

INTERPOOL INC  
Form 10-K/A  
June 13, 2007

**SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

---

**FORM 10-K/A**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006  
OR  
TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934**

**COMMISSION FILE NUMBER 1-11862**

**INTERPOOL, INC.**

**(Exact name of registrant as specified in the charter)**

**DELAWARE**  
(State or other jurisdiction of  
Incorporation or organization)

**13-3467669**  
(I.R.S. Employer  
Identification Number)

**211 COLLEGE ROAD EAST, PRINCETON, NEW  
JERSEY**  
(Address of principal executive office)

**08540**  
(Zip Code)

**(609) 452-8900**  
(Registrant's telephone number including area code)

---

**SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:**

| <u>Title of Each Class</u>                                      | <u>Name on Each Exchange<br/>on which Registered</u> |
|---|--|
| <b>COMMON STOCK, PAR VALUE \$.001</b>                           | <b>NEW YORK STOCK EXCHANGE</b>                       |
| <b>9.25% CONVERTIBLE REDEEMABLE<br/>SUBORDINATED DEBENTURES</b> | <b>NEW YORK STOCK EXCHANGE</b>                       |

**SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:**

NONE

## Edgar Filing: INTERPOOL INC - Form 10-K/A

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

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

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

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

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

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark if the registrant is a shell company, in Rule 12b(2) of the Exchange Act. Yes  No

The aggregate market value of the shares of the registrant's voting stock held by non-affiliates of the registrant was \$230,506,258, based upon the closing price of \$22.22 per common share, as quoted on the New York Stock Exchange, on June 30, 2006 (the last day of the registrant's most recently completed second quarter).

At May 1, 2007, there were 29,427,359 shares of the registrant's Common Stock outstanding.

### **DOCUMENTS INCORPORATED BY REFERENCE**

**None**

### **EXPLANATORY NOTE**

Interpool, Inc. (the "Company") is filing this Amendment ("Amendment No. 2") to its Form 10-K for the year ended December 31, 2006, as originally filed with the Securities and Exchange Commission (the "SEC") on March 9, 2007 (the "Original Filing") and as previously amended by the Form 10-K/A ("Amendment No. 1") filed with the SEC on April 30, 2007 (the Original Filing, as so amended, the "2006 Form 10-K") in order to correct various errors and inadvertent omissions in Item 11 in Amendment No. 1. No changes have been made to Part I or Part II of the Form 10-K as included in the Original Filing nor have any changes been made to Items 10, 12, 13 or 14 of Part III as included in Amendment No. 1.

As part of this Amendment No. 2, the Company is also filing new certifications from our Chief Executive Officer and Chief Financial Officer (Exhibits 31.1, 31.2, 32.1 and 32.2).

No attempt has been made in this Form 10-K/A to update other disclosures presented in the 2006 Form 10-K, except as described above. This Form 10-K/A does not reflect events occurring after the filing of the Original Filing. Accordingly, this Form 10-K/A should be read in conjunction with our filings made with the SEC subsequent to the filing of the Original Filing,

In this Amendment No. 2, unless the context indicates otherwise, the terms "Company," "we," "us," and "our" refer to Interpool, Inc. and its subsidiaries.

**INTERPOOL, INC.**

**FORM 10-K**

**TABLE OF CONTENTS**

| <b>Item</b>   | <b>Page</b> |
|---|-------------|
| PART III  | 5           |
| ITEM 11. EXECUTIVE COMPENSATION                     | 5           |
| PART IV   | 36          |
| ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES | 36          |
| SIGNATURES  | 37          |

**PART III**

**ITEM 11. EXECUTIVE COMPENSATION**

**COMPENSATION DISCUSSION AND ANALYSIS**

**Introduction**

*Compensation Committee Members and the Compensation Committee Charter*

Our Compensation Committee is responsible for determining the components of compensation paid to our Chief Executive Officer, approving the level of compensation paid to the Company's other senior executive officers, determining awards under, and administering, our equity incentive plans and reviewing and establishing any and all other executive compensation plans adopted from time to time by the Company.

Our current Compensation Committee consists of Messrs. Warren L. Serenbetz, Jr. (Chairman), William Shea and Robert Workman. Each member of the Compensation Committee is an independent director under applicable NYSE listing standards, an "outside director" as defined in Section 162(m) of the Internal Revenue Code and a "non-employee" director as defined in Rule 16b-3 under the Securities Exchange Act of 1934. We monitor the independence of members of the Compensation Committee through the use of questionnaires and a requirement that committee members inform the Company of any changes or developments during the year that many have a bearing on their independence.

Although we do not require members of the Compensation Committee to be experts in compensation, we do expect each member of the committee to be knowledgeable about current compensation arrangements and issues.

The principal duties of the Compensation Committee are:

to ensure the Company's executive officers are compensated effectively in a manner consistent with the Company's stated compensation strategy, internal equity considerations, competitive practice, and the requirements of the appropriate regulatory bodies; and

to communicate to stockholders the Company's compensation policies and the reasoning behind such policies.

The Board of Directors amended and re-adopted a charter for the Compensation Committee in November 2004. A copy of that charter is available on our website at [www.interpool.com](http://www.interpool.com). The Compensation Committee generally reviews and reassesses the Compensation Committee Charter annually and recommends to the Board of Directors any changes it considers necessary or desirable.

The Chairman of the Compensation Committee schedules the meetings of the Compensation Committee and sets the agenda for each meeting. Although the Compensation Committee Charter allows the Compensation Committee to delegate some or all of its duties to sub-committees comprised of one or more of its members, the Compensation Committee has never exercised this power. All actions of the Compensation Committee have been taken by the full Compensation Committee.

### ***Compensation Consultant***

Pursuant to its charter, the Compensation Committee is vested with the authority to retain advisors and to approve any such advisor's fees and terms. During 2006, the Compensation Committee retained Delves Group to provide advice to the Compensation Committee. Representatives of Delves Group consulted directly with, and reported directly to, the Compensation Committee. No other compensation consultants were retained by the Compensation Committee, the Board of Directors or management during 2006.

Delves Group was retained principally to evaluate the Company's current compensation programs and to make recommendations regarding potential changes. Delves Group provided the Compensation Committee with competitive data and business and technical considerations. Delves Group did not provide specific advice with respect to the compensation to be paid to our named executive officers for 2006. The Compensation Committee has discussed the recommendation of Delves Group that the Company consider making equity awards and other long-term incentives more significant components of the Company's overall compensation programs but to date has not made any decision to do so.

### ***Role of Executives in Establishing Compensation***

The Compensation Committee often invites members of management to attend part of its meetings to provide information and feedback concerning compensation issues. However, members of management do not attend executive sessions of the Compensation Committee. Martin Tuchman, our Chief Executive Officer, provides input directly to the Compensation Committee regarding the compensation to be paid to other officers, including all the other executive officers, of the Company. In addition, the Company's General Counsel and other members of the legal department assist the Compensation Committee in setting agendas, gathering information and materials and drafting proposals, plans, memoranda and employment agreements.

### ***Compensation Committee Interlocks and Insider Participation***

None of the members of the Compensation Committee during 2006 was an officer or employee of the Company or any of its subsidiaries, was formerly an officer of the Company or any of its subsidiaries or had any relationships requiring disclosure in this proxy statement under the heading "Certain Relationships and Related Transactions," except for Warren Serenbetz, Jr., who, as an executive officer and shareholder of Radcliff Group, Inc., has an indirect interest in the preferred stock of our subsidiary, Chassis Holdings I LLC. None of the Company's executive officers serves as a member of the board of directors or compensation committee of any entity that has one or more of its executive officers serving as member(s) of the Company's board of directors or compensation committee.

As noted above, Mr. Tuchman, our Chief Executive Officer, provides input on executive officer compensation, other than his own, to the Compensation Committee. However, Mr. Tuchman does not participate in the Committee's deliberations during executive sessions.

### ***Compensation Committee Activity***

In 2006, there were eight meetings of the Compensation Committee. All members of the Compensation Committee attended all of the meetings. At each of the meetings, the Compensation Committee meet in executive session, at which no members of management were present, for at least part of the meeting.

Throughout 2006, the Compensation Committee continually reviewed the compensation being paid to the named executive officers, including the individual components of each person's total pay package. The Compensation Committee considered the contractual obligations owed to certain of the Company's executive officers, specifically Messrs. Burns, Walsh, Gross and Mertz, under their existing employment agreements. The Compensation Committee determined that increases in the aggregate compensation paid to each named executive officer were appropriate in light of the Company's overall performance and the individual performance of each such officer. The base salary and certain bonus components are fixed under the terms of our Chief Executive Officer's Employment Agreement.

All grants of stock options are approved by our Compensation Committee, which administers the 2004 Stock Option Plan for Key Employees and Directors, the 1993 Stock Option Plan for Executive Officers and Directors and the 1993 Non-Qualified Stock Option Plan for Non-Employee, Non-Consultant Directors. The Compensation Committee awards grants from time to time based on a number of criteria, including the relative rank of the executive within our company and his or her specific contributions to the success of the Company for the prior year based on subjective criteria. We believe occasional grants of stock options serve to enhance stockholder value by aligning the interests of our executives with those of the stockholders and also by acting to retain our executives through the vesting of the options. The Company's 2004 stock option plan does not specify when options are granted.

### **Objectives of the Company's Compensation Programs**

#### ***Compensation Philosophy***

The goal of the Company's executive compensation policy is to ensure that an appropriate relationship exists between executive pay and the creation of stockholder value, while at the same time attracting, motivating and retaining key employees. To achieve this goal, the Company's named executive officers are offered compensation opportunities that are linked to the Company's financial performance and to individual performance and contributions to the Company's success.

To achieve this goal, the Compensation Committee focuses on the following considerations:

An emphasis on rewarding our named executive officers with total compensation (including cash, incentive and discretionary bonuses and, in certain cases, stock options) at competitive market levels, based on each executive's experience, skills and individual performance;

An appropriate mix of short-term (salary and cash bonuses) and, on occasion, long-term compensation (stock options and other equity-based compensation), which facilitates retention of talented executives and balances short-term and long-term financial goals and behaviors within the Company;

Recognition that as an executive's level of responsibility increases, a greater portion of the total compensation opportunity should be based upon performance incentives; and

The use of both time-based and performance-based equity with long-term vesting requirements in order to retain key executive officers.

The primary components of the Company's executive compensation program for its named executive officers have been: (a) base salaries and certain guaranteed bonuses, (b) annual performance-based cash bonuses, and (c) in certain cases, long-term incentive opportunities in the form of stock options. Our executive compensation program is intended to provide our named executive officers with overall levels of compensation opportunity that are competitive within the intermodal transportation industry, as well as within a broader spectrum of companies of comparable size and complexity.

The Company's Compensation Committee reviews executive compensation arrangements at least annually to ensure market competitiveness, and to ensure the Company meets its objective of providing executive pay packages with appropriate short and long-term incentives, including annual bonuses and, when warranted, equity compensation tied to individual and Company performance.

The Compensation Committee calculates and approves the compensation for the Chief Executive Officer and other named executive officers in accordance with the provisions of their respective employment agreements and, in the case of the Chief Executive Officer, a bonus policy adopted by the Compensation Committee in 2000. The Compensation Committee also determines the amount of additional discretionary bonuses to be awarded.

The Company evaluates whether its compensation programs achieve their goals in a number of ways. First, the Company reviews whether its pay packages have achieved the result of retaining talented executives. Second, the Company evaluates its success in attracting new executives to the Company. Third, the Company reviews its performance in relation to the compensation packages. The Compensation Committee believes that, with respect to each of the Company's executive officers, the levels of compensation are commensurate with the Company's performance and the outstanding stock option grants provide the executives with adequate incentives to focus on long-term results.

### ***Benchmarking***

The Company does not employ a formal benchmarking process. However, the Company continually monitors compensation programs of other intermodal transportation companies as well as a broader spectrum of companies of comparable size and complexity. The Compensation Committee expects that the Company's compensation programs will be revised from time to time to be competitive within the industry. In addition, during 2006, Delves Group analyzed comparable companies as part of their recommendations to the Compensation Committee.

### **Compensation Components**

For 2006, the Company primarily used two types of compensation in paying its key executives: base salaries and performance-based annual cash bonuses. Although the Company did not grant long-term incentive awards to any of its named executive officers during 2006, all these executive officers held stock options previously granted under the Company's stock option plans.

#### ***Base Salary***

The base salary for the Company's Chief Executive Officer, Mr. Tuchman, is determined pursuant to a formula set forth in his employment agreement. The base salaries for the Company's other four named executive officers, Messrs. Burns, Walsh, Gross and Mertz, are set by the Board of Directors in accordance with their employment contracts. In setting base pay for the Company's key executives, the Compensation Committee or the Chief Executive Officer reviews the following quantitative and qualitative factors: Company performance, the executive's individual performance and scope of responsibility, competitive market pay information and practices, internal equity and other considerations.

The Compensation Committee believes that an executive's base salary should be targeted at market competitive levels while rewarding outstanding performance with above-average total compensation. Base salaries for those executives whose salary levels are not fixed under long-term employment agreements are reviewed annually, and are adjusted from time to time based on a review of market data and individual executive performance.

### ***Annual Bonuses***

Annual target performance based goals serve both to motivate executives as well as to increase stockholder returns by focusing executive performance on the attainment of those annual goals identified as having a positive impact on the Company's business results. Certain bonus components are fixed under the terms of the Chief Executive Officer's employment agreement and under a bonus policy for the Chief Executive Officer adopted in 2000. The employment agreements for the Company's other named executive officers provide for annual "target" bonuses. Additional discretionary bonuses may be awarded by the Compensation Committee.

### ***Long-term Incentives***

Stock-based compensation has also been an element of the Company's compensation program for its key executives. The Company's 2004 Stock Option Plan was adopted by the Board and approved by stockholders in order to allow the Company to grant options to purchase shares of the Company's Common Stock. The Compensation Committee determines in its sole discretion, subject to the terms and conditions of the option plan, the size of a particular award based upon its subjective assessment of an individual's performance, responsibility and functions and how this performance may have contributed, or is expected to contribute, to the Company's performance.

We believe awards pursuant to the Company's stock option plan align the interests of management with those of the Company's stockholders by emphasizing long-term stock ownership and increases in stockholder value. Management will benefit under such plan only if the other stockholders of the Company also benefit. The purpose of the option plan is to encourage executives and others to acquire a proprietary interest in the Company, thereby further stimulating their active interest in the development and financial success of the Company.

### **Compensation Paid in 2006**

During 2006, the Compensation Committee reviewed the compensation being paid to the named executive officers, including the individual components of each person's total pay package. The Compensation Committee considered the contractual obligations owed to certain of the named executive officers, specifically Messrs. Burns, Walsh, Gross and Mertz, under their existing employment agreements. At year end, the Compensation Committee determined that the discretionary bonuses to be paid to these four named executive officers for 2006 were appropriate in light of the Company's overall performance and the individual performance of each such officer. The base salary and certain bonus components for the Company's Chief Executive Officer, Mr. Tuchman, are fixed under the terms of his employment agreement and the bonus policy adopted by the Compensation Committee in 2000.

For 2006, Martin Tuchman, the Company's Chief Executive Officer, received a salary of \$1,039,464 and a bonus of \$7,599,000 in accordance with the terms of his employment agreement and the bonus policy, as more fully described below; Arthur Burns, Executive Vice President and General Counsel, received a salary of \$400,000 and a bonus of \$300,000; James F. Walsh, Chief Financial Officer, received a salary of \$325,000 and a bonus of \$300,000; Richard W. Gross, Executive Vice President and Chief Operating Officer of the Company's subsidiary Interpool Containers Limited, received a salary of \$325,000 and a bonus of \$175,000; and Herbert Mertz, Executive Vice President and Chief Operating Officer of the Company's subsidiary Trac Lease, Inc., received a salary of \$300,000 and a bonus of \$200,000. Several of these named executive officers also received reimbursement for living expenses or other cash compensation as set forth below in the Summary Compensation Table.

Although the Company did not grant any stock options during 2006, all of the named executive officers hold stock options that were granted in prior years. During 2006, Mr. Tuchman, the Chief Executive Officer, exercised all of his outstanding stock options and Mr. Burns, the Company's Executive Vice President and General Counsel, exercised a significant portion of his outstanding stock options, as described below.

### **Post-Termination Compensation**

In addition to base salary, bonus and compensation under the Company's 401(k) plan and stock option plans, the Company has employment agreements with its most highly compensated executive officers that provide for severance compensation in the event of termination other than for cause during the term of the agreement and/or following a change in control during the term of the agreement. Information regarding these arrangements is provided below under "Post-Termination Compensation" and "Employment Agreements with Named Executive Officers."

### **Impact of Regulatory Requirements on Compensation**

The Internal Revenue Code of 1986, as amended, prohibits publicly held corporations such as the Company from deducting compensation in excess of \$1,000,000 per individual, other than performance-based compensation. The Compensation Committee continually evaluates maximizing the deductibility of executive compensation, while retaining the discretion it deems necessary to compensate our executive officers.

The Compensation Committee continues to monitor the implementation of the rules and regulations pursuant to Section 409A of the Internal Revenue Code, which, among other things, could cause certain types of deferred payments to be subject to additional taxes and penalties. While the Company believes that its current employment arrangements and agreements do not give rise to any negative consequences under Section 409A, it is the Company's current intention to structure any new employment arrangements or agreements, or if need be amend existing employment arrangements or agreements, to reduce or eliminate any adverse effects of Section 409A.

### **Inter-Relationships Among Elements of Compensation Packages**

There is no significant interplay of the various elements of total compensation between each other. If options that are granted in one year become under water, the amount of the bonus amount or compensation to be paid the executive officer for the next year is generally not impacted. Similarly, if options become extremely valuable, the amount of compensation or bonus to be award for the next year is not affected. While the Compensation Committee has discretion to make exceptions to any compensation or bonus payouts under existing plans, it has not approved any exceptions to the plans with regard to any executive officers.

### **Other Information**

The input from the Company's Chief Executive Officer is carefully considered by the Compensation Committee regarding the criteria to be used to determine base salary, annual bonuses and other benefits for executive officers other than the Chief Executive Officer. Although input from the Chief Executive Officer is considered by the Compensation Committee and the Board, it is not given disproportionate weight. The Compensation Committee and the Board have the final authority on compensation matters.

### **Compensation Committee Report**

The Compensation Committee members have reviewed and discussed the foregoing Compensation Discussion and Analysis with management. Based on our review and discussion with management, we have recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2006.



*Compensation Committee*  
*Warren L. Serenbetz, Jr., Chairman*  
*William Shea*  
*Robert Workman*

Notwithstanding anything to the contrary set forth in any of the Company's previous filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, that incorporate future filings, the foregoing Compensation Committee Report shall be deemed "furnished" but not "filed" nor shall it be incorporated by reference into any such filings.

## COMPENSATION OF EXECUTIVE OFFICERS

The following table sets forth the total compensation awarded to, earned by, or paid during 2006 to our Chief Executive Officer, our Chief Financial Officer, and our three other most highly compensated executive officers whose total compensation for 2006 exceeded \$100,000:

### Summary Compensation Table

| <b>Name And<br/>Principal<br/>Position</b>  | <b>Year</b> | <b>Salary<br/>(\$)</b> | <b>Bonus<br/>(\$)</b> | <b>Stock<br/>Awards<br/>(\$)<br/>(A)</b> | <b>Option<br/>Awards<br/>(\$)<br/>(B)</b> | <b>Non-<br/>Equity<br/>Incentive<br/>Plan<br/>Compen-<br/>sation<br/>(\$)</b> | <b>Change in<br/>Pension<br/>Value and<br/>Nonqualified<br/>Deferred<br/>Compensa-<br/>tion<br/>Earnings<br/>(\$)</b> | <b>All Other<br/>Compensa-<br/>tion<br/>(\$)</b> | <b>Total<br/>(\$)</b> |
|---|-------------|------------------------|-----------------------|--|---|---|---|--|-----------------------|
| Martin<br>Tuchman<br>Chairman<br>of the<br>Board of<br>Directors,<br>Chief<br>Executive<br>Officer,<br>President<br>and Chief<br>Operating<br>Officer | 2006        | 1,039,464              | 7,599,000             | 0  | 0   | 0   | 0   | 128,335  | 8,766,799             |
| Arthur L.<br>Burns<br>Executive<br>Vice<br>President<br>and<br>General<br>Counsel   | 2006        | 400,000                | 300,000               | 0  | 0   | 0   | 0   | 72,884   | 772,884               |

| Name And<br>Principal<br>Position   | Year | Salary<br>(\$) | Bonus<br>(\$) | Stock<br>Awards | Option<br>Awards | Non-<br>Equity<br>Incentive<br>Plan<br>Compen-<br>sation | Change in<br>Pension<br>Value and<br>Nonqualified<br>Deferred<br>Compensa-<br>tion<br>Earnings | All Other<br>Compensa-<br>tion | Total       |
|---|------|----------------|---------------|-----------------|------------------|--|--|--------------------------------|-------------|
|   |      |                |               | (\$)<br>(A)     | (\$)<br>(B)      | (\$)<br>(C)  | (\$)<br>(D)  | (\$)<br>(E)                    | (\$)<br>(F) |
| James F.<br>Walsh<br>Executive<br>Vice<br>President<br>and Chief<br>Financial<br>Officer                            | 2006 | 325,000        | 300,000       | 0               | 119,654          | 0  | 0  | 89,782                         | 834,436     |
| Richard W.<br>Gross<br>Executive<br>Vice<br>President<br>and Chief<br>Operating<br>Officer,<br>Interpool<br>Limited | 2006 | 325,000        | 175,000       | 4,500           | 0                | 0  | 0  | 43,214                         | 547,714     |
| Herbert<br>Mertz<br>Executive<br>Vice<br>President<br>and Chief<br>Operating<br>Officer,<br>Trac<br>Lease, Inc.     | 2006 | 300,000        | 200,000       | 1,304           | 236,244          | 0  | 0  | 33,939                         | 771,487     |

(A) The amounts reported in the Stock Awards column reflect the dollar amount, without any reduction for risk of forfeiture, recognized for financial reporting purposes for the fiscal year ended December 31, 2006 of stock awards previously granted under the Company's deferred bonus plan, calculated in accordance with the provisions of SFAS 123R.

(B) The amounts reported in the Option Awards column represent the dollar amount, without any reduction for risk of forfeiture, recognized for financial reporting purposes for the fiscal year ended December 31, 2006 of grants of stock appreciation rights and options to each of the Names Executive Officers, calculated in accordance with the provisions of SFAS 123R. Portions of awards over several years are included.

## **Narrative to Summary Compensation Table**

### ***Base Salary***

During 2006, our Chief Executive Officer and our other named executive officers were employed pursuant to employment agreements with us. Each employment agreement sets forth, among other things, the executive's base salary for the initial year of the agreement and provides for annual increases in the base salary as determined by the Compensation Committee or the Board, provided that the executive's base salary for any year may not be less than his base salary for the preceding year. The Chief Executive Officer's base salary under his employment agreement increases by a minimum of 5% each year. For descriptions of these employment agreements, see "Employment Agreements" below. The salary amounts shown in the Summary Compensation Table represent these executives' base salaries under their employment agreements.

### ***Bonus***

For 2006, each of our named executive officers was awarded a cash bonus in accordance with the terms of his employment agreement, which provides for either a guaranteed bonus or a targeted bonus, and, in the case of our Chief Executive Officer, a bonus plan for the Chief Executive Officer. The named executive officers other than the Chief Executive Officer also received discretionary cash bonuses. The bonus amounts shown in the table above were earned with respect to the year indicated and paid either in the year indicated or in the following year.

### ***Chief Executive Officer Bonus***

As described below, Mr. Tuchman is entitled, under the terms of his employment agreement and under a bonus plan approved by our Compensation Committee in 2000, to receive a performance bonus each year based upon several factors, including the amount of any increase in our net income over the previous year's net income and, if applicable, for any increase over the highest net income previously reported by the Company. Mr. Tuchman received a bonus for 2006 amounting to \$7,599,000.

Under his employment agreement, Mr. Tuchman is entitled to receive a bonus for each year in an amount equal to 2% of any increase in net income over that of the preceding year. Because our net income for 2006 exceeded that of 2005 by \$75,453,000, Mr. Tuchman received a bonus of \$1,511,000 under this provision.

In addition, the bonus plan approved by the Compensation Committee in 2000 establishes three additional measures of incentive bonus performance for Mr. Tuchman: (1) increase in net income over the highest previous year; (2) increase in stock price; and (3) maintaining an investment grade debt rating.

*Increase in Net Income:* To the extent that our net income exceeds that of the highest previous year, a bonus equal to 10% of the increase is to be paid to Mr. Tuchman. Because our 2006 net income exceeded the highest previous year by \$59,770,000, Mr. Tuchman received a bonus for 2006 in respect of this performance measure in the amount of \$5,977,000.

*Investment Grade Rating:* Mr. Tuchman is entitled to a bonus of \$100,000 for each year in which we maintain an investment grade debt rating by either Moody's or Standard and Poor's at year-end. No bonus under this performance measure was awarded in 2006.

*Increased Stock Price:* To the extent our average stock price for a year exceeds the highest average stock price for any prior year, Mr. Tuchman is entitled to receive a bonus in the amount of 1.5% of the increase in our average aggregate market capitalization (the product of the increase in the average stock price times the weighted average of

outstanding shares plus the dilutive effect of options). In the event of a Change in Control the share price paid by the acquiring entity will be used to calculate the amount to be paid under this performance measure. Our 2006 average market capitalization, calculated as described, exceeded that of 2005; accordingly, Mr. Tuchman was awarded \$111,000 under this performance measure for 2006.

Mr. Tuchman is also eligible for discretionary bonuses awarded by the Compensation Committee. He did not receive any discretionary bonus in 2006.

### ***Equity Awards***

During 2006, the Compensation Committee did not award any stock option grants pursuant to our 2004 Stock Option Plan.

### ***Other Compensation***

During 2006, Messrs. Tuchman, Burns and Gross received payments for vacation that had accrued but had not been taken amounting to \$99,940, \$23,075 and \$17,498, respectively.

During 2006, the Company reimbursed Mr. Burns and Mr. Walsh for living expenses amounting to \$24,093 and \$54,283, respectively, pursuant to the terms of their employment agreements.

The amounts listed in the table above under "All Other Compensation" for 2006 also include the following items:

| Name             | Life<br>Insurance<br>Premiums | 401(k)<br>Matching<br>Contributions | Medical<br>Insurance | Auto<br>Allowance |
|------------------|-------------------------------|-------------------------------------|----------------------|-------------------|
| Martin Tuchman   | 470                           | 15,000                              | 12,925               | (A)               |
| James F. Walsh   | 376                           | 15,000                              | 10,523               | 9,600             |
| Arthur L. Burns  | 376                           | 15,000                              | 10,340               | --                |
| Richard W. Gross | 376                           | 15,000                              | 10,340               | --                |
| Herbert Mertz    | 376                           | 11,250                              | 15,245               | 7,068             |

(A) Mr. Tuchman does not receive an automobile allowance but he has use of company-provided automobiles.

### **Information Regarding Plan-Based Equity Awards**

We grant stock options under our 2004 Stock Option Plan for Executive Officers. Previously, options were granted under our 1993 Stock Option Plan for Executive Officers (the "1993 Plan"). A total of 160,000 options granted under the 1993 Plan and not exercised are still outstanding, but no new options may be granted under the 1993 Plan.

We believe that our long-term interests are best advanced by our stock option plans by aligning the interest of our executive officers with the interests of our shareholders. Options under our 2004 Stock Option Plan are granted at the then-current market price at the time the option is granted. The options have a three-year vesting period and with certain exceptions, expire at the end of ten years from the date of grant, or six months after retirement. Options granted under our 2004 Stock Option Plan are either incentive stock options or non-qualified stock options as defined under the Internal Revenue Code as explained below. Options are granted by our Compensation Committee, which

administers the Plans.

The Compensation Committee determines which executives will be awarded options based on a number of criteria including the relative rank of the executive within our company and his or her subjective contributions to the success of the company for the prior year. We believe the options serve to enhance shareholder value by aligning the interest of our executives with those of the shareholders and also by acting to retain our executives through the vesting of the options.

An optionee generally recognizes no taxable income as the result of the grant of a nonqualified stock option. Upon the exercise of a nonqualified stock option, the optionee normally recognizes ordinary income equal to the difference between the stock option exercise price and the fair market value of the shares on the exercise date. Such ordinary income is subject to withholding of income and employment taxes. Upon the sale of stock acquired by the exercise of a nonqualified stock option, any subsequent gain or loss, generally based on the difference between the sale price and the fair market value on the exercise date, will be taxed as capital gain or loss. A capital gain or loss will be long-term if the optionee's holding period is more than twelve months. We recognize expense for the grant-date fair value of the stock options over the vesting period of the options. We will receive a tax deduction when the tax benefit realized exceeds the compensation amount expensed for financial reporting purposes, except to the extent such deduction is limited by applicable provisions of the Internal Revenue Code. Option grants are accounted for under FAS 123R as described in Note 14 of the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2006.

A summary of the Company's stock option activity for the year ended December 31, 2006 for the combined plans was as follows:

|  | <b>Shares</b> | <b>Weighted-<br/>Average<br/>Exercise<br/>Price</b> | <b>Weighted-<br/>Average<br/>Remaining<br/>Contractual<br/>Life (Years)</b> | <b>Aggregate<br/>Intrinsic Value<br/>(in thousands)</b> |
|--|---------------|---|---|---|
| Outstanding at January 1, 2006                                       | 3,178,063     | \$11.75   | 3.7   | --  |
| Granted  | 45,000        | 21.16   | 9.5   | --  |
| Forfeited or Expired   | (20,000)      | 21.13   | --  | --  |
| Exercised  | (2,376,563)   | 10.25   | 1.7   | \$34,531(a)   |
| Outstanding at December 31, 2006                                     | 826,500       | \$16.33   | 5.9   | \$5,809   |
| Vested and expected to vest in the future<br>at<br>December 31, 2006 | 826,500       | \$16.33   | 5.9   | \$5,809   |
| Exercisable at December 31, 2006                                     | 711,502       | \$15.58   | 5.5   | \$5,537   |

Available for grant at December 31, 2006 1,255,000

(a) Intrinsic value of options exercised during 2005 and 2004 was \$9,035 and \$7,888, respectively.

A summary of the Company's stock option activity for non vested options for the year ended December 31, 2006 for the combined plans was as follows:

#### Shares

Edgar Filing: INTERPOOL INC - Form 10-K/A

|   | Weighted-Average Exercise Price | Weighted-Average Remaining Contractual Life (Years) | Aggregate Intrinsic Value (in thousands) |
|---|---------------------------------|---|--|
| Non Vested Options Outstanding at January 1, 2006               | 165,000                         | \$20.90   | --                                       |
| Granted   | 45,000                          | 21.16   | --                                       |
| Forfeited or Expired  | (20,000)                        | 21.13   | --                                       |
| Vested during period  | (75,002)                        | 20.85   | --                                       |
| Outstanding at December 31, 2006                                | 114,998                         | \$20.99   | 8.8                                      |
| <b><u>Outstanding Equity Awards At Fiscal Year End 2006</u></b> |                                 |   |  |

The following table provides information as of December 31, 2006 regarding stock based awards held by our named executive officers under the Company's Stock Option Plans and the former Deferred Bonus Plan. There were no other outstanding equity awards held by the named executive officers as of December 31, 2006.

| Name   | Outstanding Equity Plan Awards                                     |  |     |                            |                        |  |   |
|--|--|--|-----|----------------------------|------------------------|--|---|
|  | Option Awards  |  |     | Option Exercise Price (\$) | Option Expiration Date | No. of Shares or Units of Stock That Have Not Vested (#) (A) | Market Value of Shares or Units of Stock That Have Not Vested (\$)(B) |
| No. of Securities underlying Unexercised Options Exercisable (#) | No. of Securities underlying Unexercised Options Unexercisable (#) | Equity Incentive Plan Awards: No. of Securities Underlying Unexercised Options (#) |     |                            |                        |  |   |
| Martin Tuchman   | ---  | ---  | --- | ---                        | ---                    | ---  | ---   |
| James F. Walsh   | 25,000   | ---  | --- | 18.77                      | 11/18/2015             | ---  | ---   |
|  | 16,667   | 8,333  | --- | 20.38                      | 5/18/2015              | ---  | ---   |
| Arthur L. Burns  | 150,000  | ---  | --- | 18.77                      | 11/18/2015             | ---  | ---   |
| Richard Gross  | 100,000  | ---  | --- | 18.77                      | 11/18/2015             | 2,645  | 61,787  |
| Herbert Mertz  | 7,500  | ---  | --- | 10.25                      | 9/16/2008              |  |   |
|  | 50,000   | ---  | --- | 11.94                      | 10/10/2010             |  |   |
|  | 25,000   | 25,000   | --- | 21.05                      | 7/21/2015              | 767  | 17,917  |

(A)

Edgar Filing: INTERPOOL INC - Form 10-K/A

Reflects unvested stock units pursuant to the Deferred Bonus Plan for the Named Executive Officers. The vesting schedule for these stock units is as follows:

Outstanding Awards Under Deferred Bonus Plan (# of Units)

| Name            | 1/2/07 | 1/2/08 | 1/2/09 | 1/2/10 | 1/2/11 | 1/2/12 | 1/2/13 | 1/2/14 | Total<br>(# of units) |
|-----------------|--------|--------|--------|--------|--------|--------|--------|--------|-----------------------|
| Martin Tuchman  | --     | --     | --     | --     | --     | --     | --     | --     | --                    |
| James F. Walsh  | --     | --     | --     | --     | --     | --     | --     | --     | --                    |
| Arthur L. Burns | --     | --     | --     | --     | --     | --     | --     | --     | --                    |
| Richard Gross   | 331    | 331    | 331    | 331    | 331    | 331    | 331    | 328    | 2,645                 |
| Herbert Mertz   | 96     | 96     | 96     | 96     | 96     | 96     | 96     | 95     | 767                   |

(B) Market value of unvested units of stock assumes a price of \$23.36 per share of our Common Stock as of December 29, 2006 (the last trading date for 2006 on the NYSE).

**Option Exercises and Stock Vested For Year Ended December 31, 2006**

The following table provides information with respect to 2006 for our named executive officers regarding options exercised under the Company's stock option plans and regarding stock awards which became vested and were issued under the Company's former Deferred Bonus Plan.

| Name            | Option Awards                                   |                                     | Stock Awards                                   |                                    |
|-----------------|---|-------------------------------------|--|------------------------------------|
|                 | Number of Shares<br>Acquired on Exercise<br>(#) | Value Realized<br>On Exercise \$(A) | Number of Shares<br>Acquired on Vesting<br>(#) | Value Realized on<br>Vesting \$(B) |
| Martin Tuchman  | 2,280,000                                       | 33,128,400                          | --   | --                                 |
| James F. Walsh  | --  | --                                  | --   | --                                 |
| Arthur L. Burns | 96,563  | 1,403,060                           | --   | --                                 |
| Richard Gross   | --  | --                                  | 331  | 6,289                              |
| Herbert Mertz   | --  | --                                  | 96   | 1,824                              |

(A) The value realized is the difference between the closing price of the Common Stock of the Company at the time of exercise and the option exercise price (adjusted for stock dividends), times the number of shares acquired on exercise.

(B) Determined by multiplying the number of shares of common stock that vested by the market value of the underlying stock on the vesting date.

On November 13, 2006, Mr. Tuchman, the Company's Chairman and Chief Executive Officer, and Mr. Burns, the Company's Executive Vice President and General Counsel, exercised stock options for 2,280,000 and 96,563 shares,

respectively, under the terms of the 1993 Stock Option Plan. The options exercised, which were scheduled to expire in 2008 if not exercised, had an exercise price of \$10.25 per share and the market value at the date they were exercised was \$24.78 per share.

In order to exercise his options, Mr. Tuchman paid the aggregate exercise price of \$23,370,000 by returning 943,099 shares which he previously owned to the Company and had the Company withhold 619,653 shares from the shares being issued in connection with the exercise of the option in order to meet his minimum tax withholdings. Mr. Burns asked that both the aggregate exercise price of \$990,000 and his minimum withholdings be satisfied by having 64,742 shares withheld by the Company from the shares being issued in connection with the options being exercised. All share amounts were valued at their fair market value based on the market price of the common stock at the date of exercise. Mr. Tuchman and Mr. Burns continue to own the shares that they acquired upon exercise of the stock options. The 1,627,494 shares delivered to or withheld by the Company in connection with the exercise of these stock options by Messrs. Tuchman and Burns had an aggregate market value of \$40,329,000. The exercise resulted in the issuance of 1,660,347 shares to Messrs. Tuchman and 31,791 shares to Mr. Burns.

### **Post-Termination Compensation**

The Company's five named executive officers have post-termination provisions as part of their employment agreements. Each employment agreement provides that in the event of termination by (1) the Company due to the executive's death or disability or cause, or (2) by the executive other than for good reason, the executive will be entitled to receive: (a) base salary up to and including the effective date of termination, prorated on a daily basis; (b) payment for any accrued, unused vacation as of the effective date of termination; (c) in the event of termination due to the executive's death or disability, any performance-based bonus previously earned but not paid; and (d) any other benefits (if any) payable upon the executive's death or disability.

Further, each agreement (other than Mr. Tuchman's) provides that, in the event of termination (1) by the Company other than due to the executive's death or disability or cause, or (2) by the executive for good reason, the executive will also be entitled to receive payment, either as a lump sum or in monthly installments over the severance period, of an amount equal to his base salary and target bonus. In addition, the executive will receive continued medical benefits for a specified number of months. The base salary is calculated at the rate in effect at the date of such termination. These salary, target bonus and continued medical benefit continuation periods are as follows: Mr. Burns, three years; Mr. Walsh, two years; Mr. Gross, two years; and Mr. Mertz, two years.

In the case of Mr. Tuchman, upon termination, his employment agreement would entitle him to continuation of his salary for the remainder of the seven-year term of his employment agreement and reimbursement of medical expenses for an additional five year period thereafter.

Notwithstanding the provisions described above, if the executive's employment is terminated by the Company, other than due to the executive's death or disability or cause, or by the executive for good reason, in either case, upon a "change in control," then (1) all stock options, restricted awards or other types of equity-based compensation then held by the executive that were not previously exercised will become fully vested and exercisable; (2) any unpaid target bonus for any measurement period ended prior to the date of termination will be paid as soon as practicable; (3) the executive shall be entitled to receive an amount equal to the annual amount of the executive's base salary and target bonus calculated at the then current rate, multiplied by three, in the case of Mr. Burns, and two, in the case of Messrs. Walsh, Gross and Mertz; and (4) the executive will be entitled to continuation of medical benefits for a period of three years, in the case of Mr. Burns, or two years, in the case of Messrs. Walsh, Gross and Mertz.

As defined in the employment agreements for our named executive officers, other than Mr. Tuchman, a "Change in Control" will be deemed to have occurred if the event described in any one of the following paragraphs shall have occurred:



(i) any Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its affiliates) representing 50% or more of the combined voting power of the Company's then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in clause (A) of paragraph (iii) below; or

(ii) the following individuals cease for any reason to constitute a majority of the number of directors then serving: individuals who, on the date hereof, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's stockholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the date hereof or whose appointment, election or nomination for election was previously so approved or recommended; or

(iii) there is consummated a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other corporation, other than (A) a merger or consolidation immediately following which the individuals who comprise the Board immediately prior thereto constitute at least a majority of the board of directors of the Company, the entity surviving such merger or consolidation or any parent thereof (or a majority plus one member where such board comprises an odd number of members), or (b) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities Beneficially Owned by such Person any securities acquired directly from the Company or its Affiliates) representing 50% or more of the combined voting power of the Company's then outstanding securities; or

(iv) there is consummated an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 51% of the combined voting power of the voting securities of which are owned by stockholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale, or the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company.

Notwithstanding the foregoing, a "Change in Control" shall not be deemed to have occurred by virtue of the consummation of any transaction or series or integrated transactions immediately following which the record holders of the common stock of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in an entity which owns all or substantially all of the assets of the Company immediately following such transaction or series of transactions.

The post-severance payments due to the Company's named executive officers pursuant to the arrangements described above are as follows:

***Martin Tuchman***

With respect to Mr. Tuchman, potential payments upon termination or change in control under contracts, plans, agreements, or arrangements would be as follows assuming the triggering event had occurred on January 1, 2007:

| Potential Payments upon Termination or Change in Control | Voluntary Resignation | By Company For Cause | By Company Without Cause | Disability | Death |
|--|-----------------------|----------------------|--------------------------|------------|-------|
|  |                       |                      |                          |            |       |

|                                |                   |                   |                   |                   |                   |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Cash Payments(A)               | --                | --                | \$7,640,066       | \$2,078,928       | \$6,652,570       |
| Accelerated Equity Awards      | --                | --                | --                | --                | --                |
| Continued Perquisites/Benefits | (B)               | --                | (B)               | (B)               | --                |
| Tax Gross-Ups                  | --                | --                | --                | --                | --                |
|                                | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> |
| Total                          | --                | --                | \$7,640,066       | \$2,078,928       | \$6,652,570       |
|                                | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> | <u>          </u> |

(A) Does not include cash bonus payments for the year in question that would accelerate upon a change of control.

(B) Mr. Tuchman is entitled to reimbursement of medical expenses for the remainder of the then current seven year term and for five years thereafter in connection with termination due to disability or termination without cause by the Company. These amounts cannot be determined until such time as invoices for reimbursement are presented. In the event of voluntary termination by Mr. Tuchman prior to the expiration of the Employment Period no further compensation shall be payable however, Mr. Tuchman shall be entitled to reimbursement of medical expenses for a period of five years.

#### **Arthur L. Burns**

With respect to Mr. Burns, potential payments upon termination or change in control under contracts, plans, agreements, or arrangements would be as follows assuming the triggering event had occurred on January 1, 2007:

| Potential Payments upon Termination or Change in Control | Voluntary Resignation | By Employee For Good Reason | By Company For Cause | By Company Without Cause | Disability or Death | Change In Control (\$) |
|--|-----------------------|-----------------------------|----------------------|--------------------------|---------------------|------------------------|
| Cash Payments  | --                    | \$1,623,000                 | --                   | \$1,623,000              | --                  | \$1,623,000            |
| Accelerated Equity Awards                                | --                    | --                          | --                   | --                       | --                  | --                     |
| Continued Perquisites/Benefits                           | --                    | 32,148                      | --                   | 32,148                   | --                  | 32,148                 |
| Tax Gross-Ups  | --                    | --                          | --                   | --                       | --                  | --                     |
|  | <u>          </u>     | <u>          </u>           | <u>          </u>    | <u>          </u>        | <u>          </u>   | <u>          </u>      |
| Total  | --                    | \$1,655,148                 | --                   | \$1,655,148              | --                  | \$1,655,148            |
|  | <u>          </u>     | <u>          </u>           | <u>          </u>    | <u>          </u>        | <u>          </u>   | <u>          </u>      |

#### **James F. Walsh**

With respect to Mr. Walsh, potential payments upon termination or change in control under contracts, plans, agreements, or arrangements would be as follows assuming the triggering event had occurred on January 1, 2007:

| Potential Payments upon Termination or Change in Control | Voluntary Resignation | By Employee For Good Reason | By Company For Cause | By Company Without Cause | Disability or Death | Change In Control (\$) | Non-renewal by Company-Following Change of |
|--|-----------------------|-----------------------------|----------------------|--------------------------|---------------------|------------------------|--|
|  | <u>          </u>     | <u>          </u>           | <u>          </u>    | <u>          </u>        | <u>          </u>   | <u>          </u>      |  |

|                                |           |                    |           |                    |           |                    | Control          |
|--------------------------------|-----------|--------------------|-----------|--------------------|-----------|--------------------|------------------|
| Cash Payments                  | --        | \$1,006,000        | --        | \$1,006,000        | --        | \$1,006,000        | \$503,000        |
| Accelerated Equity Awards      | --        | --                 | --        | --                 | --        | 194,659(A)         | 194,659(A)       |
| Continued Perquisites/Benefits | --        | 21,798             | --        | 21,798             | --        | 21,798             | --               |
| Tax Gross-Ups                  | --        | --                 | --        | --                 | --        | --                 | --               |
| <b>Total</b>                   | <b>--</b> | <b>\$1,027,798</b> | <b>--</b> | <b>\$1,027,798</b> | <b>--</b> | <b>\$1,222,457</b> | <b>\$697,659</b> |

(A) Represents the market value at January 1, 2007 of 8,333 unvested options held by Mr. Walsh on that date which would vest upon a change in control. The exercise price of these options would amount to \$169,827.

### **Richard W. Gross**

With respect to Mr. Gross, potential payments upon termination or change in control under contracts, plans, agreements, or arrangements would be as follows assuming the triggering event had occurred on January 1, 2007:

| Potential Payments upon Termination or Change in Control | Voluntary Resignation | By Employee For Good Reason | By Company For Cause | By Company Without Cause | Disability or Death | Change In Control (\$) | Non-renewal by Company-No Change of Control |
|--|-----------------------|-----------------------------|----------------------|--------------------------|---------------------|------------------------|---|
| Cash Payments  | --                    | \$996,000                   | --                   | \$996,000                | --                  | \$996,000              | \$498,000                                   |
| Accelerated Equity Awards                                | --                    | --                          | --                   | --                       | --                  | --                     | --  |
| Continued Perquisites/Benefits                           | --                    | 21,432                      | --                   | 21,432                   | --                  | 21,432                 | --  |
| Tax Gross-Ups  | --                    | --                          | --                   | --                       | --                  | --                     | --  |
| <b>Total</b>   | <b>--</b>             | <b>\$1,017,432</b>          | <b>--</b>            | <b>\$1,017,432</b>       | <b>--</b>           | <b>\$1,017,432</b>     | <b>\$498,000</b>                            |

### **Herbert Mertz**

With respect to Mr. Mertz, potential payments upon termination or change in control under contracts, plans, agreements, or arrangements would be as follows assuming the triggering event had occurred on January 1, 2007:

| Potential Payments upon Termination or Change in Control | Voluntary Resignation | By Employee For Good Reason | By Company For Cause | By Company Without Cause | Disability or Death | Change In Control (\$) | Non-renewal by Company-No Change of Control |
|--|-----------------------|-----------------------------|----------------------|--------------------------|---------------------|------------------------|---|
| Cash Payments  | --                    | \$944,000                   | --                   | \$944,000                | --                  | \$944,000              | \$472,000                                   |
|  | --                    | --                          | --                   | --                       | --                  | 584,000(A)             | 584,000(A)                                  |

|                                     |    |           |    |           |    |             |             |
|-------------------------------------|----|-----------|----|-----------|----|-------------|-------------|
| Accelerated Equity Awards Continued |    |           |    |           |    |             |             |
| Perquisites/Benefits                | -- | 31,242    | -- | 31,242    | -- | 31,242      | --          |
| Tax Gross-Ups                       | -- | --        | -- | --        | -- | --          | --          |
| Total                               | -- | \$975,242 | -- | \$975,242 | -- | \$1,559,242 | \$1,056,000 |

(A) Represents the market value at January 1, 2007 of 25,000 unvested options held by Mr. Mertz on that date which would vest upon a change in control. The exercise price of these options would amount to \$526,250.

## Description of Equity Compensation and Incentive Plans

### *2004 Stock Option Plan*

Our 2004 Stock Option Plan for Key Employees and Directors (the "2004 Stock Option Plan") was adopted by our Board of Directors on November 3, 2004 and approved by our stockholders at our 2004 Annual Meeting. A total of 1.5 million shares of common stock have been reserved for issuance under the 2004 Stock Option Plan. Options may be granted under the 2004 Stock Option Plan, in the discretion of the Compensation Committee of the Board of Directors, to key employees and directors (whether or not they are employees) of Interpool, Inc. and its subsidiaries. The number of shares that may be the subject of options granted during any calendar year to any one individual cannot exceed 250,000 shares.

The 2004 Stock Option Plan is administered by the Compensation Committee, which consists solely of independent directors. The Compensation Committee has the authority, within limitations as set forth in the 2004 Stock Option Plan, to establish rules and regulations concerning the 2004 Stock Option Plan, and to determine the persons to whom options may be granted, the number of shares of common stock to be covered by each option and the terms and provisions of the option to be granted. The Compensation Committee has the right to cancel any outstanding options and to issue new options on the terms and upon the conditions as may be consented to by the optionee affected. In addition, the Compensation Committee has the authority, subject to the terms of the 2004 Stock Option Plan, to determine the appropriate adjustments in the terms of each outstanding option in the event of a change in the common stock or our capital structure.

Options are exercisable by the holder subject to terms fixed by the Compensation Committee. An option will be exercisable immediately upon the occurrence of any of the following (but in no event subsequent to the expiration of the term of an option):

1. the holder's retirement on or after attainment of age 65;
2. the holder's disability or death; or
3. special circumstances or events as the Compensation Committee determines merits special consideration.

Under the 2004 Stock Option Plan, a holder may pay the exercise price in cash, by check, by delivery to us of shares of common stock already owned by the holder for at least six months by a cashless method in accordance with procedures that may be established by the Compensation Committee or by such other method as the Compensation Committee may permit from time to time.

Options granted under the 2004 Stock Option Plan are not transferable except by will or the laws of descent and distribution. However, the Compensation Committee may, in its discretion, authorize a transfer of any option (other

than an incentive stock option), by the initial holder to (i) the family members of the initial holder, (ii) a trust or trusts for the exclusive benefit of such family members, (iii) a corporation or partnership in which such family members and/or the initial holder are the only shareholders or partners, or (iv) such other persons or entities which the Compensation Committee may permit; provided, however, that subsequent transfers of such option shall be prohibited except by will or the laws of descent and distribution. If an option holder terminates employment with us and all subsidiaries or service as a director of Interpool or a subsidiary while holding an unexercised option, the option will terminate immediately, but the option holder will have until the end of the tenth business day following his termination of employment or service to exercise the option.

However, all options held by an option holder will terminate immediately if the termination is for cause, including but not limited to violation of the holder's duties. If cessation of employment or service is due to retirement on or after attainment of age 65, disability or death, the option holder or the holder's successor-in-interest, as the case may be, is permitted to exercise any option within three months of retirement or within six months of disability or twelve months of death. Shares subject to options granted under the 2004 Stock Option Plan which expire, terminate or are cancelled without having been exercised in full become available again for option grants.

The 2004 Stock Option Plan may be terminated and may be modified or amended by the Compensation Committee or the Board of Directors at any time; provided, however, that (1) no modification or amendment increasing the aggregate number of shares which may be issued under the 2004 Stock Option Plan or under options granted to any individual during any calendar year, or changing the class of persons who are eligible to receive options will be effective without stockholder approval within one year of the adoption of the amendment and (2) no such termination, modification or amendment of the 2004 Stock Option Plan will alter or affect the terms of any then outstanding options without the consent of the holders thereof (except as described below). The Compensation Committee may cancel or terminate an outstanding option with the consent of the holder and grant an option for the same number of shares to the individual based on the then fair market value of the common stock, which may be higher or lower than the exercise price of the canceled option. In addition, the Compensation Committee or the Board of Directors may amend the 2004 Stock Option Plan and the terms of outstanding options, without the consent of the holders thereof, in connection with any tax law changes which are not consistent with the purpose and intended tax treatment of the 2004 Stock Option Plan and the options as previously in effect.

As of December 31, 2006, a total of 350,000 options, 316,667 of which are exercisable, were held by 5 persons under the 2004 Stock Option Plan.

Previously, we maintained a 1993 Stock Option Plan for Executive Officers and Directors (the "1993 Stock Option Plan"), which is discussed below.

### ***1993 Stock Option Plan***

No options may be granted under the 1993 Stock Option Plan which expired in March 2003. Our 1993 Stock Option Plan for Executive Officers and Directors was adopted by our Board of Directors and approved by the stockholders in March 1993. A total of 6,000,000 shares of common stock were reserved for issuance under the 1993 Stock Option Plan. Options could have been granted under the 1993 Stock Option Plan to executive officers and Directors of Interpool or a subsidiary (including any executive consultant of Interpool and its subsidiaries), whether or not they were employees. As of December 31, 2006, 286,500 options were issued and outstanding under the 1993 Stock Option Plan, all of which are exercisable by 13 persons.

Effective January 1, 2004 the Compensation Committee began to administer the 1993 Stock Option Plan which had previously been administered by a Stock Option Committee.

The 1993 Stock Option Plan does not require that the members of the Compensation Committee be "disinterested persons" within the meaning of Rule 16b-3, as from time to time amended, under the Securities Exchange Act of

1934. The Compensation Committee has the authority, within limitations as set forth in the 1993 Stock Option Plan, to establish rules and regulations concerning the 1993 Stock Option Plan. In addition, the Compensation Committee has the authority, subject to the terms of the 1993 Stock Option Plan, to determine the appropriate adjustments in the terms of each outstanding option in the event of a change in the common stock or our capital structure.

Options are exercisable by the holder subject to terms fixed by the Compensation Committee. No option can be exercised until at least six months after the date of grant. However, an option will be exercisable immediately upon the occurrence of any of the following (but in no event during the six-month period following the date of grant or subsequent to the expiration of the term of an option):

1. the holder's retirement on or after attainment of age 65;
2. the holder's disability or death; or
3. special circumstances or events as the Compensation Committee determines merits special consideration.

Under the 1993 Stock Option Plan, a holder may pay the exercise price in cash, by check, by delivery to us of shares of common stock already owned by the holder, or, with respect to non-qualified stock options and subject to approval by the Compensation Committee, in shares issuable in connection with the option, or by such other method as the Compensation Committee may permit from time to time.

Options granted under the 1993 Stock Option Plan are non-transferable and non-assignable; provided, however, that the estate of a deceased holder may exercise any options held by the decedent. If an option holder terminates employment with us and all subsidiaries or service as a director of Interpool or a subsidiary while holding an unexercised option, the option will terminate immediately, but the option holder will have until the end of the tenth business day following his termination of employment or service to exercise the option. However, all options held by an option holder will terminate immediately if the termination is for cause, including but not limited to a result of a violation of the holder's duties. If cessation of employment or service is due to retirement on or after attainment of age 65, disability or death, the option holder or the holder's successor-in-interest, as the case may be, is permitted to exercise any option within three months of retirement or disability or within six months of death.

The 1993 Stock Option Plan may be modified or amended by the Compensation Committee or the Board of Directors at any time; provided, however, that (1) no modification or amendment increasing the aggregate number of shares which may be issued under options, increasing materially the benefits accruing to participants under the 1993 Stock Option Plan, or materially modifying the requirements as to eligibility to receive options will be effective without stockholder approval within one year of the adoption of the amendment and (2) no such modification or amendment of the 1993 Stock Option Plan will alter or affect the terms of any then outstanding options without the consent of the holders thereof. The Compensation Committee may cancel or terminate an outstanding option with the consent of the holder.

In November 2006, the Company filed a Registration Statement on Form S-8 with the Securities and Exchange Commission to register a total of 4,458,063 shares of common stock, \$0.001 par value per share, of the Company (plus any additional shares of common stock that may be issued pursuant to the adjustment provisions of the Company's stock option plans) that may be issued under the Company's 2004 Stock Option Plan for Key Employees and Directors, the 2004 Nonqualified Stock Option Plan for Non-Employee, Non-Officer Directors, the 1993 Stock Option Plan for Executive Officers and Directors and the 1993 Stock Option Plan for Non-Employee, Non-Consultant Directors and 45,512 shares of common stock issued or issuable pursuant to awards granted under the Interpool, Inc. Deferred Bonus Plan described below.

#### ***401(k) Plan***

We maintain a deferred savings plan for employees that is intended to qualify under Section 401(k) of the Internal Revenue Code. All our employees who are based in the United States are eligible to participate in the 401(k) Plan. Each participant may elect to contribute up to 6% of such participant's compensation on a pre-tax basis for which the Company makes matching contributions equal to 75% of the participant's contribution. In addition, participants can elect to make additional unmatched contributions to the 401(k) Plan up to an additional 9% of the participant's compensation. Such salary deferral contributions are 100% vested at all times. Amounts credited to a participant's account are distributed to the participant at the earliest of (1) the termination of his or her employment with us, (2) a requested withdrawal after age 59 1/2 or upon evidence of disability or (3) a requested withdrawal due to financial hardship. The 401(k) Plan administrator may authorize loans from the 401(k) Plan to participants in a manner which is uniform and nondiscriminatory. Under the Code, salary deferral contributions are not taxable to the employee until the amounts are distributed to the employee, and all matching contributions are tax deductible to us. The 401(k) Plan provides for the making by us of any matching or profit sharing contributions to the 401(k) Plan, in the form of shares of common stock of Interpool.

### ***Deferred Bonus Plan***

In November 2002, our Board of Directors approved a Deferred Bonus Plan (the "Deferred Bonus Plan") under which employees of Interpool and our affiliates who received discretionary year-end bonuses of greater than \$50,000 received such bonuses partly in cash and partly in the form of an award of Interpool common stock. Bonus stock awards under this plan vest in equal installments over a five-year period, unless the recipient elected to have the award vest over a ten-year period or the Board of Directors specified another period. The unvested portion of any bonus stock award will vest immediately if a change in control of Interpool occurs, if the employee is terminated without cause, if the employee resigns for a good reason, if the employee dies or becomes permanently disabled, or in any other circumstance deemed appropriate by the Board of Directors. If a recipient resigns voluntarily without a good reason or is terminated for cause, the employee would forfeit any unvested portion of any bonus stock award. The number of shares covered by any bonus stock award was determined based upon a 10% discount from the market price of Interpool common stock at year-end, except that the discount was 30% for any bonus stock awards that vest over ten years. Under the Plan, each employee granted a bonus stock award has the right to require us to purchase from the employee a total number of shares equal to the number covered by the bonus stock award.

On January 2, 2003, the Company granted to 12 eligible employees 139,067 shares of restricted stock that had a fair value of \$16.83 per share at the grant date, 4,641 of which vest over a five year period, 74,019 vest over a ten year period and 60,407 were forfeited. During the fourth quarter 2003, in accordance with the terms of the separation agreement with the Company's previous President and Chief Operating Officer, 60,407 unvested shares were forfeited.

On January 2, 2004, the Company granted to 17 eligible employees 27,259 shares of restricted stock that had a fair value of \$13.60 per share at the grant date, 7,301 of which vest over a five year period and 19,958 vest over a ten year period.

During the first quarter of 2004, our Chief Executive Officer elected to voluntarily relinquish his entire 2002 bonus, including 60,407 unvested shares of restricted stock.

In September 2004, the Board of Directors terminated the Deferred Bonus Plan. All stock previously issued under the Deferred Bonus Plan will continue to be subject to the terms of the Deferred Bonus Plan. However, future bonuses will not be subject to the terms of the Deferred Bonus Plan.

### ***Additional Equity Compensation Plan Information***

The following presents certain equity compensation plan information as of December 31, 2006. This table does not include shares issuable under the Deferred Bonus Plan as outlined in Note 16 to the Consolidated Financial Statements. In September 2004, the Board of Directors terminated the Bonus Plan. All stock previously granted under

the Deferred Bonus Plan will continue to be subject to the terms of the Deferred Bonus Plan.

| Plan Category  | (a)<br>Number of securities<br>to be issued upon<br>exercise of<br>outstanding options,<br>warrants and rights | (b)<br>Weighted-average<br>exercise price of<br>outstanding options,<br>warrants and rights | (c)<br>Number of securities<br>remaining available<br>for future issuance<br>under equity<br>compensation plans<br>(excluding securities<br>reflected in<br>column (a)) |
|--|--|---|---|
| Equity compensation<br>plans approved by<br>security holders     | 826,500  | \$16.33   | 1,255,000   |
| Equity compensation<br>plans not approved by<br>security holders | ---  | ---   | ---   |
| <b>Total</b>   | 826,500  | \$16.33   | 1,255,000   |

### Employment Agreements With Named Executive Officers

#### *Martin Tuchman*

We have an employment agreement with Martin Tuchman which currently expires on December 31, 2013, except that on each January 1, the expiration date is automatically extended for an additional year unless we or Mr. Tuchman give written notice of an election not to extend beyond the end of the then current seven-year term. Notice of any election not to extend the expiration date must be delivered not less than six months prior to the next occurring January 1.

As compensation for the services to be rendered under his employment agreement, Mr. Tuchman will be paid an annual base salary of \$1,091,438 in 2007. The base salary under the employment agreement increases by a minimum of 5% each year. In addition, under the terms of his employment agreement, Mr. Tuchman is entitled to receive an annual bonus equal to 2% of the amount of any increase in our net income during the year from our net income during the preceding year. As described above, Mr. Tuchman is also eligible to receive bonuses under a bonus plan for the Chief Executive Officer adopted by our Compensation Committee in 2000. Mr. Tuchman may also be entitled to receive discretionary bonuses as determined by our Compensation Committee.

Mr. Tuchman's employment agreement (1) includes a non-competition provision; (2) provides that, in the event of Mr. Tuchman's death, Mr. Tuchman's base salary will continue to be paid to his beneficiary for two additional years and, in the event of termination of Mr. Tuchman without cause, Mr. Tuchman will continue to receive his base salary for the entire remaining term then in effect under the employment agreement; and (3) provides for reimbursement to Mr. Tuchman, for both Mr. Tuchman and his wife, of all health related costs and expenses that are not advanced or reimbursed to Mr. Tuchman pursuant to our medical and dental insurance plans, which additional reimbursement continues for a period of five years after expiration of the employment agreement and (4) entitles Mr. Tuchman to the use of a Company-provided automobile.

#### *Arthur L. Burns*



We have an employment agreement with Arthur L. Burns, Executive Vice President, General Counsel and Director of the Company. Mr. Burns's employment agreement with the Company became effective on July 1, 2004 and currently expires on October 16, 2009, except that on October 17, 2009 and on each three year anniversary of such date, the term shall be automatically extended for an additional three year period, unless the Company or Mr. Burns gives written notice of intention not to renew at least 180 days prior to the expiration of the then-current term. During 2007, Mr. Burns will be paid an annual base salary of \$416,000, will be eligible to participate in all Company fringe benefits programs, and will be entitled to receive a target bonus in the amount of \$125,000 upon the successful completion of performance objectives as determined from time to time. Additional discretionary bonuses may be paid in such amounts as shall be determined at the sole discretion of the Compensation Committee. On each January 1, Mr. Burns's salary and target bonus shall be either maintained or adjusted upwards as determined in the sole discretion of the Compensation Committee. In addition, Mr. Burns is entitled to be reimbursed for up to \$100,000 in transition expenses and related taxes incurred after June 30, 2005 should he elect not to sell his residence in Massachusetts and relocate permanently to New York. In the event that the Company terminates the employment agreement during the term for any reason other than cause or disability or elects not to renew Mr. Burns's employment agreement or if Mr. Burns terminates the employment agreement for "good reason" (which, as defined in his employment agreement, would include a change of control of the Company), Mr. Burns will be entitled to receive severance (either in a lump sum or in monthly installments, as he may elect) in an amount equal to three years of his then-current base salary and target bonus, as well as continued paid participation for three years in all health, life and disability insurance programs offered by the Company to all employees. In the event of a change of control, the obligations of the Company under the employment agreement, including severance obligations, shall expire no earlier than 36 months following the change of control. If a change of control occurs, Mr. Burns' unvested options will vest immediately. Upon the termination of the employment agreement and payment of the severance payment, Mr. Burns has agreed not to compete with the Company, directly or indirectly, for a period of one year.

In 2004, the Company granted Mr. Burns stock appreciation rights to 150,000 shares of common stock at a price of \$14.05 per share, pursuant to which Mr. Burns would have been entitled to receive an amount equal to any appreciation in the Company's common stock market value. The stock appreciation rights vested as of January 15, 2005. In November 2005 the Company exercised its right to substitute common stock options under the same terms and conditions of the stock appreciation rights and agreed to pay Mr. Burns an amount equal to the difference between the common stock closing price on November 18, 2005 and the grant price of the stock appreciation rights. The common stock options are exercisable by Mr. Burns at any time prior to the expiration of the earlier of 10 days following the termination of Mr. Burns (except that the ten day period shall not apply in the event of a termination by the Company without cause, executive disability or termination by Mr. Burns for good reason) or June 30, 2014.

***James F. Walsh***

We have an employment agreement with James F. Walsh, Executive Vice President and Chief Financial Officer of the Company. Mr. Walsh's employment agreement with the Company became effective on July 1, 2004, was amended in July 2005, and currently expires on November 16, 2007, except that the term is automatically extended for additional one year periods unless either the Company or Mr. Walsh gives written notice of intention not to renew 180 days prior to the expiration of the then-current term. During 2007, Mr. Walsh will be paid an annual base salary of \$338,000, will be eligible to participate in all Company related fringe benefit programs, and will be entitled to receive a target bonus in the amount of \$165,000 upon the successful completion of performance objectives as determined from time to time. Additional discretionary bonuses may be paid in such amounts as shall be determined at the sole discretion of the Compensation Committee. On each subsequent January 1, Mr. Walsh's salary and target bonus shall either be maintained or adjusted upwards as determined in the sole discretion of the Compensation Committee. In addition, Mr. Walsh is reimbursed for all commuting expenses from his home in Richmond, Virginia and living expenses in the Princeton, New Jersey area, along with related taxes. In the event that the employment agreement is terminated during the term either by the Company for any reason other than cause or disability or by Mr. Walsh for good reason, Mr. Walsh will be entitled to severance (either in a lump sum or in monthly installments, as he may elect) in an amount equal to two years of his then-current salary and target bonus, as well as continued paid participation in all Company

health, disability and life insurance programs for two years. In the event of a change of control, the obligations of the Company under the employment agreement, including severance obligations, shall expire no earlier than two years following the change of control. If the Company does not renew Mr. Walsh's employment agreement following a change in control, Mr. Walsh is entitled to a severance payment equal to his then current base salary and target bonus. Upon the termination of the employment agreement and payment of the severance payment, Mr. Walsh has agreed not to compete with the Company, directly or indirectly, for a period of one year.

In 2004, the Company granted Mr. Walsh stock appreciation rights to 25,000 shares of common stock at a price of \$14.05 per share, pursuant to which Mr. Walsh would have been entitled to receive an amount equal to any appreciation in the Company's common stock market value. In November 2005 the Company exercised its right to substitute common stock options under the same terms and conditions of the stock appreciation rights and agreed to pay Mr. Walsh an amount equal to the difference between the common stock closing price on November 18, 2005 and the grant price of the stock appreciation rights. The common stock options, are vested, and are exercisable by Mr. Walsh at any time prior to the expiration of the earlier of 10 days following the termination of Mr. Walsh (except that the ten day period shall not apply in the event of a termination by the Company without cause, executive disability or termination by Mr. Walsh for good reason) or June 30, 2014.

In May 2005, the Company granted Mr. Walsh 25,000 common stock options pursuant to the Company's 2004 Stock Option Plan for Executive Officers, vesting in installments through 2007.

#### ***Richard W. Gross***

We have an employment agreement with Richard W. Gross, Executive Vice President of the Company and Chief Operating Officer of Interpool Limited. Mr. Gross's employment agreement with the Company became effective on July 1, 2004 and currently expires on October 14, 2007, except that the term is automatically extended for additional one year periods unless either the Company or Mr. Gross gives written notice of intention not to renew 180 days prior to the expiration of the then-current term. During 2007, Mr. Gross will be paid an annual base salary of \$338,000, will be eligible to participate in all Company related fringe benefit programs, and will be entitled to receive a target bonus in the amount of \$160,000 upon the successful completion of performance objectives as determined from time to time. Additional discretionary bonuses may be paid in such amounts as shall be determined at the sole discretion of the Compensation Committee. On each subsequent January 1, Mr. Gross's salary and target bonus shall either be maintained or adjusted upwards in the sole discretion of the Compensation Committee. In the event that the employment agreement is terminated during the term by either the Company for any reason other than cause or disability or by Mr. Gross for good reason, Mr. Gross will be entitled to severance (either in a lump sum or in monthly installments, as he may elect) in an amount equal to two years of his then current salary and target bonus, as well as continued paid participation in all Company health, disability and life insurance programs for two years. In the event of a change of control, the obligations of the Company under the employment agreement, including severance obligations, shall expire no earlier than two years following the change of control. If the Company does not renew Mr. Gross's employment agreement following a change in control, Mr. Gross is entitled to a severance payment equal to his then current salary and target bonus. Upon the termination of the employment agreement and payment of the severance payment, Mr. Gross has agreed not to compete with the Company, directly or indirectly, for a period of one year.

In 2004, the Company granted Mr. Gross stock appreciation rights to 100,000 shares of common stock at a price of \$14.05 per share, pursuant to which Mr. Gross would have been entitled to receive an amount equal to any appreciation in the Company's common stock market value. The stock appreciation rights vested as of October 15, 2005. In November 2005 the Company exercised its right to substitute common stock options under the same terms and conditions of the stock appreciation rights and agreed to pay Mr. Gross an amount equal to the difference between the common stock closing price on November 18, 2005 and the grant price of the stock appreciation rights. The common stock options are exercisable by Mr. Gross at any time prior to the expiration of the earlier of 10 days following the termination of Mr. Gross (except that the ten day period shall not apply in the event of a termination by

the Company without cause, executive disability or termination by Mr. Gross for good reason) or June 30, 2014.

### ***Herbert Mertz***

We have an employment agreement with Herbert Mertz, Executive Vice President of the Company and Chief Operating Officer of Trac Lease. Mr. Mertz's employment agreement became effective on January 1, 2005, was amended in July 2005 and currently expires on December 31, 2007, except that the term is automatically extended for additional one year periods unless either the Company or Mr. Mertz gives written notice of intention not to renew 180 days prior to the expiration of the then-current term. During 2007, Mr. Mertz will be paid an annual base salary of \$312,000, will be eligible to participate in all Company related fringe benefit programs and will be entitled to receive a target bonus in the amount of \$160,000 upon the successful completion of performance objectives. Additional discretionary bonuses may be paid in such amounts as shall be determined at the sole discretion of the Compensation Committee. On each subsequent anniversary date, Mr. Mertz's salary and target bonus shall either be maintained or adjusted upwards in the sole discretion of the Compensation Committee. In the event that the employment agreement is terminated during the term either by the Company for any reason other than cause or disability or by Mr. Mertz for good reason, Mr. Mertz will be entitled to severance (either in a lump sum or in monthly installments, as he may elect) in an amount equal to two years of his then current salary and target bonus, as well as continued paid participation in all Company health, disability and life insurance programs for two years. In the event of a change of control, the obligations of the Company under the employment agreement, including severance obligations, shall expire no earlier than two years following the change of control. If the Company does not renew Mr. Mertz's employment agreement upon its expiration Mr. Mertz is entitled to a severance payment equal to his then current base salary and target bonus. Upon the termination of the employment agreement and payment of the severance payment, Mr. Mertz has agreed not to compete with the Company, directly or indirectly, for a period of two years.

In July 2005, the Company granted Mr. Mertz 50,000 common stock options, pursuant to the Company's 2004 Stock Option Plan for Executive Officers, vesting in installments through 2007.

### **COMPENSATION OF DIRECTORS**

The following table shows the compensation earned by our directors who are not executive officers during 2006. Directors who were executive officers did not receive any director fees or additional compensation for serving as directors.

| Name                     | Fees and Expenses earned or paid in cash (\$)(A) | Stock awards (\$) | Option awards (\$)(B) | Non-equity incentive plan compensation (\$) | Change in pension value and nonqualified deferred compensation earnings | All other compensation (\$) | Total (\$) |
|--------------------------|--|-------------------|-----------------------|---|---|-----------------------------|------------|
| Clifton H.W. Maloney     | 85,050   | --                | 70,361                | --  | --  | --                          | 155,411    |
| Joseph J. Whalen         | 57,900   | --                | 70,361                | --  | --  | --                          | 128,261    |
| Peter D. Halstead        | 57,150   | --                | 16,275(C)             | --  | --  | --                          | 73,425     |
| Michael S. Mathews       | 76,900   | --                | 70,361                | --  | --  | --                          | 147,261    |
| William J. Shea, Jr.     | 48,250   | --                | 70,361                | --  | --  | --                          | 118,611    |
| Warren L. Serenbetz, Jr. | 56,750   | --                | 70,361                | --  | --  | --                          | 127,111    |
| Robert L. Workman        | 48,983   | --                | 23,743                | --  | --  | --                          | 72,726     |

- (A) Amounts shown are entirely attributable to fees for annual retainers and attendance at Board meetings and Board committee meetings as described in the "Director Compensation" narrative and expense reimbursement.
- (B) Our outside directors receive automatic grants of stock options under the 2004 Directors Plan. The amounts reported in the Option Awards column represent the dollar amount, without any reduction for risk of forfeiture, recognized for financial reporting purposes for the fiscal year ended December 31, 2006 for options granted to each of the Directors, calculated in accordance with the provisions of SFAS 123R. Portions of awards over several years are included.
- (C) The amounts reported for Mr. Halstead reflect an adjustment for options which were forfeited by Mr. Halstead upon his retirement from the Board on October 26, 2006.

Each member of the Board of Directors who is not an officer or executive consultant receives an annual service fee of \$25,000 for serving on the Board plus \$2,000 and reimbursement of expenses for each Board of Directors' meeting attended and \$1,000 for each Audit, Compensation and Corporate Governance Committee meeting attended. The members of the Special Committee receive \$2,000 for each meeting attended. The chairman of each committee also receives an additional \$500 for each attended committee meeting. Additional compensation may be paid for participation in other meetings.

In addition, each person who becomes a non-employee non-officer director following the 2004 Annual Meeting will automatically receive a grant of options for 15,000 shares on the first business day after becoming a director. The 2004 Directors Plan also provides for additional automatic grants of options for 5,000 shares on an annual basis to each continuing director, other than an employee or officer, on the first business day following each future annual meeting, beginning with the annual meeting held during 2005.

In February 2005, the Board of Directors approved the payment of special cash bonuses each in the amount of \$100,000 to Messrs. Halstead, Maloney and Whalen for their extraordinary services in assisting the Company during the period the Company was restating its financial statements and while it was responding to related inquiries. The recipient directors abstained from this vote.

## **Stock Option Plans for Outside Directors**

### ***2004 Directors Plan***

Our 2004 Nonqualified Stock Option Plan for Non-Employee, Non-Officer Directors (the "2004 Directors Plan") was adopted by our Board of Directors on November 3, 2004 and approved by our stockholders at our 2004 Annual Meeting. A total of 250,000 shares of common stock have been reserved for issuance under the 2004 Directors Plan. The exercise price per share is the fair market value of our common stock on the grant date. The options granted pursuant to the 2004 Directors Plan may be exercised at the rate of one-third of the shares on the first anniversary of the options' grant date, one-third of the shares on the second anniversary of the options' grant date and one-third of the shares on the third anniversary of the options' grant date, subject to applicable, holding periods required under rules of the Securities and Exchange Commission. Options granted pursuant to the 2004 Directors Plan expire ten years from their grant date. In the event of disability or death of a director, the option must be exercised prior to the expiration of the term of the option and within six months of the option holder's disability or within twelve months of the option holder's death. In the event of resignation of a director, the option must be exercised within ten days of the date of resignation.

The 2004 Directors Plan provides for the automatic grant of nonqualified options to non-employee non-officer directors. Under the 2004 Directors Plan, each person who becomes a non-employee, non-officer director automatically receives a grant of options for 15,000 shares on the first business day after becoming a director. The

2004 Directors Plan also provides for additional automatic grants of options for 5,000 shares on an annual basis to each continuing director, other than an employee or officer, on the first business day following each future annual meeting, which commenced with the annual meeting held in 2005.

Under the 2004 Directors Plan, a holder may pay the exercise price in cash, by check, by delivery to us of shares of common stock already owned by the holder for at least six months, by a cashless method through a registered broker-dealer or by such other method as the Board of Directors may permit from time to time.

The 2004 Directors Plan is administered by the Board of Directors. Options granted under the 2004 Directors Plan are not transferable except by will or the laws of descent and distribution. However, the Board of Directors may, in its discretion, authorize a transfer of any option, by the initial holder to (i) the family members of the initial holder, (ii) a trust or trusts for the exclusive benefit of such family members, (iii) a company or partnership in which such family members and/or the initial holder are the only shareholders or partners, or (iv) such other persons or entities which the Board of Directors may permit; provided, however, that subsequent transfers of such Option shall be prohibited except by will or the laws of descent and distribution. If an option holder terminates service as a director of Interpool or a subsidiary while holding an unexercised option, the option holder will have until the end of the tenth business day following his termination of service to exercise the option.

The 2004 Directors Plan may be terminated and may be modified or amended by the Board of Directors at any time; provided, however, that any amendment by the Board of Directors which would require stockholder approval (pursuant to the rules of any exchange on which the shares are traded) shall be subject to such stockholder approval. The Board of Directors may amend the 2004 Directors Plan and the terms of outstanding options, without the consent of the holders thereof, in connection with any tax law changes which are not consistent with the purpose and intended tax treatment of the 2004 Directors Plan and options previously in effect.

As of December 31, 2006, a total of 145,000 options, 63,335 of which are exercisable, were held by 7 persons under the 2004 Directors Plan.

Previously, we maintained the 1993 Non-Qualified Stock Option Plan for Non-Employee, Non-Consultant Directors, which is discussed below.

### ***1993 Directors Plan***

Our Non-Qualified Stock Option Plan for Non-Employee, Non-Consultant Directors expired in March 2003. The 1993 Directors Plan provided for the automatic grant of 15,000 non-qualified options to non-employee, non-consultant directors at the time the director first joined the Board. The 1993 Directors Plan authorized grants of options up to an aggregate of 150,000 shares of common stock. The exercise price per share was the fair market value of our common stock on the grant date. The options granted pursuant to the 1993 Directors Plan may be exercised at the rate of one-third of the shares on the first anniversary of the options' grant date, one-third of the shares on the second anniversary of the options' grant date and one-third of the shares on the third anniversary of the options' grant date, subject to applicable holding periods required under rules of the Securities and Exchange Commission. Options granted pursuant to the 1993 Directors Plan expire ten years from their grant date except that in the event of the death of a director, the option must be exercised within six months of the date of death or, in the event of resignation of a director, the option must be exercised within ten days of the date of resignation.

Under the 1993 Directors' Plan, a holder may pay the exercise price in cash, by check, by delivery to us of shares of common stock already owned by the holder, or, subject to approval by the Compensation Committee, in shares issuable in connection with the option, or by such other method as the Compensation Committee may permit from time to time.

Effective January 1, 2004, the Stock Option Plan formerly administered by the Stock Option Committee, began to be administered by the Compensation Committee.

Pursuant to the 1993 Directors Plan, an option to purchase 15,000 shares of common stock was granted to each of Peter D. Halstead in June 1994, Joseph J. Whalen in April 1996 and Clifton H.W. Maloney in February 2000. On September 16, 1998, pursuant to an option repricing program, 15,000 options held by each of Messrs. Halstead and Whalen were cancelled and replaced with newly issued options with an exercise price equal to the closing market price on September 16, 1998, the grant date, which vested six months from the grant date and expire ten years from the grant date. All other terms and conditions of the newly issued options are the same as those of the cancelled options.

As of December 31, 2006, a total of 45,000 options were issued and outstanding under the 1993 Directors Plan. These options were held by three directors and all are exercisable.

### **Rule 10b5-1 Trading Plans**

In March 2005, Mr. Tuchman, our Chief Executive Officer, adopted a personal trading plan as part of a long-term strategy for asset diversification and liquidity, in accordance with the Securities and Exchange Commission's Rule 10b5-1. Under the plan, up to 153,000 shares of common stock owned by Mr. Tuchman were eligible for sale systematically at market prices on sale dates beginning April 18, 2005 in daily amounts predetermined by the plan. Under the plan, which terminated on April 20, 2006, Mr. Tuchman sold an aggregate of 72,200 shares.

Rule 10b5-1 allows officers and directors, at a time when they are not in possession of material non-public information, to adopt written plans to sell shares on a regular basis under pre-arranged terms, regardless of any subsequent non-public information they may receive. Sales of shares by Mr. Tuchman pursuant to the terms of the plan have been disclosed publicly through Form 144 and Form 4 filings with the Securities and Exchange Commission.

## **PART IV**

### **ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

(a)(1) and (2) No financial statements or schedules are filed with this report on Form 10-K/A.

(a)(3) Exhibits.

A list of the exhibits filed or furnished with this report on Form 10-K/A (or incorporated by reference to exhibits previously filed or furnished by us) is provided in the Exhibit Index beginning on page \_\_ of this report.

31.1 Certification of Martin Tuchman.

31.2 Certification of James F. Walsh.

32.1 Certification of Martin Tuchman.

32.2 Certification of James F. Walsh.

## **SIGNATURES**

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

INTERPOOL, INC.  
(Registrant)

June 13, 2007

By /s/ Martin Tuchman  
Martin Tuchman  
Chairman of the Board, Chief Executive Officer,  
President,  
Chief Operating Officer, and Director (Principal Executive  
Officer)

**EXHIBIT INDEX**

- 31.1 Certification of Martin Tuchman.
- 31.2 Certification of James F. Walsh.
- 32.1 Certification of Martin Tuchman.
- 32.2 Certification of James F. Walsh.