

TEXTAINER GROUP HOLDINGS LTD

Form 6-K

February 21, 2008

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 6-K**  
**REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO**  
**RULE 13a-16 OR 15d-16 UNDER**  
**THE SECURITIES EXCHANGE ACT OF 1934**

For the quarter and year ended December 31, 2007

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**

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**16 Par-La-Ville Road**

**Hamilton HM HX**

**Bermuda**

**(441) 296-2500**

**(Address and telephone number, including area code, of principal executive offices)**

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes  No

If  Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): Not applicable

This report contains a copy of the press release entitled Textainer Group Holdings Limited Reports Fourth Quarter 2007 and Full Year Results and Declares Quarterly Dividend , dated February 21, 2008.

**Exhibits**

1. Press release, dated February 21, 2008

**Textainer Group Holdings Limited Reports Fourth Quarter 2007 and Full Year Results and Declares Quarterly Dividend**

HAMILTON, Bermuda (BUSINESS WIRE) February 21, 2008. Textainer Group Holdings Limited (NYSE: TGH) (Textainer), the world's largest lessor of intermodal containers based on fleet size, today reported results for the fourth quarter and the year ended December 31, 2007.

Total revenues for the quarter increased by \$12.9 million, or 22%, to \$70.6 million compared to \$57.7 million in the prior year quarter primarily due to an increase in trading container sales proceeds of \$9.6 million, or 377%, to \$12.2 million compared to \$2.6 million in the prior year quarter. EBITDA<sup>(1)</sup> for the quarter increased by \$5.1 million, or 14%, to \$41.2 million compared to \$36.1 million in the prior year quarter.

Net income for the quarter was \$15.0 million, which was a decrease of \$2.0 million, or 12%, compared to \$17.1 million in the prior year quarter. Textainer recorded \$3.8 million more in unrealized losses on interest rate swaps, net in the fourth quarter of 2007 compared to the prior year quarter. Excluding this non-cash, non-operating item<sup>(1)</sup> Textainer's net income would have increased 6% from \$17.3 million in the fourth quarter of 2006 to \$18.4 million in the fourth quarter of 2007. Textainer's net income per diluted common share decreased by \$0.12 per share, or 27%, to \$0.32 per share for the fourth quarter of 2007 from \$0.44 per share in the prior year quarter. The decrease in Textainer's net income per diluted common share was partly due to the increase in Textainer's weighted average number of shares outstanding for the fourth quarter of 2007 as a result of the additional shares issued in Textainer's initial public offering in that quarter.

Total revenues for the year ended December 31, 2007 increased by \$29.3 million, or 13%, to \$255.8 million compared to \$226.5 million for the year ended December 31, 2006. EBITDA<sup>(1)</sup> for the year ended December 31, 2007 increased by \$21.6 million, or 16%, to \$154.0 million compared to \$132.4 million for the year ended December 31, 2006.

Net income for the year ended December 31, 2007 was \$67.7 million, which was an increase of \$11.4 million, or 20%, compared to \$56.3 million for the prior year. Textainer recorded \$7.7 million more in unrealized losses on interest rate swaps, net in the year ended December 31, 2007 compared to the prior year. Excluding this non-cash, non-operating item<sup>(1)</sup>, Textainer's net income would have increased \$16.6 million, or 29%, from \$56.7 million in 2006 to \$73.3 million in 2007. Textainer's net income per diluted common share increased by \$0.20 per share, or 14%, to \$1.66 per share for the year ended December 31, 2007 compared to \$1.46 per share for the year ended December 31, 2006. Textainer's net income for the year ended December 31, 2007 included a gain on disposal of \$4.6 million that was recorded in the third quarter due to the reported loss by the U.S. military of approximately 28,000 on-lease containers. The U.S. military may report additional losses in the future, but we do not expect such losses, if any, to be of such a significant number of containers.

I am very pleased with our 2007 fourth quarter and full year results. Overall demand for our containers through December was strong. Textainer's utilization continued to remain above 93% during the fourth quarter of 2007, commented John A. Maccarone, President and CEO of Textainer.

He continued, Our container resale segment had the best quarter in its history. Full year resale income before taxes of \$10.3 million exceeded last year's record results by \$4.8 million, or 89%, compared to \$5.5 million in the prior year.

For us, the major event in the fourth quarter was our initial public offering in October which allowed us to raise approximately \$138 million, net of underwriting discounts and offering expenses. We used a portion of the proceeds to repay approximately \$56 million that we had previously borrowed under our secured debt facility to fund our purchase of the exclusive rights to manage the approximately 500,000 TEU container fleet of Capital Lease, a competitor. We also used a portion of the proceeds to purchase, for \$71 million, additional shares of Textainer Marine Containers Limited (TMCL), representing 50% of the shares formerly owned by Fortis Bank, our joint venture partner. For many years one of our primary goals has been to increase the size of our owned container fleet, which is now 40% of our total fleet of over 2 million TEU. We believe the return earned on investments in containers remains very attractive. The TMCL transaction was a significant step toward achieving this goal.

## **Outlook**

The initial outlook for 2008 is somewhat complex due to forecasts of lower GDP growth in many countries, including China. Lower China export growth in 2008 would reflect lower demand for imports in both North America and the European Union, and would also impact intra-Asia trade. There is also uncertainty about freight rates due to the large number of new vessels forecasted to enter service this year. If freight rates decline, and liner profitability weakens, there is a good chance that Textainer's customers may decide to lease a larger portion of their total container requirements in 2008 than in the previous three years. The cost of borrowing is also increasing and some shipping lines may even find that their ability to borrow, regardless of cost, has been reduced. This is another reason which may cause shipping lines to lease a larger portion of their total container requirements in 2008.

Management believes that Textainer is well positioned to win a significant share of leased container opportunities in 2008 due to Textainer's access to competitively priced capital, and container buying power. Textainer has already ordered 39,600 TEU of new containers for first quarter 2008 delivery. Management also believes that limited access to credit for some lessors may present acquisition opportunities for Textainer.

As we announced on January 3, 2008, Textainer re-entered the refrigerated container market, which we had exited in the 1990's, because we perceive conditions in that market to now be favorable. Management believes that it can place at least \$30 million worth of refrigerated containers into service on long term leases in 2008, which would increase Textainer's capital expenditures by about 10% above its original budget. Textainer already has sales/marketing and operations/technical expertise in-house, and refrigerated containers are leased by our existing customer base, which is supported by Textainer's current sales team. Therefore, the incremental overhead costs to Textainer for entering and operating in this market are expected to be minimal.

Textainer also expects that its Resale Division will continue to experience attractive pricing and relatively high sales volumes.

## **Dividend**

On February 20, 2008, Textainer's board of directors approved and declared a quarterly cash dividend of \$0.21 per share on Textainer's issued and outstanding common shares, payable on March 10, 2008 to shareholders of record as of March 3, 2008. This is an increase of \$0.01 per share, or 5%, from the third quarter 2007 cash dividend of \$0.20 per share.

## **Investors Webcast**

Textainer will hold a conference call and a Webcast at 2:00 p.m. EST on Friday February 22, 2008 to discuss Textainer's fiscal fourth quarter 2007 and full year results. An archive of the Webcast will be available one hour after the live call through February 22, 2008. The dial-in number for the conference call is 1-877-675-4757; outside the U.S. call 1-719-325-4930. To access the live Webcast or archive, please visit Textainer's website at <http://www.textainer.com>.

## **About Textainer Group Holdings Limited**

Textainer has operated since 1979 and is the world's largest lessor of intermodal containers based on fleet size. We have a total of more than 1.3 million containers, representing over 2,000,000 twenty-foot equivalent units (TEU), in our owned and managed fleet. We lease containers to more than 400 shipping lines and other lessees. We principally lease dry freight containers, which are by far the most common of the three principal types of intermodal containers. We have also been one of the largest purchasers of new containers among container lessors over the last 10 years. We believe we are also one of the largest sellers of used containers, having sold an average of more than 50,000 containers per year for the last five years. We provide our services worldwide via a network of 14 regional and area offices and over 350 independent depots in more than 130 locations.

**Important Cautionary Information Regarding Forward-Looking Statements**

This press release contains forward-looking statements within the meaning of U.S. securities laws. Forward-looking statements include statements that are not statements of historical facts and include, without limitation, statements (i) that the return earned on investments in containers remains very attractive, (ii) that Textainer is on track to purchase more than the 39,600 TEU of new containers that Textainer has already ordered, (iii) that the U.S. military may report additional losses in the future, but management does not expect such losses, if any, to be of such a significant number of containers, (iv) Textainer is well positioned to win a significant share of leased container opportunities in 2008, (v) limited access to credit for some lessors may present acquisition opportunities for Textainer, (vi) Textainer can place at least \$30 million worth of refrigerated containers into service on long term leases in 2008, (vii) regarding the expected incremental overhead costs for entering and operating in the refrigerated container market and (viii) regarding Textainer's expectations for its Resale Division. Readers are cautioned that these forward-looking statements involve risks and uncertainties, are only predictions and may differ materially from actual future events or results. These risks and uncertainties include that gains and losses associated with the disposition of equipment may fluctuate; Textainer's ability to finance continued purchase of containers; the demand for leased containers depends on many political and economic factors beyond Textainer's control; lease and freight rates may decline; the demand for leased containers is partially tied to international trade; Textainer faces extensive competition in the container leasing industry; and the international nature of the container shipping industry exposes Textainer to numerous risks. For a discussion of such risks and uncertainties, see Risk Factors in Textainer's final prospectus relating to Textainer's initial public offering dated October 9, 2007 and filed with the Securities and Exchange Commission on October 11, 2007 and Form 6-K for the quarter ended September 30, 2007 and filed with the Securities and Exchange Commission on November 19, 2007.

Textainer's views, estimates, plans and outlook as described within this document may change subsequent to the release of this statement. Textainer is under no obligation to modify or update any or all of the statements it has made herein despite any subsequent changes Textainer may make in its views, estimates, plans or outlook for the future.

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Corporate Compliance Officer

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**TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES**

Consolidated Balance Sheets

December 31, 2007 and 2006

(Unaudited)

(All currency expressed in United States dollars in thousands)

|  | 2007                | 2006              |
|--|---------------------|-------------------|
| <b>Assets</b>  |                     |                   |
| Current assets:  |                     |                   |
| Cash and cash equivalents  | \$ 69,447           | \$ 41,163         |
| Accounts receivable, net of allowance for doubtful accounts of \$3,160 and \$2,320 in 2007 and 2006, respectively                                      | 44,688              | 41,348            |
| Net investment in direct financing and sales-type leases   | 9,116               | 6,182             |
| Containers held for resale   | 3,798               | 3,964             |
| Prepaid expenses   | 2,527               | 2,009             |
| Deferred taxes   | 352                 | 3,234             |
| Due from affiliates, net   | 9                   | 15                |
| <b>Total current assets</b>  | <b>129,937</b>      | <b>97,915</b>     |
| Restricted cash  | 16,742              | 21,989            |
| Containers, net  | 856,874             | 763,612           |
| Net investment in direct financing and sales-type leases   | 48,075              | 36,040            |
| Fixed assets, net  | 1,230               | 1,340             |
| Intangible assets, net   | 72,646              | 17,960            |
| Interest rate swaps  | 127                 | 4,172             |
| Other assets   | 2,715               | 4,239             |
| <b>Total assets</b>  | <b>\$ 1,128,346</b> | <b>\$ 947,267</b> |
| <b>Liabilities and Shareholders Equity</b>   |                     |                   |
| Current liabilities:   |                     |                   |
| Accounts payable   | \$ 4,612            | \$ 4,618          |
| Accrued expenses   | 11,115              | 13,167            |
| Container contracts payable  | 28,397              | 32,927            |
| Due to owners, net   | 18,019              | 6,570             |
| Secured debt facility  | 6,585               |                   |
| Bonds payable  | 58,000              | 58,000            |
| <b>Total current liabilities</b>   | <b>126,728</b>      | <b>115,282</b>    |
| Revolving credit facility  | 21,500              |                   |
| Secured debt facility  | 124,391             | 53,000            |
| Bonds payable  | 370,938             | 430,167           |
| Interest rate swaps  | 4,409               | 180               |
| Long-term income tax payable, net  | 15,733              | 7,912             |
| Deferred taxes   | 10,814              | 13,510            |
| <b>Total liabilities</b>   | <b>674,513</b>      | <b>620,051</b>    |
| Minority interest  | 49,717              | 85,922            |
| Shareholders equity:   |                     |                   |
| Common shares, \$0.01 par value. Authorized 140,000,000 shares; issued and outstanding 47,604,640 and 38,274,640 shares at 2007 and 2006, respectively | 476                 | 383               |

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|  |              |            |
|--|--------------|------------|
| Additional paid-in capital                 | 163,753      | 24,093     |
| Notes receivable from shareholders         | (432)        | (1,180)    |
| Accumulated other comprehensive income     | 579          | 380        |
| Retained earnings                          | 239,740      | 217,618    |
| Total shareholders' equity                 | 404,116      | 241,294    |
| Total liabilities and shareholders' equity | \$ 1,128,346 | \$ 947,267 |



## TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES

## Consolidated Statements of Income

Three Months and Years Ended December 31, 2007 and 2006

(Unaudited)

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

|   | Three months ended<br>December 31, |                  | Years ended<br>December 31, |                  |
|---|------------------------------------|------------------|-----------------------------|------------------|
|   | 2007                               | 2006             | 2007                        | 2006             |
| <b>Revenues:</b>                                      |                                    |                  |                             |                  |
| Lease rental income                                   | \$ 47,119                          | \$ 47,406        | \$ 192,342                  | \$ 186,093       |
| Management fees                                       | 7,587                              | 4,871            | 24,125                      | 16,194           |
| Trading container sales proceeds                      | 12,182                             | 2,554            | 25,497                      | 14,137           |
| Gain on sale of containers, net                       | 3,749                              | 2,735            | 13,544                      | 9,558            |
| Other, net  | (6)                                | 152              | 284                         | 480              |
| <b>Total revenues</b>                                 | <b>70,631</b>                      | <b>57,718</b>    | <b>255,792</b>              | <b>226,462</b>   |
| <b>Operating expenses:</b>                            |                                    |                  |                             |                  |
| Direct container expense                              | 6,539                              | 7,309            | 32,895                      | 29,757           |
| Cost of trading containers sold                       | 10,206                             | 1,986            | 20,753                      | 11,480           |
| Depreciation expense                                  | 12,861                             | 10,934           | 48,757                      | 54,330           |
| Amortization expense                                  | 1,699                              | 565              | 3,677                       | 1,023            |
| General and administrative expense                    | 5,335                              | 3,902            | 18,063                      | 15,870           |
| Short-term incentive compensation expense             | 1,037                              | 1,725            | 4,094                       | 4,694            |
| Long-term incentive compensation expense              | 912                                | 69               | 932                         | 285              |
| Bad debt expense, net                                 | (156)                              | (73)             | 1,133                       | 664              |
| <b>Total operating expenses</b>                       | <b>38,433</b>                      | <b>26,417</b>    | <b>130,304</b>              | <b>118,103</b>   |
| <b>Income from operations</b>                         | <b>32,198</b>                      | <b>31,301</b>    | <b>125,488</b>              | <b>108,359</b>   |
| <b>Other income (expense):</b>                        |                                    |                  |                             |                  |
| Interest expense                                      | (9,716)                            | (8,869)          | (37,094)                    | (33,083)         |
| Interest income                                       | 1,299                              | 651              | 3,422                       | 2,286            |
| Realized gains on interest rate swaps, net            | 492                                | 900              | 3,204                       | 2,848            |
| Unrealized losses on interest rate swaps, net         | (4,197)                            | (363)            | (8,274)                     | (574)            |
| Gain on disposal of lost military containers, net     |                                    |                  | 4,639                       |                  |
| Other, net  | 97                                 | 411              | 56                          | 243              |
| <b>Net other expense</b>                              | <b>(12,025)</b>                    | <b>(7,270)</b>   | <b>(34,047)</b>             | <b>(28,280)</b>  |
| <b>Income before income tax and minority interest</b> | <b>20,173</b>                      | <b>24,031</b>    | <b>91,441</b>               | <b>80,079</b>    |
| Income tax expense                                    | (2,169)                            | (1,349)          | (6,847)                     | (4,299)          |
| Minority interest expense                             | (2,960)                            | (5,607)          | (16,926)                    | (19,499)         |
| <b>Net income</b>                                     | <b>\$ 15,044</b>                   | <b>\$ 17,075</b> | <b>\$ 67,668</b>            | <b>\$ 56,281</b> |
| <b>Net income per share:</b>                          |                                    |                  |                             |                  |
| Basic   | \$ 0.32                            | \$ 0.45          | \$ 1.66                     | \$ 1.47          |

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|   |         |         |         |         |
|---|---------|---------|---------|---------|
| Diluted   | \$ 0.32 | \$ 0.44 | \$ 1.66 | \$ 1.46 |
| Weighted average shares outstanding (in thousands): |         |         |         |         |
| Basic   | 47,605  | 38,255  | 40,800  | 38,186  |
| Diluted   | 47,605  | 38,503  | 40,841  | 38,488  |

**TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES**

## Consolidated Statements of Cash Flows

Years Ended December 31, 2007 and 2006

(Unaudited)

(All currency expressed in United States dollars in thousands)

|  | 2007             | 2006            |
|--|------------------|-----------------|
| <b>Cash flows from operating activities:</b>   |                  |                 |
| Net income   | \$ 67,668        | \$ 56,281       |
| <b>Adjustments to reconcile net income to net cash provided by operating activities:</b> |                  |                 |
| Depreciation expense   | 48,757           | 54,330          |
| Provision for containers held for resale   | 2                | (1)             |
| Bad debt expense, net  | 1,133            | 664             |
| Unrealized losses on interest rate swaps, net  | 8,274            | 574             |
| Amortization of debt issuance costs  | 1,395            | 1,405           |
| Amortization of intangible assets  | 3,677            | 1,023           |
| Gains on sale of containers and disposal of lost military containers, net                | (18,183)         | (9,558)         |
| Long-term incentive compensation expense   | 911              | 285             |
| Minority interest expense  | 16,926           | 19,499          |
| Decrease (increase) in:  |                  |                 |
| Accounts receivable, net   | (4,473)          | 215             |
| Containers held for resale   | 702              | 334             |
| Prepaid expenses   | (411)            | 1,293           |
| Due from affiliates, net   | 6                | 36              |
| Other assets   | (383)            | (1,280)         |
| (Decrease) increase in:  |                  |                 |
| Accounts payable   | (6)              | (3,153)         |
| Accrued expenses   | (1,357)          | (8,020)         |
| Due to owners, net   | 11,449           | 559             |
| Long-term income tax payable, net  | 7,821            | 7,912           |
| Deferred taxes, net  | 526              | 1,030           |
| <b>Total adjustments</b>   | <b>76,766</b>    | <b>67,147</b>   |
| <b>Net cash provided by operating activities</b>   | <b>144,434</b>   | <b>123,428</b>  |
| <b>Cash flows from investing activities:</b>   |                  |                 |
| Purchase of additional shares of Textainer Marine Containers Ltd                         | (71,131)         |                 |
| Purchase of containers and fixed assets  | (207,171)        | (104,818)       |
| Purchase of intangible assets  | (56,000)         | (18,983)        |
| Proceeds from sale of containers and fixed assets  | 70,200           | 34,142          |
| Receipt of principal payments on direct finance and sales-type leases                    | 7,594            | 6,456           |
| <b>Net cash used in investing activities</b>   | <b>(256,508)</b> | <b>(83,203)</b> |
| <b>Cash flows from financing activities:</b>   |                  |                 |
| Proceeds from revolving credit facility  | 49,500           |                 |
| Principal payments on revolving credit facility  | (28,000)         |                 |
| Proceeds from secured debt facility  | 236,000          | 74,000          |
| Principal payments on secured debt facility  | (157,300)        | (21,000)        |
| Principal payments on bonds payable  | (58,000)         | (58,000)        |

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|  |           |           |
|--|-----------|-----------|
| Decrease (increase) in restricted cash               | 5,247     | (8,610)   |
| Debt issuance costs                                  | (297)     | (1,339)   |
| Initial public offering costs                        | (2,905)   |           |
| Issuance of common shares                            | 140,872   | 56        |
| Repayments of notes receivable from shareholders     | 1,623     | 658       |
| Retirement of common shares                          |           | (97)      |
| Dividends paid                                       | (46,581)  | (27,311)  |
| Net cash provided by (used in) financing activities  | 140,159   | (41,643)  |
| Effect of exchange rate changes                      | 199       | 350       |
| Net increase (decrease) in cash and cash equivalents | 28,284    | (1,068)   |
| Cash and cash equivalents, beginning of the year     | 41,163    | 42,231    |
| Cash and cash equivalents, end of the year           | \$ 69,447 | \$ 41,163 |

(Continued)

**TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES**

Consolidated Statements of Cash Flows

Years Ended December 31, 2007 and 2006

(Unaudited)

(All currency expressed in United States dollars in thousands)

|   | <b>2007</b> | <b>2006</b> |
|---|-------------|-------------|
| Supplemental disclosures of cash flow information:        |             |             |
| Cash paid during the year for:                            |             |             |
| Interest  | \$ 32,478   | \$ 28,812   |
| Income taxes  | \$ 850      | \$ 981      |
| Supplemental disclosures of noncash investing activities: |             |             |
| (Decrease) increase in accrued container purchases        | \$ (4,530)  | \$ 30,373   |
| Containers placed in direct finance leases                | \$ 23,488   | \$ 15,667   |

**TEXTAINER GROUP HOLDINGS LIMITED AND SUBSIDIARIES**

Non-GAAP Reconciliation of Net Income to EBITDA and Net Income to Net Income Excluding Unrealized Losses on Interest Rate Swaps, Net

Three Months and Years Ended December 31, 2007 and 2006

(Unaudited)

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

(1) The following is a reconciliation of net income to EBITDA and a reconciliation of net income to net income excluding unrealized losses on interest rate swaps, net for the three months and years ended December 31, 2007 and 2006. EBITDA (defined as net income, before interest income and interest expense, realized and unrealized (gains) losses on interest rate swaps, net, income tax expense, minority interest expense and depreciation and amortization expense) and net income excluding unrealized losses on interest rate swaps, net (defined as net income, before unrealized losses on interest rate swaps, net and the related impact on income tax expense and minority interest expense) are not financial measures calculated in accordance with U.S. generally accepted accounting principles ( GAAP ) and should not be considered as an alternative to net income, income from operations or any other performance measures derived in accordance with GAAP or as an alternative to cash flows from operating activities as a measure of our liquidity. EBITDA and net income excluding unrealized losses on interest rate swaps, net are presented solely as supplemental disclosures. Management believes that EBITDA may be a useful performance measure that is widely used within our industry. EBITDA is not calculated in the same manner by all companies and, accordingly, may not be an appropriate measure for comparison. Management also believes that net income excluding unrealized losses on interest rate swaps, net is useful in evaluating our operating performance because unrealized losses on interest rate swaps, net is a non-cash, non-operating item. We believe EBITDA and net income excluding unrealized losses on interest rate swaps, net both provide useful information on our earnings from ongoing operations. We believe that EBITDA provides useful information on our ability to service our long-term debt and other fixed obligations and on our ability to fund our continued growth with internally generated funds. EBITDA and net income excluding unrealized losses on interest rate swaps, net have limitations as analytical tools, and you should not consider either of them in isolation, or as a substitute for analysis of our operating results or cash flows as reported under GAAP. Some of these limitations are:

They do not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;

They do not reflect changes in, or cash requirements for, our working capital needs;

EBITDA does not reflect interest expense or cash requirements necessary to service interest or principal payments on our debt;

Although depreciation is a non-cash charge, the assets being depreciated may be replaced in the future, and neither EBITDA or net income excluding unrealized losses on interest rate swaps, net reflects any cash requirements for such replacements;

They are not adjusted for all non-cash income or expense items that are reflected in our statements of cash flows; and

Other companies in our industry may calculate these measures differently than we do, limiting their usefulness as comparative measures.

|                                  | <b>Three Months Ended<br/>December 31</b> |             | <b>Years Ended<br/>December 31</b> |             |
|----------------------------------|---|-------------|------------------------------------|-------------|
|                                  | <b>2007</b>                               | <b>2006</b> | <b>2007</b>                        | <b>2006</b> |
| <b>Reconciliation of EBITDA:</b> |   |             |                                    |             |
| Net income                       | \$ 15,044                                 | \$ 17,075   | \$ 67,668                          | \$ 56,281   |
| Adjustments:                     |   |             |                                    |             |

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|  |                  |                  |                   |                   |
|--|------------------|------------------|-------------------|-------------------|
| Interest income  | (1,299)          | (651)            | (3,422)           | (2,286)           |
| Interest expense   | 9,716            | 8,869            | 37,094            | 33,083            |
| Realized gains on interest rate swaps, net               | (492)            | (900)            | (3,204)           | (2,848)           |
| Unrealized losses on interest rate swaps, net            | 4,197            | 363              | 8,274             | 574               |
| Income tax expense                                       | 2,169            | 1,349            | 6,847             | 4,299             |
| Minority interest expense                                | 2,960            | 5,607            | 16,926            | 19,499            |
| Depreciation expense                                     | 12,861           | 10,934           | 48,757            | 54,330            |
| Amortization expense                                     | 1,699            | 565              | 3,677             | 1,023             |
| Impact of reconciling items on minority interest expense | (5,677)          | (7,069)          | (28,595)          | (31,598)          |
| <b>EBITDA</b>  | <b>\$ 41,178</b> | <b>\$ 36,142</b> | <b>\$ 154,022</b> | <b>\$ 132,357</b> |

(Continued)

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|   | Three Months Ended |           | Years Ended |           |
|---|--------------------|-----------|-------------|-----------|
|   | December 31        |           | December 31 |           |
|   | 2007               | 2006      | 2007        | 2006      |
| Reconciliation of net income excluding unrealized losses on interest rate swaps, net: |                    |           |             |           |
| Net income  | \$ 15,044          | \$ 17,075 | \$ 67,668   | \$ 56,281 |
| Adjustments:  |                    |           |             |           |
| Unrealized losses on interest rate swaps, net   | 4,197              | 363       | 8,274       | 574       |
| Income tax expense  |                    |           |             |           |
| Minority interest expense   | (862)              | (152)     | (2,594)     | (151)     |
| Net income excluding unrealized losses on interest rate swaps, net                    | \$ 18,379          | \$ 17,286 | \$ 73,348   | \$ 56,704 |



**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: February 21, 2008

**Textainer Group Holdings Limited**

By: /s/ John A. Maccarone  
John A. Maccarone  
Chief Executive Officer