficient discharge to the purchaser or purchasers at such Sale for its or their purchase money, and such purchaser or purchasers, and its or their assigns or personal representatives, shall not, after paying such purchase money and receiving such receipt of the Indenture Trustee or of such officer therefor, be obliged to see to the application of such purchase money or be in any way answerable for any loss, misappropriation or non-application thereof.

(c) The Indenture Trustee shall execute and deliver an appropriate instrument of conveyance provided to it transferring its interest in any portion of the Collateral in connection with a Sale thereof. In addition, the Indenture Trustee is hereby irrevocably appointed the agent and attorney-in-fact of the Issuer to transfer and convey its interest (subject to lessee's rights of quiet enjoyment) in any portion of the Collateral in connection with a Sale thereof, and to take all action necessary to effect such Sale. No purchaser or transferee at such a Sale shall be bound to ascertain the Indenture Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any monies.

(d) The right of the Indenture Trustee to sell, transfer or otherwise convey any Interest Rate Hedge Agreement or any transaction outstanding thereunder, or to exercise foreclosure rights with respect thereto shall be subject to compliance with the provisions of the applicable Interest Rate Hedge Agreement.

(e) The Indenture Trustee shall provide prior written notice to the Issuer, to each Administrative Agent and to each Interest Rate Hedge Provider of any Sale of any portion of the Collateral under this Section 816.

Section 817. Action on Notes.

The Indenture Trustee's right to seek and recover judgment on the Notes under this Indenture or any Supplement shall not be affected by the seeking, obtaining or application of any other relief under or with respect to this Indenture or any Supplement. Neither the Lien of this Indenture nor any rights or remedies of the Indenture Trustee, any Interest Rate Hedge Provider or the Noteholders shall be impaired by the recovery of any judgment by the Indenture Trustee against the Issuer or by the levy of any execution under such judgment upon any portion of the Collateral or upon any of the assets of the Issuer.

ARTICLE IX

CONCERNING THE INDENTURE TRUSTEE

Section 901. Duties of Indenture Trustee.

The Indenture Trustee, prior to the occurrence of an Event of Default or after the cure or waiver of any Event of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and the related Supplement and no duties shall be inferred or implied. If an Event of Default has occurred and is continuing, the Indenture Trustee, at the written direction of the Requisite Global Majority, shall exercise such of the rights and powers vested in it by this Indenture and the related Supplement, and use the same degree of care and skill in its exercise as a prudent Person would exercise or use under the circumstances in the conduct of such Person's own affairs.

The Indenture Trustee, upon receipt of all resolutions, certificates, statements, opinions, reports, documents, orders or other instruments furnished to the Indenture Trustee which are specifically required to be furnished pursuant to any provisions of this Indenture and any applicable Supplement, shall determine whether they are substantially in the form required by this Indenture and any applicable Supplement; provided, however, that the Indenture Trustee shall not be responsible for investigating or re-calculating, evaluating, certifying, verifying or independently determining the accuracy or content (including mathematical calculations) of any such resolution, certificate, statement, opinion, report, document, order or other instrument furnished pursuant to this Indenture and any applicable Supplement.

No provision of this Indenture or any Supplement shall be construed to relieve the Indenture Trustee from liability for its own negligent action, its own negligent failure to act or its own willful misconduct; *provided, however*, that:

(i) Prior to the occurrence of an Event of Default and after the cure or waiver of any Event of Default which may have occurred, the duties and obligations of the Indenture Trustee shall be determined solely by the express provisions of this Indenture and any Supplements issued pursuant to the terms hereof. The Indenture Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture and any Supplements issued pursuant to the terms hereof, and no implied covenants or obligations shall be read into this Indenture against the Indenture Trustee and, in the absence of bad faith on the part of the Indenture Trustee, the Indenture Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates, statements, reports, documents, orders, opinions or other instruments (whether in their original or facsimile form) furnished to the Indenture Trustee and conforming to the requirements of this Indenture and any Supplements issued pursuant to the terms hereof;

(ii) The Indenture Trustee shall not be liable for actions taken, or any error of judgment made in good faith by a Responsible Officer or Responsible Officers of the Indenture Trustee, unless it shall be proved that the Indenture Trustee was negligent in ascertaining the pertinent facts; and

(iii) The Indenture Trustee shall not be liable with respect to any action taken, suffered or omitted to be taken by it in good faith in accordance with the direction of the Requisite Global Majority relating to the time, method and place of conducting any Proceeding for any remedy available to the Indenture Trustee, or exercising any trust or power conferred upon the Indenture Trustee, under this Indenture.

No provision of this Indenture shall require the Indenture Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate security or indemnity against such risk or liability is not reasonably assured to it.

Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Indenture Trustee shall be subject to the provisions of this Section 901.

Section 902. Certain Matters Affecting the Indenture Trustee.

Except as otherwise provided in Section 901 hereof:

(i) The Indenture Trustee may conclusively rely and shall be fully protected in acting or refraining from acting upon any Opinion of Counsel, certificate of an officer of the Issuer or the Manager, certificate of auditors or any other certificate, statement, instrument, opinion, report, notice, request, consent, order, appraisal, bond or other paper or document (whether in its original or facsimile form) believed by it to be genuine and to have been signed or presented by the proper party or parties;

(ii) The Indenture Trustee may consult with counsel of its selection and any advice or opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered or omitted by it hereunder in good faith and in accordance in reliance thereof;

(iii) The Indenture Trustee shall not be liable with respect to any action it takes or omits to take in accordance with a direction received by it from the Issuer or the Requisite Global Majority in accordance with the terms of this Indenture and the other Related Documents. The Indenture Trustee shall be under no obligation to institute, conduct or defend any litigation or Proceeding hereunder or in relation hereto at the request, order or direction of the Requisite Global Majority, pursuant to the provisions of this Indenture, unless the Requisite Global Majority shall have offered to the Indenture Trustee security or indemnity reasonably satisfactory to it against the costs, expenses and liabilities which may be incurred therein or thereby;

(iv) The Indenture Trustee shall not be liable for any action taken, suffered or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;

(v) The Indenture Trustee shall not be bound to take any discretionary action, including any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, bond or other paper or document, unless requested in writing to do so by the Requisite Global Majority; provided, however, that the Indenture Trustee may require security or indemnity reasonably satisfactory to it against any cost, expense or liability likely to be incurred in making such investigation as a condition to so proceeding. The reasonable expense of any such examination shall be paid, on a pro rata basis, by the Noteholders of the applicable Series requesting such examination or, if paid by the Indenture Trustee, shall be reimbursed by such Noteholders upon demand;

(vi) The Indenture Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through its agents or attorneys and the Indenture Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed by it with due care hereunder;

(vii) The Indenture Trustee shall not be deemed to have knowledge of any default, Event of Default, Early Amortization Event, Manager Default or Back-up Manager Event, or other event or information, or be required to act upon any default, Event of Default, Early Amortization Event, Manager Default or Back-up Manager Event, or other event or information (including the sending of any notice) unless a Responsible Officer of the Indenture Trustee shall have received written notice or has actual knowledge of such event or information, and shall have no duty to take any action to determine whether any such event, default, Event of Default, Early Amortization Event, Manager Default or Back-up Manager Event has occurred;

(viii) The knowledge of the Indenture Trustee shall not be attributed or imputed to Wells Fargo's other roles in the transaction and knowledge of the Securities Intermediary, Paying Agent and Note Registrar shall not be attributed or imputed to each other or to the Indenture Trustee (other than those where the roles are performed by the same group or division within Wells Fargo or otherwise share the same Responsible Officers), or any affiliate, line of business, or other division of Wells Fargo (and vice versa);

(ix) Notwithstanding anything to the contrary herein or otherwise, under no circumstance will the Indenture Trustee be liable for special, punitive, indirect, or consequential loss or damage of any kind whatsoever (including lost profits), whether or not foreseeable, even if the Indenture Trustee is actually aware of or has been advised of the likelihood of such loss or damage;

(x) Before the Indenture Trustee acts or refrains from taking any action under this Indenture, it may require an officer's certificate and/or an opinion of counsel from the party requesting that the Indenture Trustee act or refrain from acting in form and substance acceptable to the Indenture Trustee, the

costs of which (including the Indenture Trustee's reasonable attorney's fees and expenses) shall be paid by the party requesting that the Indenture Trustee act or refrain from acting. The Indenture Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such officer's certificates and/or opinions of counsel;

(xi) The Indenture Trustee shall incur no liability if, by reason of any provision of any future law or regulation thereunder, or by any force majeure event, including but not limited to natural disaster, act of war or terrorism, or other circumstances beyond its reasonable control, the Indenture Trustee shall be prevented or forbidden from doing or performing any act or thing which the terms of this Indenture provide shall or may be done or performed, or by reason of any exercise of, or failure to exercise, any discretion provided for in this Indenture or any other Related Document;

(xii) Notwithstanding anything to the contrary in this Indenture, the Indenture Trustee shall not be required to take any action that is not in accordance with applicable law;

(xiii) The right of the Indenture Trustee to perform any permissive or discretionary act enumerated in this Indenture or any related document shall not be construed as a duty;

(xiv) Neither the Indenture Trustee nor any of its officers, directors, employees, attorneys or agents will be responsible or liable for the existence, genuineness, value or protection of any collateral securing the Notes, for the legality, enforceability, effectiveness or sufficiency of the Related Documents for the creation, perfection, continuation, priority, sufficiency or protection of any of the liens, or for any defect or deficiency as to any such matters, or for monitoring the status of any lien or performance of the collateral;

(xv) The Indenture Trustee shall not be liable for any action or inaction of the Issuer, the Manager, or any other party (or agent thereof) to this Indenture or any related document and may assume compliance by such parties with their obligations under this Indenture or any related agreements, unless a Responsible Officer of the Indenture Trustee shall have received written notice to the contrary at the Corporate Trust Office of the Indenture Trustee;

(xvi) The rights, privileges, protections, immunities and benefits given to the Indenture Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Indenture Trustee in each of its capacities hereunder and under the other Related Documents, including without limitation, the Paying Agent, Note Registrar, Securities Intermediary and Manager Transfer Facilitator, and to each agent, custodian and other Person employed to act hereunder; and

(xvii) The Indenture Trustee shall have no duty to see to, or be responsible for the correctness or accuracy of, any recording, filing or depositing of this Indenture or any agreement referred to herein, or any financing statement or continuation statement evidencing a security interest, or to see to the maintenance of any such recording or filing or depositing or to any rerecording, refilling or re-depositing of any thereof.

The provisions of this Section 902 shall be applicable to the Indenture Trustee in its capacity as Indenture Trustee under this Indenture and the other Related Documents.

Section 903. Indenture Trustee Not Liable.

(a) The recitals contained herein (other than the representations and warranties contained in Section 911 hereof), in any Supplement and in the Notes (other than the certificate of authentication on the Notes) shall be taken as the statements of the Issuer, and the Indenture Trustee assumes no responsibility for their correctness. The Indenture Trustee makes no representations as to, and shall not be responsible for, the validity, legality, enforceability or adequacy or sufficiency of this Indenture, any Supplement, the Notes, the Collateral or of any Related Document, or as to the correctness of any statement contained in any thereof. The Indenture Trustee shall not be accountable for (i) the use or application by the Issuer of the proceeds of any Series of Notes, and (ii) the use or application of any funds paid to the Issuer or the Manager in respect of the Collateral except for any payment in accordance with the Manager Report of amounts on deposit in any of the Trust Accounts.

(b) The Indenture Trustee shall have no responsibility or liability for or with respect to the existence or validity of any Managed Container, the perfection of any security interest (whether as of the date hereof or at any future time), the maintenance of or the taking of any action to maintain such perfection, the validity of the assignment of any portion of the Collateral to the Indenture Trustee or of any intervening assignment, the compliance by the Sellers or the Manager with any covenant or the breach by the Sellers or the Manager of any warranty or representation made hereunder, in any Supplement or in any Related Document or the accuracy of such warranty or representation, any investment of monies in the Trust Account, the Excess Funding Account, each Restricted Cash Account, any Pre-Funding Account or any Series Account or any loss resulting therefrom (*provided* that such investments are made in accordance with the provisions of Section 303 hereof), or the acts or omissions of the Sellers or the Manager or any other Person.

(c) The Indenture Trustee shall not have any obligation or liability under any Contract by reason of or arising out of this Indenture or the granting of a security interest in such Contract hereunder or the receipt by the Indenture Trustee of any payment relating to any Contract pursuant hereto, nor shall the Indenture Trustee be required or obligated in any manner to perform or fulfill any of the obligations of the Issuer, the Sellers or the Manager under or pursuant to any Contract, or to make any payment, or to make any inquiry as to the nature or the sufficiency of any payment received by it, or the sufficiency of any performance by any party, under any Contract.

Section 904. Indenture Trustee May Own Notes.

The Indenture Trustee in its individual or any other capacity may become the owner or pledgee of Notes with the same rights it would have if it were not Indenture Trustee; *provided* that such transaction shall not result in the disqualification of the Indenture Trustee for purposes of Rule 3a-7 under the Investment Company Act of 1940.

Section 905. Indenture Trustee Fees, Expenses and Indemnities.

(a) The fees, expenses and indemnities (the “Indenture Trustee Fees”) of the Indenture Trustee shall be paid only by the Issuer in accordance with Section 302 or 806 hereof and in accordance with the Supplements. The Issuer shall indemnify the Indenture Trustee (and any predecessor Indenture Trustee) and each of its officers, directors and employees for, and hold them harmless against, any and all loss, liability, damage claim or expense (including reasonable legal fees, costs and expenses and court costs), in each case, incurred without negligence or willful misconduct on their part, arising out of or in connection with the acceptance or administration of this trust, including the costs and expenses of defending itself both individually and in its representative capacity against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder and those incurred in connection with any action, claim or suit brought to enforce the Indenture Trustee’s right to indemnification.

(b) The obligations of the Issuer under this Section 905 to compensate the Indenture Trustee, to pay or reimburse the Indenture Trustee for expenses, disbursements and advances and to indemnify and hold harmless the Indenture Trustee, shall constitute Outstanding Obligations hereunder and shall survive the resignation or removal of the Indenture Trustee and the satisfaction and discharge or assignment of this Indenture.

(c) When the Indenture Trustee incurs expenses or renders services in connection with a Trust Event of Default specified in Section 801(i) or (ii), the expenses and the compensation for the services are intended to constitute expenses of administration under Insolvency Law.

Section 906. Eligibility Requirements for Indenture Trustee.

The Indenture Trustee hereunder shall at all times be a national banking association or a corporation, organized and doing business under the laws of the United States of America or any State, and authorized under such laws to exercise corporate trust powers. In addition, the Indenture Trustee or its parent corporation shall at all times (i) have a combined capital and surplus of at least Two Hundred Fifty Million Dollars (\$250,000,000), (ii) be subject to supervision or examination by Federal or state authority and (iii) have a long-term unsecured senior debt rating signifying investment grade by Moody’s and by Standard & Poor’s and short-term unsecured senior debt rating signifying investment grade by Moody’s and by Standard & Poor’s. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of such supervising or examining authority, then, for the purposes of this Section 906, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In

case at any time the Indenture Trustee shall cease to be eligible in accordance with the provisions of this Section, the Indenture Trustee shall resign immediately in the manner and with the effect specified in Section 907 hereof.

Section 907. Resignation and Removal of Indenture Trustee.

The Indenture Trustee may at any time resign and be discharged from the trusts hereby created by giving written notice thereof to the Issuer, the Manager, each Administrative Agent, each Interest Rate Hedge Provider and the Noteholders. Upon receiving such notice of resignation, the Issuer at the direction and subject to the consent of the Requisite Global Majority shall promptly appoint a successor Indenture Trustee by written instrument, in duplicate, one copy of which instrument shall be delivered to the resigning Indenture Trustee, each Administrative Agent, each Interest Rate Hedge Provider and one copy to the successor Indenture Trustee. If no successor Indenture Trustee shall have been so appointed by the Issuer or the proposed successor Indenture Trustee has not accepted its appointment within thirty (30) days after the giving of such notice of resignation or removal, the Requisite Global Majority may appoint a successor trustee or, if it does not do so within thirty (30) days thereafter, the resigning Indenture Trustee, may petition at the expense of the Issuer any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

If at any time the Indenture Trustee shall cease to be eligible in accordance with the provisions of Section 906 hereof and shall fail to resign after written request therefor by the Issuer at the direction of the Requisite Global Majority, or if at any time the Indenture Trustee shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or a receiver of the Indenture Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Indenture Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, then the Issuer at the direction of the Requisite Global Majority shall remove the Indenture Trustee for cause and appoint a successor Indenture Trustee with prior notice by written instrument, in duplicate, one copy of which instrument shall be delivered to the Indenture Trustee so removed and one copy to the successor Indenture Trustee. In addition, the Issuer may, with the consent of the Requisite Global Majority, upon prior written notice to the Indenture Trustee, remove the Indenture Trustee and appoint a successor Indenture Trustee by written instrument, in duplicate, one copy of which instrument shall be delivered to the Indenture Trustee so removed and one copy to the successor Indenture Trustee. If no successor Indenture Trustee shall have been so appointed and have accepted appointment within 30 days after such resignation or removal, the Requisite Global Majority may appoint a successor Indenture Trustee or, if it does not do so within 30 days after such resignation or removal, the departing Indenture Trustee may petition at the expense of the Issuer any court of competent jurisdiction for the appointment of a successor Indenture Trustee.

Any resignation or removal of the Indenture Trustee and appointment of a successor Indenture Trustee pursuant to any of the provisions of this Section shall become effective upon acceptance of appointment by the successor Indenture Trustee as provided in Section 908 hereof.

Section 908. Successor Indenture Trustee.

Any successor Indenture Trustee appointed as provided in Section 907 hereof shall execute, acknowledge and deliver to the Issuer and to its predecessor Indenture Trustee an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the predecessor Indenture Trustee shall become effective and such successor Indenture Trustee, without any further act, deed or conveyance, shall become fully vested with all the rights, powers, duties and obligations of its predecessor hereunder, with like effect as if originally named as Indenture Trustee herein. The predecessor Indenture Trustee shall deliver to the successor Indenture Trustee all documents relating to the Collateral, if any, delivered to it, together with any amount remaining in the Trust Account, the Excess Funding Account, each Restricted Cash Account and any other Series Accounts. In addition, the predecessor Indenture Trustee and, upon request of the successor Indenture Trustee, the Issuer shall execute and deliver such instruments and do such other things as may reasonably be required for more fully and certainly vesting and confirming in the successor Indenture Trustee all such rights, powers, duties and obligations.

No successor Indenture Trustee shall accept appointment as provided in this Section unless at the time of such acceptance such successor Indenture Trustee shall be eligible under the provisions of Section 906 hereof and shall be acceptable to the Requisite Global Majority.

Upon acceptance of appointment by a successor Indenture Trustee as provided in this Section, the Issuer shall deliver notice of the succession of such Indenture Trustee hereunder to all Noteholders at their addresses as shown in the registration books maintained by the Indenture Trustee and to each Interest Rate Hedge Provider. If the Issuer fails to deliver such notice within ten (10) days after acceptance of appointment by the successor Indenture Trustee, the successor Indenture Trustee shall cause such notice to be delivered at the expense of the Issuer.

Section 909. Merger or Consolidation of Indenture Trustee.

Any corporation into which the Indenture Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Indenture Trustee shall be a party, or any corporation succeeding to all or substantially all of the business of the Indenture Trustee, shall be the successor of the Indenture Trustee hereunder, *provided* such corporation shall be eligible under the provisions of Section 906 hereof, without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 910. Separate Indenture Trustees, Co-Indenture Trustees and Custodians.

If the Indenture Trustee is not capable of acting for jurisdictional purposes, it shall have the power from time to time to appoint one or more Persons or corporations to act either as co-trustees jointly with the Indenture Trustee, or as separate trustees, or as custodians, for the purpose of holding title to, foreclosing or otherwise taking action with respect to any of the

Collateral, when such separate trustee or co-trustee is necessary or advisable under any Applicable Laws or for the purpose of otherwise conforming to any legal requirement, restriction or condition in any applicable jurisdiction. The separate trustees, co-trustees, or custodians so appointed shall be trustees, co-trustees, or custodians for the benefit of all Noteholders and shall have such powers, rights and remedies as shall be specified in the instrument of appointment; provided, however, that no such appointment shall, or shall be deemed to, constitute the appointee an agent of the Indenture Trustee and the Indenture Trustee shall not have any liability relating to such appointment. The Issuer shall join in any such appointment, but such joining shall not be necessary for the effectiveness of such appointment.

Every separate trustee, co-trustee and custodian shall, to the extent permitted by law, be appointed and act subject to the following provisions and conditions:

(i) all powers, duties, obligations and rights conferred upon the Indenture Trustee in respect of the receipt, custody and payment of moneys shall be exercised solely by the Indenture Trustee;

(ii) all other rights, powers, duties and obligations conferred or imposed upon the Indenture Trustee shall be conferred or imposed upon and exercised or performed by the Indenture Trustee and such separate trustee, co-trustee, or custodian jointly, except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed the Indenture Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations (including the holding of title to the Collateral or any portion thereof in any such jurisdiction) shall be exercised and performed by such separate trustee, co-trustee or custodian;

(iii) no trustee, co-trustee, separate trustee or custodian hereunder shall be liable by reason of any act or omission of any other trustee, co-trustee, separate trustee or custodian hereunder; and

(iv) the Issuer or the Indenture Trustee may at any time accept the resignation of or remove any separate trustee, co-trustee or custodian so appointed by it or them if such resignation or removal does not violate the other terms of this Indenture.

Any notice, request or other writing given to the Indenture Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee, co-trustee, or custodian shall refer to this Indenture and the conditions of this Article. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Indenture Trustee or separately, as may be provided therein, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting the liability of, or affording protection to, the Indenture Trustee. Every such instrument shall be furnished to the Indenture Trustee and each Interest Rate Hedge Provider.

Any separate trustee, co-trustees, or custodian may, at any time, constitute the Indenture Trustee, its agent or attorney-in-fact, with full power and authority, to the extent not prohibited by law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee, co-trustee, or custodian shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Indenture Trustee, to the extent permitted by law, without the appointment of a new or successor trustee or custodian.

No separate trustee, co-trustee or custodian hereunder shall be required to meet the terms of eligibility as a successor Indenture Trustee under Section 906 hereof and no notice to Noteholders of the appointment thereof shall be required under Section 908 hereof.

The Indenture Trustee agrees to instruct the co-trustees, if any, to the extent necessary to fulfill the Indenture Trustee's obligations hereunder.

Section 911. Representations and Warranties.

The Indenture Trustee hereby represents and warrants as of each Series Issuance Date that:

(a) Organization and Good Standing. The Indenture Trustee is a national banking association duly organized, validly existing and in good standing under the laws of the United States, and has the power to own its assets and to transact the business in which it is presently engaged;

(b) Authorization. The Indenture Trustee has the power, authority and legal right to execute, deliver and perform this Indenture and each Supplement and to authenticate the Notes, and the execution, delivery and performance of this Indenture and each Supplement and the authentication of the Notes has been duly authorized by the Indenture Trustee by all necessary corporate action;

(c) Binding Obligations. This Indenture and each Supplement, assuming due authorization, execution and delivery by the Issuer, constitutes the legal, valid and binding obligations of the Indenture Trustee, enforceable against the Indenture Trustee in accordance with its terms, except that (i) such enforcement may be subject to bankruptcy, insolvency, reorganization, moratorium or other similar laws (whether statutory, regulatory or decisional) now or hereafter in effect relating to creditors' rights generally and the rights of trust companies in particular and (ii) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to certain equitable defenses and to the discretion of the court before which any Proceeding therefor may be brought, whether in a Proceeding at law or in equity;

(d) No Violation. The performance by the Indenture Trustee of its obligations under this Indenture and each Supplement will not conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice, lapse of time or both) a default under, the charter documents or bylaws of the Indenture Trustee;

(e) No Proceedings. There are no Proceedings or investigations to which the Indenture Trustee is a party pending, or, to the best of its knowledge without independent investigation, threatened, before any court, regulatory body, administrative agency or other tribunal or Governmental Authority (A) asserting the invalidity of this Indenture or the Notes, (B) seeking to prevent the issuance of the Notes or the consummation of any of the transactions contemplated by this Indenture or (C) seeking any determination or ruling that would materially and adversely affect the performance by the Indenture Trustee of its obligations under, or the validity or enforceability of, this Indenture or the Notes; and

(f) Approvals. Neither the execution or delivery by the Indenture Trustee of this Indenture nor the consummation of the transactions by the Indenture Trustee contemplated hereby requires the consent or approval of, the giving of notice to, the registration with or the taking of any other action with respect to any Governmental Authority under any existing federal or State of Minnesota or State of New York law governing the banking or trust powers of the Indenture Trustee.

Section 912. Indenture Trustee Offices.

The Indenture Trustee shall maintain in the State of Minnesota an office or offices or agency or agencies where Notes may be surrendered for registration of transfer or exchange, which office is currently located at 600 S 4th Street, MAC N9300-061, Minneapolis, MN 55479, and shall promptly notify the Issuer, the Manager, each Interest Rate Hedge Provider and the Noteholders of any change of such location.

Section 913. Notice of Trust Event of Default.

If a Responsible Officer of the Indenture Trustee shall have actual knowledge that an Event of Default, Early Amortization Event or Manager Default has occurred and be continuing, the Indenture Trustee shall promptly (but in any event within five (5) Business Days) give written notice thereof to the Noteholders, each Administrative Agent and each Interest Rate Hedge Provider of such affected Series. For all purposes of this Indenture, in the absence of actual knowledge by a Responsible Officer of the Indenture Trustee, the Indenture Trustee shall not be deemed to have actual knowledge of an Event of Default, Early Amortization Event or Manager Default unless notified in writing thereof by the Issuer, any Seller, the Manager, each Administrative Agent, any Interest Rate Hedge Provider or any Noteholder, and such notice references the applicable Series of Notes generally, the Issuer, this Indenture or the applicable Supplement.

ARTICLE X

SUPPLEMENTAL INDENTURES

Section 1001. Supplemental Indentures Not Creating a New Series Without Consent of Holders.

(a) Without the consent of any Holder and based on an Opinion of Counsel in form and substance reasonably acceptable to the Indenture Trustee to the effect that such Supplement is for any one of the purposes set forth in clauses (i) through (ix) below, the Issuer and the Indenture Trustee, at any time and from time to time, may enter into one or more Supplements in form satisfactory to the Indenture Trustee, for any of the following purposes:

(i) to add to the covenants of the Issuer in this Indenture for the benefit of the Holders of all Series then Outstanding, or to surrender any right or power conferred upon the Issuer in this Indenture;

(ii) to cure any ambiguity, to correct or supplement any provision in this Indenture which may be inconsistent with any other provision in the Indenture, or to make any other provisions with respect to matters or questions arising under this Indenture;

(iii) to correct or amplify the description of any property at any time subject to the Lien of this Indenture, or better to assure, convey and confirm unto the Indenture Trustee any property subject or required to be subject to the Lien of this Indenture, or to subject additional property to the Lien of this Indenture;

(iv) to add to the conditions, limitations and restrictions on the authorized amount, terms and purposes of issue, authentication and delivery of the Notes, as herein set forth, or additional conditions, limitations and restrictions thereafter to be observed by the Issuer;

(v) to convey, transfer, assign, mortgage or pledge any additional property to or with the Indenture Trustee;

(vi) to evidence the succession of the Indenture Trustee pursuant to Article IX;

(vii) to add any additional Trust Early Amortization Events or Trust Events of Default;

(viii) to conform the terms of this Indenture to the terms set forth in the offering memorandum for any Series of Notes or to modify the definition of Eligible Investments to conform with criteria established by the Rating Agency; or

(ix) to reflect an amendment to the Depreciation Policy adopted in accordance with Section 606(h) hereof.

The Indenture Trustee shall sign such amendments or amendments and restatements upon written direction from the Issuer and shall have no liability to any Noteholder as a result of such execution.

(b) Prior to the execution of any Supplement issued pursuant to this Section 1001, the Issuer shall provide written notice to each Rating Agency setting forth in general terms the substance of any such Supplement or the proposed form of such Supplement.

(c) Promptly after the execution by the Issuer and the Indenture Trustee of any Supplement pursuant to this Section, the Issuer shall deliver to the Holders of all Notes then Outstanding and each Administrative Agent, a notice setting forth in general terms the substance of such Supplement, together with a copy of such Supplement. Any failure of the Issuer to deliver any such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplement.

Section 1002. Supplemental Indentures Not Creating a New Series with Consent of Holders.

(a) With the consent of the Requisite Global Majority, the Issuer and the Indenture Trustee may enter into a Supplement hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the Holders under this Indenture (other than any such additions, changes, eliminations or modifications described in Section 1001); *provided, however*, that no such Supplement shall, without the consent of each Holder of an Outstanding Note:

(i) reduce the principal amount of any Note of such Holder or the rate of interest thereon, change the priority of any such payments (other than to increase the priority thereof) required pursuant to this Indenture or any Supplement in a manner adverse to such Holder, or the date on which, or the amount of which, or the place of payment where, or the coin or currency in which, any Note of such Holder or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Expected Final Payment Date of any Note of such Holder;

(ii) reduce the percentage of Outstanding Notes or Existing Commitments required for (a) the consent of any Supplement to this Indenture, (b) the consent required for any waiver of compliance with certain provisions of this Indenture or certain Trust Events of Default hereunder and their consequences as provided for in this Indenture or (c) the consent required to waive any payment default on the Notes;

(iii) modify any provision relating to any Supplement or this Indenture which specifies that such provision cannot be modified or waived without the consent of the Holder of each Outstanding Note affected thereby;

(iv) modify or alter the definition of the terms “Outstanding,” “Requisite Global Majority,” “Existing Commitment” or “Initial Commitment;”

(v) impair or adversely affect the Collateral in any material respect as a whole except as otherwise permitted herein;

(vi) modify or alter Section 702(a) of this Indenture; or

(vii) permit the creation of any Lien ranking prior to, or on a parity with, the Lien of this Indenture with respect to any part of the Collateral or terminate the Lien of this Indenture on any property at any time subject hereto or deprive the Holder of any Note of the security afforded by the Lien of this Indenture.

provided further, that, unless such Supplement has been consented to in writing by the Holder of each Outstanding Note, the Indenture Trustee shall have received an Opinion of Counsel stating that the consent of the Holder of each Outstanding Note, is not required because such Supplement does not adversely affect the Holder of each Outstanding Note as contemplated by the foregoing Section 1002(a)(i).

Prior to the execution of any Supplement issued pursuant to this Section 1002, the Issuer shall provide a written notice to each Rating Agency and each Interest Rate Hedge Provider setting forth in general terms the substance of any such Supplement.

(b) Promptly after the execution by the Issuer and the Indenture Trustee of any Supplement pursuant to this Section, the Issuer shall deliver to the Holders of the Notes (other than those that consented in writing to such Supplement) and each Administrative Agent a notice setting forth in general terms the substance of such Supplement, together with a copy of such Supplement. Any failure of the Issuer to deliver such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplement.

Section 1003. Execution of Supplemental Indentures.

In executing, or accepting the additional trusts created by, a Supplement permitted by this Article or the modification thereby of the trusts created by this Indenture, the Indenture Trustee shall be entitled to receive, and shall be fully protected in relying upon, an Opinion of Counsel stating that all conditions precedent specified in Section 1001 or 1002 (as applicable) for the execution of such Supplement have been satisfied, and that the execution thereof is authorized or permitted by this Indenture. The Indenture Trustee may, but shall not be obligated to, enter into any such Supplement which affects the Indenture Trustee's own rights, duties or immunities under this Indenture or otherwise.

For purposes of clarification, no change in the Depreciation Policy, for purposes other than calculating the Asset Base, by operation of paragraph (ii) of the definition of "Depreciation Policy", shall be deemed an amendment, restatement, modification or supplement to the terms of any of the Related Documents requiring a Supplement.

Section 1004. Effect of Supplemental Indentures.

Upon the execution of any Supplement under this Article, this Indenture shall be modified in accordance therewith, and such Supplement shall form a part of this Indenture for all purposes, and every Holder of Notes theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

Section 1005. Reference in Notes to Supplemental Indentures.

Notes authenticated and delivered after the execution of any Supplement pursuant to this Article may, and shall if required by the Issuer, bear a notation as to any matter provided for in such Supplement. If the Issuer shall so determine, new Notes so modified as to conform may be prepared and executed by the Issuer and authenticated and delivered by the Indenture Trustee in exchange for Outstanding Notes.

Section 1006. Issuance of Series of Notes.

(a) The Issuer may from time to time issue one or more Series of Notes pursuant to the terms of this Indenture as long as (i) the Rating Agency Condition shall have been satisfied with respect to the issuance of such Series, (ii) no Trust Event of Default or Trust Early Amortization Event, or event or condition which with the passage of time or giving of notice or both would become a Trust Event of Default or Trust Early Amortization Event is then continuing (nor would occur as a result of the issuance of such additional Series) and (iii) all of the applicable conditions set forth in Section 1006(b) have been satisfied. Each additional Series will be issued pursuant to a Supplement to this Indenture.

(b) The terms of such Supplement may modify or amend the terms of this Indenture solely as applied to such Series. The obligation of the Indenture Trustee to authenticate, execute and deliver the Notes of such Series and to execute and deliver the related Supplement is subject to the satisfaction of the following conditions:

(i) on or before the second (2nd) Business Day immediately preceding the Series Issuance Date (unless the parties to be notified agree to a shorter notice period), the Issuer shall have given each Administrative Agent and each Interest Rate Hedge Provider pursuant to the relevant Supplement notice of the Series and the Series Issuance Date;

(ii) the Issuer shall have delivered to the Indenture Trustee the related Supplement, in form satisfactory to the Indenture Trustee, executed by each party hereto other than the Indenture Trustee;

(iii) the Rating Agency Condition shall have been satisfied with respect to the issuance of such Series of Notes;

(iv) the Issuer shall have delivered to the Indenture Trustee and, if required, any Noteholder, any Opinions of Counsel required by the related Supplement, including without limitation with respect to true sale, enforceability, non-consolidation and security interest perfection issues;

(v) the Issuer shall have delivered to the Indenture Trustee an Officer's Certificate stating that no Early Amortization Event, Event of Default or event or condition which with the passage of time or giving of notice or both would become an Early Amortization Event or an Event of Default has occurred and is then continuing (or would result from the issuance of such additional Series);

(vi) written confirmation from an officer of the Manager that after giving effect to such proposed issuance, no Asset Base Deficiency will exist, as evidenced by the Asset Base Report most recently received by the Indenture Trustee (but not earlier than the preceding Payment Date);

(vii) such other conditions as shall be specified in the related Supplement; and

(viii) the Issuer shall have delivered to the Indenture Trustee an Officer's Certificate that all of the conditions specified in clauses (i) through (vii) have been satisfied.

Upon satisfaction of the above conditions, the Indenture Trustee shall execute the Supplement and authenticate, execute and deliver the Notes of such Series.

ARTICLE XI

HOLDERS LISTS

Section 1101. Indenture Trustee to Furnish Names and Addresses of Holders. Unless otherwise provided in the related Supplement, the Indenture Trustee will furnish or cause to be furnished to the Manager not more than ten (10) days after receipt of a request, a list, in such form as the Indenture Trustee generally maintains, of the names, addresses, tax identification numbers and any other information with respect thereto, the Holders of Notes as of such date.

Section 1102. Preservation of Information; Communications to Holders. The Indenture Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of Holders contained in the most recent list furnished to the Indenture Trustee as provided in Section 1101 and the names and addresses of Holders received by the Indenture Trustee in its capacity as Note Registrar. The Indenture Trustee may destroy any list furnished to it as provided in Section 1101 upon receipt of a new list so furnished.

ARTICLE XII

TRUST EARLY AMORTIZATION EVENT

Section 1201. Trust Early Amortization Event.

As of any date of determination, the existence of any one of the following events or conditions:

- (1) A Trust Event of Default shall have occurred and then be continuing;
- (2) A Trust Manager Default shall have occurred and then be continuing;
- (3) On any Payment Date an Asset Base Deficiency shall have occurred, and shall have remained unremedied for a period of thirty (30) consecutive days without having been cured;
- (4) The amount in the Excess Funding Account relied upon in order to prevent an Asset Base Deficiency exceeds fifty percent (50%) of the Aggregate Net Book Value.

Promptly following any occurrence of a Trust Early Amortization Event, the Issuer shall notify the Indenture Trustee, each Administrative Agent and each Interest Rate Hedge Provider thereof.

If a Trust Early Amortization Event has occurred and is continuing on any Payment Date, then such Trust Early Amortization Event shall be deemed to continue until the Business Day on which the Requisite Global Majority waives, in writing, such Trust Early Amortization Event. The Indenture Trustee shall promptly provide notice of any such waiver to each Rating Agency (if applicable).

Section 1202. Remedies. Upon the occurrence of a Trust Early Amortization Event, the Indenture Trustee shall have, in addition to the rights provided in the Related Documents, all rights and remedies provided under all Applicable Laws.

ARTICLE XIII

MISCELLANEOUS PROVISIONS

Section 1301. Compliance Certificates and Opinions.

(a) Upon any application or request by the Issuer to the Indenture Trustee to take any action under any provision of this Indenture or any Supplement, the Issuer shall furnish to the Indenture Trustee a certificate stating that all conditions precedent, if any, provided for in this Indenture and any relevant Supplement relating to the proposed action have been complied with and, if deemed reasonably necessary by the Indenture Trustee or if required pursuant to the terms of this Indenture, an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

(b) Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(i) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(iii) a statement that, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether such covenant or condition has been complied with; and

(iv) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

Section 1302. Form of Documents Delivered to Indenture Trustee.

(a) In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

(b) Any certificate or opinion may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous.

(c) Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

Section 1303. Acts of Holders.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture or any Supplement to be given or taken by Holders may be (i) embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by an agent duly appointed in writing, (ii) evidenced by the written consent or direction of Holders of the specified percentage of the principal amount of the Notes, or (iii) evidenced by a combination of such instrument or instruments; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments and record are delivered to the Indenture Trustee and, where it is hereby expressly required, to the Issuer. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and conclusive in favor of the Indenture Trustee and the Issuer, if made in the manner provided in this Section.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by a signer acting in a capacity other than his individual capacity, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner which the Indenture Trustee deems sufficient.

(c) The ownership of Notes shall be proved by the Note Register.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Note shall bind every future Holder of the same Note and the Holder of every Note issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Indenture Trustee or the Issuer in reliance thereon, whether or not notation of such action is made upon such Note.

Section 1304. Reserved.

Section 1305. Limitation of Rights.

Except as expressly set forth in this Indenture, this Indenture shall be binding upon the Issuer, the Noteholders and their respective successors and permitted assigns and shall not inure to the benefit of any Person other than the parties hereto, the Noteholders and the Manager as provided herein. Notwithstanding the previous sentence, the parties hereto acknowledge that each Interest Rate Hedge Provider is an express third party beneficiary hereof entitled to enforce its rights hereunder as if actually a party hereto.

Section 1306. Severability.

If any provision of this Indenture is held to be in conflict with any applicable statute or rule of law or is otherwise held to be unenforceable for any reason whatsoever, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatsoever.

The invalidity of any one or more phrases, sentences, clauses or Sections of this Indenture, shall not affect the remaining portions of this Indenture, or any part thereof.

Section 1307. Notices.

All demands, notices and communications hereunder shall be in writing, personally delivered, or by facsimile (with subsequent telephone confirmation of receipt thereof), or sent by internationally recognized overnight courier service, (a) in the case of the Indenture Trustee, at the following address: 600 S. 4th Street, MAC N9300-061, Minneapolis, Minnesota 55479, Attention: Corporate Trust Services/Asset-Backed Administration (b) in the case of the Issuer, at the following address: Century House, 16 Par-la-Ville Road, Hamilton HM HX, Bermuda, Telephone: (441) 292-2487, Facsimile: (441) 2954164, Attention: Senior Vice President - Asset Management, with a copy to each: (i) Textainer Equipment Management Limited at its address at Century House, 16 Par-la-Ville Road, Hamilton HM HX, Bermuda, Telephone: (441) 292-2487, Facsimile: (441) 295-4164, Attention: Senior Vice President - Asset Management, and (ii) Textainer Equipment Management (U.S.) Limited at its address at 650 California Street, 16th floor, San Francisco, CA 94108, Telephone: (415) 658-8363, Facsimile: (415) 434-0599, Attention: Senior Vice President - Asset Management, and (c) in the case of an Interest Rate Hedge Provider, at its address set forth in the related Interest Rate Hedge Agreement, or at such other address as shall be designated by such party in a written notice to the other parties. Any notice required or permitted to be given to a Noteholder shall be given by certified first class mail, postage prepaid (return receipt requested), or by courier, or by facsimile or electronic mail, with subsequent telephone confirmation of receipt thereof, in each case at the address of such Holder as shown in the Note Register or to the telephone or fax number, or electronic mail address, furnished by such Noteholder. Notice shall be effective and deemed received (a) two (2) days after being delivered to the courier service, if sent by courier, (b) upon receipt of confirmation of transmission, if sent by facsimile or electronic mail, or (c) when delivered, if delivered by hand.

Section 1308. Consent to Jurisdiction.

ANY LEGAL SUIT, ACTION OR PROCEEDING AGAINST THE ISSUER ARISING OUT OF OR RELATING TO THIS INDENTURE, OR ANY TRANSACTION CONTEMPLATED HEREBY, MAY BE INSTITUTED IN ANY FEDERAL OR STATE COURT IN THE CITY OF NEW YORK, STATE OF NEW YORK AND THE ISSUER HEREBY WAIVES ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING, AND, SOLELY FOR THE PURPOSES OF ENFORCING THIS INDENTURE, THE ISSUER HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY

SUCH COURT IN ANY SUCH SUIT, ACTION OR PROCEEDING. THE ISSUER HEREBY IRREVOCABLY APPOINTS AND DESIGNATES COGENCY GLOBAL INC., HAVING AN ADDRESS AT 10 E. 40TH STREET, 10TH FLOOR, NEW YORK, NY 10016, ITS TRUE AND LAWFUL ATTORNEY-IN-FACT AND DULY AUTHORIZED AGENT FOR THE LIMITED PURPOSE OF ACCEPTING SERVICING OF LEGAL PROCESS AND THE ISSUER AGREES THAT SERVICE OF PROCESS UPON SUCH PARTY SHALL CONSTITUTE PERSONAL SERVICE OF SUCH PROCESS ON SUCH PERSON. THE ISSUER SHALL MAINTAIN THE DESIGNATION AND APPOINTMENT OF SUCH AUTHORIZED AGENT UNTIL ALL AMOUNTS PAYABLE UNDER THIS INDENTURE SHALL HAVE BEEN PAID IN FULL. IF SUCH AGENT SHALL CEASE TO SO ACT, THE ISSUER SHALL IMMEDIATELY DESIGNATE AND APPOINT ANOTHER SUCH AGENT SATISFACTORY TO THE INDENTURE TRUSTEE AND SHALL PROMPTLY DELIVER TO THE INDENTURE TRUSTEE EVIDENCE IN WRITING OF SUCH OTHER AGENT'S ACCEPTANCE OF SUCH APPOINTMENT.

Section 1309. Captions.

The captions or headings in this Indenture are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Indenture.

Section 1310. Governing Law.

THIS INDENTURE SHALL BE GOVERNED BY AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK INCLUDING SECTION 5-1401 AND SECTION 5-1402 OF NEW YORK GENERAL OBLIGATIONS LAW, BUT WITHOUT GIVING EFFECT TO ANY OTHER PRINCIPLES OF CONFLICTS OF LAW, AND THE RIGHTS, OBLIGATIONS AND REMEDIES OF THE PARTIES HERETO SHALL BE DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

Section 1311. No Petition.

The Indenture Trustee, on its own behalf, hereby covenants and agrees, and each Noteholder by its acquisition of a Note shall be deemed to covenant and agree, that it will not institute against the Issuer any bankruptcy, reorganization, arrangement insolvency or liquidation Proceedings, or other Proceedings under any federal or state bankruptcy or similar law, at any time other than on a date which is at least one (1) year and one (1) day after the last date on which any Note of any Series was Outstanding.

Section 1312. General Interpretive Principles.

For purposes of this Indenture except as otherwise expressly provided or unless the context otherwise requires:

(a) the defined terms in this Indenture shall include the plural as well as the singular, and the use of any gender herein shall be deemed to include any other gender;

(b) accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles as in effect on the date hereof;

(c) references herein to “Articles”, “Sections”, “Subsections”, “paragraphs”, and other subdivisions without reference to a document are to designated Articles, Sections, Subsections, paragraphs and other subdivisions of this Indenture;

(d) a reference to a Subsection without further reference to a Section is a reference to such Subsection as contained in the same Section in which the reference appears, and this rule shall also apply to paragraphs and other subdivisions;

(e) the words “herein”, “hereof”, “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular provision;

(f) the term “include” or “including” shall mean without limitation by reason of enumeration; and

(g) When referring to Section 302 or Section 806 of this Indenture, the term “or” shall be additive and not exclusive.

Section 1313. WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, AS AGAINST THE OTHER PARTIES HERETO, ANY RIGHTS IT MAY HAVE TO A JURY TRIAL IN RESPECT OF ANY CIVIL ACTION OR PROCEEDING (WHETHER ARISING IN CONTRACT OR TORT OR OTHERWISE), INCLUDING ANY COUNTERCLAIM, ARISING UNDER OR RELATING TO THIS INDENTURE OR ANY OTHER OPERATIVE DOCUMENT, INCLUDING IN RESPECT OF THE NEGOTIATION, ADMINISTRATION OR ENFORCEMENT HEREOF OR THEREOF.

Section 1314. Waiver of Immunity. To the extent that any party hereto or any of its property is or becomes entitled at any time to any immunity on the grounds of sovereignty or otherwise from any legal actions, suits or Proceedings, from set off or counterclaim, from the jurisdiction or judgment of any competent court, from service of process, from execution of a judgment, from attachment prior to judgment, from attachment in aid of execution, or from execution prior to judgment, or other legal process in any jurisdiction, such party, for itself and its successors and assigns and its property, does hereby irrevocably and unconditionally waive, and agrees not to plead or claim, any such immunity with respect to its obligations, liabilities or any other matter under or arising out of or in connection with this Indenture, the other Related Documents or the subject matter hereof or thereof, subject, in each case, to the provisions of the Related Documents and mandatory requirements of Applicable Law.

Section 1315. Judgment Currency. The parties hereto (A) acknowledge that the matters contemplated by this Indenture are part of an international financing transaction and (B) hereby agree that (i) specification and payment of Dollars is of the essence, (ii) Dollars shall be the currency of account in the case of all obligations under the Related Documents unless otherwise expressly provided herein or therein, (iii) the payment obligations of the parties under the Related Documents shall not be discharged by an amount paid in a currency or in a place other than that specified with respect to such obligations, whether pursuant to a judgment or

otherwise, except to the extent actually received by the Person entitled thereto and converted into Dollars by such Person (it being understood and agreed that, if any transaction party shall so receive an amount in a currency other than Dollars, it shall (A) if it is not the Person entitled to receive payment, promptly return the same (in the currency in which received) to the Person from whom it was received or (B) if it is the Person entitled to receive payment, either, in its sole discretion, (x) promptly return the same (in the currency in which received) to the Person from whom it was received or (y) subject to reasonable commercial practices, promptly cause the conversion of the same into Dollars), (iv) to the extent that the amount so paid on prompt conversion to Dollars under normal commercial practices does not yield the requisite amount of Dollars, the obligee of such payment shall have a separate cause of action against the party obligated to make the relevant payment for the additional amount necessary to yield the amount due and owing under the Related Documents, (v) if, for the purpose of obtaining a judgment in any court with respect to any obligation under any of the Related Documents, it shall be necessary to convert to any other currency any amount in Dollars due thereunder and a change shall occur between the rate of exchange applied in making such conversion and the rate of exchange prevailing on the date of payment of such judgment, the obligor in respect of such obligation will pay such additional amounts (if any) as may be necessary to insure that the amount paid on the date of payment is the amount in such other currency which, when converted into Dollars and transferred to New York City, New York, in accordance with normal banking procedures, will result in realization of the amount then due in Dollars and (vi) any amount due under this paragraph shall be due as a separate debt and shall not be affected by or merged into any judgment being obtained for any other sum due under or in respect of the Related Documents.

Section 1316. Statutory References. References in this Indenture and each other Related Document for any Series to any section of the Uniform Commercial Code or the UCC shall mean, on or after the effective date of adoption of any revision to the Uniform Commercial Code or the UCC in the State of New York, such revised or successor section thereto.

Section 1317. Counterparts. This Indenture may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Indenture by facsimile shall be effective as delivery of a manually executed counterpart of this Indenture.

Section 1318. Patriot Act. The parties hereto acknowledge that in accordance with the Customer Identification Program (CIP) requirements under the USA PATRIOT Act and its implementing regulations, the Indenture Trustee in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Indenture Trustee. Each party hereby agrees that it shall provide the Indenture Trustee with such information as the Indenture Trustee may request that will help Indenture Trustee to identify and verify each party's identity, including without limitation each party's name, physical address, tax identification number, organizational documents, certificate of good standing, license to do business, or other pertinent identifying information.

Section 1319. Multiple Roles. The parties expressly acknowledge and consent to Wells Fargo Bank, National Association acting in the multiple capacities of Securities Intermediary, Paying Agent, Note Registrar, Manager Transfer Facilitator, and in the capacity as Indenture Trustee. Wells Fargo Bank, National Association may, in such multiple capacities, discharge its separate functions fully, without hindrance or regard to conflict of interest principles or other breach of duties to the extent that any such conflict or breach arises from the performance by Wells Fargo Bank, National Association of express duties set forth in this Indenture and any other Related Documents in any of such capacities, all of which defenses, claims or assertions are hereby expressly waived by the other parties hereto except in the case of negligence (other than errors in judgment) and willful misconduct by Wells Fargo Bank, National Association.

IN WITNESS WHEREOF, the Issuer and the Indenture Trustee have caused this Indenture to be duly executed and delivered by their respective officers thereunto duly authorized as of the day and year first above written.

TEXTAINER MARINE CONTAINERS V LIMITED

By: /s/ Adam Hopkin
Name: Adam Hopkin
Title: Secretary

WELLS FARGO BANK, NATIONAL ASSOCIATION, as
Indenture Trustee

By: /s/ G. Brad Martin
Name: G. Brad Martin
Title: Vice President

Indenture

TEXTAINER MARINE CONTAINERS V LIMITED
Issuer

and

WELLS FARGO BANK, NATIONAL ASSOCIATION
Indenture Trustee

SERIES 2017-1 SUPPLEMENT

DATED AS OF MAY 17, 2017

TO

INDENTURE

DATED AS OF MAY 17, 2017

FIXED RATE ASSET-BACKED NOTES, SERIES 2017-1,
CLASS A NOTES AND CLASS B NOTES

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EXHIBITS

<u>Exhibit</u>	<u>Description</u>
EXHIBIT A-1	Form of 144A Book-Entry Note
EXHIBIT A-2	Form of Regulation S Temporary Book-Entry Note
EXHIBIT A-3	Form of Unrestricted Book-Entry Note
EXHIBIT A-4	Form of Note Issued to Institutional Accredited Investors
EXHIBIT B	Form of Certificate to be Given by Series 2017-1 Noteholders
EXHIBIT C	Form of Certificate to be Given by Euroclear or Clearstream
EXHIBIT D	Form of Certificate to be Given by Transferee of Beneficial Interest In a Regulation S Temporary Book-Entry Note
EXHIBIT E	Form of Transfer Certificate for Exchange or Transfer From 144A Book-Entry Note to Regulations S Book-Entry Note
EXHIBIT F	Form of Initial Purchaser Exchange Instructions

SCHEDULES

<u>Schedules</u>	<u>Description</u>
Schedule I	Minimum Targeted Principal Balances
Schedule II	Scheduled Targeted Principal Balances

SERIES 2017-1 SUPPLEMENT, dated as of May 17, 2017 (as amended, restated, supplemented or otherwise modified from time to time, this “**Supplement**”), between TEXTAINER MARINE CONTAINERS V LIMITED, an exempted company with limited liability incorporated in Bermuda (the “**Issuer**”), and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association, as Indenture Trustee (the “**Indenture Trustee**”).

WHEREAS, pursuant to the Indenture, dated as of May 17, 2017 (as amended, restated, supplemented or otherwise modified from time to time, the “**Indenture**”), between the Issuer and the Indenture Trustee, the Issuer may from time to time issue any one or more Series of Notes. The Principal Terms of any Series of Notes are to be set forth in a Supplement to the Indenture; and

WHEREAS, the Issuer wishes to create a new Series of Notes that will be designated as the Series 2017-1 Notes and this Supplement shall specify the Principal Terms of such Series 2017-1 Notes.

NOW THEREFORE, in consideration of the premises and mutual covenants herein contained, the parties hereto agree as follows:

ARTICLE I
Definitions; Calculation Guidelines

Section 101. Definitions (a) Whenever used in this Supplement, the following words and phrases shall have the following meanings, and the definitions of such terms are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such terms.

“**144A Book-Entry Notes**”. The 144A Book-Entry Notes substantially in the form of **Exhibit A-1** hereto.

“**Aggregate Class A Note Principal Balance**”. As of any date of determination, an amount equal to the sum of the Class A Note Principal Balances of all Class A Notes then Outstanding.

“**Aggregate Class B Note Principal Balance**”. As of any date of determination, an amount equal to the sum of the Class B Note Principal Balances of all Class B Notes then Outstanding.

“**Aggregate Invested Amount**”. As of any date of determination, an amount equal to the sum of the Invested Amounts for all Series of Notes then Outstanding.

“**Aggregate Series 2017-1 Note Principal Balance**”. As of any date of determination, an amount equal to the sum of the then Aggregate Class A Note Principal Balance and the then Aggregate Class B Note Principal Balance then Outstanding.

“Class A Advance Rate”. For the Class A Notes, sixty two and six tenths percent (62.6%).

“Class A Asset Base”. As of any Determination Date, shall be equal to the product of (i) the quotient of the Class A Advance Rate divided by the Class B Advance Rate and (ii) the Series 2017-1 Asset Base.

“Class A Minimum Principal Payment Amount”. On each Payment Date, is equal to the excess, if any, of (x) the then Aggregate Class A Note Principal Balance over (y) the Class A Minimum Targeted Principal Balance for such Payment Date.

“Class A Minimum Targeted Principal Balance”. On each Payment Date is the applicable amount set forth opposite such Payment Date under “Class A” in Schedule I hereto.

“Class A Note Interest Payment”. For the Class A Notes on each Payment Date, an amount equal to the product of (i) three and seventy-two hundredths percent (3.72%) per annum, (ii) the Aggregate Class A Note Principal Balance on the immediately preceding Payment Date, calculated after giving effect to all principal payments on the Class A Notes actually paid on such date (or, in the case of the first Payment Date, the Aggregate Class A Note Principal Balance on the Closing Date) and (iii) one twelfth (or, in the case of the first Payment Date, the number of days in the first Interest Accrual Period).

“Class A Note”. Any of the \$350,000,000 Fixed Rate Asset-Backed Notes, Series 2017-1, Class A issued pursuant to the terms of this Supplement, substantially in the form of any Exhibit A-1, A-2, A-3 or A-4 to this Supplement.

“Class A Note Principal Balance”. With respect to any Class A Note as of any date of determination, an amount equal to the excess, if any, of (x) the initial principal balance of such Class A Note as of the Closing Date, over (y) the cumulative amount of all Class A Minimum Principal Payment Amounts, Class A Scheduled Principal Payment Amounts and any other principal payments (including Prepayments) actually paid to the related Class A Noteholder subsequent to the Closing Date.

“Class A Scheduled Principal Payment Amount”. On each Payment Date is equal to the excess, if any, of (x) the then Aggregate Class A Note Principal Balance (after giving effect to the portion of the Class A Minimum Principal Payment Amount for the Class A Notes actually paid on such Payment Date), over (y) the Class A Scheduled Targeted Principal Balance for such Payment Date.

“Class A Scheduled Targeted Principal Balance”. On each Payment Date is the applicable amount set forth opposite such Payment Date under “Class A” in Schedule II hereto, as such Schedule II may be adjusted from time to time in accordance with Section 205(b) of this Supplement.

“Class A Supplemental Principal Payment Amount”. On each Payment Date is equal to the excess, if any, of (i) the Aggregate Class A Note Principal Balance (calculated after giving effect to any payment of the Class A Minimum Principal Payment Amount and the Class A Scheduled Principal Payment Amount actually paid on such Payment Date), over (ii) the Class A Asset Base (determined as of the last day of the month immediately preceding such Payment Date).

“Class B Advance Rate”. For the Class B Notes, seventy five and two tenths percent (75.2%).

“Class B Minimum Principal Payment Amount”. On each Payment Date is equal to the excess, if any, of (x) the then Aggregate Class B Note Principal Balance over (y) the Class B Minimum Targeted Principal Balance for such Payment Date.

“Class B Minimum Targeted Principal Balance”. On each Payment Date is the applicable amount set forth opposite such Payment Date under “Class B” in Schedule I hereto.

“Class B Note”. The \$70,000,000 Fixed Rate Asset-Backed Notes, Series 2017-1, Class B.

“Class B Note Interest Payment”. For the Class B Notes on each Payment Date, an amount equal to the product of (i) four and eighty-five hundredths percent (4.85%) per annum, (ii) the Aggregate Class B Note Principal Balance on the immediately preceding Payment Date, calculated after giving effect to all principal payments on the Class B Notes actually paid on such date (or, in the case of the first Payment Date, the Aggregate Class B Note Principal Balance on the Closing Date) and (iii) one twelfth (or, in the case of the first Payment Date, the number of class in the first Interest Accrual Period).

“Class B Note Principal Balance”. With respect to any Class B Note as of any date of determination, an amount equal to the excess, if any, of (x) the initial principal balance of such Class B Note as of the Closing Date, over (y) the cumulative amount of all Class B Minimum Principal Payment Amounts, Class B Scheduled Principal Payment Amounts and any other principal payments (including Prepayments) actually paid to the related Class B Noteholder subsequent to the Closing Date.

“Class B Scheduled Principal Payment Amount”. On each Payment Date is equal to the excess, if any, of (x) the then Aggregate Class B Note Principal Balance (after giving effect to the portion of the Class B Minimum Principal Payment Amount for the Class B Notes actually paid on such Payment Date), over (y) the Class B Scheduled Targeted Principal Balance for such Payment Date.

“Class B Scheduled Targeted Principal Balance”. On each Payment Date is the applicable amount set forth opposite such Payment Date under “Class B” in Schedule II hereto, as such Schedule II may be adjusted from time to time in accordance with Section 205(b) of this Supplement.

“Class B Supplemental Principal Payment Amount”. On each Payment Date is equal to the excess, if any, of (i) the Aggregate Series 2017-1 Note Principal Balance (calculated after giving effect to all Class A Minimum Principal Payment Amounts, Class A Scheduled Principal Payment Amounts, Class A Supplemental Principal Payment Amounts, Class B Minimum Principal Payment Amounts and Class B Scheduled Principal Payment Amounts actually paid on such date) over (ii) the Series 2017-1 Asset Base (determined as of the last day of the month immediately preceding such Payment Date).

“Closing Date”. May 17, 2017.

“Debt Service Coverage Ratio”. As reported on the Manager Report for any Payment Date, the ratio (as reported on the Manager Report delivered on the related Determination Date), of (A) the sum of (x) the aggregate DSCR Adjusted Available Proceeds for the current Payment Date and the five (5) immediately preceding Payment Dates and (y) the aggregate amount of cash withdrawn from the Series 2017-1 Principal Reserve Account on the five (5) immediately preceding Payment Dates and the amount of cash and Eligible Investments on deposit in the Series 2017-1 Principal Reserve Account on the current Payment Date; provided that the aggregate amount described in this clause (y) shall in no event exceed \$7,500,000, to (B) an amount equal to the sum of (1) the aggregate DSCR Covered Principal Payments for the current Payment Date and five (5) immediately preceding Payment Dates, and (2) the aggregate DSCR Covered Interest Payments for the current Payment Date and the five (5) immediately preceding Payment Dates for purposes of the calculation.

“Default Fees”. With respect to the Series 2017-1 Notes, the incremental fee specified in Section 203(b) payable by the Issuer to the Noteholders of such Class resulting from the failure of the Issuer to pay amounts when due under this Supplement or the Indenture.

“DTC”. This term has the meaning set forth in Section 207(b)(v).

“DSCR Adjusted Available Proceeds”. For any Payment Date, an amount (as reported on the Manager Report delivered on the related Determination Date) equal to the Series 2017-1 Available Funds to be distributed on such Payment Date exclusive of (i) the allocated portion of sales proceeds from the sales of a Managed Container to an Affiliate of the Issuer included in the Series 2017-1 Available Funds and (ii) funds transferred to the Series 2017-1 Series Account from the Series 2017-1 Principal Reserve Account. Solely for purposes of the foregoing calculation, the Collection Allocation Percentage used in calculating the Series 2017-1 Available Funds for the current Payment Date will be determined based on whether an Early Amortization Event for Series 2017-1 or an Event of Default for Series 2017-1 existed on the immediately preceding Payment Date.

“DSCR Covered Interest Payments”. For each Payment Date, an amount equal to the sum of the payments due on such Payment Date pursuant to clauses (1) through (7) inclusive of the waterfall for when No Early Amortization Event for Series 2017-1 or Event of Default for Series 2017-1 is then continuing. For purposes of this definition, the payments listed in the preceding sentence shall be used even if an Early Amortization Event for Series 2017-1 or an Event of Default for Series 2017-1 is then continuing.

“DSCR Covered Principal Payment”. For each Payment Date, an amount equal to the sum of the following for such Payment Date: (a) the Class A Minimum Principal Payment Amount for such Payment Date, plus (b) the Class A Scheduled Principal Payment Amount for such Payment Date, plus (c) the Class B Minimum Principal Payment Amount for such Payment Date plus (d) the Class B Scheduled Principal Payment Amount. For purposes of this definition, the payments listed in the preceding sentence shall be used even if an Early Amortization Event for Series 2017-1 or an Event of Default for Series 2017-1 is then continuing and regardless of whether such principal payments appear in the applicable priority of payments from the Series 2017-1 Series Account.

“Finance Lease Management Fee”. This term has the meaning set forth in **Section 404(c)**.

“Finance Lease Payments”. For any period, all amounts due in connection with the ownership, use and/or operation of Containers subject to a Finance Lease, including, but not limited to, rental, handling, location revenue and other rental-related charges arising from the leasing of such Containers, but excluding Miscellaneous Issuer Proceeds, Casualty Proceeds, Sales Proceeds and Indemnification Proceeds.

“Funded Debt Documents”. This term has the meaning set forth in **Section 402(a)**.

“Initial Purchasers”. Each of (i) RBC Capital Markets, (ii) Merrill Lynch, Pierce, Fenner & Smith Incorporated and (iii) PNC Capital Markets LLC.

“Institutional Accredited Investors”. Institutional “accredited investors” within the meaning of paragraphs (1), (2), (3) or (7) of Rule 501(a) under the Securities Act.

“Interest Accrual Period”. With respect to each Payment Date, the period commencing on and including the immediately preceding Payment Date (or in the case of the initial Payment Date with respect to a Series, commencing on and including the Issuance Date for such Series) and ending on but excluding the current Payment Date.

“Issuance Date”. For Series 2017-1 Notes, the Issuance Date is May 17, 2017.

“Issuance Date Restricted Cash Amount”. An amount equal to the sum of the Series 2017-1 Restricted Cash Amount on the Issuance Date of the Series 2017-1 Notes; this amount shall be Thirteen Million, Seven Hundred Seventy-Six Thousand Dollars (\$13,776,000).

“Issuance Date Series 2017-1 Note Principal Balance”. The Unpaid Principal Balance on the Issuance Date of the Series 2017-1 Notes; this amount shall be Four Hundred Twenty Million Dollars (\$420,000,000).

“Long-Term/PLB Management Fee”. This term has the meaning set forth in **Section 404(b)**.

“Long-Term Lease Fleet”. As of any date of determination, all Managed Containers that are then subject to Long-Term Leases.

“Majority of Holders”. With respect to the Series 2017-1 Notes means, as of any date of determination, (A) so long as the Class A Notes are Outstanding, Class A Noteholders holding Class A Notes constituting more than fifty percent (50%) of the then Aggregate Class A Note Principal Balance; and (B) at all times not covered by clause (A), Class B Noteholders holding Class B Notes constituting more than fifty percent (50%) of the Aggregate Class B Note Principal Balance.

“Master Lease Fleet”. As of any date of determination, all Managed Containers that are then (a) subject to Master Leases or (b) off-lease if their Leases in effect immediately before they went off-lease were Leases subject to Master Leases.

“Master Lease Management Fee”. This term has the meaning set forth in **Section 404(a)**.

“Minimum Principal Payment Amount”. With respect to Series 2017-1, the Class A Minimum Principal Payment Amount and the Class B Minimum Principal Payment Amount.

“Percentage”. With respect to any Series 2017-1 Noteholder as of any date of determination, the percentage equivalent of a fraction, the numerator of which is the Class A Note Principal Balance or Class B Note Principal Balance, as the case may be, of the Class A Note or Class B Note, as the case may be, owned by such Series 2017-1 Noteholder and the denominator of which is equal to the then Aggregate Class A Note Principal Balance or Class B Note Principal Balance, as the case may be.

“Permitted Non-U.S. Person”. Any Person (i) who is not a U.S. Person and (ii) to whom the offer and sale of the Series 2017-1 Notes may be made without registration under the Securities Act in reliance upon Regulation S.

“Permitted Payment Date Withdrawals”. Both of the following with respect to the Series 2017-1 Notes: (i) on any Payment Date other than the Series 2017-1 Legal Final Payment Date, the amounts required to pay any shortfall in the Class A Note Interest Payment and the Class B Note Interest Payment (calculated after giving effect to the application of all Series 2017-1 Available Funds on such Payment Date); and (ii) on the Series 2017-1 Legal Final Payment Date for the Series 2017-1 Note, the amount required to pay any shortfall in the unpaid principal balance of all of the Series 2017-1 Notes (calculated after giving effect to the application of the Series 2017-1 Available Funds on such Payment Date).

“Qualified Institutional Buyers”. This term has the meaning set forth in **Section 207(a)(i)**.

“Regulation S”. Regulation S under the Securities Act.

“Regulation S Temporary Book-Entry Notes”. The Regulation S Temporary Book-Entry Notes substantially in the form of **Exhibit A-2**.

“Required Payments”. For Series 2017-1 Notes, the Required Payments shall be as follows: (A) if neither an Early Amortization Event for Series 2017-1 nor an Event of Default for Series 2017-1 is then continuing, the payments specified in clauses (i) through (xv) inclusive in Section 304(a), (B) if an Early Amortization Event for Series 2017-1 shall then be continuing but no Event of Default for Series 2017-1 shall then be continuing (or a Series 2017-1 Event of Default is continuing but the Series 2017-1 Notes have not been accelerated in accordance with the Indenture), the payments set forth in clauses (i) through (xii) inclusive in Section 304(b), or (C) if an Event of Default for Series 2017-1 shall then be continuing and the Series 2017-1 Notes have been accelerated in accordance with the Indenture and such consequence shall not have been rescinded or annulled, the payments set forth in clauses (i) through (xi) inclusive in Section 304(c).

“Rule 144A”. This term has the meaning set forth in **Section 207(a)(i)**.

“Sales Management Fee”. This term has the meaning set forth in **Section 404(d)**.

“Scheduled Principal Payment Amount”. With respect to Series 2017-1, the Class A Scheduled Principal Payment Amount and the Class B Scheduled Principal Payment Amount.

“Series 2017-1 Asset Allocation Percentage”. As of any date of determination, the Asset Allocation Percentage for Series 2017-1.

“Series 2017-1 Asset Base”. As of any Determination Date, an amount equal to the sum of (a) the product of (i) Series 2017-1 Asset Allocation Percentage in effect on such Determination Date, (ii) a percentage equal to 100% minus the Series 2017-1 Required Overcollateralization Percentage in effect on such Determination Date and (iii) the sum of (x) the Aggregate Net Book Value (measured as of the last day of the immediately preceding calendar month) and (y) the aggregate outstanding balance of receivables resulting from the sale or disposition of Eligible Containers which have not been outstanding for more than 60 days, plus (b) an amount equal to the sum of (i) the amount of cash and Eligible Investments on deposit in the Series 2017-1 Restricted Cash Account and (ii) an amount equal to the product of (x) the Series 2017-1 Asset Allocation Percentage in effect on such Determination Date and (y) the amount of cash and Eligible Investments on deposit in the Excess Funding Account on such Determination Date.

“Series 2017-1 Available Funds”. As of any Payment Date, an amount equal to the sum of (i) an amount equal to the product of (x) the Available Distribution Amount for the most recently completed Collection Period and (y) the Series 2017-1 Collection Allocation Percentage in effect on the related Determination Date, (ii) all amounts transferred to the Series 2017-1 Series Account from the Series 2017-1 Restricted Cash Account or the Series 2017-1 Principal Reserve Account on the related Determination Date pursuant to the Indenture, (iii) the amount of funds transferred to the Series 2017-1 Series Account on such Payment Date following transfer from the Excess Funding Account to the Trust Account pursuant to the Indenture, and (iv) the amount of any Shared Available Funds (as defined in the Supplements for each other Series of Notes then Outstanding) deposited to the Series 2017-1 Series Account on such Payment Date in accordance with the terms of the Supplement for each other Series of Notes then Outstanding.

“Series 2017-1 Collection Allocation Percentage”. As of any date of determination, a fraction (expressed as a percentage) equal to (A) divided by (B), as follows:

(A) the Series 2017-1 Invested Amount; and

(B) the Aggregate Invested Amount (exclusive of the Invested Amount for any Liquidation Deficiency Series).

“Series 2017-1 Control Party”. The Majority of Holders of the Series 2017-1 Notes.

“Series 2017-1 Early Amortization Event”. The occurrence of either a Trust Early Amortization Event or a Series-Specific Early Amortization Event set forth in Section 401 hereof.

“Series 2017-1 Event of Default”. The occurrence of either a Trust Event of Default or a Series-Specific Event of Default set forth in Section 403 hereof.

“Series 2017-1 Excess Concentration Percentage”. As of any date of determination, an amount equal to the sum of the following percentages:

- (a) Maximum Concentration of Dry Freight Special Containers. The amount by which (x) the sum of the Net Book Values of all Eligible Containers that are dry freight specialized containers (other than refrigerated containers), divided by the Aggregate Net Book Value, expressed as a percentage, exceeds (y) twenty-five percent (25%);
- (b) Maximum Concentration of Finance Leases (Total). The amount by which (x) the sum of the Net Book Values of all Eligible Containers that are subject to Finance Leases, divided by the Aggregate Net Book Value, expressed as a percentage, exceeds (y) ten percent (10%);
- (c) Maximum Concentration of Non-Monthly Rental Payments. The amount by which (x) the sum of the Net Book Values of all Eligible Containers subject to Leases for which rentals are payable less frequently than monthly, divided by the Aggregate Net Book Value, expressed as a percentage, exceeds (y) two percent (2%);
- (d) Maximum Concentration of Non-U.S. Currency Rentals. The amount by which (x) the sum of the Net Book Values of all Eligible Containers subject to Leases for which rentals are payable in a currency other than Dollars and which are not the subject of a currency hedge agreement, divided by the Aggregate Net Book Value, expressed as a percentage, exceeds (y) two percent (2%);

- (e) Maximum Concentration of Non-Marine Cargo Users. The amount by which (x) the sum of the Net Book Values of all Eligible Containers subject to Lease Agreements under which the lessee is a Person that is not a marine cargo user, divided by the Aggregate Net Book Value, expressed as a percentage, exceeds (y) seven percent (7%);
- (f) Maximum Concentration of any Ten Lessees. The amount by which (x) the sum of the Net Book Values of all Eligible Containers then on lease to any ten lessees or sublessees, divided by the Aggregate Net Book Value, expressed as a percentage, exceeds (y) seventy-five percent (75%);
- (g) Maximum Concentration of a Single Lessee. The amount by which (x) the sum of the Net Book Values of all Eligible Containers then on lease to any single lessee, divided by the Aggregate Net Book Value, expressed as a percentage, exceeds (y) twenty-five percent (25%);
- (h) U.S. Government Leases. The amount by which (x) the sum of the Net Book Values of all Eligible Containers on Lease to the U.S. government, divided by the Aggregate Net Book Value, exceeds (y) four percent (4%); *provided* that Leases for which (i) compliance with the Federal Assignment of Claims Act have been evidenced by a favorable Opinion of Counsel or (ii) the U.S. government has executed a consent to assignment shall not be included in the foregoing clause (x);
- (i) Maximum Concentration of Finance Leases by Single Lessee. The amount by which (x) the sum of the Net Book Values of all Eligible Containers that are subject to a Finance Lease to a single lessee, divided by the Aggregate Net Book Value, expressed as a percentage, exceeds (y) five percent (5%); and
- (j) Maximum Concentration of Lessee Subject to an Insolvency Proceeding. The amount by which (x) the sum of the Net Book Values of all Eligible Containers that are on lease (that is not a Finance Lease) to a lessee (other than Hanjin Shipping Limited or one of its Affiliates) that is subject to an Insolvency Proceeding, divided by the Aggregate Net Book Value, expressed as a percentage, exceeds (y) ten percent (10%).

For purposes of calculating the foregoing amounts, if an Eligible Container is subject to the Head Lease Agreement, the TUS Sublessee shall be deemed the lessee.

“Series 2017-1 Expected Final Payment Date”. The Payment Date in January 2026.

“Series 2017-1 Invested Amount”. As of any date of determination, one of the following: (a) if no Early Amortization Event for any Series or Event of Default for any Series is then continuing, an amount equal to (x) the Issuance Date Series 2017-1 Note Principal Balance minus the Issuance Date Restricted Cash Amount for Series 2017-1, divided by (y) 100% minus the Series 2017-1 Required Overcollateralization Percentage in effect on such date of determination; or (b) if any Early Amortization Event for any Series or Event of Default for any Series is then continuing, an amount (not less than zero) equal to (x) the Unpaid Principal

Balance on the date on which such Early Amortization Event for any Series or Event of Default for any Series occurred, minus the amount then on deposit in the Series 2017-1 Restricted Cash Account on the date on which such Early Amortization Event for any Series or Event of Default for any Series occurred, divided by (y) 100% minus the Series 2017-1 Required Overcollateralization Percentage on the date on which such Early Amortization Event for any Series or Event of Default for any Series occurred.

“Series 2017-1 Legal Final Payment Date”. The Payment Date in May 2042.

“Series 2017-1 Management Fee”. The management fee for the Series 2017-1 Notes set forth in Section 404 of this Supplement.

“Series 2017-1 Manager Default”. The occurrence of either a Trust Manager Default or a Series-Specific Manager Default set forth in Section 402 hereof.

“Series 2017-1 Noteholder”. Any Holder of a Series 2017-1 Note.

“Series 2017-1 Notes”. The Series of notes issued pursuant to the terms of this Supplement. The Series 2017-1 Notes are issued in two Classes: Class A Notes and Class B Notes.

“Series 2017-1 Related Documents”. means any and all of the Indenture, this Supplement, the Series 2017-1 Notes, the Management Agreement, the Contribution and Sale Agreement, each Container Transfer Agreement, the Series 2017-1 Note Purchase Agreement, the Manager Transfer Facilitator Agreement, and any and all other agreements, documents and instruments executed and delivered by or on behalf or in support of the Issuer with respect to the issuance and sale of the Series 2014-1 Notes, as any of the foregoing may from time to time be amended, modified, supplemented or renewed.

“Series 2017-1 Principal Reserve Account”. The account established pursuant to Section 303 of this Supplement.

“Series 2017-1 Principal Reserve Amount”. \$7,500,000.

“Series 2017-1 Required Overcollateralization Percentage”. As of any date of determination, an amount equal to (a) one hundred percent (100%), minus (b) the Class B Advance for so long as the Class B Notes are Outstanding, plus (c) the Series 2017-1 Excess Concentration Percentage.

“Series 2017-1 Restricted Cash Account”. The account established pursuant to Section 302 of this Supplement.

“Series 2017-1 Restricted Cash Amount”. As of any date of determination, the amount required to be deposited or maintained in the Series 2017-1 Restricted Cash Account, which shall be equal to the product of (a) nine (9), (b) one-twelfth (1/12), (c) the weighted average (based on unpaid principal balances) of the annual rates of interest payable by the Issuer on all Class A Notes and all Class B Notes then Outstanding and (d) the then Aggregate Series 2017-1 Note Principal Balance, calculated after giving effect to all principal payments actually paid on all Class A Notes and all Class B Notes on such date.

“Series 2017-1 Series Account”. The account of that name established in accordance with Section 301 herein.

“Series 2017-1 Supplement”. This Supplement, dated as of May 17, 2017, entered into by and between the Issuer and the Indenture Trustee, pursuant to which the Series 2017-1 Notes will be issued.

“Series 2017-1 Specific Collateral”. This term shall have the meaning set forth in **Section 208** hereto.

“Unrestricted Book-Entry Notes”. The Unrestricted Book-Entry Notes substantially in the form of **Exhibit A-3**.

“U.S. Person”. This term has the meaning set forth in Regulation S.

“Weighted Average Age”. For any date of determination shall be equal to the quotient of (A) the sum of the products of (i) the age in years (determined from the date of the initial sale thereof by the manufacturer) of each Managed Container being evaluated, multiplied by (ii) the Net Book Value of such Managed Container being evaluated, divided by (B) the sum of the Net Book Values of all Managed Containers being evaluated.

“Weighted Average Age Condition”. The condition that will exist on a Payment Date if the Manager Report delivered on the related Determination Date indicates that the Weighted Average Age of all Eligible Containers exceeds eleven and one half (11.5) years. A Weighted Average Age Condition will be cured and no longer exist on the earlier to occur of (x) the date on which the Series 2017-1 Control Party waives such Weighted Average Age Condition, and (y) the subsequent Determination Date on which the Manager Report indicates that a Weighted Average Age of all Eligible Containers is equal to or less than eleven and one half (11.5) years. This definition shall not apply during the continuation of an Early Amortization Event for Series 2017-1.

(b) Capitalized terms used herein and not otherwise defined shall have the meaning set forth in the Indenture or, if not defined therein, as defined in the Series 2017-1 Note Purchase Agreement, or, if not defined therein, as defined in the Management Agreement.

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(c) References in this Supplement and any other Series 2017-1 Related Document to any section of the Uniform Commercial Code or the UCC shall mean, on or after the effective date of adoption of any revision to the Uniform Commercial Code or the UCC in the applicable jurisdiction, such revised or successor section thereto.

ARTICLE II
Creation of the Series 2017-1 Notes

Section 201. Designation. (a) There is hereby created a Series of Notes to be issued in two Classes pursuant to the Indenture and this Supplement to be known as (i) “\$350,000,000 Fixed Rate Asset-Backed Notes, Series 2017-1, Class A”, and (ii) “\$70,000,000 Fixed Rate Asset-Backed Notes, Series 2017-1, Class B”. The Class A Notes will be issued in the initial principal balance of Three Hundred Fifty Million Dollars (\$350,000,000), and the Class B Notes will be issued in the initial principal balance of Seventy Million Dollars (\$70,000,000). The Series 2017-1 Notes will not have priority over any other Series, except to the extent set forth in the Supplement for such other Series. The Class A Notes are the Senior Notes and senior Class of Series 2017-1, and the Class B Notes are the Subordinate Notes and the subordinate Class of Series 2017-1.

(b) Payments of principal on the Series 2017-1 Notes shall be payable from funds on deposit in the Series 2017-1 Series Account or otherwise at the times and in the amounts set forth in **Article III** of the Indenture and **Article III** of this Supplement.

(c) Each Series 2017-1 Note is classified as a “Term Note”, as such term is used in the Indenture.

(d) Each of the following terms defined in the Indenture shall have the following meanings with respect to the Series 2017-1 Notes:

(i) The “Asset Allocation Percentage” (as defined in the Indenture) for Series 2017-1 shall be the “Series 2017-1 Asset Allocation Percentage” (as defined in **Section 101(a)**).

(ii) The “Available Funds” (as defined in the Indenture) for Series 2017-1 shall be the “Series 2017-1 Available Funds” (as defined in **Section 101(a)**).

(iii) The “Collection Allocation Percentage” (as defined in the Indenture) for Series 2017-1 shall be the “Series 2017-1 Collection Allocation Percentage” (as defined in **Section 101(a)**).

(iv) The “Excess Concentration Percentage” (as defined in the Indenture) for Series 2017-1 shall be the “Series 2017-1 Excess Concentration Percentage” (as defined in **Section 101(a)**).

(v) The “Expected Final Payment Date” (as defined in the Indenture) for Series 2017-1 shall be the “Series 2017-1 Expected Final Payment Date” (as defined in **Section 101(a)**).

(vi) The “Invested Amount” (as defined in the Indenture) for Series 2017-1 shall be the “Series 2017-1 Invested Account” (as defined in **Section 101(a)**).

(vii) The “Legal Final Payment Date” (as defined in the Indenture) for Series 2017-1 shall be the “Series 2017-1 Legal Final Payment Date” (as defined in **Section 101(a)**).

(viii) The initial “Payment Date” (as defined in the Indenture) for Series 2017-1 shall be June 20, 2017.

(ix) The “Principal Reserve Account” (as defined in the Indenture) for Series 2017-1 shall be the “Series 2017-1 Principal Reserve Account” (as defined in **Section 101(a)**).

(x) The “Principal Reserve Amount” (as defined in the Indenture) for Series 2017-1 shall be the “ Series 2017-1 Principal Reserve Amount” (as defined in **Section 101(a)**).

(xi) The “Rating Agency” for Series 2017-1, as such term is used in the Indenture, shall be Standard & Poor’s.

(xii) The initial “Record Date” (as defined in the Indenture) for Series 2017-1 shall be the Closing Date.

(xiii) The “Related Documents” (as defined in the Indenture) for Series 2017-1 shall be the “Series 2017-1 Related Documents” (as defined in **Section 101(a)**).

(xiv) The “Required Overcollateralization Percentage” (as defined in the Indenture) for Series 2017-1 shall be the “Series 2017-1 Required Overcollateralization Percentage” (as defined in **Section 101(a)**).

(xv) The “Restricted Cash Account” (as defined in the Indenture) for Series 2017-1 shall be the “Series 2017-1 Restricted Cash Account” (as defined in **Section 101(a)**).

(xvi) The “Restricted Cash Amount” (as defined in the Indenture) for Series 2017-1 shall be the “ Series 2017-1 Restricted Cash Amount” (as defined in **Section 101(a)**).

(xvii) The “Series Account” (as defined in the Indenture) for Series 2017-1 shall be the “Series 2017-1 Series Account” (as defined in **Section 101(a)**).

(xviii) The “Series-Specific Collateral” (as defined in the Indenture) for Series 2017-1 shall be the “ Series 2017-1 Specific Collateral” (as defined in **Section 101(a)**).

(xix) The “Shared Available Funds” (as defined in the Indenture) for Series 2017-1 shall be the “Series 2017-1 Shared Available Funds” (as defined in **Section 101(a)**).

(e) In the event that any term or provision contained herein shall conflict with or be inconsistent with any term or provision contained in the Indenture, the terms and provisions of this Supplement shall govern.

Section 202. Authentication and Delivery

(a) On the Closing Date, the Issuer shall sign, and shall direct the Indenture Trustee in writing pursuant to Section 204 of the Indenture to duly authenticate, and the Indenture Trustee, upon receiving such direction, shall authenticate, subject to compliance with the conditions precedent set forth in **Section 501**, the Series 2017-1 Notes in accordance with such written directions.

(b) In accordance with Section 202 of the Indenture, the Series 2017-1 Notes sold in reliance on Rule 144A shall be represented by one or more 144A Book-Entry Notes. Any Series 2017-1 Notes sold in reliance on Regulation S shall be represented by one or more Regulation S Book-Entry Notes. Any Series 2017-1 Notes sold to Institutional Accredited Investors or other Persons that are not Qualified Institutional Buyers or Permitted Non-U.S. Persons shall be represented by one or more Definitive Notes.

(c) The Series 2017-1 Notes shall be executed by manual or facsimile signature on behalf of the Issuer by any officer of the Issuer and shall be substantially in the forms of Exhibit A.

(d) The Series 2017-1 Notes shall be issued in minimum denominations of \$100,000 and in integral multiples of \$1,000 in excess thereof.

Section 203. Interest Payments on the Series 2017-1 Notes

(a) Interest on Series 2017-1 Notes. Interest will accrue on the Class A Notes during each Interest Accrual Period and will be due and payable in arrears on each Payment Date in an amount equal to the Class A Note Interest Payment. Interest will accrue on the Class B Notes during each Interest Accrual Period and be due and payable in arrears on each Payment Date in an amount equal to the Class B Note Interest Payment. Interest on the Class A Notes and the Class B Notes shall (i) be calculated on the basis of a year consisting of twelve thirty (30) day months, (ii) be due and payable on each Payment Date, and (iii) be payable from the Series 2017-1 Series Account in accordance with Section 302 of the Indenture and in accordance with Section 304 hereof. Payment of the Class B Note Interest Payment due on each Payment Date will be subordinated to payment in full of the Class A Note Interest Payment due on such Payment Date in accordance with the priority of payments set forth in Section 304 of this Supplement.

(b) Interest on Overdue Amounts. If the Issuer shall default in the payment of (i) the Unpaid Principal Balance (or any portion of the principal balance) of all Series 2017-1 Notes on the Series 2017-1 Legal Final Payment Date, (ii) Class A Note Interest Payment on any Payment Date, (iii) any Class B Note Interest Payment on any Payment Date or (iv) following the acceleration of the Series 2017-1 Notes in accordance with the terms of the Indenture and this Supplement, any other amount owing under the Indenture not covered in clauses (i), (ii) and

(iii) which is not paid when due, the Issuer shall, from time to time, pay interest on such unpaid amounts, to the extent permitted by Applicable Law, at a rate *per annum* equal to the sum of (x) the interest rate otherwise in effect hereunder plus (y) two percent (2.00%), for the period during which such principal, interest or other amount shall be unpaid from the due date of such payment to but not including the date of actual payment thereof (after as well as before judgment). Default Fees shall be payable at the times and subject to the priorities set forth in **Section 304**.

(c) Maximum Interest Rate. In no event shall the interest charged with respect to a Series 2017-1 Note exceed the maximum amount permitted by Applicable Law. If at any time the interest rate charged with respect to the Series 2017-1 Notes exceeds the maximum rate permitted by Applicable Law, the rate of interest to accrue pursuant to this Supplement and such Series 2017-1 Note shall be limited to the maximum rate permitted by Applicable Law. If the total amount of interest paid or accrued on the Series 2017-1 Note under the foregoing provisions is less than the total amount of interest that would have accrued if the interest rate had at all times been in effect, the Issuer agrees to pay to the Series 2017-1 Noteholders an amount equal to the difference between (a) the lesser of (i) the amount of interest that would have accrued if the maximum rate permitted by Applicable Law had at all times been in effect, or (ii) the amount of interest that would have accrued if the interest rate had at all times been in effect, and (b) the amount of interest accrued in accordance with the other provisions of this Supplement.

Section 204. Principal Payments on the Series 2017-1 Notes

(a) On each Payment Date, the Issuer will, to the extent that funds are available for such purpose in accordance with Section 304, pay the principal balance of the Class A Notes in an amount equal to the Class A Minimum Principal Payment Amount, the Class A Scheduled Principal Payment Amount and the Class A Supplemental Principal Payment Amount; provided that if an Early Amortization Event for Series 2017-1 is then continuing or an Event of Default for Series 2017-1 is then continuing but the Series 2017-1 Notes have not been accelerated in accordance with the provisions of the Indenture, the then unpaid Aggregate Class A Note Principal Balance shall be payable in full to the extent that funds are available for such purpose in accordance with Section 304. If a Weighted Average Age Condition is continuing on a Payment Date, the Class A Noteholders and the Class B Noteholders are also entitled to receive additional principal payments.

(b) On each Payment Date, the Issuer will, to the extent that funds are available for such purpose in accordance with Section 304 pay the principal balance of the Class B Notes in an amount equal to the Class B Minimum Principal Payment Amount, the Class B Scheduled Principal Payment Amount and the Class B Supplemental Principal Payment Amount; provided that if an Early Amortization Event for Series 2017-1 is then continuing or an Event of Default for Series 2017-1 is then continuing but the Series 2017-1 Notes have not been accelerated in accordance with the provisions of the Indenture, the then unpaid Aggregate Class B Note Principal Balance shall be payable in full to the extent that funds are available for such purpose in accordance with Section 304. If a Weighted Average Age Condition is continuing on a Payment Date, the Class A Noteholders and the Class B Noteholders are also entitled to receive additional principal payments.

(c) Principal payments on the Class B Notes for any Payment Date are subordinated to the payment of principal payments on the Class A Notes for such Payment Date in accordance with the priority of payments set forth in this Supplement. For sake of clarity, any principal payments made pursuant to clause (xv) of Section 304(a) shall be paid to the Class A Noteholder and the Class B Noteholder on a pro rata basis based on their respective Unpaid Principal Balances without giving effect to such subordination.

(d) The unpaid principal amount of each Series 2017-1 Note together with all unpaid interest (including all Default Fees), fees, expenses, indemnities, costs and other amounts payable by the Issuer to the Series 2017-1 Noteholders and the Indenture Trustee pursuant to the terms of the Indenture and this Supplement, shall be due and payable in full on the earlier to occur of (x) the date on which an Event of Default shall occur and the Series 2017-1 Notes have been accelerated in accordance with the provisions of the Indenture and (y) the Series 2017-1 Legal Final Payment Date.

Section 205. Prepayment of Principal on the Series 2017-1 Notes

(a) Subject to the limitations set forth below, the Issuer will have the option to prepay, beginning on the Payment Date in June 2019, all, or a portion of, the Aggregate Series 2017-1 Note Principal Balance of the Series 2017-1 Notes in a minimum amount of \$100,000 (each such Payment Date, an "Optional Termination Date"). Any such prepayment of all, or a portion of, the Aggregate Series 2017-1 Note Principal Balance must also include accrued interest to the date of prepayment on the principal balance being prepaid. The Issuer has agreed to not make voluntary prepayments on (i) the Class B Notes so long as the Class A Notes are Outstanding and (ii) any Series 2017-1 Note prior to the Payment Date in June 2019; provided that this shall not restrict repayments of principal on the Series 2017-1 Notes, including distribution of Class A Supplemental Principal Payment Amounts and/or Class B Supplemental Principal Payment Amounts, contemplated under Section 204 above.

(b) Any optional Prepayments, Supplemental Principal Payment Amounts or accelerated principal payments received during the continuation of a Series 2017-1 Early Amortization Event will apply to each Class of Series 2017-1 Notes will be applied on each Payment Date to reduce the Scheduled Targeted Principal Balances of the affected Class of Notes in respect of each subsequent Payment Date by a percentage, the numerator of which is the amount of such optional Prepayment, Supplemental Principal Payment Amount for such Class, or accelerated principal payment, and the denominator of which is the Aggregate Class A Note Principal Balance or the Aggregate Class B Note Principal Balance, as the case may be, on such Payment Date (determined without giving effect to such optional Prepayment, Supplemental Principal Payment Amount for such Class or accelerated payment). The Issuer shall promptly (but in any event within five (5) Business Days after the date on which such payments are made) thereafter recalculate the Scheduled Targeted Principal Balance of the affected Classes of Notes for each future Payment Date.

(c) For purposes of calculating the DSCR Covered Principal Payment while an Early Amortization Event for Series 2017-1 or an Event of Default for Series 2017-1 is continuing, the adjustment to the Scheduled Targeted Principal Balance of the affected Class of Notes described in Section 205(b) shall be made even though Scheduled Principal Payment Amounts do not appear in the corresponding priority of payments from the Series 2017-1 Series Account.

Section 206. Payments of Principal and Interest . All payments of principal and interest on the Series 2017-1 Notes shall be paid to the Series 2017-1 Noteholders reflected in the Note Register as of the related Record Date by wire transfer of immediately available funds for receipt prior to 11:00 a.m. (New York City time) on the related Payment Date. Any payments received by the Series 2017-1 Noteholders after 11:00 a.m. (New York City time) on any day shall be considered to have been received on the next succeeding Business Day.

Section 207. Restrictions on Transfer. On the Closing Date, the Issuer shall sell the Series 2017-1 Notes to the Initial Purchasers pursuant to the Series 2017-1 Note Purchase Agreement and deliver such Series 2017-1 Notes in accordance herewith and therewith. Thereafter, no Series 2017-1 Note may be sold, transferred or otherwise disposed of except in compliance with the provisions of the Indenture and except as follows:

- (i) to Persons that take delivery of such Series 2017-1 Note in an amount of at least \$100,000 and that the transferring Person reasonably believes are qualified institutional buyers as defined in Rule 144A (“**Qualified Institutional Buyers**”) in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A promulgated thereunder (“**Rule 144A**”);
- (ii) to Permitted Non-U.S. Persons that take delivery of such Series 2017-1 Note in an amount of at least \$100,000;
- (iii) to Institutional Accredited Investors that take delivery of such Series 2017-1 Note in an amount of at least \$100,000 and that deliver to the Indenture Trustee a letter substantially in the form of Exhibit D to the Indenture to the Indenture Trustee; or
- (iv) to a Person that is taking delivery of such Series 2017-1 Note in an amount of at least \$100,000 and that is otherwise exempt from the registration requirements of the Securities Act and from any applicable State law securities registration or qualification requirements, as confirmed in an Opinion of Counsel addressed to the Indenture Trustee and the Issuer, which counsel and opinion are satisfactory to the Indenture Trustee and the Issuer.

The Indenture Trustee shall have no obligations or duties with respect to determining whether any transfers of the Series 2017-1 Notes are made in accordance with the Securities Act or any other law; *provided* that with respect to Definitive Notes, the Indenture Trustee shall enforce such transfer restrictions in accordance with the terms set forth in this Supplement.

(b) Each purchaser (other than any Initial Purchaser) of the Series 2017-1 Notes (including any purchaser, other than any Initial Purchaser, of an interest in the Series 2017-1 Notes which are Book-Entry Notes) shall be deemed to have acknowledged and agreed as follows:

- (i) It is (A) Qualified Institutional Buyer and is acquiring such Series 2017-1 Notes for its own institutional account or for the account or accounts of a Qualified Institutional Buyer or (B) purchasing such Series 2017-1 Notes in a transaction exempt from registration under the Securities Act and in compliance with the provisions of this

Supplement and in compliance with the legend set forth in **Section 207(b)(v)** below or (C) not a U.S. Person and is acquiring such Series 2017-1 Notes outside of the United States.

(ii) It is purchasing one or more Series 2017-1 Notes in an amount of at least \$100,000 and it understands that such Series 2017-1 Notes may be resold, pledged or otherwise transferred only in an amount of at least \$100,000.

(iii) It represents and warrants to the Issuer, the Indenture Trustee, each Initial Purchaser, the Manager and any successor Manager that (a) either (1) it is not, and is not acting on behalf of, a Plan or a governmental, church or non-U.S. plan which is subject to any federal, state, local, or non-U.S. law that is similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code, and no part of the assets to be used by it to purchase or hold the Series 2017-1 Notes or any interest therein constitutes the assets of any Plan or such a governmental, church, or non-U.S. plan; or (2) (A) the acquisition, holding, and disposition of any Series 2017-1 Note will not give rise to a nonexempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a governmental, church, or non-U.S. plan, a violation of any similar federal, state, local, or non-U.S. law) and (B) the Series 2017-1 Notes are rated investment grade or better and such Person believes that the Series 2017-1 Notes are properly treated as indebtedness without substantial equity features for purposes of Section 2510.3-101 of the regulations issued by the U.S. Department of Labor, and agrees to so treat the Series 2017-1 Notes; and (b) it will not sell or otherwise transfer the Series 2017-1 Notes or any interest therein otherwise than to a purchaser or transferee that represents and agrees with respect to its purchase, holding, and disposition of the Series 2017-1 Notes to the same effect as the purchaser's representation and agreement set forth in this **Section 207(b)(ii)**. Alternatively, regardless of the rating of the Series 2017-1 Notes, such Person may provide the Indenture Trustee with an Opinion of Counsel, which Opinion of Counsel will not be at the expense of the Issuer, the Indenture Trustee, the Manager or any successor Manager which opines that the purchase, holding and transfer of such Series 2017-1 Notes or interest therein is permissible under applicable law, will not constitute or result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Code and will not subject the Issuer, the Indenture Trustee, the Manager or any successor Manager to any obligation in addition to those undertaken in the Indenture;

(iv) It understands that the Series 2017-1 Notes are being transferred to it in a transaction not involving any public offering within the meaning of the Securities Act, and that, if in the future it decides to resell, pledge or otherwise transfer any Series 2017-1 Notes, such Series 2017-1 Notes may be resold, pledged or transferred only in accordance with applicable state securities laws and (1) in a transaction meeting the requirements of Rule 144A, to a Person that the seller reasonably believes is a Qualified Institutional Buyer that purchases for its own account (or for the account or accounts of a Qualified Institutional Buyer) and to whom notice is given that the resale, pledge or transfer is being made in reliance on Rule 144A, or (2) (A) to a Person that is an Institutional Accredited Investor, is taking delivery of such Series 2017-1 Notes in an amount of at least \$100,000, and delivers to the Indenture Trustee a letter substantially in

the form of Exhibit D to the Indenture or (B) to a Person that is taking delivery of such Series 2017-1 Notes pursuant to a transaction that is otherwise exempt from the registration requirements of the Securities Act and from any applicable state law securities registration or qualification requirements, as confirmed in an Opinion of Counsel addressed to the Indenture Trustee, the Issuer and the transferor, which counsel and Opinion are satisfactory to the Indenture Trustee, the Issuer and the transferor, or (3) in an offshore transaction in accordance with Rule 903 or 904 of Regulation S.

- (v) It understands that each Series 2017-1 Note shall bear a legend substantially to the following effect:

[For Book-Entry Notes Only: UNLESS THIS SERIES 2017-1 NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE TRANSFEROR OF SUCH SERIES 2017-1 NOTE (THE "TRANSFEROR") OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY SERIES 2017-1 NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR THE USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

THIS SERIES 2017-1 NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS SERIES 2017-1 NOTE, AGREES THAT SUCH SERIES 2017-1 NOTE MAY BE RESOLD, PLEDGED OR TRANSFERRED ONLY IN ACCORDANCE WITH ANY APPLICABLE STATE SECURITIES LAWS AND (1) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON THAT TAKES DELIVERY OF SUCH SERIES 2017-1 NOTE IN AN AMOUNT OF AT LEAST \$100,000 AND THAT THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER THAT PURCHASES FOR ITS OWN ACCOUNT (OR FOR THE ACCOUNT OR ACCOUNTS OF A QUALIFIED INSTITUTIONAL BUYER) AND TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, OR (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT WITH SUCH SERIES 2017-1 NOTE IN AN AMOUNT OF AT LEAST \$100,000 OR (3) TO A PERSON (A) THAT IS AN INSTITUTIONAL "ACCREDITED INVESTOR," WITHIN THE MEANING OF RULE 501(A)(1), (2), (3) OR (7) OF REGULATION D UNDER THE SECURITIES ACT, IS TAKING DELIVERY OF SUCH SERIES 2017-1 NOTE IN AN AMOUNT OF AT LEAST \$100,000 AND DELIVERS TO THE INDENTURE TRUSTEE A LETTER SUBSTANTIALLY IN THE FORM OF EXHIBIT D TO THE INDENTURE OR (B) THAT IS TAKING DELIVERY OF SUCH SERIES 2017-1 NOTE IN AN AMOUNT OF AT LEAST \$100,000 PURSUANT TO A TRANSACTION THAT IS OTHERWISE

EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND FROM ANY APPLICABLE STATE LAW SECURITIES REGISTRATION OR QUALIFICATION REQUIREMENTS, AS CONFIRMED IN AN OPINION OF COUNSEL ADDRESSED TO THE INDENTURE TRUSTEE AND THE ISSUER, WHICH COUNSEL AND OPINION ARE SATISFACTORY TO THE ISSUER AND THE INDENTURE TRUSTEE.

EACH PURCHASER OF A SERIES 2017-1 NOTE SHALL BE DEEMED TO REPRESENT AND WARRANT TO THE INITIAL PURCHASERS, THE ISSUER, THE INDENTURE TRUSTEE AND THE MANAGER THAT (I) EITHER (1) IT IS NOT ACQUIRING THE SERIES 2017-1 NOTE WITH THE ASSETS OF A PLAN; OR (2) (A) THE ACQUISITION AND HOLDING OF THE SERIES 2017-1 NOTE WILL NOT GIVE RISE TO A NONEXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE AND (B) THE SERIES 2017-1 NOTE IS RATED INVESTMENT GRADE OR BETTER AND SUCH PERSON BELIEVES THAT THE SERIES 2017-1 NOTE IS PROPERLY TREATED AS INDEBTEDNESS WITHOUT SUBSTANTIAL EQUITY FEATURES FOR PURPOSES OF THE DEPARTMENT OF LABOR REGULATIONS SECTION 2510.101, AND AGREES TO SO TREAT THE SERIES 2017-1 NOTE; AND (II) IT WILL NOT SELL OR OTHERWISE TRANSFER THE SERIES 2017-1 NOTES OR ANY INTEREST THEREIN OTHERWISE THAN TO A PURCHASER OR TRANSFEREE THAT REPRESENTS AND AGREES WITH RESPECT TO ITS PURCHASE, HOLDING, AND DISPOSITION OF THE SERIES 2017-1 NOTES TO THE SAME EFFECT AS THE PURCHASER'S REPRESENTATION AND AGREEMENT SET FORTH IN CLAUSE (I) OF THIS PARAGRAPH.

THIS SERIES 2017-1 NOTE IS NOT GUARANTEED OR INSURED BY ANY GOVERNMENTAL AGENCY OR INSTRUMENTALITY.

(vi) Each Series 2017-1 Noteholder that is a Permitted Non-U.S. Person described in **Section 207(b)(i)(C)** understands that the Series 2017-1 Notes have not and will not be registered under the Securities Act, that any offers, sales or deliveries of the Series 2017-1 Notes purchased by it in the United States or to U.S. Persons prior to the date that is 40 days after the later of (i) the commencement of the distribution of the Series 2017-1 Notes and (ii) the Closing Date, may constitute a violation of United States law, and that distributions of principal and interest will be made in respect of such Series 2017-1 Notes only following the delivery by the holder of a certification of non-U.S. beneficial ownership or the exchange of beneficial interest in Regulation S Temporary Book-Entry Notes for beneficial interests in the related Unrestricted Book-Entry Notes (which in each case will itself require a certification of non-U.S. beneficial ownership), at the times and in the manner set forth in this Supplement.

(vii) The Regulation S Temporary Book-Entry Notes representing the Series 2017-1 Notes sold to each Series 2017-1 Noteholder that is a Permitted Non-U.S. Person described in **Section 207(b)(i)(C)** will bear a legend to the following effect, unless the Issuer determines otherwise consistent with Applicable Law:

[FOR REGULATION S BOOK-ENTRY NOTES ONLY: THIS SERIES 2017-1 NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") AND, PRIOR TO THE DATE THAT IS 40 DAYS AFTER THE LATER OF (I) THE COMPLETION OF THE DISTRIBUTION OF THE SERIES 2017-1 NOTES AND (II) THE CLOSING DATE, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES OR TO A U.S. PERSON EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.]

(viii) The Indenture Trustee shall not permit the transfer of any Series 2017-1 Notes unless such transfer complies with the terms of the foregoing legends and, in the case of a transfer (i) to an Institutional Accredited Investor (other than a Qualified Institutional Buyer), the transferee delivers to the Indenture Trustee a letter substantially in the form of Exhibit D to the Indenture, or (ii) to a Person other than a Qualified Institutional Buyer, an Institutional Accredited Investor or a Permitted Non-U.S. Person, upon delivery of an Opinion of Counsel satisfactory to the Indenture Trustee and the applicable transferor, to the effect that the transferee is taking delivery of the Series 2017-1 Notes in a transaction that is otherwise exempt from the registration requirements of the Securities Act and from any applicable state law securities registration or qualification requirements.

The applicable transferor and transferee shall execute and deliver, or in the case of a Series 2017-1 Noteholder, is deemed to have executed and delivered, to the Indenture Trustee documentation in substantially the forms of (i) **Exhibit(s) B through F** hereto or (ii) Exhibit D to the Indenture, as appropriate, in connection with any transfer of Series 2017-1 Notes.

Section 208. Grant of Security Interest

(a) In order to secure and provide for the repayment and payment of the Series 2017-1 Notes, the Issuer hereby grants a security interest in the Indenture Trustee, for the benefit of the Series 2017-1 Noteholders, all of the Issuer's right, title and interest in and to the following (whether existing or accrued after the Closing Date): (i) the Series 2017-1 Restricted Cash Account, the Series 2017-1 Principal Reserve Account and the Series 2017-1 Series Account; (ii) all funds on deposit Series 2017-1 Restricted Cash Account, the Series 2017-1 Principal Reserve Account and Series 2017-1 Series Account and all Security Entitlements credited thereto from time to time; (iii) all investments made at any time and from time to time with monies in the Series 2017-1 Restricted Cash Account, the Series 2017-1 Principal Reserve Account and the Series 2017-1 Series Account, whether constituting securities, instruments, general intangibles, investment property, financial assets or other property; (iv) all interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of, or in exchange for, such Series 2017-1 Restricted Cash Account, the Series 2017-1 Principal Reserve Account and the Series 2017-1 Series Account, the funds on deposit therein from time to time or the investments made with such funds; and (v) all proceeds of any and all of the foregoing, including, without limitation, cash (the property described in clause (i) through (v) collectively, the "Series 2017-1 Specific Collateral or the Series 2017-1"). The Indenture Trustee shall possess all right, title and interest in and to all

funds on deposit from time to time in the Series 2017-1 Restricted Cash Account, the Series 2017-1 Principal Reserve Account and the Series 2017-1 Series Account and in all proceeds thereof, and shall be the only person authorized to originate Entitlement Orders with respect thereto. No other Series of Notes shall have interest in the Series-Specific Collateral for Series 2017-1. The Series 2017-1 Control Party shall direct the exercise of remedies regarding the Series-Specific Collateral for Series 2017-1.

(b) The Issuer hereby irrevocably authorizes the Manager and the Indenture Trustee at any time, and from time to time, to file in any filing office in any UCC jurisdiction any financing statements with respect to the foregoing, including financing statements claiming a security interest in the Series 2017-1 Specific Collateral; provided, however, that neither the Manager nor the Indenture Trustee shall have any responsibility or liability for or with respect to the perfection of any security interest.

(c) In furtherance of the foregoing, the Issuer hereby grants, assigns, conveys, mortgages, pledges, charges, hypothecates and transfers to the Indenture Trustee, for the benefit of the Series 2017-1 Noteholders, a floating charge over all of the Series 2017-1 Specific Collateral.

(d) Upon the occurrence of a Series-Specific Event of Default, the Series 2017-1 Control Party shall direct the exercise of remedies with respect to the Series 2017-1 Specific Collateral.

ARTICLE III
Series 2017-1 Series Account and
Allocation and Application of Amounts Therein

Section 301. Series 2017-1 Series Account

(a) . (a) The Issuer has established and maintains at the Corporate Trust Office at the Indenture Trustee, in the name of the Issuer, the Series 2017-1 Series Account, which Series 2017-1 Series Account has been pledged to the Indenture Trustee for the benefit of the Series 2017-1 Noteholders pursuant to the Indenture and this Supplement. All deposits of funds by, or for the benefit of, the Series 2017-1 Noteholders from the Trust Account and the Excess Funding Account, shall be accumulated in, and withdrawn from, the Series 2017-1 Series Account in accordance with the provisions of the Indenture and this Supplement. Any funds on deposit in the Series 2017-1 Series Account shall be invested in accordance with the provisions of Section 303 of the Indenture.

(b) The Issuer agrees that amounts otherwise payable to the Issuer on any Payment Date pursuant to Section 304(a)(xxiv), Section 304(b)(xviii) or Section 304(c)(xvii) shall be used to pay, for each Series for which the Unpaid Principal Balance of, and accrued interest on, the Notes of such Series have been paid in full but for which fees, indemnities and other amounts owing to the Noteholder of such Series, the Manager, the Back-up Manager, or any other Person, the aggregate amount of such unpaid fees, indemnities and other amounts. If more than one Series are entitled to such payments, then such payments shall be allocated among such Series on a pro rata basis based on the amounts owing.

(a) The Issuer has established and maintains at the Corporate Trust Office of the Indenture Trustee, in the name of the Issuer, the Series 2017-1 Restricted Cash Account, which Series 2017-1 Restricted Cash Account has been pledged to the Indenture Trustee for the benefit of the Holders of the Series 2017-1 Notes. On the Issuance Date for the Series 2017-1 Notes, the Issuer will have deposited, or have caused to be deposited, cash and/or Eligible Investments having a value of not less than the Series 2017-1 Restricted Cash Amount in the Series 2017-1 Restricted Cash Account. Thereafter, additional amounts will be deposited in the Series 2017-1 Restricted Cash Account in accordance with Section 304 of this Supplement. Any and all monies on deposit in the Series 2017-1 Restricted Cash Account shall be invested in Eligible Investments in accordance with Section 303 of Indenture and shall be distributed in accordance with this Supplement.

(b) On each Payment Date, the Indenture Trustee shall, in accordance with the priority set forth in Section 304, transfer from the Series 2017-1 Series Account to the Series 2017-1 Restricted Cash funds in an amount necessary to restore the balance of cash and Eligible Investments on deposit in the Series 2017-1 Restricted Cash Account to the Series 2017-1 Restricted Cash Amount for such Payment Date.

(c) On each Determination Date, the Indenture Trustee will, in accordance with the Manager Report (or, in the absence of any Manager Report, in accordance with written instructions from the Series 2017-1 Control Party), withdraw from the Series 2017-1 Restricted Cash Account an amount equal to the Permitted Payment Date Withdrawals (determined after giving effect to all other deposits to the Series 2017-1 Series Account (other than funds transferred from the Series 2017-1 Restricted Cash Account)) on or prior to such Determination Date. Such amounts may only be used to pay amounts specified in the definition of "Permitted Payment Date Withdrawals". If there are insufficient funds in the Series 2017-1 Restricted Cash Account to fully fund the Permitted Payment Date Withdrawal, payments will be paid first to the Class A Notes before any payments are paid to the Class B Notes.

(d) Notice of each such drawing will be delivered to the Manager, by hand delivery or facsimile transmission (or, if applicable, included in the respective Manager Report delivered to the Indenture Trustee). Any such funds actually received by the Indenture Trustee pursuant to **Section 302(c)** shall be used solely to make payments of the Class A Note Interest Payments, Class B Note Interest Payments or payment of the Unpaid Principal Balance, as the case may be.

(e) On each Payment Date, the Indenture Trustee shall, in accordance with the Manager Report (or in the absence of any Manager Report, in accordance with written instructions from the Series 2017-1 Control Party), deposit in the Series 2017-1 Series Account for distribution in accordance with this Supplement the excess, if any, of (i) the amounts then on deposit in the Series 2017-1 Restricted Cash Account (after giving effect to any withdrawals therefrom on such Payment Date), over (ii) an amount equal to the Series 2017-1 Restricted Cash Amount for such Payment Date. On the Series 2017-1 Legal Final Payment Date or, at the direction of the Control Party upon the occurrence of a Series 2017-1 Event of Default, any remaining funds in the Series 2017-1 Restricted Cash Account will be deposited in the Series 2017-1 Series Account and be distributed in accordance with this Supplement.

(f) If on any Payment Date the aggregate amount of cash and Eligible Investments then on deposit in the Series 2017-1 Restricted Cash Account is equal to, or greater than, the Aggregate Series 2017-1 Note Principal Balance and accrued interest thereon, the Indenture Trustee shall, in accordance with the Manager Report, prepay in full on such Payment Date the then Unpaid Principal Balance of, and accrued interest on, all Series 2017-1 Notes.

Section 303. Series 2017-1 Principal Reserve Account.

(a) The Issuer has established and maintains at the Corporate Trust Office of the Indenture Trustee, in the name of the Issuer, the Series 2017-1 Principal Reserve Account, which Series 2017-1 Principal Reserve Account has been pledged to the Indenture Trustee for the benefit of the Holders of the Series 2017-1 Notes. On the Issuance Date for the Series 2017-1 Notes, the Issuer will have deposited, or have caused to be deposited, cash and/or Eligible Investments in an amount equal to the Series 2017-1 Principal Reserve Amount in the Series 2017-1 Principal Reserve Account. Thereafter, additional amounts will be deposited in the Series 2017-1 Principal Reserve Account in accordance with this Supplement. Any and all monies on deposit in the Series 2017-1 Principal Reserve Account shall be invested in Eligible Investments in accordance with Section 303 of the Indenture and shall be distributed in accordance with this Supplement.

(b) On each Payment Date, the Indenture Trustee shall, in accordance with the priority of payments set forth in Section 304, transfer from the Series 2017-1 Series Account to the Series 2017-1 Principal Reserve Account funds in an amount to restore the balance of cash and Eligible Investments on deposit therein to the Series 2017-1 Principal Reserve Amount.

(c) On each Determination Date, the Indenture Trustee will, in accordance with the Manager Report (or, in the absence of any Manager Report, in accordance with written instructions from the Series 2017-1 Control Party), withdraw from the Series 2017-1 Principal Reserve Account funds in an amount equal to the sum of (x) the amount by which the Aggregate Class A Note Principal Balance (calculated after giving effect to all other principal payments on the Class A Notes paid on such Payment Date) exceeds the Class A Scheduled Targeted Principal Balance for such Payment Date and (y) the amount by which the Aggregate Class B Note Principal Balance (calculated after giving effect to all other principal payments paid on the Class B Notes on such Payment Date) exceeds the Class B Scheduled Targeted Principal Balance for such Payment Date. Any such amounts withdrawn may only be used to pay principal payments on the Class A Notes and the Class B Notes as set forth above. If the amounts on deposit in the Series 2017-1 Principal Reserve Account are insufficient to fully fund the permitted withdrawals, payment will be made to the Class A Notes before any payment is made to the Class B Notes.

(d) If either a Series 2017-1 Early Amortization Event or Weighted Average Age Condition occurs, the Indenture Trustee will, in accordance with the Manager Report, transfer to the Series 2017-1 Series Account an amount equal to all cash and Eligible Investments on deposit into the Series 2017-1 Principal Reserve Account.

(e) On the Series 2017-1 Legal Final Payment Date or, at the direction of the Control Party upon the occurrence of a Series 2017-1 Event of Default, any funds in the Series 2017-1 Principal Reserve Account will be deposited in the Series 2017-1 Series Account and be distributed in accordance with the terms of this Supplement.

(f) If on any Payment Date the aggregate amount of cash and Eligible Investments then on deposit in the Series 2017-1 Principal Reserve Account is equal to, or greater than, the Aggregate Series 2017-1 Note Principal Balance and accrued interest thereon, the Indenture Trustee shall, in accordance with the Manager Report, prepay in full on such Payment Date the then Unpaid Principal Balance of, and accrued interest on, all Series 2017-1 Notes.

Section 304. Distributions from Series 2017-1 Series Account

. On each Payment Date, the Indenture Trustee, based on the information contained in the Manager Report (or, in the absence of any Manager Report, in accordance with the written direction of the Series 2017-1 Control Party), is required to make payments from the Series 2017-1 Available Funds then on deposit in the Series 2017-1 Series Account. The calculation and relative priorities of such specified payments will vary depending on whether an Early Amortization Event for Series 2017-1 or an Event of Default for Series 2017-1 has occurred and is continuing on such Payment Date. The alternative payment priorities for each Payment Date are set forth below:

(A) If neither an Early Amortization Event for Series 2017-1 nor an Event of Default for Series 2017-1 shall then be continuing:

(i) To the Indenture Trustee, an amount equal to the sum of (A) the Indenture Trustee's Fees then due and payable for the Series 2017-1 Notes (subject to, in the case of expenses and indemnities only, a per annum dollar limitation of \$40,000) and (B) an amount equal to the product of (i) the Series 2017-1 Asset Allocation Percentage and (ii) any amounts payable to the Indenture Trustee on such Payment Date in accordance with a specified provision of the Indenture regarding enforcement of the obligations of the Issuer under the Indenture; provided, however, that to the extent that the amounts in clause (B) have been incurred solely with respect to Series 2017-1, such amounts will be paid by Series 2017-1 and will not be divided among the Series according to the Asset Allocation Percentages;

(ii) To the Manager, an amount equal to the sum of (i) an amount equal to the Series 2017-1 Management Fee then due and payable with respect to the Series 2017-1 Notes, and (ii) the amount of any Management Fee Arrearage then due and payable with respect to the Series 2017-1 Notes;

(iii) To the Manager, an amount equal to the product of (i) the Series 2017-1 Asset Allocation Percentage and (ii) any unreimbursed Manager Advances made in accordance with the terms of the Management Agreement;

(iv) To each of the following on a pro rata basis: (A) to the Manager Transfer Facilitator, an amount equal to the product of (x) Manager Transfer Facilitator Fees, expenses and indemnities (subject to, in the case of expenses and indemnities only, a per annum dollar limitation of \$4,800) and (y) the Series 2017-1 Asset Allocation Percentage

of any amounts incurred by the Manager Transfer Facilitator, including those related to the actual transfer from the Manager to the Back-up Manager, and (B) to Back-up Manager, an amount equal to the product of (i) the Series 2017-1 Asset Allocation Percentage and (ii) any Back-Up Manager fees then due and payable;

(v) To the Persons entitled thereto, the Issuer Expenses then due and payable, so long as the aggregate amount paid pursuant to this clause (v) in any calendar year would not exceed an amount equal to the product of (i) the Series 2017-1 Asset Allocation Percentage and (ii) Fifty Thousand Dollars (\$50,000) in aggregate;

(vi) To each Holder of a Class A Note on the immediately preceding Record Date, on a pro rata basis, an amount equal to its Percentage of the Class A Note Interest Payment (exclusive of Default Fees on the Class A Notes) for such Payment Date;

(vii) To each Holder of a Class B Note on the immediately preceding Record Date, on a pro rata basis, an amount equal to its Percentage of the Class B Note Interest Payment (exclusive of Default Fees on the Class B Notes) for such Payment Date;

(viii) To the Series 2017-1 Restricted Cash Account, an amount sufficient so that the total amount on deposit in the Series 2017-1 Restricted Cash Account, is equal to the Series 2017-1 Restricted Cash Amount for such Payment Date;

(ix) To each Holder of a Class A Note on the immediately preceding Record Date, on a pro rata basis, an amount equal to its Percentage of the Class A Minimum Principal Payment Amount for the Class A Notes on such Payment Date;

(x) To each Holder of a Class A Note on the immediately preceding Record Date, on a pro rata basis, an amount equal to its Percentage of the Class A Scheduled Principal Payment Amount for the Class A Notes on such Payment Date;

(xi) To each Holder of a Class A Note on the immediately preceding Record Date, on a pro rata basis, an amount equal to its Percentage of the Class A Supplemental Principal Payment Amount for the Class A Notes on such Payment Date;

(xii) To each Holder of a Class B Note on the immediately preceding Record Date, on a pro rata basis, an amount equal to its Percentage of the Class B Minimum Principal Payment Amount for the Class B Notes on such Payment Date;

(xiii) To each Holder of a Class B Note on the immediately preceding Record Date, on a pro rata basis, an amount equal to its Percentage of the Class B Scheduled Principal Payment Amount for the Class B Notes on such Payment Date;

(xiv) To each Holder of a Class B Note on the immediately preceding Record Date, on a pro rata basis, an amount equal to its Percentage of the Class B Supplemental Principal Payment Amount for the Class B Notes on such Payment Date;

(xv) If a Weighted Average Age Condition shall then exist, to each Holder of a Class A Note or Class B Note, on a pro rata basis, based on the Unpaid Principal Balance

of their respective Class A Notes or Class B Notes, all remaining Series 2017-1 Available Funds as an additional principal payment on their respective Notes;

(xvi) To the Series 2017-1 Principal Reserve Account, an amount necessary to restore the balance on deposit therein to the Series 2017-1 Principal Reserve Amount;

(xvii) To the Series Account for each other Series of Notes then Outstanding (excluding the Series 2017-1 Notes), all remaining Series 2017-1 Available Funds to be allocated to such other Series of Notes in accordance with the terms of this Supplement;

(xviii) To each Class A Noteholder on the immediately preceding Record Date, on a pro rata basis an amount equal to Default Fees (if any) on the Class A Notes and all indemnities, costs, expenses and other amounts then due and payable to the Class A Noteholders pursuant to the Series 2017-1 Related Documents;

(xix) To each Class B Noteholder on the immediately preceding Record Date, on a pro rata basis an amount equal to Default Fees on the Class B Notes (if any) and all indemnities, costs, expenses and other amounts then due and payable to the Class B Noteholders pursuant to the Series 2017-1 Related Documents;

(xx) On a pro rata basis (a) to the Manager Transfer Facilitator, any amounts due and payable to the Manager Transfer Facilitator and (b) to the Back-up Manager, any unpaid amounts due to Back-up Manager, in each case calculated after giving effect to payments remaining after clause (iv) above;

(xxi) To the Indenture Trustee, an amount equal to the product of (i) the Series 2017-1 Asset Allocation Percentage and (ii) Indenture Trustee's Fees and indemnified amounts then due and payable to the Indenture Trustee after giving effect to the payment made pursuant to clause (i) above; provided, however, that to the extent such amounts have been incurred solely with respect to Series 2017-1, such amounts will be paid by Series 2017-1 and will not be divided among the Series according to the Asset Allocation Percentages;

(xxii) To each of the following on a pro rata basis: (A) to the Issuer, an amount equal to the product of (i) the Series 2017-1 Asset Allocation Percentage and (ii) the amount of any indemnity payments payable to the officers, directors and/or managers of the Issuer required to be made by the Issuer, and (B) to the Manager, an amount equal to the product of (i) the Series 2017-1 Asset Allocation Percentage and (ii) the amount of any indemnity payments required to be made to the Manager;

(xxiii) If the Aggregate Required Asset Base exceeds the Aggregate Asset Base (determined prior to giving effect to any deposits to the Excess Funding Account made pursuant to this clause (xxiii)), any remaining Series 2017-1 Available Funds will be deposited in the Excess Funding Account until such condition is remedied; and

(xxiv) To the Issuer, any remaining Series 2017-1 Available Funds.

(b) If an Early Amortization Event for Series 2017-1 shall then be continuing, but no Event of Default for Series 2017-1 shall then be continuing (or an Event of Default for Series 2017-1 is continuing but the Series 2017-1 Notes have not been accelerated in accordance with the Indenture);

(i) To the Indenture Trustee, an amount equal to the sum of (A) the Indenture Trustee's Fees then due and payable for the Series 2017-1 Notes (subject to, in the case of expenses and indemnities only, a per annum dollar limitation of \$40,000) and (B) an amount equal to the product of (i) the Series 2017-1 Asset Allocation Percentage and (ii) any amounts payable to the Indenture Trustee on such Payment Date in accordance with a specified provision of the Indenture regarding enforcement of the obligations of the Issuer under the Indenture; provided, however, that to the extent that the amounts in clause (B) have been incurred solely with respect to Series 2017-1, such amounts will be paid by Series 2017-1 and will not be divided among the Series according to the Asset Allocation Percentages;

(ii) To the Manager, an amount equal to the sum of (i) an amount equal to the Series 2017-1 Management Fee then due and payable with respect to the Series 2017-1 Notes, and (ii) the amount of any Management Fee Arrearage then due and payable with respect to the Series 2017-1 Notes;

(iii) To the Manager, an amount equal to the product of (i) the Series 2017-1 Asset Allocation Percentage and (ii) any unreimbursed Manager Advances made in accordance with the terms of the Management Agreement;

(iv) To each of the following on a pro rata basis: (A) to the Manager Transfer Facilitator, an amount equal to the product of (x) Manager Transfer Facilitator Fees, expenses and indemnities (subject to, in the case of expenses and indemnities only, a per annum dollar limitation of \$4,800) and (y) the Series 2017-1 Asset Allocation Percentage of any amounts incurred by the Manager Transfer Facilitator, including those related to the actual transfer from the Manager to the Back-up Manager, and (B) to Back-up Manager, an amount equal to the product of (i) the Series 2017-1 Asset Allocation Percentage and (ii) any Back-Up Manager fees then due and payable;

(v) To the Persons entitled thereto, Issuer Expenses then due and payable, so long as the aggregate amount paid pursuant to this clause (v) in any calendar year would not exceed an amount equal to the product of (i) the Series 2017-1 Asset Allocation Percentage and (ii) Fifty Thousand Dollars (\$50,000) in aggregate;

(vi) To each Holder of a Class A Note on the immediately preceding Record Date, on a pro rata basis, an amount equal to its Percentage of the Class A Note Interest Payment (exclusive of any Default Fees on the Class A Notes) for such Payment Date;

(vii) To each Holder of a Class B Note on the immediately preceding Record Date, on a pro rata basis, an amount equal to its Percentage of the Class B Note Interest Payment (exclusive of any Default Fees on the Class B Notes) for such Payment Date;

(viii) To the Series 2017-1 Restricted Cash Account, an amount sufficient so that the total amount on deposit in the Series 2017-1 Restricted Cash Account, is equal to the Series 2017-1 Restricted Cash Amount for such Payment Date;

(ix) To each Holder of a Class A Note on the immediately preceding Record Date, on a pro rata basis, all remaining Series 2017-1 Available Funds until the Aggregate Class A Note Principal Balance is reduced to zero;

(x) To each Holder of a Class B Note on the immediately preceding Record Date, on a pro rata basis, all remaining Series 2017-1 Available Funds until the Aggregate Class B Note Principal Balance is reduced to zero;

(xi) To each Holder of a Class A Note on the immediately preceding Record Date, on a pro rata basis, all Default Fees on the Class A Note and all indemnities, costs, expenses and other amounts then due and payable to the Class A Noteholders pursuant to the Series 2017-1 Related Documents;

(xii) To each Holder of a Class B Note on the immediately preceding Record Date, on a pro rata basis, all Default Fees and all indemnities, costs, expenses and other amounts then due and payable to the Class B Noteholders pursuant to the Series 2017-1 Related Documents;

(xiii) To the Series Account for each other Series of Notes then Outstanding (excluding the Series 2017-1 Notes), all remaining Series 2017-1 Available Funds to be allocated to such other Series of Notes in accordance with the terms of this Supplement;

(xiv) On a pro rata basis (a) to the Manager Transfer Facilitator, any amounts due and payable to the Manager Transfer Facilitator and (b) to the Back-up Manager, any unpaid amounts due to Back-up Manager, in each case calculated after giving effect to payments remaining after clause (iv) above;

(xv) To the Indenture Trustee, an amount equal to the product of (i) the Series 2017-1 Asset Allocation Percentage and (ii) Indenture Trustee's Fees and indemnified amounts then due and payable to the Indenture Trustee after giving effect to the payment made pursuant to clause (i) above; provided, however, that to the extent such amounts have been incurred solely with respect to Series 2017-1, such amounts will be paid by Series 2017-1 and will not be divided among the Series according to the Asset Allocation Percentages;

(xvi) To each of the following on a pro rata basis: (i) to the Issuer, an amount equal to the product of (i) the Series 2017-1 Asset Allocation Percentage and (ii) the amount of any indemnity payments payable to the officers, directors and/or managers of the Issuer required to be made by the Issuer, and (ii) to the Manager, an amount equal to the product of (i) the Series 2017-1 Asset Allocation Percentage and (ii) the amount of any indemnity payments required to be made to the Manager;

(xvii) If the Aggregate Required Asset Base exceeds the Aggregate Asset Base (determined prior to giving effect to any deposits to the Excess Funding Account pursuant to this clause (xvii)), any remaining Series 2017-1 Available Funds will be deposited in the Excess Funding Account until such condition is remedied; and

(xviii) To the Issuer, any remaining Series 2017-1 Available Funds.

(c) If an Event of Default for Series 2017-1 shall have occurred and then be continuing and the Series 2017-1 Notes have been accelerated in accordance with the Indenture and such consequence shall not have been rescinded or annulled:

(i) To the Indenture Trustee, an amount equal to the sum of (i) the fee payable to the Indenture Trustee with respect to Series 2017-1, (ii) all out of pocket expenses owing to the Indenture Trustee, and indemnification payments owing to the Indenture Trustee, to the extent directly attributable by the Indenture Trustee to Series 2017-1, and (iii) the product of (x) the Series 2017-1 Indenture Trustee Default Expense Allocation Percentage and (y) an amount equal to the excess of (A) all out of pocket expenses owing to the Indenture Trustee, and indemnification payments owing to the Indenture Trustee, to the extent not directly attributed by the Indenture Trustee to a specific Series, minus (B) all expenses and indemnification described in clause (A) that have been paid from the Series Account for any other Series of Notes then Outstanding; provided, however, that to the extent that the amounts in clause (iii) have been incurred solely with respect to Series 2017-1, such amounts will be paid by Series 2017-1 and will not be divided among the Series according to the Asset Allocation Percentages;

(ii) To the Manager, an amount equal to the sum of (i) an amount equal to the Series 2017-1 Management Fee then due and payable with respect to the Series 2017-1 Notes, and (ii) the amount of any Management Fee Arrearage then due and payable with respect to the Series 2017-1 Notes;

(iii) To the Manager, an amount equal to the product of (i) the Series 2017-1 Asset Allocation Percentage and (ii) any unreimbursed Manager Advances made in accordance with the terms of the Management Agreement;

(iv) To each of the following on a pro rata basis: (A) to the Manager Transfer Facilitator, an amount equal to the product of (x) Manager Transfer Facilitator Fees, expenses and indemnities and (y) the Series 2017-1 Asset Allocation Percentage of any amounts incurred by the Manager Transfer Facilitator, including those related to the actual transfer from the Manager to the Back-up Manager, and (B) to Back-up Manager, an amount equal to the product of (i) the Series 2017-1 Asset Allocation Percentage and (ii) any Back-Up Manager fees then due and payable;

(v) To the Persons entitled thereto, Issuer Expenses then due and payable, so long as the aggregate amount paid pursuant to this clause (v) in any calendar year would not exceed an amount equal to the product of (i) the Series 2017-1 Asset Allocation Percentage and (ii) One Hundred Thousand Dollars (\$100,000);

- (vi) To each Holder of a Class A Note on the immediately preceding Record Date, on a pro rata basis an amount equal to its Percentage of the Class A Note Interest Payment (exclusive of any Default Fees on the Class A Notes) for such Payment Date;
- (vii) To each Holder of a Class B Note on the immediately preceding Record Date, on a pro rata basis an amount equal to its Percentage of the Class B Note Interest Payment (exclusive of any Default Fees on the Class B Notes) for such Payment Date;
- (viii) To each Holder of a Class A Note on the immediately preceding Record Date, on a pro rata basis, all remaining Series 2017-1 Available Funds until the Aggregate Class A Note Principal Balance is reduced to zero;
- (ix) To each Holder of a Class B Note on the immediately preceding Record Date, on a pro rata basis, all remaining Series 2017-1 Available Funds until the Aggregate Class B Note Principal Balance is reduced to zero;
- (x) To each Holder of a Class A Note on the immediately preceding Record Date, on a pro rata basis, all Default Fees on the Class A Note and all indemnities, costs, expenses and other amounts then due and payable to the Class A Noteholder pursuant to the Series 2017-1 Related Documents;
- (xi) To each Holder of a Class B Note on the immediately preceding Record Date, on a pro rata basis, all Default Fees on the Class B Notes and all indemnities, costs, expenses and other amounts then due and payable to the Class B Noteholder pursuant to the Series 2017-1 Related Documents;
- (xii) To the Series Account for each other Series of Notes then Outstanding (excluding the Series 2017-1 Notes), all remaining Series 2017-1 Available Funds to be allocated to such other Series of Notes in accordance with the methodology described in this Supplement;
- (xiii) On a pro rata basis (a) to the Manager Transfer Facilitator, any amounts due and payable to the Manager Transfer Facilitator and (b) to the Back-up Manager, any unpaid amounts due to Back-up Manager, in each case calculated after giving effect to payments remaining after clause (iv) above;
- (xiv) To the Indenture Trustee, an amount equal to the product of (i) the Series 2017-1 Asset Allocation Percentage and (ii) Indenture Trustee's Fees and indemnified amounts then due and payable to the Indenture Trustee after giving effect to the payment made pursuant to clause (i) above; provided, however, that to the extent such amounts have been incurred solely with respect to Series 2017-1, such amounts will be paid by Series 2017-1 and will not be divided among the Series according to the Asset Allocation Percentages;
- (xv) To each of the following on a pro rata basis: (i) to the Issuer, an amount equal to the product of (i) the Series 2017-1 Asset Allocation Percentage and (ii) the amount of any indemnity payments payable to the officers, directors and/or managers of

the Issuer required to be made by the Issuer, and (ii) to the Manager, an amount equal to the product of (i) the Series 2017-1 Asset Allocation Percentage and (ii) the amount of any indemnity payments required to be paid by the Manager;

(xvi) If the Aggregate Required Asset Base exceeds the Aggregate Asset Base (determined prior to giving effect to any deposits to the Excess Funding Account pursuant to this clause (xvi)), any remaining Series 2017-1 Available Funds will be deposited into the Excess Funding Account until such condition is remedied; and

(xvii) To the Issuer, any remaining Series 2017-1 Available Funds.

Section 305. Allocation of Series 2017-1 Shared Available Funds

(a) All Shared Available Funds for Series 2017-1 that are available for distribution to other Series of Notes shall be allocated by the Manager to all Series of Notes then Outstanding (other than the Liquidation Deficiency Series) that have a Required Payment Deficiency on such Determination Date. Allocation of Shared Available Funds for Series 2017-1 to Liquidation Deficiency Series will be in accordance with the second paragraph below. Allocations shall be made to each Series having a Required Payment Deficiency in accordance with the following order of priorities, with no payment being made at any level of priority until all prior priorities have been paid in full:

First, to each Series that has not paid in full the Indenture Trustee Fees, indemnities and expenses payable by, or allocable to, such Series, the amount of such unpaid Indenture Trustee Fees, indemnities and expenses;

Second, to each Series that has not paid in full the Management Fee and Management Fee arrearages payable by, or allocable to, such Series, the amount of such unpaid Management Fee and Management Fee Arrearages;

Third, to each Series that has not paid in full the Manager Advances payable by, or allocable to, such Series, the amount of such unpaid Manager Advances;

Fourth, to each Series that has not paid in full the Manager Transfer Facilitator Fees and Back-up Management Fees payable by, or allocable to, such Series, the amount of such unpaid Manager Transfer Facilitator Fees and Back-up Management Fees and any other amount due and owing to the Manager Transfer Facilitator;

Fifth, to each Series that has not paid in full the Issuer Expenses payable by, or allocable to, such Series, the amount of such unpaid Issuer Expenses;

Sixth, to each Series that has not paid in full all interest payments (excluding Default Fees) payable with respect to the senior Class of such Series and all commitment fees payable with respect to the senior Class of such Series, the amount of such unpaid interest payments and commitment fees;

Seventh, to each Series that has not paid in full all regularly scheduled payments (excluding termination payments) owing to each Interest Rate Hedge Counterparty that has entered into an Interest Rate Hedge Agreement with respect to one or more of the senior Class of such Series, the amount of such unpaid regularly scheduled payments;

Eighth, to each Series that has not paid in full all interest payments (excluding Default Fees) payable with respect to the subordinate Class of such Series and all commitment fees payable with respect to the subordinate Class of such Series, the amount of such unpaid interest payments and commitment fees;

Ninth, to each Series that has not paid in full all Minimum Principal Payment Amounts for the senior Class of such Series, the amount of such unpaid Minimum Principal Payment Amounts;

Tenth, to each Series that has not paid in full all Scheduled Principal Payment Amounts for the senior Class of such Series, the amount of such unpaid Scheduled Principal Payment Amounts;

Eleventh, to each Series that has not paid in full all Supplemental Principal Payment Amounts for the senior Class of such Series, the amount of such unpaid Supplemental Principal Payment Amounts;

Twelfth, to each Series that has not paid in full all regularly scheduled payments (excluding termination payments) owing to each Interest Rate Hedge Counterparty that has entered into an Interest Rate Hedge Agreement with respect to the subordinate Class of such Series, the amount of such unpaid regularly scheduled payments;

Thirteenth, to each Series that has not paid in full all Minimum Principal Payment Amounts for the subordinate Class of such Series, the amount of such unpaid Minimum Principal Payment Amounts;

Fourteenth, to each Series that has not paid in full all Scheduled Principal Payment Amounts for the subordinate Class of such Series, the amount of such unpaid Scheduled Principal Payment Amounts;

Fifteenth, to each Series that has not paid in full all Supplemental Principal Payment Amounts for the subordinate Class of such Series, the amount of such unpaid Supplemental Principal Payment Amounts;

Sixteenth, (a) to the Manager Transfer Facilitator, any amounts due and payable to the Manager Transfer Facilitator and (b) to the Back-up Manager, any unpaid amounts due to Back-up Manager;

Seventeenth, to the Indenture Trustee, any remaining unpaid expenses and indemnified amounts;

Eighteenth, (a) to the Issuer, any unpaid indemnified amounts, and (b) to the Manager, any unpaid indemnified amounts;

and

Nineteenth, to each Series of Notes that has not been paid in full, all other amounts owing to the Noteholders of such Series.

If more than one Series shall be entitled to a distribution pursuant to a particular priority set forth in the flow of funds set forth immediately above, funds shall be allocated among each such entitled Series on a pro rata basis based on the relative amount owing to each such Series pursuant to such payment priority.

After the application of the allocation set forth in the flow of funds set forth immediately above, any remaining Shared Available Funds shall be allocated in accordance with the following order of priorities, with no payment being made at any level of priority until all prior priorities have been paid in full:

First, to each Liquidation Deficiency Series that has not paid in full the Indenture Trustee Fees, indemnities and expenses payable by, or allocable to, such Liquidation Deficiency Series, the amount of such unpaid Indenture Trustee Fees, indemnities and expenses;

Second, to each Liquidation Deficiency Series that has not paid in full the Management Fee and Management Fee arrearages payable by, or allocable to, such Liquidation Deficiency Series, the amount of such unpaid Management Fee and Management Fee Arrearages;

Third, to each Liquidation Deficiency Series that has not paid in full the Manager Advances payable by, or allocable to, such Liquidation Deficiency Series, the amount of such unpaid Manager Advances;

Fourth, to each Liquidation Deficiency Series that has not paid in full the Manager Transfer Facilitator Fees and Back-up Management Fees payable by, or allocable to, such Liquidation Deficiency Series, the amount of such unpaid Manager Transfer Facilitator Fees and Back-up Management Fees and any other amount due and owing to the Manager Transfer Facilitator;

Fifth, to each Liquidation Deficiency Series that has not paid in full all interest payments (excluding Default Fees) and commitment fees payable with respect to the senior Class of such Liquidation Deficiency Series, the amount of such unpaid interest payments and commitment fees;

Sixth, to each Liquidation Deficiency Series that has not paid in full all regularly scheduled payments (excluding termination payments) owing to each Interest Rate Hedge Counterparty that has entered into an Interest Rate Hedge Agreement with respect to such Liquidation Deficiency Series, the amount of such unpaid regularly scheduled payments;

Seventh, to each Liquidation Deficiency Series that has not paid in full all Minimum Principal Payment Amounts to the senior Class of such Liquidation Deficiency Series, the amount of such unpaid Minimum Principal Payment Amounts;

Eighth, to each Liquidation Deficiency Series that has not paid in full all Scheduled Principal Payment Amounts to the senior Class of such Liquidation Deficiency Series, the amount of such unpaid Scheduled Principal Payment Amounts;

Ninth, to each Liquidation Deficiency Series that has not paid in full all termination and all other payments owing to each Interest Rate Hedge Counterparty that has entered into an Interest Rate Hedge Agreement with respect to such Liquidation Deficiency Series, the amount of such unpaid termination and other payments;

Tenth, to each Liquidation Deficiency Series that has not paid in full all Minimum Principal Payment Amounts to the subordinate Class of such Liquidation Deficiency Series, the amount of such unpaid Minimum Principal Payment Amounts; and

Eleventh, to each Liquidation Deficiency Series that has not paid in full all Scheduled Principal Payment Amounts to the subordinate Class of such Liquidation Deficiency Series, the amount of such unpaid Scheduled Principal Payment Amounts.

If more than one Liquidation Deficiency Series shall be entitled to a distribution pursuant to a particular priority set forth above, funds shall be allocated among each such entitled Liquidation Deficiency Series on a pro rata basis based on the relative amount owing to each such Liquidation Deficiency Series pursuant to such payment priority.

ARTICLE IV

Series-Specific Early Amortization Events, Series-Specific Manager Defaults, Series-Specific Events of Default and Covenants for the Series 2017-1 Notes

Section 401. Series-Specific Early Amortization Events

The existence of any one of the following events or conditions will constitute a “Series-Specific Early Amortization Event” for the Series 2017-1 Notes that can be enforced by the Indenture Trustee, at the direction of, and/or waived by, the Series 2017-1 Control Party:

(a) Commencing with the Payment Date occurring in November 2017, the Debt Service Coverage Ratio, as reported in any Manager Report, shall be less than 1.1 to 1.0;

(b) (i) A breach of any financial covenant of TGH set forth in the documents governing any Indebtedness of TGH in an aggregate principal amount of \$10,000,000 or greater (each, “Funded Debt Document”) shall have occurred and shall not have been permanently waived within sixty (60) days thereafter by the applicable lenders, or (ii) any default, not described in clause (i), under any Funded Debt Document shall have occurred and as a result the required lenders under the affected financing transaction have accelerated all or part of such indebtedness.

Any Series-Specific Early Amortization Event described in the foregoing clause (a) shall, for purposes of the Related Documents, be deemed no longer to be continuing, if such condition does not exist on any two consecutive subsequent Payment Dates, immediately upon such second consecutive Payment Date. Any Series-Specific Early Amortization Event described in the foregoing clause (b) shall, for purposes of the Related Documents, be deemed no longer to be

continuing immediately upon the cure or waiver thereof, within 60 days of the initial occurrence thereof, for purposes of the Funded Debt Documents. Except as described in the preceding two sentences, if a Series-Specific Early Amortization Event exists on any Payment Date, then such Series-Specific Early Amortization Event shall be deemed to continue until the Business Day on which the Series 2017-1 Control Party waives, in writing, such Series-Specific Early Amortization Event. The Indenture Trustee shall promptly provide notice of any such waiver to each Rating Agency for the Series 2017-1 Notes.

(c) If a Series 2017-1 Early Amortization Event shall have occurred and then be continuing, the Indenture Trustee shall have, in addition to the rights provided in the Related Documents, all rights and remedies provided under all applicable laws.

Section 402. Series 2017-1 Manager Defaults

(a) The existence of any one of the following events or conditions shall constitute a Series-Specific Manager Default with respect to the Series 2017-1 Notes:

(i) The occurrence and continuance of a Trust Manager Default.

(ii) The Leverage Ratio of TGH shall exceed 4.0 to 1.0 as of the end of any fiscal year.

(iii) The occurrence of either (A) a breach of any financial covenant of TGH set forth in any Funded Debt Document shall have occurred and shall not have been permanently waived within sixty (60) days thereafter by the applicable lenders, or (B) any default, not described in clause (A), under any Funded Debt Document shall have occurred and as a result the required lenders under the affected financing transaction have accelerated all or part of such Indebtedness and such event is not rescinded or waived by the lenders under the applicable indebtedness within 60 days; provided that the underlying financial covenants shall survive for purposes of the Series 2017-1 Related Documents after any termination of the relevant Funded Debt Documents.

A Series-Specific Manager Default of the type described in clause (i) above shall cease upon the cure or waiver of the Trust Manager Default in accordance with the Management Agreement. A Series-Specific Manager Default of the type described in either clause (ii) or (iii) shall be cured upon the first subsequent date on which a Manager Report is delivered indicating that such condition does not exist on any subsequent Payment Date. Except as set forth in the two immediately preceding sentences, any Series-Specific Manager Default shall be deemed to continue until the Business Day on which the Series 2017-1 Control Party waives, in writing, such Series-Specific Manager Default (and any such waiver by the Control Party of any Series-Specific Manager Default of the type described in either clause (ii) or (iii) shall be binding for purposes of all Series of Notes issued under the Indenture). The Indenture Trustee shall promptly provide notice of any such waiver of a Series-Specific Manager Default to each Rating Agency for the Series 2017-1 Notes.

(b) The Series 2017-1 Control Party may waive any Series-Specific Manager Default and may amend or consent to any amendment of the provisions of **Section 402(a)**.

(a) Each of the following will constitute a “Series-Specific Event of Default” for the Series 2017-1 Notes:

(i) Failure to pay (1) on any Payment Date, the full amount of the Class A Note Interest Payment and Class B Note Interest Payment on the Series 2017-1 Notes, or (2) on the Legal Final Payment Date, the Unpaid Principal Balance for the Series 2017-1 Notes and all other amounts owing by the Issuer to the Series 2017-1 Noteholders pursuant to the terms of the Series 2017-1 Related Documents;

(ii) Except as dealt with in clause (i) above or included as a Trust Event of Default, breach of any covenant of the Issuer or any Seller in any Series 2017-1 Related Document, which breach (1) materially and adversely affects the interest of any Series 2017-1 Noteholder, and (2) continues for a period of 60 days (subject to an additional 60-day cure period for defaults that the Issuer or any Seller is diligently attempting to cure);

(iii) Any representation or warranty of the Issuer or any Seller made in any Series 2017-1 Related Document shall prove to be incorrect in any material respect as of the time when the same shall have been made, which incorrectness (1) materially and adversely affects the interest of any Series 2017-1 Noteholder, and (2) if capable of cure, continues for a period of 30 days (subject to an additional 30-day cure period for defaults that the Issuer or Seller is diligently attempting to cure); or

(iv) The Indenture Trustee shall fail to have a first priority perfected security interest in the Series Specific Collateral for the Series 2017-1 Notes.

(b) Upon the occurrence and during the continuance of a Series-Specific Event of Default, the Control Party may (i) declare the Series 2017-1 Notes to be immediately due and payable, (ii) institute judicial proceedings for collection of the Series 2017-1 Notes, (iii) direct a sale of the Collateral in accordance with the terms of the Indenture, and (iv) exercise remedies with respect to the Series 2017-1 Series-Specific Collateral.

(c) The Control Party may waive any Series-Specific Event of Default and may amend or consent to any amendment of the provisions of **Section 403(a)**.

Section 404. Series 2017-1 Management Fee

. As contemplated by the Management Agreement, the Manager shall be entitled to a management fee for each Collection Period equal to the sum of the following:

(a) A "**Master Lease Management Fee**", in an amount equal to the product of (i) the product of (A) the Series 2017-1 Asset Allocation Percentage and (B) NOI (as defined in the Management Agreement) for the Master Lease Fleet (as defined in the Management Agreement) for such Collection Period (as defined in the Management Agreement), multiplied by (ii) eleven percent (11.0%).

(b) A "**Long-Term/PLB Management Fee**", in an amount equal to the product of (i) the product of (A) the Series 2017-1 Asset Allocation Percentage and (B) the sum of the NOI (as defined in the Management Agreement) for such Collection Period (as defined in the Management Agreement) of (x) the Long-Term Lease Fleet (as defined in the Management Agreement) plus (y) any Managed Containers (as defined in the Management Agreement) then subject to purchase-leasebacks, multiplied by (ii) eight percent (8.0%).

(c) A "**Finance Lease Management Fee**", in an amount equal to the product of (i) the product of (A) the Series 2017-1 Asset Allocation Percentage and (B) the Finance Lease Payments (excluding any payments relating to Managed Containers then subject to purchase-leasebacks) (as defined in the Management Agreement), multiplied by (ii) two percent (2.0%).

(d) A "**Sales Management Fee**", in an amount equal to the product of (i) the product of (A) the Series 2017-1 Asset Allocation Percentage and (B) the Sales Proceeds (as defined in the Management Agreement) from the sale or other disposition of any Managed Container during such Collection Period (except for any sale or disposition (x) to Manager or any Affiliate of Manager, (y) pursuant to the exercise of a purchase option contained in a Lease, or (z) that is due to a Casualty Loss) (as defined in the Management Agreement), multiplied by (ii) five percent (5.0%).

Section 405. Additional Covenants

. In addition to the covenants set forth in **Article VI** of the Indenture, the Issuer hereby makes the following additional covenants for the benefit of the Series 2017-1 Noteholders:

(a) Rule 144A. So long as any of the Series 2017-1 Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer shall, unless it becomes subject to and complies with the reporting requirements of Section 13 or 15(d) of the Exchange Act, or rule 12g3-2(b) thereunder, (i) provide to any Series 2017-1 Noteholder of such restricted securities, or to any prospective Series 2017-1 Noteholder of such restricted securities designated by a Series 2017-1 Noteholder, upon the request of such Series 2017-1 Noteholder or prospective Series 2017-1 Noteholder, any information required to be provided by Rule 144A(d)(4) under the Securities Act and (ii) update such information to prevent such information from becoming materially false and materially misleading in a manner adverse to any Series 2017-1 Noteholder.

(b) Use of Proceeds. The Issuer will apply the net proceeds from the sale of the Offered Notes: (i) to pay the purchase price of Eligible Containers to be acquired from TL, (ii) to fund the initial deposit into the Series 2017-1 Restricted Cash Account and the Series 2017-1 Principal Reserve Account and to fund the Additional Funding Amount for the initial Transfer Date], (iii) to pay the costs of issuance of the Series 2017-1 Notes and (iv) for other general business purposes.

(c) Perfection Requirements. The Issuer will not (x) change any of (i) its corporate name, (ii) the name under which it does business or (iii) the jurisdiction in which it is incorporated or (y) amend any provision of its memorandum of association or bye-laws, in each case, without the prior written consent of the Series 2017-1 Control Party. The Issuer shall make such filing and take such actions as the Series 2017-1 Noteholder may request in order to maintain the Lien of the Indenture Trustee in the Collateral.

(d) United States Federal Income Tax Election. The Issuer shall not make an election to be classified as an association taxable as a corporation pursuant to Section 301.7701-3 of the United States Treasury Regulations.

ARTICLE V
Conditions to Issuance

Section 501. Conditions to Issuance. The Indenture Trustee shall not authenticate the Series 2017-1 Notes unless the Issuer shall have delivered a certificate to the Indenture Trustee to the effect that all conditions set forth in the Series 2017-1 Note Purchase Agreement, other than the condition precedent set forth in Section 8(p) thereof, shall have been satisfied or waived.

ARTICLE VI
Representations and Warranties

To induce the Series 2017-1 Noteholders to purchase the Series 2017-1 Notes hereunder, the Issuer hereby represents and warrants as of the Closing Date to the Indenture Trustee for the benefit of the Series 2017-1 Noteholders that:

Section 601. Existence. The Issuer is a company duly incorporated, validly existing and in compliance under the laws of Bermuda. The Issuer is in good standing and is duly qualified to do business in each jurisdiction where the failure to do so would have a material adverse effect upon the Issuer and in each jurisdiction in which a failure to so qualify would materially and adversely affect the ability of the Indenture Trustee to enforce its security interest in the Collateral.

Section 602. Authorization. The Issuer has the necessary corporate power and is duly authorized to execute and deliver this Supplement and the other Series 2017-1 Related Documents to which it is a party; the Issuer is and will continue to be duly authorized to borrow monies hereunder; and the Issuer is and will continue to be authorized to perform its obligations under this Supplement and under the other Series 2017-1 Related Documents. The execution, delivery and performance by the Issuer of this Supplement and the other Series 2017-1 Related Documents to which it is a party and the borrowings hereunder do not and will not require any consent or approval of any Governmental Authority, shareholder or any other Person which has not already been obtained.

Section 603. No Conflict; Legal Compliance. The execution, delivery and performance of this Supplement and each of the other Series 2017-1 Related Documents and the execution, delivery and payment of the Series 2017-1 Notes will not: (a) contravene any provision of the Issuer's Bye-Laws or Memorandum of Association; (b) contravene, conflict with or violate any Applicable Law or regulation, or any order, writ, judgment, injunction, decree, determination or award of any Governmental Authority; or (c) violate or result in the breach of, or constitute a default under the Indenture, the Series 2017-1 Related Documents, any other indenture or other loan or credit agreement, or other agreement or instrument to which the Issuer is a party or by which the Issuer, or its property and assets may be bound or affected. The Issuer is not in violation or breach of or default under any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award or any contract, agreement, lease, license, indenture or other instrument to which it is a party.

Section 604. Validity and Binding Effect. This Supplement is, and each Series 2017-1 Related Document to which the Issuer is a party, when duly executed and delivered, will be, the legal, valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency or other similar laws of general application affecting the enforcement of creditors' rights or by general principles of equity limiting the availability of equitable remedies.

Section 605. Financial Statements. Since December 31, 2016, there has been no Material Adverse Change in the financial condition of any of the Issuer, the Seller or the Manager.

Section 606. Place of Business. The sole "place of business" (within the meaning of Section 9-307 of the UCC) of the Issuer is located at Century House, 16 Par-la-Ville Road, Hamilton HM HX, Bermuda. The Issuer does not maintain an office or assets in the United States, other than (i) the Trust Account, the Series 2017-1 Principal Reserve Account, the Series 2017-1 Restricted Cash Account, the Excess Funding Account and the Series 2017-1 Series Account and (ii) off-hire containers located in depots in the United States and Managed Containers described in Section 606(g) of the Indenture and Leases pursuant to Section 7.7 of the Management Agreement.

Section 607. No Agreements or Contracts. The Issuer is not a party to any contract or agreement (whether written or oral) other than the Related Documents.

Section 608. Consents and Approvals. No approval, authorization or consent of any trustee or holder of any Indebtedness or obligation of the Issuer or of any other Person under any agreement, contract, lease or license or similar document or instrument to which the Issuer is a party or by which the Issuer is bound, is required to be obtained by the Issuer in order to make or consummate the transactions contemplated under the Series 2017-1 Related Documents, except for those approvals, authorizations and consents that have been obtained on or prior to the Closing Date. All consents and approvals of, filings and registrations with, and other actions in respect of, all Governmental Authorities required to be obtained by the Issuer in order to make or consummate the transactions contemplated under the Series 2017-1 Related Documents have been, or prior to the time when required will have been, obtained, given, filed or taken and are or will be in full force and effect.

Section 609. Margin Regulations. The Issuer does not own any "margin security", as that term is defined in Regulation U of the Federal Reserve Board, and the proceeds of the Series 2017-1 Notes issued under this Supplement will be used only for the purposes contemplated hereunder. None of such proceeds will be used, directly or indirectly, for the purpose of purchasing or carrying any margin security, for the purpose of reducing or retiring any indebtedness which was originally incurred to purchase or carry any margin security or for any other purpose which might cause any of the loans under this Supplement to be considered a "purpose credit" within the meaning of Regulations T, U and X. The Issuer will not take or permit any agent acting on its behalf to take any action which might cause this Supplement or any document or instrument delivered pursuant hereto to violate any regulation of the Federal Reserve Board.

Section 610. Taxes. All federal, state, local and foreign Tax returns, reports and statements required to be filed by the Issuer have been filed with the appropriate Governmental Authorities, and all Taxes and other impositions shown thereon to be due and payable by the Issuer have been paid prior to the date on which any fine, penalty, interest or late charge may be added thereto for nonpayment thereof, or any such fine, penalty, interest, late charge or loss has been paid, or the Issuer is contesting its liability therefor in good faith and has fully reserved all such amounts according to GAAP in the financial statements provided to the Series 2017-1 Noteholders pursuant to Section 626 of the Indenture. The Issuer has paid when due and payable all material charges upon the books of the Issuer and no Governmental Authority has asserted any Lien against the Issuer with respect to unpaid Taxes. Proper and accurate amounts have been withheld by the Issuer from its employees for all periods in full and complete compliance with the Tax, social security and unemployment withholding provisions of applicable federal, state, local and foreign law and such withholdings have been timely paid to the respective Governmental Authorities.

Section 611. Investment Company Act of 1940. The Issuer is not, and is not controlled by, an “investment company” registered or required to be registered under the Investment Company Act. The Issuer is not an “investment company” as defined in Section 3(a)(1) of the Investment Company Act, or, alternatively, the Issuer is relying on an exemption from such definition under Rule 3(a)(5) under the Investment Company Act. The Issuer is not relying on the exemptions set forth in Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act. The Issuer is structured so as not to constitute a “covered fund” for purposes of the Volcker Rule under the Dodd-Frank Act.

Section 612. Solvency and Separateness

(a) The capital of the Issuer is adequate for the business and undertakings of the Issuer.

(b) Other than with respect to the transactions contemplated hereby and by the other Related Documents (including without limitation the Management Agreement, the Contribution and Sale Agreement and the Container Transfer Agreements), the Issuer is not engaged in any business transactions with the Sellers or the Manager.

(c) The bye-laws of the Issuer provide that the Issuer shall have six (6) directors, unless increased to seven (7) directors under certain circumstances described in the bye-laws including those discussed below. If a resolution of the directors is proposed which involves a Specified Matter and/or a Special Bye-law Amendment (as such capitalized terms are defined in the bye-laws of the Issuer) then, in such instance, the number of directors of the Issuer shall automatically be increased to seven (7), and the quorum for any such vote shall be seven (7) directors, one of which must be an Independent Director who shall be elected by an affirmative vote of all of the other directors from a pool of candidates (and such pool may consist of only one person) put forward by AMACAR Group, L.L.C. The Independent Director so elected shall be a director until the resolution regarding the Specified Matter and/or the Special Bye-law Amendment has been voted upon and shall automatically cease to be a director of the Issuer immediately following such vote.

(d) The Issuer's funds and assets are not, and will not be, commingled with those of the Sellers or the Manager, except as permitted by the Management Agreement.

(e) The bye-laws of the Issuer require it to maintain correct and complete books and records of account, and Bermuda law requires it to maintain minutes of the meetings and other proceedings of its members.

(f) The Issuer is not insolvent under the Insolvency Law and will not be rendered insolvent by the transactions contemplated by the Series 2017-1 Related Documents and after giving effect to such transactions, the Issuer will not be left with an unreasonably small amount of capital with which to engage in its business nor will the Issuer have intended to incur, or believe that it has incurred, debts beyond its ability to pay such debts as they mature. The Issuer does not contemplate the commencement of insolvency, bankruptcy, liquidation or consolidation proceedings or the appointment of a receiver, liquidator, trustee or similar official in respect of the Issuer or any of its assets.

Section 613. Title; Liens. On the Closing Date, the Issuer will have good, legal and marketable title to each of its respective assets, and none of such assets is subject to any Lien, except for Permitted Encumbrances.

Section 614. No Default. No Trust Event of Default, Series-Specific Event of Default, Trust Early Amortization Event, Series-Specific Early Amortization Event, Trust Manager Default, or Series-Specific Manager Default (or event or condition which with the giving of notice or passage of time or both would become a Trust Event of Default, Series-Specific Event of Default, Trust Early Amortization Event, Series-Specific Early Amortization Event Trust Manager Default, or Series-Specific Manager Default) has occurred and is continuing.

Section 615. Litigation and Contingent Liabilities. No claims, litigation, arbitration proceedings or governmental Proceedings by any Governmental Authority are pending or threatened against or are affecting the Issuer or any of its Affiliates the results of which might interfere with the consummation of any of the transactions contemplated by this Supplement or any document issued or delivered in connection herewith.

Section 616. Subsidiaries. The Issuer has no subsidiaries.

Section 617. No Partnership. The Issuer is not a partner or joint venturer in any partnership or joint venture.

Section 618. Pension and Welfare Plans. No accumulated funding deficiency (as defined in Section 412 of the Code or Section 302 of ERISA) or reportable event (within the meaning of section 4043 of ERISA), has occurred with respect to any Plan of the Issuer or any ERISA Affiliate. The present value of all benefit liabilities under all Plans of the Issuer or any ERISA Affiliate subject to Title IV of ERISA, as defined in Section 4001(a)(16) of ERISA, exceeds the fair market value of all assets of Plans subject to Title IV of ERISA (determined as of the most recent valuation date for such Plan on the basis of assumptions prescribed by the Pension Benefit Guaranty Corporation for the purpose of Section 4044 of ERISA), by no more than \$1.9 million. Neither the Issuer nor any ERISA Affiliate is subject to any present or

potential withdrawal liability pursuant to Title IV of ERISA and no multi-employer plan (with the meaning of Section 4001(a)(3) of ERISA) to which the Issuer or any ERISA Affiliate has an obligation to contribute or any liability, is or is likely to be disqualified for Tax purposes, in reorganization within the meaning of Section 4241 of ERISA or Section 418 of the Code) or is insolvent (as defined in Section 4245 of ERISA). No liability (other than liability to make periodic contributions to fund benefits) with respect to any Plan of the Issuer, or Plan subject to Title IV of ERISA or any ERISA Affiliate, has been, or is expected to be, incurred by the Issuer or an ERISA Affiliate, either directly or indirectly. All Plans of the Issuer are in material compliance with ERISA and the Code. No lien under Section 412 of the Code or 302(f) of ERISA or requirement to provide security under the Code or ERISA has been or is reasonably expected by the Issuer to be imposed on its assets. The Issuer does not have any obligation under any collective bargaining agreement. As of the Closing Date, the Issuer is not an employee benefit plan with the meaning of ERISA or a “plan” within the meaning of Section 4975 of the Code and assets of the Issuer do not constitute “plan assets” within the meaning of Section 2510.3-101 of the regulations of the Department of Labor.

Section 619. Ownership of the Issuer

. As of the Closing Date, the Issuer has one class of common shares issued and outstanding, all of which are owned by TL.

Section 620. Security Interest Representations

(a) This Supplement creates a valid and continuing security interest (as defined in the UCC) in the Series 2017-1 Specific Collateral in favor of the Indenture Trustee, for the benefit of the Series 2017-1 Noteholders, which security interest is prior to all other Liens (other than Permitted Encumbrances), and is enforceable as such as against creditors of and purchasers from the Issuer.

(b) The Managed Containers constitute “goods” or “inventory” within the meaning of the applicable UCC. The Leases constitute “tangible chattel paper” within the meaning of the UCC. The lease receivables constitute “accounts” or “proceeds” of the Leases within the meaning of the UCC. The Trust Account, the Series 2017-1 Principal Reserve Account, the Series 2017-1 Restricted Cash Account, the Excess Funding Account and the Series 2017-1 Series Account constitute “securities accounts” within the meaning of the UCC. The Issuer’s contractual rights under the Contribution and Sale Agreement, each Container Transfer Agreement and the Management Agreement constitute “general intangibles” within the meaning of the UCC.

(c) The Issuer owns and has good and marketable title to the Collateral and any Series-Specific Collateral, free and clear of any Lien (whether senior, junior or pari passu), claim or encumbrance of any Person, except for Permitted Encumbrances.

(d) The Issuer has caused the filing of all appropriate financing statements or documents of similar import in the proper filing office in the appropriate jurisdictions under Applicable Law in order to perfect the security interest in the Collateral and any Series-Specific Collateral granted to the Indenture Trustee in this Supplement and the Indenture. All financing statements filed against the Issuer in favor of the Indenture Trustee in connection herewith describing the Collateral and any Series-Specific Collateral contain a statement to the following effect: “A purchase of or security interest in any collateral described in this financing statement will violate the rights of the Indenture Trustee.”

(e) Other than the security interest granted to the Indenture Trustee pursuant to this Supplement and the Indenture, the Issuer has not pledged, assigned, sold, granted a security interest in, or otherwise conveyed any of the Collateral and any Series-Specific Collateral, except as permitted pursuant to the Indenture. The Issuer has not authorized the filing of, and is not aware of, any financing statements against the Issuer that include a description of collateral covering the Collateral and any Series-Specific Collateral other than any financing statement or document of similar import (i) relating to the security interest granted to the Indenture Trustee in this Supplement or the Indenture or (ii) that has been terminated. The Issuer is not aware of any judgment or Tax lien filings against the Issuer.

(f) The Issuer has received a written acknowledgment from the Manager that the Manager or an Affiliate thereof is holding the Leases, to the extent they relate to the Managed Containers, on behalf of, and for the benefit of, the Indenture Trustee and the other Persons set forth in the Indenture. None of the Leases that constitute or evidence the Collateral and any Series-Specific Collateral have any marks or notations indicating that they have been pledged, assigned or otherwise conveyed to any Person. The Sellers have caused the filing of all appropriate financing statements or documents of similar import in the proper filing office in the appropriate jurisdictions under Applicable Law in order to perfect the security interest of the Issuer (and the Indenture Trustee as its assignee) in the Leases (to the extent that such Leases relate to the Managed Containers) granted to the Issuer in the Contribution and Sale Agreement and each Container Transfer Agreement.

(g) The Issuer has received all necessary consents and approvals required by the terms of the Collateral and any Series-Specific Collateral to the pledge to the Indenture Trustee of its interest and rights in such Collateral and any Series-Specific Collateral hereunder or under the Indenture.

(h) The Issuer has taken all steps necessary to cause Wells Fargo Bank, National Association (in its capacity as securities intermediary) to identify in its records the Indenture Trustee as the Person having a Securities Entitlement in each of the Trust Account, the Series 2017-1 Restricted Cash Account, the Excess Funding Account, the Series 2017-1 Principal Reserve Account and the Series 2017-1 Series Account.

(i) The Trust Account, the Series 2017-1 Restricted Cash Account, the Excess Funding Account, the Series 2017-1 Principal Reserve Account and Series 2017-1 Series Account are not in the name of any Person other than the Issuer or the Indenture Trustee. The Issuer has not consented to Wells Fargo Bank, National Association (as the Securities Intermediary of the Trust Account, the Series 2017-1 Restricted Cash Account, the Excess Funding Account, the Series 2017-1 Principal Reserve Account and the Series 2017-1 Series Account) entering into any agreement in which it has agreed to comply with entitlement orders of any Person other than the Indenture Trustee.

(j) All Eligible Investments have been and will have been credited to one of the Trust Account, the Excess Funding Account, the Series 2017-1 Restricted Cash Account, the Series 2017-1 Principal Reserve Account and the Series 2017-1 Series Account. The securities intermediary for each of the Trust Account, the Excess Funding Account, the Series 2017-1 Restricted Cash Account and the Series 2017-1 Series Account has agreed to treat all assets credited to the Trust Account, the Excess Funding Account, the Series 2017-1 Restricted Cash

Account and the Series 2017-1 Series Account as “financial assets” within the meaning of the UCC.

(k) The Issuer has delivered to Indenture Trustee a fully executed agreement pursuant to which the securities intermediary has agreed to comply with all instructions originated by the Indenture Trustee relating to the Trust Account, the Excess Funding Account, the Series 2017-1 Restricted Cash Account, the Series 2017-1 Principal Reserve Account and the Series 2017-1 Series Account without further consent by the Issuer.

(l) No creditor of the Issuer (other than (x) with respect to the Managed Containers, the related Lessee and (y) the Manager in its capacity as Manager under the Management Agreement) has in its possession any goods that constitute or evidence the Collateral or any Series-Specific Collateral.

The falsity of any of the representations and warranties set forth in this **Section 620** may be waived by the Indenture Trustee, only with the prior written consent of the Control Party and with the prior satisfaction of the Rating Agency Condition.

Section 621. ERISA Lien . As of the Closing Date, the Issuer has not received notice that any Lien arising under ERISA has been filed against the assets of the Issuer.

Section 622. Additional Funding Amount. The Issuer is not required to deposit into the Trust Account on any Additional Funding Amount for the Leases to be acquired by the Issuer on the Closing Date.

Section 623. Survival of Representations and Warranties. So long as any of the Series 2017-1 Notes shall be Outstanding and until payment and performance in full of the Outstanding Obligations relating to the Series 2017-1 Notes or otherwise under this Supplement or the Series 2017-1 Note Purchase Agreement, the representations and warranties contained herein shall have a continuing effect as having been true when made.

ARTICLE VII Miscellaneous Provisions

Section 701. Ratification of Indenture. As supplemented by this Supplement, the Indenture is in all respects ratified and confirmed and the Indenture as so supplemented by this Supplement shall be read, taken and construed as one and the same instrument.

Section 702. Counterparts. This Supplement may be executed in two or more counterparts, and by different parties on separate counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument. Delivery of an executed counterpart of this Supplement by facsimile or by electronic means shall be equally effective as of the delivery of an originally executed counterpart.

Section 703. Governing Law

. THIS SUPPLEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAWS BUT OTHERWISE WITHOUT REFERENCE TO ITS CONFLICTS

OF LAW PROVISIONS, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Section 704. Notices. All demands, notices and communications hereunder shall be in writing, personally delivered, or by facsimile (with subsequent telephone confirmation of receipt thereof), or sent by internationally recognized overnight courier service, (a) in the case of the Indenture Trustee, at the following address: 600 S. 4th Street, MAC N9300-061, Minneapolis, Minnesota, 55479, Attention: Corporate Trust Services/Asset-Backed Administration, (b) in the case of the Issuer, at the following address: Century House, 16 Par-la-Ville Road, Hamilton HM HX, Bermuda, Telephone: (441) 292-2487, Facsimile: (441) 295-4164, Attention: Chief Financial Officer, with a copy to each: (i) Textainer Equipment Management Limited at its address at Century House, 16 Par-la-Ville Road, Hamilton HM HX, Bermuda, Telephone: (441) 292-2487, Facsimile: (441) 295-4164, Attention: Chief Financial Officer, and (ii) Textainer Equipment Management (U.S.) Limited at its address at 650 California Street, 16th floor, San Francisco, CA 94108, Telephone: (415) 658-8214, Facsimile: (415) 434-0599, Attention: Chief Financial Officer, and (c) in the case of Rating Agency, at the following address: Standard & Poor's Ratings Services, 55 Water Street, New York, NY 10041-0003, or at such other address as shall be designated by such party in a written notice to the other parties. Any notice required or permitted to be given to a Series 2017-1 Noteholder shall be given by certified first class mail, postage prepaid (return receipt requested), or by courier, or by facsimile, with subsequent telephone confirmation of receipt thereof, in each case at the address of such Series 2017-1 Noteholder as shown in the Note Register or to the telephone and fax number furnished by such Series 2017-1 Noteholder. Notice shall be effective and deemed received (A) upon receipt, if sent by courier or U.S. mail, (B) upon receipt of confirmation of transmission, if sent by facsimile, or (C) when delivered, if delivered by hand. Any rights to notices conveyed to a Rating Agency pursuant to the terms hereof with respect to any Series shall terminate immediately if such Rating Agency no longer has a rating outstanding with respect to such Series.

Section 705. Amendments and Modifications

(a) Subject to the provisions of **Sections 705(b)** through **(e)**, the terms of this Supplement may be waived, modified or amended in accordance with the provisions of this Supplement in a written instrument signed by each of the Issuer and the Indenture Trustee. For purposes of clarification, no change in the Depreciation Policy, for purposes other than calculating the Asset Base, by operation of paragraph (ii) of the definition of "Depreciation Policy" shall be deemed an amendment or modification to this Supplement subject to the requirements of this **Section 705**.

(b) Notwithstanding **Section 705(a)**, but subject to **Section 705(d)**, without the consent of any Holder and based on an Opinion of Counsel in form and substance reasonably acceptable to the Indenture Trustee to the effect that such Supplement is for one of the purposes set forth in clauses (i) through (vii) below, the Issuer and the Indenture Trustee, at any time and from time to time, may enter into one or more Supplements in form satisfactory to the Indenture Trustee, for any of the following purposes:

(i) to add to the covenants of the Issuer in this Supplement for the benefit of the Series 2017-1 Noteholders, or to surrender any right or power conferred upon the Issuer in this Supplement;

(ii) to cure any ambiguity, to correct or supplement any provision in this Supplement that may be inconsistent with any other provision in this Supplement, or to make any other provisions with respect to matters or questions arising under this Supplement;

(iii) to correct or amplify the description of any property at any time subject to the Lien created pursuant to this Supplement, or better to assure, convey and confirm unto the Indenture Trustee any property subject or required to be subjected to the Lien created pursuant to this Supplement, or to subject additional property to the Lien of this Supplement;

(iv) to add to the conditions, limitations and restrictions on the authorized amount, terms and purposes of issue, authentication and delivery of the Series 2017-1 Notes, or additional conditions, limitations and restrictions thereafter to be observed by the Issuer with respect to the Series 2017-1 Notes;

(v) to convey, transfer, assign, mortgage or pledge any additional property to the Indenture Trustee for the benefit of the Series 2017-1 Noteholders;

(vi) conform to the terms of this Supplement to the terms of the offering memorandum for such Series of Notes;

(vii) to decrease any component of the Class A Advance Rate or the Class B Advance Rate; or

(viii) to add any additional Series-Specific Events of Default, Series-Specific Early Amortization Events or Series-Specific Manager Defaults for the Series 2017-1 Notes.

(c) If **Section 705(b)** does not apply to an amendment, modification or waiver of this Supplement, then the Issuer and the Indenture Trustee (acting at the direction of, and with the consent of, the Series 2017-1 Control Party) may enter into an amendment, modification or waiver for the purpose of adding any provisions to, or changing in any manner or eliminating any of, the provisions of this Supplement or of modifying in any manner the rights of the Series 2017-1 Noteholders under this Supplement; *provided, however*, that no such amendment, modification or waiver shall, without the consent of each Holder of a Series 2017-1 Note:

(i) reduce the principal amount of any Series 2017-1 Note of such Holder, lengthen the Legal Final Payment Date of any Series 2017-1 Note of such Holder, reduce the rate of interest payable on any Series 2017-1 Note of such Holder, amend the allocation methodology set forth for payments from the Series 2017-1 Series Account (other than to increase the amount of any allocation) or change the date on which or the amount of which, or the place of payment where, or the coin or currency in which, any

Series 2017-1 Note of such Holder or the interest thereon, is payable, or impair the right of such Holder to institute suit for the enforcement of any such payment on or after the Legal Final Payment Date of any Series 2017-1 Note of such Holder;

(ii) modify any provision of this Supplement which specifies that such provision cannot be modified or waived without the consent of each Series 2017-1 Noteholder affected thereby;

(iii) modify or alter this proviso;

(iv) amend the definition of “Class A Asset Base” or “Series 2017-1 Asset Base” (provided, however, that an amendment to the Depreciation Policy shall not be deemed to constitute an amendment to the definition of “Class A Asset Base” or “Series 2017-1 Asset Base”), “Series 2017-1 Asset Allocation Percentage”, “Series 2017-1 Required Overcollateralization Percentage” or “Control Party” or to increase the Class A Advance Rate or the Class B Advance Rate; or

(v) permit the creation of any Lien ranking prior to, or on a parity with, the Lien in the Series-Specific Collateral for Series 2017-1 created pursuant to this Supplement or terminate the Lien in the Series-Specific Collateral for Series 2017-1 on any property at any time subject to the Lien in the Series-Specific Collateral for Series 2017-1 or deprive in any material respect the Series 2017-1 Noteholders of the security afforded by the Lien in the Series-Specific Collateral for Series 2017-1, except as otherwise permitted in this Supplement.

(d) The obligation of the Indenture Trustee to execute and deliver a waiver, modification or amendment with respect to this Supplement is subject to the satisfaction of all of the following conditions:

(i) the Issuer shall have given the Indenture Trustee and the Manager not less than two days’ notice of such amendment and a copy of such proposed amendment, it being understood that the Indenture Trustee and the Manager from time to time may waive the right to receive such notice;

(ii) such amendment either (A) will not result in a Trust Early Amortization Event or a Trust Event of Default or cause the Aggregate Required Asset Base to exceed the Aggregate Asset Base (in each case calculated after giving effect to such proposed amendment) or (B) in all other cases shall have been approved in accordance with the terms of the Indenture, and in either case the Issuer shall have delivered to the Indenture Trustee an Officer’s Certificate stating the foregoing;

(iii) such other conditions as shall be specified in such amendment; and

(iv) the Issuer shall have delivered to the Indenture Trustee an Officer’s Certificate that all of the conditions specified in clauses (i) through (iii) have been satisfied.

(e) Notwithstanding **Sections 705(a)** through **(d)**, any provisions of **Section 401, 402** and **403** may be waived or amended in a written instrument signed by each of the Issuer and the Series 2017-1 Control Party.

(f) Prior to the execution of any written instrument pursuant to this **Section 705**, the Issuer shall provide a written notice to the Rating Agency (if any) setting forth in general terms the substance of any such written instrument.

(g) Promptly after the execution by the Issuer and the Indenture Trustee of any written instrument pursuant to this **Section 705**, the Indenture Trustee shall mail to the Series 2017-1 Noteholders and the Rating Agency (if any) a copy of the text of such written instrument. Any failure of the Indenture Trustee to mail such copy, or any defect therein, shall not, however, in any way impair or affect the validity of any such written instrument.

(h) (i) Any amendment or waiver of any Series-Specific Early Amortization Event, Series-Specific Manager Default or Series-Specific Event of Default in accordance with this **Section 705** shall be effective for purposes of all Series of Notes (and, similarly, any amendment or waiver of any Series-Specific Early Amortization Event for any other Series of Notes, Series-Specific Manager Default for any other Series of Notes or Series-Specific Event of Default for any other Series of Notes in accordance with the provisions of the related Supplement shall be effective for purposes of the Series 2017-1 Notes).

(ii) Any amendment or waiver of any Trust Early Amortization Event, Trust Manager Default or Trust Event of Default in accordance with this **Section 705** shall be effective as applied to Series 2017-1 only (and not for purposes of any other Series of Notes), unless similarly amended or waived in accordance with the Indenture or the related Supplement for any other Series of Notes.

Section 706. Consent to Jurisdiction. ANY LEGAL SUIT, ACTION OR PROCEEDING AGAINST THE ISSUER ARISING OUT OF OR RELATING TO THIS SUPPLEMENT, OR ANY TRANSACTION CONTEMPLATED HEREBY, MAY BE INSTITUTED IN ANY FEDERAL OR STATE COURT IN THE CITY OF NEW YORK, STATE OF NEW YORK AND THE ISSUER HEREBY WAIVES ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING, AND, SOLELY FOR THE PURPOSES OF ENFORCING THIS SUPPLEMENT, THE ISSUER HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY SUCH COURT IN ANY SUCH SUIT, ACTION OR PROCEEDING.

Section 707. Waiver of Jury Trial. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, AS AGAINST THE OTHER PARTIES HERETO, ANY RIGHTS IT MAY HAVE TO A JURY TRIAL IN RESPECT OF ANY CIVIL ACTION OR PROCEEDING (WHETHER ARISING IN CONTRACT OR TORT OR OTHERWISE), INCLUDING ANY COUNTERCLAIM, ARISING UNDER OR RELATING TO THIS SUPPLEMENT OR ANY OTHER SERIES 2017-1 RELATED DOCUMENT, INCLUDING IN RESPECT OF THE NEGOTIATION, ADMINISTRATION OR ENFORCEMENT HEREOF OR THEREOF.

Section 708. Successors. This Supplement shall inure to the benefit of and be binding upon the Issuer, the Indenture Trustee and, by its acceptance of any Series 2017-1 Note or any legal or beneficial interest therein, each Series 2017-1 Noteholder, and each of such Person's successors and assigns.

Section 709. Nonpetition Covenant. Each Series 2017-1 Noteholder by its acquisition of a Series 2017-1 Note shall be deemed to covenant and agree that it will not institute against the Issuer any bankruptcy, reorganization, arrangement insolvency or liquidation Proceedings, or other Proceedings under any federal or state bankruptcy or similar law, at any time other than on a date which is at least one (1) year and one (1) day after the later of (a) the last date on which any Note of any Series was Outstanding and (b) the date on which all amounts owing to each Series Enhancer pursuant to the terms of the related Insurance Agreements have been paid in full.

Section 710. Recourse Against the Issuer. No recourse under or with respect to any obligation, covenant or agreement (including, without limitation, the payment of any fees or any other obligations) of the Issuer as contained in this Supplement or any other agreement, instrument or document entered into by the Issuer pursuant hereto or in connection herewith shall be had against any administrator of the Issuer or any incorporator, affiliate, shareholder, officer, employee, manager or director of the Issuer or of any such administrator, as such, by the enforcement of any assessment or by any legal or equitable proceeding, by virtue of any statute or otherwise; it being expressly agreed and understood that the agreements of the Issuer contained in this Supplement and all of the other agreements, instruments and documents entered into by the Issuer pursuant hereto or in connection herewith are, in each case, solely the corporate obligations of the Issuer, and that no personal liability whatsoever shall attach to or be incurred by any administrator of the Issuer or any incorporator, shareholder, affiliate, officer, employee, manager or director of the Issuer or of any such administrator, as such, or any other of them, under or by reason of any of the obligations, covenants or agreements of the Issuer contained in this Supplement or in any other such instruments, documents or agreements, or which are implied therefrom, and that any and all personal liability of every such administrator of the Issuer and each incorporator, shareholder, affiliate, officer, employee, manager or director of the Issuer or of any such administrator, as such, or any of them, for breaches by the Issuer of any such obligations, covenants or agreements, which liability may arise either at common law or at equity, by statute or constitution, or otherwise, is hereby expressly waived as a condition of and in consideration for the execution of this Supplement. The provisions of this **Section 710** shall survive the termination of this Supplement.

Section 711. Reports, Financial Statements and Other Information to Series 2017-1 Noteholders. The Indenture Trustee will make available promptly upon receipt thereof to the Series 2017-1 Noteholders via the Indenture Trustee's internet website at www.CTSLink.com the financial statements referred to in Section 7.2 of the Management Agreement, the Manager Report, the Asset Base Report, and the annual insurance confirmation; *provided*, that, as a condition to access to the Indenture Trustee's website, the Indenture Trustee shall require each such Series 2017-1 Noteholder to execute the Indenture Trustee's standard form documentation, and upon such execution, each such Series 2017-1 Noteholder shall be deemed to have certified to the Indenture Trustee it (i) is a Series 2017-1 Noteholder, (ii) understands that such items contain material nonpublic information (within the meaning of U.S. Federal Securities laws),

(iii) is requesting the information solely for use in evaluating such party's investment in the Series 2017-1 Notes and will keep such information strictly confidential (with such exceptions and restrictions to distribution of the information as are more fully set forth in the information request certification) and (iv) is not a Competitor. Each time a Series 2017-1 Noteholder accesses the internet website, it will be deemed to have confirmed the representations and warranties made pursuant to the confirmation as of the date of such access. The Indenture Trustee will provide the Issuer with copies of such information request certification. Assistance in using the Indenture Trustee's website can be obtained by calling the Indenture Trustee's customer service desk at (866) 846-4526. The Indenture Trustee makes no representation or warranty as to the accuracy of such documents and assumes no responsibility.

Section 712. Patriot Act. The parties hereto acknowledge that in accordance with the Customer Identification Program (CIP) requirements under the USA PATRIOT Act and its implementing regulations, the Indenture Trustee in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Indenture Trustee. Each party hereby agrees that it shall provide the Indenture Trustee with such information as the Indenture Trustee may request that will help Indenture Trustee to identify and verify each party's identity, including without limitation each party's name, physical address, tax identification number, organizational documents, certificate of good standing, license to do business, or other pertinent identifying information.

Section 713. Definitive Notes. To the extent that Definitive Notes are issued hereunder, each relevant Series 2017-1 Noteholder provide Noteholder Tax Identification Information (including, if requested, a transfer statement in accordance with Treasury Regulation section 1.6045A-1(a)(1)) requested by the Indenture Trustee to comply with its cost basis reporting obligations under the Code. Each Noteholder or holder of an interest in a Note, by acceptance of such Series 2017-1 Note or such interest in such Series 2017-1 Note, will be deemed to have agreed to provide the Issuer and the Indenture Trustee with such Noteholder Tax Identification Information referred to in the preceding sentence as requested from time to time by the Issuer or the Indenture Trustee.

Section 714. Noteholder Information. Each Noteholder or holder of an interest in a Series 2017-1 Note, by acceptance of such Series 2017-1 Note or such interest in such Series 2017-1 Note, will be deemed to have agreed to provide the Issuer and the Indenture Trustee with such Noteholder Tax Identification Information as requested from time to time by the Issuer or the Indenture Trustee. Each Noteholder or holder of an interest in a Series 2017-1 Note will be deemed to understand that each of the Issuer and the Indenture Trustee has the right to (i) withhold tax (including, without limitation, FATCA Withholding Tax) on interest and other applicable amounts under the Code (without any corresponding gross-up) payable with respect to each holder of a Series 2017-1 Note, or to any beneficial owner of an interest in a Series 2017-1 Note, that fails to comply with the foregoing requirements, fails to establish an exemption of such withholding or as otherwise required under the Code or other Applicable Law (including, for the avoidance of doubt, FATCA) and (ii) provide such information and documentation and any other information concerning its interest in the applicable Series 2017-1 Note to the IRS and any other relevant U.S. or foreign tax authority. Upon request from the Indenture Trustee, the

Issuer will provide such additional information that it may have to assist the Indenture Trustee in making any withholdings or informational reports.

[Signature pages follow]

IN WITNESS WHEREOF, the Issuer and the Indenture Trustee have caused this Supplement to be duly executed and delivered by their respective officers all as of the day and year first above written.

TEXTAINER MARINE CONTAINERS V LIMITED

By: /s/ Adam Hopkin

Name:

Title: Secretary

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Indenture Trustee

By: /s/ G. Brad Martin

Name:

Title: Vice President

Acknowledged by:

TEXTAINER EQUIPMENT MANAGEMENT LIMITED, as Manager

By: /s/ Adam Hopkin

Name:

Title: Secretary

TEXTAINER MARINE CONTAINERS V LIMITED
Issuer

and

WELLS FARGO BANK, NATIONAL ASSOCIATION
Indenture Trustee

SERIES 2017-2 SUPPLEMENT

DATED AS OF JUNE 28, 2017

TO

INDENTURE

DATED AS OF MAY 17, 2017

FIXED RATE ASSET-BACKED NOTES, SERIES 2017-2,
CLASS A NOTES AND CLASS B NOTES

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<u>Schedules</u>	<u>Description</u>
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SERIES 2017-2 SUPPLEMENT, dated as of June 28, 2017 (as amended, restated, supplemented or otherwise modified from time to time, this “**Supplement**”), between TEXTAINER MARINE CONTAINERS V LIMITED, an exempted company with limited liability incorporated in Bermuda (the “**Issuer**”), and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association, as Indenture Trustee (the “**Indenture Trustee**”).

WHEREAS, pursuant to the Indenture, dated as of May 17, 2017 (as amended, restated, supplemented or otherwise modified from time to time, the “**Indenture**”), between the Issuer and the Indenture Trustee, the Issuer may from time to time issue any one or more Series of Notes. The Principal Terms of any Series of Notes are to be set forth in a Supplement to the Indenture; and

WHEREAS, the Issuer wishes to create a new Series of Notes that will be designated as the Series 2017-2 Notes and this Supplement shall specify the Principal Terms of such Series 2017-2 Notes.

NOW THEREFORE, in consideration of the premises and mutual covenants herein contained, the parties hereto agree as follows:

ARTICLE I
Definitions; Calculation Guidelines

Section 101. Definitions. (a) Whenever used in this Supplement, the following words and phrases shall have the following meanings, and the definitions of such terms are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such terms.

“**144A Book-Entry Notes**”. The 144A Book-Entry Notes substantially in the form of **Exhibit A-1** hereto.

“**Aggregate Available Amount**”. As of any date of determination, an amount equal to the sum of the then amount available for drawings under all Eligible Letters of Credit then in effect for Series 2017-2.

“**Aggregate Class A Note Principal Balance**”. As of any date of determination, an amount equal to the sum of the Class A Note Principal Balances of all Class A Notes then Outstanding.

“**Aggregate Class B Note Principal Balance**”. As of any date of determination, an amount equal to the sum of the Class B Note Principal Balances of all Class B Notes then Outstanding.

“**Aggregate Invested Amount**”. As of any date of determination, an amount equal to the sum of the Invested Amounts for all Series of Notes then Outstanding.

“Aggregate Series 2017-2 Note Principal Balance”. As of any date of determination, an amount equal to the sum of the then Aggregate Class A Note Principal Balance and the then Aggregate Class B Note Principal Balance then Outstanding.

“Class A Advance Rate”. For the Class A Notes, sixty four and six tenths percent (64.6%).

“Class A Asset Base”. As of any Determination Date, shall be equal to the product of (i) the quotient of the Class A Advance Rate divided by the Class B Advance Rate and (ii) the Series 2017-2 Asset Base.

“Class A Minimum Principal Payment Amount”. On each Payment Date, is equal to the excess, if any, of (x) the then Aggregate Class A Note Principal Balance over (y) the Class A Minimum Targeted Principal Balance for such Payment Date.

“Class A Minimum Targeted Principal Balance”. On each Payment Date is the applicable amount set forth opposite such Payment Date under “Class A” in Schedule I hereto.

“Class A Note Interest Payment”. For the Class A Notes on each Payment Date, an amount equal to the product of (i) three and fifty two hundredths percent (3.52%) per annum, (ii) the Aggregate Class A Note Principal Balance on the immediately preceding Payment Date, calculated after giving effect to all principal payments on the Class A Notes actually paid on such date (or, in the case of the first Payment Date, the Aggregate Class A Note Principal Balance on the Closing Date) and (iii) one twelfth (or, in the case of the first Payment Date, the number of days in the first Interest Accrual Period divided by 360).

“Class A Note”. Any of the \$416,000,000 Fixed Rate Asset-Backed Notes, Series 2017-2, Class A issued pursuant to the terms of this Supplement, substantially in the form of any Exhibit A-1, A-2, A-3 or A-4 to this Supplement.

“Class A Note Principal Balance”. With respect to any Class A Note as of any date of determination, an amount equal to the excess, if any, of (x) the initial principal balance of such Class A Note as of the Closing Date, over (y) the cumulative amount of all Class A Minimum Principal Payment Amounts, Class A Scheduled Principal Payment Amounts and any other principal payments (including Prepayments) actually paid to the related Class A Noteholder subsequent to the Closing Date.

“Class A Scheduled Principal Payment Amount”. On each Payment Date is equal to the excess, if any, of (x) the then Aggregate Class A Note Principal Balance (after giving effect to the portion of the Class A Minimum Principal Payment Amount for the Class A Notes actually paid on such Payment Date), over (y) the Class A Scheduled Targeted Principal Balance for such Payment Date.

“Class A Scheduled Targeted Principal Balance”. On each Payment Date is the applicable amount set forth opposite such Payment Date under “Class A” in Schedule II hereto, as such Schedule II may be adjusted from time to time in accordance with **Section 205(b)** of this Supplement.

“Class A Supplemental Principal Payment Amount”. On each Payment Date is equal to the excess, if any, of (i) the Aggregate Class A Note Principal Balance (calculated after giving effect to any payment of the Class A Minimum Principal Payment Amount and the Class A Scheduled Principal Payment Amount actually paid on such Payment Date), over (ii) the Class A Asset Base (determined as of the last day of the month immediately preceding such Payment Date).

“Class B Advance Rate”. For the Class B Notes, seventy seven and six tenths percent (77.6%).

“Class B Minimum Principal Payment Amount”. On each Payment Date is equal to the excess, if any, of (x) the then Aggregate Class B Note Principal Balance over (y) the Class B Minimum Targeted Principal Balance for such Payment Date.

“Class B Minimum Targeted Principal Balance”. On each Payment Date is the applicable amount set forth opposite such Payment Date under “Class B” in Schedule I hereto.

“Class B Note”. The \$84,000,000 Fixed Rate Asset-Backed Notes, Series 2017-2, Class B.

“Class B Note Interest Payment”. For the Class B Notes on each Payment Date, an amount equal to the product of (i) four and three quarters percent (4.75%) per annum, (ii) the Aggregate Class B Note Principal Balance on the immediately preceding Payment Date, calculated after giving effect to all principal payments on the Class B Notes actually paid on such date (or, in the case of the first Payment Date, the Aggregate Class B Note Principal Balance on the Closing Date) and (iii) one twelfth (or, in the case of the first Payment Date, the number of class in the first Interest Accrual Period divided by 360).

“Class B Note Principal Balance”. With respect to any Class B Note as of any date of determination, an amount equal to the excess, if any, of (x) the initial principal balance of such Class B Note as of the Closing Date, over (y) the cumulative amount of all Class B Minimum Principal Payment Amounts, Class B Scheduled Principal Payment Amounts and any other principal payments (including Prepayments) actually paid to the related Class B Noteholder subsequent to the Closing Date.

“Class B Scheduled Principal Payment Amount”. On each Payment Date is equal to the excess, if any, of (x) the then Aggregate Class B Note Principal Balance (after giving effect to the portion of the Class B Minimum Principal Payment Amount for the Class B Notes actually paid on such Payment Date), over (y) the Class B Scheduled Targeted Principal Balance for such Payment Date.

“Class B Scheduled Targeted Principal Balance”. On each Payment Date is the applicable amount set forth opposite such Payment Date under “Class B” in Schedule II hereto, as such Schedule II may be adjusted from time to time in accordance with **Section 205(b)** of this Supplement.

“Class B Supplemental Principal Payment Amount”. On each Payment Date is equal to the excess, if any, of (i) the Aggregate Series 2017-2 Note Principal Balance (calculated after giving effect to all Class A Minimum Principal Payment Amounts, Class A Scheduled Principal Payment Amounts, Class A Supplemental Principal Payment Amounts, Class B Minimum Principal Payment Amounts and Class B Scheduled Principal Payment Amounts actually paid on such date) over (ii) the Series 2017-2 Asset Base (determined as of the last day of the month immediately preceding such Payment Date).

“Closing Date”. June 28, 2017.

“Debt Service Coverage Ratio”. As reported on the Manager Report for any Payment Date, the ratio (as reported on the Manager Report delivered on the related Determination Date), of (A) the sum of (x) the aggregate DSCR Adjusted Available Proceeds for the current Payment Date and the five (5) immediately preceding Payment Dates and (y) the aggregate amount of cash withdrawn from the Series 2017-2 Principal Reserve Account on the five (5) immediately preceding Payment Dates and the amount of cash and Eligible Investments on deposit in the Series 2017-2 Principal Reserve Account on the current Payment Date; provided that the aggregate amount described in this clause (y) shall in no event exceed \$9,250,000, to (B) an amount equal to the sum of (1) the aggregate DSCR Covered Principal Payments for the current Payment Date and five (5) immediately preceding Payment Dates, and (2) the aggregate DSCR Covered Interest Payments for the current Payment Date and the five (5) immediately preceding Payment Dates for purposes of the calculation.

“Default Fees”. With respect to the Series 2017-2 Notes, the incremental fee specified in Section 203(b) payable by the Issuer to the Noteholders of such Class resulting from the failure of the Issuer to pay amounts when due under this Supplement or the Indenture.

“Downgraded Letter of Credit Bank”. This term has the meaning set forth in Section 307(d).

“DTC”. This term has the meaning set forth in Section 207(b)(v).

“DSCR Adjusted Available Proceeds”. For any Payment Date, an amount (as reported on the Manager Report delivered on the related Determination Date) equal to the Series 2017-2 Available Funds to be distributed on such Payment Date exclusive of (i) the allocated portion of sales proceeds from the sales of a Managed Container to an Affiliate of the Issuer included in the Series 2017-2 Available Funds and (ii) funds transferred to the Series 2017-2 Series Account from the Series 2017-2 Principal Reserve Account. Solely for purposes of the foregoing calculation, the Collection Allocation Percentage used in calculating the Series 2017-2 Available Funds for the current Payment Date will be determined based on whether an Early Amortization Event for Series 2017-2 or an Event of Default for Series 2017-2 existed on the immediately preceding Payment Date.

“DSCR Covered Interest Payments”. For each Payment Date, an amount equal to the sum of the payments due on such Payment Date pursuant to clauses (1) through (8) inclusive of the waterfall for when No Early Amortization Event for Series 2017-2 or Event of Default for Series 2017-2 is then continuing. For purposes of this definition, the payments listed in the preceding sentence shall be used even if an Early Amortization Event for Series 2017-2 or an Event of Default for Series 2017-2 is then continuing.

“DSCR Covered Principal Payment”. For each Payment Date, an amount equal to the sum of the following for such Payment Date: (a) the Class A Minimum Principal Payment Amount for such Payment Date, plus (b) the Class A Scheduled Principal Payment Amount for such Payment Date, plus (c) the Class B Minimum Principal Payment Amount for such Payment Date plus (d) the Class B Scheduled Principal Payment Amount. For purposes of this definition, the payments listed in the preceding sentence shall be used even if an Early Amortization Event for Series 2017-2 or an Event of Default for Series 2017-2 is then continuing and regardless of whether such principal payments appear in the applicable priority of payments from the Series 2017-2 Series Account.

“Eligible Bank”: A banking, financial or similar institution capable of issuing an Eligible Letter of Credit which institution has a long-term unsecured debt rating of “A” or better from the Rating Agency.

“Eligible Letter of Credit”. Any Letter of Credit (a) issued by an Eligible Bank and for which the Indenture Trustee is the beneficiary on behalf of the 2017-2 Noteholders, (b) that has a stated expiration date of not earlier than one year after its issuance date and that permits drawing thereon prior to non-renewal of such Letter of Credit if not replaced by cash or a replacement Eligible Letter of Credit, (c) that may be drawn upon at the principal office of the Eligible Bank as the same shall be designated from time to time by notice to the Indenture Trustee pursuant to the terms of such letter of credit, (d) which is payable in Dollars in immediately available funds in an amount of not less than the available drawing amount specified therein, and (e) that may be transferred by the Indenture Trustee, without a fee payable by the Indenture Trustee and without the consent of the related Letter of Credit Bank, to any replacement indenture trustee appointed in accordance with the terms of the Indenture.

“Finance Lease Management Fee”. This term has the meaning set forth in **Section 404(c)**.

“Finance Lease Payments”. For any period, all amounts due in connection with the ownership, use and/or operation of Containers subject to a Finance Lease, including, but not limited to, rental, handling, location revenue and other rental-related charges arising from the leasing of such Containers, but excluding Miscellaneous Issuer Proceeds, Casualty Proceeds, Sales Proceeds and Indemnification Proceeds.

“Funded Debt Documents”. This term has the meaning set forth in **Section 402(a)**.

“Initial Purchasers”. Each of (i) RBC Capital Markets, (ii) Merrill Lynch, Pierce, Fenner & Smith Incorporated, (iii) Wells Fargo Securities, LLC, (iv) Credit Suisse Securities (USA) LLC, (v) ABN AMRO Securities (USA) LLC, (vi) KeyBanc Capital Markets Inc., (vii) Santander Investment Securities Inc., (viii) SunTrust Robinson Humphrey, Inc. and (ix) MUFG Securities Americas Inc.

“Institutional Accredited Investors”. Institutional “accredited investors” within the meaning of paragraphs (1), (2), (3) or (7) of Rule 501(a) under the Securities Act.

“Interest Accrual Period”. With respect to each Payment Date, the period commencing on and including the immediately preceding Payment Date (or in the case of the initial Payment Date with respect to a Series, commencing on and including the Issuance Date for such Series) and ending on but excluding the current Payment Date.

“Issuance Date”. For Series 2017-2 Notes, the Issuance Date is June 28, 2017.

“Issuance Date Restricted Cash Amount”. An amount equal to the sum of the Series 2017-2 Restricted Cash Amount on the Issuance Date of the Series 2017-2 Notes; this amount shall be Fourteen Million, Two Hundred Twenty Three Thousand, Nine Hundred Dollars (\$14,223,900).

“Issuance Date Series 2017-2 Note Principal Balance”. The Unpaid Principal Balance on the Issuance Date of the Series 2017-2 Notes; this amount shall be Five Hundred Million Dollars (\$500,000,000).

“Letter of Credit”. Any irrevocable, transferable, unconditional standby letter of credit issued for the benefit of the Indenture Trustee, for the benefit of the Series 2017-2 Noteholders, in accordance with the terms of this Supplement.

“Letter of Credit Bank”: The issuing bank of a Letter of Credit.

“Letter of Credit Expiration Date”: With respect to any Letter of Credit, the stated expiration date set forth in such Letter of Credit, as such date may be extended in accordance with the terms of such Letter of Credit.

“Letter of Credit Fee”: The periodic interest and/or fees payable by the Issuer to a Letter of Credit Bank for issuing a Letter of Credit; provided, however, that in no event shall the Letter of Credit Fee include reimbursement for any unreimbursed draws made on the related Letter of Credit.

“LOC Pro Rata Share”. With respect to any Letter of Credit, a fraction (stated as percentage) the numerator of which is the available amount of such Letter of Credit and the denominator of which is the then Aggregate Available Amount.

“Long-Term/PLB Management Fee”. This term has the meaning set forth in **Section 404(b)**.

“Long-Term Lease Fleet”. As of any date of determination, all Managed Containers that are then subject to Long-Term Leases.

“Majority of Holders”. With respect to the Series 2017-2 Notes means, as of any date of determination, (A) so long as the Class A Notes are Outstanding, Class A Noteholders holding Class A Notes constituting more than fifty percent (50%) of the then Aggregate Class A Note Principal Balance; and (B) at all times not covered by clause (A), Class B Noteholders holding Class B Notes constituting more than fifty percent (50%) of the Aggregate Class B Note Principal Balance.

“Master Lease Fleet”. As of any date of determination, all Managed Containers that are then (a) subject to Master Leases or (b) off-lease if their Leases in effect immediately before they went off-lease were Leases subject to Master Leases.

“Master Lease Management Fee”. This term has the meaning set forth in **Section 404(a)**.

“Minimum Principal Payment Amount”. With respect to Series 2017-2, the Class A Minimum Principal Payment Amount and the Class B Minimum Principal Payment Amount.

“Percentage”. With respect to any Series 2017-2 Noteholder as of any date of determination, the percentage equivalent of a fraction, the numerator of which is the Class A Note Principal Balance or Class B Note Principal Balance, as the case may be, of the Class A Note or Class B Note, as the case may be, owned by such Series 2017-2 Noteholder and the denominator of which is equal to the then Aggregate Class A Note Principal Balance or Class B Note Principal Balance, as the case may be.

“Permitted Non-U.S. Person”. Any Person (i) who is not a U.S. Person and (ii) to whom the offer and sale of the Series 2017-2 Notes may be made without registration under the Securities Act in reliance upon Regulation S.

“Permitted Payment Date Withdrawals”. Both of the following with respect to the Series 2017-2 Notes: (i) on any Payment Date other than the Series 2017-2 Legal Final Payment Date, the amounts required to pay any shortfall in the Class A Note Interest Payment and the Class B Note Interest Payment (calculated after giving effect to the application of all Series 2017-2 Available Funds on such Payment Date); and (ii) on the Series 2017-2 Legal Final Payment Date for the Series 2017-2 Note, the amount required to pay any shortfall in the unpaid principal balance of all of the Series 2017-2 Notes (calculated after giving effect to the application of the Series 2017-2 Available Funds on such Payment Date).

“Qualified Institutional Buyers”. This term has the meaning set forth in **Section 207(a)(i)**.

“Regulation S”. Regulation S under the Securities Act.

“Regulation S Temporary Book-Entry Notes”. The Regulation S Temporary Book-Entry Notes substantially in the form of **Exhibit A-2**.

“Related Documents”. With respect to any Series, each Container Transfer Agreement, the Contribution and Sale Agreement, the Indenture, the related Supplement, the Notes of such Series, the Note Purchase Agreement for such Series, the Management Agreement, the Manager Transfer Facilitator Agreement, each Interest Rate Hedge Agreement (upon execution thereof), each Letter of Credit (upon delivery thereof) and each other document or instrument executed in connection with the issuance of any Series, as any of the foregoing may from time to time be amended, modified, supplemented or renewed.

“Required Payments”. For Series 2017-2 Notes, the Required Payments shall be as follows: (A) if neither an Early Amortization Event for Series 2017-2 nor an Event of Default for Series 2017-2 is then continuing, the payments specified in clauses (i) through (xxiii) (excluding clause (xviii)) inclusive in **Section 304(a)**, (B) if an Early Amortization Event for Series 2017-2 shall then be continuing but no Event of Default for Series 2017-2 shall then be continuing (or a Series 2017-2 Event of Default is continuing but the Series 2017-2 Notes have not been accelerated in accordance with the Indenture), the payments set forth in clauses (i) through (xvii) (excluding clause (xiv) inclusive) in **Section 304(b)**, or (C) if an Event of Default for Series 2017-2 shall then be continuing and the Series 2017-2 Notes have been accelerated in accordance with the Indenture and such consequence shall not have been rescinded or annulled, the payments set forth in clauses (i) through (xvii) (excluding clause (xiv)) inclusive in **Section 304(c)**.

“Rule 144A”. This term has the meaning set forth in **Section 207(a)(i)**.

“Sales Management Fee”. This term has the meaning set forth in **Section 404(d)**.

“Scheduled Principal Payment Amount”. With respect to Series 2017-2, the Class A Scheduled Principal Payment Amount and the Class B Scheduled Principal Payment Amount.

“Series 2017-2 Asset Allocation Percentage”. As of any date of determination, the Asset Allocation Percentage for Series 2017-2.

“Series 2017-2 Asset Base”. As of any Determination Date, an amount equal to the sum of (a) the product of (i) Series 2017-2 Asset Allocation Percentage in effect on such Determination Date, (ii) a percentage equal to 100% minus the Series 2017-2 Required Overcollateralization Percentage in effect on such Determination Date and (iii) the sum of (x) the Aggregate Net Book Value (measured as of the last day of the immediately preceding calendar month) and (y) the aggregate outstanding balance of receivables resulting from the sale or disposition of Eligible Containers which have not been outstanding for more than 60 days, plus (b) an amount equal to the sum of (i) the amount of cash and Eligible Investments on deposit in each of the Series 2017-2 Restricted Cash Account and the Series 2017-2 L/C Cash Account, (ii) the Aggregate Available Amount and (iii) an amount equal to the product of (x) the Series 2017-2 Asset Allocation Percentage in effect on such Determination Date and (y) the amount of cash and Eligible Investments on deposit in the Excess Funding Account on such Determination Date.

“Series 2017-2 Available Funds”. As of any Payment Date, an amount equal to the sum of (i) an amount equal to the product of (x) the Available Distribution Amount for the most recently completed Collection Period and (y) the Series 2017-2 Collection Allocation Percentage in effect on the related Determination Date, (ii) all amounts transferred to the Series 2017-2 Series Account from the Series 2017-2 Restricted Cash Account or the Series 2017-2 Principal Reserve Account on the related Determination Date pursuant to the Indenture, (iii) the amount of funds transferred to the Series 2017-2 Series Account on such Payment Date following transfer from the Excess Funding Account to the Trust Account pursuant to the Indenture, (iv) the amount of any Shared Available Funds (as defined in the Supplements for each other Series of Notes then Outstanding) deposited to the Series 2017-2 Series Account on such Payment Date in accordance with the terms of the Supplement for each other Series of Notes then Outstanding, and (v) any other amounts deposited into the Series 2017-2 Series Account pursuant to the terms of this Supplement.

“Series 2017-2 Collection Allocation Percentage”. As of any date of determination, a fraction (expressed as a percentage) equal to (A) divided by (B), as follows:

(A) the Series 2017-2 Invested Amount; and

(B) the Aggregate Invested Amount (exclusive of the Invested Amount for any Liquidation Deficiency Series).

“Series 2017-2 Control Party”. The Majority of Holders of the Series 2017-2 Notes.

“Series 2017-2 Early Amortization Event”. The occurrence of either a Trust Early Amortization Event or a Series-Specific Early Amortization Event set forth in Section 401 hereof.

“Series 2017-2 Event of Default”. The occurrence of either a Trust Event of Default or a Series-Specific Event of Default set forth in Section 403 hereof.

“Series 2017-2 Excess Concentration Percentage”. As of any date of determination, an amount equal to the sum of the following percentages:

- (a) Maximum Concentration of Dry Freight Special Containers. The amount by which (x) the sum of the Net Book Values of all Eligible Containers that are dry freight specialized containers (other than refrigerated containers), divided by the Aggregate Net Book Value, expressed as a percentage, exceeds (y) twenty-five percent (25%);
- (b) Maximum Concentration of Finance Leases (Total). The amount by which (x) the sum of the Net Book Values of all Eligible Containers that are subject to Finance Leases, divided by the Aggregate Net Book Value, expressed as a percentage, exceeds (y) ten percent (10%);
- (c) Maximum Concentration of Non-Monthly Rental Payments. The amount by which (x) the sum of the Net Book Values of all Eligible Containers subject to Leases for which rentals are payable less frequently than monthly, divided by the Aggregate Net Book Value, expressed as a percentage, exceeds (y) two percent (2%);
- (d) Maximum Concentration of Non-U.S. Currency Rentals. The amount by which (x) the sum of the Net Book Values of all Eligible Containers subject to Leases for which rentals are payable in a currency other than Dollars and which are not the subject of a currency hedge agreement, divided by the Aggregate Net Book Value, expressed as a percentage, exceeds (y) two percent (2%);
- (e) Maximum Concentration of Non-Marine Cargo Users. The amount by which (x) the sum of the Net Book Values of all Eligible Containers subject to Lease Agreements under which the lessee is a Person that is not a marine cargo user, divided by the Aggregate Net Book Value, expressed as a percentage, exceeds (y) seven percent (7%);

- (f) Maximum Concentration of any Ten Lessees. The amount by which (x) the sum of the Net Book Values of all Eligible Containers then on lease to any ten lessees or sublessees, divided by the Aggregate Net Book Value, expressed as a percentage, exceeds (y) seventy-five percent (75%);
- (g) Maximum Concentration of a Single Lessee. The amount by which (x) the sum of the Net Book Values of all Eligible Containers then on lease to any single lessee, divided by the Aggregate Net Book Value, expressed as a percentage, exceeds (y) twenty-five percent (25%);
- (h) U.S. Government Leases. The amount by which (x) the sum of the Net Book Values of all Eligible Containers on Lease to the U.S. government, divided by the Aggregate Net Book Value, exceeds (y) four percent (4%); *provided* that Leases for which (i) compliance with the Federal Assignment of Claims Act have been evidenced by a favorable Opinion of Counsel or (ii) the U.S. government has executed a consent to assignment shall not be included in the foregoing clause (x);
- (i) Maximum Concentration of Finance Leases by Single Lessee. The amount by which (x) the sum of the Net Book Values of all Eligible Containers that are subject to a Finance Lease to a single lessee, divided by the Aggregate Net Book Value, expressed as a percentage, exceeds (y) five percent (5%); and
- (j) Maximum Concentration of Lessee Subject to an Insolvency Proceeding. The amount by which (x) the sum of the Net Book Values of all Eligible Containers that are on lease (that is not a Finance Lease) to a lessee (other than Hanjin Shipping Limited or one of its Affiliates) that is subject to an Insolvency Proceeding, divided by the Aggregate Net Book Value, expressed as a percentage, exceeds (y) ten percent (10%).

For purposes of calculating the foregoing amounts, if an Eligible Container is subject to the Head Lease Agreement, the TUS Sublessee shall be deemed the lessee.

“Series 2017-2 Expected Final Payment Date”. The Payment Date in April 2026.

“Series 2017-2 Invested Amount”. As of any date of determination, one of the following: (a) if no Early Amortization Event for any Series or Event of Default for any Series is then continuing, an amount equal to (x) the Issuance Date Series 2017-2 Note Principal Balance minus the Issuance Date Restricted Cash Amount for Series 2017-2, divided by (y) 100% minus the Series 2017-2 Required Overcollateralization Percentage in effect on such date of determination; or (b) if any Early Amortization Event for any Series or Event of Default for any Series is then continuing, an amount (not less than zero) equal to (x) the Unpaid Principal Balance on the date on which such Early Amortization Event for any Series or Event of Default for any Series occurred, minus the amount then on deposit in the Series 2017-2 Restricted Cash Account on the date on which such Early Amortization Event for any Series or Event of Default for any Series occurred, divided by (y) 100% minus the Series 2017-2 Required Overcollateralization Percentage on the date on which such Early Amortization Event for any Series or Event of Default for any Series occurred.

“Series 2017-2 L/C Cash Account”. The account established pursuant to Section 306 of this Supplement.

“Series 2017-2 Legal Final Payment Date”. The Payment Date in June 2042.

“Series 2017-2 Management Fee”. The management fee for the Series 2017-2 Notes set forth in Section 404 of this Supplement.

“Series 2017-2 Manager Default”. The occurrence of either a Trust Manager Default or a Series-Specific Manager Default set forth in Section 402 hereof.

“Series 2017-2 Noteholder”. Any Holder of a Series 2017-2 Note.

“Series 2017-2 Notes”. The Series of notes issued pursuant to the terms of this Supplement. The Series 2017-2 Notes are issued in two Classes: Class A Notes and Class B Notes.

“Series 2017-2 Related Documents”. means any and all of the Indenture, this Supplement, the Series 2017-2 Notes, the Management Agreement, the Contribution and Sale Agreement, each Container Transfer Agreement, the Series 2017-2 Note Purchase Agreement, the Manager Transfer Facilitator Agreement, and any and all other agreements, documents and instruments executed and delivered by or on behalf or in support of the Issuer with respect to the issuance and sale of the Series 2017-2 Notes, as any of the foregoing may from time to time be amended, modified, supplemented or renewed.

“Series 2017-2 Principal Reserve Account”. The account established pursuant to Section 303 of this Supplement.

“Series 2017-2 Principal Reserve Amount”. \$9,250,000.

“Series 2017-2 Required Overcollateralization Percentage”. As of any date of determination, an amount equal to (a) one hundred percent (100%), minus (b) the Class B Advance Rate, plus (c) the Series 2017-2 Excess Concentration Percentage.

“Series 2017-2 Restricted Cash Account”. The account established pursuant to Section 302 of this Supplement.

“Series 2017-2 Restricted Cash Amount”. As of any date of determination, the amount required to be deposited or maintained in the Series 2017-2 Restricted Cash Account, which shall be equal to the product of (a) nine (9), (b) one-twelfth (1/12), (c) the weighted average (based on unpaid principal balances) of the annual rates of interest payable by the Issuer on all Class A Notes and all Class B Notes then Outstanding and (d) the then Aggregate Series 2017-2 Note Principal Balance, calculated after giving effect to all principal payments actually paid on all Class A Notes and all Class B Notes on such date.

“Series 2017-2 Series Account”. The account of that name established in accordance with Section 301 herein.

“Series 2017-2 Supplement”. This Supplement, dated as of June 28, 2017, entered into by and between the Issuer and the Indenture Trustee, pursuant to which the Series 2017-2 Notes will be issued.

“Series 2017-2 Specific Collateral”. This term shall have the meaning set forth in **Section 208(a)** hereof.

“Unrestricted Book-Entry Notes”. The Unrestricted Book-Entry Notes substantially in the form of **Exhibit A-3**.

“U.S. Person”. This term has the meaning set forth in Regulation S.

“Weighted Average Age”. For any date of determination shall be equal to the quotient of (A) the sum of the products of (i) the age in years (determined from the date of the initial sale thereof by the manufacturer) of each Managed Container being evaluated, multiplied by (ii) the Net Book Value of such Managed Container being evaluated, divided by (B) the sum of the Net Book Values of all Managed Containers being evaluated.

“Weighted Average Age Condition”. The condition that will exist on a Payment Date if the Manager Report delivered on the related Determination Date indicates that the Weighted Average Age of all Eligible Containers exceeds eleven and one half (11.5) years. A Weighted Average Age Condition will be cured and no longer exist on the earlier to occur of (x) the date on which the Series 2017-2 Control Party waives such Weighted Average Age Condition, and (y) the subsequent Determination Date on which the Manager Report indicates that a Weighted Average Age of all Eligible Containers is equal to or less than eleven and one half (11.5) years. This definition shall not apply during the continuation of an Early Amortization Event for Series 2017-2.

(b) Capitalized terms used herein and not otherwise defined shall have the meaning set forth in the Indenture or, if not defined therein, as defined in the Series 2017-2 Note Purchase Agreement, or, if not defined therein, as defined in the Management Agreement.

(c) References in this Supplement and any other Series 2017-2 Related Document to any section of the Uniform Commercial Code or the UCC shall mean, on or after the effective date of adoption of any revision to the Uniform Commercial Code or the UCC in the applicable jurisdiction, such revised or successor section thereto.

ARTICLE II
Creation of the Series 2017-2 Notes

Section 201. Designation. (a) There is hereby created a Series of Notes to be issued in two Classes pursuant to the Indenture and this Supplement to be known as (i) “\$416,000,000 Fixed Rate Asset-Backed Notes, Series 2017-2, Class A”, and (ii) “\$84,000,000 Fixed Rate Asset-Backed Notes, Series 2017-2, Class B”. The Class A Notes will be issued in the initial principal balance of Four Hundred Sixteen Million Dollars (\$416,000,000), and the Class B Notes will be issued in the initial principal balance of Eighty Four Million Dollars (\$84,000,000). The Series 2017-2 Notes will not have priority over any other Series, except to the extent set forth in the Supplement for such other Series. The Class A Notes are the Senior Notes and senior Class of Series 2017-2, and the Class B Notes are the Subordinate Notes and the subordinate Class of Series 2017-2.

(b) Payments of principal on the Series 2017-2 Notes shall be payable from funds on deposit in the Series 2017-2 Series Account or otherwise at the times and in the amounts set forth in **Article III** of the Indenture and **Article III** of this Supplement.

(c) Each Series 2017-2 Note is classified as a “Term Note”, as such term is used in the Indenture.

(d) Each of the following terms defined in the Indenture shall have the following meanings with respect to the Series 2017-2 Notes:

(i) The “Asset Allocation Percentage” (as defined in the Indenture) for Series 2017-2 shall be the “Series 2017-2 Asset Allocation Percentage” (as defined in **Section 101(a)**).

(ii) The “Available Funds” (as defined in the Indenture) for Series 2017-2 shall be the “Series 2017-2 Available Funds” (as defined in **Section 101(a)**).

(iii) The “Collection Allocation Percentage” (as defined in the Indenture) for Series 2017-2 shall be the “Series 2017-2 Collection Allocation Percentage” (as defined in **Section 101(a)**).

(iv) The “Excess Concentration Percentage” (as defined in the Indenture) for Series 2017-2 shall be the “Series 2017-2 Excess Concentration Percentage” (as defined in **Section 101(a)**).

(v) The “Expected Final Payment Date” (as defined in the Indenture) for Series 2017-2 shall be the “Series 2017-2 Expected Final Payment Date” (as defined in **Section 101(a)**).

(vi) The “Invested Amount” (as defined in the Indenture) for Series 2017-2 shall be the “Series 2017-2 Invested Account” (as defined in **Section 101(a)**).

(vii) The “Legal Final Payment Date” (as defined in the Indenture) for Series 2017-2 shall be the “Series 2017-2 Legal Final Payment Date” (as defined in **Section 101(a)**).

(viii) The initial “Payment Date” (as defined in the Indenture) for Series 2017-2 shall be July 20, 2017.

(ix) The “Principal Reserve Account” (as defined in the Indenture) for Series 2017-2 shall be the “Series 2017-2 Principal Reserve Account” (as defined in **Section 101(a)**).

(x) The “Principal Reserve Amount” (as defined in the Indenture) for Series 2017-2 shall be the “Series 2017-2 Principal Reserve Amount” (as defined in **Section 101(a)**).

(xi) The “Rating Agency” for Series 2017-2, as such term is used in the Indenture, shall be Standard & Poor’s.

(xii) The initial “Record Date” (as defined in the Indenture) for Series 2017-2 shall be the Closing Date.

(xiii) The “Related Documents” (as defined in the Indenture) for Series 2017-2 shall be the “Series 2017-2 Related Documents” (as defined in **Section 101(a)**).

(xiv) The “Required Overcollateralization Percentage” (as defined in the Indenture) for Series 2017-2 shall be the “Series 2017-2 Required Overcollateralization Percentage” (as defined in **Section 101(a)**).

(xv) The “Restricted Cash Account” (as defined in the Indenture) for Series 2017-2 shall be the “Series 2017-2 Restricted Cash Account” (as defined in **Section 101(a)**).

(xvi) The “Restricted Cash Amount” (as defined in the Indenture) for Series 2017-2 shall be the “Series 2017-2 Restricted Cash Amount” (as defined in **Section 101(a)**).

(xvii) The “Series Account” (as defined in the Indenture) for Series 2017-2 shall be the “Series 2017-2 Series Account” (as defined in **Section 101(a)**).

(xviii) The “Series-Specific Collateral” (as defined in the Indenture) for Series 2017-2 shall be the “Series 2017-2 Specific Collateral” (as defined in **Section 101(a)**).

(xix) The “Shared Available Funds” (as defined in the Indenture) for Series 2017-2 shall be the “Series 2017-2 Shared Available Funds” (as defined in **Section 101(a)**).

(e) In the event that any term or provision contained herein shall conflict with or be inconsistent with any term or provision contained in the Indenture, the terms and provisions of this Supplement shall govern.

Section 202. Authentication and Delivery.

(a) On the Closing Date, the Issuer shall sign, and shall direct the Indenture Trustee in writing pursuant to Section 204 of the Indenture to duly authenticate, and the Indenture Trustee, upon receiving such direction, shall authenticate, subject to compliance with the conditions precedent set forth in **Section 501**, the Series 2017-2 Notes in accordance with such written directions.

(b) In accordance with Section 202 of the Indenture, the Series 2017-2 Notes sold in reliance on Rule 144A shall be represented by one or more 144A Book-Entry Notes. Any Series 2017-2 Notes sold in reliance on Regulation S shall be represented by one or more Regulation S Book-Entry Notes. Any Series 2017-2 Notes sold to Institutional Accredited Investors or other Persons that are not Qualified Institutional Buyers or Permitted Non-U.S. Persons shall be represented by one or more Definitive Notes.

(c) The Series 2017-2 Notes shall be executed by manual or facsimile signature on behalf of the Issuer by any officer of the Issuer and shall be substantially in the forms of Exhibit A.

(d) The Series 2017-2 Notes shall be issued in minimum denominations of \$100,000 and in integral multiples of \$1,000 in excess thereof.

Section 203. Interest Payments on the Series 2017-2 Notes.

(a) Interest on Series 2017-2 Notes. Interest will accrue on the Class A Notes during each Interest Accrual Period and will be due and payable in arrears on each Payment Date in an amount equal to the Class A Note Interest Payment. Interest will accrue on the Class B Notes during each Interest Accrual Period and be due and payable in arrears on each Payment Date in an amount equal to the Class B Note Interest Payment. Interest on the Class A Notes and the Class B Notes shall (i) be calculated on the basis of a year consisting of twelve thirty (30) day months, (ii) be due and payable on each Payment Date, and (iii) be payable from the Series 2017-2 Series Account in accordance with Section 302 of the Indenture and in accordance with Section 304 hereof. Payment of the Class B Note Interest Payment due on each Payment Date will be subordinated to payment in full of the Class A Note Interest Payment due on such Payment Date in accordance with the priority of payments set forth in Section 304 of this Supplement.

(b) Interest on Overdue Amounts. If the Issuer shall default in the payment of (i) the Unpaid Principal Balance (or any portion of the principal balance) of all Series 2017-2 Notes on the Series 2017-2 Legal Final Payment Date, (ii) Class A Note Interest Payment on any Payment Date, (iii) any Class B Note Interest Payment on any Payment Date or (iv) following the acceleration of the Series 2017-2 Notes in accordance with the terms of the Indenture and this Supplement, any other amount owing under the Indenture not covered in clauses (i), (ii) and (iii) which is not paid when due, the Issuer shall, from time to time, pay interest on such unpaid

amounts, to the extent permitted by Applicable Law, at a rate *per annum* equal to the sum of (x) the interest rate otherwise in effect hereunder plus (y) two percent (2.00%), for the period during which such principal, interest or other amount shall be unpaid from the due date of such payment to but not including the date of actual payment thereof (after as well as before judgment). Default Fees shall be payable at the times and subject to the priorities set forth in **Section 304**.

(c) Maximum Interest Rate. In no event shall the interest charged with respect to a Series 2017-2 Note exceed the maximum amount permitted by Applicable Law. If at any time the interest rate charged with respect to the Series 2017-2 Notes exceeds the maximum rate permitted by Applicable Law, the rate of interest to accrue pursuant to this Supplement and such Series 2017-2 Note shall be limited to the maximum rate permitted by Applicable Law. If the total amount of interest paid or accrued on the Series 2017-2 Note under the foregoing provisions is less than the total amount of interest that would have accrued if the interest rate had at all times been in effect, the Issuer agrees to pay to the Series 2017-2 Noteholders an amount equal to the difference between (a) the lesser of (i) the amount of interest that would have accrued if the maximum rate permitted by Applicable Law had at all times been in effect, or (ii) the amount of interest that would have accrued if the interest rate had at all times been in effect, and (b) the amount of interest accrued in accordance with the other provisions of this Supplement.

Section 204. Principal Payments on the Series 2017-2 Notes.

(a) On each Payment Date, the Issuer will, to the extent that funds are available for such purpose in accordance with Section 304, pay the principal balance of the Class A Notes in an amount equal to the Class A Minimum Principal Payment Amount, the Class A Scheduled Principal Payment Amount and the Class A Supplemental Principal Payment Amount; provided that if an Early Amortization Event for Series 2017-2 is then continuing or an Event of Default for Series 2017-2 is then continuing but the Series 2017-2 Notes have not been accelerated in accordance with the provisions of the Indenture, the then unpaid Aggregate Class A Note Principal Balance shall be payable in full to the extent that funds are available for such purpose in accordance with Section 304. If a Weighted Average Age Condition is continuing on a Payment Date, the Class A Noteholders and the Class B Noteholders are also entitled to receive additional principal payments.

(b) On each Payment Date, the Issuer will, to the extent that funds are available for such purpose in accordance with Section 304 pay the principal balance of the Class B Notes in an amount equal to the Class B Minimum Principal Payment Amount, the Class B Scheduled Principal Payment Amount and the Class B Supplemental Principal Payment Amount; provided that if an Early Amortization Event for Series 2017-2 is then continuing or an Event of Default for Series 2017-2 is then continuing but the Series 2017-2 Notes have not been accelerated in accordance with the provisions of the Indenture, the then unpaid Aggregate Class B Note Principal Balance shall be payable in full to the extent that funds are available for such purpose in accordance with Section 304. If a Weighted Average Age Condition is continuing on a Payment Date, the Class A Noteholders and the Class B Noteholders are also entitled to receive additional principal payments.

(c) Principal payments on the Class B Notes for any Payment Date are subordinated to the payment of principal payments on the Class A Notes for such Payment Date in accordance with the priority of payments set forth in this Supplement. For sake of clarity, any principal payments made pursuant to clause (xv) of Section 304(a) shall be paid to the Class A Noteholder and the Class B Noteholder on a pro rata basis based on their respective Unpaid Principal Balances without giving effect to such subordination.

(d) The unpaid principal amount of each Series 2017-2 Note together with all unpaid interest (including all Default Fees), fees, expenses, indemnities, costs and other amounts payable by the Issuer to the Series 2017-2 Noteholders and the Indenture Trustee pursuant to the terms of the Indenture and this Supplement, shall be due and payable in full on the earlier to occur of (x) the date on which an Event of Default shall occur and the Series 2017-2 Notes have been accelerated in accordance with the provisions of the Indenture and (y) the Series 2017-2 Legal Final Payment Date.

Section 205. Prepayment of Principal on the Series 2017-2 Notes.

(a) Subject to the limitations set forth below, the Issuer will have the option to prepay, beginning on the Payment Date in June 2019, all, or a portion of, the Aggregate Series 2017-2 Note Principal Balance of the Series 2017-2 Notes in a minimum amount of \$100,000 (each such Payment Date, an “Optional Termination Date”). Any such prepayment of all, or a portion of, the Aggregate Series 2017-2 Note Principal Balance must also include accrued interest to the date of prepayment on the principal balance being prepaid. The Issuer has agreed to not make voluntary prepayments on (i) the Class B Notes so long as the Class A Notes are Outstanding and (ii) any Series 2017-2 Note prior to the Payment Date in June 2019; provided that this shall not restrict repayments of principal on the Series 2017-2 Notes, including distribution of Class A Supplemental Principal Payment Amounts and/or Class B Supplemental Principal Payment Amounts, contemplated under Section 204 above.

(b) Any optional Prepayments, Supplemental Principal Payment Amounts or accelerated principal payments received during the continuation of a Series 2017-2 Early Amortization Event will apply to each Class of Series 2017-2 Notes will be applied on each Payment Date to reduce the Scheduled Targeted Principal Balances of the affected Class of Notes in respect of each subsequent Payment Date by a percentage, the numerator of which is the amount of such optional Prepayment, Supplemental Principal Payment Amount for such Class, or accelerated principal payment, and the denominator of which is the Aggregate Class A Note Principal Balance or the Aggregate Class B Note Principal Balance, as the case may be, on such Payment Date (determined without giving effect to such optional Prepayment, Supplemental Principal Payment Amount for such Class or accelerated payment). The Issuer shall promptly (but in any event within five (5) Business Days after the date on which such payments are made) thereafter recalculate the Scheduled Targeted Principal Balance of the affected Classes of Notes for each future Payment Date.

(c) For purposes of calculating the DSCR Covered Principal Payment while an Early Amortization Event for Series 2017-2 or an Event of Default for Series 2017-2 is continuing, the adjustment to the Scheduled Targeted Principal Balance of the affected Class of Notes described in Section 205(b) shall be made even though Scheduled Principal Payment Amounts do not appear in the corresponding priority of payments from the Series 2017-2 Series Account.

Section 206. Payments of Principal and Interest. All payments of principal and interest on the Series 2017-2 Notes shall be paid to the Series 2017-2 Noteholders reflected in the Note Register as of the related Record Date by wire transfer of immediately available funds for receipt prior to 11:00 a.m. (New York City time) on the related Payment Date. Any payments received by the Series 2017-2 Noteholders after 11:00 a.m. (New York City time) on any day shall be considered to have been received on the next succeeding Business Day.

Section 207. Restrictions on Transfer. On the Closing Date, the Issuer shall sell the Series 2017-2 Notes to the Initial Purchasers pursuant to the Series 2017-2 Note Purchase Agreement and deliver such Series 2017-2 Notes in accordance herewith and therewith. Thereafter, no Series 2017-2 Note may be sold, transferred or otherwise disposed of except in compliance with the provisions of the Indenture and except as follows:

(i) to Persons that take delivery of such Series 2017-2 Note in an amount of at least \$100,000 and that the transferring Person reasonably believes are qualified institutional buyers as defined in Rule 144A (“**Qualified Institutional Buyers**”) in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A promulgated thereunder (“**Rule 144A**”);

(ii) to Permitted Non-U.S. Persons that take delivery of such Series 2017-2 Note in an amount of at least \$100,000;

(iii) to Institutional Accredited Investors that take delivery of such Series 2017-2 Note in an amount of at least \$100,000 and that deliver to the Indenture Trustee a letter substantially in the form of Exhibit D to the Indenture to the Indenture Trustee; or

(iv) to a Person that is taking delivery of such Series 2017-2 Note in an amount of at least \$100,000 and that is otherwise exempt from the registration requirements of the Securities Act and from any applicable State law securities registration or qualification requirements, as confirmed in an Opinion of Counsel addressed to the Indenture Trustee and the Issuer, which counsel and opinion are satisfactory to the Indenture Trustee and the Issuer.

The Indenture Trustee shall have no obligations or duties with respect to determining whether any transfers of the Series 2017-2 Notes are made in accordance with the Securities Act or any other law; *provided* that with respect to Definitive Notes, the Indenture Trustee shall enforce such transfer restrictions in accordance with the terms set forth in this Supplement.

(b) Each purchaser (other than any Initial Purchaser) of the Series 2017-2 Notes (including any purchaser, other than any Initial Purchaser, of an interest in the Series 2017-2 Notes which are Book-Entry Notes) shall be deemed to have acknowledged and agreed as follows:

(i) It is (A) Qualified Institutional Buyer and is acquiring such Series 2017-2 Notes for its own institutional account or for the account or accounts of a Qualified Institutional Buyer or (B) purchasing such Series 2017-2 Notes in a transaction exempt from registration under the Securities Act and in compliance with the provisions of this Supplement and in compliance with the legend set forth in **Section 207(b)(v)** below or (C) not a U.S. Person and is acquiring such Series 2017-2 Notes outside of the United States.

(ii) It is purchasing one or more Series 2017-2 Notes in an amount of at least \$100,000 and it understands that such Series 2017-2 Notes may be resold, pledged or otherwise transferred only in an amount of at least \$100,000.

(iii) It represents and warrants to the Issuer, the Indenture Trustee, each Initial Purchaser, the Manager and any successor Manager that (a) either (1) it is not, and is not acting on behalf of, a Plan or a governmental, church or non-U.S. plan which is subject to any federal, state, local, or non-U.S. law that is similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code, and no part of the assets to be used by it to purchase or hold the Series 2017-2 Notes or any interest therein constitutes the assets of any Plan or such a governmental, church, or non-U.S. plan; or (2) (A) the acquisition, holding, and disposition of any Series 2017-2 Note will not give rise to a nonexempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a governmental, church, or non-U.S. plan, a violation of any similar federal, state, local, or non-U.S. law) and (B) the Series 2017-2 Notes are rated investment grade or better and such Person believes that the Series 2017-2 Notes are properly treated as indebtedness without substantial equity features for purposes of Section 2510.3-101 of the regulations issued by the U.S. Department of Labor, and agrees to so treat the Series 2017-2 Notes; and (b) it will not sell or otherwise transfer the Series 2017-2 Notes or any interest therein otherwise than to a purchaser or transferee that represents and agrees with respect to its purchase, holding, and disposition of the Series 2017-2 Notes to the same effect as the purchaser's representation and agreement set forth in this **Section 207(b)(ii)**. Alternatively, regardless of the rating of the Series 2017-2 Notes, such Person may provide the Indenture Trustee with an Opinion of Counsel, which Opinion of Counsel will not be at the expense of the Issuer, the Indenture Trustee, the Manager or any successor Manager which opines that the purchase, holding and transfer of such Series 2017-2 Notes or interest therein is permissible under applicable law, will not constitute or result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Code and will not subject the Issuer, the Indenture Trustee, the Manager or any successor Manager to any obligation in addition to those undertaken in the Indenture;

(iv) It understands that the Series 2017-2 Notes are being transferred to it in a transaction not involving any public offering within the meaning of the Securities Act, and that, if in the future it decides to resell, pledge or otherwise transfer any Series 2017-2 Notes, such Series 2017-2 Notes may be resold, pledged or transferred only in accordance with applicable state securities laws and (1) in a transaction meeting the requirements of Rule 144A, to a Person that the seller reasonably believes is a Qualified Institutional Buyer that purchases for its own account (or for the account or accounts of a Qualified Institutional Buyer) and to whom notice is given that the resale, pledge or transfer is being made in reliance on Rule 144A, or (2) (A) to a Person that is an Institutional Accredited Investor, is taking delivery of such Series 2017-2 Notes in an amount of at least \$100,000, and delivers to the Indenture Trustee a letter substantially in the form of Exhibit D to the Indenture or (B) to a Person that is taking delivery of such Series 2017-2 Notes pursuant to a transaction that is otherwise exempt from the registration requirements of the Securities Act and from any applicable state law securities registration or qualification requirements, as confirmed in an Opinion of Counsel addressed to the Indenture Trustee, the Issuer and the transferor, which counsel and Opinion are satisfactory to the Indenture Trustee, the Issuer and the transferor, or (3) in an offshore transaction in accordance with Rule 903 or 904 of Regulation S.

(v) It understands that each Series 2017-2 Note shall bear a legend substantially to the following effect:

[For Book-Entry Notes Only: UNLESS THIS SERIES 2017-2 NOTE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE TRANSFEROR OF SUCH SERIES 2017-2 NOTE (THE "TRANSFEROR") OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY SERIES 2017-2 NOTE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR THE USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]

THIS SERIES 2017-2 NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS SERIES 2017-2 NOTE, AGREES THAT SUCH SERIES 2017-2 NOTE MAY BE RESOLD, PLEDGED OR TRANSFERRED ONLY IN ACCORDANCE WITH ANY APPLICABLE STATE SECURITIES LAWS AND (1) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT ("RULE 144A"), TO A PERSON THAT TAKES DELIVERY OF SUCH SERIES 2017-2 NOTE IN AN AMOUNT OF AT LEAST \$100,000 AND THAT THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER THAT PURCHASES FOR ITS OWN ACCOUNT (OR FOR THE ACCOUNT OR ACCOUNTS OF A QUALIFIED INSTITUTIONAL BUYER) AND TO WHOM NOTICE IS GIVEN THAT THE RESALE, PLEDGE OR OTHER

TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, OR (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT WITH SUCH SERIES 2017-2 NOTE IN AN AMOUNT OF AT LEAST \$100,000 OR (3) TO A PERSON (A) THAT IS AN INSTITUTIONAL “ACCREDITED INVESTOR,” WITHIN THE MEANING OF RULE 501(A)(1), (2), (3) OR (7) OF REGULATION D UNDER THE SECURITIES ACT, IS TAKING DELIVERY OF SUCH SERIES 2017-2 NOTE IN AN AMOUNT OF AT LEAST \$100,000 AND DELIVERS TO THE INDENTURE TRUSTEE A LETTER SUBSTANTIALLY IN THE FORM OF EXHIBIT D TO THE INDENTURE OR (B) THAT IS TAKING DELIVERY OF SUCH SERIES 2017-2 NOTE IN AN AMOUNT OF AT LEAST \$100,000 PURSUANT TO A TRANSACTION THAT IS OTHERWISE EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND FROM ANY APPLICABLE STATE LAW SECURITIES REGISTRATION OR QUALIFICATION REQUIREMENTS, AS CONFIRMED IN AN OPINION OF COUNSEL ADDRESSED TO THE INDENTURE TRUSTEE AND THE ISSUER, WHICH COUNSEL AND OPINION ARE SATISFACTORY TO THE ISSUER AND THE INDENTURE TRUSTEE.

EACH PURCHASER OF A SERIES 2017-2 NOTE SHALL BE DEEMED TO REPRESENT AND WARRANT TO THE INITIAL PURCHASERS, THE ISSUER, THE INDENTURE TRUSTEE AND THE MANAGER THAT (I) EITHER (1) IT IS NOT ACQUIRING THE SERIES 2017-2 NOTE WITH THE ASSETS OF A PLAN; OR (2) (A) THE ACQUISITION AND HOLDING OF THE SERIES 2017-2 NOTE WILL NOT GIVE RISE TO A NONEXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE AND (B) THE SERIES 2017-2 NOTE IS RATED INVESTMENT GRADE OR BETTER AND SUCH PERSON BELIEVES THAT THE SERIES 2017-2 NOTE IS PROPERLY TREATED AS INDEBTEDNESS WITHOUT SUBSTANTIAL EQUITY FEATURES FOR PURPOSES OF THE DEPARTMENT OF LABOR REGULATIONS SECTION 2510.101, AND AGREES TO SO TREAT THE SERIES 2017-2 NOTE; AND (II) IT WILL NOT SELL OR OTHERWISE TRANSFER THE SERIES 2017-2 NOTES OR ANY INTEREST THEREIN OTHERWISE THAN TO A PURCHASER OR TRANSFEREE THAT REPRESENTS AND AGREES WITH RESPECT TO ITS PURCHASE, HOLDING, AND DISPOSITION OF THE SERIES 2017-2 NOTES TO THE SAME EFFECT AS THE PURCHASER’S REPRESENTATION AND AGREEMENT SET FORTH IN CLAUSE (I) OF THIS PARAGRAPH.

THIS SERIES 2017-2 NOTE IS NOT GUARANTEED OR INSURED BY ANY GOVERNMENTAL AGENCY OR INSTRUMENTALITY.

(vi) Each Series 2017-2 Noteholder that is a Permitted Non-U.S. Person described in **Section 207(b)(i)(C)** understands that the Series 2017-2 Notes have not and will not be registered under the Securities Act, that any offers, sales or deliveries of the Series 2017-2 Notes purchased by it in the United States or to U.S. Persons prior to the date that is 40 days after the later of (i) the commencement of the distribution of the Series 2017-2 Notes and (ii) the Closing Date, may constitute a violation of United States law, and that distributions of principal and interest will be made in respect of such Series

2017-2 Notes only following the delivery by the holder of a certification of non-U.S. beneficial ownership or the exchange of beneficial interest in Regulation S Temporary Book-Entry Notes for beneficial interests in the related Unrestricted Book-Entry Notes (which in each case will itself require a certification of non-U.S. beneficial ownership), at the times and in the manner set forth in this Supplement.

(vii) The Regulation S Temporary Book-Entry Notes representing the Series 2017-2 Notes sold to each Series 2017-2 Noteholder that is a Permitted Non-U.S. Person described in **Section 207(b)(i)(C)** will bear a legend to the following effect, unless the Issuer determines otherwise consistent with Applicable Law:

[FOR REGULATION S BOOK-ENTRY NOTES ONLY: THIS SERIES 2017-2 NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) AND, PRIOR TO THE DATE THAT IS 40 DAYS AFTER THE LATER OF (I) THE COMPLETION OF THE DISTRIBUTION OF THE SERIES 2017-2 NOTES AND (II) THE CLOSING DATE, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES OR TO A U.S. PERSON EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.]

(viii) The Indenture Trustee shall not permit the transfer of any Series 2017-2 Notes unless such transfer complies with the terms of the foregoing legends and, in the case of a transfer (i) to an Institutional Accredited Investor (other than a Qualified Institutional Buyer), the transferee delivers to the Indenture Trustee a letter substantially in the form of Exhibit D to the Indenture, or (ii) to a Person other than a Qualified Institutional Buyer, an Institutional Accredited Investor or a Permitted Non-U.S. Person, upon delivery of an Opinion of Counsel satisfactory to the Indenture Trustee and the applicable transferor, to the effect that the transferee is taking delivery of the Series 2017-2 Notes in a transaction that is otherwise exempt from the registration requirements of the Securities Act and from any applicable state law securities registration or qualification requirements.

The applicable transferor and transferee shall execute and deliver, or in the case of a Series 2017-2 Noteholder, is deemed to have executed and delivered, to the Indenture Trustee documentation in substantially the forms of (i) **Exhibit(s) B through F** hereto or (ii) Exhibit D to the Indenture, as appropriate, in connection with any transfer of Series 2017-2 Notes.

Section 208. Grant of Security Interest.

(a) In order to secure and provide for the repayment and payment of the Series 2017-2 Notes, the Issuer hereby grants a security interest in the Indenture Trustee, for the benefit of the Series 2017-2 Noteholders, all of the Issuer’s right, title and interest in and to the following (whether existing or accrued after the Closing Date): (i) the Series 2017-2 Restricted Cash Account, the Series 2017-2 Principal Reserve Account, the Series 2017-2 L/C Cash Account and the Series 2017-2 Series Account; (ii) all funds on deposit Series 2017-2 Restricted Cash Account, the Series 2017-2 Principal Reserve Account, the Series 2017-2 L/C Cash Account and

Series 2017-2 Series Account and all Security Entitlements credited thereto from time to time; (iii) all investments made at any time and from time to time with monies in the Series 2017-2 Restricted Cash Account, the Series 2017-2 Principal Reserve Account, the Series 2017-2 L/C Cash Account and the Series 2017-2 Series Account, whether constituting securities, instruments, general intangibles, investment property, financial assets or other property; (iv) all interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of, or in exchange for, such Series 2017-2 Restricted Cash Account, the Series 2017-2 Principal Reserve Account, the Series 2017-2 L/C Cash Account and the Series 2017-2 Series Account, the funds on deposit therein from time to time or the investments made with such funds; and (v) all proceeds of any and all of the foregoing, including, without limitation, cash (the property described in clause (i) through (v) collectively, the “**Series 2017-2 Specific Collateral**”). The Indenture Trustee shall possess all right, title and interest in and to all funds on deposit from time to time in the Series 2017-2 Restricted Cash Account, the Series 2017-2 Principal Reserve Account, the Series 2017-2 L/C Cash Account and the Series 2017-2 Series Account and in all proceeds thereof, and shall be the only person authorized to originate Entitlement Orders with respect thereto. No other Series of Notes shall have an interest in the Series 2017-2 Specific Collateral. The Series 2017-2 Control Party shall direct the exercise of remedies regarding the Series 2017-2 Specific Collateral.

(b) The Issuer hereby irrevocably authorizes the Manager and the Indenture Trustee at any time, and from time to time, to file in any filing office in any UCC jurisdiction any financing statements with respect to the foregoing, including financing statements claiming a security interest in the Series 2017-2 Specific Collateral; provided, however, that neither the Manager nor the Indenture Trustee shall have any responsibility or liability for or with respect to the perfection of any security interest.

(c) In furtherance of the foregoing, the Issuer hereby grants, assigns, conveys, mortgages, pledges, charges, hypothecates and transfers to the Indenture Trustee, for the benefit of the Series 2017-2 Noteholders, a floating charge over all of the Series 2017-2 Specific Collateral.

(d) Upon the occurrence of a Series-Specific Event of Default, the Series 2017-2 Control Party shall direct the exercise of remedies with respect to the Series 2017-2 Specific Collateral.

ARTICLE III
Series 2017-2 Series Account and
Allocation and Application of Amounts Therein

Section 301. Series 2017-2 Series Account. (a) The Issuer has established and maintains at the Corporate Trust Office at the Indenture Trustee, in the name of the Issuer, the Series 2017-2 Series Account, which Series 2017-2 Series Account has been pledged to the Indenture Trustee for the benefit of the Series 2017-2 Noteholders pursuant to the Indenture and this Supplement. All deposits of funds by, or for the benefit of, the Series 2017-2 Noteholders from the Trust Account and the Excess Funding Account, shall be accumulated in, and withdrawn from, the Series 2017-2 Series Account in accordance with the provisions of the Indenture and this Supplement. Any funds on deposit in the Series 2017-2 Series Account shall be invested in accordance with the provisions of Section 303 of the Indenture.

(b) The Issuer agrees that amounts otherwise payable to the Issuer on any Payment Date pursuant to Section 304(a)(xxiv), Section 304(b)(xviii) or Section 304(c)(xvii) shall be used to pay, for each Series for which the Unpaid Principal Balance of, and accrued interest on, the Notes of such Series have been paid in full but for which fees, indemnities and other amounts owing to the Noteholder of such Series, the Manager, the Back-up Manager, or any other Person, the aggregate amount of such unpaid fees, indemnities and other amounts. If more than one Series are entitled to such payments, then such payments shall be allocated among such Series on a pro rata basis based on the amounts owing.

Section 302. Series 2017-2 Restricted Cash Account.

(a) The Issuer has established and maintains at the Corporate Trust Office of the Indenture Trustee, in the name of the Issuer, the Series 2017-2 Restricted Cash Account, which Series 2017-2 Restricted Cash Account has been pledged to the Indenture Trustee for the benefit of the Holders of the Series 2017-2 Notes. On the Issuance Date for the Series 2017-2 Notes, the Issuer will have deposited, or have caused to be deposited, cash and/or Eligible Investments having a value of not less than the Series 2017-2 Restricted Cash Amount in the Series 2017-2 Restricted Cash Account. Thereafter, additional amounts will be deposited in the Series 2017-2 Restricted Cash Account in accordance with Section 304 of this Supplement. Any and all monies on deposit in the Series 2017-2 Restricted Cash Account shall be invested in Eligible Investments in accordance with Section 303 of Indenture and shall be distributed in accordance with this Supplement.

(b) On each Payment Date, the Indenture Trustee shall, in accordance with the priority set forth in Section 304, transfer from the Series 2017-2 Series Account to the Series 2017-2 Restricted Cash funds in an amount necessary to restore the balance of cash and Eligible Investments on deposit in the Series 2017-2 Restricted Cash Account to an amount equal to the excess of (A) the Series 2017-2 Restricted Cash Amount for such Payment Date, over (B) an amount equal to the sum of (i) the Aggregate Available Amount on such Payment Date, and (ii) the amount of cash and Eligible Investments on deposit in the Series 2017-2 L/C Cash Account, in each cash account calculated after giving effect to all amounts drawn on such date.

(c) On each Determination Date, the Indenture Trustee will, in accordance with the Manager Report (or, in the absence of any Manager Report, in accordance with written instructions from the Series 2017-2 Control Party), withdraw from the Series 2017-2 Restricted Cash Account an amount equal to the Permitted Payment Date Withdrawals (determined after giving effect to all other deposits to the Series 2017-2 Series Account (other than funds transferred from the Series 2017-2 Restricted Cash Account)) on or prior to such Determination Date. Such amounts may only be used to pay amounts specified in the definition of “Permitted Payment Date Withdrawals”. If there are insufficient funds in the Series 2017-2 Restricted Cash Account to fully fund the Permitted Payment Date Withdrawal, payments will be paid first to the Class A Notes before any payments are paid to the Class B Notes. If the amount on deposit in the Series 2017-2 Restricted Cash Account are not sufficient to fully fund the Permitted Payment Date withdrawal, any such shortfall shall be funded pursuant to the procedures set forth in **Section 306** and **307** of this Supplement.

(d) Notice of each such drawing will be delivered to the Manager, by hand delivery or facsimile transmission (or, if applicable, included in the respective Manager Report delivered to the Indenture Trustee). Any such funds actually received by the Indenture Trustee pursuant to **Section 302(c)** shall be used solely to make payments of the Class A Note Interest Payments, Class B Note Interest Payments or payment of the Unpaid Principal Balance, as the case may be.

(e) On each Payment Date, the Indenture Trustee shall, in accordance with the Manager Report (or in the absence of any Manager Report, in accordance with written instructions from the Series 2017-2 Control Party), deposit in the Series 2017-2 Series Account for distribution in accordance with this Supplement the excess, if any, of (i) the amounts then on deposit in the Series 2017-2 Restricted Cash Account (after giving effect to any withdrawals therefrom on such Payment Date), over (ii) an amount equal to the Series 2017-2 Restricted Cash Amount for such Payment Date. On the Series 2017-2 Legal Final Payment Date or, at the direction of the Control Party upon the occurrence of a Series 2017-2 Event of Default, any remaining funds in the Series 2017-2 Restricted Cash Account will be deposited in the Series 2017-2 Series Account and be distributed in accordance with this Supplement.

(f) If on any Payment Date the aggregate amount of cash and Eligible Investments then on deposit in the Series 2017-2 Restricted Cash Account is equal to, or greater than, the Aggregate Series 2017-2 Note Principal Balance and accrued interest thereon, the Indenture Trustee shall, in accordance with the Manager Report, prepay in full on such Payment Date the then Unpaid Principal Balance of, and accrued interest on, all Series 2017-2 Notes.

(g) The Issuer shall have the option to satisfy a portion of the Series 2017-2 Restricted Cash Amount by the delivery to the Indenture Trustee of an Eligible Letter of Credit from an Eligible Bank. At least one-ninth of the Series 2017-2 Restricted Cash Amount must be in the form of cash and Eligible Investments on deposit in the Series 2017-2 Restricted Cash Amount. Such cash and Eligible Investment will be drawn upon before any draw is made on a Letter of Credit. Such Eligible Letter of Credit shall have aggregate available drawing amounts equal to the portion of the Series 2017-2 Restricted Cash Amount not held in the Series 2017-2 Restricted Cash Account. The Issuer shall give written notice to the Rating Agency prior to delivering such Letter of Credit.

(a) The Issuer has established and maintains at the Corporate Trust Office of the Indenture Trustee, in the name of the Issuer, the Series 2017-2 Principal Reserve Account, which Series 2017-2 Principal Reserve Account has been pledged to the Indenture Trustee for the benefit of the Holders of the Series 2017-2 Notes. On the Issuance Date for the Series 2017-2 Notes, the Issuer will have deposited, or have caused to be deposited, cash and/or Eligible Investments in an amount equal to the Series 2017-2 Principal Reserve Amount in the Series 2017-2 Principal Reserve Account. Thereafter, additional amounts will be deposited in the Series 2017-2 Principal Reserve Account in accordance with this Supplement. Any and all monies on deposit in the Series 2017-2 Principal Reserve Account shall be invested in Eligible Investments in accordance with Section 303 of the Indenture and shall be distributed in accordance with this Supplement.

(b) On each Payment Date, the Indenture Trustee shall, in accordance with the priority of payments set forth in Section 304, transfer from the Series 2017-2 Series Account to the Series 2017-2 Principal Reserve Account funds in an amount to restore the balance of cash and Eligible Investments on deposit therein to the Series 2017-2 Principal Reserve Amount.

(c) On each Determination Date, the Indenture Trustee will, in accordance with the Manager Report (or, in the absence of any Manager Report, in accordance with written instructions from the Series 2017-2 Control Party), withdraw from the Series 2017-2 Principal Reserve Account funds in an amount equal to the sum of (x) the amount by which the Aggregate Class A Note Principal Balance (calculated after giving effect to all other principal payments on the Class A Notes paid on such Payment Date) exceeds the Class A Scheduled Targeted Principal Balance for such Payment Date and (y) the amount by which the Aggregate Class B Note Principal Balance (calculated after giving effect to all other principal payments paid on the Class B Notes on such Payment Date) exceeds the Class B Scheduled Targeted Principal Balance for such Payment Date. Any such amounts withdrawn may only be used to pay principal payments on the Class A Notes and the Class B Notes as set forth above. If the amounts on deposit in the Series 2017-2 Principal Reserve Account are insufficient to fully fund the permitted withdrawals, payment will be made to the Class A Notes before any payment is made to the Class B Notes.

(d) If either a Series 2017-2 Early Amortization Event or Weighted Average Age Condition occurs, the Indenture Trustee will, in accordance with the Manager Report, transfer to the Series 2017-2 Series Account an amount equal to all cash and Eligible Investments on deposit into the Series 2017-2 Principal Reserve Account.

(e) On the Series 2017-2 Legal Final Payment Date or, at the direction of the Control Party upon the occurrence of a Series 2017-2 Event of Default, any funds in the Series 2017-2 Principal Reserve Account will be deposited in the Series 2017-2 Series Account and be distributed in accordance with the terms of this Supplement.

(f) If on any Payment Date the aggregate amount of cash and Eligible Investments then on deposit in the Series 2017-2 Principal Reserve Account is equal to, or greater than, the Aggregate Series 2017-2 Note Principal Balance and accrued interest thereon, the Indenture Trustee shall, in accordance with the Manager Report, prepay in full on such Payment Date the then Unpaid Principal Balance of, and accrued interest on, all Series 2017-2 Notes.

Section 304. Distributions from Series 2017-2 Series Account. On each Payment Date, the Indenture Trustee, based on the information contained in the Manager Report (or, in the absence of any Manager Report, in accordance with the written direction of the Series 2017-2 Control Party), is required to make payments from the Series 2017-2 Available Funds then on deposit in the Series 2017-2 Series Account. The calculation and relative priorities of such specified payments will vary depending on whether an Early Amortization Event for Series 2017-2 or an Event of Default for Series 2017-2 has occurred and is continuing on such Payment Date. The alternative payment priorities for each Payment Date are set forth below:

(a) If neither an Early Amortization Event for Series 2017-2 nor an Event of Default for Series 2017-2 shall then be continuing:

(i) To the Indenture Trustee, an amount equal to the sum of (A) the Indenture Trustee's Fees then due and payable for the Series 2017-2 Notes (subject to, in the case of expenses and indemnities only, a per annum dollar limitation of \$40,000) and (B) an amount equal to the product of (i) the Series 2017-2 Asset Allocation Percentage and (ii) any amounts payable to the Indenture Trustee on such Payment Date in accordance with a specified provision of the Indenture regarding enforcement of the obligations of the Issuer under the Indenture; provided, however, that to the extent that the amounts in clause (B) have been incurred solely with respect to Series 2017-2, such amounts will be paid by Series 2017-2 and will not be divided among the Series according to the Asset Allocation Percentages;

(ii) To the Manager, an amount equal to the sum of (i) an amount equal to the Series 2017-2 Management Fee then due and payable with respect to the Series 2017-2 Notes, and (ii) the amount of any Management Fee Arrearage then due and payable with respect to the Series 2017-2 Notes;

(iii) To the Manager, an amount equal to the product of (i) the Series 2017-2 Asset Allocation Percentage and (ii) any unreimbursed Manager Advances made in accordance with the terms of the Management Agreement;

(iv) To each of the following on a pro rata basis: (A) to the Manager Transfer Facilitator, an amount equal to the product of (x) Manager Transfer Facilitator Fees, expenses and indemnities (subject to, in the case of expenses and indemnities only, a per annum dollar limitation of \$4,800) and (y) the Series 2017-2 Asset Allocation Percentage of any amounts incurred by the Manager Transfer Facilitator, including those related to the actual transfer from the Manager to the Back-up Manager, and (B) to Back-up Manager, an amount equal to the product of (i) the Series 2017-2 Asset Allocation Percentage and (ii) any Back-Up Manager fees then due and payable;

- (v) To the Persons entitled thereto, the Issuer Expenses then due and payable, so long as the aggregate amount paid pursuant to this clause (v) in any calendar year would not exceed an amount equal to the product of (i) the Series 2017-2 Asset Allocation Percentage and (ii) Fifty Thousand Dollars (\$50,000) in aggregate;
- (vi) To each Holder of a Class A Note on the immediately preceding Record Date, on a pro rata basis, an amount equal to its Percentage of the Class A Note Interest Payment (exclusive of Default Fees on the Class A Notes) for such Payment Date;
- (vii) To each Holder of a Class B Note on the immediately preceding Record Date, on a pro rata basis, an amount equal to its Percentage of the Class B Note Interest Payment (exclusive of Default Fees on the Class B Notes) for such Payment Date;
- (viii) To each Letter of Credit Bank, on a *pro rata* basis (based on amounts owed), in reimbursement of unpaid Letter of Credit Fees then due and payable;
- (ix) To the Series 2017-2 Restricted Cash Account, an amount sufficient so that the total amount on deposit in the Series 2017-2 Restricted Cash Account, is equal to the Series 2017-2 Restricted Cash Amount for such Payment Date, then to each Letter of Credit Bank, on a pro rata basis (based on amounts owed), in reimbursement of unpaid draws under each Letter of Credit and finally to the Series 2017-2 L/C Cash Account in reimbursement of any unreimbursed draws from such account;
- (x) To each Holder of a Class A Note on the immediately preceding Record Date, on a pro rata basis, an amount equal to its Percentage of the Class A Minimum Principal Payment Amount for the Class A Notes on such Payment Date;
- (xi) To each Holder of a Class A Note on the immediately preceding Record Date, on a pro rata basis, an amount equal to its Percentage of the Class A Scheduled Principal Payment Amount for the Class A Notes on such Payment Date;
- (xii) To each Holder of a Class A Note on the immediately preceding Record Date, on a pro rata basis, an amount equal to its Percentage of the Class A Supplemental Principal Payment Amount for the Class A Notes on such Payment Date;
- (xiii) To each Holder of a Class B Note on the immediately preceding Record Date, on a pro rata basis, an amount equal to its Percentage of the Class B Minimum Principal Payment Amount for the Class B Notes on such Payment Date;
- (xiv) To each Holder of a Class B Note on the immediately preceding Record Date, on a pro rata basis, an amount equal to its Percentage of the Class B Scheduled Principal Payment Amount for the Class B Notes on such Payment Date;
- (xv) To each Holder of a Class B Note on the immediately preceding Record Date, on a pro rata basis, an amount equal to its Percentage of the Class B Supplemental Principal Payment Amount for the Class B Notes on such Payment Date;

(xvi) If a Weighted Average Age Condition shall then exist, to each Holder of a Class A Note or Class B Note, on a pro rata basis, based on the Unpaid Principal Balance of their respective Class A Notes or Class B Notes, all remaining Series 2017-2 Available Funds as an additional principal payment on their respective Notes;

(xvii) To the Series 2017-2 Principal Reserve Account, an amount necessary to restore the balance on deposit therein to the Series 2017-2 Principal Reserve Amount;

(xviii) To the Series Account for each other Series of Notes then Outstanding (excluding the Series 2017-2 Notes), all remaining Series 2017-2 Available Funds to be allocated to such other Series of Notes in accordance with the terms of this Supplement;

(xix) To each Class A Noteholder on the immediately preceding Record Date, on a pro rata basis an amount equal to Default Fees (if any) on the Class A Notes and all indemnities, costs, expenses and other amounts then due and payable to the Class A Noteholders pursuant to the Series 2017-2 Related Documents;

(xx) To each Class B Noteholder on the immediately preceding Record Date, on a pro rata basis an amount equal to Default Fees on the Class B Notes (if any) and all indemnities, costs, expenses and other amounts then due and payable to the Class B Noteholders pursuant to the Series 2017-2 Related Documents;

(xxi) On a pro rata basis (a) to the Manager Transfer Facilitator, any amounts due and payable to the Manager Transfer Facilitator and (b) to the Back-up Manager, any unpaid amounts due to Back-up Manager, in each case calculated after giving effect to payments remaining after clause (iv) above;

(xxii) To the Indenture Trustee, an amount equal to the product of (i) the Series 2017-2 Asset Allocation Percentage and (ii) Indenture Trustee's Fees and indemnified amounts then due and payable to the Indenture Trustee after giving effect to the payment made pursuant to clause (i) above; provided, however, that to the extent such amounts have been incurred solely with respect to Series 2017-2, such amounts will be paid by Series 2017-2 and will not be divided among the Series according to the Asset Allocation Percentages;

(xxiii) To each of the following on a pro rata basis: (A) to the Issuer, an amount equal to the product of (i) the Series 2017-2 Asset Allocation Percentage and (ii) the amount of any indemnity payments payable to the officers, directors and/or managers of the Issuer required to be made by the Issuer, and (B) to the Manager, an amount equal to the product of (i) the Series 2017-2 Asset Allocation Percentage and (ii) the amount of any indemnity payments required to be made to the Manager;

(xxiv) If the Aggregate Required Asset Base exceeds the Aggregate Asset Base (determined prior to giving effect to any deposits to the Excess Funding Account made pursuant to this clause (xxiii)), any remaining Series 2017-2 Available Funds will be deposited in the Excess Funding Account until such condition is remedied; and

(b) If an Early Amortization Event for Series 2017-2 shall then be continuing, but no Event of Default for Series 2017-2 shall then be continuing (or an Event of Default for Series 2017-2 is continuing but the Series 2017-2 Notes have not been accelerated in accordance with the Indenture):

(i) To the Indenture Trustee, an amount equal to the sum of (A) the Indenture Trustee's Fees then due and payable for the Series 2017-2 Notes (subject to, in the case of expenses and indemnities only, a per annum dollar limitation of \$40,000) and (B) an amount equal to the product of (i) the Series 2017-2 Asset Allocation Percentage and (ii) any amounts payable to the Indenture Trustee on such Payment Date in accordance with a specified provision of the Indenture regarding enforcement of the obligations of the Issuer under the Indenture; provided, however, that to the extent that the amounts in clause (B) have been incurred solely with respect to Series 2017-2, such amounts will be paid by Series 2017-2 and will not be divided among the Series according to the Asset Allocation Percentages;

(ii) To the Manager, an amount equal to the sum of (i) an amount equal to the Series 2017-2 Management Fee then due and payable with respect to the Series 2017-2 Notes, and (ii) the amount of any Management Fee Arrearage then due and payable with respect to the Series 2017-2 Notes;

(iii) To the Manager, an amount equal to the product of (i) the Series 2017-2 Asset Allocation Percentage and (ii) any unreimbursed Manager Advances made in accordance with the terms of the Management Agreement;

(iv) To each of the following on a pro rata basis: (A) to the Manager Transfer Facilitator, an amount equal to the product of (x) Manager Transfer Facilitator Fees, expenses and indemnities (subject to, in the case of expenses and indemnities only, a per annum dollar limitation of \$4,800) and (y) the Series 2017-2 Asset Allocation Percentage of any amounts incurred by the Manager Transfer Facilitator, including those related to the actual transfer from the Manager to the Back-up Manager, and (B) to Back-up Manager, an amount equal to the product of (i) the Series 2017-2 Asset Allocation Percentage and (ii) any Back-Up Manager fees then due and payable;

(v) To the Persons entitled thereto, Issuer Expenses then due and payable, so long as the aggregate amount paid pursuant to this clause (v) in any calendar year would not exceed an amount equal to the product of (i) the Series 2017-2 Asset Allocation Percentage and (ii) Fifty Thousand Dollars (\$50,000) in aggregate;

(vi) To each Holder of a Class A Note on the immediately preceding Record Date, on a pro rata basis, an amount equal to its Percentage of the Class A Note Interest Payment (exclusive of any Default Fees on the Class A Notes) for such Payment Date;

(vii) To each Holder of a Class B Note on the immediately preceding Record Date, on a pro rata basis, an amount equal to its Percentage of the Class B Note Interest Payment (exclusive of any Default Fees on the Class B Notes) for such Payment Date;

(viii) To each Letter of Credit Bank, on a *pro rata* basis (based on amounts owed), any Letter of Credit Fees then due and payable;

(ix) To the Series 2017-2 Restricted Cash Account, an amount sufficient so that the total amount on deposit in the Series 2017-2 Restricted Cash Account, is equal to the Series 2017-2 Restricted Cash Amount for such Payment Date, then to each Letter of Credit Bank, on a *pro rata* basis (based on amounts owed), in reimbursement of unpaid draws under each Letter of Credit and finally to the Series 2017-2 L/C Cash Account in reimbursement of any unreimbursed draws from such account;

(x) To each Holder of a Class A Note on the immediately preceding Record Date, on a *pro rata* basis, all remaining Series 2017-2 Available Funds until the Aggregate Class A Note Principal Balance is reduced to zero;

(xi) To each Holder of a Class B Note on the immediately preceding Record Date, on a *pro rata* basis, all remaining Series 2017-2 Available Funds until the Aggregate Class B Note Principal Balance is reduced to zero;

(xii) To each Holder of a Class A Note on the immediately preceding Record Date, on a *pro rata* basis, all Default Fees on the Class A Note and all indemnities, costs, expenses and other amounts then due and payable to the Class A Noteholders pursuant to the Series 2017-2 Related Documents;

(xiii) To each Holder of a Class B Note on the immediately preceding Record Date, on a *pro rata* basis, all Default Fees and all indemnities, costs, expenses and other amounts then due and payable to the Class B Noteholders pursuant to the Series 2017-2 Related Documents;

(xiv) To the Series Account for each other Series of Notes then Outstanding (excluding the Series 2017-2 Notes), all remaining Series 2017-2 Available Funds to be allocated to such other Series of Notes in accordance with the terms of this Supplement;

(xv) On a *pro rata* basis (a) to the Manager Transfer Facilitator, any amounts due and payable to the Manager Transfer Facilitator and (b) to the Back-up Manager, any unpaid amounts due to Back-up Manager, in each case calculated after giving effect to payments remaining after clause (iv) above;

(xvi) To the Indenture Trustee, an amount equal to the product of (i) the Series 2017-2 Asset Allocation Percentage and (ii) Indenture Trustee's Fees and indemnified amounts then due and payable to the Indenture Trustee after giving effect to the payment made pursuant to clause (i) above; provided, however, that to the extent such amounts have been incurred solely with respect to Series 2017-2, such amounts will be paid by Series 2017-2 and will not be divided among the Series according to the Asset Allocation Percentages;

(xvii) To each of the following on a pro rata basis: (i) to the Issuer, an amount equal to the product of (i) the Series 2017-2 Asset Allocation Percentage and (ii) the amount of any indemnity payments payable to the officers, directors and/or managers of the Issuer required to be made by the Issuer, and (ii) to the Manager, an amount equal to the product of (i) the Series 2017-2 Asset Allocation Percentage and (ii) the amount of any indemnity payments required to be made to the Manager;

(xviii) If the Aggregate Required Asset Base exceeds the Aggregate Asset Base (determined prior to giving effect to any deposits to the Excess Funding Account pursuant to this clause (xvii)), any remaining Series 2017-2 Available Funds will be deposited in the Excess Funding Account until such condition is remedied; and

(xix) To the Issuer, any remaining Series 2017-2 Available Funds.

(c) If an Event of Default for Series 2017-2 shall have occurred and then be continuing and the Series 2017-2 Notes have been accelerated in accordance with the Indenture and such consequence shall not have been rescinded or annulled:

(i) To the Indenture Trustee, an amount equal to the sum of (i) the fee payable to the Indenture Trustee with respect to Series 2017-2, (ii) all out of pocket expenses owing to the Indenture Trustee, and indemnification payments owing to the Indenture Trustee, to the extent directly attributable by the Indenture Trustee to Series 2017-2, and (iii) the product of (x) the Series 2017-2 Indenture Trustee Default Expense Allocation Percentage and (y) an amount equal to the excess of (A) all out of pocket expenses owing to the Indenture Trustee, and indemnification payments owing to the Indenture Trustee, to the extent not directly attributed by the Indenture Trustee to a specific Series, minus (B) all expenses and indemnification described in clause (A) that have been paid from the Series Account for any other Series of Notes then Outstanding; provided, however, that to the extent that the amounts in clause (iii) have been incurred solely with respect to Series 2017-2, such amounts will be paid by Series 2017-2 and will not be divided among the Series according to the Asset Allocation Percentages;

(ii) To the Manager, an amount equal to the sum of (i) an amount equal to the Series 2017-2 Management Fee then due and payable with respect to the Series 2017-2 Notes, and (ii) the amount of any Management Fee Arrearage then due and payable with respect to the Series 2017-2 Notes;

(iii) To the Manager, an amount equal to the product of (i) the Series 2017-2 Asset Allocation Percentage and (ii) any unreimbursed Manager Advances made in accordance with the terms of the Management Agreement;

(iv) To each of the following on a pro rata basis: (A) to the Manager Transfer Facilitator, an amount equal to the product of (x) Manager Transfer Facilitator Fees, expenses and indemnities and (y) the Series 2017-2 Asset Allocation Percentage of any amounts incurred by the Manager Transfer Facilitator, including those related to the actual transfer from the Manager to the Back-up Manager, and (B) to Back-up Manager, an amount equal to the product of (i) the Series 2017-2 Asset Allocation Percentage and (ii) any Back-Up Manager fees then due and payable;

- (v) To the Persons entitled thereto, Issuer Expenses then due and payable, so long as the aggregate amount paid pursuant to this clause (v) in any calendar year would not exceed an amount equal to the product of (i) the Series 2017-2 Asset Allocation Percentage and (ii) One Hundred Thousand Dollars (\$100,000);
- (vi) To each Holder of a Class A Note on the immediately preceding Record Date, on a pro rata basis an amount equal to its Percentage of the Class A Note Interest Payment (exclusive of any Default Fees on the Class A Notes) for such Payment Date;
- (vii) To each Holder of a Class B Note on the immediately preceding Record Date, on a pro rata basis an amount equal to its Percentage of the Class B Note Interest Payment (exclusive of any Default Fees on the Class B Notes) for such Payment Date;
- (viii) To each Holder of a Class A Note on the immediately preceding Record Date, on a pro rata basis, all remaining Series 2017-2 Available Funds until the Aggregate Class A Note Principal Balance is reduced to zero;
- (ix) To each Letter of Credit Bank, on a pro rata basis (based on amounts owed), any Letter of Credit Fees then due and payable;
- (x) To each Holder of a Class B Note on the immediately preceding Record Date, on a pro rata basis, all remaining Series 2017-2 Available Funds until the Aggregate Class B Note Principal Balance is reduced to zero;
- (xi) To each Holder of a Class A Note on the immediately preceding Record Date, on a pro rata basis, all Default Fees on the Class A Note and all indemnities, costs, expenses and other amounts then due and payable to the Class A Noteholder pursuant to the Series 2017-2 Related Documents;
- (xii) To each Holder of a Class B Note on the immediately preceding Record Date, on a pro rata basis, all Default Fees on the Class B Notes and all indemnities, costs, expenses and other amounts then due and payable to the Class B Noteholder pursuant to the Series 2017-2 Related Documents;
- (xiii) To each Letter of Credit Bank, on a pro rata basis (based on amounts owed), in reimbursement of unpaid draws under each Letter of Credit;
- (xiv) To the Series Account for each other Series of Notes then Outstanding (excluding the Series 2017-2 Notes), all remaining Series 2017-2 Available Funds to be allocated to such other Series of Notes in accordance with the methodology described in this Supplement;
- (xv) On a pro rata basis (a) to the Manager Transfer Facilitator, any amounts due and payable to the Manager Transfer Facilitator and (b) to the Back-up Manager, any unpaid amounts due to Back-up Manager, in each case calculated after giving effect to payments remaining after clause (iv) above;

(xvi) To the Indenture Trustee, an amount equal to the product of (i) the Series 2017-2 Asset Allocation Percentage and (ii) Indenture Trustee's Fees and indemnified amounts then due and payable to the Indenture Trustee after giving effect to the payment made pursuant to clause (i) above; provided, however, that to the extent such amounts have been incurred solely with respect to Series 2017-2, such amounts will be paid by Series 2017-2 and will not be divided among the Series according to the Asset Allocation Percentages;

(xvii) To each of the following on a pro rata basis: (i) to the Issuer, an amount equal to the product of (i) the Series 2017-2 Asset Allocation Percentage and (ii) the amount of any indemnity payments payable to the officers, directors and/or managers of the Issuer required to be made by the Issuer, and (ii) to the Manager, an amount equal to the product of (i) the Series 2017-2 Asset Allocation Percentage and (ii) the amount of any indemnity payments required to be paid by the Manager;

(xviii) If the Aggregate Required Asset Base exceeds the Aggregate Asset Base (determined prior to giving effect to any deposits to the Excess Funding Account pursuant to this clause (xvi)), any remaining Series 2017-2 Available Funds will be deposited into the Excess Funding Account until such condition is remedied; and

(xix) To the Issuer, any remaining Series 2017-2 Available Funds.

(d) In the event that, after distribution of funds pursuant to **Section 3.04(a)(xxv), (b)(xix) or (c)(xix)** (any funds so distributed, the "**Issuer Distributed Funds**"), (i) the balance of the principal reserve account (or equivalent account) for any Series of Notes then Outstanding is lower than the balance required under the related Supplement (such shortfall, a "**Reserve Shortfall**"), and (ii) such Issuer Distributed Funds continue to constitute property of and under the control of Issuer, Issuer will apply such Issuer Distributed Funds to the balance of the Reserve Shortfall.

Section 305. Allocation of Series 2017-2 Shared Available Funds.

(a) All Shared Available Funds for Series 2017-2 that are available for distribution to other Series of Notes shall be allocated by the Manager to all Series of Notes then Outstanding (other than the Liquidation Deficiency Series) that have a Required Payment Deficiency on such Determination Date. (Allocation of Shared Available Funds for Series 2017-2 to Liquidation Deficiency Series will be in accordance with the methodology set forth later in this section). Allocations shall be made to each Series having a Required Payment Deficiency in accordance with the following order of priorities, with no payment being made at any level of priority until all prior priorities have been paid in full:

First, to each Series that has not paid in full the Indenture Trustee Fees, indemnities and expenses payable by, or allocable to, such Series, the amount of such unpaid Indenture Trustee Fees, indemnities and expenses;

Second, to each Series that has not paid in full the Management Fee and Management Fee arrearages payable by, or allocable to, such Series, the amount of such unpaid Management Fee and Management Fee Arrearages;

Third, to each Series that has not paid in full the Manager Advances payable by, or allocable to, such Series, the amount of such unpaid Manager Advances;

Fourth, to each Series that has not paid in full the Manager Transfer Facilitator Fees and Back-up Management Fees payable by, or allocable to, such Series, the amount of such unpaid Manager Transfer Facilitator Fees and Back-up Management Fees and any other amount due and owing to the Manager Transfer Facilitator;

Fifth, to each Series that has not paid in full the Issuer Expenses payable by, or allocable to, such Series, the amount of such unpaid Issuer Expenses;

Sixth, to each Series that has not paid in full all interest payments (excluding Default Fees) payable with respect to the senior Class of such Series and all commitment fees payable with respect to the senior Class of such Series, the amount of such unpaid interest payments and commitment fees;

Seventh, to each Series that has not paid in full all regularly scheduled payments (excluding termination payments) owing to each Interest Rate Hedge Counterparty that has entered into an Interest Rate Hedge Agreement with respect to one or more of the senior Class of such Series, the amount of such unpaid regularly scheduled payments;

Eighth, to each Series that has not paid in full all interest payments (excluding Default Fees) payable with respect to the subordinate Class of such Series and all commitment fees payable with respect to the subordinate Class of such Series, the amount of such unpaid interest payments and commitment fees;

Ninth, to each Series that has not paid in full all Minimum Principal Payment Amounts for the senior Class of such Series, the amount of such unpaid Minimum Principal Payment Amounts;

Tenth, to each Series that has not paid in full all Scheduled Principal Payment Amounts for the senior Class of such Series, the amount of such unpaid Scheduled Principal Payment Amounts;

Eleventh, to each Series that has not paid in full all Supplemental Principal Payment Amounts for the senior Class of such Series, the amount of such unpaid Supplemental Principal Payment Amounts;

Twelfth, to each Series that has not paid in full all regularly scheduled payments (excluding termination payments) owing to each Interest Rate Hedge Counterparty that has entered into an Interest Rate Hedge Agreement with respect to the subordinate Class of such Series, the amount of such unpaid regularly scheduled payments;

Thirteenth, to each Series that has not paid in full all Minimum Principal Payment Amounts for the subordinate Class of such Series, the amount of such unpaid Minimum Principal Payment Amounts;

Fourteenth, to each Series that has not paid in full all Scheduled Principal Payment Amounts for the subordinate Class of such Series, the amount of such unpaid Scheduled Principal Payment Amounts;

Fifteenth, to each Series that has not paid in full all Supplemental Principal Payment Amounts for the subordinate Class of such Series, the amount of such unpaid Supplemental Principal Payment Amounts;

Sixteenth, to each Series that has a principal reserve account (or another Series Account that serves a similar purpose), the amount necessary to restore the balance in such account to the balance specified in the related Supplement;

Seventeenth, (a) to the Manager Transfer Facilitator, any amounts due and payable to the Manager Transfer Facilitator and (b) to the Back-up Manager, any unpaid amounts due to Back-up Manager;

Eighteenth, to the Indenture Trustee, any remaining unpaid expenses and indemnified amounts;

Nineteenth, (a) to the Issuer, any unpaid indemnified amounts, and (b) to the Manager, any unpaid indemnified amounts; and

Nineteenth, to each Series of Notes that has not been paid in full, all other amounts owing to the Noteholders of such Series.

If more than one Series shall be entitled to a distribution pursuant to a particular priority set forth in the flow of funds set forth immediately above, funds shall be allocated among each such entitled Series on a pro rata basis based on the relative amount owing to each such Series pursuant to such payment priority.

After the application of the allocation set forth in the flow of funds set forth immediately above, any remaining Shared Available Funds shall be allocated to Liquidation Deficiency Series in accordance with the following order of priorities, with no payment being made at any level of priority until all prior priorities have been paid in full:

First, to each Liquidation Deficiency Series that has not paid in full the Indenture Trustee Fees, indemnities and expenses payable by, or allocable to, such Liquidation Deficiency Series, the amount of such unpaid Indenture Trustee Fees, indemnities and expenses;

Second, to each Liquidation Deficiency Series that has not paid in full the Management Fee and Management Fee arrearages payable by, or allocable to, such Liquidation Deficiency Series, the amount of such unpaid Management Fee and Management Fee Arrearages;

Third, to each Liquidation Deficiency Series that has not paid in full the Manager Advances payable by, or allocable to, such Liquidation Deficiency Series, the amount of such unpaid Manager Advances;

Fourth, to each Liquidation Deficiency Series that has not paid in full the Manager Transfer Facilitator Fees and Back-up Management Fees payable by, or allocable to, such Liquidation Deficiency Series, the amount of such unpaid Manager Transfer Facilitator Fees and Back-up Management Fees and any other amount due and owing to the Manager Transfer Facilitator;

Fifth, to each Liquidation Deficiency Series that has not paid in full all interest payments (excluding Default Fees) and commitment fees payable with respect to the senior Class of such Liquidation Deficiency Series, the amount of such unpaid interest payments and commitment fees;

Sixth, to each Liquidation Deficiency Series that has not paid in full all regularly scheduled payments (excluding termination payments) owing to each Interest Rate Hedge Counterparty that has entered into an Interest Rate Hedge Agreement with respect to such Liquidation Deficiency Series, the amount of such unpaid regularly scheduled payments;

Seventh, to each Liquidation Deficiency Series that has not paid in full all Minimum Principal Payment Amounts to the senior Class of such Liquidation Deficiency Series, the amount of such unpaid Minimum Principal Payment Amounts;

Eighth, to each Liquidation Deficiency Series that has not paid in full all Scheduled Principal Payment Amounts to the senior Class of such Liquidation Deficiency Series, the amount of such unpaid Scheduled Principal Payment Amounts;

Ninth, to each Liquidation Deficiency Series that has not paid in full all termination and all other payments owing to each Interest Rate Hedge Counterparty that has entered into an Interest Rate Hedge Agreement with respect to such Liquidation Deficiency Series, the amount of such unpaid termination and other payments;

Tenth, to each Liquidation Deficiency Series that has not paid in full all Minimum Principal Payment Amounts to the subordinate Class of such Liquidation Deficiency Series, the amount of such unpaid Minimum Principal Payment Amounts; and

Eleventh, to each Liquidation Deficiency Series that has not paid in full all Scheduled Principal Payment Amounts to the subordinate Class of such Liquidation Deficiency Series, the amount of such unpaid Scheduled Principal Payment Amounts.

If more than one Liquidation Deficiency Series shall be entitled to a distribution pursuant to a particular priority set forth above, funds shall be allocated among each such entitled Liquidation Deficiency Series on a pro rata basis based on the relative amount owing to each such Liquidation Deficiency Series pursuant to such payment priority.

Section 306. Series 2017-2 L/C Cash Account.

(a) The Issuer shall establish and maintain with the Indenture Trustee, in the name of the Issuer, the Series 2017-2 L/C Cash Account, which Series 2017-2 L/C Cash Account is pledged to the Indenture Trustee for the benefit of the Holders of the Series 2017-2 Notes. Any and all amounts on deposit in the Series 2017-2 L/C Cash Account may be invested in Eligible Investments in accordance with Section 303 of the Indenture.

(b) If the Series 2017-2 L/C Cash Account has been funded in accordance with the terms of this Supplement, then the Indenture Trustee shall, based on the information set forth in the Manager Report, make drawings outlined in **Section 307(a)** from amounts on deposit in the Series 2017-2 L/C Cash Account before any drawings are made on any Eligible Letters of Credit. Such drawing shall be reimbursed in accordance with the priority of payments in **Section 303** of this Supplement.

(c) If, subsequent to the funding of the Series 2017-2 L/C Cash Account, the Issuer shall deliver to the Indenture Trustee an Eligible Letter of Credit, the Indenture Trustee shall, on the next succeeding Payment Date (based on the Manager Report), withdraw from the Series 2017-2 L/C Cash Account and remit to the Issuer funds in an amount equal to the available amount of such delivered Eligible Letter of Credit.

(d) At the direction of the Control Party upon the occurrence of a Series 2017-2 Event of Default, the Indenture Trustee will withdraw all amounts then on deposit in the Series 2017-2 L/C Cash Account and deposit such amounts in the Series 2017-2 Series Account to be distributed in accordance with **Section 303** of this Supplement.

Section 307. Drawing on Eligible Letters of Credit.

(a) On each Determination Date, the Indenture Trustee shall, based on the Manager Report delivered on such Determination Date and after giving effect to drawings made under the Series 2017-2 Restricted Cash Account and the Series 2017-2 L/C Cash Account, submit a draw request on the Letter(s) of Credit in an amount equal to the lesser of:

(x) the Aggregate Available Amount; and

(y) an amount equal to the excess of (x) the Permitted Payment Date Withdrawals for the related Payment Date, over (y) any amounts drawn from the Series 2017-2 Restricted Cash Account or the Series 2017-2 L/C Cash Account on such Determination Date to satisfy such Permitted Payment Date Withdrawals in accordance with the terms of this Supplement.

(b) If there is more than one Letter of Credit on the date of any draw on the Letter(s) of Credit pursuant to the terms of this Supplement, the Indenture Trustee, based on the Manager Report delivered on such Determination Date, shall draw on each Letter of Credit in an amount equal to the LOC Pro Rata Share of the related Letter of Credit Bank.

(c) The Indenture Trustee shall receive the proceeds of all drawings on the Letter(s) of Credit on behalf of the Series 2017-2 Noteholders. Any drawings in respect of a Letter of Credit made pursuant to the provisions due to a non-renewal of a Letter of Credit or a downgrade in the credit rating of a Letter of Credit Bank shall be deposited into the Series 2017-2 L/C Cash Account and paid in accordance with the terms of this Supplement.

(d) If, prior to the date which is ten (10) days prior to the then scheduled expiration date of a Letter of Credit (such date, a "**Letter of Credit Expiration Date**"), the Issuer has not either deposited cash into the Series 2017-2 Restricted Cash Account and/or delivered to the Indenture Trustee an Eligible Letter of Credit in an amount that is equal to or greater than the available amount of the expiring Letter of Credit, then the Manager shall notify the Indenture Trustee in writing no later than two Business Days prior to such Letter of Credit Expiration Date of the available amount of such expiring Letter of Credit and direct the Indenture Trustee in writing to draw on the expiring Letter of Credit in an amount equal to the amount set forth in such written direction. Upon acknowledgment of receipt of such notice by the Indenture Trustee on or prior to 10:00 a.m. (New York City time) on any Business Day, the Indenture Trustee shall, by 2:00 p.m. (New York City time) on such Business Day (or, in the case of any notice given to the Indenture Trustee after 10:00 a.m. (New York City time), by 2:00 p.m. (New York City time) on the next following Business Day), draw on the expiring Letter of Credit an amount equal to the amount set forth above. The proceeds of any such drawing shall be deposited in the Series 2017-2 L/C Cash Account.

(e) The Issuer shall, or shall cause the Manager to, notify the Indenture Trustee in writing within two Business Days after becoming aware that the long-term senior unsecured debt credit rating of any Letter of Credit Bank has fallen below "A", as determined by the Rating Agency (each such Letter of Credit Bank, a "**Downgraded Letter of Credit Bank**"). The Issuer shall have 60 days from the date of such downgrade to deliver to the Indenture Trustee a replacement Eligible Letter of Credit from an Eligible Bank having an available drawing amount at least equal to the available drawing amount under the Letter of Credit issued by the Downgraded Letter of Credit Bank. If the Issuer fails to either deposit cash into the Series 2017-2 Restricted Cash Account and/or deliver to the Indenture Trustee an Eligible Letter of Credit in an amount that is equal to or greater than the available amount of the Letter of Credit issued by the Downgraded Letter of Credit Bank, the Issuer or the Manager shall notify the Indenture Trustee of the amount available to be drawn on the Letter of Credit issued by such Downgraded Letter of Credit Bank and direct the Indenture Trustee in writing to draw on the Letter of Credit issued by the Downgraded Letter of Credit Bank in an amount equal to the full amount available under the Letter of Credit issued by the Downgraded Letter of Credit Bank. Upon acknowledgment of receipt of such notice by the Indenture Trustee on or prior to 10:00 a.m. (New York City time) on any Business Day, the Indenture Trustee shall, by 2:00 p.m. (New York City time) on such Business Day (or, in the case of any notice given to the Indenture Trustee after 10:00 a.m. (New York City time), by 2:00 p.m. (New York City time) on the next following Business Day), draw on such Letter of Credit in an amount equal to the full amount of available amount under the Letter of Credit issued by such Downgraded Letter of Credit Bank. The proceeds of any such drawing shall be deposited in the Series 2017-2 L/C Cash Account.

(f) Upon the occurrence of a Series 2017-2 Event of Default, the Indenture Trustee shall promptly submit a draw for the available amount of all Letters of Credit and deposit the amount of such drawing in the Series 2017-2 Series Account to be distributed in accordance with **Section 303**.

ARTICLE IV

Series-Specific Early Amortization Events, Series-Specific Manager Defaults, Series-Specific Events of Default and Covenants for the Series 2017-2 Notes

Section 401. Series-Specific Early Amortization Events.

The existence of any one of the following events or conditions will constitute a “Series-Specific Early Amortization Event” for the Series 2017-2 Notes that can be enforced by the Indenture Trustee, at the direction of, and/or waived by, the Series 2017-2 Control Party:

(a) Commencing with the Payment Date occurring in November 2017, the Debt Service Coverage Ratio, as reported in any Manager Report, shall be less than 1.1 to 1.0;

(b) (i) A breach of any financial covenant of TGH set forth in the documents governing any Indebtedness of TGH in an aggregate principal amount of \$10,000,000 or greater (each, “Funded Debt Document”) shall have occurred and shall not have been waived within sixty (60) days thereafter by the applicable lenders, or (ii) any default, not described in clause (i), under any Funded Debt Document shall have occurred and as a result the required lenders under the affected financing transaction have accelerated all or part of such indebtedness.

Any Series-Specific Early Amortization Event described in the foregoing clause (a) shall, for purposes of the Related Documents, be deemed no longer to be continuing, if such condition does not exist on any two consecutive subsequent Payment Dates, immediately upon such second consecutive Payment Date. Any Series-Specific Early Amortization Event described in the foregoing clause (b) shall, for purposes of the Related Documents, be deemed no longer to be continuing immediately upon the cure or waiver thereof, within 60 days of the initial occurrence thereof, for purposes of the Funded Debt Documents. Except as described in the preceding two sentences, if a Series-Specific Early Amortization Event exists on any Payment Date, then such Series-Specific Early Amortization Event shall be deemed to continue until the Business Day on which the Series 2017-2 Control Party waives, in writing, such Series-Specific Early Amortization Event. The Indenture Trustee shall promptly provide notice of any such waiver to each Rating Agency for the Series 2017-2 Notes.

(c) If a Series 2017-2 Early Amortization Event shall have occurred and then be continuing, the Indenture Trustee shall have, in addition to the rights provided in the Related Documents, all rights and remedies provided under all applicable laws.

Section 402. Series 2017-2 Manager Defaults.

(a) The existence of any one of the following events or conditions shall constitute a Series-Specific Manager Default with respect to the Series 2017-2 Notes:

(i) The occurrence and continuance of a Trust Manager Default.

(ii) The Leverage Ratio of TGH shall exceed 4.0 to 1.0 as of the end of any fiscal year.

(iii) The occurrence of either (A) a breach of any financial covenant of TGH set forth in any Funded Debt Document shall have occurred and shall not have been waived within sixty (60) days thereafter by the applicable lenders, or (B) any default, not described in clause (A), under any Funded Debt Document shall have occurred and as a result the required lenders under the affected financing transaction have accelerated all or part of such Indebtedness and such event is not rescinded or waived by the lenders under the applicable indebtedness within 60 days; provided that the underlying financial covenants shall survive for purposes of the Series 2017-2 Related Documents after any termination of the relevant Funded Debt Documents.

A Series-Specific Manager Default of the type described in clause (i) above shall cease upon the cure or waiver of the Trust Manager Default in accordance with the Management Agreement. A Series-Specific Manager Default of the type described in either clause (ii) or (iii) shall be cured upon the first subsequent date on which a Manager Report is delivered indicating that such condition does not exist on any subsequent Payment Date. Except as set forth in the two immediately preceding sentences, any Series-Specific Manager Default shall be deemed to continue until the Business Day on which the Series 2017-2 Control Party waives, in writing, such Series-Specific Manager Default (and any such waiver by the Control Party of any Series-Specific Manager Default of the type described in either clause (ii) or (iii) shall be binding for purposes of all Series of Notes issued under the Indenture). The Indenture Trustee shall promptly provide notice of any such waiver of a Series-Specific Manager Default to each Rating Agency for the Series 2017-2 Notes.

(b) The Series 2017-2 Control Party may waive any Series-Specific Manager Default and may amend or consent to any amendment of the provisions of **Section 402(a)**.

Section 403. Series-Specific Events of Default.

(a) Each of the following will constitute a “Series-Specific Event of Default” for the Series 2017-2 Notes:

(i) Failure to pay (1) on any Payment Date, the full amount of the Class A Note Interest Payment and Class B Note Interest Payment on the Series 2017-2 Notes, or (2) on the Legal Final Payment Date, the Unpaid Principal Balance for the Series 2017-2 Notes;

(ii) Except as dealt with in clause (i) above or included as a Trust Event of Default, breach of any covenant of the Issuer or any Seller in any Series 2017-2 Related Document, which breach (1) materially and adversely affects the interest of any Series 2017-2 Noteholder, and (2) continues for a period of 60 days (subject to an additional 60-day cure period for defaults that the Issuer or any Seller is diligently attempting to cure);

(iii) Any representation or warranty of the Issuer or any Seller made in any Series 2017-2 Related Document shall prove to be incorrect in any material respect as of the time when the same shall have been made, which incorrectness (1) materially and adversely affects the interest of any Series 2017-2 Noteholder, and (2) if capable of cure, continues for a period of 30 days (subject to an additional 30-day cure period for defaults that the Issuer or Seller is diligently attempting to cure); or

(iv) The Indenture Trustee shall fail to have a first priority perfected security interest in the Series 2017-2 Specific Collateral.

(b) Upon the occurrence and during the continuance of a Series-Specific Event of Default, the Control Party may (i) declare the Series 2017-2 Notes to be immediately due and payable, (ii) institute judicial proceedings for collection of the Series 2017-2 Notes, (iii) direct a sale of the Collateral in accordance with the terms of the Indenture, and (iv) exercise remedies with respect to the Series 2017-2 Specific Collateral.

(c) The Control Party may waive any Series-Specific Event of Default and may amend or consent to any amendment of the provisions of **Section 403(a)**.

Section 404. Series 2017-2 Management Fee. As contemplated by the Management Agreement, the Manager shall be entitled to a management fee for each Collection Period equal to the sum of the following:

(a) A "**Master Lease Management Fee**", in an amount equal to the product of (i) the product of (A) the Series 2017-2 Asset Allocation Percentage and (B) NOI (as defined in the Management Agreement) for the Master Lease Fleet (as defined in the Management Agreement) for such Collection Period (as defined in the Management Agreement), multiplied by (ii) eleven percent (11.0%).

(b) A "**Long-Term/PLB Management Fee**", in an amount equal to the product of (i) the product of (A) the Series 2017-2 Asset Allocation Percentage and (B) the sum of the NOI (as defined in the Management Agreement) for such Collection Period (as defined in the Management Agreement) of (x) the Long-Term Lease Fleet (as defined in the Management Agreement) plus (y) any Managed Containers (as defined in the Management Agreement) then subject to purchase-leasebacks, multiplied by (ii) eight percent (8.0%).

(c) A "**Finance Lease Management Fee**", in an amount equal to the product of (i) the product of (A) the Series 2017-2 Asset Allocation Percentage and (B) the Finance Lease Payments (excluding any payments relating to Managed Containers then subject to purchase-leasebacks) (as defined in the Management Agreement), multiplied by (ii) two percent (2.0%).

(d) A "**Sales Management Fee**", in an amount equal to the product of (i) the product of (A) the Series 2017-2 Asset Allocation Percentage and (B) the Sales Proceeds (as defined in the Management Agreement) from the sale or other disposition of any Managed Container during such Collection Period (except for any sale or disposition (x) to Manager or any Affiliate of Manager, (y) pursuant to the exercise of a purchase option contained in a Lease, or (z) that is due to a Casualty Loss) (as defined in the Management Agreement), multiplied by (ii) five percent (5.0%).

Section 405. Additional Covenants. In addition to the covenants set forth in **Article VI** of the Indenture, the Issuer hereby makes the following additional covenants for the benefit of the Series 2017-2 Noteholders:

(a) Rule 144A. So long as any of the Series 2017-2 Notes are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer shall, unless it becomes subject to and complies with the reporting requirements of Section 13 or 15(d) of the Exchange Act, or rule 12g3-2(b) thereunder, (i) provide to any Series 2017-2 Noteholder of such restricted securities, or to any prospective Series 2017-2 Noteholder of such restricted securities designated by a Series 2017-2 Noteholder, upon the request of such Series 2017-2 Noteholder or prospective Series 2017-2 Noteholder, any information required to be provided by Rule 144A(d)(4) under the Securities Act and (ii) update such information to prevent such information from becoming materially false and materially misleading in a manner adverse to any Series 2017-2 Noteholder.

(b) Use of Proceeds. The Issuer will apply the net proceeds from the sale of the Offered Notes: (i) to pay the purchase price of Eligible Containers to be acquired from TL, (ii) to fund the initial deposit into the Series 2017-2 Restricted Cash Account and the Series 2017-2 Principal Reserve Account and to fund the Additional Funding Amount for the initial Transfer Date], (iii) to pay the costs of issuance of the Series 2017-2 Notes and (iv) for other general business purposes.

(c) Perfection Requirements. The Issuer will not (x) change any of (i) its corporate name, (ii) the name under which it does business or (iii) the jurisdiction in which it is incorporated or (y) amend any provision of its memorandum of association or bye-laws, in each case, without the prior written consent of the Series 2017-2 Control Party. The Issuer shall make such filing and take such actions as the Series 2017-2 Noteholder may request in order to maintain the Lien of the Indenture Trustee in the Collateral.

(d) United States Federal Income Tax Election. The Issuer shall not make an election to be classified as an association taxable as a corporation pursuant to Section 301.7701-3 of the United States Treasury Regulations.

ARTICLE V Conditions to Issuance

Section 501. Conditions to Issuance. The Indenture Trustee shall not authenticate the Series 2017-2 Notes unless the Issuer shall have delivered a certificate to the Indenture Trustee to the effect that all conditions set forth in the Series 2017-2 Note Purchase Agreement, other than the condition precedent set forth in Section 8(p) thereof, shall have been satisfied or waived.

ARTICLE VI
Representations and Warranties

To induce the Series 2017-2 Noteholders to purchase the Series 2017-2 Notes hereunder, the Issuer hereby represents and warrants as of the Closing Date to the Indenture Trustee for the benefit of the Series 2017-2 Noteholders that:

Section 601. Existence. The Issuer is a company duly incorporated, validly existing and in compliance under the laws of Bermuda. The Issuer is in good standing and is duly qualified to do business in each jurisdiction where the failure to do so would have a material adverse effect upon the Issuer and in each jurisdiction in which a failure to so qualify would materially and adversely affect the ability of the Indenture Trustee to enforce its security interest in the Collateral.

Section 602. Authorization. The Issuer has the necessary corporate power and is duly authorized to execute and deliver this Supplement and the other Series 2017-2 Related Documents to which it is a party; the Issuer is and will continue to be duly authorized to borrow monies hereunder; and the Issuer is and will continue to be authorized to perform its obligations under this Supplement and under the other Series 2017-2 Related Documents. The execution, delivery and performance by the Issuer of this Supplement and the other Series 2017-2 Related Documents to which it is a party and the borrowings hereunder do not and will not require any consent or approval of any Governmental Authority, shareholder or any other Person which has not already been obtained.

Section 603. No Conflict; Legal Compliance. The execution, delivery and performance of this Supplement and each of the other Series 2017-2 Related Documents and the execution, delivery and payment of the Series 2017-2 Notes will not: (a) contravene any provision of the Issuer's Bye-Laws or Memorandum of Association; (b) contravene, conflict with or violate any Applicable Law or regulation, or any order, writ, judgment, injunction, decree, determination or award of any Governmental Authority; or (c) violate or result in the breach of, or constitute a default under the Indenture, the Series 2017-2 Related Documents, any other indenture or other loan or credit agreement, or other agreement or instrument to which the Issuer is a party or by which the Issuer, or its property and assets may be bound or affected. The Issuer is not in violation or breach of or default under any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award or any contract, agreement, lease, license, indenture or other instrument to which it is a party.

Section 604. Validity and Binding Effect. This Supplement is, and each Series 2017-2 Related Document to which the Issuer is a party, when duly executed and delivered, will be, the legal, valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency or other similar laws of general application affecting the enforcement of creditors' rights or by general principles of equity limiting the availability of equitable remedies.

Section 605. Financial Statements. Since December 31, 2016, there has been no Material Adverse Change in the financial condition of any of the Issuer, the Seller or the Manager.

Section 606. Place of Business. The sole “place of business” (within the meaning of Section 9-307 of the UCC) of the Issuer is located at Century House, 16 Par-la-Ville Road, Hamilton HM HX, Bermuda. The Issuer does not maintain an office or assets in the United States, other than (i) the Trust Account, the Series 2017-2 Principal Reserve Account, the Series 2017-2 Restricted Cash Account, the Excess Funding Account and the Series 2017-2 Series Account and (ii) off-hire containers located in depots in the United States and Managed Containers described in Section 606(g) of the Indenture and Leases pursuant to Section 7.7 of the Management Agreement.

Section 607. No Agreements or Contracts. The Issuer is not a party to any contract or agreement (whether written or oral) other than the Related Documents.

Section 608. Consents and Approvals. No approval, authorization or consent of any trustee or holder of any Indebtedness or obligation of the Issuer or of any other Person under any agreement, contract, lease or license or similar document or instrument to which the Issuer is a party or by which the Issuer is bound, is required to be obtained by the Issuer in order to make or consummate the transactions contemplated under the Series 2017-2 Related Documents, except for those approvals, authorizations and consents that have been obtained on or prior to the Closing Date. All consents and approvals of, filings and registrations with, and other actions in respect of, all Governmental Authorities required to be obtained by the Issuer in order to make or consummate the transactions contemplated under the Series 2017-2 Related Documents have been, or prior to the time when required will have been, obtained, given, filed or taken and are or will be in full force and effect.

Section 609. Margin Regulations. The Issuer does not own any “margin security”, as that term is defined in Regulation U of the Federal Reserve Board, and the proceeds of the Series 2017-2 Notes issued under this Supplement will be used only for the purposes contemplated hereunder. None of such proceeds will be used, directly or indirectly, for the purpose of purchasing or carrying any margin security, for the purpose of reducing or retiring any indebtedness which was originally incurred to purchase or carry any margin security or for any other purpose which might cause any of the loans under this Supplement to be considered a “purpose credit” within the meaning of Regulations T, U and X. The Issuer will not take or permit any agent acting on its behalf to take any action which might cause this Supplement or any document or instrument delivered pursuant hereto to violate any regulation of the Federal Reserve Board.

Section 610. Taxes. All federal, state, local and foreign Tax returns, reports and statements required to be filed by the Issuer have been filed with the appropriate Governmental Authorities, and all Taxes and other impositions shown thereon to be due and payable by the Issuer have been paid prior to the date on which any fine, penalty, interest or late charge may be added thereto for nonpayment thereof, or any such fine, penalty, interest, late charge or loss has been paid, or the Issuer is contesting its liability therefor in good faith and has fully reserved all such amounts according to GAAP in the financial statements provided to the Series 2017-2 Noteholders pursuant to Section 626 of the Indenture. The Issuer has paid when due and payable all material charges upon the books of the Issuer and no Governmental Authority has asserted any Lien against the Issuer with respect to unpaid Taxes. Proper and accurate amounts have been withheld by the Issuer from its employees for all periods in full and complete compliance with

the Tax, social security and unemployment withholding provisions of applicable federal, state, local and foreign law and such withholdings have been timely paid to the respective Governmental Authorities.

Section 611. Investment Company Act of 1940. The Issuer is not, and is not controlled by, an “investment company” registered or required to be registered under the Investment Company Act. The Issuer is not an “investment company” as defined in Section 3(a)(1) of the Investment Company Act, or, alternatively, the Issuer is relying on an exemption from such definition under Rule 3(a)(5) under the Investment Company Act. The Issuer is not relying on the exemptions set forth in Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act. The Issuer is structured so as not to constitute a “covered fund” for purposes of the Volcker Rule under the Dodd-Frank Act.

Section 612. Solvency and Separateness.

(a) The capital of the Issuer is adequate for the business and undertakings of the Issuer.

(b) Other than with respect to the transactions contemplated hereby and by the other Related Documents (including without limitation the Management Agreement, the Contribution and Sale Agreement and the Container Transfer Agreements), the Issuer is not engaged in any business transactions with the Sellers or the Manager.

(c) The bye-laws of the Issuer provide that the Issuer shall have six (6) directors, unless increased to seven (7) directors under certain circumstances described in the bye-laws including those discussed below. If a resolution of the directors is proposed which involves a Specified Matter and/or a Special Bye-law Amendment (as such capitalized terms are defined in the bye-laws of the Issuer) then, in such instance, the number of directors of the Issuer shall automatically be increased to seven (7), and the quorum for any such vote shall be seven (7) directors, one of which must be an Independent Director who shall be elected by an affirmative vote of all of the other directors from a pool of candidates (and such pool may consist of only one person) put forward by AMACAR Group, L.L.C. The Independent Director so elected shall be a director until the resolution regarding the Specified Matter and/or the Special Bye-law Amendment has been voted upon and shall automatically cease to be a director of the Issuer immediately following such vote.

(d) The Issuer’s funds and assets are not, and will not be, commingled with those of the Sellers or the Manager, except as permitted by the Management Agreement.

(e) The bye-laws of the Issuer require it to maintain correct and complete books and records of account, and Bermuda law requires it to maintain minutes of the meetings and other proceedings of its members.

(f) The Issuer is not insolvent under the Insolvency Law and will not be rendered insolvent by the transactions contemplated by the Series 2017-2 Related Documents and after giving effect to such transactions, the Issuer will not be left with an unreasonably small amount of capital with which to engage in its business nor will the Issuer have intended to incur, or believe that it has incurred, debts beyond its ability to pay such debts as they mature. The Issuer

does not contemplate the commencement of insolvency, bankruptcy, liquidation or consolidation proceedings or the appointment of a receiver, liquidator, trustee or similar official in respect of the Issuer or any of its assets.

Section 613. Title; Liens. On the Closing Date, the Issuer will have good, legal and marketable title to each of its respective assets, and none of such assets is subject to any Lien, except for Permitted Encumbrances.

Section 614. No Default. No Trust Event of Default, Series-Specific Event of Default, Trust Early Amortization Event, Series-Specific Early Amortization Event, Trust Manager Default, or Series-Specific Manager Default (or event or condition which with the giving of notice or passage of time or both would become a Trust Event of Default, Series-Specific Event of Default, Trust Early Amortization Event, Series-Specific Early Amortization Event Trust Manager Default, or Series-Specific Manager Default) has occurred and is continuing.

Section 615. Litigation and Contingent Liabilities. No claims, litigation, arbitration proceedings or governmental Proceedings by any Governmental Authority are pending or threatened against or are affecting the Issuer or any of its Affiliates the results of which might interfere with the consummation of any of the transactions contemplated by this Supplement or any document issued or delivered in connection herewith.

Section 616. Subsidiaries. The Issuer has no subsidiaries.

Section 617. No Partnership. The Issuer is not a partner or joint venturer in any partnership or joint venture.

Section 618. Pension and Welfare Plans. No accumulated funding deficiency (as defined in Section 412 of the Code or Section 302 of ERISA) or reportable event (within the meaning of section 4043 of ERISA), has occurred with respect to any Plan of the Issuer or any ERISA Affiliate. The present value of all benefit liabilities under all Plans of the Issuer or any ERISA Affiliate subject to Title IV of ERISA, as defined in Section 4001(a)(16) of ERISA, exceeds the fair market value of all assets of Plans subject to Title IV of ERISA (determined as of the most recent valuation date for such Plan on the basis of assumptions prescribed by the Pension Benefit Guaranty Corporation for the purpose of Section 4044 of ERISA), by no more than \$1.9 million. Neither the Issuer nor any ERISA Affiliate is subject to any present or potential withdrawal liability pursuant to Title IV of ERISA and no multi-employer plan (with the meaning of Section 4001(a)(3) of ERISA) to which the Issuer or any ERISA Affiliate has an obligation to contribute or any liability, is or is likely to be disqualified for Tax purposes, in reorganization within the meaning of Section 4241 of ERISA or Section 418 of the Code) or is insolvent (as defined in Section 4245 of ERISA). No liability (other than liability to make periodic contributions to fund benefits) with respect to any Plan of the Issuer, or Plan subject to Title IV of ERISA or any ERISA Affiliate, has been, or is expected to be, incurred by the Issuer or an ERISA Affiliate, either directly or indirectly. All Plans of the Issuer are in material compliance with ERISA and the Code. No lien under Section 412 of the Code or 302(f) of ERISA or requirement to provide security under the Code or ERISA has been or is reasonably expected by the Issuer to be imposed on its assets. The Issuer does not have any obligation under any collective bargaining agreement. As of the Closing Date, the Issuer is not an

employee benefit plan with the meaning of ERISA or a “plan” within the meaning of Section 4975 of the Code and assets of the Issuer do not constitute “plan assets” within the meaning of Section 2510.3-101 of the regulations of the Department of Labor.

Section 619. Ownership of the Issuer. As of the Closing Date, the Issuer has one class of common shares issued and outstanding, all of which are owned by TL.

Section 620. Security Interest Representations.

(a) This Supplement creates a valid and continuing security interest (as defined in the UCC) in the Series 2017-2 Specific Collateral in favor of the Indenture Trustee, for the benefit of the Series 2017-2 Noteholders, which security interest is prior to all other Liens (other than Permitted Encumbrances), and is enforceable as such as against creditors of and purchasers from the Issuer.

(b) The Managed Containers constitute “goods” or “inventory” within the meaning of the applicable UCC. The Leases constitute “tangible chattel paper” within the meaning of the UCC. The lease receivables constitute “accounts” or “proceeds” of the Leases within the meaning of the UCC. The Trust Account, the Series 2017-2 Principal Reserve Account, the Series 2017-2 Restricted Cash Account, the Excess Funding Account and the Series 2017-2 Series Account constitute “securities accounts” within the meaning of the UCC. The Issuer’s contractual rights under the Contribution and Sale Agreement, each Container Transfer Agreement and the Management Agreement constitute “general intangibles” within the meaning of the UCC.

(c) The Issuer owns and has good and marketable title to the Collateral and any Series 2017-2 Specific Collateral, free and clear of any Lien (whether senior, junior or pari passu), claim or encumbrance of any Person, except for Permitted Encumbrances.

(d) The Issuer has caused the filing of all appropriate financing statements or documents of similar import in the proper filing office in the appropriate jurisdictions under Applicable Law in order to perfect the security interest in the Collateral and any Series 2017-2 Specific Collateral granted to the Indenture Trustee in this Supplement and the Indenture. All financing statements filed against the Issuer in favor of the Indenture Trustee in connection herewith describing the Collateral and any Series 2017-2 Specific Collateral contain a statement to the following effect: “A security interest in any collateral described in this financing statement will violate the rights of the Indenture Trustee.”

(e) Other than the security interest granted to the Indenture Trustee pursuant to this Supplement and the Indenture, the Issuer has not pledged, assigned, sold, granted a security interest in, or otherwise conveyed any of the Collateral and any Series 2017-2 Specific Collateral, except as permitted pursuant to the Indenture. The Issuer has not authorized the filing of, and is not aware of, any financing statements against the Issuer that include a description of collateral covering the Collateral and any Series 2017-2 Specific Collateral other than any financing statement or document of similar import (i) relating to the security interest granted to the Indenture Trustee in this Supplement or the Indenture or (ii) that has been terminated. The Issuer is not aware of any judgment or Tax lien filings against the Issuer.

(f) The Issuer has received a written acknowledgment from the Manager that the Manager or an Affiliate thereof is holding the Leases, to the extent they relate to the Managed Containers, on behalf of, and for the benefit of, the Indenture Trustee and the other Persons set forth in the Indenture. None of the Leases that constitute or evidence the Collateral and any Series 2017-2 Specific Collateral have any marks or notations indicating that they have been pledged, assigned or otherwise conveyed to any Person. The Sellers have caused the filing of all appropriate financing statements or documents of similar import in the proper filing office in the appropriate jurisdictions under Applicable Law in order to perfect the security interest of the Issuer (and the Indenture Trustee as its assignee) in the Leases (to the extent that such Leases relate to the Managed Containers) granted to the Issuer in the Contribution and Sale Agreement and each Container Transfer Agreement.

(g) The Issuer has received all necessary consents and approvals required by the terms of the Collateral and any Series 2017-2 Specific Collateral to the pledge to the Indenture Trustee of its interest and rights in such Collateral and any Series 2017-2 Specific Collateral hereunder or under the Indenture.

(h) The Issuer has taken all steps necessary to cause Wells Fargo Bank, National Association (in its capacity as securities intermediary) to identify in its records the Indenture Trustee as the Person having a Securities Entitlement in each of the Trust Account, the Series 2017-2 Restricted Cash Account, the Excess Funding Account, the Series 2017-2 Principal Reserve Account, the Series 2017-2 L/C Cash Account and the Series 2017-2 Series Account.

(i) The Trust Account, the Series 2017-2 Restricted Cash Account, the Excess Funding Account, the Series 2017-2 Principal Reserve Account, the Series 2017-2 L/C Cash Account and Series 2017-2 Series Account are not in the name of any Person other than the Issuer or the Indenture Trustee. The Issuer has not consented to Wells Fargo Bank, National Association (as the Securities Intermediary of the Trust Account, the Series 2017-2 Restricted Cash Account, the Excess Funding Account, the Series 2017-2 Principal Reserve Account and the Series 2017-2 Series Account) entering into any agreement in which it has agreed to comply with entitlement orders of any Person other than the Indenture Trustee.

(j) All Eligible Investments have been and will have been credited to one of the Trust Account, the Excess Funding Account, the Series 2017-2 Restricted Cash Account, the Series 2017-2 Principal Reserve Account, the Series 2017-2 L/C Cash Account and the Series 2017-2 Series Account. The securities intermediary for each of the Trust Account, the Excess Funding Account, the Series 2017-2 Restricted Cash Account and the Series 2017-2 Series Account has agreed to treat all assets credited to the Trust Account, the Excess Funding Account, the Series 2017-2 Restricted Cash Account, the Series 2017-2 L/C Cash Account and the Series 2017-2 Series Account as “financial assets” within the meaning of the UCC.

(k) The Issuer has delivered to Indenture Trustee a fully executed agreement pursuant to which the securities intermediary has agreed to comply with all instructions originated by the Indenture Trustee relating to the Trust Account, the Excess Funding Account, the Series 2017-2 Restricted Cash Account, the Series 2017-2 Principal Reserve Account, the Series 2017-2 L/C Cash Account and the Series 2017-2 Series Account without further consent by the Issuer.

(l) No creditor of the Issuer (other than (x) with respect to the Managed Containers, the related Lessee and (y) the Manager in its capacity as Manager under the Management Agreement) has in its possession any goods that constitute or evidence the Collateral or any Series 2017-2 Specific Collateral.

The falsity of any of the representations and warranties set forth in this **Section 620** may be waived by the Indenture Trustee, only with the prior written consent of the Control Party and with the prior satisfaction of the Rating Agency Condition.

Section 621. ERISA Lien. As of the Closing Date, the Issuer has not received notice that any Lien arising under ERISA has been filed against the assets of the Issuer.

Section 622. Additional Funding Amount. The Issuer is required to deposit into the Trust Account the Additional Funding Amount for the Leases to be acquired by the Issuer on the Closing Date.

Section 623. Survival of Representations and Warranties. So long as any of the Series 2017-2 Notes shall be Outstanding and until payment and performance in full of the Outstanding Obligations relating to the Series 2017-2 Notes or otherwise under this Supplement or the Series 2017-2 Note Purchase Agreement, the representations and warranties contained herein shall have a continuing effect as having been true when made.

ARTICLE VII Miscellaneous Provisions

Section 701. Ratification of Indenture. As supplemented by this Supplement, the Indenture is in all respects ratified and confirmed and the Indenture as so supplemented by this Supplement shall be read, taken and construed as one and the same instrument.

Section 702. Counterparts. This Supplement may be executed in two or more counterparts, and by different parties on separate counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument. Delivery of an executed counterpart of this Supplement by facsimile or by electronic means shall be equally effective as of the delivery of an originally executed counterpart.

Section 703. Governing Law. THIS SUPPLEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAWS BUT OTHERWISE WITHOUT REFERENCE TO ITS CONFLICTS OF LAW PROVISIONS, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Section 704. Notices. All demands, notices and communications hereunder shall be in writing, personally delivered, or by facsimile (with subsequent telephone confirmation of receipt thereof), or sent by internationally recognized overnight courier service, (a) in the case of the Indenture Trustee, at the following address: 600 S. 4th Street, MAC N9300-061, Minneapolis, Minnesota, 55479, Attention: Corporate Trust Services/Asset-Backed Administration, (b) in the

case of the Issuer, at the following address: Century House, 16 Par-la-Ville Road, Hamilton HM HX, Bermuda, Telephone: (441) 292-2487, Facsimile: (441) 295-4164, Attention: Chief Financial Officer, with a copy to each: (i) Textainer Equipment Management Limited at its address at Century House, 16 Par-la-Ville Road, Hamilton HM HX, Bermuda, Telephone: (441) 292-2487, Facsimile: (441) 295-4164, Attention: Chief Financial Officer, and (ii) Textainer Equipment Management (U.S.) Limited at its address at 650 California Street, 16th floor, San Francisco, CA 94108, Telephone: (415) 658-8214, Facsimile: (415) 434-0599, Attention: Chief Financial Officer, and (c) in the case of Rating Agency, at the following address: Standard & Poor's Ratings Services, 55 Water Street, New York, NY 10041-0003, or at such other address as shall be designated by such party in a written notice to the other parties. Any notice required or permitted to be given to a Series 2017-2 Noteholder shall be given by certified first class mail, postage prepaid (return receipt requested), or by courier, or by facsimile, with subsequent telephone confirmation of receipt thereof, in each case at the address of such Series 2017-2 Noteholder as shown in the Note Register or to the telephone and fax number furnished by such Series 2017-2 Noteholder. Notice shall be effective and deemed received (A) upon receipt, if sent by courier or U.S. mail, (B) upon receipt of confirmation of transmission, if sent by facsimile, or (C) when delivered, if delivered by hand. Any rights to notices conveyed to a Rating Agency pursuant to the terms hereof with respect to any Series shall terminate immediately if such Rating Agency no longer has a rating outstanding with respect to such Series.

Section 705. Amendments and Modifications.

(a) Subject to the provisions of **Sections 705(b)** through **(e)**, the terms of this Supplement may be waived, modified or amended in accordance with the provisions of this Supplement in a written instrument signed by each of the Issuer and the Indenture Trustee. For purposes of clarification, no change in the Depreciation Policy, for purposes other than calculating the Asset Base, by operation of paragraph (ii) of the definition of "Depreciation Policy" shall be deemed an amendment or modification to this Supplement subject to the requirements of this **Section 705**.

(b) Notwithstanding **Section 705(a)**, but subject to **Section 705(d)**, without the consent of any Holder and based on an Opinion of Counsel in form and substance reasonably acceptable to the Indenture Trustee to the effect that such Supplement is for one of the purposes set forth in clauses (i) through (vii) below, the Issuer and the Indenture Trustee, at any time and from time to time, may enter into one or more Supplements in form satisfactory to the Indenture Trustee, for any of the following purposes:

(i) to add to the covenants of the Issuer in this Supplement for the benefit of the Series 2017-2 Noteholders, or to surrender any right or power conferred upon the Issuer in this Supplement;

(ii) to cure any ambiguity, to correct or supplement any provision in this Supplement that may be inconsistent with any other provision in this Supplement, or to make any other provisions with respect to matters or questions arising under this Supplement;

(iii) to correct or amplify the description of any property at any time subject to the Lien created pursuant to this Supplement, or better to assure, convey and confirm unto the Indenture Trustee any property subject or required to be subjected to the Lien created pursuant to this Supplement, or to subject additional property to the Lien of this Supplement;

(iv) to add to the conditions, limitations and restrictions on the authorized amount, terms and purposes of issue, authentication and delivery of the Series 2017-2 Notes, or additional conditions, limitations and restrictions thereafter to be observed by the Issuer with respect to the Series 2017-2 Notes;

(v) to convey, transfer, assign, mortgage or pledge any additional property to the Indenture Trustee for the benefit of the Series 2017-2 Noteholders;

(vi) conform to the terms of this Supplement to the terms of the offering memorandum for such Series of Notes;

(vii) to decrease any component of the Class A Advance Rate or the Class B Advance Rate; or

(viii) to add any additional Series-Specific Events of Default, Series-Specific Early Amortization Events or Series-Specific Manager Defaults for the Series 2017-2 Notes.

(c) If **Section 705(b)** does not apply to an amendment, modification or waiver of this Supplement, then the Issuer and the Indenture Trustee (acting at the direction of, and with the consent of, the Series 2017-2 Control Party) may enter into an amendment, modification or waiver for the purpose of adding any provisions to, or changing in any manner or eliminating any of, the provisions of this Supplement or of modifying in any manner the rights of the Series 2017-2 Noteholders under this Supplement; *provided, however*, that no such amendment, modification or waiver shall, without the consent of each Holder of a Series 2017-2 Note:

(i) reduce the principal amount of any Series 2017-2 Note of such Holder, lengthen the Legal Final Payment Date of any Series 2017-2 Note of such Holder, reduce the rate of interest payable on any Series 2017-2 Note of such Holder, amend the allocation methodology set forth for payments from the Series 2017-2 Series Account (other than to increase the amount of any allocation) or change the date on which or the amount of which, or the place of payment where, or the coin or currency in which, any Series 2017-2 Note of such Holder or the interest thereon, is payable, or impair the right of such Holder to institute suit for the enforcement of any such payment on or after the Legal Final Payment Date of any Series 2017-2 Note of such Holder;

(ii) modify any provision of this Supplement which specifies that such provision cannot be modified or waived without the consent of each Series 2017-2 Noteholder affected thereby;

(iii) modify or alter this proviso;

(iv) amend the definition of “Class A Asset Base” or “Series 2017-2 Asset Base” (provided, however, that an amendment to the Depreciation Policy shall not be deemed to constitute an amendment to the definition of “Class A Asset Base” or “Series 2017-2 Asset Base”), “Series 2017-2 Asset Allocation Percentage”, “Series 2017-2 Required Overcollateralization Percentage” or “Control Party” or to increase the Class A Advance Rate or the Class B Advance Rate; or

(v) permit the creation of any Lien ranking prior to, or on a parity with, the Lien in the Series 2017-2 Specific Collateral created pursuant to this Supplement or terminate the Lien in the Series 2017-2 Specific Collateral on any property at any time subject to the Lien in the Series 2017-2 Specific Collateral or deprive in any material respect the Series 2017-2 Noteholders of the security afforded by the Lien in the Series 2017-2 Specific Collateral, except as otherwise permitted in this Supplement.

(d) The obligation of the Indenture Trustee to execute and deliver a waiver, modification or amendment with respect to this Supplement is subject to the satisfaction of all of the following conditions:

(i) the Issuer shall have given the Indenture Trustee and the Manager not less than two days’ notice of such amendment and a copy of such proposed amendment, it being understood that the Indenture Trustee and the Manager from time to time may waive the right to receive such notice;

(ii) such amendment either (A) will not result in a Trust Early Amortization Event or a Trust Event of Default or cause the Aggregate Required Asset Base to exceed the Aggregate Asset Base (in each case calculated after giving effect to such proposed amendment) or (B) in all other cases shall have been approved in accordance with the terms of the Indenture, and in either case the Issuer shall have delivered to the Indenture Trustee an Officer’s Certificate stating the foregoing;

(iii) such other conditions as shall be specified in such amendment; and

(iv) the Issuer shall have delivered to the Indenture Trustee an Officer’s Certificate that all of the conditions specified in clauses (i) through (iii) have been satisfied.

(e) Notwithstanding **Sections 705(a)** through **(d)**, any provisions of **Section 401, 402** and **403** may be waived or amended in a written instrument signed by each of the Issuer and the Series 2017-2 Control Party.

(f) Prior to the execution of any written instrument pursuant to this **Section 705**, the Issuer shall provide a written notice to the Rating Agency (if any) setting forth in general terms the substance of any such written instrument.

(g) Promptly after the execution by the Issuer and the Indenture Trustee of any written instrument pursuant to this **Section 705**, the Indenture Trustee shall mail to the Series 2017-2 Noteholders and the Rating Agency (if any) a copy of the text of such written instrument. Any failure of the Indenture Trustee to mail such copy, or any defect therein, shall not, however, in any way impair or affect the validity of any such written instrument.

(h) (i) Any amendment or waiver of any Series-Specific Early Amortization Event, Series-Specific Manager Default or Series-Specific Event of Default in accordance with this **Section 705** shall be effective for purposes of all Series of Notes (and, similarly, any amendment or waiver of any Series-Specific Early Amortization Event for any other Series of Notes, Series-Specific Manager Default for any other Series of Notes or Series-Specific Event of Default for any other Series of Notes in accordance with the provisions of the related Supplement shall be effective for purposes of the Series 2017-2 Notes).

(ii) Any amendment or waiver of any Trust Early Amortization Event, Trust Manager Default or Trust Event of Default in accordance with this **Section 705** shall be effective as applied to Series 2017-2 only (and not for purposes of any other Series of Notes), unless similarly amended or waived in accordance with the Indenture or the related Supplement for any other Series of Notes.

Section 706. Consent to Jurisdiction. ANY LEGAL SUIT, ACTION OR PROCEEDING AGAINST THE ISSUER ARISING OUT OF OR RELATING TO THIS SUPPLEMENT, OR ANY TRANSACTION CONTEMPLATED HEREBY, MAY BE INSTITUTED IN ANY FEDERAL OR STATE COURT IN THE CITY OF NEW YORK, STATE OF NEW YORK AND THE ISSUER HEREBY WAIVES ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING, AND, SOLELY FOR THE PURPOSES OF ENFORCING THIS SUPPLEMENT, THE ISSUER HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY SUCH COURT IN ANY SUCH SUIT, ACTION OR PROCEEDING.

Section 707. Waiver of Jury Trial. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, AS AGAINST THE OTHER PARTIES HERETO, ANY RIGHTS IT MAY HAVE TO A JURY TRIAL IN RESPECT OF ANY CIVIL ACTION OR PROCEEDING (WHETHER ARISING IN CONTRACT OR TORT OR OTHERWISE), INCLUDING ANY COUNTERCLAIM, ARISING UNDER OR RELATING TO THIS SUPPLEMENT OR ANY OTHER SERIES 2017-2 RELATED DOCUMENT, INCLUDING IN RESPECT OF THE NEGOTIATION, ADMINISTRATION OR ENFORCEMENT HEREOF OR THEREOF.

Section 708. Successors. This Supplement shall inure to the benefit of and be binding upon the Issuer, the Indenture Trustee and, by its acceptance of any Series 2017-2 Note or any legal or beneficial interest therein, each Series 2017-2 Noteholder, and each of such Person's successors and assigns.

Section 709. Nonpetition Covenant. Each Series 2017-2 Noteholder by its acquisition of a Series 2017-2 Note shall be deemed to covenant and agree that it will not institute against the Issuer any bankruptcy, reorganization, arrangement insolvency or liquidation Proceedings, or other Proceedings under any federal or state bankruptcy or similar law, at any time other than on a date which is at least one (1) year and one (1) day after the later of (a) the last date on which any Note of any Series was Outstanding and (b) the date on which all amounts owing to each Series Enhancer pursuant to the terms of the related Insurance Agreements have been paid in full.

Section 710. Recourse Against the Issuer. No recourse under or with respect to any obligation, covenant or agreement (including, without limitation, the payment of any fees or any other obligations) of the Issuer as contained in this Supplement or any other agreement, instrument or document entered into by the Issuer pursuant hereto or in connection herewith shall be had against any administrator of the Issuer or any incorporator, affiliate, shareholder, officer, employee, manager or director of the Issuer or of any such administrator, as such, by the enforcement of any assessment or by any legal or equitable proceeding, by virtue of any statute or otherwise; it being expressly agreed and understood that the agreements of the Issuer contained in this Supplement and all of the other agreements, instruments and documents entered into by the Issuer pursuant hereto or in connection herewith are, in each case, solely the corporate obligations of the Issuer, and that no personal liability whatsoever shall attach to or be incurred by any administrator of the Issuer or any incorporator, shareholder, affiliate, officer, employee, manager or director of the Issuer or of any such administrator, as such, or any other of them, under or by reason of any of the obligations, covenants or agreements of the Issuer contained in this Supplement or in any other such instruments, documents or agreements, or which are implied therefrom, and that any and all personal liability of every such administrator of the Issuer and each incorporator, shareholder, affiliate, officer, employee, manager or director of the Issuer or of any such administrator, as such, or any of them, for breaches by the Issuer of any such obligations, covenants or agreements, which liability may arise either at common law or at equity, by statute or constitution, or otherwise, is hereby expressly waived as a condition of and in consideration for the execution of this Supplement. The provisions of this **Section 710** shall survive the termination of this Supplement.

Section 711. Reports, Financial Statements and Other Information to Series 2017-2 Noteholders. The Indenture Trustee will make available promptly upon receipt thereof to the Series 2017-2 Noteholders via the Indenture Trustee's internet website at www.CTSLink.com the financial statements referred to in Section 7.2 of the Management Agreement, the Manager Report, the Asset Base Report, and the annual insurance confirmation; *provided*, that, as a condition to access to the Indenture Trustee's website, the Indenture Trustee shall require each such Series 2017-2 Noteholder to execute the Indenture Trustee's standard form documentation, and upon such execution, each such Series 2017-2 Noteholder shall be deemed to have certified to the Indenture Trustee it (i) is a Series 2017-2 Noteholder, (ii) understands that such items contain material nonpublic information (within the meaning of U.S. Federal Securities laws), (iii) is requesting the information solely for use in evaluating such party's investment in the Series 2017-2 Notes and will keep such information strictly confidential (with such exceptions and restrictions to distribution of the information as are more fully set forth in the information request certification) and (iv) is not a Competitor. Each time a Series 2017-2 Noteholder accesses the internet website, it will be deemed to have confirmed the representations and

warranties made pursuant to the confirmation as of the date of such access. The Indenture Trustee will provide the Issuer with copies of such information request certification. Assistance in using the Indenture Trustee's website can be obtained by calling the Indenture Trustee's customer service desk at (866) 846-4526. The Indenture Trustee makes no representation or warranty as to the accuracy of such documents and assumes no responsibility.

Section 712. Patriot Act. The parties hereto acknowledge that in accordance with the Customer Identification Program (CIP) requirements under the USA PATRIOT Act and its implementing regulations, the Indenture Trustee in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Indenture Trustee. Each party hereby agrees that it shall provide the Indenture Trustee with such information as the Indenture Trustee may request that will help Indenture Trustee to identify and verify each party's identity, including without limitation each party's name, physical address, tax identification number, organizational documents, certificate of good standing, license to do business, or other pertinent identifying information.

Section 713. Definitive Notes. To the extent that Definitive Notes are issued hereunder, each relevant Series 2017-2 Noteholder provide Noteholder Tax Identification Information (including, if requested, a transfer statement in accordance with Treasury Regulation section 1.6045A-1(a)(1)) requested by the Indenture Trustee to comply with its cost basis reporting obligations under the Code. Each Noteholder or holder of an interest in a Note, by acceptance of such Series 2017-2 Note or such interest in such Series 2017-2 Note, will be deemed to have agreed to provide the Issuer and the Indenture Trustee with such Noteholder Tax Identification Information referred to in the preceding sentence as requested from time to time by the Issuer or the Indenture Trustee.

Section 714. Noteholder Information. Each Noteholder or holder of an interest in a Series 2017-2 Note, by acceptance of such Series 2017-2 Note or such interest in such Series 2017-2 Note, will be deemed to have agreed to provide the Issuer and the Indenture Trustee with such Noteholder Tax Identification Information as requested from time to time by the Issuer or the Indenture Trustee. Each Noteholder or holder of an interest in a Series 2017-2 Note will be deemed to understand that each of the Issuer and the Indenture Trustee has the right to (i) withhold tax (including, without limitation, FATCA Withholding Tax) on interest and other applicable amounts under the Code (without any corresponding gross-up) payable with respect to each holder of a Series 2017-2 Note, or to any beneficial owner of an interest in a Series 2017-2 Note, that fails to comply with the foregoing requirements, fails to establish an exemption of such withholding or as otherwise required under the Code or other Applicable Law (including, for the avoidance of doubt, FATCA) and (ii) provide such information and documentation and any other information concerning its interest in the applicable Series 2017-2 Note to the IRS and any other relevant U.S. or foreign tax authority. Upon request from the Indenture Trustee, the Issuer will provide such additional information that it may have to assist the Indenture Trustee in making any withholdings or informational reports.

[Signature pages follow]

IN WITNESS WHEREOF, the Issuer and the Indenture Trustee have caused this Supplement to be duly executed and delivered by their respective officers all as of the day and year first above written.

TEXTAINER MARINE CONTAINERS V LIMITED

By:	<u>/s/ Michael Harvey</u>
Name:	<u></u>
Title:	Executive Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION, as
Indenture Trustee

By: /s/ G. Brad Martin
Name: _____
Title: Vice President

Acknowledged by:

TEXTAINER EQUIPMENT MANAGEMENT LIMITED,
as Manager

By: /s/ Adam Hopkin
Name: _____
Title: Secretary

LIST OF SUBSIDIARIES

<u>Name of Subsidiary</u>	<u>Jurisdiction of Organization</u>	<u>Name under which Subsidiary does Business</u>
Textainer Limited	Bermuda	Textainer Limited
Textainer Equipment Management Limited	Bermuda	Textainer Equipment Management Limited
Textainer Equipment Management (S) Pte Ltd.	Singapore	Textainer Equipment Management (S) Pte Ltd
Textainer Equipment Management (U.S.) Limited	Deleware	Textainer Equipment Management (U.S.) Limited
Textainer Equipment Management (U.K.) Limited	United Kingdom	Textainer Equipment Management (U.K.) Limited
Textainer Equipment Management (U.S.) II LLC	Deleware	Textainer Equipment Management (U.S.) II LLC
Textainer Marine Containers Limited	Bermuda	Textainer Marine Containers Limited
Textainer Marine Containers II Limited	Bermuda	Textainer Marine Containers II Limited
Textainer Marine Containers III Limited	Bermuda	Textainer Marine Containers III Limited
Textainer Marine Containers IV Limited	Bermuda	Textainer Marine Containers IV Limited
Textainer Marine Containers V Limited	Bermuda	Textainer Marine Containers V Limited
Textainer Marine Containers VI Limited	Bermuda	Textainer Marine Containers VI Limited
TAP Funding Ltd.	Bermuda	TAP Funding Ltd.
TW Container Leasing, Ltd.	Bermuda	TW Container Leasing, Ltd.

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
REQUIRED BY RULE 13A-14(A) OR RULE 15D-14(A)
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Philip K. Brewer, certify that:

1. I have reviewed this annual report on Form 20-F of Textainer Group Holdings 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 company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) 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 Rules 13a-15(f) and 15d-15(f)) for the company 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 company, 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 company'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 company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company'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 company'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 company's internal control over financial reporting.

Date: March 14, 2018

/s/ PHILIP K. BREWER

Philip K. Brewer
President and Chief Executive Officer
(Principal Executive Officer)

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
REQUIRED BY RULE 13A-14(A) OR RULE 15D-14(A)
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Hilliard C. Terry, III, certify that:

1. I have reviewed this annual report on Form 20-F of Textainer Group Holdings 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 company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) 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 Rules 13a-15(f) and 15d-15(f)) for the company 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 company, 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 company'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 company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company'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 company'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 company's internal control over financial reporting.

Date: March 14, 2018

/s/ HILLIARD C. TERRY, III

Hilliard C. Terry, III
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
REQUIRED BY RULE 13A-14(B) AND SECTION 1350
OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350 of Chapter 63 of Title 18 of the United States Code), the undersigned officer of Textainer Group Holdings Limited (the “**Company**”), hereby certifies, to such officer’s knowledge, that:

1. The Annual Report on Form 20-F for the year ended December 31, 2017 (the “**Report**”) of the Company 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: March 14, 2018

/s/ PHILIP K. BREWER

Philip K. Brewer

President and Chief Executive Officer

(Principal Executive Officer)

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
REQUIRED BY RULE 13A-14(B) AND SECTION 1350
OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350 of Chapter 63 of Title 18 of the United States Code), the undersigned officer of Textainer Group Holdings Limited (the “**Company**”), hereby certifies, to such officer’s knowledge, that:

1. The Annual Report on Form 20-F for the year ended December 31, 2017 (the “**Report**”) of the Company 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: March 14, 2018

/s/ HILLIARD C. TERRY, III

Hilliard C. Terry, III
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Consent of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Textainer Group Holdings Limited:

We consent to the incorporation by reference in the registration statement (No. 333-146304) on Form F-1, registration statements (Nos. 333- 147961, 333-171409 and 333-211290) on Form S-8, and registration statement (No. 333-171410) on Form F-3 of Textainer Group Holdings Limited and subsidiaries of our reports dated March 14, 2018, with respect to the consolidated balance sheets of Textainer Group Holdings Limited and subsidiaries as of December 31, 2017 and 2016, and the related consolidated statements of comprehensive income (loss), shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2017, and the related notes and financial statement schedules I to II (collectively, the "consolidated financial statements"), and the effectiveness of internal control over financial reporting as of December 31, 2017, which reports appear in the December 31, 2017 annual report on Form 20-F of Textainer Group Holdings Limited and subsidiaries.

/s/ KPMG LLP
San Francisco, California
March 14, 2018