UNITED RENTALS INC /DE
Form DEFM14A
September 19, 2007
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)

of the Securities Exchange Act of 1934

(Rule 14a-101)

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement
x Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to §240.14a-12

¨ **Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

UNITED RENTALS, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

¨ No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

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(4) Proposed maximum aggregate value of transaction:

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¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

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(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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UNITED RENTALS, INC.

Five Greenwich Office Park

Greenwich, Connecticut 06831

Dear Fellow Stockholder:

We cordially invite you to attend a special meeting of stockholders of United Rentals, Inc., a Delaware corporation, which we refer to as United Rentals or the Company , to be held on October 19, 2007 at 10:00 a.m. local time, at the Stamford Marriott, Two Stamford Forum, Stamford, Connecticut 06901. The board of directors has fixed the close of business on September 10, 2007, as the record date for the purpose of determining stockholders entitled to receive notice of and vote at the special meeting or any adjournment or postponement of the special meeting. Notice of the special meeting and the related proxy statement are enclosed.

The board of directors of the Company has approved a merger agreement providing for the acquisition of the Company by RAM Holdings, Inc., an entity controlled by funds and accounts affiliated with Cerberus Capital Management, L.P.

If the merger is completed, you will be entitled to receive $34.50 in cash, without interest and less any required withholding tax, for each share of the Company s common stock you own. In addition, if you are a holder of outstanding shares of United Rentals perpetual convertible preferred stock, series C, or outstanding shares of United Rentals perpetual convertible preferred stock, series D, you will have the right to receive an amount in cash equal to the sum of (i) $1,000 (the Liquidation Preference) plus (ii) an amount equal to 6.25% per annum of the Liquidation Preference, compounded annually from January 7, 1999 (in the case of the Series C Preferred Stock) or September 30, 1999 (in the case of the Series D Preferred Stock) to and including the closing date of the merger plus (iii) any accrued and unpaid dividends thereon as of the closing date of the merger.

At the special meeting, you will be asked to consider and vote upon a proposal to adopt the merger agreement. **The board of directors has approved and declared advisable the merger agreement and the transactions contemplated by the merger agreement and has determined that the merger, the merger agreement and the transactions contemplated by the merger agreement are fair to, and in the best interests of, the Company and its stockholders. The board of directors recommends that the Company s stockholders vote FOR the adoption of the merger agreement and FOR the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies.**

The proxy statement attached to this letter provides you with information about the proposed merger and the special meeting of the Company s stockholders. We encourage you to read the entire proxy statement carefully. You may also obtain more information about the Company from documents we have filed with the Securities and Exchange Commission.

Your vote is important regardless of the number of shares of the Company s common stock you own. Because the adoption of the merger agreement requires the affirmative vote of the holders of a majority of the combined voting power of the Company s outstanding shares of capital stock entitled to vote thereon, a failure to vote will have the same effect as a vote **AGAINST** the merger. Accordingly, you are requested to submit your proxy by promptly completing, signing and dating the enclosed proxy card and returning it in the envelope provided or to submit your proxy by telephone or the Internet prior to the special meeting, whether or not you plan to attend the special meeting.

Submitting your proxy will not prevent you from voting your shares in person if you subsequently choose to attend the special meeting.

Thank you for your cooperation and continued support.

Very truly yours,

Michael J. Kneeland
Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities regulatory agency has approved or disapproved the merger, passed upon the merits or fairness of the merger or passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.

THIS PROXY STATEMENT IS DATED SEPTEMBER 19, 2007

AND IS FIRST BEING MAILED TO STOCKHOLDERS ON OR ABOUT SEPTEMBER 20, 2007.

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UNITED RENTALS, INC.

Five Greenwich Office Park

Greenwich, Connecticut 06831

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD OCTOBER 19, 2007

To the Stockholders of United Rentals, Inc.:

A special meeting of stockholders of United Rentals, Inc., a Delaware corporation, which we refer to as United Rentals or the Company, will be held on October 19, 2007, at 10:00 a.m., Eastern Daylight Time, at the Stamford Marriott, Two Stamford Forum, Stamford, Connecticut 06901, for the following purposes:

1. To consider and vote on the adoption of the Agreement and Plan of Merger, dated as of July 22, 2007 (as it may be amended from time to time, the merger agreement), among the Company, RAM Holdings, Inc. (Parent) and RAM Acquisition Corp., a wholly-owned subsidiary of Parent (Merger Sub). A copy of the merger agreement is attached as Annex A to the accompanying proxy statement.

2. To approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the meeting to adopt the merger agreement.

Only stockholders of record as of the close of business on September 10, 2007, are entitled to notice of and to vote at the special meeting and at any adjournment or postponement of the special meeting. All stockholders of record are cordially invited to attend the special meeting in person.

Our board of directors has approved and declared advisable the merger agreement and the transactions contemplated by the merger agreement and has determined that the merger, the merger agreement and the transactions contemplated by the merger agreement are fair to, and in the best interests of, the Company and its stockholders. The board of directors recommends that you vote FOR the adoption of the merger agreement and FOR the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies.

Your vote is important. The adoption of the merger agreement requires the affirmative vote of (i) a majority in voting power of the holders of outstanding shares of our common stock, our Series C Preferred Stock and our Class D-1 Preferred Stock (one of two classes of our Series D Preferred Stock outstanding), voting together as a single class, (ii) the holders of a majority of the outstanding shares of our Series C Preferred Stock, voting separately as a single class, and (iii) the holders of a majority of the outstanding shares of our Class D-1 Preferred Stock and the Class D-2 Preferred Stock (the other class of our Series D Preferred Stock outstanding), voting together as a single class.

Even if you plan to attend the special meeting in person, we request that you complete, sign, date and return the enclosed proxy or submit your proxy by telephone or the Internet prior to the special meeting to ensure that your shares will be represented at the special meeting if you are unable to attend. If you have Internet access, we encourage you to record your vote via the Internet. If you fail to return your proxy card or fail to submit your proxy by phone or the Internet and you fail to attend the special meeting, your shares will not be counted for purposes of determining whether a quorum is present at the meeting and will have the same effect as a vote against the adoption of the merger agreement (but will not affect the outcome of the vote regarding the adjournment proposal). Properly executed proxy cards with no instructions indicated on the proxy card will be voted **FOR** the adoption of the merger agreement and **FOR** the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies.

If you hold your shares through a bank, broker or other custodian, you must obtain a legal proxy from such custodian in order to vote in person at the special meeting. If you attend the special meeting, you may revoke your proxy and vote in person if you wish, even if you have previously returned your proxy card. Your prompt attention is greatly appreciated.

Stockholders of United Rentals who do not vote in favor of the adoption of the merger agreement will have the right to seek appraisal of the fair value of their shares if the merger is completed, but only if they submit a written demand for appraisal to the Company before the vote is taken on the merger agreement and they comply with all requirements of Delaware law, which are summarized in the accompanying proxy statement.

By order of the board of directors,

Roger E. Schwed

Secretary

September 19, 2007

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QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER

The following questions and answers address briefly some questions you may have regarding the special meeting and the proposed merger. These questions and answers may not address all questions that may be important to you as a stockholder of United Rentals, Inc. Please refer to the more detailed information contained elsewhere in this proxy statement, the annexes to this proxy statement and the documents referred to or incorporated by reference in this proxy statement. In this proxy statement, the terms United Rentals, the Company, we, our, ours, and us refer to United Rentals, Inc. and its subsidiaries.

Q: What is the proposed transaction?

A: The proposed transaction is the acquisition of the Company by an entity controlled by funds and accounts affiliated with Cerberus Capital Management, L.P. (Cerberus) pursuant to an Agreement and Plan of Merger, dated as of July 22, 2007 (as it may be amended from time to time, the merger agreement), among the Company, RAM Holdings, Inc. (Parent) and RAM Acquisition Corp., a wholly-owned subsidiary of Parent (Merger Sub). If the merger agreement is adopted by the requisite votes of the Company s stockholders and the other closing conditions under the merger agreement have been satisfied or waived, Merger Sub will merge with and into United Rentals (the merger). United Rentals will be the surviving corporation in the merger (the surviving corporation), the Company will become a wholly-owned subsidiary of Parent and we will no longer be a publicly held corporation, and our common stock, par value $0.01 per share (common stock), will be delisted from the New York Stock Exchange (NYSE).

Q: What will I receive in the merger?

A: Upon completion of the merger, each outstanding share of common stock you own at such time will be converted into the right to receive $34.50 in cash, without interest and less any required withholding taxes, unless you have exercised your appraisal rights with respect to the merger. We refer to this amount as the common stock merger consideration. For example, if you own 100 shares of our common stock, you will receive $3,450.00 in cash in exchange for your shares of common stock, less any required withholding taxes. You will not own any shares in the surviving corporation.

In addition, and also upon completion of the merger, each outstanding share of perpetual convertible preferred stock, series C, of the Company (the Series C Preferred Stock) and each outstanding share of perpetual convertible preferred stock, Series D, of the Company (the Series D Preferred Stock) will be converted into the right to receive an amount in cash equal to the sum of (i) $1,000 (the Liquidation Preference) plus (ii) an amount equal to 6.25% per annum of the Liquidation Preference, compounded annually from January 7, 1999 (in the case of the Series C Preferred Stock) or September 30, 1999 (in the case of the Series D Preferred Stock) to and including the closing date of the merger plus (iii) any accrued and unpaid dividends thereon as of the closing date of the merger (such sum representing the Call Price as defined in the applicable Certificate of Designation) (see Merger Consideration Company Series C Preferred Stock and Series D Preferred Stock beginning on page 53). We refer to these amounts as the Series C merger consideration and the Series D merger consideration, respectively. We refer to the common stock merger consideration, the Series C merger consideration and the Series D merger consideration, collectively, as the merger consideration.

If the merger agreement is not adopted, United Rentals will remain a public company, our shares of common stock will remain outstanding and continue to be listed and traded on the NYSE and our shares of Series C Preferred Stock and Series D Preferred Stock will remain outstanding.

Q: Where and when is the special meeting?

A: The special meeting will take place at the Stamford Marriott, Two Stamford Forum, Stamford, Connecticut 06901, on October 19, 2007, at 10:00 a.m. Eastern Daylight Time.

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Q: Who can vote at the special meeting?

A: All of our holders of shares of common stock, Series C Preferred Stock and Series D Preferred Stock (which includes both Class D-1 Preferred Stock and Class D-2 Preferred Stock) of record as of the close of business on September 10, 2007, which we refer to as the record date for the special meeting, are entitled to receive notice of and to vote at the special meeting or any adjournments or postponements of the special meeting.

Q: What am I being asked to vote on at the special meeting?

A: You are being asked to consider and vote on a proposal to adopt the merger agreement that provides for the acquisition of the Company by Parent and to approve the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the meeting to adopt the merger agreement.

Q: What vote of our stockholders is required to adopt the merger agreement?

A: For us to complete the merger, the following votes of our stockholders must be obtained:

- stockholders holding at least a majority of the combined voting power of shares of our common stock, Series C Preferred Stock and Class D-1 Preferred Stock outstanding at the close of business on the record date, voting together as a single class, must vote FOR the adoption of the merger agreement (in connection with this vote, holders of our shares of common stock will be entitled to one vote per share, holders of shares of our Series C Preferred Stock will be entitled to forty (40) votes per share and holders of shares of our Class D-1 Preferred Stock will be entitled to thirty-three and one third (33 1/3) votes per share);

- stockholders holding at least a majority of the combined voting power of shares of our Series C Preferred Stock outstanding at the close of business on the record date, voting separately as a single class, must vote FOR the adoption of the merger agreement; and

- stockholders holding at least a majority of the combined voting power of shares of our Series D Preferred Stock (which consists of Class D-1 Preferred Stock and Class D-2 Preferred Stock) outstanding at the close of business on the record date, voting together as a single class, must vote FOR the adoption of the merger agreement.

Accordingly, failure to vote or an abstention will have the same effect as a vote against adoption of the merger agreement.

As of the record date, there were 85,801,507 shares of common stock, 300,000 shares of Series C Preferred Stock, 105,252 shares of Class D-1 Preferred Stock and 44,748 shares of Class D-2 Preferred Stock entitled to be voted at the special meeting. As noted above, stockholders holding at least a majority of the combined voting power of shares of our common stock, Series C Preferred Stock and Class D-1 Preferred Stock outstanding at the close of business on the record date, voting together as a single class, must vote FOR the adoption of the merger agreement. For purposes of this vote, the holders of our Series C Preferred Stock and Class D-1 Preferred Stock vote on an as converted basis and, accordingly, the combined voting power of the common stock, Series C Preferred Stock and Class D-1 Preferred Stock for purposes of this vote is the equivalent of 101,309,907 shares.

Holders of all of the outstanding shares of our Series C Preferred Stock and Series D Preferred Stock, which includes Apollo Investment Fund IV, L.P. and Apollo Overseas Partners IV, L.P. (together, Apollo) and who have the right to designate two members of our board of directors (which right will terminate upon completion of the merger), have entered into a voting agreement (the voting agreement), pursuant to which they have agreed to vote their shares in favor of the adoption of the merger agreement. Also, Bradley S. Jacobs, the former chairman of our board of directors (Mr. Jacobs resigned as chairman and as a director of the Company effective August 31, 2007), and certain entities affiliated with him, have entered into a warrant holders agreement (the warrant holders agreement), pursuant to which they have agreed to vote shares of common stock they beneficially own in favor of the adoption of the merger agreement.

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Accordingly, pursuant to the voting agreement and the warrant holders agreement, holders of shares that as of the record date represent approximately 24.1% of the combined voting power of the outstanding shares of our capital stock have agreed to vote in favor of the adoption of the merger agreement. As a result of the voting agreement, the separate class votes involving only shares of our preferred stock (the votes referred to in the second and third bullet points above) are assured.

Q: What vote of our stockholders is required to approve the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies?

A. The proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies requires the affirmative vote of holders of at least a majority of the combined voting power of shares of our common stock, Series C Preferred Stock and Class D-1 Preferred Stock, voting together as a single class, present or represented by proxy at the special meeting and entitled to vote on the matter. In connection with this vote, holders of our shares of common stock will be entitled to one vote per share, holders of shares of our Series C Preferred Stock will be entitled to forty (40) votes per share and holders of shares of our Class D-1 Preferred Stock will be entitled to thirty-three and one third (33 1/3) votes per share. The failure to submit a proxy (or to vote in person at the special meeting) will have no effect on the adjournment proposal; however, the abstention from voting by a stockholder will have the same effect as a vote against the adjournment proposal.

Q: How does the Company s board of directors recommend that I vote?

A: Our board of directors recommends that our stockholders vote FOR the adoption of the merger agreement and FOR the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies. You should read The Merger Reasons for the Merger beginning on page 32 for a discussion of the factors that our board of directors considered in deciding to approve the merger agreement and recommend its adoption.

Q: What do I need to do now?

A: We urge you to read this proxy statement carefully, including its annexes, and to consider how the merger affects you. If you are a stockholder of record, then you can ensure that your shares are voted at the special meeting by submitting your proxy via:

telephone, using the toll-free number listed on each proxy card (if you are a registered stockholder, that is if you hold your stock in your name) or vote instruction card (if your shares are held in street name, meaning that your shares are held in the name of a broker, bank or other nominee and your broker, bank or nominee makes telephone voting available);

Internet, at the address provided on each proxy card (if you are a registered stockholder) or vote instruction card (if your shares are held in street name and your broker, bank or nominee makes Internet voting available); or

mail, by completing, signing, dating and mailing each proxy card or vote instruction card and returning it in the envelope provided.

Q: If my shares are held in street name by my broker, will my broker vote my shares for me?

A:

Yes, but only if you provide timely instructions to your broker on how to vote. You should follow the directions provided by your broker regarding how to instruct your broker to vote your shares. Without those instructions, your shares will not be voted, which will have the same effect as a vote AGAINST the adoption of the merger agreement, but will not have any effect on the proposal to adjourn the special meeting.

Q. How do I vote shares of common stock that I hold through the Company s stock fund within the United Rentals 401(k) Plan?

A: If you hold shares in the Company s stock fund within the United Rentals 401(k) Plan, which we refer to as the plan, you may give voting instructions to the trustee, by completing and returning, by October 17, 2007, the voting instructions that you will be receiving. Your instructions tell the trustee how to vote plan shares

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which you are entitled to vote under the plan. The trustee will vote your plan shares in accordance with your duly executed and delivered voting instructions. If you do not give the trustee voting instructions by October 17, 2007, the trustee is instructed to vote your plan shares in the same proportion as the plan shares for which the trustee receives voting instructions from other plan participants.

Q: Can I change my vote?

A: Yes, you can change your vote at any time before your proxy is voted at the special meeting. If you are a registered stockholder, you may revoke your proxy by notifying the Company s corporate secretary in writing or by submitting a new proxy as applicable by telephone, the Internet or mail, in each case, dated after the date of the proxy being revoked. In addition, your proxy may be revoked by attending the special meeting and voting in person (you must vote in person; simply attending the special meeting will not cause your proxy to be revoked).

Please note that if you hold your shares in street name and you have instructed a broker to vote your shares, the above-described options for changing your vote do not apply, and instead you must follow the instructions received from your broker to change your vote.

Q: What does it mean if I get more than one proxy card or vote instruction card?

A: If your shares are registered differently or are in more than one account, you will receive more than one card. Please complete and return all of the proxy cards or vote instruction cards you receive (or submit your proxy by telephone or the Internet, if available to you) to ensure that all of your shares are voted.

Q: Should I send in my stock certificates now?

A: No. Shortly after the merger is completed, if you are a registered stockholder you will receive a letter of transmittal with instructions informing you how to send in your stock certificates to the paying agent in order to receive the merger consideration. You should use the letter of transmittal to exchange stock certificates for the merger consideration to which you are entitled as a result of the merger. DO NOT SEND ANY STOCK CERTIFICATES WITH YOUR PROXY. If you hold your shares in street name, your broker, bank or other nominee will receive a letter of transmittal (or its electronic equivalent) and process the receipt of the merger consideration as your nominee.

Q: If the merger is completed, when can I expect to receive the common stock merger consideration for my shares of common stock?

A: Payment will be made promptly after your letter of transmittal described above is executed and returned to the paying agent.

Q: What happens if I sell my shares before the special meeting?

A: The record date of the special meeting is earlier than the special meeting and the date that the merger is expected to be completed. If you transfer your shares of stock after the record date but before the special meeting, you will retain your right to vote at the special meeting, but will have transferred the right to receive the merger consideration. In order to receive the merger consideration, you must hold your shares through completion of the merger. In addition, you must hold your shares through the completion of the merger in order to exercise your appraisal rights with respect to the merger. A more detailed discussion of your appraisal rights and the requirements for perfecting your appraisal rights is set forth in this proxy statement.

Q: Who can help answer my other questions?

A: If you have more questions about the merger, please contact Hyde Park Financial Communications, our investor relations firm, at (203) 618-7318. If you need assistance in submitting your proxy or voting your shares or need additional copies of the proxy statement or the enclosed proxy card, you should contact our proxy solicitation agent, Innisfree M&A Incorporated, toll-free at (888) 750-5834. If your broker holds your shares, you should also call your broker for additional information.

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SUMMARY

The following summary highlights selected information from this proxy statement and may not contain all of the information that may be important to you. Accordingly, we encourage you to read carefully this entire proxy statement, its annexes and the documents referred to or incorporated by reference in this proxy statement. Each item in this summary includes a page reference directing you to a more complete description of that item. See Where You Can Find More Information beginning on page 88.

The Parties to the Merger (Page 17)

United Rentals, Inc.

Five Greenwich Office Park

Greenwich, CT 06831

(203) 622-3131

United Rentals, Inc., a Delaware corporation, is the largest equipment rental company in the world, with an integrated network of over 690 rental locations in 48 states, 10 Canadian provinces and Mexico. The Company s more than 12,000 employees serve construction and industrial customers, utilities, municipalities, homeowners and others. The Company offers for rent over 20,000 classes of rental equipment with a total original cost of over $4.3 billion.

RAM Holdings, Inc.

c/o Cerberus Capital Management, L.P.

299 Park Avenue

New York, NY 10171

(212) 891-2100

Parent is a Delaware corporation controlled by funds and accounts affiliated with Cerberus. Parent was formed solely for the purpose of entering into the merger agreement and consummating the transactions contemplated by the merger agreement. It has not conducted any activities to date other than activities incidental to its formation and activities undertaken in connection with the transactions contemplated by the merger agreement.

RAM Acquisition Corp.

c/o Cerberus Capital Management, L.P.

299 Park Avenue

New York, NY 10171

(212) 891-2100

Merger Sub is a Delaware corporation and a wholly-owned subsidiary of Parent. Merger Sub was formed solely for the purpose of entering into the merger agreement and consummating the transactions contemplated by the merger agreement. It has not conducted any activities to date other than activities incidental to its formation and activities undertaken in connection with the transactions contemplated by the merger agreement. Upon consummation of the proposed merger, Merger Sub will merge with and into United Rentals and will cease to exist, with United Rentals continuing as the surviving corporation.

Parent and Merger Sub are each entities controlled by funds and accounts affiliated with Cerberus. Cerberus is one of the world s leading private investment firms, with approximately $25 billion under management in funds and accounts. Through its team of more than 275 investment and operations professionals, Cerberus specializes in providing both financial resources and operational expertise to help transform undervalued

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companies into industry leaders for long-term success and value creation. Cerberus is headquartered in New York City, with affiliate and/or advisory offices in Atlanta, Chicago, Los Angeles, London, Baarn, Frankfurt, Tokyo, Osaka and Taipei.

The Merger (Page 22)

The merger agreement provides that Merger Sub will merge with and into the Company. The Company will be the surviving corporation in the merger and will continue to do business as United Rentals following the merger. In the merger:

- each outstanding share of the Company s common stock (other than shares held by the Company, Parent or Merger Sub or any other direct or indirect wholly owned subsidiary of Parent and the Company, and shares held by stockholders, if any, who have properly demanded statutory appraisal rights), will be converted into the right to receive $34.50 in cash, without interest and less any applicable withholding tax; and

- each outstanding share of Series C Preferred Stock and each outstanding share of Series D Preferred Stock will be converted into the right to receive an amount in cash equal to the sum of (i) the Liquidation Preference plus (ii) an amount equal to 6.25% per annum of the Liquidation Preference, compounded annually from January 7, 1999 (in the case of the Series C Preferred Stock) or September 30, 1999 (in the case of the Series D Preferred Stock) to and including the closing date of the merger plus (iii) any accrued and unpaid dividends thereon as of the closing date of the merger (such sum representing the Call Price as defined in the applicable Certificate of Designation) (see Merger Consideration Company Series C Preferred Stock and Series D Preferred Stock beginning on page 53).

As a result of the merger, the Company will cease to be a publicly traded company and you will cease to have any ownership interest in the Company and will not participate in any future earnings or growth of the Company.

Treatment of Stock Options and Other Equity Awards in the Merger (Page 54)

Each stock option to purchase our shares of common stock that remains outstanding immediately prior to the effective time of the merger, whether vested or unvested, will be canceled and converted into the right to receive as soon as reasonably practicable after the effective time of the merger (and in any event within two business days) a cash payment, less applicable withholding taxes, equal to the product of the aggregate number of shares of common stock underlying such share option immediately prior to the effective time of the merger, multiplied by the excess, if any, of $34.50 over the exercise price per share of common stock subject to such share option. The merger agreement also provides that all outstanding Company restricted stock awards subject to vesting or other lapse restrictions will vest and become free of such restrictions as of the effective time, and the holder thereof will receive $34.50 in cash, without interest and less any required withholding taxes. In addition, subject to limited exceptions, pursuant to the merger agreement, each other type of equity-based award entitling the holder to shares of our common stock, whether vested or unvested, will be converted into the right to receive an amount equal to $34.50 in cash, without interest and less any required withholding taxes, multiplied by the number of shares of common stock subject to such award.

Completion of the Merger (Page 52)

We are working to complete the merger as soon as possible. We anticipate completing the merger during the last quarter of 2007. However, we cannot predict the exact timing of the merger or whether the merger will be completed. In order to complete the merger, our stockholders must adopt the merger agreement and other closing conditions under the merger agreement must be satisfied or waived. In addition, Parent is not obligated to complete the merger, even after the vote at the special meeting, until the expiration of a 25-business-day

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marketing period that it may use to complete its financing for the merger. See The Merger Agreement Effective Time; Marketing Period and The Merger Agreement Conditions to the Merger beginning on pages 52 and 67.

The Special Meeting

Time, Place and Date (Page 18)

The special meeting will be held on October 19, 2007, starting at 10:00 a.m., Eastern Daylight Time, at the Stamford Marriott, Two Stamford Forum, Stamford, Connecticut 06901.

Purpose (Page 18)

You will be asked to consider and vote upon (1) the adoption of the merger agreement and (2) the approval of the adjournment of the special meeting to a later date, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger agreement if there are insufficient votes at the time of the meeting to approve the merger agreement.

Record Date and Quorum (Page 18)

You are entitled to vote at the special meeting if you owned shares of the Company s common stock, Series C Preferred Stock or Series D Preferred Stock at the close of business on September 10, 2007, the record date for the special meeting. As of the record date, there were 85,801,507 shares of common stock, 300,000 shares of Series C Preferred Stock, 105,252 shares of Class D-1 Preferred Stock and 44,748 shares of Class D-2 Preferred Stock entitled to be voted at the special meeting. As noted in the paragraph below, stockholders holding at least a majority of the combined voting power of shares of our common stock, Series C Preferred Stock and Class D-1 Preferred Stock outstanding at the close of business on the record date, voting together as a single class, must vote FOR the adoption of the merger agreement. For purposes of this vote, the holders of our Series C Preferred Stock and Class D-1 Preferred Stock vote on an as converted basis and, accordingly, the combined voting power of the common stock, Series C Preferred Stock and Class D-1 Preferred Stock for purposes of this vote is the equivalent of 101,309,907 shares. The presence at the special meeting, in person or by proxy, of a majority of the outstanding shares entitled to vote at the special meeting will constitute a quorum for purposes of considering the proposals.

Required Votes (Page 18)

Approval of the proposal to adopt the merger agreement requires the following votes of our stockholders:

- stockholders holding at least a majority of the combined voting power of our common stock, Series C Preferred Stock and Class D-1 Preferred Stock outstanding at the close of business on the record date, voting together as a single class, must vote FOR the adoption of the merger agreement (in connection with this vote, holders of our shares of common stock will be entitled to one vote per share, holders of shares of our Series C Preferred Stock will be entitled to forty (40) votes per share and holders of shares of our Class D-1 Preferred Stock will be entitled to thirty-three and one third (33 1/3) votes per share) (in this proxy statement we sometimes refer to these shares collectively as the shares that vote as a single class on the merger agreement);

- stockholders holding at least a majority of the combined voting power of our Series C Preferred Stock outstanding at the close of business on the record date, voting separately as a single class, must vote FOR the adoption of the merger agreement; and

- stockholders holding at least a majority of the combined voting power of shares of our Series D Preferred Stock (which consists of shares designated as Class D-1 Perpetual Convertible Preferred Stock (the Class D-1 Preferred Stock) and shares designated as Class D-2 Perpetual Convertible

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Preferred Stock (the Class D-2 Preferred Stock)) outstanding at the close of business on the record date, voting together as a single class, must vote FOR the adoption of the merger agreement.

Holders of all of the outstanding shares of our Series C Preferred Stock and Series D Preferred Stock, which includes Apollo and who have the right to designate two members of our board of directors (which right will terminate upon the completion of the merger), have entered into a voting agreement, pursuant to which they have agreed to vote their shares in favor of the adoption of the merger agreement. Also, Bradley S. Jacobs (our former chairman of the board of directors), and certain entities affiliated with him have entered into a warrant holders agreement, pursuant to which they have agreed to vote shares of common stock they beneficially own in favor of the adoption of the merger agreement. Accordingly, pursuant to the voting agreement and the warrant holders agreement, holders of shares that as of the record date represent approximately 22.6% of the combined voting power of the outstanding shares of our capital stock that vote as a single class on the merger agreement have agreed to vote in favor of the adoption of the merger agreement. In addition, as a result of the voting agreement, the separate class votes involving only shares of our preferred stock (the votes referred to in the second and third bullet points above) are assured.

Approval of the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies requires the affirmative vote of holders of at least a majority of the combined voting power of shares of our common stock, Series C Preferred Stock and Class D-1 Preferred Stock, voting together as a single class, present or represented by proxy at the special meeting and entitled to vote on the matter. In connection with this vote, holders of shares of our common stock will be entitled to one vote per share, holders of shares of our Series C Preferred Stock will be entitled to forty (40) votes per share and holders of shares of our Class D-1 Preferred Stock will be entitled to thirty-three and one third (33 1/3) votes per share.

Share Ownership of Directors and Executive Officers (Page 19)

As of the record date, the directors and executive officers of United Rentals owned in the aggregate less than 1% of the combined voting power of the outstanding shares of our capital stock entitled to vote as a single class on the merger agreement at the special meeting. Each of them either agreed to vote, or has advised us that he or she plans to vote, all of his or her shares in favor of the adoption of the merger agreement.

Voting and Proxies (Page 19)

Any United Rentals stockholder of record entitled to vote may submit a proxy by telephone, the Internet or returning the enclosed proxy card by mail, or may vote in person by appearing at the special meeting. If your shares are held in street name by your broker, you should instruct your broker on how to vote your shares using the instructions provided by your broker. If you do not provide your broker with instructions, your shares will not be voted and that will have the same effect as a vote AGAINST the adoption of the merger agreement, but will not have any effect on the proposal to adjourn the special meeting.

Revocability of Proxy (Page 20)

Any United Rentals stockholder of record who executes and returns a proxy card (or submits a proxy via telephone or the Internet) may revoke the proxy at any time before it is voted in any one of the following ways:

filing with the Company s corporate secretary, at or before the special meeting, a written notice of revocation that is dated a later date than the proxy;

sending a later-dated proxy relating to the same shares to the Company s corporate secretary, at or before the special meeting;

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submitting a later-dated proxy by the Internet or by telephone, at or before the special meeting; or

attending the special meeting and voting in person by ballot.

Simply attending the special meeting will not constitute revocation of a proxy. *If you have instructed your broker to vote your shares, the above-described options for revoking your proxy do not apply and instead you must follow the directions provided by your broker to change these instructions.*

Board Recommendation (Page 35)

Our board of directors has:

determined that the merger, the merger agreement and the transactions contemplated by the merger agreement are advisable, fair to and in the best interests of the Company and its stockholders;

approved the merger agreement; and

recommended that United Rentals stockholders vote FOR the adoption of the merger agreement and FOR the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies.

For the factors considered by our board of directors in reaching its decision to approve the merger agreement and recommend its adoption, see The Merger Reasons for the Merger beginning on page 32.

Opinion of UBS Securities LLC (Page 35 and Annex D)

UBS Securities LLC (UBS) delivered to the Company s board of directors its written opinion, dated July 22, 2007, that, subject to various assumptions, matters considered and limitations described in the written opinion, as of July 22, 2007, the merger consideration of $34.50 in cash per share to be received by the holders of the shares of the Company s common stock (other than affiliated stockholders who also own shares of Series C Preferred Stock or Series D Preferred Stock) in the merger was fair, from a financial point of view, to such holders.

The full text of the written opinion of UBS, which describes, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken by UBS, is attached as Annex D to this proxy statement and is incorporated by reference in its entirety into this proxy statement. Holders of the Company s common stock are encouraged to read the opinion carefully in its entirety.

UBS s opinion is addressed to the Company s board of directors and is directed only to the fairness, from a financial point of view, of the merger consideration of $34.50 in cash per share to be received by holders of the Company s common stock (other than affiliated stockholders who also own the Series C Preferred Stock or the Series D Preferred Stock) and does not address any other aspect of the merger. The opinion does not address the relative merits of the merger as compared to other business strategies or transactions that might be available with respect to the Company or the Company s underlying business decision to effect the merger. The opinion does not constitute a recommendation to any stockholder as to how to vote or act with respect to the merger.

Interests of the Company s Directors and Executive Officers in the Merger (Page 44)

In considering the recommendation of our board of directors, you should be aware that our directors and executive officers may be considered to have interests in the merger that are different from, or in addition to, your interests as a stockholder. These interests include:

vesting and cash-out of unvested stock options, restricted stock units and company awards held by our directors and employees (including our executive officers);

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settlement of balances and stock units under our deferred compensation plans held by our directors and employees (including our executive officers);

agreements with our executive officers that provide for change in control severance benefits in the event of qualifying terminations of employment in connection with or following the merger; and

continued indemnification and insurance coverage for our directors and executive officers under the merger agreement.

Our board of directors was aware of these interests and considered them, among other matters, in approving the merger agreement and recommending its adoption.

Material United States Federal Income Tax Consequences (Page 48)

If you are a U.S. holder of our stock, the merger will be a taxable transaction to you. For U.S. federal income tax purposes, your receipt of cash in exchange for your shares of the Company s stock generally will cause you to recognize a gain or loss measured by the difference, if any, between the cash you receive in the merger and your adjusted tax basis in your shares. If you are a non-U.S. holder of our stock, the merger will generally not be a taxable transaction to you under U.S. federal income tax laws unless you have certain connections to the United States. You should consult your own tax advisor for a full understanding of how the merger will affect your taxes.

Regulatory Approvals (Page 50)

The Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the Hart-Scott-Rodino Act) provides that transactions such as the merger may not be completed until certain information has been submitted to the Federal Trade Commission and the Antitrust Division of the U.S. Department of Justice and certain waiting period requirements have been satisfied. On August 7, 2007, the Company and RAM Holdings Company, LLC (parent company of RAM Holdings, Inc.) each filed a Notification and Report Form with the Antitrust Division and the Federal Trade Commission and requested early termination of the waiting period. The Federal Trade Commission notified the parties on August 31, 2007 that their request for early termination of the applicable waiting period had been granted.

Part IX of the Competition Act (Canada) provides that transactions such as the merger may not be completed until certain information has been submitted to the Commissioner of Competition, Canada, and specified waiting period requirements have been satisfied. The issuance of an Advance Ruling Certificate (ARC) by the Commissioner of Competition pursuant to Section 102 of the Competition Act (Canada) exempts a transaction from the requirement to submit information and observe the waiting period under Part IX of the Competition Act (Canada). On August 3, 2007, Parent filed a request for an ARC. An ARC was issued on August 14, 2007, thus exempting the transaction from the requirements of Part IX of the Competition Act (Canada).

Except as noted above with respect to the required filings under the Hart-Scott-Rodino Act and the Competition Act (Canada) and the filing of a certificate of merger in Delaware on or before the effective date of the merger, we are unaware of any material federal, state or foreign regulatory requirements or approvals required for the execution of the merger agreement or completion of the merger.

Litigation Related to the Merger

Following our announcement of the proposed acquisition of our Company by funds and accounts affiliated with Cerberus, a putative class action complaint, *Donald Lefari vs United Rentals, Inc. et al.,* was filed in the Superior Court of the State of Connecticut, Judicial District of Stamford-Norwalk on July 23, 2007. The lawsuit purports to be brought on behalf of all common stockholders of the Company and names the Company and all of

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its directors and Cerberus as defendants. The complaint alleges, among other things, that the Company s board of directors violated its fiduciary duties to the Company s stockholders by entering into the merger agreement and plaintiff seeks to enjoin the proposed transaction on that basis.

On September 19, 2007, attorneys for the parties in *Lefari vs United Rentals, Inc. et al.*, executed a memorandum of understanding pursuant to which, if approved by the court in which the litigation is pending, such litigation will be dismissed with prejudice. The Company agreed to make certain revisions to this proxy statement as part of the agreement among the parties to settle the litigation and agreed to pay attorneys fees and expenses as awarded by the court. The settlement of the litigation, subject to court approval, will result in a dismissal of all merger-related claims against the Company, its directors and Cerberus.

The Merger Agreement (Page 52 and Annex A)

Conditions to Closing (Page 67)

Before we can complete the merger, a number of conditions must be satisfied. These include:

- the receipt of the required Company stockholder approvals;
- the absence of laws, executive orders, decrees, rulings, injunctions, writs, judgments or orders that prohibit, restrain or enjoin the consummation of the transactions;
- the expiration or termination of the waiting period (and any extension thereof) under the Hart-Scott-Rodino Act and under the antitrust and anti-competition laws of Canada (the Federal Trade Commission granted early termination of the applicable waiting period on August 31, 2007 and on August 14, 2007 the parties received the applicable certificate exempting the transaction from Part IX of the Competition Act (Canada));
- the accuracy of each of the parties representations and warranties, except to the extent the failure of such representations and warranties to be true and correct would not constitute a material adverse effect; and
- the performance and compliance by each of the parties of its covenants and obligations under the merger agreement in all material respects.

Other than the conditions pertaining to the Company stockholder approval and the absence of legal prohibitions, either the Company, on the one hand, or Parent and Merger Sub, on the other hand, may elect to waive conditions to their respective performance and complete the merger.

Restrictions on Solicitation of Other Offers (Page 61)

The merger agreement provides that, until 11:59 p.m., New York City time, on August 31, 2007, which we refer to as the No-Shop Period Start Date, the Company may initiate, solicit and encourage (or go shop) for any alternative acquisition proposal for the Company (including by way of providing information pursuant to a confidentiality agreement), and enter into and maintain discussions or negotiations concerning an alternative acquisition proposal for the Company. During the period prior to the No-Shop Period Start Date discussions were held with a number of potential acquirers but no proposals to pursue a transaction were submitted to the Company.

The merger agreement provides that after August 31, 2007 the Company is not permitted to solicit other proposals and may not share information or have discussions regarding alternative proposals, except in certain circumstances. Notwithstanding these restrictions, under circumstances specified in the merger agreement, in order to comply with its fiduciary duties under applicable law, our board of directors may respond to certain unsolicited competing proposals or terminate the merger agreement and enter into an agreement with respect to a superior competing proposal, or withdraw its recommendation in favor of the adoption of the merger agreement.

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Termination of the Merger Agreement (Page 68)

The Company, Parent and Merger Sub may agree in writing to terminate the merger agreement at any time without completing the merger, even after the stockholders of United Rentals have adopted the merger agreement. In addition, the merger agreement may also be terminated at any time prior to the effective time of the merger:

by either Parent or the Company if:

- the closing has not occurred on or before January 22, 2008, provided that the party seeking to terminate the merger shall not have prevented the closing from occurring by that time;
- a final, non-appealable governmental order prohibits the merger, subject to certain limitations; or
- the Company stockholders do not adopt the merger agreement at the special meeting or any adjournment or postponement thereof;

by the Company if:

- there is a breach by the Parent or Merger Sub of its representations, warranties, covenants or agreements in the merger agreement such that the conditions to the Company s obligations to close would not be satisfied and such breach has not been cured within 30 business days following the receipt of a written notice from the Company and the Company is not then in material breach of its covenants or agreements contained in the merger agreement;
- prior to the special meeting, if the Company receives a superior proposal, but only after the Company has provided Parent a three business day period to revise the terms and conditions of the merger agreement and only if the Company pays the termination fee described below; or
- the merger has not been consummated on the business day after the final day of the marketing period (as described in The Merger Agreement Effective Time; Marketing Period beginning on page 52) and all of the mutual closing conditions and all of the conditions to the obligations of Parent and Merger Sub to close have been satisfied and at the time of the termination those conditions to closing continue to be satisfied;

by Parent, if:

- there is a breach by the Company of any representations, warranties, covenants or agreement in the merger agreement such that the conditions to Parent s and Merger Sub s obligations to close would not be satisfied and such breach has not been cured within 30 business days following the receipt of a written notice from Parent and the Parent is not then in material breach of its covenants and agreements contained in the merger agreement; or
- the Company s board of directors, among other things, withdraws or adversely modifies its recommendation or approval of the merger agreement or recommends or approves another acquisition proposal.

Termination Fees (Page 69)

If the merger agreement is terminated under certain circumstances:

- the Company may be required to pay a termination fee to Parent equal to $100,000,000, unless the termination is in connection with a superior proposal entered into prior to the end of the go-shop period, in which case the fee payable by the Company to Parent is reduced to $40,000,000; or

- Parent may be required to pay a termination fee to the Company equal to $100,000,000 (Cerberus has guaranteed the obligation of Parent to pay this termination fee).

We encourage you to read the full text of the merger agreement in its entirety.

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The Stockholders Agreements (Page 72 and Annexes B and C)

Voting Agreement (Page 72 and Annex B)

All of the holders of shares of our Series C Preferred Stock and Series D Preferred Stock have entered into a voting agreement with Parent and Merger Sub with respect to an aggregate of 18,844,500 shares of common stock or common stock equivalents (1,844,500 shares of common stock held by them directly, 12,000,000 shares of common stock issuable upon conversion of 300,000 shares of Series C Preferred Stock, which is convertible to shares of common stock at 40-to-1; 3,508,400 shares of common stock issuable upon conversion of 105,252 shares of Class D-1 Preferred Stock, which is convertible to shares of common stock at 33 1/3-to-1; and 1,491,600 shares of common stock issuable upon conversion of 44,748 shares of Class D-2 Preferred Stock, which is convertible to shares of common stock at 33 1/3-to-1). Such holders include Apollo, which by virtue of holding our Series C Preferred Stock have the right to designate two members to our board (which right will terminate upon the completion of the merger), and J.P. Morgan Partners (BHCA), L.P. (JPMorgan). As of the record date, the aggregate number of shares of common stock beneficially owned by the stockholders that are parties to the voting agreement remains 18,844,500 shares. Accordingly, pursuant to the voting agreement, holders of shares that as of the record date represent approximately 17.1% of the combined voting power of the outstanding shares of our capital stock that vote as a single class in the merger agreement have agreed to vote in favor of the adoption of the merger agreement. In addition, as a result of the voting agreement, the separate class votes involving only shares of our preferred stock are assured, as the voting agreement covers all of the shares of our outstanding Series C Preferred Stock and Series D Preferred Stock.

The stockholders subject to the voting agreement have agreed, subject to specified exceptions, to vote all of these shares in favor of the adoption of the merger agreement and against any competing transaction proposed to the Company s stockholders, unless the merger agreement is terminated in accordance with its terms, and will grant an irrevocable proxy to Parent for the purpose of voting such shares if they fail to vote their shares in the manner described above. The voting agreement will terminate on the earliest to occur of (i) the mutual written consent of Parent and each of the stockholders party to the voting agreement, (ii) the effective time of the merger, (iii) the termination of the merger agreement in accordance with its terms, (iv) six months after the date of the voting agreement, and (v) by each such stockholder upon certain circumstances related to modification of the merger agreement. The full text of the voting agreement is attached to this proxy statement as Annex B. We encourage you to read the full text of the voting agreement in its entirety.

Warrant Holders Agreement (Page 73 and Annex C)

Bradley S. Jacobs, the former chairman of our board of directors (Mr. Jacobs resigned as chairman and a director of the Company effective August 31, 2007), and certain entities affiliated with Mr. Jacobs (the Warrant Holders) have entered into a warrant holders agreement with Parent and Merger Sub with respect to warrants in respect of 3,671,000 shares of our common stock, which are issuable pursuant to currently exercisable warrants, and 1,911,481 existing shares of our common stock owned by the Warrant Holders as of the date of the warrant holders agreement.

The Warrant Holders have agreed to exercise their warrants prior to the effective time of the merger and to vote all shares of the common stock held by them as of the record date in favor of the adoption of the merger agreement and against any competing transaction proposed to the Company s stockholders, unless the merger agreement is terminated in accordance with its terms. On August 23, 2007, the Warrant Holders exercised all 3,671,000 warrants on a cashless exercise basis and received an aggregate of 2,531,821 shares (the exercised warrants had an expiration date of September 12, 2007). The Warrant Holders have delivered an irrevocable proxy to Parent for the purpose of voting such shares. The warrant holders agreement will terminate upon the earlier of (i) the termination of the merger agreement and (ii) the effective time of the merger. The full text of the warrant holders agreement is attached to this proxy statement as Annex C. We encourage you to read the full text of the warrant holders agreement in its entirety.

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As of the record date, the aggregate number of shares of common stock owned by such persons subject to the warrant holders agreement is 5,582,481 shares, which represents approximately 5.5% of the combined voting power of the outstanding shares of our capital stock that vote as a single class in the merger agreement.

Financing (Page 75)

The Company and Cerberus estimate that the total amount of funds necessary to consummate the merger and related transactions (including payment of the aggregate merger consideration, the repayment or refinancing of some of the Company s currently outstanding debt and all related fees and expenses) will be approximately $7.0 billion. Merger Sub has received commitments from Bank of America, N.A. and certain of its affiliates, Credit Suisse and certain of its affiliates, Morgan Stanley Senior Funding, Inc. and Lehman Brothers Inc. and certain of its affiliates with respect to the financing.

In connection with the execution and delivery of the merger agreement, Merger Sub has obtained commitments to provide up to approximately $6.5 billion in debt financing (not all of which is expected to be drawn at closing) consisting of (1) senior first lien facilities with a maximum availability of $2.5 billion, (2) a secured bridge facility with a maximum availability of $2.35 billion and (3) an unsecured bridge facility with a maximum availability of $1.65 billion to finance, in part, the payment of the merger consideration, the repayment or refinancing of certain debt of the Company outstanding on the closing date of the merger and to pay fees and expenses in connection therewith.

Parent has agreed to use its reasonable best efforts to arrange the debt financing on the terms and conditions described in the commitments. In addition, Parent has obtained an aggregate of $1.5 billion in equity commitments from Cerberus. The facilities contemplated by the debt financing commitments are conditioned on the merger being consummated prior to the merger agreement termination date, as well as other conditions, as described in further detail under The Merger Financing Debt Financing beginning on page 75.

The merger agreement does not contain a financing condition to the closing of the merger.

Rights of Appraisal (Page 85 and Annex E)

Delaware law provides you with appraisal rights in the merger. This means that, if you comply with the procedures for perfecting appraisal rights provided for under Delaware law, and you do not withdraw or otherwise forfeit your appraisal rights, you are entitled to have the fair value of your shares determined by the Delaware Court of Chancery and to receive payment based on that valuation in lieu of the merger consideration. The ultimate amount you receive in an appraisal proceeding may be more or less than, or the same as, the amount you would have received under the merger agreement.

To exercise your appraisal rights, you must deliver a written demand for appraisal to the Company before the vote on the merger agreement at the special meeting, you must not vote in favor of the adoption of the merger agreement and you must continue to hold your shares through the effective date of the merger. Your failure to follow exactly the procedures specified under Delaware law will result in the loss of your appraisal rights. A copy of Section 262 of the General Corporation Law of the State of Delaware (DGCL) is attached to this proxy statement as Annex E.

Market Price of United Rentals Stock (Page 80)

Our common stock is listed on the New York Stock Exchange (the NYSE) under the trading symbol URI . On July 20, 2007, which was the last trading day before we announced the execution of the merger agreement, the Company s common stock closed at $32.37 per share. On September 18, 2007, which was the last trading day before the date of this proxy statement, the Company s common stock closed at $31.19 per share.

Delisting and Deregistration of Common Stock (Page 51)

If the merger is completed, the common stock will be delisted from the NYSE and deregistered under the Exchange Act and we will no longer be required to file periodic reports with the SEC on account of the common stock.

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION

This proxy statement, and the documents to which we refer you in this proxy statement, contain forward-looking statements based on estimates and assumptions. Forward-looking statements include information concerning possible or assumed future results of operations of the Company, the expected completion and timing of the merger and other information relating to the merger. There are forward-looking statements throughout this proxy statement, including, among others, under the headings Questions and Answers about the Special Meeting and the Merger, Summary, The Merger, The Merger Opinion of UBS , Projected Financial Information and Litigation Relating to the Merger and in statements containing the words believes, plans, expects, anticipates, intends, estimates or other similar expressions. For each of these statements, the Company the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. You should be aware that forward-looking statements involve known and unknown risks and uncertainties and we cannot assure you that the actual results or developments we anticipate will be realized, or even if realized, that they will have the expected effects on the business or operations of the Company. These forward-looking statements speak only as of the date on which the statements were made and we undertake no obligation to update or revise any forward-looking statements made in this proxy statement or elsewhere as a result of new information, future events or otherwise. In addition to other factors and matters contained or incorporated in this document, we believe the following factors could cause actual results to differ materially from those discussed in the forward-looking statements:

Considerations Relating to the Merger Agreement and the Merger:

- the occurrence of any event, change or other circumstances that could give rise to the termination of, or a material change in the terms of, the merger agreement;
- the outcome of the legal proceedings that have been instituted against us and others following announcement of the merger agreement;
- the inability to complete the merger due to the failure to obtain stockholder approval or the failure to satisfy other conditions to consummation of the merger;
- the failure by Parent or Merger Sub to obtain the expected debt financing contemplated by the commitment letter received in connection with the merger;
- the failure of the merger to close for any other reason;
- the amount of the costs, fees, expenses and charges related to the merger;
- risks that the proposed merger disrupts current plans and operations and the potential difficulties in employee retention as a result of the merger; and
- the effect of the announcement of the merger on our business relationships, operating results and business generally.

Other Conditions and Factors:

- current political and general economic conditions or changes in such conditions;

an outbreak of war, or an increase in terrorist activities globally or in the United States;

political, social, economic, or other events resulting in the short or long-term disruption in business of the Company;

weaker or unfavorable economic or industry conditions can reduce demand and prices for our products and services;

non-residential construction spending or governmental funding for infrastructure or other construction projects may not reach expected levels;

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rates we can charge may be less than anticipated, or costs we incur may be more than anticipated;

seasonal fluctuations in the equipment rental business;

local and regional conditions in the areas where our operations are located;

changes in key management personnel;

changes in government or regulatory requirements increasing the Company s costs of operations;

we may not always have access to capital at desirable rates for our businesses or growth plans;

litigation that may have an adverse effect on the financial results or reputation of the Company;

we are subject to an ongoing inquiry by the SEC, and there can be no assurance as to its outcome, or any other potential consequences thereof for us;

we may incur additional significant costs and expenses in light of the SEC inquiry, the U.S. Attorney s office requests for information, or other litigation, regulatory or investigatory matters related to the SEC inquiry or otherwise; and

risks, uncertainties and factors set forth in our reports and documents filed with the SEC (which reports and documents should be read in conjunction with this proxy statement; see Where You Can Find Additional Information).

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THE PARTIES TO THE MERGER

United Rentals, Inc.

United Rentals, Inc., a Delaware corporation, is the largest equipment rental company in the world, with an integrated network of over 690 rental locations in 48 states, 10 Canadian provinces and Mexico. The Company s more than 12,000 employees serve construction and industrial customers, utilities, municipalities, homeowners and others. The Company offers for rent over 20,000 classes of rental equipment with a total original cost of over $4.3 billion.

United Rentals, Inc. has its principal executive offices at Five Greenwich Office Park, Greenwich, CT 06831, and its telephone number is (203) 622-3131.

RAM Holdings, Inc. (*Parent*)

Parent is a Delaware corporation with its principal executive offices at c/o Cerberus Capital Management, L.P. 299 Park Avenue, New York, NY 10171 and its telephone number is (212) 891-2100. Parent is indirectly controlled by funds and accounts affiliated with Cerberus through certain of its affiliated investment funds. Parent was formed solely for the purpose of entering into the merger agreement and consummating the transactions contemplated by the merger agreement. It has not conducted any activities to date other than activities incidental to its formation and activities undertaken in connection with the transactions contemplated by the merger agreement.

RAM Acquisition Corp. (*Merger Sub*)

Merger Sub is a Delaware corporation and a wholly-owned subsidiary of Parent. Merger Sub s principal executive offices are located at Cerberus Capital Management, L.P. 299 Park Avenue, New York, NY 10171 and its telephone number is (212) 891-2100. Merger Sub was organized solely for the purpose of entering into the merger agreement and consummating the transactions contemplated by the merger agreement. It has not conducted any activities to date other than activities incidental to its formation and activities undertaken in connection with the transactions contemplated by the merger agreement. Under the terms of the merger agreement, Merger Sub will merge with and into us. The Company will survive the merger and Merger Sub will cease to exist.

The current indirect owners of Parent, and through Parent, Merger Sub, consist of funds and accounts affiliated with Cerberus.

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THE SPECIAL MEETING

Time, Place and Purpose of the Special Meeting

This proxy statement is being furnished to our stockholders as part of the solicitation of proxies by our board of directors for use at the special meeting to be held on October 19, 2007, starting at 10:00 a.m., Eastern Daylight Time, at the Stamford Marriott, Two Stamford Forum, Stamford, Connecticut 06901 or at any postponement or adjournment thereof. The purpose of the special meeting is for our stockholders to consider and vote upon the adoption of the merger agreement (and to approve the adjournment of the special meeting, if necessary or appropriate to solicit additional proxies). Our stockholders must adopt the merger agreement for the merger to occur. If the stockholders fail to adopt the merger agreement, the merger will not occur. A copy of the merger agreement is attached to this proxy statement as Annex A. This proxy statement and the enclosed form of proxy are first being mailed to our stockholders on or about September 20, 2007.

Record Date and Quorum

The holders of record of the Company s capital stock as of the close of business on September 10, 2007, the record date for the special meeting, are entitled to receive notice of, and to vote at, the special meeting. As of the record date, there were 85,801,507 shares of common stock, 300,000 shares of Series C Preferred Stock, 105,252 shares of Class D-1 Preferred Stock and 44,748 shares of Class D-2 Preferred Stock entitled to be voted at the special meeting. Each share of Series C Preferred Stock is convertible into 40 shares of our common stock, and on the record date, the outstanding shares of our Series C Preferred Stock were convertible into an aggregate of 12,000,000 shares of common stock. Each share of Series D Preferred Stock is convertible into 33 1/3 shares of our common stock, and on the record date, the outstanding shares of our Class D-1 Preferred Stock, which is the series entitled to vote on the proposals together with holders of our common stock and Series C Preferred Stock, were convertible into an aggregate of 3,508,400 shares of common stock. As discussed below under Required Votes stockholders holding at least a majority of the combined voting power of shares of our common stock, Series C Preferred Stock and Class D-1 Preferred Stock outstanding at the close of business on the record date, voting together as a single class, must vote FOR the adoption of the merger agreement. For purposes of this vote, the holders of our Series C Preferred Stock and Class D-1 Preferred Stock vote on an as converted basis and, accordingly, the combined voting power of the common stock, Series C Preferred Stock and Class D-1 Preferred Stock for purposes of this vote is the equivalent of 101,309,907 shares.

The presence at the special meeting, in person or by proxy, of a majority of the shares entitled to vote at the special meeting will constitute a quorum for purposes of considering the proposals.

A quorum is necessary to hold the special meeting. Any shares of the Company s common stock held in treasury by the Company or by any of our subsidiaries are not considered to be outstanding for purposes of determining a quorum. Once a share is represented at the special meeting, it will be counted for the purpose of determining a quorum at the special meeting and any postponement or adjournment of the special meeting. However, if a new record date is set for the adjourned special meeting, then a new quorum will have to be established.

Required Votes

Approval of the proposal to adopt the merger agreement requires the following votes of our stockholders:

- stockholders holding at least a majority of the combined voting power of shares of our common stock, Series C Preferred Stock and Class D-1 Preferred Stock outstanding at the close of business on the record date, voting together as a single class, must vote FOR the adoption of the merger agreement (in connection with this vote, holders of our shares of common stock will be entitled to one vote per share, holders of shares of our Series C Preferred Stock will be entitled to forty (40) votes per share and holders of shares of our Class D-1 Preferred Stock will be entitled to thirty-three and one third (33 1/3) votes per share);

- stockholders holding at least a majority of the combined voting power of shares of our Series C Preferred Stock outstanding at the close of business on the record date, voting separately as a single class, must vote FOR the adoption of the merger agreement; and

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stockholders holding at least a majority of the combined voting power of shares of our Class D-1 Preferred Stock and Class D-2 Preferred Stock outstanding at the close of business on the record date, voting together as a single class, must vote FOR the adoption of the merger agreement.

Holders of all shares of our outstanding Series C Preferred Stock and Series D Preferred Stock, which includes Apollo and who have the right to designate two members of our board of directors (which right will terminate upon the completion of the merger), have entered into a voting agreement, pursuant to which they have agreed to vote their shares in favor of the adoption of the merger agreement. Also, Bradley S. Jacobs (our former chairman) and certain entities affiliated with him have entered into a warrant holders agreement, pursuant to which they have agreed to vote shares of common stock they beneficially own in favor of the adoption of the merger agreement. Accordingly, pursuant to the voting agreement and the warrant holders agreement, holders of shares that as of the record date represent approximately 22.6% of the combined voting power of the outstanding shares of our capital stock that vote as a single class in the merger agreement have agreed to vote in favor of the adoption of the merger agreement. In addition, as a result of the voting agreement, the separate class votes involving only shares of our preferred stock (the votes referred to in the second and third bullet points above) are assured.

Approval of the proposal to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies requires the affirmative vote of holders of at least a majority of the combined voting power of shares of our common stock, Series C Preferred Stock and Class D-1 Preferred Stock, voting together as a single class, present or represented by proxy at the special meeting and entitled to vote on the matter. In connection with this vote, holders of shares of our common stock will be entitled to one vote per share, holders of shares of our Series C Preferred Stock will be entitled to forty (40) votes per share and holders of shares of our Class D-1 Preferred Stock will be entitled to thirty-three and one third (33 1/3) votes per share.

As of the record date, the directors and executive officers of United Rentals owned in the aggregate 844,644 shares of the Company s common stock, which represents less than 1% of the combined voting power of the outstanding shares of our capital stock entitled to vote as a single class on the merger agreement at the special meeting. The directors and current executive officers have informed United Rentals that they intend to vote all of their shares of the Company s common stock FOR the adoption of the merger agreement and FOR any adjournment of the special meeting, if necessary or appropriate to solicit additional proxies.

Proxies; Revocation

If you are a stockholder of record and submit a proxy by telephone or the Internet or by returning a signed proxy card by mail, your shares will be voted at the special meeting as you indicate on your proxy card or by such other method. If no instructions are indicated on your proxy card, your shares of the Company s common stock will be voted FOR the adoption of the merger agreement and FOR any adjournment of the special meeting, if necessary or appropriate to solicit additional proxies.

If your shares are held in street name by your broker, you should instruct your broker how to vote your shares using the instructions provided by your broker. If you have not received such voting instructions or require further information regarding such voting instructions, contact your broker and they can give you directions on how to vote your shares. Under the rules of the NYSE, brokers who hold shares in street name for customers may not exercise their voting discretion with respect to the approval of non-routine matters such as the merger proposal and thus, absent specific instructions from the beneficial owner of such shares, brokers are not empowered to vote such shares with respect to the proposal to adopt the merger agreement or the adjournment proposal (i.e., broker non-votes). Shares of Company common stock held by persons attending the special meeting but not voting, or shares for which the Company has received proxies with respect to which holders have abstained from voting, will be considered abstentions.

If you hold shares in the Company s stock fund within the United Rentals 401(k) Plan, which we refer to as the plan, you may give voting instructions to the trustee, by completing and returning, by October 17, 2007, the voting instructions that you will be receiving. Your instructions tell the trustee how to vote plan shares which you

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are entitled to vote under the plan. The trustee will vote your plan shares in accordance with your duly executed and delivered voting instructions. If you do not give the trustee voting instructions by October 17, 2007, the trustee is instructed to vote your plan shares in the same proportion as the plan shares for which the trustee receives voting instructions from other plan participants.

The failure to vote on the proposal to adopt the merger agreement or an abstention has the same effect as a vote AGAINST the adoption of the merger agreement. Additionally, abstentions and properly executed broker non-votes, if any, will be treated as shares that are present and entitled to vote at the special meeting for purposes of determining whether a quorum exists but will have the same effect as a vote AGAINST adoption of the merger agreement.

You may revoke your proxy at any time before the vote is taken at the special meeting. To revoke your proxy, you must either advise our Corporate Secretary in writing, submit a proxy by telephone, the Internet or mail dated after the date of the proxy you wish to revoke or attend the special meeting and vote your shares in person. Attendance at the special meeting will not by itself constitute revocation of a proxy.

Please note that if you have instructed your broker to vote your shares, the options for revoking your proxy described in the paragraph above do not apply and instead you must follow the directions provided by your broker to change these instructions.

United Rentals does not expect that any matter other than the adoption of the merger agreement (and to approve the adjournment of the meeting, if necessary or appropriate to solicit additional proxies) will be brought before the special meeting. If, however, any such other matter is properly presented at the special meeting or any adjournment or postponement of the special meeting, the persons appointed as proxies will have discretionary authority to vote the shares represented by duly executed proxies in accordance with their discretion and judgment.

Submitting Proxies Via the Internet or by Telephone

Stockholders of record and many stockholders who hold their shares through a broker or bank will have the option to submit their proxies or voting instructions via the Internet or by telephone. There are separate arrangements for using the Internet and telephone to submit your proxy depending on whether you are a stockholder of record or your shares are held in street name by your broker. If your shares are held in street name, you should check the voting instruction card provided by your broker to see which options are available and the procedures to be followed. If you hold shares in the Company s stock fund within the United Rentals 401(K) Plan, you may give voting instructions to the trustee, by completing and returning, by October 17, 2007, the voting instructions that you will be receiving.

In addition to submitting the enclosed proxy card by mail, United Rentals stockholders of record may submit their proxies:

- via the Internet, by visiting a website established for that purpose at www.voteproxy.com up until 11:59 PM Eastern Daylight Time the day before the meeting date and following the instructions on the website; or

- by telephone, by calling the toll-free number 1-800-PROXIES (1-800-776-9437) in the United States or 1-718-921-8500 from foreign countries and following the instructions.

Adjournments and Postponements

Although it is not currently expected, the special meeting may be adjourned or postponed for the purpose of soliciting additional proxies. Any adjournment may be made without notice, other than by an announcement made at the special meeting of the time, date and place of the adjourned meeting. For the proposal to adjourn the special meeting, if necessary or appropriate to solicit additional proxies, abstentions and broker non-votes will

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count for the purpose of determining whether a quorum is present at the special meeting. Abstentions will count as shares present and entitled to vote on the proposal to adjourn the meeting. Broker non-votes, however, will not count as shares entitled to vote on the proposal to adjourn the meeting. As a result, abstentions will have the same effect as a vote against the proposal to adjourn the meeting and broker non-votes will have no effect on the vote to adjourn the special meeting. Any signed proxies received by the Company in which no voting instructions are provided on such matter will be voted FOR an adjournment of the special meeting, if necessary or appropriate to solicit additional proxies.

Any adjournment or postponement of the special meeting for the purpose of soliciting additional proxies will allow the Company s stockholders who have already sent in their proxies to revoke them at any time prior to their use at the special meeting as adjourned or postponed.

Solicitation of Proxies

The Company will pay the cost of this proxy solicitation. In addition to soliciting proxies by mail, directors, officers and employees of United Rentals may solicit proxies personally and by telephone, facsimile or other electronic means of communication. These persons will not receive additional or special compensation for such solicitation services. United Rentals will, upon request, reimburse brokers, banks and other nominees for their expenses in sending proxy materials to their customers who are beneficial owners and obtaining their voting instructions. The Company has retained Innisfree M&A Incorporated to assist it in the solicitation of proxies for the special meeting and will pay Innisfree M&A Incorporated a fee of approximately $12,000, plus reimbursement of out-of-pocket expenses.

Rights of Stockholders Who Object to the Merger

Stockholders are entitled to statutory appraisal rights under Delaware law in connection with the merger. This means that you are entitled, if you comply with the procedures for perfecting your appraisal rights and you do not withdraw or forfeit your appraisal rights, to have the fair value of your shares determined by the Delaware Court of Chancery and to receive payment based on that valuation in lieu of the merger consideration. The ultimate amount you receive as a dissenting stockholder in an appraisal proceeding may be more than, the same as or less than the amount you would have received under the merger agreement.

To exercise your appraisal rights, you must submit a written demand for appraisal to the Company before the vote is taken on the merger agreement, you must not vote in favor of the adoption of the merger agreement and you must continue to hold your shares through the effective date of the merger. Your failure to follow exactly the procedures specified under Delaware law will result in the loss of your appraisal rights. See Rights of Appraisal beginning on page 85 and the text of the Delaware appraisal rights statute reproduced in its entirety as Annex E to this proxy statement.

Question and Additional Information

If you have more questions about the merger or how to submit your proxy, or if you need additional copies of this proxy statement or the enclosed proxy card or voting instructions, please call our proxy solicitor, Innisfree M&A Incorporated, toll-free at (888) 750-5834.

Documents incorporated by reference (excluding exhibits to those documents unless the exhibit is specifically incorporated by reference into those documents) will be provided without charge, to each person to whom this proxy statement is delivered, upon written or oral request of such person and by first class mail. In addition, our list of stockholders entitled to vote at the special meeting will be available for inspection at our principal executive offices at least 10 days prior to the date of the special meeting and continuing through the special meeting for any purpose germane to the meeting; the list will also be available at the meeting for inspection by any stockholder present at the meeting.

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THE MERGER

Background of the Merger

Over the past several years, our board of directors, together with our senior management, has regularly engaged in a comprehensive review of our business plans and other strategic opportunities, including the possibility of acquisitions, recapitalizations (such as a self-tender offer, stock buyback or special dividend) and a potential sale of the Company, with a view to determining alternatives that would be in the best interests of the Company and our stockholders. In that context, in early 2006 we discussed with UBS and Credit Suisse (each of whom had previously acted as a financial advisor to the Company and who we refer to collectively in this proxy statement as the Company s financial advisors) the possibility of their advising the Company in connection with its consideration of such strategic options, and a number of these alternatives were considered throughout the course of 2006 and the beginning of 2007.

During this time, the Company and its financial advisors engaged in preliminary exploratory discussions with a number of parties regarding acquisition possibilities as well as the feasibility of a potential sale of the Company. With respect to a potential sale of the Company, in the first half of 2006, preliminary exploratory discussions were held with several private equity sponsors. These sponsors were invited to submit a preliminary indication of interest with respect to the possible acquisition of all of the Company s outstanding capital stock, but none of them did so. Several of the sponsors noted that they did not believe they would be able to offer a price at or above the then-current market price per share of the Company s common stock, which, during most of this time, was trading in the mid $30s per share. In June 2006, the board of directors decided to cease exploring with these parties a potential sale of the Company at such time in light of the lack of interest being expressed.

Throughout the latter half of 2006 and the beginning of 2007, the board of directors, together with our senior management, continued exploring strategic alternatives as well as opportunities to improve the Company s business operation. At a board meeting held on April 4, 2007, the board of directors again met with senior management and representatives from our financial advisors to discuss various potential strategic options for the Company. Representatives of Simpson Thacher & Bartlett LLP (Simpson Thacher), which had provided legal services to the Company in connection with the consideration of strategic alternatives described above, were also present at this meeting. Representatives from our financial advisors discussed various strategic alternatives potentially available to the Company, including remaining an independent public company, conducting a leveraged recapitalization (such as a self-tender offer, stock buyback or special dividend) and initiating a new process to explore a potential sale of the Company. The board discussed, and representatives from our financial advisors responded to questions regarding, the viability and the advantages and disadvantages associated with each of the strategic alternatives that the Company could pursue. In addition, representatives of our financial advisors preliminarily reviewed the financial aspects of a potential sale of the Company.

Representatives of the Company s financial advisors also presented a comparison of the Company with a number of its competitors with respect to several operating benchmarks. It was noted that the Company lagged behind a number of its competitors with respect to several operating metrics, including EBITDA margin (the percentage that the Company s earnings before interest, taxes, depreciation and amortization represents of the Company s total revenue) and selling, general and administrative expenses (SG&A) as a percentage of sales. The board discussed the potential for operational improvements to bring these metrics more in line with those of its nearest competitors and the need, in the event a potential sale transaction was pursued, to articulate possible areas of operational improvements to any potential buyer in an effort to ensure that any price proposed for the acquisition of the Company accounted for the value that could be created through such future improvements. In that regard, the board also decided at this meeting to engage an internationally recognized independent consulting firm to work with the board of directors and our senior management in their assessment of cost savings opportunities identified by management and other performance improvement opportunities for the Company.

Also during the course of the April 4, 2007 meeting, the board discussed with the Company s financial advisors the current market environment, including the strength of the credit markets at the time and the current industry outlook. In this regard, although the board considered and discussed the near-term positive outlook for

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the non-residential construction market, the board also understood the cyclical nature of the industries in which the Company operates and the effect these factors have on the Company s financial results and share price. In addition, the board discussed with the Company s financial advisors the differences between the current market environment versus the environment that existed in early 2006 when the Company had previously explored the possibility of a sale transaction but did not receive any indications of interest. Representatives from the Company s financial advisors offered their perspectives as to why the current environment suggested that there was now a higher likelihood the Company could successfully execute a strategic alternative, which included the absence of a large-scale competing sale transaction in the industry. In this regard, the Company s financial advisors discussed with the board of directors its view that conducting a public review of strategic options by issuing a press release announcing that the Company is exploring its strategic alternatives, including a possible sale of the Company, would enhance the likelihood of successfully executing a strategic alternative. The board of directors discussed with its advisors the advantages of having a public process along these lines, such as the ability to better ensure a full market canvas of all potential acquirors and thereby conduct as robust a sale process as possible in an effort to achieve the most favorable outcome for the Company s stockholders, as well as the risks associated with initiating such a process, such as the possible negative effects a public announcement could have on the employees and customers of the Company and the possible negative impact on the Company s stock price in the event a publicly announced process ultimately did not lead to a sale transaction or otherwise result in any meaningful alteration to the Company s current strategic direction.

Representatives of Simpson Thacher reviewed with the board of directors the fiduciary duties of directors under Delaware law in the context of considering the Company s strategic alternatives. Following further discussion, the consensus of the board was that exploring the Company s strategic alternatives, including the possible sale of the Company, was advisable but that the board should convene an additional meeting in advance of proceeding further.

On April 5, 2007, a meeting of the board of directors was convened without representatives of the Company s financial advisors present. The board discussed again the potential process for the Company s exploration of strategic alternatives and decided to convene another meeting to discuss further with the Company s financial advisors the advantages and disadvantages of initiating a public process to exploring strategic alternatives.

The board of directors then held a meeting on April 9, 2007 with representatives of the Company s financial advisors present. As requested by the board of directors, representatives of the Company s financial advisors offered their perspectives on the advantages and disadvantages associated with publicly announcing that the Company will explore strategic alternatives, including a potential sale transaction, and discussed how the market has reacted to other publicly announced processes of this nature. The Company s financial advisors also discussed with the board of directors the potential pool of strategic and financial buyers that might have an interest in pursuing a transaction with the Company.

During the course of this meeting the board of directors also discussed Credit Suisse s offering a financing package as part of the process for any potential acquisition of the Company that would be available to all potential purchasers (referred to in this proxy statement as stapled financing). Representatives of Simpson Thacher reviewed the potential benefits and risks associated with stapled financing, which previously had been discussed with the board when Credit Suisse offered to provide stapled financing as part of the exploratory discussions that, as discussed above, were held with a number of parties in the first half of 2006. In that connection, it was noted that UBS would be the Company s lead financial advisor in any potential sale process and that UBS would not participate in any buyer financing. Representatives of Simpson Thacher also summarized the terms of the engagement letters with UBS and Credit Suisse, which had been entered into during the Company s review of strategic options in 2006. Pursuant to these engagement letters, the Company agreed that in the event of a change-in-control transaction such as the merger it would pay a total transaction fee equal to 0.50% of the aggregate consideration paid to stockholders in connection with such a transaction, and that this total fee, all of which would be payable upon consummation of such a transaction, would be allocated between UBS and Credit Suisse.

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After further discussion, the board reached a consensus that it should proceed with a publicly announced process of exploring strategic alternatives. Accordingly, on April 10, 2007, the Company issued a press release announcing that its board of directors had authorized commencement of a process to explore a broad range of strategic alternatives to maximize shareholder value, including a possible sale of the Company. Also in the April 10, 2007 press release, the Company announced that Wayland R. Hicks, age 64, would retire as chief executive officer effective at the annual stockholders meeting on June 4, 2007. The press release noted that following such time Mr. Hicks would continue to serve on the board of directors as vice chairman and that Michael J. Kneeland, the Company s then-current chief operating officer, would serve as interim chief executive officer. The retirement of Mr. Hicks and appointment of Mr. Kneeland as his successor, including the potential impact it may have on the Company s strategic review process, were discussed by the board of directors during the course of the April 4th, 5th and 9th meetings. The closing price of the Company s common stock on April 9, 2007 was $27.55.

Following the April 10, 2007 press release, representatives of the Company s financial advisors, on behalf of the Company, solicited or received unsolicited inquiries from a total of approximately 70 potential buyers regarding their possible interest in pursuing a potential acquisition of the Company. Approximately two-thirds of these potential buyers were financial sponsors and the remaining one-third were strategic parties. Confidentiality agreements in respect of a sale of the Company were sent to 28 interested parties and 20 of these parties executed a confidentiality agreement with the Company, each of which prohibited the potential buyer from discussing, at this stage, the proposed transaction with any co-investor without the prior consent of the Company. Each party that entered into a confidentiality agreement was offered the opportunity to have an informational meeting with representatives of the Company and UBS to provide an overview of the Company s business. Ten such meetings were held during the course of April and early May 2007. Also during this period, our senior management worked with the independent consulting firm to refine management s assessment of cost savings estimates and other potential performance improvement opportunities for the Company.

On April 25, 2007, the board of directors met with representatives of the Company s financial advisors and Simpson Thacher to discuss the status of the process. In addition to discussing the contacts with interested parties described in the preceding paragraph, representatives of UBS noted that all parties who had expressed an interest in pursuing a transaction with the Company were provided details regarding the process and informed that written indications of interest were due on May 4, 2007. Each prospective buyer was informed that such indication should set forth a non-binding indication of the price per share the prospective buyer would be willing to pay for the Company and that following the submission of a credible indication of interest, the Company would evaluate whether to permit the prospective buyer to continue in the process and have access to confidential information regarding the Company. Each prospective purchaser also was provided with the principal terms of the stapled financing package being offered by Credit Suisse, which in each case was the same for all potential purchasers.

On May 4, 2007, the Company received preliminary indications of interest from six potential purchasers (including Cerberus), each of which provided for an all cash purchase of all of the Company s outstanding shares. Each of the indications of interest was preliminary and non-binding and was not based on any non-public financial information provided by the Company or its representatives and was subject to significant contingencies including satisfactory completion of a due diligence review of non-public information about the Company.

On May 6, 2007, the board of directors met with representatives of the Company s financial advisors and Simpson Thacher to discuss the indications of interest the Company received. Representatives of Simpson Thacher again reviewed with the board of directors the fiduciary duties of directors under Delaware law in the context of considering strategic options relating to the Company. Representatives of UBS reviewed with the board the preliminary indications of interest. All six potential purchasers that submitted an indication of interest were financial sponsors, although two of the financial sponsors held ownership interests in companies within United Rentals s industry. Representatives of UBS then discussed with the board various characteristics of the financial sponsors that submitted indications of interest, including the size of their investment funds, their ability

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to raise capital and their ability to consummate a large leveraged buy-out. In this regard, representatives of UBS noted that some of the interested parties likely would need a co-investor to proceed due to the size of the potential transaction and other interested parties may request to team up with an industry participant. The board of directors discussed the desire to balance the need for bidders with sufficient financial capability with the objective of maintaining as competitive a process as possible.

Representatives of UBS then outlined potential next steps in the process, which included making available non-public information, conducting in-depth business presentations by members of the Company s management team, offering potential buyers the opportunity to discuss with management and the independent consulting firm the work being done regarding cost savings estimates and other potential performance improvement opportunities and circulating an initial draft of the merger agreement. After further discussions, the board of directors determined to continue the process along the lines of the next steps recommended by representatives of UBS, and instructed UBS to contact all six of the parties who expressed an indication of interest to invite them to continue into the next phase of the process.

Following the May 6, 2007 board meeting, the Company made due diligence materials available to each of the six potential buyers and their advisors and, between May 14, 2007 and May 25, 2007, members of the Company s management held in-depth management presentations with each potential buyer. Representatives of UBS attended each of these management presentations. Also during this time, one of the potential buyers informed representatives of UBS that it would not be proceeding further in the process. On May 18, 2007, an initial draft of the merger agreement was circulated to each of the five remaining potential buyers.

At a meeting of the board of directors on May 20, 2007, representatives of UBS and Simpson Thacher provided the board of directors with an update on the status of the process generally, including specifically the due diligence process and management presentations with each of the potential purchasers. During the course of this meeting the board discussed the cost reduction initiatives and other operational opportunities that had been identified by the Company and which were being discussed with prospective purchasers during the course of the management presentations.

On May 23, 2007, at the request of the Company, representatives of UBS sent to each of the five potential purchasers a letter outlining the procedures for submitting a final bid proposal for the Company. Each potential purchaser was informed that June 18, 2007 was the final bid date, although the Company reserved the right to change the procedures at any time. Prior to this date, one of the financial sponsors brought in a new financial sponsor as a co-investor (we refer to the resulting bidding group as Sponsor A in this proxy statement), and another financial sponsor (which we refer to as Sponsor B in this proxy statement) requested the ability to participate in the process with a company in United Rentals s industry (we refer to this industry participant as Company X in this proxy statement).

Following the completion of the last in-depth management presentation with the potential buyers, the board of directors convened a meeting on May 29, 2007 to receive a further update on the status of the process, including the additional due diligence meetings in the process of being scheduled with each prospective purchaser to further facilitate their due diligence review. In addition, representatives of UBS reported to the board of directors that another one of the potential buyers informed representatives of UBS that it was not interested in proceeding further in the process.

On June 1, 2007, a representative of a consortium of financial sponsors that own an interest in one of the Company s competitors contacted representatives of the Company to discuss the possibility of participating in the Company s on-going process (in this proxy statement we refer to this consortium of financial sponsors as Sponsor C and the company in which they hold an ownership interest as Company Y). At the request of the Company, representatives of UBS informed Sponsor C of certain preliminary steps that Sponsor C would need to take prior to being invited into the process. These steps, which included submitting an indication of interest letter and executing confidentiality agreements with the Company, were designed to inform the board of directors as to Sponsor C s view on value, structure and ability to execute a transaction in a timely fashion. Later in the day on

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June 1, 2007, at the request of the Company, representatives of UBS sent to Sponsor C a copy of the preliminary indication of interest instructions that had been sent to all interested parties at the outset of the Company s process. Sponsor C also was informed that the board of directors had a meeting scheduled in the next few days and that Sponsor C should endeavor to provide the information outlined in the instruction letter in advance of that meeting if it desired to become engaged in the process as expeditiously as possible.

On June 4, 2007, a meeting of the board of directors was convened. At this meeting, the board of directors met with members of its independent consulting firm to discuss management s cost savings estimates and the consultant s work with management in identifying other potential areas in which the Company could seek to improve its operations. The discussion focused, among other things, on what it would take for the Company to realize such cost savings and other performance improvement opportunities and the fact that a majority of the identified improvement opportunities likely would not be achievable until the Company s 2008 fiscal year or thereafter, as well as the execution risks associated with the identified opportunities, such as the Company s lack of experience operating in a cost-cutting environment. With respect to the cost reduction initiatives discussed by the board, such initiatives included a reduction in our selling, general and administrative expenses, our strategic sourcing initiatives, a reduction in costs relating to our contractor supply business and additional cost of goods sold initiatives, all of which collectively were estimated to yield EBITDA improvements equal to approximately $230 million annually.

Representatives of Simpson Thacher again reviewed with the board of directors the fiduciary duties of directors under Delaware law in the context of considering strategic alternatives available to the Company. In this connection, Simpson Thacher informed the board that on its advice, Mark Suwyn, one of the members of the board of directors, would be recusing himself from all discussions in this meeting and future board meetings regarding the Company s on-going strategic review process as a result of his being affiliated with one of the potential purchasers (Mr. Suwyn is the chief executive officer of a Cerberus portfolio company and later, on July 6, 2007, resigned from the board of directors). Simpson Thacher also reminded the board that Apollo, which has the right to designate two members to the board of directors (its designees are Leon Black and Michael Gross), owns convertible preferred stock in the Company. The terms of the Company s convertible preferred stock guarantee the holder a minimum return of 6.25% compounded annually since the date the preferred stock was issued in 1999 in a change-in-control transaction, regardless of the per share merger consideration being offered to holders of our common stock, and accordingly Apollo s interest in a sale of the Company would differ from the interests of holders of the Company s common stock (see The Merger Agreement Merger Consideration; Company Series C Preferred Stock and Series D Preferred Stock beginning on page 53).

Representatives of UBS then reviewed the status of the on-going process. Representatives of UBS informed the board of directors that one of the remaining potential buyers had dropped from the process such that four potential purchasers remained. Representatives of UBS also reported on their discussions with Sponsor C on June 1, 2007 and discussed with the board of directors the fact that Sponsor C had not communicated anything further to the Company or its representatives despite the request that it do so in advance of the board s meeting. Representatives of UBS also further reviewed with the board the financial aspects of a potential sale of the Company. The board of directors discussed the various strategic alternatives under consideration and representatives of UBS responded to questions from the directors.

Also during the June 4, 2007 meeting, representatives of UBS and Simpson Thacher discussed with the board the next steps in the process. In this regard, representatives of UBS noted that potential buyers had expressed a substantial concern about the ability to deliver binding, fully financed bids by the June 18, 2007 deadline in light of due diligence they still needed to conduct prior to submitting a final bid. The board discussed with its advisors the possibility that the deadline may need to be extended depending on the circumstances.

Following the June 4, 2007 board meeting, the four remaining potential purchasers continued their due diligence review of the Company. On June 7, 2007, at the request of the Company, representatives of UBS informed each of the remaining potential purchasers that the deadline for submission of final bids was being extended to July 5, 2007 to give each of the potential purchasers additional time to complete its due diligence

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review and be in a position to submit unconditional, fully financed offers. Extending the deadline also provided additional time for Sponsor C to explore a potential transaction with the Company in the event it expressed an interest in participating in the Company s sale process by satisfying the preliminary steps requested by the Company.

On June 10, 2007, Sponsor B contacted representatives of UBS to express an interest in exploring a partnership with Sponsor C and Company Y. Sponsor B informed representatives of UBS that it was no longer interested in pursuing a potential transaction in tandem with Company X but that it remained interested in the process if it could find another industry participant with whom it could participate. During the week of June 11, 2007, representatives of UBS discussed the steps that the Company would require Sponsor B, Sponsor C and Company Y to take in order for the board of directors to be able to evaluate whether to allow them, as a group, to participate in the process.

On June 18, 2007, at the request of the Company, representatives of UBS sent a letter to Sponsor C outlining the preliminary steps necessary to enter the process that had been previously discussed with representatives of Sponsor C. Following the June 18, 2007 letter, Sponsor C and Company Y entered into confidentiality agreements with the Company and agreed to meet with representatives of the Company and UBS to discuss their proposed transaction structure and timing requirements. On June 20, 2007 representatives of the Company, UBS and Simpson Thacher met with representatives of Sponsor B, Sponsor C and Company Y to discuss their collective view on the value of the Company and their proposed structure and timing for submission of an unconditional offer for the Company. Members of this group indicated that they were not yet in a position to discuss value or transaction structure with any degree of certainty and that they only expected to be able to provide the Company with a road map to a bid by the July 5, 2007 bid submission deadline. Sponsor B informed representatives of the Company and UBS that it had not yet begun diligence on Company Y, which would be necessary for it to pursue a transaction in conjunction with Sponsor C and Company Y, and that it would not be interested in continuing to participate in the on-going process without a strategic partner. Sponsor B further advised representatives of the Company and UBS that it likely would need at least two to three weeks following the July 5, 2007 deadline to complete its due diligence.

Sponsor A and Cerberus each submitted comments to the draft merger agreement that had been previously distributed to all potential purchasers, and during the weeks of June 11, 2007 and June 18, 2007, representatives of Simpson Thacher contacted the legal representatives of Sponsor A and Lowenstein Sandler PC, outside legal counsel to Cerberus (Lowenstein Sandler), to clarify the material terms reflected in their comments and to identify aspects of their comments that raised issues for the Company. The principal terms addressed included the potential purchaser s conditions to closing the transaction, their financing- and regulatory-related covenants and the provisions relating to the termination of the merger agreement. On June 18, 2007 Simpson Thacher sent a revised version of the merger agreement to Sponsor A, and on June 25, 2007 Simpson Thacher sent a revised version of the merger agreement to Lowenstein Sandler.

On June 22, 2007, a meeting of the board of directors was convened for the purpose of reviewing, among other matters, the status of the on-going process with representatives of UBS and Simpson Thacher. Representatives of UBS reported that Sponsor A and Cerberus continued to evidence a substantial degree of interest in pursuing an acquisition of the Company and continued to conduct an extensive amount of due diligence. Representatives of UBS also reported that one of the other remaining four potential purchasers was no longer participating in the process.

Representatives of UBS then updated the board of directors on the events transpiring over the previous two weeks with respect to Sponsor B, Sponsor C and Company Y. They noted that this group still had not provided the Company with a preliminary, non-binding indication of interest letter. Representatives of UBS also discussed the timing implications associated with inviting Sponsor B, Sponsor C and Company Y into the process at this juncture in light of their stated view during the June 18th meeting that they could only provide a road map to a bid by the July 5, 2007 deadline and that diligence would likely continue for at least two to three weeks

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thereafter. Representatives of Simpson Thacher then reviewed the fiduciary duties of the directors under Delaware law in the context of the on-going process and a discussion ensued regarding how these legal standards would be applied in the context of the current circumstances surrounding the Sponsor B/Sponsor C/Company Y actions. During the course of this discussion representatives of Simpson Thacher discussed with the board of directors that any definitive agreement with either Sponsor A or Cerberus would permit the Company to consider an alternative superior proposal and to terminate the merger agreement to enter into a superior proposal subject to payment of a termination fee. The parameters of what could be considered an appropriate termination fee in this context were discussed. The board also discussed further the potential risks involved with further extending the July 5, 2007 deadline, including the possibility of a deterioration in the favorable capital market conditions existing at this time, the potential that Sponsor A and/or Cerberus would drop from the process and the continued distraction and burden the on-going process was placing on management. Following discussion, the consensus of the board of directors was to continue to work with Sponsor A and Cerberus in an effort to secure definitive bids from each of them and, for the reasons discussed, to refrain at this time from engaging further with Sponsor B, Sponsor C and Company Y.

During the week of June 25, 2007, the Company continued to work to satisfy outstanding diligence requests from Sponsor A and Cerberus. Also during this week, representatives of Simpson Thacher met with representatives of Sponsor A and its legal counsel to discuss the revised version of the merger agreement sent to Sponsor A on June 18, 2007. Representatives of Simpson Thacher also had discussions with Lowenstein Sandler during the course of this week regarding the revised version of the merger agreement Simpson Thacher had sent to Lowenstein Sandler on June 25, 2007.

Sponsor A and Cerberus submitted comments to the revised draft merger agreement on June 30, 2007 and July 2, 2007, respectively. Representatives of Simpson Thacher engaged in negotiations with each of Sponsor A and its legal counsel and Lowenstein Sandler on July 2, 2007 regarding the legal issues presented in the merger agreement drafts submitted. In each case, representatives of Simpson Thacher identified aspects of the potential purchaser s proposal that raised issues for the Company, and each potential purchaser was requested to improve the non-financial terms and conditions of its proposal. Early in the morning on July 4, 2007, Simpson Thacher sent a revised version of the merger agreement to each of Sponsor A and Cerberus. The draft merger agreements distributed reflected the same basic structure, which remained the same throughout the conclusion of the bidding process and provided for the Company to be the surviving company in a merger in which all of the Company s outstanding common stock was acquired at the same price per share and all of the Company s preferred stock was acquired at the price specified by the applicable certificate of designation in the event of a board-approved change-in-control transaction.

On July 3, 2007, the board of directors received a letter from Sponsor C expressing confusion over not being permitted to participate in the process. The letter sent by Sponsor C on July 3rd contained no indicative price range or any other terms of a proposed transaction, including timing of execution. Later in the day on July 3rd, at the request of the Company, representatives of UBS sent an email response to Sponsor C reiterating that Sponsor C and Company Y, as with all other potential purchasers, were asked to submit an indication of interest letter that included their view on value and expected timing of execution and that to date the Company had not received any such letter.

In the evening of July 3, 2007, a representative of Cerberus informed representatives of UBS that Cerberus would not be submitting a bid on July 5th because it needed additional time to complete its due diligence review. Over the next several days, representatives of Cerberus reiterated Cerberus s interest in pursuing an acquisition of the Company to representatives of UBS.

On July 5, 2007, the Company received a written bid proposal from Sponsor A for $31.00 per share of common stock in cash. Sponsor A s bid proposal included its proposed debt and equity financing commitments as well as a revised draft of the merger agreement that Sponsor A was willing to execute. The closing price of the Company s common stock on July 5, 2007 was $32.90.

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On July 6, 2007, the board of directors met with representatives of UBS and Simpson Thacher to discuss the bid proposal received from Sponsor A and the current status of Cerberus s interest in pursuing an acquisition of the Company. The board of directors discussed the bid proposal received from Sponsor A and the timing proposed by Cerberus to complete its due diligence and submit a fully financed offer for the Company. Representatives of UBS discussed with the board of directors the continued engagement by Cerberus over the course of the previous two days and its belief that Cerberus continued to have a substantial interest in pursuing an acquisition of the Company. The board of directors discussed with representatives of UBS their views with respect to the Sponsor A bid. After further discussion, the board of directors concluded that it was not interested in pursuing a transaction with Sponsor A at its indicated offer price but would be willing to consider any enhanced bid that it may offer. The board of directors then directed representatives of UBS to convey to Sponsor A that its offer price was insufficient and to continue working with Cerberus in an effort to produce a definitive proposal from Cerberus as quickly as practicable.

Also during the July 6, 2007 meeting, the board of directors discussed the communications with Sponsor C on July 3rd and reviewed its prior decision regarding the participation of Sponsor C (along with Sponsor B and Company Y) in the on-going process. The board of directors determined that the Company should not interrupt the current process at this stage in light of the Sponsor B/Sponsor C/Company Y group s previous statements regarding timing, the refusal to date by this group to adhere to the Company s articulated process and the ability this group would have, if it was genuinely interested in a proposed transaction with the Company, to submit a competing offer after the execution of a definitive merger agreement with either Sponsor A or Cerberus.

On July 9, 2007, the board of directors convened a meeting with representatives of UBS and Simpson Thacher to be updated on the status of the negotiations with Cerberus. The board of directors also discussed that Sponsor A had not proposed any increase to its proposed price per share and that there had been no further communications from any of Sponsor B, Sponsor C or Company Y since July 3, 2007.

On July 11, 2007, the Company received a revised proposal from Sponsor A pursuant to which Sponsor A proposed common stock merger consideration of $30.00 per share in cash plus a newly issued paid-in-kind preferred equity instrument nominally valued at $3.00 per share. The board of directors convened a meeting in the evening of July 11, 2007 with representatives of UBS and Simpson Thacher present. The board discussed the revised proposal received from Sponsor A and concluded that they were not prepared to pursue a transaction with Sponsor A under its revised proposal. Representatives of UBS discussed with the board of directors the status of the on-going dialogue with Cerberus, noting that Cerberus continued to express substantial interest in pursuing an acquisition of the Company but was not yet in a position to deliver a definitive proposal. Representatives of UBS also informed the board of directors that Cerberus had not yet delivered debt commitment papers and discussed with the board of directors that although Cerberus stated that it still expected to have fully committed debt financing, the marked worsening of the credit market over the course of the previous several weeks was making the debt financing more difficult and costly to obtain. Representatives of Simpson Thacher updated the board of directors on the status of the negotiations regarding the merger agreement. The board of directors reiterated its view that the merger agreement should provide for as high a degree of closing certainty as possible.

On July 12, 2007, representatives of UBS met with representatives of Cerberus. During this meeting, Cerberus informed representatives of UBS that it was prepared to pay $33.00 per share in cash subject to completion of a discrete number of final diligence matters that could be addressed within a few days. Cerberus further advised that it would be prepared to deliver executed debt commitment letters within the next day or two. Also on July 12, 2007, Sponsor B contacted representatives of UBS to inquire as to the status of the on-going process.

Following receipt of the offer from Cerberus, later in the day on July 12, 2007 the board of directors convened a meeting with representatives of UBS and Simpson Thacher. Following a status update from representatives from UBS and Simpson Thacher, the participants in the meeting discussed potential next steps, including what response to deliver to Cerberus in light of its proposal. During the course of this meeting, a

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discussion ensued regarding the continued worsening of the credit markets and the status quo alternative available to the Company along with the attendant execution risks associated with such alternative. The board of directors also discussed whether to contact the Sponsor B/Sponsor C/Company Y group, potentially delaying the process to allow for their due diligence. Representatives of Simpson Thacher again reviewed the fiduciary duties of the directors under Delaware law in the context of the on-going process and a discussion ensued regarding how these legal standards would be applied in the context of the current circumstances. After discussion, the board of directors reached the view that the Company should seek a higher price from Cerberus and also should continue discussions with Cerberus in an effort to improve the principal non-price terms of the merger agreement.

Following the board meeting, representatives of UBS and Simpson Thacher met with representatives of Cerberus and Lowenstein Sandler to further negotiate the non-financial terms of the merger agreement in an effort to reach agreement on areas of concern to the Company. During the course of this meeting, representatives of UBS proposed that any definitive merger agreement should permit the board of directors to continue to actively solicit and consider competing offers for a period of time after the merger agreement was executed (a so-called go shop provision) and, further, that the merger agreement should provide for a reduced termination fee associated with the go shop period so as to not materially affect the willingness or ability of third parties to consider making superior proposals. Also at this meeting, representatives of UBS conveyed to Cerberus the view of the board of directors that Cerberus would need to provide a meaningful increase in its proposed purchase price.

Over the course of the next several days, the Company and Cerberus and their respective advisors continued to negotiate the terms and conditions of the merger agreement. During the negotiations, Cerberus agreed to the inclusion of a go shop provision in the merger agreement, subject to further discussions regarding the length of the go-shop period and the amount of the reduced termination fee as well as the circumstances under which the reduced fee would be payable. On July 14, 2007, Cerberus delivered to the Company draft debt commitment letters.

On July 15, 2007, the board of directors convened a meeting with representatives of UBS and Simpson Thacher to be updated on the status of the negotiations of Cerberus. Representatives of UBS and Simpson Thacher discussed with the board the events that transpired since the board last met on July 12, 2007, including the fact that Cerberus agreed to a go shop provision and that there would be a reduction in the termination fee payable by the Company in the event it terminated the agreement to accept a superior proposal in connection with the active solicitation period. The board of directors discussed the implications associated with Cerberus s having agreed to a go shop provision and concomitant reduced termination fee, particularly in terms of how it could materially enhance the Company s ability to engage with and determine whether the Sponsor B/Sponsor C/Company Y group had a genuine interest in pursuing an acquisition of the Company, but with the benefit of having already secured a definitive agreement with Cerberus. After further discussion, the board directed the Company s advisors to continue negotiations with Cerberus in an effort to conclude negotiations on the merger agreement and then seek a further increase in Cerberus s offer price.

Between July 15, 2007 and July 18, 2007, the Company and Cerberus and their respective advisors continued to negotiate the non-financial terms and conditions of the merger agreement so as to narrow the scope of the remaining open items. Also on July 15, 2007, Lowenstein Sandler provided a draft of the proposed voting agreement to be entered into with the Company s preferred stockholders, including Apollo, and a draft of the proposed warrant holders agreement to be entered into with Bradley S. Jacobs, chairman of the board of directors (who resigned as chairman and a director of the Company effective August 31, 2007), and certain entities affiliated with him. Representatives of Lowenstein Sandler proceeded to discuss the terms of the proposed voting agreement with outside counsel for the preferred stockholders and the terms of the proposed warrant holders agreement with outside counsel for Mr. Jacobs.

On July 18, 2007, the board of directors convened a meeting. After the board of directors met without advisors present, representatives of UBS and Simpson Thacher joined the meeting. Representatives of UBS

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summarized for the board of directors the sale process to date. Representatives of UBS then reviewed with the board of directors the strategic alternatives, including the financial aspects of remaining an independent company or engaging in a leveraged recapitalization. In that connection, representatives of UBS discussed the recent material deterioration of the credit markets and the impact that deterioration would have on the ability of the Company to conduct a leveraged recapitalization. The board also discussed the fact that a leveraged recapitalization would require the consent of the Company s preferred stockholders and how this factor along with the deterioration in the credit markets indicated that conducting a leveraged recapitalization transaction on terms that could be attractive to the Company and its stockholders was not a viable alternative at the present time. Representatives of Simpson Thacher reviewed for the board of directors in detail the terms of the current draft of the merger agreement, including the termination fees that each of the Company and Parent could be required to pay to the other under specified circumstances, and other legal aspects of the current Cerberus proposal, including its debt financing commitments and the proposed voting agreement and warrant holders agreement.

From July 18, 2007 through July 22, 2007, the Company and Cerberus and their respective advisors continued to negotiate the terms and conditions of the merger agreement to resolve all remaining open issues. Similarly, representatives of Lowenstein Sandler continued negotiations with counsel to the preferred stockholders and Mr. Jacobs to resolve all remaining open issues in the voting agreement and warrant holders agreement, respectively.

On July 20, 2007, Cerberus communicated to representatives of UBS that it was now willing to offer $34.20 per share in cash for all of the Company s common stock. Representatives of UBS expressed to the Cerberus representatives that it should make every effort to increase its offer price further if it desired to secure a transaction with the Company. On July 21, 2007, representatives of Cerberus informed representatives of UBS that it would be willing to pay $34.50 per share but that price was its best, last and final offer.

On July 22, 2007, the board of directors convened a meeting to consider whether to approve the transaction being proposed by Cerberus. Representatives of Simpson Thacher reviewed with the board of directors its legal obligations in connection with its consideration of the proposed transaction and reminded the board of the interests of the directors and executive officers in the merger that might be different from, or in addition to, the interests of the Company s common stockholders generally (see Interests of the Company s Directors and Executive Officers in the Merger beginning on page 44). Representatives of UBS provided an update regarding the sale process and the negotiations that had taken place since the board of directors last met on July 18, 2007. Representatives of UBS then reviewed and analyzed, among other matters, the financial aspects of the proposed transaction, including the contemplated financing arrangements. At the conclusion of their presentation, representatives of UBS delivered to the board of directors its oral opinion (subsequently confirmed in writing) that, as of July 22, 2007 and subject to various assumptions, matters considered and limitations described in its opinion, the merger consideration of $34.50 in cash per share to be received by the holders of the shares of the Company s common stock (other than affiliated stockholders who also own shares of Series C Preferred Stock or Series D Preferred Stock) in the merger was fair, from a financial point of view, to such holders (see Opinion of UBS Securities LLC beginning on page 35 and Annex D to this proxy statement).

Representatives of Simpson Thacher then reviewed for the board of directors the terms of the merger agreement and other legal aspects of the proposal by Cerberus, including the material terms of the voting agreement and warrant holders agreement. The board of directors then met in executive session and discussed Cerberus s proposed terms, as well as the risk and benefits of proceeding with a business combination transaction with Cerberus. Representatives of UBS and Simpson Thacher re-joined the meeting, and following additional discussion, the board of directors approved the merger agreement, the voting agreement and the warrant holders agreement and the transactions contemplated thereby and determined to recommend adoption of the merger agreement to the stockholders of the Company. Messrs. Black and Gross recused themselves from the vote due to their relationship with the Company s preferred stockholders, who by virtue of the applicable certificate of designations are entitled to consideration different from the common stock merger consideration (see The Merger Agreement Merger Consideration; Company Series C Preferred Stock and Series D Preferred Stock beginning on page 53). In addition, Mr. Howard Clark, based on the advice of outside counsel to the Company,

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recused himself from the vote to avoid any perception of a potential conflict of interest arising out of his relationship with Lehman Brothers, which was one of the parties providing the debt financing to Cerberus pursuant to the debt commitment letters.

The merger agreement was executed by the Company, Parent and Merger Sub, the voting agreement was executed by the Company, Parent, Merger Sub and the stockholders party thereto and the warrant holders agreement was executed by the Company, Parent, Merger Sub and the other parties thereto, in each case, as of July 22, 2007. On July 23, 2007, prior to the opening of trading on the NYSE, the Company issued a press release announcing the transaction.

Following the announcement of the execution of the merger agreement, Sponsor C (on behalf of itself and its portfolio company, Company Y) contacted representatives of UBS and expressed an interest in pursuing a possible transaction with the Company. The Sponsor C/Company Y group informed representatives of UBS that they were interested in conducting due diligence, and on July 27, 2007, in accordance with the go-shop provisions of the merger agreement, representatives of the Sponsor C/Company Y group were given access to due diligence materials. During the week of July 30, 2007, the Sponsor C/Company Y group held a number of due diligence meetings with the Company and its representatives, and members of the Company s management conducted in-depth business presentations with Sponsor C/Company Y. During the course of the next three weeks, Sponsor C/Company Y continued their due diligence review of the Company. On August 31, 2007, representatives from UBS spoke with a senior representative of Sponsor C. This senior representative informed UBS that the Sponsor C/Company Y group had largely completed its due diligence review but that due to the financing markets, among other things, it would not be able to make a proposal to the Company that was superior to the transaction contemplated by the merger agreement at the current time. This senior representative further noted that the Sponsor C/Company Y group remained interested in the possibility of acquiring the Company. In this regard, the senior representative of Sponsor C discussed with UBS that the Sponsor C/Company Y group would continue to monitor the pending transaction and the market environment so as to evaluate whether any future developments would make it more practical for this group to put forth a competing proposal.

Also following the execution of the merger agreement, representatives of UBS contacted each of Sponsor A and Sponsor B, as well as two additional parties who had previously indicated an interest in considering a transaction with the Company. Sponsor B and one of the additional two parties each informed UBS that it was not interested in pursuing a transaction with the Company. The other additional party expressed an interest in certain assets of the Company, but informed representatives of UBS that it was not interested in pursuing an acquisition of the whole Company. Sponsor A, however, reiterated its interest in acquiring the Company and periodically contacted UBS in this regard. During the last week of August, Sponsor A informed the Company that it remained interested in pursuing a transaction with the Company, but that it was not in a position to make a proposal to the Company that was superior to the transaction contemplated by the merger agreement. Sponsor A stated that it would continue to monitor the pending transaction and market conditions to see if an opportunity to re-evaluate its position would arise.

As of the date of this proxy statement, none of these potential acquirors or any other potential acquiror has submitted a proposal to pursue a transaction with the Company. During the go-shop period, the board of directors met on three occasions with representatives of UBS and Simpson Thacher to review this process.

Reasons for the Merger

In reaching its decision to approve the merger agreement, the merger and the other transactions contemplated by the merger agreement, and to recommend that the Company s stockholders vote to adopt the merger agreement, the board of directors of the Company consulted with management and its financial and legal advisors. The board of directors considered the following material factors and potential benefits of the merger, each of which it believed supported its decision:

- the current and historical market prices of the common stock, and the fact that the $34.50 per share to be paid for each share of the common stock in the merger represents a premium of 25.2% over the

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closing price of $27.55 per share on April 9, 2007, the last trading day before the Company announced it was exploring strategic alternatives, and a premium of 25.3% to the average closing price for the one-year period ended April 9, 2007;

the board of directors understanding of and familiarity with, the business, operations, management, financial condition, earnings and prospects of the Company, as well as the risks involved in achieving those prospects, including the fact that the equipment rental industry in which the Company operates is historically cyclical and has been in a sustained growth period;

the recent evaluation by the board of directors of the Company s long-term financial forecasts, as well as the execution risks related to achieving such forecasted plan, including the risks associated with our ability to achieve the cost savings and other operational improvements embodied in such plan, compared to the risks and benefits of the transaction;

the possible strategic alternatives to the sale of the Company, including engaging in a leveraged recapitalization and the risks associated with such alternatives (and, in the case of a leveraged recapitalization, the Company s inability to consummate such an alternative on terms attractive to the Company and its common stockholders in light of the consent that would be required from the Company s preferred stockholders), which the board of directors determined not to pursue in light of its belief that the merger maximized stockholder value and was more favorable to the stockholders than any other strategic alternative reasonably available to the Company and its stockholders;

the extensive sale process conducted by the Company, with the assistance of UBS, which involved issuing a press release announcing that the Company was exploring its strategic alternatives, including a potential sale of the Company, and subsequently engaging in discussions with approximately 70 parties, entering into confidentiality agreements with 20 parties and receiving two definitive proposals to acquire the Company;

the price proposed by Cerberus represented the highest price that the Company received for the acquisition of the Company at the conclusion of its bidding process;

the fact that the merger consideration is all cash, so that the transaction will allow the Company s stockholders to immediately realize a fair value, in cash, for their investment and will provide such stockholders certainty of value for their shares;

the financial presentation of UBS made in connection with its opinion that, as of the date of its opinion and subject to various assumptions, matters considered and limitations described in its opinion, the merger consideration of $34.50 in cash per share to be received by the holders of the shares of the Company s common stock (other than affiliated stockholders who also own shares of Series C Preferred Stock or Series D Preferred Stock) in the merger was fair, from a financial point of view, to such holders (see The Merger Opinion of UBS Securities LLC beginning on page 35 and Annex D to this proxy statement);

the terms and conditions of the merger agreement, including:

- the ability of the board of directors to actively solicit alternative proposals through August 31, 2007 and to terminate the merger agreement in order to accept a financially superior proposal solicited during such period subject to the payment of a $40 million termination fee (which represents approximately 0.7% of the total transaction value);

- the ability of the board of directors, even after August 31, 2007, to terminate the merger agreement in order to accept a financially superior proposal subject to, in the case of accepting a superior proposal following August 31, 2007, paying Parent a $100 million termination fee (which represents approximately 1.5% of the total transaction value);

the conclusion of the board of directors that each of the $40 million termination fee and the $100 million termination fee, and the circumstances under which such fees are payable, are reasonable

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in light of the benefits of the merger, the auction process conducted by the Company with the assistance of UBS and commercial practice;

the provisions of the merger agreement that allow the board of directors, under certain limited circumstances if required to comply with its fiduciary duties under applicable law, to change its recommendation that the Company s stockholders vote in favor of the adoption of the merger agreement;

the limited number and nature of the conditions to funding set forth in the Merger Sub s debt commitment letters, the obligation of Parent to use reasonable best efforts to obtain the debt financing and the obligation of Parent s debt financing sources to provide bridge financing if the public debt financing is not completed; and

the limited number and nature of the conditions to Parent and Merger Sub s obligation to consummate the merger and the limited risk of non-satisfaction of such conditions, including that for purposes of the merger agreement a material adverse effect on the Company does not include circumstances resulting from changes in the general economic conditions or general changes in the industries in which we operate except, in each case, to the extent such changes have a materially disproportionate effect on us and our subsidiaries taken as a whole relative to other industry participants;

the receipt of executed commitment letters from Parent s sources of debt and equity financing for the merger, including the terms of the commitments and the reputation of the financing sources which, in the judgment of the board of directors, increases the likelihood of such financing being completed;

the limited guarantee provided by Cerberus;

the availability of appraisal rights to our stockholders who comply with all of the required procedures under Delaware law, which allows such holders to seek appraisal of the fair value of their shares as determined by the Delaware Court of Chancery (see Rights of Appraisal beginning on page 85 and Annex E to this proxy statement); and

the fact that the merger is subject to the approval of our stockholders.

The board of directors also considered and balanced against the potential benefits of the merger the following potentially adverse factors concerning the merger:

the risk that the merger might not be completed in a timely manner or at all, including the risk that the merger will not occur if the financing contemplated by the debt commitment letters is not obtained and Parent is unable to obtain alternative financing notwithstanding its use of reasonable best efforts to do so;

the fact that the Company s stockholders will not have the opportunity to participate in any future earnings or growth of the Company and will not benefit from any appreciation in value of the Company;

the restrictions on the conduct of the Company s business prior to completion of the merger, requiring the Company to conduct its business only in the ordinary course, subject to specific limitations or Parent consent, which may delay or prevent the Company from undertaking business opportunities that may arise pending completion of the merger;

the merger consideration consists of cash and will therefore be taxable to our stockholders for U.S. federal income tax purposes;

the fact that the Company was entering into the merger agreement with newly formed entities with essentially no assets, and that in the event the merger agreement is terminated under certain circumstances our remedy for losses or damages in connection with such termination could be limited to the $100 million limited guarantee provided by Cerberus;

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- the risk of diverting management focus and resources from other strategic opportunities and from operational matters while working to complete the merger;

- the possible damage to our business, and the likely negative impact on the price of our common stock, if the merger is not consummated; and

- the possibility of management and employee disruption associated with the merger.

In addition, the directors were aware of and considered the interests that certain of the Company s directors and executive officers may have with respect to the merger that differ from, or are in addition to, their interests as stockholders of the Company (see Interests of the Company s Directors and Executive Officers in the Merger beginning on page 44);

The foregoing discussion of the factors considered by the board of directors is not intended to be exhaustive, but rather includes the material factors considered by the board of directors. In reaching its decision to approve the merger, the merger agreement and the other transactions contemplated by the merger agreement, the board did not quantify or assign any relative weights to the factors considered. Individual members of the board of directors may have given different weights to different factors.

The board of directors has approved and declared advisable the merger agreement and the transactions contemplated by the merger agreement and has determined that the merger, the merger agreement and the transactions contemplated by the merger agreement are fair to, and in the best interests of, the Company and its stockholders. The board of directors recommends that the Company s stockholders vote FOR the adoption of the merger agreement and FOR the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies.

Recommendation of the Company s Board of Directors

Our board of directors, by unanimous vote (excluding Messrs. Leon Black, Michael Gross and Howard Clark who recused themselves from the vote based on the advice of outside counsel to the Company for the reasons discussed above under the heading Background of the Merger):

- has determined that the merger, the merger agreement and the transactions contemplated by the merger agreement are advisable, fair to and in the best interests of the Company and its stockholders;

- has approved the merger agreement; and

- recommends that United Rentals stockholders vote FOR the adoption of the merger agreement.

The board of directors also recommends that our stockholders vote FOR any proposal to adjourn the special meeting, if necessary or appropriate to solicit additional proxies.

Opinion of UBS Securities LLC

On July 22, 2007, at a meeting of the Company s board of directors held to evaluate the proposed merger, UBS delivered to the Company s board of directors an oral opinion, confirmed by delivery of a written opinion, dated July 22, 2007, that, as of that date and based on and subject to various assumptions, matters considered and limitations described in its written opinion, the merger consideration of $34.50 in cash per share to be received by holders of the Company s common stock (other than affiliated stockholders who also own the Series C Preferred Stock or the Series D Preferred Stock) in the merger was fair, from a financial point of view, to such holders.

The full text of UBS s written opinion describes among other things, the assumptions made, procedures followed, matters considered and limitations on the review undertaken by UBS. This opinion is attached as

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Annex D to this proxy statement, which we incorporate by reference into this document. **UBS s opinion is directed only to the fairness, from a financial point of view, of the merger consideration to be received by holders of the Company s common stock (other than affiliated stockholders who also own the Series C Preferred Stock or the Series D Preferred Stock) and does not address any other aspect of the merger. The opinion does not address the relative merits of the merger as compared to other business strategies or transactions that might be available with respect to the Company or the Company s underlying business decision to effect the merger. The opinion does not constitute a recommendation to any stockholder of the Company as to how such stockholder should vote or act with respect to the merger. Holders of the Company s common stock are encouraged to read the opinion carefully in its entirety.** The summary of UBS s opinion described below is qualified in its entirety by reference to the full text of its opinion.

In arriving at its opinion, among other things, UBS:

- reviewed certain publicly available business and historical financial information relating to the Company;
- reviewed certain internal financial information and other data relating to the Company s business and financial prospects that were provided to UBS by the Company s management and not publicly available, including financial forecasts and estimates prepared by the Company s management;
- reviewed certain estimates of cost reduction opportunities prepared by the Company s management and an outside consultant that were provided to UBS by the Company and not publicly available;
- conducted discussions with members of the Company s senior management concerning the Company s business and financial prospects;
- reviewed publicly available financial and stock market data with respect to certain other companies UBS believed to be generally relevant;
- compared the financial terms of the merger with the publicly available financial terms of certain other transactions UBS believed to be generally relevant;
- reviewed current and historical market prices of the Company s common stock;
- reviewed the merger agreement dated as of July 22, 2007; and
- conducted other financial studies, analyses and investigations, and considered other information, as UBS deemed necessary or appropriate.

In connection with its review, with the consent of the Company s board of directors, UBS did not assume any responsibility for independent verification of any of the information provided to or reviewed by UBS for the purpose of its opinion and, with the consent of the Company s board of directors, UBS relied on that information being complete and accurate in all material respects. In addition, with the consent of the Company s board of directors, UBS did not make any independent evaluation or appraisal of any of the assets or liabilities, contingent or otherwise, of the Company, and was not furnished with any evaluation or appraisal. With respect to the financial forecasts, estimates and cost reduction opportunities prepared by the Company s management referred to above, UBS assumed, at the direction of the Company s board of directors, that they were reasonably prepared on a basis reflecting the best currently available estimates and judgments of the Company s management as to the future financial performance of the Company and such cost reduction opportunities. UBS s opinion was necessarily based on economic, monetary, market and other conditions as in effect on, and the information available to UBS as of the date of its opinion.

At the direction of the Company s board of directors, UBS contacted selected third parties to solicit indications of interest in a possible transaction with the Company and held discussions with certain of those parties prior to the date of UBS s opinion. In addition, at the direction of the Company s board of directors, UBS was not asked to, and it did not, offer any opinion as to the terms, other than the merger consideration to the

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extent expressly specified in UBS s opinion, of the merger agreement or any related documents or the form of the merger. Without limiting the foregoing, UBS expressed no opinion as to the consideration to be paid or received in respect of the Series C Preferred Stock or the Series D Preferred Stock. In rendering its opinion, UBS assumed, with the consent of the Company s board of directors, that (i) Parent and the Company would comply with all material terms of the merger agreement, and (ii) the merger would be consummated in accordance with the terms of the merger agreement without any adverse waiver or amendment of any material term or condition of the merger agreement. UBS also assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the merger would be obtained without any material adverse effect on the Company or the merger.

In connection with rendering its opinion to the Company s board of directors, UBS performed a variety of financial and comparative analyses which are summarized below. The following summary is not a complete description of all analyses performed and factors considered by UBS in connection with its opinion. The preparation of a financial opinion is a complex process involving subjective judgments and is not necessarily susceptible to partial analysis or summary description. With respect to the selected companies analysis and the selected precedent transactions analysis summarized below, no company or transaction used as a comparison is either identical or directly comparable to the Company or the merger. These analyses necessarily involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the public trading or acquisition values of the companies concerned.

UBS believes that its analyses and the summary below must be considered as a whole and that selecting portions of its analyses and factors or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying UBS s analyses and opinion. UBS did not draw, in isolation, conclusions from or with regard to any one factor or method of analysis for purposes of its opinion, but rather arrived at its ultimate opinion based on the results of all analyses undertaken by it and assessed as a whole. The financial forecasts, estimates of the future performance of the Company and cost reduction opportunities provided by the Company s management in or underlying UBS s analyses, are not necessarily indicative of future results or values, including the Company s ability to achieve the identified financial forecasts, estimates or cost reduction opportunities, which may be significantly more or less favorable than those estimates. In performing its analyses, UBS considered industry performance, general business and economic conditions and other matters, many of which are beyond the control of the Company. Estimates of the financial value of companies do not necessarily purport to be appraisals or reflect the prices at which companies actually may be sold.

The merger consideration was determined through negotiation between the Company and Cerberus and its affiliates and the decision to enter into the merger agreement was solely that of the Company s board of directors. UBS s opinion and financial analyses were only one of many factors considered by the Company s board of directors in its evaluation of the merger and should not be viewed as determinative of the views of the Company s board of directors or management with respect to the merger or the merger consideration.

The following is a brief summary of the material financial analyses performed by UBS and reviewed with the Company s board of directors in connection with UBS s opinion relating to the proposed merger. **The financial analyses summarized below include information presented in tabular format. In order to fully understand UBS s financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of UBS s financial analyses.**

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Share Trading History Analysis

UBS reviewed the publicly available historical trading prices for the Company s common stock, as reported by Factset, and noted that over the five year period ended July 20, 2007, the low price was $6.04 per share, the average price was $20.11 per share and the high price was $37.57 per share, compared to the merger consideration. UBS noted that the merger consideration represents certain premiums over or a discount to the following prices of the Company s common stock:

	Share Price:	Premium /(Discount):
Current (as of July 20, 2007)	$ 32.37	6.6%
Pre-announcement price (as of April 9, 2007)	$ 27.55	25.2%
1-year average closing price	$ 27.52	25.3%
Last 12-month high price	$ 34.70	(0.6)%

UBS noted that April 9, 2007 was one day prior to the public announcement that the Company s board of directors had decided to explore the Company s strategic alternatives, including a possible sale of the Company.

UBS also reviewed the historical trading multiples for the Company s common stock, based upon the publicly available historical enterprise value of the Company, calculated as fully-diluted equity value (calculated on a weekly basis with prices as reported by Factset), plus the book value of debt, less cash and cash equivalents as a multiple of the Company s last twelve month (for the period ended May 31, 2007) (LTM) earnings before interest, taxes, depreciation and amortization (EBITDA) calculated on a quarterly basis based on internal schedules prepared by the Company s management, public filings and other publicly available information. UBS noted that over the five year period ended July 20, 2007, the low LTM EBITDA multiple was 3.9x, the average LTM EBITDA multiple was 5.6x and the high LTM EBITDA multiple was 8.0x, compared to the implied LTM EBITDA multiple reflected in the merger consideration of 6.0x.

Selected Companies Analysis

UBS compared selected financial and stock market data of the Company with corresponding data, to the extent publicly available, of the following publicly traded companies:

Ashtead Group plc

H&E Equipment Services, Inc.

RSC Equipment Rental, Inc.

UBS reviewed, among other things, enterprise values of the selected companies as multiples of LTM EBITDA as of the first quarter of fiscal year 2007 and estimated EBITDA for calendar years 2007 and 2008, enterprise value as multiples of LTM earnings before interest and taxes (EBIT) as of the first quarter of fiscal year 2007 and estimated EBIT for calendar years 2007 and 2008, share prices as of July 20, 2007 as multiples of estimated calendar year 2007 and 2008 earnings per share (P/E), and share prices as of July 20, 2007 as a multiple of estimated calendar year 2008 earnings growth (PEG). PEG was not calculated for H&E Equipment Services, Inc. due to a lack of publicly available information. UBS then compared these multiples derived from the selected companies with corresponding multiples implied for the Company based on the closing price of the Company s common stock on July 20, 2007, the pre-announcement closing price of the Company s common stock on April 9, 2007, which was one day prior to the public announcement that the Company s board of directors had decided to explore strategic alternatives, including a possible sale of the Company, and the merger consideration. Enterprise values were calculated as fully-diluted equity value based on closing stock prices on July 20, 2007, plus the book value of debt and preferred stock at the value payable upon a change of control, less cash and cash equivalents. Financial data for the selected companies were based on mean estimates as compiled by the Institutional Brokers Estimate System, referred to as I/B/E/S estimates , public filings and other publicly available information. Estimated financial data of the Company were based both on internal forecasts prepared

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by the Company s management, referred to as management forecasts (see Projected Financial Information beginning on page 42), and I/B/E/S estimates. This analysis indicated the following implied mean, median, high and low multiples for the selected companies, as compared to corresponding multiples implied for the Company:

	Enterprise Value / EBITDA			Enterprise Value / EBIT			P/E		PEG
	LTM	2007E	2008E	LTM	2007E	2008E	2007E	2008E	2008E
Selected Public Companies									
Mean	6.4x	5.9x	5.3x	11.5x	9.9x	8.9x	13.7x	11.2x	0.7x
Median	6.1x	6.0x	5.4x	12.0x	9.7x	8.4x	15.2x	12.1x	0.7x
High	7.1x	6.5x	5.9x	12.3x	11.1x	10.0x	15.4x	13.1x	0.7x
Low	6.0x	5.3x	4.5x	10.3x	9.0x	8.4x	10.5x	8.3x	0.7x
Implied Multiples for the Company									
Based on Merger Consideration	6.0x	5.6x	5.3x	10.5x	9.6x	8.9x	12.8x	11.8x	0.95x
Based on Current Share Price (as of July 20, 2007)	5.8x	5.5x	5.1x	10.1x	9.3x	8.6x	12.0x	11.1x	0.89x
Based on Pre-announcement Share Price (as of April 9, 2007)	5.3x	5.1x	4.7x	9.4x	8.6x	8.0x	10.2x	9.5x	0.76x

UBS also compared selected publicly available operating data for the Company with similar data for selected publicly traded and privately held equipment rental companies. The companies selected by UBS were:

Ahern Rentals Inc.

Ashtead Group plc

Hertz Equipment Rental Corporation

Neff Rentals, Inc.

RSC Equipment Rental, Inc.

UBS reviewed EBITDA margins for calendar year 2006, selling, general and administrative expenses as a percentage of sales for calendar year 2006, EBITDA compound annual growth rates (CAGR) from calendar year 2004 through 2006, and original equipment cost (OEC) compound annual growth rates from calendar year 2004 through 2006. UBS then compared the operating data derived from the selected companies with corresponding operating data for the Company. Operating data for the selected companies and the Company were based upon public filings and other publicly available information. EBITDA margins were calculated as a percentage of revenue. This analysis indicated the following for the selected companies, as compared to the Company:

Company	2006 EBITDA Margin	2006 SG&A as % of Sales	2004-2006 EBITDA CAGR	2004-2006 OEC CAGR
Ahern Rentals Inc.	44%	14%	43%	41%
Ashtead Group plc	33%		19%	7%
Hertz Equipment Rental Corporation	45%		33%	14%
Neff Rentals, Inc.	45%		43%	11%
RSC Equipment Rental, Inc.	43%	8%	26%	11%
United Rentals, Inc.	30%	17%	10%	4%
Average	40%	15%	29%	15%

UBS noted that none of Ashtead Group plc, Neff Rentals, Inc. or RSC Equipment Rental, Inc. reported the operating data necessary for the portion of UBS s financial analysis related to SG&A as a percentage of sales.

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Selected Transactions Analysis

UBS reviewed transaction values in the following eight selected transactions involving the equipment rental industry, using publicly available information:

Date Announced	Target	Acquiror
04/02/07	Neff Rentals, Inc.	Lightyear Capital
10/06/06	Rental Service Corporation	Ripplewood/Oakhill
07/19/06	NationsRent Companies, Inc.	Ashtead Group plc
05/24/06	NES Rentals Holdings, Inc.	Diamond Castle
10/18/05	Northridge	Sunbelt
09/22/05	Eagle High Reach	H&E Equipment Service, Inc.
09/12/05	The Hertz Corporation	Clayton, Dubiler, & Rice
04/08/05	Neff Corp.	Odyssey Investment Partners

UBS reviewed, among other things, LTM EBITDA margins and enterprise values as multiples of LTM revenue and EBITDA. UBS then compared the multiples derived from the target companies based on the consideration paid for outstanding shares in the selected transactions with corresponding multiples implied for the Company based on the merger consideration. Financial data of the selected companies were based upon I/B/E/S estimates, public filings and other publicly available information. Estimated financial data of the Company were based on management forecasts. This analysis indicated the following implied high, mean, median and low multiples for the target companies based on the consideration paid for outstanding shares in the selected transactions, as compared to corresponding multiples implied for the Company based on the merger consideration:

		Enterprise Value /LTM[(1)]	
	LTM EBITDA Margin	Revenue	EBITDA
High	44.8%	2.6x	6.2x
Mean	34.5%	1.9x	5.5x
Median	32.8%	1.9x	5.4x
Low	26.1%	1.4x	4.8x
United Rentals, Inc.	30.1%	1.8x	6.0x

(1) With respect to the Rental Service Corporation transaction that is included in this selected transactions analysis, the consideration paid for outstanding shares excludes $400 million in contingent consideration that may be, but is not yet and may never be, payable to the seller in that transaction in the event RSC achieves future performance targets.

Discounted Cash Flow Analysis

UBS performed a discounted cash flow analysis to calculate the estimated present value as of June 30, 2007, of the stand-alone unlevered, after-tax free cash flows that the Company could generate over fiscal years 2007 through 2013 based on the financial projections provided by the Company s management to UBS. Due to the uncertainty of fully achieving the meaningful time utilization improvements, cost reduction initiatives and rental rate improvements identified by the Company s management and an outside consultant and included in the management forecasts (see Projected Financial Information beginning on page 42), and in lieu of using a range of alternative assumptions regarding these improvements and initiatives, the Company s management provided UBS with supplemental financial projections subsequent to May 2007 for purposes of its discounted cash flow analysis that assumed implementation of these initiatives on a stand-alone basis, resulting in 100% realization of the projected time utilization improvements, 85% realization of the projected cost reduction initiatives and 35% realization of the projected rental rate improvements, in each case, during fiscal years 2008

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and 2009. These supplemental financial projections provided to UBS were the same as the management forecasts for the Company s 2007 fiscal year and, except for the changes in the assumptions regarding the cost reduction initiatives and rental rate improvements discussed in the preceding sentence, otherwise were developed with the same material assumptions that underlie the management forecasts, including the assumptions regarding the evolution of the non-residential construction market, the Company s principal end market for rental equipment. More specifically, the supplemental financial projections provided by the Company s management to UBS for purposes of its discounted cash flow analysis included the following selected projected financial data for the fiscal years ended December 31 of the year indicated:

	2007E	2008E	2009E	2010E	2011E	2012E	2013E
				(*$ in millions*)(1)			
Rental Revenue	$ 2,655	$ 2,866	$ 3,067	$ 3,118	$ 2,954	$ 3,054	$ 3,237
Total Revenue	$ 3,854	$ 3,848	$ 4,075	$ 4,155	$ 3,771	$ 4,075	$ 4,306
EBITDA	$ 1,175	$ 1,380	$ 1,578	$ 1,585	$ 1,387	$ 1,473	$ 1,591
EBIT	$ 700	$ 870	$ 1,040	$ 1,025	$ 822	$ 906	$ 1,005
Net Capital Expenditures	$ 620	$ 615	$ 615	$ 534	$ 165	$ 525	$ 594
Free Cash Flow	$ 171	$ 236	$ 374	$ 491	$ 866	$ 455	$ 500

(1) United Rentals does not as a matter of course make public long-term projections as to future revenues, earnings or other results. While the summary financial projections set forth above were prepared in good faith by members of our management, no assurance can be given regarding future events, many of which are beyond the Company s control. Therefore, these financial projections may not be predictive of future operating results, and this information should not be relied on as such. The estimates and assumptions underlying these financial projections involve judgments with respect to, among other things, future economic, competitive and financial market conditions and future business decisions as well as additional matters specific to the Company s business, many of which are beyond our control. The projections cover multiple years and such information by its nature becomes more speculative with each successive year. Additionally, the financial projections in this section were not prepared with a view toward public disclosure or with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information or published guidelines of the SEC regarding financial projections. The financial projections are not historical fact and should not be relied upon as being necessarily indicative of actual future results. In light of the foregoing, stockholders are cautioned not to unduly rely on these summary financial projections. See Cautionary Statement Regarding Forward-Looking Statements beginning on page 15. The Company does not intend to update or otherwise revise these projections to reflect circumstances existing since their preparation or to reflect the occurrence of subsequent events even in the event than any or all of the underlying assumptions are no longer appropriate.

UBS calculated a range of terminal values as of December 31, 2013 by applying a range of EBITDA terminal value multiples ranging from 4.5x to 6.5x to the Company s fiscal year 2013 estimated EBITDA, which range was derived taking into account current and historical forward 12 months EBITDA trading multiples for the Company and the selected publicly traded companies referred to above under Selected Companies Analysis. The cash flows and terminal values were then discounted to present value using discount rates ranging from 12.5% to 14.5%, which range was chosen by UBS based on its analysis of the weighted average cost of capital of the Company. This analysis indicated the following implied per share equity reference range for the Company as compared to the merger consideration.

Implied Per Share Equity Reference Range for the Company	Merger Consideration
$20.70 - $41.39	$ 34.50

Miscellaneous

As discussed in Background of the Merger above, the Company agreed that, in the event of a change-in-control transaction such as the merger, it would pay its financial advisors, collectively, a total

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transaction fee equal to 0.50% of the aggregate consideration paid to stockholders in connection with such a transaction, and that this total transaction fee would be allocated between UBS and Credit Suisse. The Company designated UBS as its lead financial advisor in connection with its review of strategic alternatives and, under the terms of UBS s engagement, the Company has agreed to allocate a substantial majority of this total transaction fee to UBS, all of which is wholly contingent upon consummation of the merger. If, within a specified period after the termination of UBS s engagement, the Company enters into a definitive agreement that subsequently results in, or the Company completes, a merger, business combination, sale of all or substantially all of its assets or other extraordinary corporate transaction that results in a change of control of the Company, with a third party other than Cerberus or its affiliates, UBS will be entitled to receive the transaction fee upon consummation of the alternative transaction. The Company also has agreed to reimburse UBS for its reasonable expenses, including fees, disbursements and other charges of counsel, and to indemnify UBS and related parties against liabilities, including liabilities under federal securities laws, relating to, or arising out of, its engagement.

In the past, UBS and its affiliates have provided investment banking and other services to the Company and Cerberus and their respective affiliates, including affiliated shareholders of the Company and Cerberus, unrelated to the merger, for which UBS and its affiliates have received compensation and services may continue in the future. In addition, UBS or an affiliate is a participant in credit facilities of the Company and certain affiliates of Cerberus for which it has received and continues to receive fees and interest payments. In the ordinary course of business, UBS, its successors and affiliates may hold or trade, for their own accounts and the accounts of their customers, securities of the Company and/or securities of Cerberus s affiliates and, accordingly, may at any time hold a long or short position in such securities. Without limiting the foregoing, UBS or an affiliate owns warrants to purchase shares of the Company s common stock for its own account. The Company selected UBS as its financial advisor in connection with the merger because UBS is an internationally recognized investment banking firm with substantial experience in similar transactions. UBS is continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, leveraged buyouts, negotiated underwritings, competitive bids, secondary distributions of listed and unlisted securities and private placements.

Projected Financial Information

United Rentals does not as a matter of course make public long-term projections as to future revenues, earnings or other results. However, we have included certain financial projections in this proxy statement to provide our stockholders access to certain non-public financial projections provided to our board of directors, Parent, Merger Sub, Cerberus and our financial advisors for purposes of considering and evaluating the merger. Our board of directors and financial advisors were provided with all of the financial projections set forth below (as well as certain supplemental financial projections discussed in Opinion of UBS Securities LLC above on page 35), while Parent, Merger Sub and Cerberus were only provided with the 2007-2009 financial projections set forth below. The inclusion of this information should not be regarded as an indication that our board of directors, Parent, Merger Sub, Cerberus or any other recipient of this information considered, or now considers, it to be a reliable prediction of future results.

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The following table presents selected projected financial data for the fiscal years ended December 31 of the year indicated. The projections were prepared in May 2007 based upon assumptions management believed to be reasonable at that time. The projections do not take into account any circumstances, events or accounting pronouncements occurring after the date they were prepared, nor does the Company intend to update or otherwise revise the projected financial information to reflect circumstances arising since its preparation or to reflect the occurrence of unanticipated events.

	2007E	2008E	2009E	2010E	2011E	2012E	2013E
				($ in millions)			
Rental Revenue	$ 2,655	$ 2,902	$ 3,146	$ 3,197	$ 3,027	$ 3,129	$ 3,316
Total Revenue	$ 3,854	$ 3,883	$ 4,154	$ 4,234	$ 3,844	$ 4,150	$ 4,385
EBITDA	$ 1,175	$ 1,439	$ 1,693	$ 1,700	$ 1,496	$ 1,585	$ 1,707
EBIT	$ 700	$ 929	$ 1,154	$ 1,140	$ 932	$ 1,018	$ 1,121
Net Capital Expenditures	$ 620	$ 615	$ 615	$ 534	$ 165	$ 525	$ 594
Free Cash Flow	$ 171	$ 268	$ 440	$ 561	$ 933	$ 523	$ 570
Growth Rates							
Rental Revenue	4.9%	9.3%	8.4%	1.6%	(5.3)%	3.4%	6.0%
Total Revenue	5.9%	0.8%	7.0%	1.9%	(9.2)%	8.0%	5.7%
Margins							
EBITDA	30.5%	37.1%	40.7%	40.2%	38.9%	38.2%	38.9%
EBIT	18.2%	23.9%	27.8%	26.9%	24.2%	24.5%	25.6%

The projections set forth above reflect a number of assumptions, which may cause these projections to vary significantly from actual financial results. Significant assumptions underlying these projections include the following:

- no material change to our capital structure;
- the non-residential construction market, our principal end market for rental equipment, will evolve in a manner consistent with the assumptions used by the Company as of the date the projections were prepared, which includes an expansion through 2009 followed by an assumed cyclical downturn and subsequent cyclical recovery thereafter;
- during the assumed period of expansion, from 2007 to 2009, we would achieve (i) a total rate increase of 5.5% and (ii) an increase in our time utilization (a metric calculated by dividing the sum of the original equipment cost of equipment on rent each day by the sum of the total original equipment cost of equipment owned by the Company each day) from approximately 61.5% in our 2006 fiscal year to approximately 68.7% in 2009;
- by the end of our 2009 fiscal year, we would achieve EBITDA improvements as a result of our cost reduction initiatives, which includes a reduction in our selling, general and administrative expenses, our strategic sourcing initiatives and additional cost of goods sold improvements, equal to approximately $230 million annually; and
- the age of our fleet would be managed in a manner consistent with the assumptions we used as of the date the projections were prepared.

While the summary financial projections set forth above were prepared in good faith by members of our management, no assurance can be given regarding future events, many of which are beyond our control. Therefore, these financial projections may not be predictive of future operating results, and this information should not be relied on as such. The estimates and assumptions underlying these financial projections involve judgments with respect to, among other things, future economic, competitive and financial market conditions and future business decisions as well as additional matters specific to the Company s business, many of which are beyond our control. The projections cover multiple years and such information by its nature becomes more

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speculative with each successive year. Additionally, the financial projections in this section were not prepared with a view toward public disclosure or with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information or published guidelines of the SEC regarding financial projections. The financial projections are not historical fact and should not be relied upon as being necessarily indicative of actual future results. In light of the foregoing, stockholders are cautioned not to unduly rely on these summary financial projections.

The inclusion of these financial projections should not be interpreted as an indication that we consider this information necessarily predictive of actual future results, and this information should not be relied on for that purpose. These projections are not included in this document in order to induce any stockholder of the Company to vote to approve the merger agreement, or to impact any investment decision with respect to the common stock. See Cautionary Statement Regarding Forward-Looking Statements beginning on page 15.

WE DO NOT INTEND TO UPDATE OR OTHERWISE REVISE THESE PROJECTIONS TO REFLECT CIRCUMSTANCES EXISTING SINCE THEIR PREPARATION OR TO REFLECT THE OCCURRENCE OF SUBSEQUENT EVENTS EVEN IN THE EVENT THAT ANY OR ALL OF THE UNDERLYING ASSUMPTIONS ARE NO LONGER APPROPRIATE.

Interests of the Company s Directors and Executive Officers in the Merger

In considering the recommendation of the Company s board of directors with respect to the merger, you should be aware that some of the Company s directors and executive officers may be considered to have interests in the merger that are different from, or in addition to, the interests of our stockholders generally. These interests may present them with actual or potential conflicts of interest, and these interests, to the extent material, are described below. The Company s board of directors was aware of these interests and considered them, among other matters, in approving the merger agreement and the merger.

Treatment of Stock Options

Each outstanding stock option that remains outstanding immediately prior to the effective time of the merger, whether or not the option is vested or unvested, will be canceled and the holder of such stock option that has an exercise price of less than $34.50 will be entitled to receive a cash payment, without interest and less applicable withholding taxes, equal to the product of:

the number of shares of our common stock subject to the option immediately prior to the effective time of the merger, *multiplied by*

the excess, if any, of $34.50 over the exercise price per share of common stock subject to such option.

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The following table summarizes the vested and unvested options with exercise prices of less than $34.50 per share held by our executive officers and directors as of September 10, 2007 (857,833 in the aggregate) and the consideration that each of them will receive pursuant to the merger agreement in connection with the cancellation of their options:

	Vested Options			Unvested Options			
	No. of Underlying Shares	Weighted Average Exercise Price	Value	No. of Underlying Shares	Weighted Average Exercise Price	Value	Total Value
Executive Officers:							
Michael J. Kneeland	50,833	$ 24.88	$ 489,013				$ 489,013
Martin E. Welch III							
Roger E. Schwed							
Todd G. Helvie	1,667	$ 24.98	$ 15,870	3,333	$ 24.98	$ 31,730	$ 47,600
Kurtis T. Barker	80,000	$ 21.94	$ 1,005,000				$ 1,005,000
Directors:							
Wayland R. Hicks	525,000	$ 17.47	$ 8,939,063				$ 8,939,063
Michael S. Gross	36,000	$ 28.32	$ 222,330				$ 222,330
Leon D. Black	36,000	$ 28.32	$ 222,330				$ 222,330
Jenne K. Britell, Ph.D.							
Howard L. Clark, Jr.	6,000	$ 17.97	$ 99,180				$ 99,180
Bradley S. Jacobs[(1)]							
Singleton B. McAllister	6,000	$ 17.97	$ 99,180				$ 99,180
Brian D. McAuley	6,000	$ 17.97	$ 99,180				$ 99,180
John S. McKinney	106,000	$ 21.19	$ 1,411,080				$ 1,411,080
Jason Papastavrou, Ph.D.							
Gerald Tsai, Jr.	1,000	$ 19.76	$ 14,740				$ 14,740
Lawrence Keith Wimbush							

(1) Mr. Jacobs resigned as chairman and as a director of the Company effective August 31, 2007. A marital trust holds options with respect to 2,650,000 shares of common stock. The institutional trustee is not affiliated with Mr. Jacobs and controls the voting disposition of such shares. See Security Ownership of Certain Beneficial Owners and Management beginning on page 81.

Treatment of Restricted Stock and Stock Units

Under the terms of the merger agreement, all restricted stock and stock unit awards held by our executive officers and directors under our equity incentive plans (subject to limited exceptions in the case of two of our employees whose award agreement provides for a partial forfeiture of such award upon consummation of a change-in-control transaction such as the merger) shall become immediately vested and free of restrictions effective as of the effective-time. At the effective time of the merger, any such equity award that is then outstanding will be canceled, and the holder of each such award will receive a cash payment of $34.50 per share of restricted stock or $34.50 per share of common stock subject to a stock unit, without interest and less any applicable withholding taxes.

In connection with Mr. Hicks decision to retire as Chief Executive Officer, the Company has entered into an agreement with Mr. Hicks, dated April 10, 2007, pursuant to which the Company granted Mr. Hicks an equity award providing for 133,334 RSUs that would vest in the event that the proposed merger is consummated.

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The following table summarizes the restricted stock and stock unit awards held by our executive officers and directors as of September 10, 2007 (595,597 in the aggregate) and the consideration that each of them will receive pursuant to the merger agreement in connection with the cancellation of such awards:

	Aggregate Shares Subject to Vested/Unvested Restricted Stock and Restricted Stock Units	Aggregate Cash-Out Value of Restricted Stock and Restricted Stock Units
Executive Officers:		
Michael J. Kneeland III	70,836	$ 2,443,842
Martin E. Welch	120,002	$ 4,140,069
Roger E. Schwed	30,002	$ 1,035,069
Todd G. Helvie	17,500	$ 603,750
Kurtis T. Barker	12,500	$ 431,250
Directors:		
Wayland R. Hicks	283,332	$ 9,774,954
Michael S. Gross	21,783	$ 751,514
Leon D. Black	15,288	$ 527,436
Jenne K. Britell, Ph.D.	3,102	$ 107,019
Howard L. Clark, Jr.	3,036	$ 104,742
Bradley S. Jacobs[(1)]		
Singleton B. McAllister	3,036	$ 104,742
Brian D. McAuley	3,036	$ 104,742
John S. McKinney	3,036	$ 104,742
Jason Papastavrou, Ph.D.	3,036	$ 104,742
Gerald Tsai, Jr.	3,036	$ 104,742
Lawrence Keith Wimbush	3,036	$ 104,742

(1) Mr. Jacobs resigned as chairman and as a director of the Company effective August 31, 2007.

Change-in-Control Agreements; Retention Bonuses

In addition to the treatment of the equity awards described above, certain change of control agreements provide retention bonuses to each of Michael J. Kneeland (interim CEO), Martin E. Welch (CFO) and Roger E. Schwed (General Counsel). In the case of Messrs. Kneeland and Welch, the retention bonuses are contingent upon completion of the merger and would be paid six months following a change in control of the Company with the exact amounts thereof to be determined at the discretion of the compensation committee of the board, subject to specified maximums of $350,000 each. In the case of Mr. Schwed, the retention bonus is in a fixed amount of $325,000, which will be earned in full upon a change in control of the Company, with one-half payable at the time of the change in control and one-half six-months thereafter (without regard to whether Mr. Schwed is still employed with the Company). Mr. Schwed s bonus is also subject to acceleration in the event his employment is terminated by the Company without cause or by him for specified good reasons. Todd G. Helvie (Senior Vice President and Controller) is also entitled to a retention bonus in the amount of $315,000, one half of which will be earned and paid upon the earlier of February 15, 2008 or a change in control of the Company and one half of which is contingent upon and would be paid six months following a change in control of the Company. Mr. Helvie s bonus is also subject to acceleration in the event his employment is terminated by the Company without cause or by him for specified good reasons, with one half thereof being paid if such termination occurs before February 15, 2008 or a change in control, or the full amount thereof being paid if such termination occurs after a change in control (but before the passage of an additional six months). In addition, Mr. Helvie, the only named executive officer who holds an outstanding award under the Company s Long Term Incentive Plan (LTIP), will become vested in LTIP awards upon a change in control of the Company in essentially the same

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manner as such awards would vest under the LTIP if he were terminated without cause. Mr. Helvie will receive a continuation of his annual salary and benefits for twelve months and a pro rata portion of his target annual cash bonus (based on the percentage of the fiscal year completed), in the event a change in control of the Company occurs and his employment with the Company is terminated by the Company without cause or by him for specified good reasons within 12 months following such change in control.

Potential Severance Benefits

Each of Messrs. Kurtis T. Barker, Martin E. Welch, Michael J. Kneeland, Todd G. Helvie and Roger E. Schwed is a party to an employment agreement with the Company. Pursuant to the employment agreement, in the event the executive s employment is terminated by the Company without cause or the executive resigns for good reason (each as defined in the employment agreements), each of the executives (except for Mr. Helvie) would receive the following severance benefits:

(i) any accrued but unpaid base salary for services rendered through the date of termination;

(ii) any accrued but unpaid vacation through the date of termination;

(iii) any unpaid reimbursements of business and relocation expenses;

(iv) payment of 100% of the executive s base salary plus target bonus (except for Mr. Kneeland) payable over one year (or with respect to Mr. Barker payable over two years); Mr. Kneeland is entitled to receive a payment of 200% of his base salary payable over two years;

(v) any amounts or benefits to which the executive is entitled upon termination pursuant to the Company s incentive, savings, retirement, welfare benefit plans and programs; and

(vi) Messrs. Barker and Schwed are also entitled to receive COBRA continuation coverage until the earlier of (i) one year or (ii) the date they become employed by a third party.

Mr. Helvie s employment agreement provides him with severance benefits equal to his annual base salary for a period of one year. However, if he is terminated without cause or for good reason following a change in control, his severance benefit would be equal to those benefits specified under Change in Control; Retention Bonuses above.

Indemnification and Insurance

The merger agreement provides that for six years after the closing of the merger, the Parent is required to indemnify present and former directors and officers (and, subject to certain limitations, employees) against all liabilities and costs (including attorney s fees) arising out of actions or omissions occurring at or before the closing of the merger (including the merger agreement and the transactions and actions contemplated thereby).

Each director or officer (or, subject to certain exceptions, employee) also is entitled to advancement of reasonable expenses incurred in defense of an actual or threatened claim, proceeding or investigation, but such person must repay the expenses if it is ultimately determined that such person is not entitled to indemnification. Neither Parent nor the surviving corporation will settle or compromise any claim involving an indemnified party unless the settlement or compromise includes an unconditional release (or the director, officer or employee otherwise consents).

Under the merger agreement, we or Parent may purchase a six-year prepaid tail policy providing substantially equivalent benefits as the current D&O insurance policy maintained by the Company with respect to matters arising before the closing.

Potential Future Employment

While Parent has requested, and been granted, the opportunity to begin discussions with the executive officers regarding future employment opportunities with United Rentals following the effective time of the merger, and expects to begin these discussions shortly, as of the date of this proxy statement, none of the

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executive officers has entered into any agreement or understanding with the Parent regarding employment with, or the right to receive equity compensation awards from or make a personal investment in, Parent after the effective time of the merger. However, companies controlled by private equity firms, such as Parent, often seek to retain certain existing management employees of acquired companies, such as United Rentals. Executives who are retained may enter into employment arrangements that provide the opportunity to invest in the equity of the acquired company and/or may be provided equity or equity-linked awards and incentives. These arrangements create the opportunity for significant investment returns if the investment proves to be successful for the private equity firms. As stated above, no such arrangements exist as of the date of this proxy statement.

Material United States Federal Income Tax Consequences

The following is a general discussion of certain material U.S. federal income tax consequences of the merger to holders of our stock. This summary is based on currently existing provisions of the Internal Revenue Code of 1986, as amended (the Code), U.S. Treasury regulations promulgated thereunder, and administrative and judicial interpretations thereof, all as in effect as of the date hereof and all of which are subject to change, possibly with a retroactive effect.

For purposes of this discussion, we use the term U.S. holder to mean:

- an individual who is (or is treated as) a citizen or resident of the United States;
- a corporation, (including any entity or arrangement treated as a corporation for U.S. federal income taxation purposes) created or organized in or under the laws of the United States or any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust (a) if a court within the United States is able to exercise primary jurisdiction over its administration and one or more U.S. persons have the authority to control all of its substantial decisions or (b) if it has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

A non-U.S. holder is a person (other than a partnership) that is not a U.S. holder.

This discussion assumes that a holder holds the shares of our stock as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion does not address all aspects of U.S. federal income tax that may be relevant to a holder in light of its particular circumstances, or that may apply to a holder that is subject to special treatment under the U.S. federal income tax laws (including, for example, insurance companies, dealers in securities or foreign currencies, traders in securities who elect the mark-to-market method of accounting for their securities, stockholders subject to the alternative minimum tax, persons that have a functional currency other than the U.S. dollar, tax-exempt organizations, financial institutions, mutual funds, partnerships or other pass through entities for U.S. federal income tax purposes, controlled foreign corporations, passive foreign investment companies, certain expatriates, corporations that accumulate earnings to avoid U.S. federal income tax, stockholders who hold shares of our stock as part of a hedge, straddle, constructive sale or conversion transaction, or stockholders who acquired their shares of our stock through the exercise of employee stock options or other compensation arrangements). In addition, the discussion does not address any foreign, state or local tax consequences or U.S. tax consequences (e.g. estate or gift tax) other than U.S. federal income tax consequences that may apply to holders. **Holders are urged to consult their own tax advisors to determine the particular tax consequences, including the application and effect of any state, local or foreign income and other tax laws, of the receipt of cash in exchange for shares of our stock pursuant to the merger.**

If a partnership (including any entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds our stock, the tax treatment of a partner generally will depend on the status of the partners and the activities of the partnership. If you are a partner of a partnership holding our stock, you should consult your tax advisors.

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U.S. Holders

The receipt of cash in the merger (or pursuant to the exercise of dissenters rights) by U.S. holders of our stock will be a taxable transaction for U.S. federal income tax purposes. In general, for U.S. federal income tax purposes, a U.S. holder of our stock will recognize gain or loss equal to the difference between:

- the amount of cash received in exchange for such stock; and
- the U.S. holder s adjusted tax basis in such stock.

If the holding period in our stock surrendered in the merger (or pursuant to the exercise of dissenters rights) is greater than one year as of the date of the merger, the gain or loss will be long-term capital gain or loss. The deductibility of a capital loss recognized on the exchange is subject to limitations under the Code. If a U.S. holder acquired different blocks of our stock at different times and different prices, such holder must determine its adjusted tax basis and holding period separately with respect to each block of our stock.

Under the Code, a U.S. holder of our stock may be subject, under certain circumstances, to information reporting on the cash received in the merger (or pursuant to the exercise of dissenters rights) unless such U.S. holder is a corporation or other exempt recipient. Backup withholding will apply (at the applicable rate of 28%) with respect to the amount of cash received by a U.S. holder, unless such U.S. holder (i) is a corporation or comes within certain other exempt categories and, when required, demonstrates this fact, or (ii) provides proof of an applicable exemption or a correct taxpayer identification number (TIN), certifies that it is not currently subject to backup withholding tax, and otherwise complies with the applicable requirements of the backup withholding rules. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a refund or credit against the U.S. Holder s U.S. federal income tax liability, provided the required information is timely furnished to the Internal Revenue Service.

Non-U.S. Holders

Any gain realized on the receipt of cash in the merger (or pursuant to the exercise of dissenters rights) by a non-U.S. holder generally will not be subject to United States federal income tax unless:

- the gain is effectively connected with the conduct by a non-U.S. holder of a trade or business in the United States (and, if required by an applicable income tax treaty, is attributable to a United States permanent establishment of the non-U.S. holder);
- the non-U.S. holder is an individual who is present in the United States for 183 days or more in the taxable year of that disposition, and certain other conditions are met; or
- we are or have been a United States real property holding corporation for U.S. federal income tax purposes and the non-U.S. holder owned more than 5% of the Company s stock at any time during the five years preceding the merger.

Gain that is effectively connected with the conduct by a Non-U.S. Holder of a trade or business within the United States (and, if an income tax treaty applies, is also attributable to a U.S. permanent establishment of the Non-U.S. Holder) will be subject to U.S. federal income tax on a net income basis at the rate applicable to U.S. persons generally (and, with respect to corporate holders, may also be subject to a 30% branch profits tax or such lower rate as may be specified by an applicable income tax treaty). Gain recognized by an individual described in the second bullet point above (to the extent not offset against certain U.S-source losses) generally will be subject to a 30% gross basis tax (unless reduced or eliminated by an applicable treaty).

We believe we are not and have not been a United States real property holding corporation for U.S. federal income tax purposes.

Information reporting and, depending on the circumstances, backup withholding (currently at a rate of 28%) will apply to the cash received in the merger (or pursuant to the exercise of dissenters rights), unless the

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beneficial owner certifies under penalty of perjury that it is a non-U.S. holder (and the payor does not have actual knowledge or reason to know that the beneficial owner is a United States person as defined under the Code) or such owner otherwise establishes an exemption. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a refund or credit against the non-U.S. holder s U.S. federal income tax liability, if any, provided the required information is timely furnished to the Internal Revenue Service.

Non-U.S. holders should consult their own tax advisors regarding the application of the information reporting and backup withholding rules in their particular situations, the availability of an exemption therefrom, and the procedure for obtaining such an exemption, if available.

Regulatory Approvals

The Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the Hart-Scott-Rodino Act) provides that transactions such as the merger may not be completed until certain information has been submitted to the Federal Trade Commission and the Antitrust Division of the U.S. Department of Justice and certain waiting period requirements have been satisfied. On August 7, 2007, the Company and RAM Holdings Company, LLC each filed a Notification and Report Form with the Antitrust Division and the Federal Trade Commission and requested early termination of the waiting period. The Federal Trade Commission notified the parties on August 31, 2007 that their request for early termination of the applicable waiting period had been granted.

Part IX of the Competition Act (Canada) provides that transactions such as the merger may not be completed until certain information has been submitted to the Commissioner of Competition, Canada, and specified waiting period requirements have been satisfied. The issuance of an Advance Ruling Certificate (ARC) by the Commissioner of Competition pursuant to Section 102 of the Competition Act (Canada) exempts a transaction from the requirement to submit information and observe the waiting period under Part IX of the Competition Act (Canada). On August 3, 2007, Parent filed a request for an ARC. An ARC was issued on August 14, 2007, thus exempting the transaction from the requirements of Part IX of the Competition Act (Canada).

Under the merger agreement, the Company, Parent and Merger Sub have agreed to use their reasonable best efforts to obtain all required governmental approvals in connection with the execution of the merger agreement and completion of the merger. In addition, the Company, Parent and Merger Sub have agreed to use their best efforts to take those actions as may be necessary to resolve any objections asserted on antitrust grounds with respect to the merger, including agreeing to hold separate or to divest any of the businesses or assets of Parent, Merger Sub or the Company.

Except as noted above with respect to the required filings under the Hart-Scott-Rodino Act and the Competition Act (Canada) and the filing of a certificate of merger in Delaware at or before the effective date of the merger, we are unaware of any material federal, state or foreign regulatory requirements or approvals required for the execution of the merger agreement or completion of the merger.

Litigation Related to the Merger

Following our announcement of the proposed acquisition of our Company by funds and accounts affiliated with Cerberus, a putative class action complaint, *Donald Lefari vs United Rentals, Inc. et al.,* was filed in the Superior Court of the State of Connecticut, Judicial District of Stamford-Norwalk on July 23, 2007. The lawsuit purports to be brought on behalf of all common stockholders of the Company and names the Company and all of its directors and Cerberus as defendants. The complaint alleges, among other things, that the Company s board of directors violated its fiduciary duties to the Company s stockholders by entering into the merger agreement and plaintiff seeks to enjoin the proposed transaction on that basis.

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On September 19, 2007, attorneys for the parties in *Lefari vs United Rentals, Inc. et al.*, executed a memorandum of understanding pursuant to which, if approved by the court in which the litigation is pending, such litigation will be dismissed with prejudice. The Company agreed to make certain revisions to this proxy statement as part of the agreement among the parties to settle the litigation and agreed to pay attorneys fees and expenses as awarded by the court. The settlement of the litigation, subject to court approval, will result in a dismissal of all merger-related claims against the Company, its directors and Cerberus.

Delisting and Deregistration of Our Common Stock

If the merger is completed, our common stock will be delisted from the NYSE and deregistered under the Securities Exchange Act of 1934, as amended (the Exchange Act) and we will no longer be required to file periodic reports with the SEC on account of our common stock.

Amendment to United Rentals Shareholder Rights Agreement

In connection with the Company s execution of the merger agreement, the Company amended the Rights Agreement between the Company and American Stock Transfer & Trust Company, as Rights Agent, dated as of September 28, 2001 (the rights agreement). The amendment, which was effective July 22, 2007, provides that neither the execution of the merger agreement (or the voting agreement or the warrant holders agreement) nor the consummation of the merger or other transactions contemplated by the merger agreement (or the voting agreement or warrant holders agreement) will trigger the separation or exercise of the shareholder rights or any adverse event under the rights agreement. In particular, neither Parent, Merger Sub nor any of their affiliates or associates shall be deemed to be an Acquiring Person and neither a Shares Acquisition Date nor a Distribution Date shall be deemed to have occurred, in each case solely by virtue of, or as a result of the approval, execution, delivery, adoption or performance of the merger agreement or the consummation of the merger or any other transactions contemplated by the merger agreement (or the voting agreement or the warrant holders agreement).

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THE MERGER AGREEMENT

The following summarizes material provisions of the merger agreement, a copy of which is attached to this proxy statement as Annex A and which we incorporate by reference into this document. This summary does not purport to be complete and may not contain all of the information about the merger agreement that is important to you. We encourage you to read carefully the merger agreement in its entirety, as the rights and obligations of the parties are governed by the express terms of the merger agreement and not by this summary or any other information contained in this proxy statement.

The description of the merger agreement in this proxy statement has been included to provide you with information regarding its terms. The merger agreement contains representations and warranties made by and to the Company, Parent and Merger Sub as of specific dates. The statements embodied in those representations and warranties were made for purposes of that contract between the parties and are subject to qualifications and limitations agreed by the parties in connection with negotiating the terms of that contract. The representations and warranties have been qualified by certain disclosures that were made to the other party in connection with the negotiation of the merger agreement, which disclosures are not reflected in the merger agreement. In addition, certain representations and warranties may be subject to contractual standards of materiality different from those generally applicable to stockholders, or may have been used for the purpose of allocating risk between the parties rather than establishing matters as facts.

Structure

At the effective time of the merger, Merger Sub will merge with and into United Rentals. United Rentals will survive the merger and continue to exist after the merger as a wholly-owned subsidiary of Parent. All of the Company s and Merger Sub s properties, assets, rights, privileges, immunities, powers and franchises, and all of their debts, liabilities and duties, will become those of the surviving corporation. Following completion of the merger, the Company s common stock will be delisted from the NYSE, deregistered under the Exchange Act, and no longer be publicly traded. The Company will be a privately held corporation and the Company s current stockholders, other than any employees of the Company who may be permitted to invest in the surviving corporation (or its parent) and who choose to so invest, will cease to have any ownership interest in the Company or rights as Company stockholders. Therefore, such current stockholders of the Company will not participate in any future earnings or growth of the Company and will not benefit from any appreciation in value of the Company. Upon completion of the merger, the directors of Merger Sub will be the initial directors of the surviving corporation, and the officers of the Company will be the initial officers of the surviving corporation.

Effective Time; Marketing Period

The effective time of the merger will occur at the time that we file a certificate of merger with the Secretary of State of the State of Delaware on the closing date of the merger (or such later time as provided in the certificate of merger). The closing date will occur as soon as practicable, but in no event later than the second business day after all of the conditions to the merger set forth in the merger agreement have been satisfied or waived (or such other date as Parent and the Company may mutually agree). In the event that all conditions have been satisfied but the marketing period has not expired, then the parties are not required to effect the closing until the earlier of:

- a date during the marketing period specified by Parent on no less than three business days prior written notice to the Company; and
- the final day of the marketing period.

The marketing period is defined in the merger agreement as the first period of 25 consecutive business days after the date of the merger agreement throughout which:

- Merger Sub shall have the financial and other pertinent information regarding the Company, including all financial statements and financial data of the type required by Regulation S-X and Regulation S-K under the Securities Act of 1933, as amended (the Securities Act), and of the type and form

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customarily included in private placements under Rule 144A under the Securities Act, to consummate the offerings of debt securities contemplated by Merger Sub s debt financing commitments at the time during the Company s fiscal year such offerings will be made; and

the mutual closing conditions have all been satisfied and nothing has occurred and no condition exists that would cause certain conditions to the obligations of Parent and Merger Sub to fail to be satisfied assuming the closing date was to be scheduled at any time during this 25 business day period.

The purpose of the marketing period is to provide Parent a reasonable and appropriate period of time during which it can market and place the permanent debt financing contemplated by the debt financing commitments for the purposes of financing the merger. To the extent Parent determines it does not need the benefit of the marketing period to market and place the debt financing, Parent may, in its sole discretion, determine to waive the marketing period and close the merger prior to the expiration of the marketing period if all closing conditions are otherwise satisfied or waived.

Merger Consideration

Company Common Stock

At the effective time of the merger, each share of our common stock issued and outstanding immediately prior to the effective time of the merger will automatically be converted into the right to receive $34.50 in cash, without interest and less any required withholding taxes (referred to as the common stock merger consideration), other than shares of Company common stock:

held by any direct or indirect wholly owned subsidiary of the Company (which will remain outstanding, except that they will be adjusted to maintain relative ownership);

owned directly or indirectly by Merger Sub or Parent immediately prior to the effective time of the merger, or held in the Company s treasury immediately prior to the effective time, which shares will be canceled without conversion or consideration; and

held by stockholders who have properly demanded and perfected their appraisal rights in accordance with Delaware law, which shares shall be entitled to only such rights as are granted by Delaware law.

After the effective time of the merger, each of our outstanding stock certificates or book-entry shares representing shares of common stock converted in the merger will represent only the right to receive the common stock merger consideration without any interest. The common stock merger consideration paid upon surrender of each certificate will be paid in full satisfaction of all rights pertaining to the shares of our common stock represented by that certificate or book-entry share.

Company Series C Preferred Stock and Series D Preferred Stock

At the effective time of the merger, each outstanding share of Series C Preferred Stock and each outstanding share of Series D Preferred Stock will be converted into the right to receive an amount in cash equal to the sum of (i) the Liquidation Preference (which is equal to $1,000) plus (ii) an amount equal to 6.25% per annum of the Liquidation Preference, compounded annually from January 7, 1999 (in the case of the Series C Preferred Stock) or September 30, 1999 (in the case of the Series D Preferred Stock) to and including the closing date of the merger plus (iii) any accrued and unpaid dividends thereon as of the closing date of the merger, other than shares of Series C Preferred Stock and Series D Preferred Stock:

held by any direct or indirect wholly owned subsidiary of the Company (which will remain outstanding, except that they will be adjusted to maintain relative ownership);

owned directly or indirectly by Merger Sub or Parent immediately prior to the effective time of the merger, or held in the Company s treasury immediately prior to the effective time, which shares will be canceled without conversion or consideration; and

held by stockholders who have properly demanded and perfected their appraisal rights in accordance with Delaware law, which shares shall be entitled to only such rights as are granted by Delaware law.

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The sum outlined above represents the Call Price as defined in the applicable Certificate of Designation.

Pursuant to the terms of the certificate of designations for the Series C Preferred Stock and the Series D Preferred Stock, each share of Series C Preferred stock is convertible into 40 shares of our common stock, or an aggregate of 12,000,000 shares of common stock with respect to the 300,000 shares of Series C Preferred Stock currently outstanding, and each share of Series D Preferred stock is convertible into 33 1/3 shares of our common stock, or an aggregate of 5,000,000 shares of common stock with respect to the 150,000 shares of Series D Preferred Stock currently outstanding. Based on the number of shares of common stock issuable upon conversion of the Series C Preferred Stock and the Series D Preferred Stock as compared to the aggregate consideration holders of the Series C Preferred Stock and Series D Preferred Stock are entitled to receive under the merger agreement pursuant to the applicable certificate of designation (the Call Price sum described above), the implied price per common share of each share of Series C Preferred Stock and Series D Preferred Stock is equal to $41.96 and $48.19, respectively, as of July 22, 2007.

Treatment of Options and Other Awards

Stock Options

Immediately prior to the effective time of the merger, all outstanding options to acquire our common stock, whether or not then vested or exercisable, will be cancelled and converted into the right to receive, on or as soon as reasonably practicable after the effective time of the merger, but in any event within two business days thereafter, a cash payment equal to the number of shares of our common stock underlying the options multiplied by the amount, if any, by which $34.50 exceeds the exercise price, without interest and less any applicable withholding taxes.

Restricted Shares

Immediately prior to the effective time of the merger, each outstanding share of common stock granted subject to vesting or other lapse restrictions pursuant to a Company stock plan will vest in full and become free of such restrictions as of the effective time of the merger and be converted into the right to receive $34.50 in cash, without interest and less any required withholding taxes.

Other Equity-Based Awards

Immediately prior to the effective time of the merger, each award of a right under any Company stock plan entitling the holder of such award to performance shares, shares of our common stock or cash equal to or based on the value of our common stock, whether vested or unvested, will be cancelled and converted into the right to receive cash in an amount equal to $34.50 multiplied by the number of shares of common stock subject to such award, without interest and less any required withholding taxes (subject to limited exceptions in the case of two of our employees whose award agreement provides for a partial forfeiture of such award upon consummation of a change-in-control transaction such as the merger).

Company Warrants

After the effective time of the merger, in accordance with the terms of outstanding warrants to purchase shares of common stock, the holders of the warrants shall be entitled to receive the amount in cash that they would have been entitled to receive in connection with the merger if the warrants had been exercised for shares of common stock immediately prior to the closing of the merger.

Exchange and Payment Procedures

At or prior to the effective time of the merger, Parent will deposit, or will cause to be deposited, in trust, an amount of cash sufficient to pay the merger consideration to each holder of shares of our stock with a bank or trust company (the paying agent) reasonably acceptable to us. Promptly after the effective time of the merger,

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the paying agent will mail a letter of transmittal and instructions to you and the other stockholders. The letter of transmittal and instructions will tell you how to surrender your stock certificates or shares you may hold represented by book entry in exchange for the merger consideration.

You should not return your stock certificates with the enclosed proxy card, and you should not forward your stock certificates to the paying agent without a letter of transmittal.

You will not be entitled to receive the merger consideration until you surrender your stock certificate or certificates (or book-entry shares) to the paying agent, together with a duly completed and executed letter of transmittal and any other documents as may be required by the letter of transmittal. The merger consideration may be paid to a person other than the person in whose name the corresponding certificate is registered if the certificate is properly endorsed or is otherwise in the proper form for transfer. In addition, the person who surrenders such certificate must either pay any transfer or other applicable taxes or establish to the satisfaction of the surviving corporation that such taxes have been paid or are not applicable.

No interest will be paid or will accrue on the cash payable upon surrender of the certificates (or book-entry shares). The paying agent will be entitled to deduct and withhold, and pay to the appropriate taxing authorities, any applicable taxes from the merger consideration. Any sum which is withheld and paid to a taxing authority by the paying agent will be deemed to have been paid to the person with regard to whom it is withheld.

At the effective time of the merger, our stock transfer books will be closed, and there will be no further registration of transfers of outstanding shares of our common stock. If, after the effective time of the merger, certificates are presented to the surviving corporation for transfer, they will be canceled and exchanged for the merger consideration.

Any portion of the merger consideration deposited with the paying agent that remains undistributed to the holders of certificates evidencing shares of our stock for twelve months after the effective time of the merger, will be delivered, upon demand, to the surviving corporation. Holders of certificates who have not surrendered their certificates prior to the delivery of such funds to the surviving corporation may only look to the surviving corporation for the payment of the merger consideration.

If you have lost a certificate, or if it has been stolen or destroyed, then before you will be entitled to receive the merger consideration, you will have to comply with the replacement requirements established by the paying agent, including, if necessary, the posting of a bond in a customary amount sufficient to protect the surviving corporation against any claim that may be made against it with respect to that certificate.

Representations and Warranties

We make various representations and warranties in the merger agreement that are subject, in some cases, to specified exceptions and qualifications contained in the merger agreement or in the disclosure schedules delivered in connection with the execution of the merger agreement. Our representations and warranties relate to, among other things:

- our and our subsidiaries proper organization, good standing and qualification to do business;
- our certificate of incorporation and bylaws;
- our capitalization, including, in particular, the number of shares of our common stock, preferred stock, convertible notes, company warrants, stock options and other equity-based interests, and the absence of any encumbrances on our ownership of the equity interests of our subsidiaries;
- our corporate power and authority to enter into the merger agreement, the voting agreement and the warrant holders agreement and to consummate the transactions contemplated by these agreements;

the approval and recommendation by our board of directors of the merger agreement, the merger and the other transactions contemplated by the merger agreement;

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the absence of violations of or conflicts with our and our subsidiaries governing documents, applicable law or certain agreements as a result of entering into the merger agreement, the voting agreement and the warrant holders agreement and consummating the merger;

the required consents and approvals of governmental entities in connection with the transactions contemplated by the merger agreement;

compliance with applicable legal requirements;

our SEC filings since January 1, 2004, including the financial statements contained therein and our internal controls and disclosure controls and procedures and our books and records;

the absence of undisclosed liabilities;

the absence of a material adverse effect and certain other changes or events related to us or our subsidiaries since December 31, 2006;

legal proceedings and governmental orders;

employment and labor matters affecting us or our subsidiaries, including matters relating to our and our subsidiaries employee benefit plans;

our and our subsidiaries insurance policies;

real property;

tax matters;

accuracy and compliance as to form with applicable securities law of this proxy statement;

the receipt by us of a fairness opinion from UBS;

the absence of undisclosed broker s fees;

intellectual property;

environmental matters;

material contracts and performance of obligations thereunder;

the required vote of our stockholders in connection with adoption of the merger agreement;

the amendment of our stockholders rights plan and the inapplicability of anti-takeover statutes to the merger;

related-party transactions; and

historical operational and financial reports provided to Parent.

Many of the representations and warranties we made in the merger agreement are qualified by a material adverse effect standard (that is, they will not be deemed to be untrue or incorrect unless their failure to be true or correct, individually or in the aggregate, would have a material adverse effect on the Company). For the purposes of the merger agreement, material adverse effect means any fact, circumstance, event, change, effect or occurrence that, individually or in the aggregate, (a) has or would be reasonably expected to have, a material adverse effect on or with respect to the assets, business, results of operations or financial condition of the Company and its subsidiaries taken as a whole or (b) would prevent, materially delay or materially impede the ability of the Company to consummate the merger.

A material adverse effect will not have occurred, however, as a result of any facts, circumstances, events, changes, effects or occurrences:

generally affecting the economy or the financial, debt, credit or securities markets in the United States, including as a result of changes in geopolitical conditions, except to the extent that such facts, circumstances, events, changes, effects or occurrences have a materially disproportionate effect on us

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and our subsidiaries taken as a whole relative to other companies operating in any of the principal industries in which the Company and our subsidiaries operate (which for purposes of the merger agreement is defined as the equipment rental, equipment sales and ancillary servicing and maintenance and parts and supplies sales industries);

generally affecting any of the industries in which we or our subsidiaries operate, except to the extent that such facts, circumstances, events, changes, effects or occurrences have a materially disproportionate effect on us and our subsidiaries taken as a whole relative to other companies operating in any of the principal industries in which the Company and our subsidiaries operate;

resulting from the announcement of the merger agreement and the transactions contemplated by the merger agreement, including any related stockholder litigation and including termination of, reduction in or similar negative impact on relationships, contractual or otherwise, with any of our or our subsidiaries customers, suppliers, distributors, partners or employees due to the announcement and performance of the merger agreement or the identity of the parties to the merger agreement, or the performance of the merger agreement and the transactions contemplated thereby, including compliance with the covenants set forth in the merger agreement;

resulting from any actions required under the merger agreement to obtain any approval or authorization under applicable antitrust or competition laws for the consummation of the merger;

resulting from changes after the date of the merger agreement in any laws or applicable accounting regulations or principles or interpretations thereof, except if such facts, circumstances, events, changes, effects or occurrences have a materially disproportionate effect on us and our subsidiaries taken as a whole relative to other companies operating in any of the principal industries in which the Company and our subsidiaries operate;

resulting from any outbreak or escalation of hostilities or war or any act of terrorism, except to the extent that such facts, circumstances, events, changes, effects or occurrences have a materially disproportionate effect on us and our subsidiaries taken as a whole relative to other companies operating in any of the principal industries in which the Company and our subsidiaries operate; and

resulting from any failure by the Company to meet any published analyst estimates or expectations of the Company s revenue, earnings or other financial performance or results of operations for any period, in and of itself, or any failure by the Company to meet its internal or published projections, budgets, plans or forecasts of its revenue, earnings or other financial performance or results of operations, in and of itself.

You should be aware that these representations and warranties are made by the Company to Parent and Merger Sub, may be subject to important limitations and qualifications agreed to by Parent and Merger Sub, may or may not be accurate as of the date they were made and do not purport to be accurate as of the date of this proxy statement.

The merger agreement also contains various representations and warranties made by Parent and Merger Sub that are subject, in some cases, to specified exceptions and qualifications. The representations and warranties relate to, among other things:

their organization, valid existence and good standing;

their corporate or other power and authority to enter into the merger agreement and to consummate the transactions contemplated by the merger agreement;

the absence of any violation of or conflict with their governing documents, applicable law or certain agreements as a result of entering into the merger agreement and consummating the merger;

the required consents and approvals of governmental entities in connection with the transactions contemplated by the merger agreement;

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the absence of litigation;

the accuracy and compliance with applicable securities laws of the information supplied by Parent or Merger Sub for inclusion in this proxy statement;

the absence of undisclosed broker s fees;

debt and equity financing commitments, including the validity of such commitments and the sufficiency of such commitments for satisfaction of Parent s and Merger Sub s obligations under the merger agreement;

the purpose of formation and prior activities of Parent and Merger Sub;

the capitalization and ownership of Merger Sub;

the lack of ownership by Parent or any affiliates of Parent of an ownership interest in any of our competitors;

the lack of ownership by Parent or any affiliates of Parent of our capital stock;

the absence, as of the date of the merger agreement, of agreements with our management or directors related to the Company;

the vote or consent required in connection with the approval of the merger agreement by Parent;

the solvency of the surviving corporation (assuming various matters, including that the Company s projections were prepared in good faith based upon reasonable assumptions);

Parent s and Merger Sub s access to information about the Company; and

the full force and effect of the guarantee of Cerberus Partners, L.P.

The representations and warranties of each of the parties to the merger agreement will expire upon the effective time of the merger.

Conduct of Our Business Pending the Merger

Under the merger agreement, we have agreed that, subject to certain agreed-upon exceptions or unless Parent gives its prior written consent (which consent will not be unreasonably withheld or delayed), between July 22, 2007 and the completion of the merger:

we and our subsidiaries will conduct business in the ordinary course of business consistent with past practice; and

we will use commercially reasonable efforts to preserve substantially intact our business organization and to preserve our material business relationships and to keep available the services of the Company s officers and employees.

We have also agreed that during the same time period, and again subject to certain agreed-upon exceptions or unless Parent gives its prior written consent (which consent will not be unreasonably withheld or delayed), we shall not and shall cause our subsidiaries not to:

amend, waive or otherwise change our certificate of incorporation or bylaws or any similar governing instruments;

issue, deliver, sell, pledge, dispose of or encumber any of our or our subsidiaries capital stock, ownership interests or voting securities, or any options, warrants, convertible securities or any rights or other securities convertible into or exerciseable or exchangeable for such equity interests, except that we may issue shares of our common stock (i) upon the exercise of options or in connection with other stock-based awards outstanding as of the date of the merger agreement (ii) as may be provided in

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accordance with the terms of our Series C Preferred Stock and Series D Preferred Stock, warrants or convertible debt instruments, (iii) as may be required under our stockholders rights plan or (iv) by granting restricted shares, stock units and stock options made in the ordinary course of business to attract new employees (not exceeding $100,000 in the aggregate for all such persons);

declare, set aside, make or pay any dividend or other distribution, payable in cash, stock, property or otherwise, with respect to any of our capital stock, except for any dividend or distribution by a subsidiary of ours to us or another wholly owned subsidiary of ours;

reclassify, combine, split, subdivide, redeem, purchase or otherwise acquire any shares of our capital stock (other than (i) actions required by the terms of the Series C Preferred Stock and Series D Preferred Stock, (ii) the acquisition or withholding of shares from holders of warrants tendered in connection with a cashless exercise of such warrants or (iii) the acquisition or withholding of shares from employees or former employees in connection with a cashless exercise of options or in order to pay taxes in connection with the exercise of options or the lapse of restrictions in respect of restricted stock or stock units), or reclassify, combine, split or subdivide any capital stock or other ownership interests of our subsidiaries;

acquire or make any investment in any interest in, any corporation, partnership or other business organization or division;

sell or otherwise dispose of (by merger, consolidation or disposition or stock or assets or otherwise) any corporation, partnership or other business organization or division thereof or otherwise encumber subject to a lien (other than permitted encumbrances) or sell or dispose of any assets, other than:

- sales or dispositions of equipment and/or inventory and other personal property and granting of liens in the ordinary course of business or pursuant to existing contracts; or
- other sales or dispositions of personal property of less than $30,000,000 in the aggregate;

other than in the ordinary course of business, enter into, amend, terminate, modify or waive, release or assign any material rights under any material contact;

authorize any material new capital expenditures which are, in the aggregate, in excess of the Company s capital expenditure budget;

except for borrowings in the ordinary course of business under the Company s existing credit facilities, incur or modify in any material respect in a manner adverse to us the terms of any material indebtedness, or make any loans, advances or capital contributions to any other person (other than a direct or indirect wholly owned subsidiary of the Company), in each case, in excess of $10,000,000 other than any commodity, currency, sale or hedging agreements, in each case in the ordinary course of business and which can be terminated on 90 days or less notice without penalty or termination liability;

except as contemplated by the merger agreement or except to the extent required under any Company stock, incentive or benefit plan or arrangement or as required by applicable law,

- increase the compensation or fringe benefits of any of our directors, officers or employees (except in the ordinary course of business consistent with past practices with respect to employees who are not directors or officers);

grant any severance or termination pay not provided for under existing Company stock, incentive or benefit plans or arrangements;

enter into any employment, consulting or severance agreement or arrangement with any of our present or former directors, officers or other employees irrespective of whether or not in the

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ordinary course of business, except for offers of employment in the ordinary course of business consistent with past practices with employees who are not directors or officers provided such employment is strictly at will ; or

establish, adopt, enter into or amend in any material respect or terminate any Company stock, incentive or benefit plan or arrangement;

make any material change in any accounting principles, except to conform to changes in statutory or regulatory accounting rules or generally accepted accounting principles or regulatory requirements effective after the date of the merger agreement with respect thereto;

other than in the ordinary course of business or as required by applicable law,

make any material tax election or change any method of accounting;

enter into any settlement or compromise of any material tax liability;

file any amended tax return with respect to any material tax;

change any annual tax accounting period;

enter into any closing agreement relating to any material tax; or

surrender any right to claim a material tax refund;

settle or compromise any litigation, other than settlements or compromises of litigation where the amount paid does not exceed $1,000,000 or, if greater, the amount set forth, as of the date of the merger agreement, on a reserve schedule maintained by the Company, provided, that the Company shall not, and shall not permit any of its subsidiaries to, agree to the imposition of any material restriction or other material limitation on its ability to conduct business in connection with any such settlement or compromise;

enter into any arrangement or agreement with any of our executive officers, directors or affiliates or any person beneficially owning 5% or more of our common stock that would be required to be disclosed in our annual report filed with the Securities and Exchange Commission;

convene any regular or special meeting of our stockholders other than the special meeting to adopt the merger agreement;

enter into any agreement or understanding or arrangement with respect to the voting or registration of our securities other than as set forth in the voting agreement and warrant holders agreement;

adopt or enter into a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization of such entity;

shutdown any of our existing branch locations, distribution centers or corporate headquarters or similar material facility; open (or enter into any lease or purchase of real estate that contemplates the opening of) any new branch location, distribution center or corporate headquarters or similar material facility; downsize our contractor supply business; or enter into any agreement to lease any of our owned real property to any third-party except in the ordinary course of business and only to the extent such lease is for a term that is less than 12 months or is terminable by us on not more than six 6 months advance notice to the third party; or

agree to take any of the actions described above.

Parent and Merger Sub have also agreed that during the same time period, they shall not take any action that would, or would reasonably be expected to, individually or in the aggregate, prevent, materially delay or materially impede the consummation of the merger or the other transactions contemplated by the merger agreement and Parent shall have approved and adopted the merger agreement promptly following execution of the merger agreement.

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Stockholders Meeting

The merger agreement requires us, as soon as reasonably practicable, to call, give notice of, convene and hold a meeting of our stockholders to adopt the merger agreement. Except to the extent required in order to comply with its fiduciary duties under applicable law, our board of directors is required to recommend that our stockholders vote in favor of adoption of the merger agreement and to use its reasonable best efforts to have the merger agreement adopted by our stockholders.

Restrictions on Solicitations of Other Offers

Until 11:59 p.m. New York City time on August 31, 2007, or the No-Shop Period Start Date, we, our subsidiaries and our representatives may:

- initiate, solicit and encourage, whether publicly or otherwise, the submission of any inquiries, proposals or offers or any other efforts or attempts that constitute or may reasonably be expected to lead to an acquisition proposal for the Company; and
- enter into and maintain or continue discussions or negotiations with respect to acquisition proposals for the Company or otherwise facilitate any inquiries, proposals, discussions or negotiations with respect to such acquisition proposals.

Within 24 hours of the No-Shop Period Start we have agreed that we will notify Parent of:

- the number of acquisition proposals received by us and not expressly withdrawn prior to the No-Shop Period Start Date (including the material terms and conditions of each such acquisition proposal); and
- the identity of each person that has, prior to the No-Shop Period Start Date, submitted an acquisition proposal which, in the reasonable judgment of our board of directors is credible and is or could reasonably be expected to lead to a superior proposal.

During the period prior to the No-Shop Period Start Date discussions were held with a number of potential acquirors but no proposals to pursue a transaction were submitted to the Company and, accordingly, no notification of proposals was made to Parent.

After the No-Shop Period Start Date we have agreed that we will not, and we will not authorize or permit any of our subsidiaries or representatives to:

- directly or indirectly, initiate, solicit or knowingly encourage any inquiries with respect to, or the making of, any acquisition proposal;
- engage in any negotiations or discussions concerning, or provide access to our properties, books and records or any confidential information or data to any person relating to an acquisition proposal;
- approve, endorse or recommend, or propose publicly to approve, endorse or recommend, any acquisition proposal; or
- execute or enter into, any letter of intent, agreement in principle, merger agreement, acquisition agreement or other similar agreement relating to any acquisition proposal.

In addition, after the No-Shop Period Start Date, we agreed to immediately cease and terminate with all persons any such solicitation, encouragement, discussion or negotiations existing at such time, unless the acquisition proposal for the Company offered by such person meets the requirements in the bullet points of the following paragraph.

Notwithstanding the aforementioned restrictions, at any time prior to the adoption of the merger agreement by our stockholders, we or our board of directors are permitted to provide access to our properties, books and

records and provide other information and data in response to a request for such information or data or to engage in discussions or negotiations with, or provide any information to, a third party to the extent that:

- we receive from such party an acquisition proposal for the Company not solicited in violation of the merger agreement;
- our board of directors determines in good faith, after consultation with our legal counsel and financial advisors, that (i) the acquisition proposal is credible and constitutes or could reasonably be expected to result in a superior proposal and (ii) the failure to take such action would be inconsistent with its fiduciary duties under applicable law.

In such cases, the Company (a) will not, and will not allow its representatives to, disclose any material non-public information to such person without entering into a confidentiality agreement that contains provisions that are no less favorable in the aggregate to the Company than those contained in the confidentiality agreement entered into with Cerberus, and (b) will promptly provide to Parent any material non-public information concerning the Company or its subsidiaries provided to such other person which was not previously provided or made available to Parent or Merger Sub.

Furthermore, if, at any time prior to the adoption of the merger agreement by our stockholders, our board of directors (a) determines in good faith, after consultation with its legal counsel and financial advisors, that an acquisition proposal which did not result from a material breach of the provisions described in the previous paragraphs is a superior proposal and (b) determined in good faith, after consultation with its legal counsel, that such action is required in order for our board of directors to act in a manner consistent with its fiduciary duties under applicable law, we may terminate the merger agreement to enter into a definitive agreement with respect to such superior proposal, but only if:

- we give Parent at least three business days prior written notice that we have received a superior proposal and the material terms of such superior proposal and identity of the person making such superior proposal;
- Parent does not within three business days following our delivery of receipt of the notice of a superior proposal and after reasonable opportunity to negotiate with the Company, make an offer within three business days of such written notice that results in the acquisition proposal no longer being a superior proposal; and
- we concurrently pay to Parent the $100 million (or, in certain circumstances, $40 million) termination fee. See Termination and Fees and Expenses below.

We have also agreed that following the No-Shop Period Start Date, we will:

- notify Parent within 48 hours of our receipt of an acquisition proposal, including the material terms and conditions of the acquisition proposal and the identity of the third party making the proposal, or any request for information relating to the Company or our subsidiaries;
- keep Parent reasonably informed on a prompt basis of the status of any proposals or offers; and
- provide a copy of any acquisition proposals or other proposals or offers and any related material modifications thereto.

An acquisition proposal is any inquiry, proposal or offer from any person or group of persons (other than Parent, Merger Sub or their respective affiliates) relating to any direct or indirect acquisition or purchase of a business that constitutes 25% or more of the net revenues, net income or assets of the Company and its subsidiaries, taken as a whole, or 25% or more of any class or series of Company securities, any tender offer or exchange offer that if consummated would result in any person or group of persons beneficially owning 25% or more of any class or series of capital stock of the Company, or any merger, reorganization, consolidation, share exchange, business combination, recapitalization, liquidation,

dissolution or similar transaction involving the

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Company (or any subsidiary or subsidiaries of the Company whose business constitutes 25% or more of the net revenues, net income or assets of the Company and its subsidiaries, taken as a whole).

For purposes of the merger agreement, superior proposal means any acquisition proposal:

involving (i) assets that generate more than 50% of the consolidated total revenues, or (ii) assets that constitute more than 50% of the consolidated total assets of the Company and its subsidiaries or (iii) more than 50% of the total voting power of the equity securities of the Company that is reasonably capable of being consummated, taking into account all legal, financial, regulatory, timing, and similar aspects of the proposal and the person making the proposal; and

that the board of directors of the Company in good faith determines would, if consummated, result in a transaction that is more favorable from a financial point of view to the stockholders of the Company than the transactions contemplated hereby (x) after receiving the advice of a financial advisor and (y) after taking into account all such factors and matters deemed relevant in good faith by the board of directors of the Company, including legal (with the advice of outside counsel), financial (including the financing terms of any such proposal), regulatory, timing and other aspects (including the conditions to the acquiror s obligations) of such proposal and the transactions contemplated hereby.

Employee Benefits

After completion of the merger, Parent will provide compensation (including salary, bonus, commission and other cash incentive compensation) to Company employees, which in the reasonable discretion of Parent is no less favorable in the aggregate than compensation provided to similarly situated employees employed by similarly situated businesses, subject to the right of Parent, the surviving corporation and its subsidiaries in their reasonable discretion to review and modify compensation from time to time.

After completion of the merger, through December 31, 2008, Parent will be required to provide to then-current Company employees health and medical benefits (including specified severance benefits) that are not materially less favorable, in the aggregate, than those provided by the Company under the Company plans.

Parent will give Company employees full credit for purposes of eligibility and vesting and benefit accruals (except for accruals under defined benefit pension plans) under any existing employee benefits plans to the same extent recognized by the Company immediately prior to the effective time.

With respect to Parent welfare benefit plans in which Company employees participate, Parent will waive all pre-existing condition and eligibility limitations, and give effect to amounts paid by, and amounts reimbursed to, employees in determining deductible and out-of-pocket limitations.

Parent will cause the surviving corporation and its subsidiaries to honor all existing employment, change in control, severance and termination protection plans, policies or agreements, equity-based plans, programs or agreements, bonus plans or programs and all obligations pursuant to outstanding employee benefit plans.

Directors and Officers Indemnification and Insurance

For six years after the effective time of the merger, the Parent is required to indemnify present and former directors and officers (and, subject to certain exceptions, employees) against all liabilities and costs (including attorney s fees) arising out of actions or omissions occurring at or before the closing of the merger (including the merger agreement and the transactions and actions contemplated thereby).

Each director and officer (and, subject to certain exceptions, employee) is entitled to advancement of reasonable expenses incurred in defense of an actual or threatened claim, proceeding or investigation, but such person must repay the expenses if it is ultimately determined that such person is not entitled to indemnification.

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Neither Parent nor the surviving corporation will settle or compromise any claim involving an indemnified party unless the settlement or compromise includes an unconditional release (or the director, officer or employee otherwise consents).

We may purchase a six-year prepaid tail policy providing substantially equivalent benefits as the current D&O insurance policy maintained by the Company with respect to matters arising before the closing.

In addition, under the merger agreement, Parent has agreed to honor and perform under, and to cause the surviving corporation to honor and perform under, all indemnification agreements entered into by us or any of our subsidiaries prior to the date of the merger agreement.

Agreement to Take Further Action and to Use Reasonable Best Efforts or Best Efforts

Subject to the terms and conditions of the merger agreement, each party has agreed to use its reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under applicable law to consummate the merger and other transactions contemplated by the merger agreement, including making filings under the Hart-Scott-Rodino Act and preparing a request for an Advance Ruling Certificate pursuant to Section 102 of the Competition Act (Canada). Parent and Company shall each bear one-half of the filing fees associated with all filings under the HSR Act and foreign antitrust laws.

In addition, each party has agreed to use best efforts to resolve any objections or suits brought by any governmental entity or private party challenging any of the transactions contemplated by the merger agreement as being in violation of any antitrust law. Such efforts include agreeing to sell, hold separate or otherwise dispose of or conduct such party s business in a manner which would resolve such objections or suits. Each party has also agreed to cooperate and use its respective best efforts to contest and resist any administrative or judicial action or proceeding with is instituted by a governmental entity or private party challenging the merger or any of the transactions contemplated by the merger agreement and to have vacated, lifted, reversed or overturned any decree, judgment, injunction or other order, whether temporary, preliminary or permanent, that is in effect and that prohibits, prevents or restricts consummation of the transactions contemplated by this Agreement. Parent and Merger Sub must defend, at their cost and expense, any action or actions, whether judicial or administrative, in connection with the transactions contemplated by the merger agreement.

Public Announcements

Each party has agreed that, except in order to comply with applicable law or regulations, no public release or announcement regarding the transactions will be issued by any party without the prior written consent of the other party (which consent will not be unreasonably withheld or delayed).

Parent Financing Commitments; Company Cooperation

Parent has agreed to use reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable to arrange and obtain the debt financing on the terms and conditions described in the debt financing commitment letter delivered to Merger Sub in connection with the signing of the merger agreement, including using its reasonable best efforts to:

- maintain in effect the financing commitments and to satisfy on a timely basis all of the conditions to obtaining the financing set forth therein;
- enter into definitive financing agreements with respect to the debt financing as contemplated by the debt financing commitments or on other terms consistent in all material respects with the debt commitment letter or as would not materially and adversely impact the ability of Parent and Merger Sub to timely consummate the merger; and
- consummate the financing at or prior to the closing.

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Parent will be permitted to amend, modify or replace the debt commitment letter delivered in connection with the signing of the merger agreement with new financing commitments, so long as the change to the new commitment would not reasonably be expected to prevent, materially impede or materially delay the consummation of the debt financing or the completion of the merger.

In the event all or any portion of the debt financing becomes unavailable on the terms and conditions contemplated in the debt financing commitments, Parent shall use its reasonable best efforts to arrange alternative financing in an amount sufficient to consummate the merger and related transactions, on terms which would not reasonably be expected to prevent, materially impede or materially delay the consummation of the debt financing or the completion of the merger, as promptly as practicable but in no event later than the last day of the marketing period. In addition, Parent and Merger Sub have agreed that:

in the event that:

all or any portion of the debt financing structured as high yield financing has not been consummated;

subject to limited exceptions, all closing conditions contained in the merger agreement have been satisfied; and

the bridge facilities contemplated by the debt financing commitments or alternative bridge financing is available on terms and conditions described in the debt financing commitments (or replacements thereof contemplated by the merger agreement);

then Parent will use the proceeds of the bridge financing to replace the high yield financing no later than the last day of the marketing period (see Effective Time; Marketing Period above for a discussion of the marketing period).

Parent is required to keep us informed on a reasonably current basis in reasonable detail of the status of its efforts to arrange the debt financing.

We have agreed, and have agreed to cause our subsidiaries (and our and their respective officers, employees, representatives and advisors) to, provide such cooperation as may be requested by Parent that is necessary, proper or advisable in connection with the debt financing, including:

participation in meetings, presentations, road shows, due diligence sessions and sessions with rating agencies;

assisting with the preparation of materials for rating agency presentations, offering documents, private placement memoranda, bank information memoranda, prospectuses and similar documents;

furnishing Parent (and Merger Sub) and their financing sources with the financial and other pertinent information regarding the Company as may be reasonably requested by Parent, including all financial statements and financial data of the type required by Regulation S-X and Regulation S-K under the Securities Act and of the type and form customarily included in private placements under Rule 144A under the Securities Act, to consummate the offerings of debt securities contemplated by Merger Sub s debt financing commitments at the time during the Company s fiscal year such offerings will be made;

using reasonable best efforts to obtain accountants comfort letters, legal opinions, surveys and title insurance as reasonably requested by Parent;

satisfying the conditions in the debt financing commitments relating to the delivery of certain financial projections in customary form, certain audited and unaudited historical financial statements and a preliminary offering memorandum or prospectus (including pro forma financial information) for the offerings of debt securities contemplated by Merger Sub s debt financing commitments, in each case to the extent the satisfaction of such conditions requires the cooperation of the Company;

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facilitating the entrance into one or more credit or other agreements on terms satisfactory to Parent in connection with the debt financing to the extent direct borrowings or debt incurrences by the Company or its subsidiaries are contemplated by the debt commitment letter (however, neither the Company nor any of its subsidiaries will be required to enter into any such agreement prior to the effective time of the merger);

executing and delivering (or using reasonable best efforts to obtain from advisors and other persons) customary certificates, accounting comfort letters and legal opinions;

facilitating the entrance into other documents and instruments relating to guarantees, the pledge of collateral and other matters ancillary to the financing as may be reasonably requested by Parent (however, neither the Company nor any of its subsidiaries will be required to enter into any such document or instrument prior to the effective time of the merger);

taking all corporate actions, subject to the occurrence of the effective time of the merger, reasonably necessary to permit the consummation of the debt financing; and

effecting, as of or immediately prior to the effective time of the merger, any reorganization of the Company s corporate structure reasonably requested by Parent to facilitate the debt financing.

The merger agreement limits the Company s obligation to incur any fees or liabilities with respect to the debt financing prior to the effective time of the merger. Parent has also agreed to reimburse the Company for all reasonable out-of-pocket costs incurred in connection with the Company s cooperation, and to indemnify the Company against losses it incurs in connection with the arrangement of the financing and any information used in connection therewith, except with respect to any information provided by the Company or as a result of the Company s gross negligence or willful misconduct.

Existing Indebtedness

We agreed to take certain actions with regard to our currently outstanding notes and debentures, if requested by Parent, including effecting one or more tender offers and consent solicitations. The Company s obligation to consummate these actions is conditioned on the receipt of the requisite consents to amend the documents relating to the notes and debentures and the closing of the merger. Parent will, upon request by the Company, reimburse the Company for its reasonable out-of-pocket expenses and indemnify the Company against losses incurred in connection with these actions.

Other Covenants and Agreements

The merger agreement contains additional agreements among the Company, Parent and Merger Sub relating to, among other things:

the filing of this proxy statement with the SEC, and cooperation in preparing this proxy statement and in responding to any comments received from the SEC on those documents;

obtaining resignations of the directors of the Company and its subsidiaries as requested by Parent;

giving Parent and its advisors reasonable access to the Company s officers, employees, properties, offices and other facilities and its books and records;

the payment of transfer taxes;

actions necessary to exempt the transactions contemplated by the merger agreement and related agreements from the effect of any takeover statutes;

actions necessary to exempt dispositions of equity securities by our directors and officers pursuant to the merger under Rule 16b-3 under the Exchange Act;

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notices of certain events and consultation to mitigate any adverse consequences of those events; and

giving Parent the opportunity to participate in the defense or settlement of stockholders litigation against the Company and/or its directors as a result of the transactions contemplated by the merger agreement and obtaining Parent s consent (not to be unnecessarily withheld or delayed) to settlement of any such litigation.

Conditions to the Merger

The obligations of the parties to complete the merger are subject to the satisfaction or waiver of the following mutual conditions:

Stockholder Approval. The adoption of the merger agreement by the requisite vote of our stockholders.

No Law or Orders. No law, executive order, decree, ruling, injunction, writ, judgment or other order having been enacted or entered by a U.S. or Canadian governmental authority that prohibits, restrains or enjoins the consummation of the merger.

Regulatory Approvals. The waiting period (and any extension thereof) under the Hart-Scott-Rodino Act and under the antitrust and anti-competition laws of Canada having been terminated or expired (the Federal Trade Commissions granted early termination of the applicable waiting period on August 31, 2007 and on August 14, 2007 the parties received the applicable certificate exempting the transaction from Part IX of the Competition Act (Canada)).

The obligations of Parent and Merger Sub to complete the merger are subject to the satisfaction or waiver of the following additional conditions:

Representations and Warranties.

our representation and warranty regarding the absence of any change, event or occurrence since December 31, 2006 which has had or would reasonably be expected to have a material adverse effect must be true and correct in all respects as of the effective time; and

all of our other representations and warranties must be true and correct (disregarding all qualifications or limitations as to materiality, Material Adverse Effect or similar qualifiers contained therein) as of closing date of the merger (except to the extent such representations and warranties expressly relate to an earlier date, in which case as of such earlier date), except where the failure of such representations and warranties to be true and correct has not had, and would not reasonable be expected to have, a material adverse effect.

Compliance with Covenants. The performance, in all material respects of the obligations, and compliance in all material respects with the agreements and covenants, required to be performed by us in the merger agreement.

Closing Certificate. Our delivery to Parent at closing of a certificate with respect to the satisfaction (or waiver) of the conditions relating to our representations, warranties, obligations, covenants and agreements.

Our obligation to complete the merger is subject to the following additional conditions:

Representations and Warranties. The truth and correctness in all material respects of Parent s and Merger Sub s representations and warranties as of the date the merger is completed, except to the extent that a representation or warranty expressly speaks as of a specific date, in which case it need be true in all material respects only as of that date, except where the failure of any such representations and warranties to be true and correct, individually or in the aggregate, would not reasonably be expected to prevent or materially delay the consummation of the transactions contemplated by the merger agreement and would not adversely impact the payment of the merger consideration payable under the merger agreement.

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Compliance with Covenants. The performance, in all material respects, by Parent and Merger Sub of the obligations and compliance in all material respects with the agreements and covenants in the merger agreement at or prior to the closing date.

Closing Certificate. The delivery at closing by Parent of a certificate with respect to the satisfaction of the conditions relating to Parent s and Merger Sub s representations, warranties, obligations, covenants and agreements.

Other than the conditions pertaining to the Company stockholder approval, the absence of governmental orders and the expiration or termination of the HSR Act and the Competition Act (Canada) waiting periods, either the Company, on the one hand, or Parent and Merger Sub, on the other hand, may elect to waive conditions to their respective performance and complete the merger. If, after our stockholders were to vote to adopt the merger agreement, either party waives a material condition to the completion of the merger, we will re-solicit the vote of our stockholders for the adoption of the merger agreement to the extent required under applicable law.

Termination

The merger agreement may be terminated and the merger may be abandoned at any time prior to the effective time of the merger, whether before or after stockholder approval has been obtained, as follows:

by mutual written consent of the parties;

by either Parent or the Company, if:

a court or other governmental entity located or having jurisdiction within the United States or Canada has issued a final order, decree or ruling or taken any other final action restraining, enjoining or otherwise prohibiting the merger and such order or other action is final and non-appealable, so long as the party seeking to terminate the merger agreement complied with its obligations under the merger agreement to prevent, oppose and remove such restraint, injunction or other prohibition;

the closing has not occurred on or before January 22, 2008, provided that the party seeking to terminate the merger shall not have prevented the closing from occurring by that time; or

the Company stockholders do not adopt the merger agreement at the special meeting or any postponement or adjournment thereof;

by the Company if:

there is a breach by Parent or Merger Sub of any representations, warranties, covenants or agreement in the merger agreement such that the closing conditions would not be satisfied and such breach has not been cured within 30 business days following written notice from the Company and the Company is not then in breach of any of its covenants or agreements contained in the merger agreement;

the merger shall not have been consummated on the business day after the final day of the marketing period and all of the mutual conditions to closing have been satisfied and all of the conditions to the obligations of Parent and Merger Sub to close have been satisfied and at the time of the termination those conditions to closing continue to be satisfied; or

prior to adoption of the merger agreement by the Company stockholders, if we receive an alternative proposal that is a superior proposal, but only after we have provided notice to Parent regarding the superior proposal and provided Parent with at least a three business day period to enable Parent to make an offer that results in the alternative proposal no longer being a superior proposal, and only if we concurrently pay to Parent the termination fee described below under Fees and Expenses.

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by Parent, if:

there is a breach by the Company of any representations, warranties, covenants or agreement in the merger agreement such that the closing conditions would not be satisfied and which has not been cured within 30 business days following written notice from Parent and the Parent is not then in breach of any of its covenants or agreements contained in the merger agreement; or

the board of directors of the Company:

has failed to make or has withdrawn, modified or changed its recommendation on the merger in a manner adverse to Parent or Merger Sub;

has failed to publicly reaffirm its adoption and recommendation of the merger within 10 business days of receipt of a written request by Parent to provide such reaffirmation following the public announcement of an acquisition proposal or an acquisition proposal otherwise becoming publicly known;

approves or recommends an acquisition proposal other than the merger;

fails to recommend against acceptance of a tender or exchange offer for any outstanding shares of the capital stock of the Company that constitutes an acquisition proposal, including by taking no position with respect to such tender or exchange offer by its stockholders within 10 business days after commencement; or

publicly announces its intention to do any of the foregoing.

Fees and Expenses

In general, all expenses incurred by a party to the merger agreement will be paid by that party (except for certain expenses incurred by United Rentals in connection with the debt financing, as described above in Parent Financing Commitments; Company Cooperation beginning on page 64 and in connection with any solicitation and debenture offer and other specified expenses that we may incur, in each case pursuant to the terms of the merger agreement). However, if the merger agreement is terminated in certain circumstances described below, United Rentals may be required to pay as directed by Parent certain termination fees and expenses, or alternatively, Parent may be required to pay United Rentals a termination fee.

Payable by the Company

We have agreed to pay to Parent a termination fee of $40 million if the merger agreement is terminated by the Company in order to accept a superior proposal prior to the No-Shop Period Start Date;

We have agreed to pay to Parent a termination fee of $100 million in all other circumstances in which the Company is obligated to pay the termination fee including if:

the merger agreement is terminated by the Company in order to accept a superior proposal after the No-Shop Period Start Date;

the merger agreement is terminated by the Parent because the board of directors of the Company:

withdraws, modifies or changes its recommendation in a manner adverse to Parent; or

recommends another acquisition proposal to its stockholders; or

the merger agreement is terminated by (i) either party due to the failure to receive Company stockholder approval at the special meeting or (ii) by Parent because of a material uncured breach by the Company; and

prior to the event giving rise to the termination, an acquisition proposal shall have been made; and

within 12 months after the termination, the Company enters into or consummates an agreement with respect to an acquisition proposal.

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The merger agreement provides that Parent s right to terminate the merger agreement in the above circumstances and to receive payment of the termination fee from us is the sole and exclusive remedy available to Parent and Merger Sub against the Company or its subsidiaries, affiliates, stockholders, directors, officers, employees or agents for any loss or damage suffered as a result of such termination.

Payable by Parent or Merger Sub

Parent has agreed to pay us a termination fee of $100 million following termination of the merger agreement if it is terminated by the Company because either:

- Parent or Merger Sub has breached or failed to perform any of its representations, warranties, covenants or other agreements in the merger agreement such that the closing conditions would not be satisfied and such breach has not been cured within 30 business days following written notice from the Company and the Company was not then in breach of any of its covenants or agreements contained in the merger agreement; or

- the merger shall not have been consummated on the business day after the final day of the marketing period and all of the mutual conditions to closing have been satisfied and all of the conditions to the obligations of Parent and Merger Sub to close have been satisfied and at the time of the termination those conditions to closing continue to be satisfied.

The merger agreement provides that our right to terminate the merger agreement in the above circumstances and receive payment of the $100 million termination fee is the sole and exclusive remedy available to the Company and its subsidiaries against Parent, Merger Sub, the guarantor and any of their respective affiliates, stockholders, general partners, limited partners, members, managers, directors, officers, employees or agents for any loss or damage suffered as a result of such termination.

Specific Performance

Parent, Merger Sub and the Company have agreed that irreparable damage would occur in the event that any of the provisions of the merger agreement were not performed in accordance with their specific terms or were otherwise breached. Accordingly, the parties have agreed that they shall be entitled to seek an injunction to prevent breaches of the merger agreement and to be able to enforce specifically the terms and provisions of the merger agreement, in addition to any other remedy to which such party is entitled at law or in equity, including the covenants of Parent or Merger Sub that require Parent or Merger Sub to (i) use its reasonable best efforts to obtain the financing and satisfy certain conditions to closing, and (ii) consummate the transactions contemplated by the merger agreement, if the financing (or alternative financing) is available to be drawn down by Parent pursuant to the terms of the applicable agreements but is not so drawn down solely as a result of Parent or Merger Sub refusing to do so in breach of this Agreement. The provisions relating to specific performance are subject to the rights and obligations of the parties relating to receipt of payment of the termination fee, as described above under Fees and Expenses, under the circumstances described therein.

Limited Guarantee

In connection with the merger agreement, Cerberus Partners, L.P. entered into a limited guarantee in our favor to guarantee Parent s and Merger Sub s payment obligations under the Merger Agreement in respect of:

- the Parent termination fee and interest that may accrue thereon;

- any costs or losses we may incur in connection with assisting Parent in procuring the financing and in connection with the debt financing and in connection with any solicitation and debenture offer; and

- other specified expenses that we may incur, and indemnification obligations of Parent in our favor, in each case pursuant to the terms of the merger agreement.

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The maximum aggregate liability of Cerberus Partners, L.P. in respect of Parent s and Merger Sub s payment obligations under the merger agreement equals $100 million plus any obligations of Parent to pay reasonable costs and expenses and interest under the merger agreement.

The guarantee will remain in full force and effect until the earliest to occur of (a) the effective time of the merger, (b) the termination of the merger agreement in accordance with its terms by mutual consent of the parties or under other specified circumstances in which neither Parent nor Merger Sub would be obligated to make any payments thereunder, and (c) the one-year anniversary of any termination of the merger agreement provided that the guarantee will not terminate as to any claims that have been made prior to such date until the final resolution of such claim.

Amendment and Waiver

Subject to applicable law, the merger agreement may be amended by the written agreement of the parties taken by or on behalf of their respective board of directors at any time prior to the effective time of the merger, whether before or after the adoption of the merger agreement by our stockholders, unless the merger agreement has already been adopted by our stockholders and under applicable law such amendment would require the further approval of the Company s stockholders.

The merger agreement also provides that, at any time prior to the effective time of the merger, any party may, by written agreement:

- extend the time for the performance of any of the obligations or other acts of the other parties to the merger agreement;
- waive any inaccuracies in the representations and warranties contained in the merger agreement or in any document delivered pursuant to the merger agreement; or
- subject to the requirements of applicable law, waive compliance with any of the agreements or conditions contained in the merger agreement.

The failure of any party to assert any rights or remedies shall not constitute a waiver of such rights or remedies.

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THE STOCKHOLDERS AGREEMENTS

The Voting Agreement

The following is a summary of the material terms of the voting agreement among Parent, Merger Sub and the holders of the shares of Series C Preferred Stock and the Series D Preferred Stock, which includes Apollo and JPMorgan. This summary is qualified in its entirety by reference to the complete text of the voting agreement, a copy of which is attached to this proxy statement as Annex B to this proxy statement and is incorporated by reference into this document. We encourage you to read carefully the voting agreement in its entirety.

Concurrently with the execution and delivery of the merger agreement, Parent and Merger Sub entered into a voting agreement with Apollo and JPMorgan. As of the date of the voting agreement, they were the beneficial owners with respect to 18,844,500 shares of common stock in the aggregate (1,844,500 shares of common stock held directly, 12,000,000 shares of common stock issuable upon conversion of 300,000 shares of Series C Preferred Stock, which is convertible into shares of common stock at 40-to-1; 3,508,400 shares of common stock issuable upon conversion of 105,252 shares of Class D-1 Preferred Stock, which is convertible into shares of common stock at 33 1/3-to-1; and 1,491,600 shares of common stock issuable upon conversion of 44,748 shares of Class D-2 Preferred Stock, which is convertible into shares of common stock at 33 1/3-to-1). Such holders include Apollo, which by virtue of holding our Series C Preferred Stock have the right to designate two members to our board (which right will terminate upon the completion of the merger), and JPMorgan. As of the record date, the aggregate number of shares of common stock beneficially owned by the stockholders that are parties to the voting agreement remains 18,844,500 shares. Accordingly, pursuant to the voting agreement, holders of shares that as of the record date represent approximately 17.1% of the combined voting power of the outstanding shares of our capital stock that vote as a single class in the merger agreement have agreed to vote in favor of the adoption of the merger agreement. In addition, as a result of the voting agreement, the separate class votes involving only shares of our preferred stock are assured, as the voting agreement covers all of the shares of our outstanding Series C Preferred Stock and Series D Preferred Stock.

Pursuant to the voting agreement, each stockholder party to the voting agreement has agreed that they will vote or cause to be voted, all shares such holder is entitled to vote at the time of any vote, at any meeting of the stockholders of the Company, and at any adjournment thereof, at which the merger agreement (or any amended version thereof) and the merger are submitted for the consideration and vote of the stockholders of the Company, or in connection with any written consent of the stockholders of the Company, with respect to the following matters:

in favor of the adoption of the merger agreement and the transactions contemplated by the merger agreement; and

against any acquisition proposal under the merger agreement.

In connection with the performance of the obligations by the stockholders under the voting agreement, in the event any stockholder fails to vote its shares as described above, each such stockholder will irrevocably appoint Parent and certain officers of Parent as its proxy and attorney-in-fact to vote its shares to the extent described above and agreed not to grant any other proxy or take any actions that are inconsistent with or that would impede such holder s performance of the voting agreement.

Notwithstanding the foregoing, the Series C Holders and Series D Holders may convert their shares into common stock (which resulting shares of common stock would remain subject to the terms of this Agreement as company shares).

Holders of shares of the Series C Preferred Stock are entitled to forty (40) votes per share and holders of shares of the Class D-1 Preferred Stock are entitled to thirty-three and one third (33 1/3) votes per share. As a result of the voting agreement, the separate class votes involving only the Company s preferred stock are assured as the voting agreement covers all of our outstanding shares of Series C Preferred Stock and Series D Preferred Stock.

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In addition, each stockholder party to the voting agreement (other than the JPMorgan holders) has agreed that from and after the time of the No-Shop Period Start Date, they will not, nor will they authorize or permit any representative to, knowingly solicit, initiate or encourage any alternative acquisition proposal or participate or engage in any discussions or negotiations with or provide any information relating to the Company to any person making an alternative acquisition proposal, other than to any person or persons as and to the extent that the Company, its subsidiaries or their respective representatives is permitted to do so pursuant to the terms of the merger agreement.

Under the voting agreement, each stockholder party to the voting agreement has agreed not to transfer or encumber its shares, including by:

- granting any proxies or entering into any voting trust, power of attorney or other agreement or arrangement with respect to the voting of any shares in a manner inconsistent with the terms of the voting agreement; or

- voluntarily selling, assigning, transferring, pledging, encumbering or otherwise disposing of, or entering into any contract, option or other arrangement with respect to the direct or indirect sale, assignment, transfer, pledge, encumbrance or other disposition of, any shares during the term of the voting agreement, except for transfers to any person who becomes bound by the voting agreement.

In addition, under the voting agreement, each stockholder party to the voting agreement has agreed to the treatment of the shares of Series C Preferred Stock and the Series D Preferred Stock contemplated by the merger agreement and to waive its right to seek appraisal. On account of such agreements, Parent has agreed to pay such stockholders the applicable merger consideration concurrently with the consummation of the merger.

The voting agreement will terminate on the earliest to occur of (i) the mutual written consent of Parent and each of the stockholders party to the voting agreement, (ii) the effective time of the merger, (iii) the termination of the merger agreement in accordance with its terms, (iv) six months after the date of the voting agreement, and (v) by each such stockholder upon certain circumstances related to modification of the merger agreement.

The Warrant Holders Agreement

The following is a summary of the material terms of the warrant holders agreement among Parent, Merger Sub and Bradley S. Jacobs, the former chairman of our board of directors (Mr. Jacobs resigned as chairman and a director of the Company effective August 31, 2007), and certain entities affiliated with him (the Warrant Holders). This summary is qualified in its entirety by reference to the complete text of the warrant holders agreement, a copy of which is attached to this proxy statement as Annex C to this proxy statement and is incorporated by reference into this document. We encourage you to read carefully the warrant holders agreement in its entirety.

Concurrently with the execution and delivery of the merger agreement, Parent and Merger Sub entered into a warrant holders agreement with Mr. Jacobs and certain entities affiliated with him. As of the date of the warrant holders agreement, the Warrant Holders were the beneficial owners with respect to warrants in respect of 3,671,000 shares of our common stock, which are issuable pursuant to currently exercisable warrants, and 1,911,481 existing shares of our common stock owned by the Warrant Holders as of the date of the warrant holders agreement.

Under the warrant holders agreement, the Warrant Holders agreed to exercise (including, in the discretion of the Warrant Holder, on a cashless basis) their warrants prior to the effective time of the merger, and on August 23, 2007, the Warrant Holders exercised all 3,671,000 warrants on a cashless exercise basis and received an aggregate of 2,531,821 shares (the exercised warrants had an expiration date of September 12, 2007). As of the record date, the aggregate number of shares of common stock owned by such persons subject to the warrant holders agreement is 5,582,481 shares, which represents approximately 5.5% of the combined voting power of the outstanding shares of our capital stock that vote as a single class in the merger agreement.

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Pursuant to the warrant holders agreement, the Warrant Holders have agreed that, severally and not jointly, they shall cause the holder of record from time to time, at the request of Parent, at any meeting of stockholders of the Company, or in connection with any written consent of the holders of the shares of common stock, to vote or execute consents with respect to the shares beneficially owned by them on the applicable record date, at any meeting or in connection with any proposed action by written consent of the Company s stockholders, with respect to any of the following matters:

in favor of the adoption of the merger agreement, which may be modified or amended from time to time in a manner not materially adverse to the Warrant Holders;

against any competing acquisition proposal; and

in favor of the merger and any action required in furtherance thereof.

In connection with the performance of the obligations of the Warrant Holders under the warrant holders agreement, each Warrant Holder irrevocably appointed Parent and certain officers of Parent as his, her or its proxy and attorney-in-fact to vote his, her or its shares to the extent described above and agreed not to grant any other proxy or take any actions that are inconsistent with or that would impede such holder s performance of the warrant holders agreement. The proxy and power of attorney granted by the Warrant Holders pursuant to the warrant holders agreement will terminate only upon the expiration of the voting period.

Under the warrant holders agreement, each Warrant Holder has agreed not to transfer or encumber his, her or its shares, including by selling, transferring, pledging, encumbering, assigning or otherwise disposing of, enforcing or permitting the execution of the provisions of any redemption, share purchase or sale, recapitalization or other agreement with the Company or entering into any contract, option or other arrangement or understanding with respect to or consenting to the offer for sale, sale, transfer, pledge, encumbrance, assignment or other disposition of, any shares during the term of the warrant holders agreement, except for transfers to (i) Parent or Merger Sub, (ii) a third-party which executes a joinder agreement to the warrant holders agreement, (iii) with the prior written consent or Parent, or (iv) in a market transaction or restricted size private transaction permitted under the warrant holders agreement (privately negotiated sales of shares of common stock which, when aggregated, does not involve more than 2,500,000 shares of Company common stock).

The warrant holders agreement will terminate on the earliest to occur of (i) the effective time of the merger and (ii) the termination of the merger agreement in accordance with its terms.

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FINANCING

The following arrangements are intended to provide the necessary financing for the merger:

Debt Financing

Parent has received a debt commitment letter, dated as of July 22, 2007, from Bank of America, N.A. (Bank of America), Banc of America Bridge LLC (Banc of America Bridge), Banc of America Securities LLC (BAS), Credit Suisse (CS), Credit Suisse Securities (USA) LLC (CS Securities and, together with CS and their respective affiliates, Credit Suisse), Morgan Stanley Senior Funding, Inc. (Morgan Stanley), Lehman Brothers Commercial Bank (LBCB), Lehman Brothers Commercial Paper Inc. (LCPI), and Lehman Brothers Inc. (LBI and together with Bank of America, Banc of America Bridge, BAS, CS, CS Securities, Morgan Stanley, LBCB and LCPI, the Lender Parties), to, as the case may be, provide or purchase the following, for the purpose of financing the merger, the repayment of existing indebtedness of the Company and certain of its subsidiaries, and the costs and expenses of the merger and to provide for the ongoing working capital requirements of the Company, Parent and their direct and indirect subsidiaries, subject to the conditions set forth in the debt commitment letter:

- senior secured credit facilities of $2.5 billion to the Borrower (as defined herein), consisting of (i) a senior secured revolving credit facility of $1.5 billion (the Revolving Credit Facility) and (ii) a senior secured term loan facility of $1.0 billion (the Term Loan Facility , and, together with the Revolving Credit Facility, the Senior First Lien Facilities);

- the issuance by the Borrower of $2.35 billion aggregate principal amount of secured second lien fixed and/or floating rate notes (the Secured Securities) or, in the event the Secured Securities are not issued at the time the merger is consummated, borrowings by the Borrower of $2.35 billion under a secured second lien credit facility (the Secured Bridge Facility); and

- the issuance by the Borrower of $1.65 billion aggregate principal amount of unsecured fixed and/or floating rate senior notes (the Unsecured Securities and, together with the Secured Securities, the Securities) or, in the event the Unsecured Securities are not issued at the time the merger is consummated, borrowings by the Borrower of $1.65 billion under a senior unsecured credit facility (the Unsecured Bridge Facility and, together with the Secured Bridge Facility, the Bridge Facilities ; the Bridge Facilities together with the Senior First Lien Facilities, the Facilities).

The debt commitments expire at 5:00 p.m. (Eastern Standard Time) on January 22, 2008.

The documentation governing the Facilities has not been finalized. In addition, the financing is subject to the right of the Lender Parties and Parent to change economic and other terms (but not the conditions) of the financing. Accordingly, the actual terms (other than the conditions) and amounts of the Facilities may differ from those described in this proxy statement.

Under the terms of the merger agreement, Parent has agreed to use its reasonable best efforts to obtain the debt financing on the terms and conditions described in the debt commitment letter or, in the event all or any portion of the Facilities becomes unavailable on the terms and conditions described in the debt commitment letter for any reason, Parent has agreed to use its reasonable best efforts to arrange to obtain, as promptly as practicable, but no later than the last day of the marketing period, alternative financing from alternative sources (the Alternative Financing) in an amount which would not reasonably be expected to prevent, materially impede or materially delay the consummation of the debt financing or the transactions contemplated by the merger agreement. If all substantive conditions to the closing contained in the merger agreement have been satisfied or waived, but any portion of the Securities described above have not been consummated and the Bridge Facilities or the Alternative Financing is available, then Parent is required to use the committed Bridge Facilities or the Alternative Financing to the extent available no later than the last day of the marketing period.

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Conditions Precedent to the Debt Commitments

The availability of the Facilities is subject to, among other things, (a) consummation of the merger in accordance with the merger agreement (without any waiver or amendment thereof that is material and adverse to the lenders under the Facilities without the consent of the joint lead arrangers thereunder), (b) since December 31, 2006, there not having occurred any Material Adverse Effect (as defined in the merger agreement), (c) the funding of the equity financing, (d) the absence of competing financing of the Borrower or its subsidiaries that would reasonably be expected to have a material adverse effect on the syndication of the Facilities, (e) other than indebtedness arising under the Facilities, the QUIPS and the 1 7/8% Convertible Notes and any of the Existing Notes not tendered in the Tender Offers, each as described under Existing Notes of the Company below and certain other ordinary course financing and the Securities, subject to certain exceptions set forth in the debt commitment letter, Parent and its subsidiaries shall have outstanding no indebtedness or preferred stock after giving effect to the transactions contemplated by the merger agreement, (f) delivery of certain historical and pro forma financial and other information, (g) receipt by the joint lead arrangers and the lenders under the Facilities of asset appraisals and field examinations with respect to the Senior First Lien Facilities at least 21 days prior to the closing of the merger and (h) the execution of certain guarantees and the creation of security interests as described under Security below and the execution and delivery of definitive documentation and customary closing documents.

Senior First Lien Facilities

General. The Senior First Lien Facilities will be comprised of (1) the Revolving Credit Facility with a term of six years (of which approximately $550.0 million is expected to be drawn as of the closing of the merger) and (2) the Term Loan Facility with a term of six years. The borrowers under the Revolving Credit Facility at the closing of the merger will be United Rentals (North America), Inc., a Delaware corporation and a wholly owned subsidiary of the Company (URNA) and certain of its subsidiaries that own any assets included in the borrowing base described below (collectively the Borrowers). The borrower under the Term Loan Facility at the closing of the merger will be URNA. The Borrowers are, as applicable, entitled to additional term loans or increased commitments under the revolving credit facility in an aggregate principal amount of up to $250.0 million under certain circumstances. The Revolving Credit Facility will include sublimits for the issuance of letters of credit and swingline loans. The maximum amount outstanding under the Senior First Lien Facilities will be subject to a borrowing base measured by a percentage of specified values of eligible assets and reserves, but which borrowing base will not impair the availability of the aggregate amount of the financing available on the closing date to finance the merger.

Interest Rate and Fees. Loans under the Senior First Lien Facilities are expected to bear interest, at the Borrower s option, at a rate equal to the London interbank offered rate or an alternate base rate, in each case plus a spread. The interest rates under the Revolving Credit Facility shall be subject to change based on a senior consolidated leverage ratio (which means the ratio of the Borrower s total net senior debt to adjusted EBITDA (to be defined in the documentation governing the Senior First Lien Facilities), with adjustments as agreed upon between the Borrowers and the joint lead arrangers). A commitment fee will accrue on the unused portion of the commitments under the Revolving Credit Facility at a rate per annum to be determined based on a pricing grid to be agreed upon between the Borrowers and the joint lead arrangers. Customary letter of credit fees will be charged in connection with the opening of any letter of credit under the Revolving Credit Facility.

Guarantors. All obligations under the Senior First Lien Facilities and under any interest rate protection or other hedging and treasury management arrangements entered into with a lender or any of its affiliates will be unconditionally guaranteed jointly and severally at the closing of the merger by Parent, the Company and each of the existing and subsequently acquired or organized direct and indirect material domestic subsidiaries of the Borrowers (other than subsidiaries that are prohibited by law from becoming guarantors) (such guaranteeing subsidiary, a Subsidiary Guarantor).

Security. The obligations of the Borrowers and the guarantors under the Senior First Lien Facilities, the guarantees, and under any interest rate protection or other hedging and treasury management arrangements

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entered into with a lender or any of its affiliates, will be secured, subject to permitted liens and other agreed upon exceptions, (1) by perfected first priority pledges of all the equity interests of the Company, the Borrower, material domestic subsidiaries and first-tier foreign subsidiaries held by the Borrowers or any Subsidiary Guarantor (limited, in the case of first-tier foreign subsidiaries, to 65% of the equity interests of such subsidiaries) and (2) by perfected first priority security interests in and mortgages on substantially all present and future assets of the Company, the Borrowers and each Subsidiary Guarantor. If certain security cannot be provided at the closing of the merger without undue burden or expense, the delivery of such security will not be a condition to the availability of the Senior First Lien Facilities on the closing of the merger, but instead will be required to be delivered following the closing of the merger pursuant to arrangements to be agreed upon.

Other Terms. The Senior First Lien Facilities will contain representations and warranties and affirmative and negative covenants, including, among other things, restrictions on indebtedness, loans, investments, sales of assets, sale-leaseback transactions, transactions with affiliates, conduct of business, further negative pledges, mergers and consolidations, prepayments of certain indebtedness, liens, and dividends and other distributions. The Senior First Lien Facilities will also include events of default, including a change of control to be defined.

Issuing of Securities and/or Bridge Facilities

The Borrower is expected to issue up to $2.35 billion aggregate principal amount of the Secured Securities and up to $1.65 billion aggregate principal amount of the Unsecured Securities.

If the offering of notes by the Borrower is not completed on or prior to the closing of the merger, certain of the Lender Parties have committed to provide up to $4.0 billion in loans comprising the Secured Bridge Facility of up to $2.35 billion and the Unsecured Bridge Facility of up to $1.65 billion. The Borrower will be the borrower under each Bridge Facility. If the Bridge Facilities are funded, the Borrower is expected to attempt to issue debt securities to refinance the Bridge Facilities, in whole or in part, as soon as practicable following the closing of the merger.

Interest Rate. Initially, bridge loans under each of the Bridge Facilities are expected to bear interest at a rate equal to the three-month London interbank offered rate plus a spread that will increase over time. Interest is payable at the end of each three-month period. On the first-year anniversary of the closing of the merger, (a) the bridge loans under the Secured Bridge Facility will, to the extent not repaid, convert into senior secured second lien term loans or, at the option the applicable lender, secured exchange notes which will be entitled to registration rights and (b) the bridge loans under the Unsecured Bridge Facility will, to the extent not repaid, convert into senior unsecured term loans or, at the option the applicable lender, unsecured exchange notes which will be entitled to registration rights. Any time following conversion to the secured and unsecured term loans, the applicable lender may choose to exchange such loans, respectively, for secured exchange notes or unsecured exchange notes, which, in each case, will be entitled to registration rights. The bridge loans, secured and unsecured term loans, and the secured and unsecured exchange notes, are each subject to a maximum rate of interest. The interest rate on the secured and unsecured exchange notes may be fixed at the option of the holder thereof. Any secured term loans or exchange notes in respect of the Secured Bridge Facility will mature on the seventh anniversary of the closing of the merger and any unsecured term loans or exchange notes in respect of the Unsecured Bridge Facility will mature on the eighth anniversary of the closing of the merger.

Security. The obligations of the Borrower and the guarantors under the Secured Bridge Facility and any exchange notes in respect thereof and the guarantees thereof, will be secured, subject to permitted liens and other agreed upon exceptions, by perfected second priority pledges of and perfected second priority security interests in and mortgages on all of the collateral securing the Senior First Lien Facilities.

Guarantors. The Bridge Facilities will be unconditionally guaranteed jointly and severally at the closing of the merger by the Parent and the Subsidiary Guarantors.

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Other Terms. The Secured Bridge Facility will contain representations and warranties, affirmative and negative covenants and events of default substantially the same as those in the documentation governing the Senior First Lien Facilities, with such changes as are usual and customary. On the first-year anniversary of the closing of the merger, the covenants and the events of default for the Secured Bridge Facility will automatically be modified to those typical for an indenture governing a high yield note issue. The Unsecured Bridge Facility will contain representations and warranties, affirmative and negative covenants and events of default substantially the same as those in the documentation governing the Secured Bridge Facility with such changes as are usual and customary. On the first-year anniversary of the closing of the merger, the covenants and the events of default for the Unsecured Bridge Facility will automatically be modified to those typical for an indenture governing a high yield note issue.

Existing Notes of the Company

In connection with the closing of the merger, the Company intends to offer to purchase for cash any and all of its outstanding (i) 6 1/2% Senior Notes due 2012 (the 6 1/2% Notes) issued under an indenture, dated as of February 17, 2004, among URNA, the Company and the subsidiaries of the Company party thereto (the Existing Subsidiary Guarantors , and, together with the Company, the Existing Guarantors), as guarantors, and The Bank of New York, as trustee (the Trustee), as supplemented by a supplemental indenture, dated as of September 19, 2005, among the Existing Guarantors and the Trustee (the 6 1/2% Notes Indenture), (ii) 7 3/4% Senior Subordinated Notes due 2013 (the 7 3/4% Notes) issued under an indenture, dated as of November 12, 2003, among URNA, the Existing Guarantors and the Trustee, as supplemented by a supplemental indenture, dated as of September 19, 2005, among URNA, the Existing Guarantors and the Trustee (the 7 3/4% Notes Indenture), and (iii) 7% Senior Subordinated Notes due 2014 (the 7% Notes , and together with the 6 1/2% Notes and the 7 3/4% Notes, the Existing Notes) issued under an indenture, dated as of January 28, 2004, among URNA, the Existing Guarantors and the Trustee, as supplemented by a supplemental indenture, dated as of September 19, 2005, among URNA, the Existing Guarantors and the Trustee (the 7% Notes Indenture , and together with the 6 1/2% Notes Indenture and the 7 3/4% Notes Indenture, the Indentures), from each holder thereof (each an Existing Holder and collectively, the Existing Holders) upon the terms and subject to the conditions set forth in a certain Offer to Purchase and Consent Solicitation Statement (as it may be amended or supplemented from time to time, the Statement) and in the accompanying Letter of Instructions or Letter of Transmittal (the Letter of Instructions or Letter of Transmittal). The offers on the terms set forth in the Statement and the Letter of Instructions or Letter of Transmittal are referred in this proxy statement, collectively, as the Tender Offers.

In conjunction with the Tender Offers, the Company intends to solicit consents from registered Existing Holders of the Existing Notes certain proposed amendments including, without limitation, amendments to the Indentures to eliminate substantially all of the restrictive covenants, eliminate or modify certain events of default and certain conditions to defeasance of the Existing Notes and eliminate or modify related provisions contained in the Indentures.

In August 1998, a subsidiary trust (the Trust) of the Company issued and sold $300 million 6 1/2% Convertible Quarterly Income Preferred Securities (QUIPS) in a private offering. The Trust used the proceeds from the offering to purchase 6 1/2% convertible subordinated debentures due 2028 (the Convertible Debentures). Subject to the conversion rights of the holders thereof, the Company anticipates $146 million of the Convertible Debentures to remain outstanding after completion of the merger. Borrower may make an optional redemption of a portion or all of the Convertible Debentures following the completion of the merger.

In October and December 2003, URNA issued approximately $144 million aggregate principal amount of 1 7/8% Convertible Senior Subordinated Notes (the 1 7/8% Convertible Notes) which are due October 15, 2023. The 1 7/8% Convertible Notes are unsecured and are guaranteed by the Company. Holders of the 1 7/8% Convertible Notes may convert them into shares of common stock prior to their maturity at a current conversion price of approximately $22.25 per share (subject to further adjustment in certain circumstances), if (i) the price of

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our common stock reaches a specific threshold, (ii) the 1 7/8% Convertible Notes are called for redemption, (iii) specified corporate transactions occur or (iv) the trading price of the 1 7/8% Convertible Notes falls below certain thresholds. The Company anticipates substantially all or all of the 1 7/8% Convertible Notes to be converted on or prior to the completion of the merger. Any of the 1 7/8% Convertible Notes which are not converted on or prior to the completion of the merger will remain outstanding. Following the merger, any outstanding 1 7/8% Convertible Notes will be convertible to the merger consideration that would be paid on the common stock issuable under the 1 7/8% Convertible Notes had the holders converted on the closing date of the merger. The merger will trigger the obligation of the Company to make an offer to purchase the outstanding 1 7/8% Convertible Notes at par between 30 and 60 days after the occurrence of a fundamental change (such as the merger), therefore to the extent there are any 1 7/8% Convertible Notes outstanding, the Company would have to make such an offer.

Equity Financing

Cerberus has agreed on behalf of one or more of its affiliated funds or managed accounts to purchase or cause to be purchased securities of Parent for an aggregate cash purchase price of up to $1.5 billion. The cash purchase price of the Parent securities will constitute the equity portion of the merger financing. The proceeds of the equity financing will be used, together with the debt financing, to pay the aggregate merger consideration pursuant to the merger agreement, to refinance certain indebtedness of the Company and to pay related transaction fees and expenses.

Cerberus s equity commitment is made to Parent and is subject to the satisfaction or waiver of all of the conditions to the obligations of Parent and Merger Sub to effect the closing of the merger under the merger agreement in accordance with its terms and to Parent s receipt of the debt financing.

The equity commitment letter provided by Cerberus will terminate on the earlier to occur of (i) the effective time of the merger pursuant to the merger agreement and (ii) the termination of the merger agreement pursuant to its terms.

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MARKET PRICE OF THE COMPANY S COMMON STOCK

Our common stock is traded on the NYSE under the symbol URI . The following table sets forth the high and low sales prices per share of our common stock on the NYSE for the periods indicated.

	Common Stock	
	High	Low
Fiscal Year Ended December 31, 2005		
1st Quarter	$ 21.87	$ 16.14
2nd Quarter	$ 21.37	$ 17.12
3rd Quarter	$ 20.99	$ 16.46
4th Quarter	$ 24.62	$ 17.06
Fiscal Year Ended December 31, 2006		
1st Quarter	$ 35.48	$ 23.07
2nd Quarter	$ 37.84	$ 26.05
3rd Quarter	$ 31.99	$ 20.25
4th Quarter	$ 26.58	$ 22.01
Fiscal Year Ending December 31, 2007		
1st Quarter	$ 29.68	$ 24.57
2nd Quarter	$ 35.56	$ 27.23
3rd Quarter (through September 18, 2007)	$ 34.98	$ 28.55

The Company has not declared or paid any dividends on its common stock.

On July 20, 2007, which was the last trading day before we announced the execution of the merger agreement, the Company s common stock closed at $32.37 per share. On September 18, 2007, which was the last trading day before the date of this proxy statement, the Company s common stock closed at $31.19 per share. You are encouraged to obtain current market quotations for the Company s common stock in connection with voting your shares.

As of September 10, 2007, the record date for the special meeting, there were approximately 435 holders of record of shares of United Rentals common stock and, based on a broker search conducted for the special meeting, we believe there were approximately 12,600 beneficial owners of United Rentals common stock.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The table below and the notes thereto set forth as of, September 10, 2007 (unless otherwise indicated in the footnotes), certain information concerning the beneficial ownership (as defined in Rule 13d-3 under the Securities Exchange Act of 1934) of our common stock by (i) each director and executive officer of the Company, (ii) all executive officers and directors of the Company as a group and (iii) each person known to us to be the owner of more than 5 percent of our common stock.

Name and Address[1]	Number of Shares of Common Stock Beneficially Owned[2][3]	Percent of Common Stock Owned[2]
Wayland R. Hicks	1,272,823[4]	1.5%
Michael J. Kneeland	130,584[5]	*
Martin E. Welch III	40,080	*
Roger E. Schwed	9,255	*
Todd G. Helvie	1,927[6]	*
Kurtis T. Barker	186,403[7]	*
Michael S. Gross	60,427[8]	*
Leon D. Black	53,932[9]	*
Jenne K. Britell, Ph.D.	3,102[10]	*
Howard L. Clark, Jr.	10,036[11]	*
Singleton B. McAllister	9,036[12]	*
Brian D. McAuley	13,036[13]	*
John S. McKinney	160,268[14]	*
Jason D. Papastavrou, Ph.D.	6,036[15]	*
Gerald Tsai, Jr.	4,794[16]	*
Lawrence Keith Wimbush	3,036[17]	*
All executive officers and directors as a group (16 persons)	1,964,755[18]	2.3%
Bradley S. Jacobs	4,503,269[19]	5.2%
Apollo Investment Fund IV, L.P. and Apollo Overseas Partners IV, L.P.	17,177,833[20]	17.0%
Colburn Music Fund	7,310,787[21]	8.5%
Goldman Sachs Asset Management, L.P.	4,610,850[22]	5.4%
T. Rowe Price Associates, Inc.	5,417,950[23]	6.3%
Bank of America Corporation and United States Trust Company, N.A.	8,529,895[24]	9.9%