

MOBILE MINI INC
Form 10-Q
August 09, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2011

or

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

For the transition period from to

Commission File Number: 1-12804

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)

86-0748362
(I.R.S. Employer
Identification No.)

7420 S. Kyrene Road, Suite 101

Tempe, Arizona 85283

(Address of principal executive offices)

(480) 894-6311

(Registrant's telephone number, including area code)

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

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

At July 29, 2011, there were outstanding 44,971,168 shares of the issuer's common stock.

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FOR THE QUARTER ENDED JUNE 30, 2011

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SIGNATURES

Table of Contents**PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****MOBILE MINI, INC.****CONDENSED CONSOLIDATED BALANCE SHEETS****(In thousands except par value data)**

	September 30, December 31, 2010 (See Note A)	September 30, June 30, 2011 (unaudited)
ASSETS		
Cash and cash equivalents	\$ 1,634	\$ 2,097
Receivables, net of allowance for doubtful accounts of \$2,424 and \$2,242 at December 31, 2010 and June 30, 2011, respectively	42,678	45,477
Inventories	19,569	20,017
Lease fleet, net	1,028,403	1,022,786
Property, plant and equipment, net	80,731	82,555
Deposits and prepaid expenses	8,405	7,595
Other assets and intangibles, net	23,478	20,060
Goodwill	511,419	513,487
Total assets	\$ 1,716,317	\$ 1,714,074
LIABILITIES AND STOCKHOLDERS EQUITY		
Liabilities:		
Accounts payable	\$ 13,607	\$ 15,825
Accrued liabilities	49,276	44,192
Lines of credit	396,882	388,853
Notes payable	289	94
Obligations under capital leases	2,576	1,861
Senior Notes, net	371,655	349,675
Deferred income taxes	165,567	174,210
Total liabilities	999,852	974,710
Commitments and contingencies		
Convertible preferred stock; \$.01 par value, 20,000 shares authorized, 8,556 issued and 8,191 outstanding at December 31, 2010, stated at liquidation preference value	147,427	
Stockholders equity:		
Common stock; \$.01 par value: 95,000 shares authorized, 38,962 issued and 36,787 outstanding at December 31, 2010 and 47,149 issued and 44,974 outstanding at June 30, 2011	390	471
Additional paid-in capital	349,693	500,322
Retained earnings	284,242	296,335
Accumulated other comprehensive loss	(25,987)	(18,464)
Treasury stock, at cost, 2,175 shares	(39,300)	(39,300)

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Total stockholders' equity	569,038	739,364
Total liabilities and stockholders' equity	\$ 1,716,317	\$ 1,714,074

See accompanying notes to condensed consolidated financial statements (unaudited).

Table of Contents**MOBILE MINI, INC.****CONDENSED CONSOLIDATED STATEMENTS OF INCOME****(In thousands except per share data)****(unaudited)**

	September 30, Three Months Ended June 30, 2010	September 30, Three Months Ended June 30, 2011
Revenues:		
Leasing	\$ 72,911	\$ 78,422
Sales	8,505	11,508
Other	427	593
Total revenues	81,843	90,523
Costs and expenses:		
Cost of sales	5,788	7,070
Leasing, selling and general expenses	44,260	49,628
Integration, merger and restructuring expenses	928	266
Depreciation and amortization	9,040	9,018
Total costs and expenses	60,016	65,982
Income from operations	21,827	24,541
Other expense:		
Interest expense	(14,287)	(11,777)
Foreign currency exchange loss	(6)	(1)
Income before provision for income taxes	7,534	12,763
Provision for income taxes	2,755	4,821
Net income	4,779	7,942
Earnings allocable to preferred stockholders	(903)	(193)
Net income available to common stockholders	\$ 3,876	\$ 7,749
Earnings per share:		
Basic	\$ 0.11	\$ 0.18
Diluted	\$ 0.11	\$ 0.18
Weighted average number of common and common share equivalents outstanding:		
Basic	35,147	42,656
Diluted	43,790	44,594

See accompanying notes to condensed consolidated financial statements (unaudited).

Table of Contents**MOBILE MINI, INC.****CONDENSED CONSOLIDATED STATEMENTS OF INCOME****(In thousands except per share data)****(unaudited)**

	September 30, Six Months Ended 2010	September 30, June 30, 2011
Revenues:		
Leasing	\$ 143,090	\$ 151,101
Sales	14,819	20,920
Other	812	1,361
Total revenues	158,721	173,382
Costs and expenses:		
Cost of sales	9,878	13,089
Leasing, selling and general expenses	87,122	96,716
Integration, merger and restructuring expenses	3,154	471
Depreciation and amortization	18,180	17,813
Total costs and expenses	118,334	128,089
Income from operations	40,387	45,293
Other income (expense):		
Interest income	1	
Interest expense	(28,974)	(24,476)
Debt restructuring expense		(1,334)
Foreign currency exchange loss	(14)	(2)
Income before provision for income taxes	11,400	19,481
Provision for income taxes	4,211	7,388
Net income	7,189	12,093
Earnings allocable to preferred stockholders	(1,359)	(970)
Net income available to common stockholders	\$ 5,830	\$ 11,123
Earnings per share:		
Basic	\$ 0.17	\$ 0.28
Diluted	\$ 0.16	\$ 0.27
Weighted average number of common and common share equivalents outstanding:		
Basic	35,115	39,138
Diluted	43,652	44,554

See accompanying notes to condensed consolidated financial statements (unaudited).

Table of Contents**MOBILE MINI, INC.****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(In thousands)****(unaudited)**

	September 30, Six Months Ended 2010	September 30, Six Months Ended 2011
Cash Flows From Operating Activities:		
Net income	\$ 7,189	\$ 12,093
Adjustments to reconcile net income to net cash provided by operating activities:		
Debt restructuring expense		1,334
Provision for doubtful accounts	989	932
Amortization of deferred financing costs	1,865	2,037
Amortization of debt issuance discount	450	44
Amortization of long-term liabilities	135	121
Share-based compensation expense	3,023	2,721
Depreciation and amortization	18,180	17,813
Gain on sale of lease fleet units	(4,477)	(7,119)
Gain on disposal of property, plant and equipment	(82)	
Deferred income taxes	4,198	7,388
Foreign currency transaction loss	14	2
Changes in certain assets and liabilities:		
Receivables	(987)	(3,318)
Inventories	906	(367)
Deposits and prepaid expenses	2,224	853
Other assets and intangibles	(162)	(118)
Accounts payable	52	2,041
Accrued liabilities	(5,382)	(3,080)
Net cash provided by operating activities	28,135	33,377
Cash Flows From Investing Activities:		
Additions to lease fleet	(7,247)	(11,176)
Proceeds from sale of lease fleet units	12,823	18,028
Additions to property, plant and equipment	(2,258)	(6,800)
Proceeds from sale of property, plant and equipment	85	41
Net cash provided by investing activities	3,403	93
Cash Flows From Financing Activities:		
Net repayments under lines of credit	(26,787)	(8,029)
Redemption of 9.75% senior notes due 2014	(6,000)	(22,272)
Redemption premiums of 9.75% senior notes due 2014		(1,086)
Proceeds from issuance of notes payable	94	
Principal payments on notes payable	(906)	(196)
Principal payments on capital lease obligations	(728)	(715)
Issuance of common stock, net	716	484
Net cash used in financing activities	(33,611)	(31,814)

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Effect of exchange rate changes on cash		2,674		(1,193)
Net increase in cash		601		463
Cash at beginning of period		1,740		1,634
Cash at end of period		\$ 2,341	\$	2,097
Supplemental Disclosure of Cash Flow Information:				
Interest rate swap changes in value credited to equity		\$ (1,672)	\$	(1,317)
Convertible preferred stock conversion into common stock		\$	\$	147,427

See accompanying notes to condensed consolidated financial statements (unaudited).

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MOBILE MINI, INC. NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

NOTE A Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles, or GAAP, applicable to interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all the information and footnotes required by GAAP for complete financial statements. In the opinion of management of Mobile Mini, Inc. (referred to herein as Mobile Mini, us, we, our or the Company), all adjustments (which include normal recurring adjustments) necessary to present fairly the financial position, results of operations, and cash flows for all periods presented have been made. All significant inter-company balances and transactions have been eliminated. Certain prior-period amounts in the accompanying condensed consolidated financial statements have been reclassified to conform to the current financial presentation.

The local currency of the Company's foreign operations is translated to U.S. currency for the Company's condensed consolidated financial statements for each period being presented and the Company is subject to foreign exchange rate fluctuations in connection with the Company's European and Canadian operations.

The Condensed Consolidated Balance Sheet at December 31, 2010 was derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by GAAP for complete financial statements.

The results of operations for the three- and six-month periods ended June 30, 2011 are not necessarily indicative of the operating results that may be expected for the full fiscal year ending December 31, 2011 or any future period. Demand from certain of the Company's customers is somewhat seasonal. Demand for leases of the Company's portable storage units by large retailers is stronger from September through December because these retailers need to store additional inventory for the holiday season. These retailers usually return these leased units to the Company in December or early in the following year. This seasonality has historically caused lower utilization rates for the Company's lease fleet and a marginal decrease in cash flow during the first quarter of the year.

These condensed consolidated financial statements should be read in conjunction with the Company's December 31, 2010 audited consolidated financial statements and accompanying notes thereto, which are included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC) on March 1, 2011.

NOTE B Recent Accounting Pronouncements

Multiple Element Arrangements. In September 2009, the Financial Accounting Standards Board (FASB) issued new accounting guidance related to the revenue recognition of multiple element arrangements. This new guidance states that if vendor specific objective evidence or third party evidence for deliverables in an arrangement cannot be determined, companies will be required to develop a best estimate of the selling price to separate deliverables and allocate arrangement consideration using the relative selling price method. This guidance is effective for arrangements entered into after January 1, 2011. The Company adopted this accounting standard and it did not have a material impact on its consolidated financial statements and related disclosures.

Business Combinations. In December 2010, the FASB issued clarification on the accounting guidance for business combinations. This new accounting guidance clarifies the disclosure requirement for public entities that have entered into a new business combination during the current fiscal year. Such public entities must present comparative financial statements disclosing revenue and earnings of the combined entity as though the business combination that occurred during the current fiscal year had occurred as of the beginning of the comparable prior annual reporting period only. This guidance is effective for business combinations entered into after January 1, 2011. The Company adopted this accounting standard and it did not have a material impact on its consolidated financial statements and related disclosures.

Table of Contents**MOBILE MINI, INC. NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****(unaudited) - Continued**

Goodwill. In December 2010, the FASB issued new accounting guidance for goodwill impairment testing. This new accounting guidance states that for reporting units with zero or negative carrying amounts the reporting unit should perform Step 2 of a goodwill impairment after considering the evidence of adverse qualitative factors that an impairment may exist. This guidance is effective for the Company beginning January 1, 2011. The Company adopted this accounting standard and it did not have a material impact on its consolidated financial statements and related disclosures.

Comprehensive Income. In June 2011, the FASB issued an amendment to the existing guidance on the presentation of comprehensive income. Under the amended guidance, entities have the option to present the components of net income and other comprehensive income in either a single continuous statement of comprehensive income or in two separate but consecutive statements. Entities no longer have the option of presenting the components of other comprehensive income within the statement of changes in stockholders' equity. This amendment is effective on a retrospective basis for interim and annual periods beginning after December 15, 2011, which for the Company is the first quarter of 2012. The adoption of this amendment will result in a change to the Company's current presentation of comprehensive income, but will not have any impact on the Company's consolidated financial statements.

Fair Value Measurement. In May 2011, the FASB issued amendments to the existing guidance on fair value measurement. The amendments are intended to create consistency between GAAP and International Financial Reporting Standards on measuring fair value and disclosing information about fair value measurements. The amendments clarify the application of existing fair value measurement requirements including (i) the application of the highest and best use valuation premise concepts, (ii) measuring the fair value of an instrument classified in a reporting entity's shareholders' equity, and (iii) quantitative information required for fair value measurements categorized within Level 3. In addition, the amendments require additional disclosure for Level 3 measurements regarding the sensitivity of fair value to changes in unobservable inputs and any interrelationships between those inputs. These amendments are effective for interim and annual periods beginning after December 15, 2011, which for the Company is calendar year 2012. These changes are required to be applied prospectively. The Company does not anticipate that the adoption of these amendments will have a material impact on its consolidated financial statements.

NOTE C Fair Value Measurements

The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants. Fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the Company adopted the suggested accounting guidance for the three levels of inputs that may be used to measure fair value:

Level 1 Observable inputs such as quoted prices in active markets for identical assets or liabilities;

Level 2 Observable inputs, other than Level 1 inputs in active markets, that are observable either directly or indirectly; and

Level 3 Unobservable inputs for which there is little or no market data, which require the reporting entity to develop its own assumptions.

Table of Contents**MOBILE MINI, INC. NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****(unaudited) - Continued**

Assets and liabilities measured at fair value on a recurring basis are as follows (in thousands):

	September 30, Fair Value	September 30, Quoted Prices in Active Markets for Identical Assets (Level 1)	September 30, Significant Other Observable Inputs (Level 2)	September 30, Significant Unobservable Inputs (Level 3)	September 30, Valuation Technique
Interest Rate Swap Agreements					
December 31, 2010	\$ (2,124)	\$	\$ (2,124)	\$	(1)
June 30, 2011	\$	\$	\$	\$	N/A

- (1) The Company's interest rate swap agreements are not traded on a market exchange. As a result, the fair values are determined using valuation models that include assumptions about the LIBOR yield curve at the reporting dates as well as counterparty credit risk and the Company's own non-performance risk. The Company has consistently applied these calculation techniques to all periods presented. At December 31, 2010, the fair value of interest rate swap agreements is recorded in accrued liabilities in the accompanying Condensed Consolidated Balance Sheets. The Company did not have any outstanding interest rate swap agreements at June 30, 2011.

NOTE D Fair Value of Financial Instruments

The Company determines the estimated fair value of financial instruments using available market information and valuation methodologies. Considerable judgment is required in estimating fair values. Accordingly, the estimates may not be indicative of the amounts the Company could realize in current market exchanges.

The carrying amounts of cash, receivables, accounts payable and accrued liabilities approximate fair values based on the liquidity of these financial instruments or based on their short-term nature. The carrying amounts of the Company's borrowings under its credit facility and notes payable approximate fair value. The fair values of the Company's notes payable and revolving credit facility are estimated using discounted cash flow analyses, based on the Company's current incremental borrowing rates for similar types of borrowing arrangements. Based on the borrowing rates currently available to the Company for bank loans with similar terms and average maturities, the fair value of the Company's notes payable and revolving credit facility debt at December 31, 2010 and June 30, 2011 approximated their respective book values. The fair value of the Company's \$150.0 million aggregate principal amount of 6.875% senior notes due 2015 (the 2015 Notes), its \$200.0 million aggregate principal amount of 7.875% senior notes due 2020 (the 2020 Notes) and together with the 2015 Notes, the Mobile Mini Notes) and its \$200.0 million aggregate principal amount of 9.750% senior notes originally issued by Mobile Storage Group, Inc. (MSG) due 2014 (the MSG Notes) and together with the Mobile Mini Notes, the Senior Notes) is based on the latest sales price of such notes at the end of each period obtained from a third-party institution.

The carrying value and the fair value of the Company's Senior Notes are as follows:

	September 30, December 31, 2010	September 30, June 30, 2011
	(In thousands)	
Carrying value	\$ 371,655	\$ 349,675

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Fair value	\$	375,608	\$	355,750
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The remaining aggregate principal amount outstanding of the MSG Notes at December 31, 2010 (\$22.3 million), was fully redeemed in January 2011 and is no longer outstanding. The redemption of these notes resulted in a debt restructuring charge of \$1.3 million representing tender premiums of \$1.1 million and the write-off of the remaining unamortized acquisition date discount of \$0.2 million.

Table of Contents**MOBILE MINI, INC. NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****(unaudited) - Continued**

NOTE E Earnings Per Share

The Company issued preferred stock that participates in distributions of earnings on the same basis as shares of common stock. As such, the Company adopted the accounting guidance for the standards regarding the computation of earnings per share, or EPS for securities other than common stock that contractually entitle the holder to participate in dividends and earnings of the Company. Earnings for the period are required to be allocated between the common and preferred shareholders based on their respective rights to receive dividends. Basic net income per share is then calculated by dividing income allocable to common stockholders by the weighted-average number of common shares outstanding, net of shares subject to repurchase by the Company, during the period. The Company is not required to present basic and diluted net income per share for securities other than common stock. Accordingly, the following net income per share amounts only pertains to the Company's common stock. The Company calculates diluted net income per share under the if-converted method unless the conversion of the preferred stock is anti-dilutive to basic net income per share. To the extent the inclusion of preferred stock is anti-dilutive, the Company calculates diluted net income per share under the two-class method. Potential common shares include restricted common stock, which is subject to risk of forfeiture and incremental shares of common stock issuable upon the exercise of stock options and upon the conversion of convertible preferred stock using the treasury stock method.

The following is a reconciliation of net income and weighted-average shares of common stock outstanding for purposes of calculating basic and diluted EPS for the three-month and six-month periods ended June 30, 2010 and 2011:

	September 30, Three Months Ended June 30 2010		September 30, Six Months Ended June 30, 2010		September 30, Three Months Ended June 30 2011		September 30, Six Months Ended June 30, 2011	
	(In thousands except earnings per share)				(In thousands except earnings per share)			
Historical net income per share:								
Numerator:								
Net income	\$	4,779	\$	7,942	\$	7,189	\$	12,093
Less: Earnings allocable to preferred stockholders		(903)		(193)		(1,359)		(970)
Net income available to common stockholders	\$	3,876	\$	7,749	\$	5,830	\$	11,123
Basic EPS Denominator:								
Common stock outstanding beginning of period		35,125		35,637		35,063		35,565
Effect of weighting shares:								
Weighted shares issued during the period ended June 30		22		7,019		52		3,573
Denominator for basic net income per share		35,147		42,656		35,115		39,138
Diluted EPS Denominator:								
Common stock outstanding beginning of period		35,125		35,637		35,063		35,565
Effect of weighting shares:								
Weighted shares issued during the period ended June 30		22		7,019		52		3,573
Dilutive effect of stock options and nonvested share-awards during the period ended June 30		452		769		346		736
Dilutive effect of convertible preferred stock assumed converted during the period ended June 30		8,191		1,169		8,191		4,680
Denominator for diluted net income per share		43,790		44,594		43,652		44,554

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Basic net income per share	\$	0.11	\$	0.18	\$	0.17	\$	0.28
Diluted net income per share	\$	0.11	\$	0.18	\$	0.16	\$	0.27

Basic weighted average number of common shares outstanding for each of the three- and six-month periods ended June 30, 2010 and 2011 does not include 1.2 million of share-awards because the awards had not yet vested.

Table of Contents**MOBILE MINI, INC. NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****(unaudited) - Continued**

The following table represents the number of stock options and nonvested share-awards that were issued or outstanding but excluded in calculating diluted EPS because their effect would have been anti-dilutive:

	September 30, Three Months Ended June 30, 2010 (In thousands)	September 30, 2011	September 30, Six Months Ended June 30, 2010 (In thousands)	September 30, 2011
Stock options	949	580	965	583
Nonvested share-awards	20		188	

NOTE F Share-Based Compensation

At June 30, 2011, the Company had one active share-based employee compensation plan. There are two expired compensation plans, one of which still has outstanding options subject to exercise or termination. No additional options can be granted under the expired plans.

Stock option awards under these plans were granted with an exercise price per share equal to the fair market value of the Company's common stock on the date of grant. Each outstanding option must expire no later than ten years from the date it was granted, unless exercised or forfeited before the expiration date, and historically options are granted with vesting over a four- to five-year period. The Company has not granted any stock option awards in 2011. The total value of the Company's stock option awards is expensed over the related employee's service period on a straight-line basis. The service period is the time during which the employees receiving awards must remain employed for the shares granted to fully vest.

The Company also awards restricted stock, also called nonvested share-awards in this discussion, under the existing share-based compensation plans. The majority of the Company's nonvested share-awards vest in equal annual installments over a four- to five-year period. The total value of these awards is expensed on a straight-line basis over the service period of the employees receiving the awards.

In addition, the Company has awarded nonvested share-awards to certain executive officers with vesting subject to performance conditions. Vesting of these nonvested share-awards is dependent upon the respective officers fulfilling the service period requirements as well as the Company achieving certain yearly adjusted EBITDA targets over a period of four years. The Company has not issued any share-awards subject to performance conditions in 2011. For previously issued performance-based awards, the Company is required to assess the probability that such performance conditions will be met. If the likelihood of the performance conditions being met is deemed probable, the Company will recognize the expense using the accelerated attribution method. The accelerated attribution method could result in as much as 50% of the total value of the shares being recognized in the first year of the service period if the likelihood of attaining each of the four future targets is assessed as probable. For these performance-based awards, the accelerated attribution method has been used to recognize the expense.

Table of Contents**MOBILE MINI, INC. NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****(unaudited) - Continued**

The following table sets forth unrecognized compensation costs related to the Company's share-based compensation plan as of June 30, 2011:

	September 30, June 30, 2011 (In thousands)	September 30, Weighted-Average Recognition Period (Years)
Share-awards	\$ 17,028	2.75
Stock option awards	\$ 1,875	3.46

The following table summarizes the share-based compensation expense and capitalized amounts for the three months and six months ended June 30, 2010 and 2011:

	September 30, Three Months Ended June 30, 2010 (In thousands)	September 30, Three Months Ended June 30, 2011 (In thousands)	September 30, Six Months Ended June 30, 2010 (In thousands)	September 30, Six Months Ended June 30, 2011 (In thousands)
Gross share-based compensation	\$ 1,651	\$ 1,433	\$ 3,100	\$ 2,796
Capitalized share-based compensation	(44)	(37)	(77)	(75)
Share-based compensation expense	\$ 1,607	\$ 1,396	\$ 3,023	\$ 2,721

A summary of stock option activity within the Company's share-based compensation plans and changes for the six months ended June 30, 2011 is as follows:

	September 30, Number of Shares (In thousands)	September 30, Weighted Average Exercise Price
Balance at December 31, 2010	1,618	\$ 17.84
Granted		\$
Exercised	(34)	\$ 14.23
Canceled/Expired	(4)	\$ 25.66
Balance at June 30, 2011	1,580	\$ 17.89

The intrinsic value of options exercised during the six months ended June 30, 2011 was approximately \$306,000.

A summary of nonvested share-awards activity within the Company's share-based compensation plans and changes for the six months ended June 30, 2011 is as follows:

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	September 30, Number of Shares (In thousands)	September 30, Weighted Average Grant Date Fair Value
Nonvested at December 31, 2010	1,223	\$ 16.51
Awarded	12	\$ 22.05
Released	(60)	\$ 17.74
Forfeited	(23)	\$ 16.13
Nonvested at June 30, 2011	1,152	\$ 16.51

Table of Contents**MOBILE MINI, INC. NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****(unaudited) - Continued**

A summary of fully-vested stock options and stock options expected to vest, as of June 30, 2011, is as follows:

	September 30, Number of Shares (In thousands)	September 30, Weighted Average Exercise Price	September 30, Weighted Average Remaining Contractual Term	September 30, Aggregate Intrinsic Value (In thousands)
Outstanding	1,580	\$ 17.89	3.53	\$ 6,919
Vested and expected to vest	1,553	\$ 17.84	3.45	\$ 6,882
Exercisable	1,317	\$ 17.52	2.35	\$ 6,544

The fair value of each stock option award is estimated on the date of the option grant using the Black-Scholes option pricing model. No stock options were granted during the six-month period ended June 30, 2011.

NOTE G Inventories

Inventories are valued at the lower of cost (principally on a standard cost basis that approximates the first-in, first-out (FIFO) method) or market. Market is the lower of replacement cost or net realizable value. Inventories primarily consist of raw materials, supplies, work-in-process and finished goods, all related to manufacturing, remanufacturing and maintenance, primarily for the Company's lease fleet and its units held for sale. Raw materials principally consist of raw steel, wood, glass, paint, vinyl and other assembly components used in manufacturing and remanufacturing processes. Work-in-process primarily represents units being built that are either pre-sold or being built to add to the Company's lease fleet upon completion. Finished portable storage units primarily represent ISO (International Organization for Standardization) containers held in inventory until the containers are either sold as is, remanufactured and sold, or units in the process of being remanufactured to be compliant with the Company's lease fleet standards before transferring the units to its lease fleet. There is no certainty when the Company purchases the containers whether they will ultimately be sold, remanufactured and sold, or remanufactured and moved into its lease fleet. Units that are determined to go into the Company's lease fleet undergo an extensive remanufacturing process that includes installing its proprietary locking system, signage, painting and sometimes its proprietary security doors.

Inventories consisted of the following at the dates indicated:

	September 30, December 31, 2010 (In thousands)	September 30, June 30, 2011
Raw material and supplies	\$ 14,934	\$ 15,524
Work-in-process	197	230
Finished portable storage units	4,438	4,263
	\$ 19,569	\$ 20,017

NOTE H Lease Fleet

The Company has a lease fleet primarily consisting of remanufactured and modified steel portable storage containers, steel security offices, steel combination offices and wood mobile offices that are leased to customers under short-term operating lease agreements with varying terms. Depreciation is calculated using the straight-line method over the estimated useful life of the Company's units, after the date that the Company put the unit in service, and are depreciated down to their estimated residual values. The Company's steel units are depreciated over 30 years with

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an estimated residual value of 55%. Wood office units are depreciated over 20 years with an estimated residual value of 50%. Van trailers, which are a small part of the Company's fleet, are depreciated over seven years to an estimated residual value of 20%. The Company has other non-core products that have various other measures of useful lives and residual values. Van trailers and other non-core products are only added to the fleet as a result of acquisitions of portable storage businesses.

Table of Contents**MOBILE MINI, INC. NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****(unaudited) - Continued**

In the opinion of management, estimated residual values do not cause carrying values to exceed net realizable value. The Company continues to evaluate these depreciation policies as more information becomes available from other comparable sources and the Company's own historical experience. Normal repairs and maintenance to the portable storage containers and mobile office units are expensed as incurred.

Lease fleet consisted of the following at the dates indicated:

	September 30, December 31, 2010	September 30, June 30, 2011
	(In thousands)	
Portable storage containers	\$ 612,214	\$ 608,337
Offices	529,892	535,032
Van trailers	3,762	3,177
Other (chassis and ancillary products)	2,491	2,732
	1,148,359	1,149,278
Accumulated depreciation	(119,956)	(126,492)
Lease fleet, net	\$ 1,028,403	\$ 1,022,786

NOTE I Property, Plant and Equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation. Depreciation is calculated using the straight-line method over the assets' estimated useful lives. Residual values are determined when the property is constructed or acquired and range up to 25%, depending on the nature of the asset. In the opinion of management, estimated residual values do not cause carrying values to exceed net realizable value. Normal repairs and maintenance to property, plant and equipment are expensed as incurred. When property or equipment is retired or sold, the net book value of the asset, reduced by any proceeds, is charged to gain or loss on the retirement of fixed assets and is included in leasing, selling and general expenses in the accompanying Condensed Consolidated Statements of Income.

Property, plant and equipment consisted of the following at the dates indicated:

	September 30, December 31, 2010	September 30, June 30, 2011
	(In thousands)	
Land	\$ 11,081	\$ 11,138
Vehicles and equipment	80,594	86,001
Buildings and improvements (1)	15,832	17,278
Office fixtures and equipment	27,368	28,483
	134,875	142,900
Less accumulated depreciation	(54,144)	(60,345)
Total property, plant and equipment	\$ 80,731	\$ 82,555

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- (1) Improvements made to leased properties are depreciated over the lesser of the estimated remaining life or the remaining term of the respective lease.

NOTE J Income Taxes

The Company files U.S. Federal tax returns, U.S. state tax returns, and foreign tax returns. The Company has identified the Company's U.S. Federal tax return as the Company's major tax jurisdiction. The Company's tax years for 2008 and 2009 are subject to tax examination by the U.S. Internal Revenue Service (IRS) through September 15, 2012 and 2013, respectively. No reserves for uncertain income tax positions have been recorded. The Company does not anticipate that the total amount of unrecognized tax benefit related to any particular tax position will change significantly within the next 12 months.

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The Company uses a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon ultimate settlement.

The Company's policy for recording interest and penalties associated with audits is to record such items as a component of income before taxes. Penalties and associated interest costs, if any, are recorded in leasing, selling and general expenses in the accompanying Condensed Consolidated Statements of Income.

NOTE K Derivatives

In the normal course of business, the Company's operations are exposed to fluctuations in interest rates. The Company addresses a portion of these risks through a controlled program of risk management that has included the use of derivative financial instruments. The objective of controlling these risks is to limit the impact of fluctuations in interest rates on earnings.

The Company's primary interest rate risk exposure results from changes in short-term U.S. dollar interest rates. In an effort to manage variable interest rate exposures, the Company may enter into interest rate swap agreements, which convert its floating rate debt to a fixed-rate and which it designates as cash flow hedges. Interest expense on the notional amounts under these agreements is accrued using the fixed rates identified in the swap agreements.

The Company's five interest rate swap agreements matured during June 2011.

The following tables summarize information related to the Company's derivatives. All of the Company's derivatives were designated as effective hedging instruments in cash flow hedging relationships.

Interest Rate Swap Agreements	September 30,	September 30,
	Balance Sheet Location	Fair Value (In thousands)
December 31, 2010	Accrued liabilities	\$ (2,124)
June 30, 2011	Accrued liabilities	\$
Interest Rate Swap Agreements		Amount of Gain Recognized in Other Comprehensive Income on Derivatives (In thousands)
Three months ended June 30, 2010 (net of income tax expense of \$596)		\$ 933
Three months ended June 30, 2011 (net of income tax expense of \$397)		\$ 661
Six months ended June 30, 2010 (net of income tax expense of \$1,067)		\$ 1,672
Six months ended June 30, 2011 (net of income tax expense of \$808)		\$ 1,316

Table of Contents**MOBILE MINI, INC. NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****(unaudited) - Continued**

NOTE L Segment Reporting

The Company has operations in the United States, Canada, the United Kingdom and The Netherlands. All of the Company's locations operate in their local currency and although the Company is exposed to foreign exchange rate fluctuations in the foreign markets where the Company leases and sells its products, the Company does not believe this will have a significant impact on the Company's results of operations. Financial results of geographic regions are aggregated into one reportable segment since their operations have similar characteristics. Each location has similar characteristics covering all products leased or sold, including similar products and services, processes for delivering these services, customer base, sales personnel, advertising, yard facilities, general and administrative costs and the method of branch management. Management's allocation of resources, performance evaluations and operating decisions are not dependent on the mix of a branch's products. The Company does not attempt to allocate shared revenue nor general, selling and leasing expenses to the different configurations of portable storage and office products for lease and sale. The local operations include the leasing and sales of portable storage units, portable offices and combination units configured for both storage and office space. The Company leases to businesses and consumers in the general geographic area surrounding each location.

In managing the Company's business, management focuses on growing leasing revenues, EBITDA and EPS.

Discrete financial data on each of the Company's products is not available and it would be impractical to collect and maintain financial data in such a manner; therefore reportable segment information is the same as contained in the accompanying condensed consolidated financial statements.

The tables below represent the Company's revenues from customers and long-lived assets, consisting of lease fleet and property, plant and equipment.

Revenues from customers:

	September 30, Three Months Ended June 30,		September 30, Six Months Ended June 30,	
	2010	2011	2010	2011
	(In thousands)		(In thousands)	
North America (1)	\$ 68,893	\$ 75,105	\$ 133,267	\$ 143,468
United Kingdom	12,316	14,681	24,360	28,597
The Netherlands	634	737	1,094	1,317
Total revenues	\$ 81,843	\$ 90,523	\$ 158,721	\$ 173,382

- (1) Includes revenues in the United States of \$68.0 million and \$74.2 million for the three-month period ended June 30, 2010 and 2011, respectively, and \$131.8 million and \$141.8 million for the six-month period ended June 30, 2010 and 2011, respectively.

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MOBILE MINI, INC. NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited) - Continued

Long-lived assets:

	September 30, December 31, 2010	September 30, June 30, 2011
	(In thousands)	
North America (1)	\$ 973,953	\$ 962,565
United Kingdom	131,203	138,683
The Netherlands	3,978	4,093
Total long-lived assets	\$ 1,109,134	\$ 1,105,341

(1) Includes long-lived assets of \$959.9 million and \$948.5 million in the United States at December 31, 2010 and June 30, 2011, respectively.
NOTE M Comprehensive Income

Comprehensive income, net of tax, consisted of the following at the dates indicated:

	September 30, Three Months Ended June 30,		September 30, Six Months Ended June 30,	
	2010	2011	2010	2011
	(In thousands)		(In thousands)	
Net income	\$ 4,779	\$ 7,942	\$ 7,189	\$ 12,093
Net unrealized gain on derivatives	933	661	1,672	1,316
Foreign currency translation adjustment	(874)	(117)	(8,548)	6,207
Total comprehensive income	\$ 4,838	\$ 8,486	\$ 313	\$ 19,616

The components of accumulated other comprehensive loss, net of tax, were as follows:

	September 30, December 31, 2010	September 30, June 30, 2011
	(In thousands)	
Accumulated net unrealized loss on derivatives	\$ (1,316)	\$
Foreign currency translation adjustment	(24,671)	(18,464)
Total accumulated other comprehensive loss	\$ (25,987)	\$ (18,464)

NOTE N Integration, Merger and Restructuring Expenses

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In connection with the acquisition of MSG, the Company recorded accruals for costs to be incurred to exit overlapping MSG lease properties, property shut down costs, costs of MSG's severance agreements, costs for asset verification and for damaged assets.

As a result of the acquisition, the Company leveraged the combined fleet and restructured the manufacturing operations and reduced overhead and capital expenditures for the lease fleet. In connection with these activities, the Company recorded costs for severance agreements and recorded impairment charges to write down certain assets previously used in conjunction with the manufacturing operations and inventories.

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The following table details accrued integration, merger and restructuring obligations (included in accrued liabilities in the accompanying Condensed Consolidated Balance Sheets) and related activity for the six month period ended June 30, 2011:

	September 30, Severance and Benefits	September 30, Lease Abandonment Costs	September 30, Acquisition Integration	September 30, Total
	(In thousands)			
Accrued obligations as of December 31, 2009	\$ 465	\$ 5,742	\$ 3	\$ 6,210
Integration, merger and restructuring expense	2,214		1,800	4,014
Cash paid	(2,679)	(1,935)	(1,803)	(6,417)
Accrued obligations as of December 31, 2010		3,807		3,807
Integration, merger and restructuring expenses	281		190	471
Cash paid	(279)	(1,077)	(190)	(1,546)
Accrued obligations as of June 30, 2011	\$ 2	\$ 2,730	\$	\$ 2,732

These accrued obligations are expected to be paid out through the year 2014.

The following amounts are included in integration, merger and restructuring expenses for the periods indicated:

	September 30, Three Months Ended June 30, 2010 (In thousands)	September 30, 2011	September 30, Six Months Ended June 30, 2010 (In thousands)	September 30, 2011
Severance and benefits	\$ 310	\$ 173	\$ 1,961	\$ 281
Acquisition integration	618	93	1,193	190
Integration, merger and restructuring expenses	\$ 928	\$ 266	\$ 3,154	\$ 471

NOTE O Preferred Stock

On April 14, 2011, the remaining issued and outstanding shares of the Company's Series A Convertible Redeemable Participating Preferred Stock, par value \$0.01 per share (the Series A Preferred Stock), automatically converted into an aggregate of 8,182,356 shares of the Company's common stock, par value \$0.01 per share, in accordance with the terms and conditions of the Series A Preferred Stock and are no longer outstanding. The shares of Series A Preferred Stock were originally issued in connection with the acquisition of MSG.

NOTE P Condensed Consolidating Financial Information

Mobile Mini Supplemental Indenture

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The following tables present the condensed consolidating financial information of Mobile Mini, Inc., representing the subsidiaries of the guarantors of the Senior Notes and the non-guarantor subsidiaries. Separate financial statements of the subsidiary guarantors are not presented because the guarantee by each 100% owned subsidiary guarantor is full and unconditional, joint and several, and management has determined that such information is not material to investors.

Table of Contents**MOBILE MINI, INC. NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****(unaudited) - Continued****MOBILE MINI, INC.****CONDENSED CONSOLIDATING BALANCE SHEETS****As of December 31, 2010****(In thousands)**

	September 30, Guarantors	September 30, Non- Guarantors	September 30, Eliminations	September 30, Consolidated
ASSETS				
Cash	\$ 1,065	\$ 569	\$	\$ 1,634
Receivables, net	31,496	11,182		42,678
Inventories	17,812	1,806	(49)	19,569
Lease fleet, net	909,715	118,688		1,028,403
Property, plant and equipment, net	64,238	16,493		80,731
Deposits and prepaid expenses	7,334	1,071		8,405
Other assets and intangibles, net	19,856	3,622		23,478
Goodwill	447,278	64,141		511,419
Intercompany	106,502	35,788	(142,290)	
Total assets	\$ 1,605,296	\$ 253,360	\$ (142,339)	\$ 1,716,317

LIABILITIES AND STOCKHOLDERS EQUITY

Liabilities:				
Accounts payable	\$ 8,604	\$ 5,003	\$	\$ 13,607
Accrued liabilities	46,215	3,061		49,276
Lines of credit	358,232	38,650		396,882
Notes payable	289			289
Obligations under capital leases	2,576			2,576
Senior Notes, net	371,655			371,655
Deferred income taxes	154,335	11,926	(694)	165,567
Intercompany	23	4,658	(4,681)	
Total liabilities	941,929	63,298	(5,375)	999,852
Commitments and contingencies				
Convertible preferred stock	147,427			147,427
Stockholders' equity:				
Common stock	390	18,434	(18,434)	390
Additional paid-in capital	349,695	119,173	(119,175)	349,693

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Retained earnings	205,131	78,466	645	284,242
Accumulated other comprehensive income (loss)	24	(26,011)		(25,987)
Treasury stock, at cost	(39,300)			(39,300)
Total stockholders' equity	515,940	190,062	(136,964)	569,038
Total liabilities and stockholders' equity	\$ 1,605,296	\$ 253,360	\$ (142,339)	\$ 1,716,317

Table of Contents**MOBILE MINI, INC. NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****(unaudited) - Continued****MOBILE MINI, INC.****CONDENSED CONSOLIDATING BALANCE SHEETS****As of June 30, 2011****(In thousands)**

	September 30, Guarantors	September 30, Non- Guarantors	September 30, Eliminations	September 30, Consolidated
ASSETS				
Cash and cash equivalents	\$ 1,642	\$ 455	\$	\$ 2,097
Receivables, net	33,043	12,434		45,477
Inventories	17,607	2,460	(50)	20,017
Lease fleet, net	896,892	125,894		1,022,786
Property, plant and equipment, net	65,673	16,882		82,555
Deposits and prepaid expenses	6,263	1,332		7,595
Other assets and intangibles, net	16,943	3,117		20,060
Goodwill	447,070	66,417		513,487
Intercompany	106,560	35,937	(142,497)	
Total assets	\$ 1,591,693	\$ 264,928	\$ (142,547)	\$ 1,714,074

LIABILITIES AND STOCKHOLDERS EQUITY

Liabilities:				
Accounts payable	\$ 7,799	\$ 8,026	\$	\$ 15,825
Accrued liabilities	41,358	2,834		44,192
Lines of credit	350,112	38,741		388,853
Notes payable	94			94
Obligations under capital leases	1,861			1,861
Senior Notes, net	349,675			349,675
Deferred income taxes	161,866	13,069	(725)	174,210
Intercompany	23	4,865	(4,888)	
Total liabilities	912,788	67,535	(5,613)	974,710
Commitments and contingencies				
Stockholders equity:				
Common stock	471	18,434	(18,434)	471
Additional paid-in capital	500,322	119,175	(119,175)	500,322
Retained earnings	215,723	79,937	675	296,335
Accumulated other comprehensive loss	1,689	(20,153)		(18,464)

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Treasury stock, at cost	(39,300)			(39,300)
Total stockholders' equity	678,905	197,393	(136,934)	739,364
Total liabilities and stockholders' equity	\$ 1,591,693	\$ 264,928	\$ (142,547)	\$ 1,714,074

Table of Contents**MOBILE MINI, INC. NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****(unaudited) - Continued****MOBILE MINI, INC.****CONDENSED CONSOLIDATING STATEMENTS OF INCOME****Three Months Ended June 30, 2010****(In thousands)**

	September 30, Guarantors	September 30, Non- Guarantors	September 30, Eliminations	September 30, Consolidated
Revenues:				
Leasing	\$ 61,508	\$ 11,403	\$	\$ 72,911
Sales	7,055	1,450		8,505
Other	330	97		427
Total revenues	68,893	12,950		81,843
Costs and expenses:				
Cost of sales	4,705	1,083		5,788
Leasing, selling and general expenses	35,614	8,646		44,260
Integration, merger and restructuring expenses	920	8		928
Depreciation and amortization	7,380	1,660		9,040
Total costs and expenses	48,619	11,397		60,016
Income from operations	20,274	1,553		21,827
Other income (expense):				
Interest income	232		(232)	
Interest expense	(13,839)	(680)	232	(14,287)
Dividend income	199		(199)	
Intercompany debt waiver	(98,442)	98,442		
Foreign currency exchange		(6)		(6)
Income (loss) before provision for (benefit from) income taxes	(91,576)	99,309	(199)	7,534
Provision for (benefit from) income taxes	2,629	151	(25)	2,755
Net income (loss)	\$ (94,205)	\$ 99,158	\$ (174)	\$ 4,779

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	September 30, Guarantors	September 30, Non- Guarantors	September 30, Eliminations	September 30, Consolidated
Revenues:				
Leasing	\$ 64,455	\$ 13,967	\$	\$ 78,422
Sales	10,137	1,371		11,508
Other	513	80		593
Total revenues	75,105	15,418		90,523
Costs and expenses:				
Cost of sales	6,078	992		7,070
Leasing, selling and general expenses	39,203	10,425		49,628
Integration, merger and restructuring expenses	266			266
Depreciation and amortization	7,293	1,725		9,018
Total costs and expenses	52,840	13,142		65,982
Income from operations	22,265	2,276		24,541
Other income (expense):				
Interest income	131		(131)	
Interest expense	(11,283)	(625)	131	(11,777)
Debt restructuring expense				
Dividend income	221		(221)	
Foreign currency exchange		(1)		(1)
Income (loss) before provision for (benefit from) income taxes	11,334	1,650	(221)	12,763
Provision for (benefit from) income taxes	4,386	450	(15)	4,821
Net income (loss)	\$ 6,948	\$ 1,200	\$ (206)	\$ 7,942

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	September 30, Guarantors	September 30, Non- Guarantors	September 30, Eliminations	September 30, Consolidated
Revenues:				
Leasing	\$ 120,308	\$ 22,782	\$	\$ 143,090
Sales	12,335	2,484		14,819
Other	623	189		812
Total revenues	133,266	25,455		158,721
Costs and expenses:				
Cost of sales	8,014	1,864		9,878
Leasing, selling and general expenses	69,570	17,552		87,122
Integration, merger and restructuring expenses	3,146	8		3,154
Depreciation and amortization	14,756	3,424		18,180
Total costs and expenses	95,486	22,848		118,334
Income from operations	37,780	2,607		40,387
Other income (expense):				
Interest income	542	1	(542)	1
Interest expense	(27,822)	(1,694)	542	(28,974)
Dividend income	414		(414)	
Intercompany debt waiver	(98,442)	98,442		
Foreign currency exchange		(14)		(14)
Income (loss) before provision for (benefit from) income taxes	(87,528)	99,342	(414)	11,400
Provision for (benefit from) income taxes	4,206	64	(59)	4,211
Net income (loss)	\$ (91,734)	\$ 99,278	\$ (355)	\$ 7,189

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	September 30, Guarantors	September 30, Non- Guarantors	September 30, Eliminations	September 30, Consolidated
Revenues:				
Leasing	\$ 124,111	\$ 26,990	\$	\$ 151,101
Sales	18,160	2,760		20,920
Other	1,197	164		1,361
Total revenues	143,468	29,914		173,382
Costs and expenses:				
Cost of sales	11,112	1,977		13,089
Leasing, selling and general expenses	76,014	20,702		96,716
Integration, merger and restructuring expenses	471			471
Depreciation and amortization	14,445	3,368		17,813
Total costs and expenses	102,042	26,047		128,089
Income from operations	41,426	3,867		45,293
Other income (expense):				
Interest income	257		(257)	
Interest expense	(23,511)	(1,222)	257	(24,476)
Debt restructuring expense	(1,334)			(1,334)
Dividend income	442		(442)	
Foreign currency exchange		(2)		(2)
Income (loss) before provision for (benefit from) income taxes	17,280	2,643	(442)	19,481
Provision for (benefit from) income taxes	6,687	731	(30)	7,388
Net income (loss)	\$ 10,593	\$ 1,912	\$ (412)	\$ 12,093

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	September 30, Guarantors	September 30, Non- Guarantors	September 30, Eliminations	September 30, Consolidated
Cash Flows From Operating Activities:				
Net income (loss)	\$ (91,734)	\$ 99,278	\$ (355)	\$ 7,189
Adjustments to reconcile income to net cash (used in) provided by operating activities:				
Provision for doubtful accounts	830	159		989
Amortization of deferred financing costs	1,865			1,865
Amortization of debt issuance discount	450			450
Amortization of long-term liabilities	109	26		135
Share-based compensation expense	2,677	346		3,023
Depreciation and amortization	14,756	3,424		18,180
Gain on sale of lease fleet units	(4,099)	(378)		(4,477)
Gain on disposal of property, plant and equipment	(83)	1		(82)
Deferred income taxes	4,102	64	32	4,198
Foreign currency exchange loss		14		14
Changes in certain assets and liabilities:				
Receivables	(1,020)	33		(987)
Inventories	1,150	(244)		906
Deposits and prepaid expenses	2,241	(17)		2,224
Other assets and intangibles	(162)			(162)
Accounts payable	(508)	560		52
Accrued liabilities	(4,713)	(669)		(5,382)
Intercompany	34,728	(13,725)	(21,003)	
Net cash (used in) provided by operating activities	(39,411)	88,872	(21,326)	28,135
Cash Flows From Investing Activities:				
Additions to lease fleet units	(3,486)	(3,761)		(7,247)
Proceeds from sale of lease fleet units	11,488	1,335		12,823
Additions to property, plant and equipment	(1,308)	(950)		(2,258)
Proceeds from sale of property, plant and equipment	29	56		85
Net cash provided by (used in) investing activities	6,723	(3,320)		3,403
Cash Flows From Financing Activities:				
Net borrowings (repayments) under lines of credit	40,651	(63,903)	(3,535)	(26,787)
Redemption of 9.75% senior notes due 2014	(6,000)			(6,000)

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Proceeds from notes payable	94			94
Principal payments on notes payable	(883)	(23)		(906)
Principal payments on capital lease obligations	(728)			(728)
Issuance of common stock, net	716			716
Intercompany		(416)	416	
Net cash provided by (used in) financing activities	33,850	(64,342)	(3,119)	(33,611)
Effect of exchange rate changes on cash	(21)	(21,750)	24,445	2,674
Net increase (decrease) in cash	1,141	(540)		601
Cash at beginning of period	582	1,158		1,740
Cash at end of period	\$ 1,723	\$ 618	\$	\$ 2,341

Table of Contents**MOBILE MINI, INC. NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****(unaudited) - Continued****MOBILE MINI, INC.****CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS****Six Months Ended June 30, 2011****(In thousands)**

	September 30, Guarantors	September 30, Non- Guarantors	September 30, Eliminations	September 30, Consolidated
Cash Flows From Operating Activities:				
Net (loss) income	\$ 10,593	\$ 1,912	\$ (412)	\$ 12,093
Adjustments to reconcile net income to net cash (used in) provided by operating activities:				
Debt restructuring expense	1,334			1,334
Provision for doubtful accounts	617	315		932
Amortization of deferred financing costs	2,037			2,037
Amortization of debt issuance discount	44			44
Amortization of long-term liabilities	113	8		121
Share-based compensation expense	2,420	301		2,721
Depreciation and amortization	14,445	3,368		17,813
Gain on sale of lease fleet units	(6,514)	(605)		(7,119)
Deferred income taxes	6,678	731	(21)	7,388
Foreign currency exchange loss		2		2
Changes in certain assets and liabilities:				
Receivable	(2,151)	(1,167)		(3,318)
Inventories	207	(574)		(367)
Deposits and prepaid expenses	1,074	(221)		853
Other assets and intangibles	(118)			(118)
Accounts payable	(810)	2,851		2,041
Accrued liabilities	(2,738)	(342)		(3,080)
Intercompany	269	(376)	107	
Net cash provided by operating activities	27,500	6,203	(326)	33,377
Cash Flows From Investing Activities:				
Additions to lease fleet units	(5,743)	(5,433)		(11,176)
Proceeds from sale of lease fleet units	16,157	1,871		18,028
Additions to property, plant and equipment	(5,614)	(1,186)		(6,800)
Proceeds from sale of property, plant and equipment	39	2		41
Net cash provided by (used in) investing activities	4,839	(4,746)		93
Cash Flows From Financing Activities:				
Net borrowings (repayments) under lines of credit	(8,120)	(1,268)	1,359	(8,029)
Redemption of 9.75% senior notes due 2014	(22,272)			(22,272)

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Redemption premiums of 9.75% senior notes due 2014	(1,086)			(1,086)
Principal payments on notes payable	(196)			(196)
Principal payments on capital lease obligations	(715)			(715)
Issuance of common stock, net	484			484
Intercompany		(444)	444	
Net cash (used in) provided by financing activities	(31,905)	(1,712)	1,803	(31,814)
Effect of exchange rate changes on cash	143	141	(1,477)	(1,193)
Net increase (decrease) in cash	577	(114)		463
Cash at beginning of period	1,065	569		1,634
Cash at end of period	\$ 1,642	\$ 455	\$	\$ 2,097

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read together with our December 31, 2010 consolidated financial statements and the accompanying notes thereto which are included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC) on March 1, 2011. This discussion contains forward-looking statements. Forward-looking statements are based on current expectations and assumptions that involve risks and uncertainties. Our actual results may differ materially from those anticipated in our forward-looking statements.

Overview

General

We are the world's leading provider of portable storage solutions, with a total lease fleet of approximately 239,600 units at June 30, 2011. We offer a wide range of portable storage products in varying lengths and widths with an assortment of differentiated features such as our patented locking systems, multiple doors, electrical wiring and shelving.

We derive most of our revenues from the leasing of portable storage containers, security office units and mobile office units. In addition to our leasing business, we also sell portable storage containers and occasionally sell security office units and mobile office units. Our sales revenues represented 9.3% and 12.1% of total revenues for the six months ended June 30, 2010 and 2011, respectively.

We currently operate in 129 markets in North America and Europe. With growth returning to our business following the recent recession, we entered three new U.S. markets in 2010 and another eight new U.S. markets thus far in 2011 through greenfield expansions. These greenfield operational yards do not have all the overhead associated with a fully staffed branch as they typically only have drivers and yard personnel to handle deliveries and pick-ups of our fleet. Given our fleet utilization levels, we chose to enter these new markets through greenfield locations by migrating idle fleet to low-cost operational yards. A new location will generally have fairly low operating margins during its early years, but as our marketing efforts help us penetrate the new market and we increase the number of units on rent at the new location, we are typically able to reach company average levels of profitability after several years. We may also make opportunistic acquisitions from time to time in any particular market where we believe that such approach will allow us to enter that market more profitably than by greenfield expansion. Historically, we primarily entered new markets through the acquisition of smaller local competitors and then implement our business model, which is usually more focused on customer service and marketing than the acquired business or other market competitors.

When we enter a new market, we incur certain costs in developing new infrastructure. For example, advertising and marketing costs will be incurred and certain minimum levels of staffing and delivery equipment will be put in place regardless of the new market's revenue base. Once we have achieved revenues during any period that are sufficient to cover our fixed expenses, we are able to generate relatively high margins on incremental lease revenues. Therefore, each additional unit rented in excess of the break-even level contributes significantly to profitability. Conversely, any additional fixed expenses require us to achieve additional revenue in order to maintain our margins. When we refer to our operating leverage in this discussion, we are describing the impact on margins once we either cover our fixed costs or if we incur additional fixed costs.

Customers in the construction industry represented 33% of our leased units at June 30, 2011 and, because of the degree of operating leverage we have, increases or decreases in non-residential construction activity can have a significant effect on our operating margins and net income. Beginning in the second quarter of 2008, our construction related business slowed down and then declined. The decline continued and adversely affected our results of operations. Although it has not returned to pre-2009 levels, the level of our construction related business began to stabilize and then increase in 2010. This stabilization has continued in 2011 as well.

To further diversify our customer segments and to focus additional growth on our non-construction business, we opened our National Sales Center (NSC) in January of 2010. The NSC sales team targets non-construction customer segments including retail, consumer services, industrial and commercial, government and homeowners while our sales team in the local branches focuses on our construction customers.

In managing our business, we focus on growing leasing revenues, particularly in existing markets where we can take advantage of the high operating leverage inherent in our business model. Our goal is to increase operating margins as we continue to grow leasing revenues.

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We are a capital-intensive business. Therefore, in addition to focusing on earnings per share (EPS), we focus on adjusted EBITDA to measure our operating results. We calculate this number by first calculating EBITDA, which we define as net income before interest expense, income taxes, depreciation and amortization and debt restructuring or extinguishment expense. This measure eliminates the effect of financing transactions that we enter into and it provides us with a means to track internally generated cash from which we can fund our interest expense and our lease fleet growth. In comparing EBITDA from year to year, we typically further adjust EBITDA to exclude the effect of what we consider transactions or events not related to our core business operations to arrive at what we define as adjusted EBITDA. The U.S. generally accepted accounting principles, or GAAP, financial measure that is most directly comparable to EBITDA is net cash provided by operating activities.

Because EBITDA, EBITDA margin, adjusted EBITDA and adjusted EBITDA margin are non-GAAP financial measures as defined by the SEC, we include below in this report reconciliations of EBITDA to the most directly comparable financial measures calculated and presented in accordance with GAAP.

We present EBITDA and EBITDA margin because we believe it provides useful information regarding our ability to meet our future debt payment requirements, capital expenditures and working capital requirements and that it provides an overall evaluation of our financial condition. EBITDA margin is calculated by dividing consolidated EBITDA by total revenues. The GAAP financial measure that is most directly comparable to EBITDA margin is operating margin, which represents operating income divided by revenues. More emphasis should not be placed on EBITDA margin than the corresponding GAAP measure. In addition, EBITDA is a component of certain financial covenants under our revolving credit facility and is used to determine our available borrowing capacity and the revolving credit facility's applicable interest rate in effect at the end of each measurement period. EBITDA has certain limitations as an analytical tool and should not be used as a substitute for net income, cash flows or other consolidated income or cash flow data prepared in accordance with GAAP or as a measure of our profitability or our liquidity. In particular, EBITDA, as defined, does not include:

Interest expense Because we borrow money to partially finance our capital expenditures primarily related to the expansion of our lease fleet, interest expense is a necessary element of our cost to secure this financing to continue generating additional revenues.

Income taxes EBITDA, as defined, does not reflect income taxes or the requirements for any tax payments.

Depreciation and amortization Because we are a leasing company, our business is capital intensive and we hold acquired assets for a period of time before they generate revenues, cash flow and earnings; therefore, depreciation and amortization expense is a necessary element of our business.

Debt restructuring or extinguishment expense Debt restructuring or debt extinguishment expenses are not deducted in our various calculations made under our revolving credit facility and are treated no differently than interest expense. As discussed above, interest expense is a necessary element of our cost to finance a portion of the capital expenditures needed for the growth of our business.

When evaluating EBITDA as a performance measure, and excluding the above-noted charges, all of which have material limitations, investors should consider, among other factors, the following:

increasing or decreasing trends in EBITDA;

how EBITDA compares to levels of debt and interest expense; and

whether EBITDA historically has remained at positive levels.

Because EBITDA, as defined, excludes some but not all items that affect our cash flow from operating activities, EBITDA may not be comparable to similarly titled performance measures presented by other companies.

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Adjusted EBITDA represents EBITDA plus the sum of certain transactions that are excluded when internally evaluating our operating performance. Management believes adjusted EBITDA is a more meaningful evaluation and comparison of our core business when comparing period over period results without regard to transactions that potentially distort the performance of our core business operating results.

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The table below is a reconciliation of EBITDA to net cash provided by operating activities for the periods indicated:

	September 30, Three Months Ended June 30,		September 30, Six Months Ended June 30,	
	2010	2011	2010	2011
	(In thousands)		(In thousands)	
EBITDA	\$ 30,861	\$ 33,558	\$ 58,554	\$ 63,104
Interest paid	(10,925)	(17,971)	(25,902)	(23,354)
Income and franchise taxes paid	(516)	(524)	(649)	(590)
Share-based compensation expense	1,607	1,396	3,023	2,721
Gain on sale of lease fleet units	(2,451)	(4,026)	(4,477)	(7,119)
Gain on disposal of property, plant and equipment	(75)	(21)	(82)	
Changes in certain assets and liabilities:				
Receivables	(3,700)	(4,144)	2	(2,386)
Inventories	158	527	906	(367)
Deposits and prepaid expenses	1,272	1,158	2,224	853
Other assets and intangibles	(162)	(44)	(162)	(118)
Accounts payable and accrued liabilities	1,816	2,694	(5,302)	633
Net cash provided by operating activities	\$ 17,885	\$ 12,603	\$ 28,135	\$ 33,377

The table below is a reconciliation of net income to EBITDA and adjusted EBITDA, for the periods indicated:

	September 30, Three Months Ended June 30,		September 30, Six Months Ended June 30,	
	2010	2011	2010	2011
	(In thousands except percentages)		(In thousands except percentages)	
Net income	\$ 4,779	\$ 7,942	\$ 7,189	\$ 12,093
Interest expense	14,287	11,777	28,974	24,476
Income taxes	2,755	4,821	4,211	7,388
Depreciation and amortization	9,040	9,018	18,180	17,813
Debt restructuring expense				1,334
EBITDA	30,861	33,558	58,554	63,104
Integration, merger and restructuring expenses, and other (1)	1,158	557	3,424	802
Adjusted EBITDA	\$ 32,019	\$ 34,115	\$ 61,978	\$ 63,906
EBITDA margin (2)	37.7%	37.1%	36.9%	36.4%
Adjusted EBITDA margin (2)	39.1%	37.7%	39.0%	36.9%

- (1) Integration, merger and restructuring expenses represent continuing costs we incurred in connection with the Mobile Storage Group, Inc. (MSG) acquisition and expenses incurred in conjunction with the restructuring of our manufacturing operations as a result of the MSG acquisition and other represents non-recurring expenses incurred in the applicable period.

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- (2) EBITDA margin and adjusted EBITDA margin are calculated as EBITDA and adjusted EBITDA, respectively, divided by total revenues expressed as a percentage.

In managing our business, we measure our EBITDA margins from year to year and based upon the size of our branches. We use this comparison, for example, to study internally the effect that increased costs have on our margins. As capital is invested in our established branch locations, we achieve higher EBITDA margins on that capital than we achieve on capital invested to establish a new branch, because our fixed costs are already in place in connection with the established branches. The fixed costs are those associated with yard and delivery equipment, as well as advertising, sales, marketing and office expenses. With a new branch or operational yard, we must first fund and absorb the start-up costs for setting up the new location, hiring and developing the management and sales team and developing our marketing and advertising programs. A new location will have lower EBITDA margins in its early years until the branch increases the number of units it has on rent. Because this operating leverage creates higher

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operating margins on incremental lease revenue, which we realize on a branch-by-branch basis when the branch achieves leasing revenues sufficient to cover the branch's fixed costs, leasing revenues in excess of the break-even amount produce large increases in profitability. Conversely, absent growth in leasing revenues, the EBITDA margin at a branch would be expected to remain relatively flat on a period-by-period comparative basis if expenses remained the same or would decrease if fixed costs increased.

Accounting and Operating Overview

Our leasing revenues include all rent and ancillary revenues we receive for our portable storage containers and combination storage/office and mobile office units. Our sales revenues include sales of these units to customers. Our other revenues consist principally of charges for the delivery of the units we sell. Our principal operating expenses are (1) cost of sales; (2) leasing, selling and general expenses; and (3) depreciation and amortization, primarily depreciation of the portable storage containers and mobile office units in our lease fleet. Cost of sales is the cost of the units that we sold during the reported period and includes both our cost to buy, transport, remanufacture and modify used ocean-going containers and our cost to manufacture portable storage units and other structures. Leasing, selling and general expenses include, among other expenses, payroll and related payroll costs, advertising and other marketing expenses, real property lease expenses, commissions, repair and maintenance costs of our lease fleet and transportation equipment, stock-based compensation expense and corporate expenses for both our leasing and sales activities. Annual repair and maintenance expenses on our leased units have averaged approximately 2.7% of lease revenues over the last three fiscal years and are included in leasing, selling and general expenses. These expenses tend to increase during periods when utilization is increasing. We expense our normal repair and maintenance costs as incurred (including the cost of periodically repainting units).

Our principal asset is our container lease fleet, which has historically maintained value close to its original cost. The steel units in our lease fleet (other than van trailers) are depreciated on the straight-line method over our units' estimated useful life of 30 years after the date the unit is placed in service, with an estimated residual value of 55%. The depreciation policy is supported by our historical lease fleet data which shows that we have been able to obtain comparable rental rates and sales prices irrespective of the age of our container lease fleet. Our wood mobile office units are depreciated over 20 years to 50% of original cost. Van trailers, which constitute a small part of our fleet, are depreciated over seven years to a 20% residual value. Van trailers, which are only added to the fleet as a result of acquisitions of portable storage businesses, are of much lower quality than storage containers and consequently depreciate more rapidly. We also have other non-core products that are added to our fleet as a result of acquisitions that have various other measures of useful lives and residual values.

The table below summarizes those transactions that effectively maintained the net book value of our lease fleet at \$1.0 billion at December 31, 2010 and at June 30, 2011:

	September 30, Dollars (In thousands)	September 30, Units
Lease fleet at December 31, 2010, net	\$ 1,028,403	245,499
Purchases:		
Container purchases, including freight	1,836(1)	63
Manufactured units:		
Steel security offices	236	14
Wood mobile offices	131	5
Remanufacturing and customization of units purchased or obtained in prior years	8,777(2)	193(3)
Other (4)	(420)	(201)
Cost of sales from lease fleet	(10,941)	(5,977)
Effect of exchange rate changes	5,114	
Change in accumulated depreciation, excluding sales	(10,350)	
Lease fleet at June 30, 2011, net	\$ 1,022,786	239,596

(1) Includes \$1.3 million to acquire units previously held under a capital lease.

(2) Does not include any routine maintenance, which is expensed as incurred.

(3)

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These units include the net additional units that were the result of splitting steel containers into two or more shorter units, such as splitting a 40-foot container into two 20-foot units or one 25-foot unit and one 15-foot unit, and include units moved from finished goods to the lease fleet.

- (4) Includes net transfers to and from property, plant and equipment and net non-sale disposals and recoveries of the lease fleet.

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The table below outlines the composition of our lease fleet (by book value and unit count) at June 30, 2011:

	September 30, Book Value (In thousands)	September 30, Number of Units	September 30, Percentage of Units
Portable storage containers	\$ 608,337	193,854	81%
Steel and wood offices	535,032	41,220	17%
Van trailers	3,177	4,522	2%
Other (chassis and ancillary products)	2,732		
	1,149,278		
Accumulated depreciation	(126,492)		
	\$ 1,022,786	239,596	100%

Appraisals on our fleet are conducted on a regular basis by an independent appraiser selected by our lenders. The appraiser does not differentiate in value based upon the age of the container or the length of time it has been in our fleet. The latest orderly liquidation value appraisal was conducted in June 2011 by AccuVal Associates, Incorporated. Based on the values assigned in this appraisal, on which our borrowings under our revolving credit facility are based, our lease fleet liquidation appraisal value as of June 30, 2011 is approximately \$837.0 million.

During the last five fiscal years, our annual utilization levels averaged 67.3% and ranged from a low of 53.4% in 2010 to a high of 82.7% in 2006. Our average utilization rate for the second quarter of 2011 was 55.8%, compared to 52.4% in the second quarter of 2010. Our second quarter utilization rate increased during the quarter to 57.1% at June 30, 2011. Historically, our utilization is somewhat seasonal, with the low normally being realized in the first quarter and the high realized in the fourth quarter of each year.

RESULTS OF OPERATIONS**Three Months Ended June 30, 2011, Compared to****Three Months Ended June 30, 2010**

Total revenues for the quarter ended June 30, 2011 increased \$8.7 million, or 10.6%, to \$90.5 million from \$81.8 million for the same period in 2010. Leasing revenues for the quarter ended June 30, 2011 increased \$5.5 million, or 7.6%, to \$78.4 million from \$72.9 million for the same period in 2010. This increase in leasing revenues is due to an increase in the number of deliveries and units on rent, which resulted in a 5.5% increase in our yield. Our sales of portable storage and office units for the quarter ended June 30, 2011 increased 35.3% to \$11.5 million. The increase in sales revenues primarily reflects a general increase in demand at higher average selling prices as compared to the same period in 2010. Leasing revenues, as a percentage of total revenues for the quarters ended June 30, 2011 and 2010 were 86.6% and 89.1%, respectively. Our leasing business continues to be our primary focus and leasing revenues have and continue to be the predominant part of our revenue mix.

Cost of sales is the cost related to our sales revenues only. Cost of sales was 61.4% and 68.1% of sales revenue for the quarters ended June 30, 2011 and 2010, respectively. Due to a stronger business climate and a continued shortage of excess ISO containers in the ports, the units we sold were at higher average selling prices as compared to the same period in 2010. As a result, our gross margins increased to 38.6% for the quarter ended June 20, 2011, compared to 31.9% for the same period in 2010.

Leasing, selling and general expenses for the quarter ended June 30, 2011 increased by \$5.3 million, or 12.1%, to \$49.6 million, compared to \$44.3 million for the same period in 2010. This increase is primarily due to variable costs associated with an increased level of business activity including higher transportation costs, repairs, and maintenance costs for our lease fleet and transportation equipment and increases in payroll. In addition, 2011 expense included the cost of our fully staffed National Sales Center as well as strategic hires in IT, sales, and new market locations.

Integration, merger and restructuring expenses for the quarter ended June 30, 2011 decreased \$0.6 million to \$0.3 million, compared to \$0.9 million for the same period in 2010. These expenses primarily represent costs associated with reductions to our work force.

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Adjusted EBITDA for the quarter ended June 30, 2011 increased \$2.1 million, or 6.5%, to \$34.1 million, compared to \$32.0 million for the same period in 2010. Adjusted EBITDA margins were 37.7% and 39.1% of total revenues for the three months ended June 30, 2011 and 2010, respectively.

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Depreciation and amortization expense for both the quarters ended June 30, 2011 and 2010 was \$9.0 million. In both quarters, reduced amortization of intangible assets was offset by increased depreciation of technology, communication and delivery equipment.

Interest expense for the quarter ended June 30, 2011 decreased \$2.5 million to \$11.8 million, compared to \$14.3 million for the same period in 2010. This decrease is primarily attributable to a lower weighted average interest rate and lower average debt outstanding during the quarter, principally due to the use of operating cash flow to reduce our debt over the last year. In 2010, we refinanced our 9.75% notes with 7.875% notes, which also contributed to the lower weighted average interest rate. The weighted average interest rate on our debt for the three months ended June 30, 2011 was 5.7%, compared to 6.6% for the same period in 2010, excluding amortization of debt issuance and other costs. Including the amortization of debt issuance and other costs, the weighted average interest rate for the three months ended June 30, 2011 was 6.3%, compared to 7.2% in the same period in 2010.

Provision for income taxes was based on our annual estimated effective tax rate. The tax rate for the quarter ended June 30, 2011 was 37.8%, compared to 36.6% during the same period in 2010. Our consolidated tax provision includes the expected tax rates for our operations in the United States, Canada, United Kingdom and The Netherlands.

Net income for the quarter ended June 30, 2011 was \$7.9 million, compared to net income of \$4.8 million for the same period in 2010. Our second quarter net income results include integration, merger and restructuring expenses of \$0.3 million and \$0.9 million (approximately \$0.2 million and \$0.6 million after tax) for the three months ended June 30, 2011 and 2010, respectively.

Six Months Ended June 30, 2011, Compared to

Six Months Ended June 30, 2010

Total revenues for the six months ended June 30, 2011 increased \$14.7 million, or 9.2%, to \$173.4 million from \$158.7 million for the same period in 2010. Leasing revenues for the six months ended June 30, 2011 increased \$8.0 million, or 5.6%, to \$151.1 million from \$143.1 million for the same period in 2010. This increase in leasing revenues is due to an increase in the number of deliveries and units on rent. Our sales of portable storage and office units for the six months ended June 30, 2011 increased by 6.1% to \$20.9 million from \$14.8 million during the same period in 2010. The increase in sales revenues reflects a general increase in demand at higher average selling prices as compared to the same period in 2010. Leasing revenues, as a percentage of total revenues for the six months ended June 30, 2011 and 2010 were 87.1% and 90.2%, respectively. Our leasing business continues to be our primary focus and leasing revenues have and continue to be the predominant part of our revenue mix.

Cost of sales is the cost related to our sales revenues only. Cost of sales was 62.6% and 66.7% of sales revenue for the six months ended June 30, 2011 and 2010, respectively. Due to a stronger business climate and a continued shortage of ISO containers in the ports, the units we sold were at higher average selling prices as compared to the same period in 2010. As a result, our gross margins increased to 37.4% for the six months ended June 30, 2011, compared to 33.3% for the same period in 2010.

Leasing, selling and general expenses for the six months ended June 30, 2011 increased \$9.6 million, or 11.0%, to \$96.7 million, compared to \$87.1 million for the same period in 2010. This increase is primarily due to variable costs associated with an increased level of business activity including higher transportation costs, repairs and maintenance costs for our lease fleet and transportation equipment and increases in payroll. In addition, 2011 expense included the cost of our fully staffed National Sales Center as well as strategic hires in IT, sales, and new market locations.

Integration, merger and restructuring expenses for the six months ended June 30, 2011 decreased \$2.7 million to \$0.5 million, compared to \$3.2 million for the same period in 2010. These expenses primarily represent costs associated with reductions to our work force.

Adjusted EBITDA for the six months ended June 30, 2011 increased \$1.9 million, or 3.1%, to \$63.9 million, compared to \$62.0 million for the same period in 2010. Adjusted EBITDA margins were 36.9% and 39.0% of total revenues for the six months ended June 30, 2011 and 2010, respectively.

Depreciation and amortization expense for the six months ended June 30, 2011 decreased by \$0.4 million, or 2.0%, to \$17.8 million, compared to \$18.2 million during the same period in 2010. The decrease is primarily attributable to reduced amortization of intangible assets and is partially offset by increased depreciation of technology, communication and delivery equipment.

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Interest expense for the six months ended June 30, 2011 decreased \$4.5 million to \$24.5 million, compared to \$29.0 million for the same period in 2010. This decrease is primarily attributable to a lower weighted average interest rate and lower average debt outstanding during the quarter, principally due to the use of operating cash flow to reduce our debt over the last year. In 2010, we refinanced our 9.75% notes with 7.875% notes, which contributed to the lower weighted average interest rate. The weighted average interest rate on our debt for the six months ended June 30, 2011 was 5.9%, compared to 6.6% for the same period in 2010, excluding amortization of debt issuance and other costs. Including the amortization of debt issuance and other costs, the weighted average interest rate for the six months ended June 30, 2011 was 6.5%, compared to 7.2% in the same period in 2010.

Debt restructuring expense for the six months ended June 30, 2011 related to the redemption of the remaining aggregate principal balance outstanding of the MSG Notes was \$1.3 million, and represents the tender premiums and the write-off of the remaining unamortized acquisition date discount related to the MSG Notes redeemed.

Provision for income taxes was based on our annual estimated effective tax rate. The tax rate for the six months ended June 30, 2011 was 37.9%, compared to 36.9% during the same period in 2010. Our consolidated tax provision includes the expected tax rates for our operations in the United States, Canada, United Kingdom and The Netherlands.

Net income for the six months ended June 30, 2011 was \$12.1 million, compared to net income of \$7.2 million for the same period in 2010. Net income results include integration, merger and restructuring expenses of \$0.5 million and \$3.2 million (approximately \$0.3 million and \$1.9 million after tax) for the six months ended June 30, 2011 and 2010, respectively. Net income was also negatively impacted by \$1.3 million (approximately \$0.8 million after tax) related to debt restructuring expense discussed above.

LIQUIDITY AND CAPITAL RESOURCES

Leasing is a capital-intensive business that requires us to acquire assets before they generate revenues, cash flow and earnings. The assets that we lease have very long useful lives and require relatively little recurrent maintenance expenditures. Most of the capital we have deployed in our leasing business historically has been used to expand our operations geographically, to increase the number of units available for lease at our existing locations, and to add to the mix of products we offer. During recent years, our operations have generated annual cash flow that exceeds our pre-tax earnings, particularly due to cash flow from operations and the deferral of income taxes caused by accelerated depreciation of our fixed assets in our tax return filings. For the past three years, we were cash flow positive (after capital expenditures but excluding the acquisition of MSG). This positive cash flow trend has continued for the six-month period ended June 30, 2011.

During the past three years, our capital expenditures and acquisitions have been funded by our operating cash flow. Our operating cash flow is generally weaker during the first six months of each fiscal year, when customers who leased containers for holiday storage return the units and as a result of seasonal weather in certain of our markets. Since 2008, we have significantly reduced our capital expenditures and currently expect this trend to continue throughout 2011. In addition to cash flow generated by operations, our principal current source of liquidity is our revolving credit facility described below.

Revolving Credit Facility. We have an \$850.0 million ABL Credit Agreement (the "Credit Agreement") with Deutsche Bank AG New York Branch (the "Agent") and the other lenders party thereto. All amounts outstanding under the Credit Agreement are due on June 27, 2013. The obligations of Mobile Mini and our subsidiary guarantors under the Credit Agreement are secured by a blanket lien on substantially all of our assets. At June 30, 2011, we had approximately \$388.9 million of borrowings outstanding and \$418.5 million of additional borrowing availability under the Credit Agreement, based upon borrowing base calculations as of such date. The Credit Agreement contains certain financial maintenance covenants, but these maintenance covenants are not applicable unless we have less than \$100.0 million in borrowing availability under the Credit Agreement. The Credit Agreement also contains customary negative covenants applicable to us and our subsidiaries, including covenants that restrict their ability to, among other things, (i) make capital expenditures in excess of defined limits, (ii) allow certain liens to attach to our or our subsidiaries' assets, (iii) repurchase or pay dividends or make certain other restricted payments on capital stock and certain other securities, or prepay certain indebtedness, (iv) incur additional indebtedness or engage in certain other types of financing transactions, and (v) make acquisitions or other investments. We were in compliance with the terms of the Credit Agreement as of June 30, 2011.

Amounts borrowed under the Credit Agreement and repaid during the term may be reborrowed. Outstanding amounts under the Credit Agreement bear interest, at our option, at either (i) LIBOR plus a defined margin, or (ii) the Agent bank's prime rate plus a

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margin. The applicable margins for each type of loan will range from 2.25% to 2.75% for LIBOR loans and 0.75% to 1.25% for base rate loans depending upon our debt ratio, as defined in the Credit Agreement. Based on our debt ratio at June 30, 2011, our applicable interest rate margins will be LIBOR plus 2.75% for LIBOR loans and prime plus 1.25% for base rate loans until the next measurement date which is the end of each fiscal quarter and becomes effective the month following management's communication to our lenders.

The Credit Agreement provides for U.K. borrowings, denominated in either Pounds Sterling or Euros, by the Company's subsidiary Mobile Mini U.K. Limited, based upon a U.K. borrowing base and additionally supported by the U.S. and Canada borrowing base, if necessary. For U.S. borrowings, which are denominated in U.S. Dollars, the borrowing base is based upon a U.S. and Canada borrowing base.

Availability of borrowings under the Credit Agreement is subject to a borrowing base calculation based upon a valuation of our eligible accounts receivable, eligible container and office fleet, eligible inventory (including containers held for sale, work-in-process and raw materials), machinery and equipment and real property, each multiplied by an applicable advance rate or limit.

Senior Notes. At June 30, 2011, we had two series of outstanding senior notes: (i) \$150.0 million aggregate principal amount of 6.875% senior notes due 2015 (the 2015 Notes) and (ii) \$200.0 million aggregate principal amount of 7.875% senior notes due 2020 (the 2020 Notes) and together with the 2015 Notes, the Mobile Mini Notes). The Mobile Mini Notes are more fully described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2010.

We issued the 2020 Notes in November 2010 at an initial offering price of 100% of their face value. The net proceeds from the sale of the 2020 Notes were used to redeem approximately \$170.6 million of the 9.750% senior notes originally issued by MSG due 2014 (the MSG Notes) and together with the Mobile Mini Notes, the Senior Notes), to pay the redemption and tender offer premium (approximately \$8.9 million) and accrued interest (approximately \$5.2 million) on the MSG Notes, and to pay fees and expenses related to the offering. We used the remaining net proceeds of approximately \$10.4 million to repay borrowings under the Credit Agreement. The remaining aggregate principal amount outstanding of the MSG Notes, \$22.3 million, was fully redeemed in January 2011 and is no longer outstanding.

The Senior Notes include covenants, indemnities and events of default that are customary for indentures of this type, including restrictions on the incurrence of additional debt, sales of assets and payment of dividends. We were in compliance with the covenants of the Senior Notes as of June 30, 2011.

Operating Activities. Our operations provided net cash flow of \$33.4 million for the six months ended June 30, 2011, compared to \$28.1 million during the same period in 2010. The \$5.3 million increase in cash provided by operations primarily resulted from changes in working capital and an increase in net income, after giving effect to non-cash items. We used this net cash flow to fund operations and repay debt.

Investing Activities. Net cash provided by investing activities was \$0.1 million for the six months ended June 30, 2011, compared to \$3.4 million for the same period in 2010. Capital expenditures for our lease fleet were \$11.2 million and proceeds from sale of lease fleet units were \$18.0 million for the six months ended June 30, 2011, compared to capital expenditures of \$7.2 million and proceeds of \$12.8 million for the same period in 2010. In 2011, we paid approximately \$1.3 million to acquire lease fleet units that were previously held under a capital lease. We anticipate our near-term investing activities will be primarily focused on remanufacturing units previously acquired in acquisitions to meet our lease fleet standards as these units are placed on lease. Capital expenditures for property, plant and equipment, net of proceeds from sales of property, plant and equipment, for the six months ended June 30, 2011 were \$6.8 million, compared to \$2.2 million for the same period in 2010. These expenditures in 2011 were primarily for replacement of our transportation equipment, leasehold improvements, and upgrades to technology equipment. The amount of cash that we use during any period in investing activities is almost entirely within management's discretion. We have no contracts or other arrangements pursuant to which we are required to purchase a fixed or minimum amount of capital goods in connection with any portion of our business.

Financing Activities. Net cash used in financing activities during the six months ended June 30, 2011 was \$31.8 million, compared to \$33.6 million for the same period in 2010. During the six months ended June 30, 2011, we made net debt repayments of \$31.2 million.

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At June 30, 2011, all of our interest rate swap agreements under which we effectively fixed the interest rate payable on borrowings under our Credit Agreement so that the rate is based upon a spread from a fixed rate, rather than a spread from the LIBOR rate had matured. The fair value of our interest rate swap agreements resulted in amounts being recognized in other comprehensive income for the six months ended June 30, 2011 of \$1.3 million, net of applicable income taxes of \$0.8 million.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Our contractual obligations primarily consist of our outstanding balance under the Credit Agreement and \$349.7 million of Senior Notes (net of unamortized discounts of \$0.3 million), together with other unsecured notes payable obligations and obligations under capital leases. We also have operating lease commitments for: (1) real estate properties for the majority of our locations with remaining lease terms typically ranging from one to 15 years; (2) delivery, transportation and yard equipment, typically under a five-year lease with purchase options at the end of the lease term at a stated or fair market value price; and (3) office related equipment.

At June 30, 2011, primarily in connection with the issuance of our insurance policies, we provided certain insurance carriers and others with approximately \$8.8 million in letters of credit.

We currently do not have any obligations under purchase agreements or commitments. Historically, we have entered into capitalized lease obligations from time to time.

OFF-BALANCE SHEET TRANSACTIONS

We do not maintain any off-balance sheet transactions, arrangements, obligations or other relationships with unconsolidated entities or others that are reasonably likely to have a material current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

SEASONALITY

Demand from certain of our customers is somewhat seasonal. Demand for leases of our portable storage units by large retailers is stronger from September through December because these retailers need to store more inventory for the holiday season. These retailers usually return these leased units to us in December or early in the following year. This seasonality historically has caused lower utilization rates for our lease fleet and a marginal decrease in cash flow during the first quarter of each year.

EFFECTS OF INFLATION

Our results of operations for the periods discussed in this report have not been significantly affected by inflation.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

Our significant accounting policies are disclosed in Note 1 to our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2010. The following discussion addresses our most critical accounting policies, some of which require significant judgment.

Our consolidated financial statements have been prepared in accordance with GAAP. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the reporting period. These estimates and assumptions are based upon our evaluation of historical results and anticipated future events, and these estimates may change as additional information becomes available. The SEC defines critical accounting policies as those that are, in management's view, most important to our financial condition and results of operations and those that require significant judgments and estimates. Management believes that our most critical accounting policies relate to:

Revenue Recognition. Lease and leasing ancillary revenues and related expenses generated under portable storage containers and mobile office units are recognized on a straight-line basis. Delivery and hauling revenues and expenses from our portable storage containers and mobile office units are recognized when these services are earned. We recognize revenues from sales of containers and mobile office units upon delivery when the risk of loss passes, the price is fixed and determinable and collectability is reasonably assured. We sell our products pursuant to sales contracts stating the fixed sales price with our customers.

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Share-Based Compensation. We account for share-based compensation using the modified-prospective-transition method and recognize the fair-value of share-based compensation transactions in the consolidated statements of income. The fair value of our share-based awards is estimated at the date of grant using the Black-Scholes option pricing model. The Black-Scholes valuation calculation requires us to estimate key assumptions such as future stock price volatility, expected terms, risk-free rates and dividend yield. Expected stock price volatility is based on the historical volatility of our stock. We use historical data to estimate option exercises and employee terminations within the valuation model. The expected term of options granted is derived from an analysis of historical exercises and remaining contractual life of stock options, and represents the period of time that options granted are expected to be outstanding. The risk-free interest rate is based on the U.S. Treasury yield in effect at the time of grant. We historically have not paid cash dividends, and do not currently intend to pay cash dividends, and thus have assumed a 0% dividend rate. If our actual experience differs significantly from the assumptions used to compute our share-based compensation cost, or if different assumptions had been used, we may have recorded too much or too little share-based compensation cost. In the past, we have issued stock options and restricted stock, which we also refer to as nonvested share-awards. For stock options and nonvested share-awards subject solely to service conditions, we recognize expense using the straight-line method. For nonvested share-awards subject to service and performance conditions, we are required to assess the probability that such performance conditions will be met. If the likelihood of the performance condition being met is deemed probable, we will recognize the expense using the accelerated attribution method. In addition, for both stock options and nonvested share-awards, we are required to estimate the expected forfeiture rate of our stock grants and only recognize the expense for those shares expected to vest. If the actual forfeiture rate is materially different from our estimate, our share-based compensation expense could be materially different. We had approximately \$1.9 million of total unrecognized compensation costs related to stock options at June 30, 2011 that are expected to be recognized over a weighted-average period of 3.46 years and \$17.0 million of total unrecognized compensation costs related to nonvested share-awards at June 30, 2011 that are expected to be recognized over a weighted-average period 2.75 years. See Note F to the accompanying condensed consolidated financial statements for a further discussion of share-based compensation.

Allowance for Doubtful Accounts. We maintain allowances for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. We establish and maintain reserves against estimated losses based upon historical loss experience and evaluation of past due accounts receivable. Management reviews the level of the allowances for doubtful accounts on a regular basis and adjusts the level of the allowances as needed. If we were to increase the factors used for our reserve estimates by 25%, it would have the following approximate effect on our net income and diluted EPS:

	September 30, Three Months Ended June 30,		September 30, Six Months Ended June 30,	
	2010 (In thousands except per share data)	2011 per share	2010 (In thousands except per share data)	2011 per share
As Reported:				
Net income	\$ 4,779	\$ 7,942	\$ 7,189	\$ 12,093
Diluted earnings per share	\$ 0.11	\$ 0.18	\$ 0.16	\$ 0.27
As adjusted for change in estimates:				
Net income	\$ 4,719	\$ 7,875	\$ 7,033	\$ 11,949
Diluted earnings per share	\$ 0.11	\$ 0.18	\$ 0.16	\$ 0.27

If the financial condition of our customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances could be required.

Impairment of Goodwill. We assess the impairment of goodwill and other identifiable intangibles on an annual basis or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Some factors we consider important that could trigger an impairment review include the following:

significant under-performance relative to historical, expected or projected future operating results;

significant changes in the manner of our use of the acquired assets or the strategy for our overall business;

our market capitalization relative to net book value; and

significant negative industry or general economic trends.

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We operate in one reportable segment, which is comprised of three operating segments that also represent our reporting units (North America, the United Kingdom and The Netherlands). All of our goodwill was allocated among these three reporting units. We perform an annual impairment test on goodwill at December 31 using the two-step process required under GAAP. The first step is a screen for potential impairment, while the second step measures the amount of the impairment, if any. In addition, we perform impairment tests during any reporting period in which events or changes in circumstances indicate that an impairment may have incurred. At December 31, 2010, we performed the first step of the two-step impairment test and compared the fair value of each reporting unit to its carrying value. In assessing the fair value of the reporting units, we considered both the market approach and the income approach. Under the market approach, the fair value of the reporting unit is based on quoted market prices of companies comparable to the reporting unit being valued. Under the income approach, the fair value of the reporting unit is based on the present value of estimated cash flows. The income approach is dependent on a number of significant management assumptions, including estimated future revenue growth rates, gross margins on sales, operating margins, capital expenditures, tax payments and discount rate. Each approach was given equal weight in arriving at the fair value of the reporting unit. As of December 31, 2010, neither of the reporting units with goodwill had estimated fair values less than their individual net asset carrying values; therefore, step two was not required.

In step two of the impairment test, we are required to determine the implied fair value of the goodwill and compare it to the carrying value of the goodwill. We allocated the fair value of the reporting units to the respective assets and liabilities of each reporting unit as if the reporting units had been acquired in separate and individual business combinations and the fair value of the reporting units was the price paid to acquire the reporting units. The excess of the fair value of the reporting units over the amounts assigned to their respective assets and liabilities is the implied fair value of goodwill. We reconciled the fair values of our three reporting units in the aggregate to our market capitalization at December 31, 2010.

At June 30, 2011, there were no significant negative changes to the future projected cash flows or to the general or specific economic trends since the last annual test indicating the need for testing goodwill recoverability.

Impairment of Long-Lived Assets. We review property, plant and equipment and intangibles with finite lives (those assets resulting from acquisitions) for impairment when events or circumstances indicate these assets might be impaired. We test impairment using historical cash flows and other relevant facts and circumstances as the primary basis for our estimates of future cash flows. This process requires the use of estimates and assumptions, which are subject to a high degree of judgment. If these assumptions change in the future, whether due to new information or other factors, we may be required to record impairment charges for these assets.

Depreciation Policy. Our depreciation policy for our lease fleet uses the straight-line method over the estimated useful life of our units, after the date that we put the unit in service. Our steel units are depreciated over 30 years with an estimated residual value of 55%. Wood offices units are depreciated over 20 years with an estimated residual value of 50%. Van trailers, which are a small part of our fleet, are depreciated over seven years to an estimated residual value of 20%. We have other non-core products that have various other measures of useful lives and residual values. Van trailers and other non-core products are only added to the fleet as a result of acquisitions of portable storage businesses.

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We periodically review our depreciation policy against various factors, including the results of our lenders' independent appraisal of our lease fleet, practices of other competitors in our industry, profit margins we achieve on sales of depreciated units and lease rates we obtain on older units. If we were to change our depreciation policy on our steel units from a 55% residual value and a 30-year life to a lower or higher residual value and a shorter or longer useful life, such change could have a positive, negative or neutral effect on our earnings, with the actual effect being determined by the change. For example, a change in our estimates used in our residual values and useful life would have the following approximate effect on our net income and diluted EPS as reflected in the table below.

	September 30, Salvage Value	September 30, Useful Life in Years	September 30, Three Months Ended June 30, 2010 (In thousands except per share data)		September 30, Six Months Ended June 30, 2011 (In thousands except per share data)	
As Reported:	55%	30				
Net income			\$ 4,779	\$ 7,942	\$ 7,189	\$ 12,093
Diluted earnings per share			\$ 0.11	\$ 0.18	\$ 0.17	\$ 0.27
As adjusted for change in estimates:	70%	20				
Net income			\$ 4,779	\$ 7,942	\$ 7,189	\$ 12,093
Diluted earnings per share			\$ 0.11	\$ 0.18	\$ 0.17	\$ 0.27
As adjusted for change in estimates:	62.5%	25				
Net income			\$ 4,779	\$ 7,942	\$ 7,189	\$ 12,093
Diluted earnings per share			\$ 0.11	\$ 0.18	\$ 0.17	\$ 0.27
As adjusted for change in estimates:	50%	20				
Net income			\$ 3,314	\$ 6,500	\$ 4,268	\$ 9,220
Diluted earnings per share			\$ 0.08	\$ 0.15	\$ 0.10	\$ 0.21
As adjusted for change in estimates:	40%	40				
Net income			\$ 4,779	\$ 7,942	\$ 7,189	\$ 12,093
Diluted earnings per share			\$ 0.11	\$ 0.18	\$ 0.17	\$ 0.27
As adjusted for change in estimates:	30%	25				
Net income			\$ 2,874	\$ 6,067	\$ 3,391	\$ 8,359
Diluted earnings per share			\$ 0.07	\$ 0.14	\$ 0.08	\$ 0.19
As adjusted for change in estimates:	25%	25				
Net income			\$ 2,581	\$ 5,779	\$ 2,807	\$ 7,784
Diluted earnings per share			\$ 0.06	\$ 0.13	\$ 0.06	\$ 0.17

Insurance Reserves. Our worker's compensation, auto and general liability insurance are purchased under large deductible programs. Our current per incident deductibles are: worker's compensation \$250,000, auto \$500,000 and general liability \$100,000. We provide for the estimated expense relating to the deductible portion of the individual claims. However, we generally do not know the full amount of our exposure to a deductible in connection with any particular claim during the fiscal period in which the claim is incurred and for which we must make an accrual for the deductible expense. We make these accruals based on a combination of the claims development experience of our staff and our insurance companies. At year end, the accrual is reviewed and adjusted, in part, based on an independent actuarial review of historical loss data and using certain actuarial assumptions followed in the insurance industry. A high degree of judgment is required in developing these estimates of amounts to be accrued, as well as in connection with the underlying assumptions. In addition, our assumptions will change as our loss experience is developed. All of these factors have the potential for significantly impacting the amounts we have previously reserved in respect of anticipated deductible expenses, and we may be required in the future to increase or decrease amounts previously accrued.

Our health benefit programs are considered to be self-insured products; however, we buy excess insurance coverage that limits our medical liability exposure. Additionally, our medical program includes a total aggregate claim exposure and we are currently accruing and reserving to the total projected losses.

Contingencies. We are a party to various claims and litigation in the normal course of business. Management's current estimated range of liability related to various claims and pending litigation is based on claims for which our management can determine that it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. Because of the uncertainties related to both the probability of incurred and possible range of loss on pending claims and litigation, management must use considerable judgment in making reasonable determination of the liability that could result from an unfavorable outcome. As additional information becomes available, we will assess the potential liability related to our pending litigation and revise our estimates. Such revisions in our estimates of the potential liability could materially impact our results of

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operation. We do not anticipate the resolution of such matters known at this time will have a material adverse effect on our business or consolidated financial position.

Deferred Taxes. In preparing our consolidated financial statements, we recognize income taxes in each of the jurisdictions in which we operate. For each jurisdiction, we estimate the actual amount of taxes currently payable or receivable as well as deferred tax assets and liabilities attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities

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and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which these temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

A valuation allowance is provided for those deferred tax assets for which it is more likely than not that the related benefits will not be realized. In determining the amount of the valuation allowance, we consider estimated future taxable income as well as feasible tax planning strategies in each jurisdiction. If we determine that we will not realize all or a portion of our deferred tax assets, we will increase our valuation allowance with a charge to income tax expense or offset goodwill if the deferred tax asset was acquired in a business combination. Conversely, if we determine that we will ultimately be able to realize all or a portion of the related benefits for which a valuation allowance has been provided, all or a portion of the related valuation allowance will be reduced with a credit to income tax expense except if the valuation allowance was created in conjunction with a tax asset in a business combination.

Purchase Accounting. We account for acquisitions under the purchase method. Under the purchase method of accounting, the price paid by us, including the value of the redeemable convertible preferred stock, if any, is allocated to the assets acquired and liabilities assumed based upon the estimated fair values of the assets and liabilities acquired and the fair value of the convertible redeemable participating preferred stock issued at the date of acquisition. The excess of the purchase price over the fair value of the net assets and liabilities acquired represents goodwill that is subject to annual impairment testing.

Earnings Per Share. Basic net income per share is calculated by dividing income allocable to common stockholders by the weighted-average number of common shares outstanding, net of shares subject to repurchase by us during the period. Income allocable to common stockholders is net income less the earnings allocable to preferred stockholders, if applicable. Diluted net income per share is calculated under the if-converted method unless the conversion of the preferred stock is anti-dilutive to basic net income per share. To the extent the inclusion of preferred stock is anti-dilutive, we calculate diluted net income per share under the two-class method. Potential common shares include restricted common stock and incremental shares of common stock issuable upon the exercise of stock options and vesting of nonvested stock awards and upon conversion of convertible preferred stock using the treasury stock method.

There have been no changes in our critical accounting policies, estimates and judgments during the six-month period ended June 30, 2011.

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RECENT ACCOUNTING PRONOUNCEMENTS

Multiple Element Arrangements. In September 2009, the Financial Accounting Standards Board (FASB) issued new accounting guidance related to the revenue recognition of multiple element arrangements. This new guidance states that if vendor specific objective evidence or third party evidence for deliverables in an arrangement cannot be determined, companies will be required to develop a best estimate of the selling price to separate deliverables and allocate arrangement consideration using the relative selling price method. This guidance is effective for arrangements entered into after January 1, 2011. We adopted this accounting standard and it did not have a material impact on our consolidated financial statements and related disclosures.

Business Combinations. In December 2010, the FASB issued clarification on the accounting guidance for business combinations. This new accounting guidance clarifies the disclosure requirement for public entities that have entered into a new business combination during the current fiscal year. Such public entities must present comparative financial statements disclosing revenue and earnings of the combined entity as though the business combination that occurred during the current fiscal year had occurred as of the beginning of the comparable prior annual reporting period only. This guidance is effective for business combinations entered into after January 1, 2011. We adopted this accounting standard and it did not have a material impact on our consolidated financial statements and related disclosures.

Goodwill. In December 2010, the FASB issued new accounting guidance for goodwill impairment testing. This new accounting guidance states that for reporting units with zero or negative carrying amounts the reporting unit should perform Step 2 of a goodwill impairment after considering the evidence of adverse qualitative factors that an impairment may exist. This guidance is effective for us beginning January 1, 2011. We adopted this accounting standard and do not expect it to have a material impact on our consolidated financial statements and related disclosures.

Comprehensive Income. In June 2011, the FASB issued an amendment to the existing guidance on the presentation of comprehensive income. Under the amended guidance, entities have the option to present the components of net income and other comprehensive income in either a single continuous statement of comprehensive income or in two separate but consecutive statements. Entities no longer have the option of presenting the components of other comprehensive income within the statement of changes in stockholders' equity. This amendment is effective on a retrospective basis for fiscal years, and interim periods within those years, beginning after December 15, 2011, which for us is the first quarter in 2012. The adoption of this amendment will result in a change to our current presentation of comprehensive income, but will not have any impact on our consolidated financial statements.

Fair Value Measurement. In May 2011, the FASB issued amendments to the existing guidance on fair value measurement. The amendments are intended to create consistency between U.S. generally accepted accounting standards and International Financial Reporting Standards on measuring fair value and disclosing information about fair value measurements. The amendments clarify the application of existing fair value measurement requirements including (i) the application of the highest and best use valuation premise concepts, (ii) measuring the fair value of an instrument classified in a reporting entity's shareholders' equity, and (iii) quantitative information required for fair value measurements categorized within Level 3. In addition, the amendments require additional disclosure for Level 3 measurements regarding the sensitivity of fair value to changes in unobservable inputs and any interrelationships between those inputs. These amendments are effective for interim and annual periods beginning after December 15, 2011, which for us is calendar year 2012. These changes are required to be applied prospectively. We do not anticipate that the adoption of these amendments will have a material impact on our consolidated financial statements.

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CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS

This section and other sections of this report contain forward-looking information about our financial results and estimates and our business prospects that involve substantial risks and uncertainties. From time to time, we also may provide oral or written forward-looking statements in other materials we release to the public. Forward-looking statements are expressions of our current expectations or forecasts of future events. You can identify these statements by the fact that they do not relate strictly to historic or current facts. They include words such as anticipate, estimate, expect, project, intend, plan, believe, will, and other words and terms of similar meaning in connection with any discussion of operating or financial performance. In particular these include statements relating to future actions, future performance or results, expenses, the outcome of contingencies, such as legal proceedings and financial results. Factors that could cause actual results to differ materially from projected results include, without limitation:

an economic slowdown in the U.S. and/or the U.K. that affects any significant portion of our customer base, or the geographic regions where we operate in those countries;

our ability to manage growth at existing or new locations;

our European operations may divert our resources from other aspects of our business;

our ability to obtain borrowings under our revolving credit facility or additional debt or equity financing on acceptable terms;

changes in the supply and price of used containers;

changes in the supply and cost of the raw materials we use in refurbishing or remanufacturing storage units;

competitive developments affecting our industry, including pricing pressures in newer markets;

the timing and number of new branches that we open or acquire;

our ability to protect our patents and other intellectual property;

currency exchange and interest rate fluctuations;

governmental laws and regulations affecting domestic and foreign operations, including tax obligations, union formation and zoning laws;

changes in generally accepted accounting principles;

changes in local zoning laws affecting either our ability to operate in certain areas or our customer's ability to use our products;

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any changes in business, political and economic conditions due to the threat of future terrorist activity in the U.S. and other parts of the world and related U.S. military action overseas; and

increases in costs and expenses, including the cost of raw materials, real estate and employment costs.

We cannot guarantee that any forward-looking statement will be realized, although we believe we have been prudent in our plans and assumptions. Achievement of future results is subject to risks, uncertainties and inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from past results and those anticipated, estimated or projected. Investors should bear this in mind as they consider forward-looking statements. We undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise. You are advised, however, to consult any further disclosures we make on related subjects in our Form 10-Q, 8-K and 10-K reports filed with the SEC. Our Form 10-K filing for the fiscal year ended December 31, 2010 listed various important factors that could cause actual results to differ materially from expected and historic results. We note these factors for investors as permitted by the Private Securities Litigation Reform Act of 1995, as amended. Readers can find them in Item 1A, Risk Factors of that filing and under the same heading of this filing. You may obtain a copy of our Form 10-K by requesting it from our Investor Relations

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Department at (480) 894-6311 or by mail to Mobile Mini, Inc., 7420 S. Kyrene Road, Suite 101, Tempe, Arizona 85283. Our filings with the SEC, including the Form 10-K, may be accessed through Mobile Mini's website at www.mobilemini.com, and at the SEC's website at www.sec.gov. Material on our website is not incorporated into this report, except by express incorporation by reference herein.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Swap Agreements. We seek to reduce earnings and cash flow volatility associated with changes in interest rates through a financial arrangement intended to provide a hedge against a portion of the risks associated with such volatility. We continue to have exposure to such risks to the extent they are not hedged.

Interest rate swap agreements are the only instruments we have used to manage interest rate fluctuations affecting our variable rate debt. At June 30, 2011, all of our interest rate swap agreements have matured. For the six months ended June 30, 2011, comprehensive income included \$1.3 million, net of applicable income taxes of \$0.8 million, related to the fair value of our interest rate swap agreements then in effect.

Impact of Foreign Currency Rate Changes. We currently have branch operations outside the United States. We bill those customers primarily in their local currency which is subject to foreign currency rate changes. Our operations in Canada are billed in the Canadian Dollar, operations in the United Kingdom are billed in Pound Sterling and operations in The Netherlands are billed in the Euro. We are exposed to foreign exchange rate fluctuations as the financial results of our non-United States operations are translated into U.S. Dollars. The impact of foreign currency rate changes has historically been insignificant with our Canadian operations, but we have more exposure to volatility with our European operations. In order to help minimize our exchange rate gain and loss volatility, we finance our European entities through our Credit Agreement which allows us, at our option, to borrow funds locally in Pound Sterling denominated debt.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures.

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended). Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that, as of the end of the period covered by this quarterly report on Form 10-Q, the Company's disclosure controls and procedures, subject to the limitations as noted below, were effective such that the information relating to the Company required to be disclosed in our SEC reports (i) is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and (ii) is accumulated and communicated to the Company's management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Controls.

There were no changes in our internal controls over financial reporting that have occurred during the fiscal quarter covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Table of Contents**PART II. OTHER INFORMATION****ITEM 1A. RISK FACTORS**

We refer you to documents filed by us with the SEC, specifically Item 1A. Risk Factors in our Annual Report on Form 10-K for the fiscal year ended December 31, 2010, which identify important risk factors that could materially affect our business, financial condition and future results. We also refer you to the factors and cautionary language set forth in the section entitled Cautionary Statements Regarding Forward-looking Statements in Item 2. Management's Discussion and Analysis of Financial Conditions and Results of Operations of this quarterly report on Form 10-Q. This quarterly report on Form 10-Q, including the accompanying condensed consolidated financial statements and related notes, should be read in conjunction with such risks and other factors for a full understanding of our operations and financial condition. The risks described in our Form 10-K and herein are not the only risks facing Mobile Mini. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or operating results. The risk factors included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2010 have not materially changed.

ITEM 6. EXHIBITS

Number	Description
23.2*	Consent of Independent Valuation Firm
31.1*	Certification of Chief Executive Officer pursuant to Item 601(b)(31) of Regulation S-K.
31.2*	Certification of Chief Financial Officer pursuant to Item 601(b)(31) of Regulation S-K.
32.1**	Certification of Chief Executive Officer and Chief Financial Officer pursuant to item 601(b)(32) of Regulation S-K.
101.INS***	XBRL Instance Document
101.SCH***	XBRL Taxonomy Extension Schema Document
101.CAL***	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF***	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB***	XBRL Taxonomy Extension Label Linkbase Document
101.PRE***	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

** Furnished herewith.

*** Furnished herewith. In accordance with Rule 406T of Regulation S-T, the information in these exhibits shall not be deemed to be filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability under that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, except as expressly set forth by specific reference in such filing.

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SIGNATURES

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

Date: August 9, 2011

MOBILE MINI, INC.

/s/ Mark E. Funk
Mark E. Funk
Chief Financial Officer