UNITED RENTALS INC /DE
Form DEF 14A
March 31, 2011

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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
(Amendment No. __)

Filed by the Registrant x

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

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

x Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material Pursuant to § 240.14a-12

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):

x No fee required.

o 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:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

o Fee paid previously with preliminary materials.

o 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.

(1) Amount Previously Paid:

(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

March 31, 2011

Dear Fellow Stockholders:

You are cordially invited to attend this year s annual meeting of stockholders, which will be held on Wednesday, May 11, 2011, at the Hyatt Regency Greenwich, 1800 East Putnam Avenue, Old Greenwich, Connecticut. The meeting will start at 10:00 a.m., Eastern time.

Enclosed you will find a notice setting forth the business expected to come before the meeting, the proxy statement, a proxy card and a copy of our annual report to stockholders for the fiscal year ended December 31, 2010.

Your vote is important. Whether or not you intend to be present at the meeting, it is important that your shares be represented. Voting instructions are provided on your proxy card and in the accompanying proxy statement. We encourage you to submit your proxy and vote via the Internet, by telephone or by mail.

Thank you for your continued support.

Sincerely,

JENNE K. BRITELL	MICHAEL J. KNEELAND
Chairman	*Chief Executive Officer*

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UNITED RENTALS, INC.
Five Greenwich Office Park
Greenwich, Connecticut 06831

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO OUR STOCKHOLDERS:

The annual meeting of stockholders of United Rentals, Inc. will be held at the Hyatt Regency Greenwich, 1800 East Putnam Avenue, Old Greenwich, Connecticut, on Wednesday, May 11, 2011, at 10:00 a.m., Eastern time, for the following purposes:

1. To elect the 11 directors nominated and recommended by the Board of Directors, as named in the accompanying proxy statement;

2. To ratify the appointment of Ernst & Young LLP as our independent auditors for the fiscal year ending December 31, 2011;

3. To hold an advisory vote on executive compensation;

4. To hold an advisory vote on whether an advisory vote on executive compensation should be held every one, two or three years; and

5. To transact such other business, if any, properly brought before the meeting.

The meeting may be adjourned or postponed from time to time. At any reconvened or rescheduled meeting, action with respect to the matters specified in this notice may be taken without further notice to stockholders, except as may be required by our by-laws. Stockholders of record at the close of business on March 15, 2011 are entitled to notice of, and to vote on, all matters at the meeting and any reconvened or rescheduled meeting following any adjournment or postponement.

March 31, 2011

By Order of the Board of Directors,

JONATHAN M. GOTTSEGEN
Corporate Secretary

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be held on Wednesday, May 11, 2011. The Notice of and Proxy Statement for the 2011 Annual Meeting of Stockholders and the Company s 2010 Annual Report to Stockholders are available electronically at *http://www.ur.com/index.php/investor/*.

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UNITED RENTALS, INC.
Five Greenwich Office Park
Greenwich, Connecticut 06831

March 31, 2011

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS

We are providing this proxy statement in connection with the solicitation by the Board of Directors (the Board) of United Rentals, Inc. (the Company) of proxies to be voted at our 2011 annual meeting of stockholders to be held at the Hyatt Regency Greenwich, 1800 East Putnam Avenue, Old Greenwich, Connecticut, on Wednesday, May 11, 2011, at 10:00 a.m., Eastern time, and at any reconvened or rescheduled meeting following any adjournment or postponement. This proxy statement and the accompanying form of proxy card, together with our 2010 annual report to stockholders, are first being mailed to stockholders on or about March 31, 2011.

This proxy statement contains important information for you to consider when deciding how to vote. Please read this information carefully.

Record Date

The record date for determining stockholders entitled to notice of, and to vote at, the annual meeting (and at any reconvened or rescheduled meeting following any adjournment or postponement) has been established as the close of business on March 15, 2011.

Voting Securities Outstanding on Record Date

As of the record date, there were 61,070,344 shares of our common stock outstanding and entitled to vote. From May 1 to May 10, 2011, a list of the stockholders entitled to vote at the annual meeting will be available for inspection during ordinary business hours at our principal executive offices located at Five Greenwich Office Park, Greenwich, Connecticut. The list will also be available at the annual meeting.

Right to Vote

With respect to each matter properly brought before the annual meeting, each holder of our common stock as of the record date will be entitled to one vote for each share held on the record date.

Voting

Voting Before the Annual Meeting

If you are a stockholder of record, meaning that you hold your shares in certificate form or through an account with our transfer agent, American Stock Transfer & Trust Company, you have three options to vote before the annual meeting:

VIA THE INTERNET Visit the website *http://www.voteproxy.com* and follow the on-screen instructions. Have your proxy card available when you access the web page and use the Company Number and Account Number shown on your proxy card. The submission of your proxy via the Internet is available 24 hours a day.

To be valid, a submission via the Internet must be received by 11:59 p.m., Eastern time, on Tuesday, May 10, 2011.

BY TELEPHONE Call 1-800-PROXIES (1-800-776-9437) in the United States or 1-718-921-8500 in foreign countries from any touch-tone telephone and follow the instructions. Have your proxy card available when you call and use the Company Number and Account Number shown on your proxy card. The submission of your proxy by telephone is available 24 hours a day. To be valid, a submission by telephone must be received by 11:59 p.m., Eastern time, on Tuesday, May 10, 2011.

BY MAIL Sign, date and return your completed proxy card by mail. To be valid, a submission by mail must be received by 5:00 p.m., Eastern time, on Tuesday, May 10, 2011.

If you indicate a choice with respect to any matter to be acted upon when voting via the Internet (or by telephone or on your returned proxy card) and you do not validly revoke it, your shares will be voted in accordance with your instructions. If you do not vote via the Internet or by telephone, or sign, date and return a proxy card, you must attend the annual meeting in person in order to vote.

If you hold your shares in street name through an account with a bank or broker, you will receive voting instructions from your bank or broker.

Voting at the Annual Meeting

If you are a stockholder of record, you may vote your shares at the annual meeting if you attend in person. If you intend to vote your shares at the annual meeting, you will need to bring valid picture identification with you. We will confirm that you were a stockholder of record on the record date and will provide you with a blank proxy card, which will serve as a ballot on which to record your vote.

If you hold your shares in street name, you must obtain a legal proxy from your bank or broker in order to vote at the annual meeting. A legal proxy is an authorization from your bank or broker to vote the shares it holds in its name. In addition to a legal proxy, you will need to bring with you valid picture identification and a recent account statement from your bank or broker, confirming your holdings on the record date. Based on these documents, we will confirm that you have proper authority to vote and will provide you with a blank proxy card to serve as a ballot.

Even if you plan to attend the annual meeting, we encourage you to vote your shares before the meeting via the Internet, by telephone or by mail.

Directions to the annual meeting are available by calling the Hyatt Regency Greenwich at 1-203-637-1234 or visiting its website at *http://greenwich.hyatt.com/hyatt/hotels/services/maps/index.jsp*.

Failure to Provide Specific Voting Instructions

If you are a stockholder of record and you properly sign, date and return a proxy card, but do not indicate how you wish to vote with respect to a particular nominee or proposal, then your shares will be voted FOR the election of all 11 nominees for director named in Proposal 1 Election of Directors, FOR Proposal 2 Ratification of Appointment of Independent Auditors, FOR Proposal 3 Advisory Vote on Executive Compensation and for a frequency of EVERY YEAR on Proposal 4 Advisory Vote on Frequency of Executive Compensation Vote.

If you hold your shares in street name through an account with a bank or broker, you will receive voting instructions from your bank or broker. Banks and brokers have the authority under New York Stock Exchange (NYSE) rules to vote shares for which their customers do not provide voting instructions on routine matters. The proposal to ratify the appointment of our independent auditors is considered a routine matter under NYSE rules. This means that banks and brokers may vote in their discretion on this matter on behalf of clients who have not furnished voting instructions at least ten days before the date of the annual meeting. However, some brokers will only vote uninstructed shares in the same proportion as all other shares are voted with respect to a proposal. Unlike the proposal to ratify the appointment of our independent auditors, the proposals to elect directors, to vote on an advisory basis on executive compensation and to vote on an advisory basis on the frequency of future advisory votes on executive compensation are non-routine matters for which brokers do not have discretionary voting power and for which specific instructions from beneficial owners are required. As a result, brokers are not allowed to vote on these proposals on behalf of beneficial owners if such owners do not return specific voting instructions.

Quorum

The presence at the annual meeting, in person or represented by proxy, of a majority of the outstanding shares entitled to vote will constitute a quorum for the transaction of business. If a share is deemed present at the annual meeting for any matter, it will be deemed present for all other matters. Abstentions and broker non-votes are treated as present for quorum purposes.

Right to Revoke Proxies

If you are a stockholder of record (even if you voted via the Internet, by telephone or by mail), you retain the power to revoke your proxy or change your vote. You may revoke your proxy or change your vote at any time prior to its exercise by (i) sending a written notice of such revocation or change to United Rentals, Inc., Five Greenwich Office Park, Greenwich, Connecticut 06831, Attention: Corporate Secretary, which notice must be received by 5:00 p.m., Eastern time, on Tuesday, May 10, 2011, (ii) voting in person at the annual meeting, (iii) submitting a new proxy via the Internet or by telephone that is received by 11:59 p.m., Eastern time, on Tuesday, May 10, 2011, or (iv) executing and mailing a later-dated proxy card to American Stock Transfer & Trust Company, Operation Center, 6201 15th Avenue, Brooklyn, New York 11219, which proxy card must be received by 5:00 p.m., Eastern time, on Tuesday, May 10, 2011.

Street name stockholders who wish to revoke a proxy already returned on their behalf must direct the institution holding their shares to do so.

Method and Cost of Solicitation

In addition to solicitation by mail, our directors, officers and employees may solicit proxies by telephone, electronic communication or other means. We have also retained Innisfree M&A Incorporated, a proxy solicitation firm, to assist us in soliciting proxies, for an estimated fee of $15,000, plus reimbursement of reasonable out-of-pocket expenses and disbursements. Our directors, officers and employees receive no additional compensation for solicitation of proxies.

We will bear all costs associated with soliciting proxies for the annual meeting. We will, upon request, and in accordance with applicable regulations, reimburse banks, brokers, other institutions, nominees and fiduciaries for their reasonable expenses in forwarding solicitation materials to beneficial owners.

Matters to Be Acted upon

As discussed in more detail under Proposal 1 Election of Directors, each director is required to be elected by a majority of votes cast with respect to such director, i.e., the number of votes cast for must exceed the number of votes cast against. Abstentions and shares not represented at the meeting will have no effect on the election of directors. Brokers are not entitled to vote on director elections and thus broker non-votes are not treated as votes cast and will have no effect on the election of directors.

The matter described in Proposal 2 Ratification of Appointment of Independent Auditors is required to be approved by the affirmative vote of the majority of shares present in person or represented by proxy at the annual meeting and entitled to vote on the matter. Abstentions will have the same effect as a vote against this proposal, whereas shares not represented at the meeting will not be counted for purposes of determining whether such matter has been approved. Brokers may vote in their discretion on this proposal on behalf of clients who have not furnished voting instructions. As a result, broker non-votes will not arise in connection with, and thus will have no effect on, this proposal.

With respect to Proposal 3 Advisory Vote on Executive Compensation, the affirmative vote of a majority of shares present in person or represented by proxy at the annual meeting and entitled to vote on the matter is required for approval of the compensation of our named executive officers.

Voting for Proposal 3 is being conducted on an advisory basis and, therefore, the voting results will not be binding on the Company, the Board or the Compensation Committee. Abstentions will have the same effect as a vote against this proposal, whereas broker non-votes and shares not otherwise represented at the meeting will have no effect on the outcome of such matter.

With respect to Proposal 4 Advisory Vote on Frequency of Executive Compensation Vote, we are asking stockholders whether the advisory vote on executive compensation should occur every three years, every two years or every year. The option of once every three years, once every two years or once every year that receives the greatest number of votes will be the frequency approved by stockholders. Voting on Proposal 4 is being conducted on an advisory basis, and, therefore, the voting results will not be binding on the Company, the Board or the Compensation Committee. Broker non-votes, abstentions and shares not otherwise represented at the meeting will have no effect on the outcome of this proposal.

The Board unanimously recommends that you vote FOR the election of all 11 nominees recommended by the Board, FOR the ratification of the appointment of our independent auditors, FOR the resolution approving the compensation of our named executive officers and for advisory votes on the compensation of our named executive officers to occur EVERY YEAR.

PROPOSAL 1

ELECTION OF DIRECTORS

General

Our Board is currently comprised of the following 11 members: Jenne K. Britell, José B. Alvarez, Howard L. Clark, Jr., Bobby J. Griffin, Michael J. Kneeland, Singleton B. McAllister, Brian D. McAuley, John S. McKinney, Jason D. Papastavrou, Filippo Passerini and Keith Wimbush. All directors will be elected annually for one-year terms. The Board, upon the recommendation of our Nominating and Corporate Governance Committee (the Nominating Committee), has nominated each of the aforementioned directors to stand for re-election.

Election of 11 Directors

The terms of Drs. Britell and Papastavrou, Ms. McAllister and Messrs. Alvarez, Clark, Griffin, Kneeland, McAuley, McKinney, Passerini and Wimbush will expire at the 2011 annual meeting. Upon the unanimous recommendation of the Nominating Committee, the Board has nominated each of Drs. Britell and Papastavrou, Ms. McAllister and Messrs. Alvarez, Clark, Griffin, Kneeland, McAuley, McKinney, Passerini and Wimbush to stand for re-election at the annual meeting.

Each director elected at the 2011 annual meeting will hold office until our 2012 annual meeting of stockholders and, subject to the resignation policy described below, until such director s successor is elected and qualified.

Voting

Our by-laws require a director to be elected by a majority of votes cast with respect to such director in uncontested elections. The number of votes cast for a director must exceed the number of votes cast against that director. Abstentions and shares not represented at the meeting have no effect on the election of directors. Directors will continue to be elected by a plurality of votes cast in contested elections. A contested election takes place at any meeting in respect of which (i) our corporate secretary receives a notice pursuant to our by-laws that a stockholder intends to nominate a director or directors and (ii) such proposed nomination has not been withdrawn by such stockholder on or prior to the tenth day preceding the date on which the Company first mails its notice of meeting for such meeting to its stockholders.

If a nominee who is serving as a director is not elected at the annual meeting, under Delaware law, the director would continue to serve on the Board as a holdover director until his successor is elected and qualified. However, under our by-laws, any director who fails to be elected by majority vote must offer to tender his or her resignation to the Board on the date of the certification of the election results. The Nominating Committee will then consider the resignation offer and make a recommendation to the Board on whether to accept or reject the resignation, or whether other action should be taken. The Board will accept such resignation unless it determines that the best interests of the Company and its stockholders would not be served in doing so. The Board will act on the Nominating Committee s recommendation within 90 days from the date of the certification of the election results, unless such action would cause the Company to fail to comply with any requirement of the NYSE or any rule or regulation under the Securities Exchange Act of 1934, as amended (the Exchange Act), in which event the Company will take action as promptly as is practicable while continuing to meet those requirements. The Board will promptly disclose its decision and the rationale behind it in a Form 8-K report furnished to the Securities and Exchange Commission (SEC). The director who offers to tender his or her resignation will not participate in the Nominating Committee s recommendation or in the Board s decision.

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If a nominee who is not already serving as a director is not elected at the annual meeting, under Delaware law, that nominee would not be a holdover director and the process described above would not apply.

All nominees for election at the 2011 annual meeting are currently serving on the Board. Each person nominated has agreed to continue to serve if elected. If any nominee becomes unavailable for any reason to serve as a director at the time of the annual meeting, then the shares represented by each proxy may be voted for such other person as may be determined by the holders of such proxy.

The Board unanimously recommends a vote FOR the election of each of Drs. Britell and Papastavrou, Ms. McAllister and Messrs. Alvarez, Clark, Griffin, Kneeland, McAuley, McKinney, Passerini and Wimbush to hold office until the 2012 annual meeting of stockholders (designated as Proposal 1 on the enclosed proxy card) and until such director s successor is elected and qualified.

Information Concerning Directors and Executive Officers

The table below identifies, and provides certain information concerning, our current executive officers and directors.

Name	Age	Position
Michael J. Kneeland	57	President, Chief Executive Officer and Director
William B. Plummer	52	Executive Vice President and Chief Financial Officer
Jonathan M. Gottsegen	44	Senior Vice President, General Counsel and Corporate Secretary
Matthew J. Flannery	46	Senior Vice President Operations
John J. Fahey	44	Vice President Controller
Joseph A. Dixon	53	Vice President Sales
Kenneth E. DeWitt	61	Vice President Chief Information Officer
Jenne K. Britell, Ph.D.	68	Chairman and Director
José B. Alvarez	48	Director
Howard L. Clark, Jr.	67	Director
Bobby J. Griffin	62	Director
Singleton B. McAllister	59	Director
Brian D. McAuley	70	Director
John S. McKinney	56	Director
Jason D. Papastavrou, Ph.D.	48	Director
Filippo Passerini	53	Director
Keith Wimbush	58	Director

Michael J. Kneeland has been our president and chief executive officer and a director of the Company since August 2008, having previously served as our interim chief executive officer since June 2007. Prior to that time, Mr. Kneeland served as our executive vice president and chief operating officer since March 2007 and as our executive vice president operations since September 2003. Mr. Kneeland joined the Company as a district manager in 1998 upon our acquisition of Equipment Supply Co., and was subsequently named vice president aerial operations and then vice president southeast region. Mr. Kneeland s more than 30 years of experience in the equipment rental industry includes a number of senior management positions with Free State Industries, Inc. and Equipment Supply Co.

William B. Plummer joined the Company as our executive vice president and chief financial officer in December 2008. Before joining the Company, Mr. Plummer served as chief financial officer of Dow Jones & Company, Inc., a leading provider of global business news and information services, from September 2006 to December 2007. Prior to

Dow Jones & Company, Mr. Plummer was vice president and treasurer of Alcoa Inc., one of the world s leading producers of aluminum, since 2000. He also held similar executive positions at Mead Corporation and GE Capital, the financial services subsidiary of General Electric. Mr. Plummer is also a director of John Wiley & Sons, Inc.

Jonathan M. Gottsegen joined the Company as our senior vice president, general counsel and corporate secretary in February 2009. Before joining the Company, Mr. Gottsegen directed the Corporate and Securities Practice Group at The Home Depot, Inc., the world s largest home improvement retailer, from 2004 to 2009, where he led a team responsible for oversight of the company s key legal matters. Prior to The Home Depot, Mr. Gottsegen served as securities counsel for Time Warner Inc., a leading media and entertainment company, from 2003 to 2004, responsible for corporate, securities and corporate governance matters. From 1999 to 2003, Mr. Gottsegen was an associate in the New York office of Kaye Scholer Fierman Hays & Handler in its corporate and securities transactional practice. From 1996 to 1999, Mr. Gottsegen was a senior staff attorney with the SEC in its Division of Corporation Finance.

Matthew J. Flannery was appointed senior vice president operations in March 2010. Mr. Flannery has extensive experience in all areas of the Company s operations, having previously served as senior vice president operations East, and in two regional vice president roles in aerial operations. Mr. Flannery has also served as a district manager, direct sales manager and branch manager of the Company. He has almost two decades of sales, management and operations experience in the rental industry. Mr. Flannery joined the Company in 1998 as part of the Company s acquisition of Connecticut-based McClinch Equipment.

John J. Fahey was appointed our vice president controller in January 2008 and, in that role, continues to serve the Company as principal accounting officer, as he has since August 2006. Mr. Fahey joined the Company in September 2005 as vice president assistant corporate controller. His prior experience includes senior positions as manager corporate business development for Xerox Corporation, a leading document management technology and services company, from June 2003 to September 2005, and vice president and chief financial officer for Xerox Engineering Systems, Inc., a provider of solutions for technical documents, from January 2000 to June 2003. Mr. Fahey has also served as vice president finance and controller for Faulding Pharmaceutical Company, an international health care company. Mr. Fahey is a licensed certified public accountant who previously served as a general practice manager in accounting and auditing for Deloitte & Touche LLP, one of the four largest international accounting and consulting firms.

Joseph A. Dixon joined the Company as vice president sales in June 2008 and, in that role, bears responsibility for the strategic leadership of the Company s sales and business development efforts. Before joining the Company, Mr. Dixon served as global vice president and general manager for JLG Industries, Inc., a worldwide aerial equipment manufacturer, from January 2006 to May 2008, with responsibility for aftermarket services. He held senior positions as vice president pro business and tool rental for The Home Depot from May 2002 to December 2005, with sales and management responsibility for 1,450 North American locations. Mr. Dixon also previously held the position of division vice president operations and field sales for Hertz Equipment Rental Corporation, with executive responsibility for the company s equipment rental business.

Kenneth E. DeWitt joined the Company as vice president chief information officer in May 2008. Mr. DeWitt has more than 15 years of executive experience leading information technology at several companies. During the period from July 2002 through March 2008, Mr. DeWitt held senior vice president chief information officer positions with Brand Technology Services LLC (a DSW Company), Retail Ventures Services, Inc. and Value City Department Stores, Inc. Mr. DeWitt s prior experience also includes senior information technology management positions with responsibility for planning and integration, corporate systems and credit systems for Sears, Roebuck and Company and vice president management information systems for Saks Fifth Avenue. He began his information technology career with Lerner Stores Corp.

Jenne K. Britell, Ph.D. became a director of the Company in December 2006 and Chairman of the Board in June 2008. In March 2010, she was named a Senior Managing Director of Brock Capital

Group LLC, an advisory and investment banking firm. Dr. Britell was chairman and chief executive officer of Structured Ventures, Inc., advisors to U.S. and multinational companies, from 2001 to 2009. From 1996 to 2000, Dr. Britell was a senior executive of GE Capital. At GE Capital, she most recently served as the executive vice president of Global Consumer Finance and president of Global Commercial and Mortgage Banking. From January 1998 to July 1999, she was president and chief executive officer of GE Capital, Central and Eastern Europe, based in Vienna. Before joining GE Capital, she held significant management positions with Dime Bancorp, Inc., HomePower, Inc., Citicorp and Republic New York Corporation. Earlier, she was the founding chairman and chief executive officer of the Polish-American Mortgage Bank in Warsaw, Poland. Dr. Britell is also a director of Crown Holdings, Inc., Quest Diagnostics, Inc., the U.S.-Russia Investment Fund and the U.S.-Russia Foundation for Entrepreneurship and the Rule of Law. During the past five years, Dr. Britell has served as a member of the board of directors of West Pharmaceutical Services, Aames Investment Corp. and Lincoln National Corp.

José B. Alvarez became a director of the Company in January 2009. Mr. Alvarez has been on the faculty of the Harvard Business School since February 2009. Until December 2008, he was the executive vice president global business development for Royal Ahold NV, one of the world s largest grocery retailers. Mr. Alvarez joined Royal Ahold in 2001 and subsequently held several key senior management positions, including president and chief executive officer of the company s Stop & Shop and Giant-Landover brands. Previously, he served in executive positions at Shaw s Supermarket, Inc. and American Stores Company. Mr. Alvarez also serves as a director of The TJX Companies, Inc.

Howard L. Clark, Jr. became a director of the Company in April 2004. Mr. Clark has been vice chairman of Barclays Capital Inc., the investment banking division of Barclays Bank PLC, since September 2008. Prior to assuming his current position, Mr. Clark was vice chairman of Lehman Brothers Inc., an international investment bank, since 1993. From 1990 until 1993, Mr. Clark was chairman, president and chief executive officer of Shearson Lehman Brothers Holdings Inc. Mr. Clark was previously a senior executive at American Express Company from 1981 to 1990, and a managing director of Blyth Eastman Paine Webber Incorporated or predecessor firms from 1968 to 1981. While at American Express, his positions included five years as executive vice president and chief financial officer. Mr. Clark is also a director of Walter Energy, Inc. (formerly known as Walter Industries, Inc.), White Mountains Insurance Group, Ltd. and Mueller Water Products, Inc.

Bobby J. Griffin became a director of the Company in January 2009. From March 2005 to March 2007, he served as president international operations for Ryder System, Inc., a global provider of transportation, logistics and supply chain management solutions. Beginning in 1986, Mr. Griffin served in various other management positions with Ryder, including as executive vice president international operations from 2003 to March 2005 and executive vice president global supply chain operations from 2001 to 2003. Prior to Ryder, Mr. Griffin was an executive at ATE Management and Service Company, Inc., which was acquired by Ryder in 1986. He also serves as a director of Hanesbrands Inc. and Horizon Lines, Inc.

Singleton B. McAllister became a director of the Company in April 2004. Ms. McAllister heads the federal government relations practice of the law firm Blank Rome LLP. Before joining Blank Rome in June 2010, Ms. McAllister had been a partner in the law firms of LeClairRyan since October 2007, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C. since July 2005, Sonnenschein, Nath & Rosenthal LLP since 2003 and Patton Boggs LLP since 2001. Prior to entering private practice, Ms. McAllister served for five years as the general counsel for the United States Agency for International Development. Ms. McAllister is also a director of Alliant Energy Corporation, Interstate Power and Light Company and Wisconsin Power and Light Company.

Brian D. McAuley became a director of the Company in April 2004. Mr. McAuley has served as chairman of Pacific DataVision, Inc. (PDV) since August 2004. PDV is a privately held telecommunications software applications and hosting company. He has also been a partner at NH II, LLC, a consulting firm that specializes in telecommunications businesses, since 2003. Mr. McAuley is

a co-founder of Nextel Communications, Inc. and held senior executive positions at Nextel from the company s inception in 1987 until 1996, including seven years as president and chief executive officer. Upon leaving Nextel, he joined Imagine Tile, Inc., a custom tile manufacturer, where he served as chairman and chief executive officer from 1996 to 1999 and continues to serve as chairman. He also served as president and chief executive officer of NeoWorld Communications, Inc., a wireless telecommunications company, from 1999 until the sale of that company to Nextel in 2003. Mr. McAuley is a certified public accountant and, prior to co-founding Nextel, his positions included chief financial officer of Millicom Incorporated, corporate controller at Norton Simon Inc. and manager at Deloitte & Touche LLP.

John S. McKinney became a director of the Company in September 1998 following the merger of the Company with U.S. Rentals, Inc. He also served as a vice president of the Company until the end of 2000. Mr. McKinney served as chief financial officer of U.S. Rentals from 1990 until the merger and as controller of U.S. Rentals Inc., and as a staff auditor and audit manager at the accounting firm of Arthur Andersen & Co. Mr. McKinney was assistant dean of the Ira A. Fulton College of Engineering and Technology at Brigham Young University from November 2006 to January 2008.

Jason D. Papastavrou, Ph.D. became a director of the Company in June 2005. Dr. Papastavrou has served as chief executive officer and chief investment officer of ARIS Capital Management, an investment management firm, since founding the company in January 2004. He previously held senior positions at Banc of America Capital Management, also an investment management firm, where he served as managing director fund of hedge funds strategies from 2001 to 2003, and at Deutsche Asset Management, where he served as director alternative investments group from 1999 to 2001. Dr. Papastavrou, who holds a Ph.D. in electrical engineering and computer science from the Massachusetts Institute of Technology, taught at Purdue University s School of Industrial Engineering from 1990 to 1999 and is the author of numerous academic publications.

Filippo Passerini became a director of the Company in January 2009. He is currently president of The Procter & Gamble Company s global business services organization and chief information officer, positions he has held since February 2008 and July 2004, respectively. Mr. Passerini joined Procter & Gamble, a multinational manufacturer of consumer goods, in 1981 and has held executive positions in the United Kingdom, Greece, Italy, the United States, Latin America and Turkey. He is a native of Italy, with a degree from the University of Rome.

Keith Wimbush became a director of the Company in April 2006. Mr. Wimbush has been a managing director of Executive Search Services International, LLC, an executive search firm, since November 2010. From January 2003 until August 2005, Mr. Wimbush was with Korn/Ferry International, another executive search firm, where he served as a senior client partner in the firm s Stamford, Connecticut office, and was also co-practice leader of the firm s legal specialist group. From April 1997 until January 2003, Mr. Wimbush served as senior vice president and general counsel of Diageo North America, Inc. and predecessor companies. Mr. Wimbush, who holds a J.D. from Harvard Law School, has served as an adjunct professor of law at Thomas Cooley Law School during the fall of 2007 and 2008.

See Corporate Governance Matters Board Consideration of Director Qualifications for additional information regarding the specific experience, qualifications, attributes and skills of the directors named herein that led the Board to conclude that each such director should serve as a director of the Company.

BOARD MATTERS

General

Our Board is currently comprised of the following 11 members: Jenne K. Britell, José B. Alvarez, Howard L. Clark, Jr., Bobby J. Griffin, Michael J. Kneeland, Singleton B. McAllister, Brian D. McAuley, John S. McKinney, Jason D. Papastavrou, Filippo Passerini and Keith Wimbush. All directors will be elected annually for one-year terms.

The Board, upon the recommendation of the Nominating Committee, has nominated each of the aforementioned directors to stand for re-election at the annual meeting.

Meetings of the Board and its Committees

During 2010, the Board met ten times. During 2010, each current member of the Board attended at least 95.5% of the aggregate of (i) the total number of Board meetings held during the period for which he or she was a director and (ii) the total number of meetings of each committee of the Board on which the director served during the period for which he or she was on the committee.

Committees of the Board

The following table summarizes the current composition of the five current standing committees of the Board: the Audit Committee, the Compensation Committee, the Nominating Committee, the Finance Committee and the Strategy Committee. Our chairman, Dr. Britell, is not a member of any of the Board s standing committees. However, she regularly attends meetings of the Board s committees, as all directors are invited.

	Audit Committee	Compensation Committee	Nominating Committee	Finance Committee	Strategy Committee
José B. Alvarez		X	X		X
Howard L. Clark, Jr.			Chairman	X	
Bobby J. Griffin		X			X
Michael J. Kneeland					X
Singleton B. McAllister		Chairman	X		
Brian D. McAuley	Chairman			X	
John S. McKinney	X				Chairman
Jason D. Papastavrou	X			Chairman	
Filippo Passerini	X				X
Keith Wimbush	X	X			

Compensation Committee Interlocks and Insider Participation

None of the current members of the Compensation Committee has ever been an officer or employee of the Company or its subsidiaries or had any relationship with the Company requiring disclosure as a related party transaction under applicable rules of the SEC. During fiscal year 2010, none of our executive officers served as a member of the compensation committee of another entity, one of whose executive officers served on our Compensation Committee; none of our executive officers served as a director of another entity, one of whose executive officers served on our Compensation Committee; and none of our executive officers served as a member of the compensation committee of another entity, one of whose executive officers served as a member of our Board.

Audit Committee

We have a separately-designated Audit Committee established in accordance with the Exchange Act. The Audit Committee operates pursuant to a charter that complies with the corporate governance standards of the NYSE. You can access this document, and other committee charters, on our website at *http://www.ur.com* under Corporate Governance in the Investor Relations section. The document, and each of the other committee charters, is also available in print to any stockholder upon written request to our corporate secretary at United Rentals, Inc., Five Greenwich Office Park, Greenwich, Connecticut 06831.

The general purposes of the Audit Committee are to:

- assist the Board in monitoring (i) the integrity of the Company s financial statements, (ii) the independent auditor s qualifications and independence, (iii) the performance of the Company s internal audit function and independent auditors, and (iv) the Company s compliance with legal and regulatory requirements; and

- prepare the report required by the rules and regulations of the SEC to be included in the Company s annual proxy statement and any other reports that the rules and regulations of the SEC may require of a company s audit committee.

The Audit Committee also has the sole authority to appoint or replace the independent auditor (subject, if applicable, to stockholder ratification) and to approve compensation arrangements for the independent auditor.

The current members of the Audit Committee are Messrs. McAuley, McKinney, Passerini and Wimbush and Dr. Papastavrou. Each member of the Audit Committee meets the general independence requirements of the NYSE and the additional independence requirements for audit committees specified by Rule 10A-3 under the Exchange Act. The Board has determined that each of Messrs. McAuley and McKinney and Dr. Papastavrou qualifies as an audit committee financial expert as defined by the SEC and has accounting or related financial management expertise within the meaning of the corporate governance standards of the NYSE, and that each member of the Audit Committee is financially literate within the meaning of the corporate governance standards of the NYSE.

In 2010, the Audit Committee met seven times.

Compensation Committee

The Compensation Committee operates pursuant to a charter that complies with the corporate governance standards of the NYSE.

The general purpose of the Compensation Committee is to aid the Board in discharging its responsibilities relating to: (i) the oversight of executive officer and director compensation and (ii) the development of compensation policies that support the Company s business goals and objectives. The Compensation Committee is also responsible for producing an annual report on executive compensation and assisting management in the preparation of a Compensation Discussion and Analysis. For additional information concerning the Compensation Committee, see Executive Compensation Compensation Discussion and Analysis.

The current members of the Compensation Committee are Ms. McAllister and Messrs. Alvarez, Griffin and Wimbush. Each member of the Compensation Committee meets the independence requirements of the NYSE. In addition, each member qualifies as an outside director within the meaning of Internal Revenue Code Section 162(m) and as a non-employee director within the meaning of Rule 16b-3 under the Exchange Act.

The Compensation Committee may select, retain and terminate outside compensation consultants to advise with respect to director, chief executive officer or executive officer compensation.

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The Compensation Committee also has the authority to obtain advice and assistance from internal or external legal, accounting and other advisors. Although the Company pays for any compensation consultant, the Compensation Committee, in its sole discretion, approves the fees to the compensation consultant and other terms related to the consultant s engagement. The Compensation Committee s use of compensation consultants is described below under Executive Compensation Compensation Discussion and Analysis.

The Compensation Committee may delegate all or any portion of its duties and responsibilities to a subcommittee consisting of one or more members of the Compensation Committee.

In 2010, the Compensation Committee met seven times.

Nominating Committee

The Nominating Committee operates pursuant to a charter that complies with the corporate governance standards of the NYSE.

The general responsibilities of the Nominating Committee include: (i) developing criteria for evaluating prospective candidates to the Board (or its committees) and identifying and recommending such candidates to the Board; (ii) taking a leadership role in shaping the corporate governance of the Company and developing the Company s corporate governance guidelines; and (iii) coordinating and overseeing the evaluation processes for the Board and management which are required by the Company s corporate governance guidelines. For additional information concerning this committee, see Corporate Governance Matters Director Nomination Process.

The current members of the Nominating Committee are Messrs. Clark and Alvarez and Ms. McAllister. Each member of the Nominating Committee meets the independence requirements of the NYSE.

In 2010, the Nominating Committee met two times.

Finance Committee

Pursuant to its charter, the Finance Committee oversees all policies, activities and transactions affecting the financial condition of the Company and not otherwise assigned to the Audit Committee.

The current members of the Finance Committee are Dr. Papastavrou and Messrs. Clark and McAuley.

In 2010, the Finance Committee met one time.

Strategy Committee

Pursuant to its charter, the Strategy Committee assists the Board in overseeing and facilitating the development and implementation of the Company s corporate strategy, including long- and short-term strategic plans and related operational decision-making.

The current members of the Strategy Committee are Messrs. McKinney, Alvarez, Griffin, Kneeland and Passerini.

In 2010, the Strategy Committee met five times.

Risk Oversight

The Board has overall responsibility for risk oversight, including, as a part of regular Board and committee meetings, general oversight of the way the Company s executives manage risk. A fundamental part of risk oversight is not only understanding the material risks the Company faces and the steps management is taking to manage those risks, but also understanding what level of risk is appropriate for the Company. Our Board s involvement in reviewing our business strategy is integral to

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the Board s assessment of management s tolerance for risk and also its determination of what constitutes an appropriate level of risk for the Company.

The Board has delegated primary responsibility for risk oversight to the Audit Committee. The Audit Committee shares this responsibility with senior management and the Company s Enterprise Risk Management Committee (the ERM Committee), which is comprised of senior representatives from field operations and from each of the primary corporate functions. Risks are initially identified by each department and then communicated to senior management and the ERM Committee for the development of appropriate risk management programs and policies which are subsequently implemented at the department or other appropriate level within the Company. The ERM Committee reports directly to the Audit Committee and the full Board.

In addition to the work done by the ERM Committee and senior management, the Company s Internal Audit Department conducts an annual risk assessment that is reported to the Audit Committee. Such assessment consists of reviewing the risks identified by the ERM Committee, the prior year s risk assessment and audit work performed during the year; interviewing members of management and other employees to understand the potential risks impacting the Company; identifying common risk themes to be considered in developing the Internal Audit Plan; developing a risk-based Internal Audit Plan that provides assurance in assessing the functionality of controls that directly mitigate key risks; and producing an estimate of the resource requirements necessary to execute the Internal Audit Plan.

Director Attendance at Previous Annual Meeting

We encourage our directors to attend annual meetings of stockholders, and we typically schedule Board and committee meetings to coincide with the annual meeting. All directors attended the 2010 annual meeting of stockholders.

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CORPORATE GOVERNANCE MATTERS

Corporate Governance Guidelines

We have adopted corporate governance guidelines to promote the effective functioning of the Board. The guidelines address, among other things, criteria for selecting directors and director duties and responsibilities. We have also adopted categorical independence standards (in addition to the requirements of the NYSE) by which we assess the independence of our directors. You can access these documents on our website at *http://www.ur.com* under Corporate Governance in the Investor Relations section. The documents are also available in print to any stockholder upon written request to our corporate secretary at United Rentals, Inc., Five Greenwich Office Park, Greenwich, Connecticut 06831.

Code of Business Conduct

We have adopted a Code of Business Conduct for our employees, officers and directors. You can access this document on our website at *http://www.ur.com* under Corporate Governance in the Investor Relations section. This document is also available in print to any stockholder upon written request to our corporate secretary at United Rentals, Inc., Five Greenwich Office Park, Greenwich, Connecticut 06831. This Code constitutes a code of ethics as defined by the rules of the SEC. We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K relating to amendments to the Code of Business Conduct or waivers from any provision of the code of business conduct applicable to our principal executive officer, principal financial officer and controller by posting such information on our website at the location set forth above within four business days following the date of such amendment or waiver.

Board Leadership Structure

Our Board has separated the roles of Chairman of the Board and Chief Executive Officer. The current Chairman, Dr. Jenne Britell, is an independent director. We believe that an independent Chairman is better able to provide oversight and guidance to management, especially in relation to the Board s essential role in risk management oversight, and to ensure the efficient use and accountability of resources. Furthermore, this separation provides for focused engagement between these two roles in their respective areas of responsibility, while still providing for collaborative participation. The separation of the Chairman and Chief Executive Officer roles, together with our other comprehensive corporate governance practices, are designed to establish and preserve management accountability, provide a structure that allows the Board to set objectives and monitor performance, and enhance stockholder value.

Director Independence

In assessing director independence, we follow the criteria of the NYSE. In addition, and without limiting the NYSE independence requirements, we apply our own categorical independence standards. Under these standards, we do not consider a director to be independent if he or she is, or in the past three years has been:

- employed by the Company or any of its affiliates;
- an employee or owner of a firm that is one of the Company s or any of its affiliates paid advisors or consultants (unless the Company s relationship, or the director s relationship, with such firm does not continue after the director joins the Board, or the Company s annual payments to such firm did not exceed 1% of such firm s revenues in any year);

employed by a significant customer or supplier;

party to a personal service contract with the Company or the chairman, chief executive officer or other executive officer of the Company or any of its affiliates;

an employee or director of a foundation, university or other non-profit organization that receives significant grants or endowments from the Company or any of its affiliates or a direct beneficiary of any donations to such an organization;

a relative of any executive officer of the Company or any of its affiliates; or

part of an interlocking directorate in which the chief executive officer or other executive of the Company serves on the Board of a third-party entity (for-profit or not-for-profit) employing the director.

A substantial majority of our directors must be independent under our corporate governance guidelines, which are more stringent than NYSE rules in this regard. Ten of our eleven directors have been determined by the Nominating Committee and the Board to be independent under those criteria: Jenne K. Britell; José B. Alvarez; Howard L. Clark, Jr.; Bobby J. Griffin; Singleton B. McAllister; Brian D. McAuley; John S. McKinney; Jason D. Papastavrou; Filippo Passerini; and Keith Wimbush. In addition, the Board has determined that each of these directors also meets the categorical independence standards described above. Michael J. Kneeland, our chief executive officer, is not considered independent because he is an employee of the Company.

In accordance with SEC regulations, with respect to the directors that we have identified as being independent under NYSE rules, we discuss below certain relationships considered by the Board in making its independence determinations. Each of these relationships was determined by the Board to be an immaterial relationship that would not disqualify the particular director from being classified as an independent director. In addition to the independence determination, each such relationship was considered by the Board (pursuant to the Company s Code of Business Conduct) and/or the Audit Committee, pursuant to the Company s Related Party Transactions Policy.

Howard L. Clark, Jr. became a director of the Company in April 2004. He has been vice chairman of Barclays Capital Inc., the investment banking division of Barclays PLC, since September 2008. During 2010, the Company engaged Barclays Capital in a transactional and non-advisory capacity to serve as one of seven co-managers and an underwriter in a public offering of senior subordinated debt securities of the Company s wholly-owned subsidiary, United Rentals (North America), Inc., for which Barclays Capital received compensation in the form of customary underwriting discounts and/or commissions. The Board determined that the foregoing relationship was an immaterial relationship given that Mr. Clark had no involvement in the decision by the Company to engage Barclays Capital and the amounts paid by the Company to Barclays Capital represent substantially less than 1% of Barclays Capital s annual revenues.

Filippo Passerini became a director of the Company in January 2009. He is currently president of Procter & Gamble s global business services organization and chief information officer. Procter & Gamble rents equipment from the Company for which the Company received monetary compensation in 2010. Mr. Passerini was not involved in the decision by Procter & Gamble to use the Company s services. The Board determined that the foregoing relationship was an immaterial relationship given that Mr. Passerini had no involvement in the procurement decisions of Procter & Gamble and the amounts paid by Procter & Gamble to the Company represent substantially less than 1% of Procter & Gamble s annual revenues and substantially less than 1% of the Company s annual revenues.

Board Consideration of Director Qualifications

In addition to the independence matters described above, the Board considered the specific experience, qualifications, attributes and skills of the directors named herein and concluded that based on the aforementioned factors, and including each director s integrity and collegiality, such directors should serve as directors of the Company. Although each director offers a multitude of unique and valuable skills and attributes, including a demonstrated business acumen and an ability to exercise sound judgment, the Board identified the following specific experience, qualifications, attributes and skills that led the Board to conclude that such persons should serve as directors.

Mr. Alvarez has held several key management positions with Royal Ahold NV, one of the world s largest grocery retailers, providing him with business leadership experience in, and valuable knowledge of, the global retail industry. These experiences, together with his other public company directorship and academic credentials in business as a member of the Harvard Business School faculty, allow him to contribute to the Company and the Board a combination of strategic thinking and industry knowledge with respect to marketing and retailing.

Dr. Britell has served in senior management positions with both public and private companies, such as Brock Capital Group LLC, an advisory and investment banking firm where she is a Senior Managing Director, and GE Capital, where she was executive vice president of Global Consumer Finance and president of Global Commercial and Mortgage Banking. She also has significant experience with public company directorships, which provides her with leadership and consensus-building skills to guide the Board, as well as exposure to a broad array of best practices.

Mr. Clark has substantial experience serving in senior management positions in the finance industry for investment banks such as Barclays Capital Inc., where he is vice chairman, and prior to that, Lehman Brothers Inc., where he was also vice chairman. He had also served as chairman, president and chief executive officer of Shearson Lehman Brothers Holdings Inc. This experience, as well as his public company directorships, provides him with a practical and informed perspective on matters relating to corporate governance, investment banking, finance and capital structure.

Mr. Griffin has notable business experience in the areas of transportation, logistics and supply chain management, including extensive international experience, due to his past senior leadership positions with Ryder System, Inc. In addition to these attributes, Mr. Griffin s other public company directorships provide a valuable perspective for the Board and the Company.

Mr. Kneeland has served in a variety of positions in the equipment rental industry for over 30 years, including a number of senior management positions with the Company, as well as Free State Industries, Inc. and Equipment Supply Co. He has extensive experience and knowledge of the competitive environment in which the Company operates. Further, he has demonstrated strategic and operational acumen that the Board believes has been of significant value to the Company.

Ms. McAllister has served as the general counsel of the United States Agency for International Development and currently heads the federal government relations practice of the law firm Blank Rome LLP. With her vast legal experience, she serves as an important resource to the Board with regard to legal and regulatory matters. Like other Board members, Ms. McAllister s service on other public company boards serves as an important benefit by providing the Company a broad perspective at the Board level.

Mr. McAuley brings business leadership skills to the Board from his career in the telecommunications and manufacturing industries, including through his tenure as chairman of Pacific DataVision, Inc. and senior executive positions at Nextel Communications, Inc. and Imagine Tile, Inc. In addition, as a co-founder of Nextel Communications, Inc., Mr. McAuley has also exhibited valuable entrepreneurial abilities. Furthermore, he has extensive financial and accounting experience as a result of his past positions as chief financial officer and controller at public and private companies and as a manager at the accounting firm Deloitte & Touche LLP.

Mr. McKinney has significant accounting and finance experience unique to the Company and its industry as a result of his past positions as vice president finance of the Company, chief financial officer and controller of U.S. Rentals Inc., and as a staff auditor and audit manager at the accounting firm Arthur Andersen & Co.

Dr. Papastavrou currently serves as the chief executive officer and chief investment officer of ARIS Capital Management, and has held senior positions at other investment management firms, such as Banc of America Capital Management and Deutsche Asset Management. Collectively, these experiences allow him to contribute to the Board and the Company a valuable perspective on finance-related matters.

Mr. Passerini has gained significant global business and leadership experience in the consumer goods industry as well as valuable knowledge of the global retail industry through his various senior level positions with Procter & Gamble during the past 25 years. Mr. Passerini has particular strength with international operations, which he acquired through his previous executive positions in the United Kingdom, Greece, Italy, Latin America and Turkey.

Mr. Wimbush has gained significant legal experience through his formal legal training at Harvard Law School, as well as his subsequent positions in the legal department of Diageo North America, Inc. and as an adjunct professor of law at Thomas Cooley Law School. He complements his legal experience with experience gained through his former position as the senior client partner with Korn/Ferry International and his current position with Executive Search Services International, LLC.

Executive Sessions of the Board

Our corporate governance guidelines provide that our non-management directors should meet, at least twice a year, in executive sessions without the presence of management. Non-management directors who do not qualify as independent may participate in these meetings. However, the corporate governance guidelines provide that, at least once a year, the independent directors should meet in executive session without the presence of either management or any non-independent directors. The purpose of executive session meetings is to facilitate free and open discussion among the participants. The chairman of the Board (or, in the absence of the chairman, the chairman of the Audit Committee or such other independent director as may be selected by the Board) should preside over executive sessions and, as required, provide feedback to the chief executive officer, and to such other directors as is appropriate, based upon the matters discussed at such meetings.

Director Nomination Process

General

The Board has established the Nominating Committee, as described above. The responsibilities of this committee include, among other things: (i) developing criteria for evaluating prospective candidates to the Board or its committees; (ii) identifying individuals qualified to become members of the Board or its committees; and (iii) recommending to the Board those individuals that should be nominees for election or re-election to the Board or otherwise appointed to the Board or its committees (with authority for final approval remaining with the Board).

Process for Identifying and Evaluating Candidates

The Nominating Committee may identify potential Board candidates from a variety of sources, including recommendations from current directors or management, recommendations of security holders or any other source the Nominating Committee deems appropriate. The Nominating Committee may also engage a search firm to assist in identifying director candidates. The Nominating Committee has been given sole authority to select, retain and terminate any such search firm and to approve its fees and other retention terms.

In considering candidates for the Board, the Nominating Committee evaluates the entirety of each candidate s credentials. In accordance with our corporate governance guidelines, the Nominating Committee considers, among other things: (i) business or other relevant experience; (ii) expertise, skills and knowledge; (iii) contacts in the communities in which the Company does business and in the Company s industry or other industries relevant to the Company s business; (iv) personal qualities and characteristics, accomplishments, integrity and reputation in the business community; (v) the extent to which the candidate will enhance the objective of having directors with diverse viewpoints, backgrounds, experience, expertise, skills and other demographics; (vi) willingness and ability to commit sufficient time to Board and committee duties and responsibilities; and (vii) qualification to serve on specialized

Board committees of the Board, such as the Audit Committee or the Compensation Committee. The Nominating Committee recommends candidates based on its consideration of each individual s specific skills and experience and its annual assessment of the composition and needs of the Board as a whole, including with respect to diversity. Consideration of diversity as one of many attributes relevant to a nomination to the Board is implemented through the Nominating Committee s standard evaluation process. In particular, the Nominating Committee obtains and reviews questionnaires, interviews candidates as appropriate and engages in thorough discussions at Committee meetings in an effort to identify the best candidates and to populate an effective Board. The effectiveness of the Board s diverse mix of viewpoints, backgrounds, experience, expertise, skills and other demographics is considered as part of the Nominating Committee s assessment.

The 11 nominees for election as directors at the 2011 annual meeting are: Jenne K. Britell, who has been a director since December 2006; José B. Alvarez, who has been a director since January 2009; Howard L. Clark, Jr., who has been a director since April 2004; Bobby J. Griffin, who has been a director since January 2009; Michael J. Kneeland, who has been a director since August 2008; Singleton B. McAllister, who has been a director since April 2004; Brian D. McAuley, who has been a director since April 2004; John S. McKinney, who has been a director since September 1998; Jason D. Papastavrou, who has been a director since June 2005; Filippo Passerini, who has been a director since January 2009; and Keith Wimbush, who has been a director since April 2006. Each of these directors is standing for re-election. In making its recommendation to the Board, the Nominating Committee reviewed and evaluated, in addition to each nominee s background and experience and other criteria set forth in the Company s corporate governance guidelines, each director s performance during his or her recent tenure with the Board and whether each was likely to continue to contribute positively to the Board.

Procedure for Submission of Recommendations by Security Holders

Our security holders may recommend potential director candidates by following the procedure described below. The Nominating Committee will evaluate recommendations from security holders in the same manner that it evaluates recommendations from other sources.

If you wish to recommend a potential director candidate for consideration by the Nominating Committee, please send your recommendation to United Rentals, Inc., Five Greenwich Office Park, Greenwich, Connecticut 06831, Attention: Corporate Secretary. Any notice relating to candidates for election at the 2012 annual meeting must be received by December 31, 2011. You should use first class, certified mail in order to ensure the receipt of your recommendation.

Any recommendation must include (i) your name and address and a list of the securities of the Company that you own; (ii) the name, age, business address and residence address of the proposed candidate; (iii) the principal occupation or employment of the proposed candidate over the preceding ten years and the person s educational background; (iv) a statement as to why you believe such person should be considered a potential candidate; (v) a description of any affiliation between you and the person you are recommending; and (vi) the consent of the proposed candidate to your submitting him or her as a potential candidate. You should note that the foregoing process relates only to bringing potential candidates to the attention of the Nominating Committee. Following this process will not give you the right to directly propose a nominee at any meeting of stockholders. See Other Matters Stockholder Proposals for the 2012 Annual Meeting.

Direct Communications with Directors

We have adopted procedures to enable our security holders and other interested parties to communicate with the Board or with any individual director or directors. If you wish to send a communication, you should do so in writing. Security holders and other interested parties may send communications to the Board or the particular director or directors, as the case may be, in the manner described in the Company s written policy available on its website at *http://www.ur.com* under Corporate Governance in the Investor Relations section.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Introduction

Our executive compensation program is used to attract and retain the employees who lead our business and to reward them for outstanding performance. This Compensation Discussion and Analysis, or CD&A, explains, for 2010, our executive compensation philosophy and objectives, each element of our executive compensation program and how the Compensation Committee of the Board of Directors made its compensation decisions for our President and Chief Executive Officer, Mr. Michael Kneeland; our Executive Vice President and Chief Financial Officer, Mr. William Plummer; and our three other most highly compensated executive officers: Mr. Matthew Flannery, Senior Vice President, Operations; Mr. Jonathan Gottsegen, Senior Vice President, General Counsel & Corporate Secretary; and Mr. Joseph Dixon, Vice President, Sales, as well as certain significant developments in 2011. Throughout this proxy statement, these individuals are referred to as named executive officers.

In addition, the compensation and benefits provided to our named executive officers in 2010 are set forth in detail in the Summary Compensation Table (which, if required by SEC regulations, also details compensation and benefits provided in 2009 and 2008) and other tables that follow this analysis, and in the footnotes and narrative material that accompany those tables.

Executive Summary

Business Conditions & Key Performance Achievements

Late in the first quarter of 2010, we began to see signs of a recovery in some of our end markets; this recovery continued at a modest level through the remainder of the year. We believe that our performance in the second half of 2010, which included a 12% year-over-year increase in the volume of our equipment on rent, primarily reflects cyclical improvements in our operating environment. In addition, we believe that the economic environment, which was characterized by tight credit markets and cautious customer behavior, helped create a wave of first-time renters, and that some of these renters may not return to purchasing equipment even if the pace of construction activity accelerates.

Although the economic environment continued to present challenges for both our Company and the U.S. and Canadian equipment rental industry in 2010, we succeeded in realizing a number of achievements related to our strategy. These achievements include:

- An increase in the proportion of our equipment rental revenues derived from National Account customers (generally defined as customers with potential annual spend of $500,000 or more on equipment rentals or customers doing business in multiple locations), from 27% in 2009 to 31% in 2010;

- Full year free cash flow (net cash provided by operating activities less purchases of rental and non-rental equipment plus proceeds from sales of rental and non-rental equipment and excess tax benefits from share-based payment arrangements, net) generation of $227 million in 2010, after net rental capital expenditures (defined as purchases of rental equipment less the proceeds from sales of rental equipment) of $202 million. In 2010, we selectively invested in fleet where warranted by demand, which resulted in a significant increase in net rental capital expenditures from $31 million in 2009;

Continued improvement in fleet management, including a record average of $1.45 billion original equipment cost of our fleet transferred among branches per quarter in 2010, to deploy assets in areas of greater earnings potential;

Continued improvement in customer service management, including an increase in the percentage of equipment rental revenues from accounts that are managed by a single point of contact. Establishing a single point of contact for our key accounts helps us provide more uniform customer service management. Equipment rental revenues from National Accounts and other large customers managed by a single point of contact increased to 51% of our total equipment rental revenues in 2010 from 47% in 2009. Additionally, we expanded our centralized Customer Care Center. The Customer Care Center, which established a second base of operations in 2010, handled 37% more rental reservations than in 2009;

The continued optimization of our network of rental locations, including a further reduction in the overall number of branches from 569 at December 31, 2009 to 531 at December 31, 2010, and the opening of five new trench safety, power and HVAC rental locations to grow our specialty rental business;

A 2010 year-over-year reduction in selling, general and administrative expenses of $41 million, or 10%. As a percentage of revenue, selling, general and administrative expenses improved by 0.9 percentage points in 2010;

The Company improved its Adjusted EBITDA Margin in 2010 to 30.9% from 26.6% in 2009, and increased its year-over-year Adjusted EBITDA to $691 million from $628 million;

Operating income in 2010 rose to $197 million from $114 million in 2009; and

The Company s share price increased 129% in 2010, from $9.92 on January 1, 2010 to $22.75 on December 31, 2010.

Adjusted EBITDA, Adjusted EBITDA Margin and free cash flow are non-GAAP financial measures. These financial measures are relevant to our executive compensation determinations. A reconciliation of these measures to GAAP is included in Appendix A on page A-1.

Key 2010 Compensation Decisions

The following highlights the Compensation Committee s key compensation decisions for 2010, as reported in the 2010 Summary Compensation Table below. These decisions were made with the advice of the Compensation Committee s independent compensation consultant at the time of such decisions, Towers Watson & Co. (Towers Watson) in 2010 and Pearl Meyer & Partners (PM&P) in 2011 (see How We Make Decisions Regarding Executive Pay Role of the Independent Compensation Consultant below), and are discussed in greater detail elsewhere in this CD&A.

We gave no merit increases to named executives. For the second consecutive year, base salaries for executive officers were frozen at the time of the regular salary review in February 2010, reflecting the uncertain macroeconomic conditions at that time. Upon his promotion to his current role of Senior Vice President, Operations, on March 11, 2010, Mr. Flannery received an increase in base salary to reflect his increased responsibilities. See Our Executive Compensation Components Base Salary below.

Annual incentive payments reflect our desire to tie pay to economic value creation. Annual incentives for 2010 were determined in March 2011. The 2010 annual incentive awards were paid at an average of 50% of target as compared to 18% of target in 2009. The award levels reflect the Company s strong improvement, as summarized above, but also take into account the design of the annual incentive program and its focus on the overall creation of economic value for stockholders. See Our Executive Compensation Components Annual Performance-Based Cash Incentives below.

Our long-term incentive program focuses on stockholder alignment. In March 2010, the Company granted regular annual long-term incentive awards to its named executive officers in the form of stock options and restricted stock units (RSUs). In terms of the actual allocation between RSUs and stock options, we allocated 60% of the total equity awards to stock options because we believe stock options aim to align the executives interest with that of stockholder interests by providing the opportunity for executives to realize value only when the Company s stock price increases relative to the exercise price following their grant. In addition, our form of

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award agreement for stock options and RSUs was amended to eliminate partial vesting in the event of a termination of employment by a named executive officer. This ensures that our executives will only receive the value of the equity award if the underlying performance or vesting criteria are met. See Our Executive Compensation Components Equity Compensation below.

We do not pay when we do not perform. In March 2008, Messrs. Kneeland and Flannery, the only two named executive officers employed by the Company at the time, were granted long-term incentive plan units tied to the achievement of a three year cumulative Adjusted EBITDA growth goal for 2008 through 2010. Because of the macroeconomic conditions during the performance period and the impact on the Company s performance, Messrs. Kneeland and Flannery forfeited all units awarded to them under this plan on December 31, 2010. See Our Executive Compensation Components Long-Term Performance-Based Cash Incentives below.

Compensation Program Highlights

The core of the Company s executive compensation continues to be pay for performance, and the overall program includes the compensation governance features discussed below:

All of the named executive officers, including our chief executive officer and chief financial officer, ***participate in the same salary, incentive and 401(k) program*** as all of our other corporate executives. Within these programs, the compensation of our executives differs based on individual experience, role and responsibility, and performance. There are no supplemental executive retirement plans or other special benefits or perquisites established for the benefit of the named executive officers.

The Compensation Committee is comprised ***solely of independent directors***. In addition, as of November 1, 2010, the Compensation Committee has retained a ***new independent compensation consultant, Pearl Meyer & Partners, that performs no other consulting or other services for the Company***.

Significant amounts of each executive s compensation are at ***risk of forfeiture*** in the event of conduct detrimental to the Company, termination of employment prior to vesting, or a material negative restatement of financial or operating results.

The Company ***does not have a history of repricing equity incentive awards***.

No tax assistance is provided by the Company on any elements of executive officer compensation or perquisites other than relocation. The relocation policy is a broad-based program that applies to all transferred managerial, professional, and executive employees.

The Company has ***stock ownership guidelines*** in place for its directors, named executive officers and approximately 30 other officers of the Company with a title of vice president and above.

All executive officers are ***prohibited from engaging in any speculative transactions in the Company s securities***, including engaging in short sales or other derivative transactions, or engaging in any other forms of hedging transactions.

All equity award agreements issued in 2009, 2010 and 2011 as well as the employment agreements of Messrs. Kneeland, Plummer, Flannery and Gottsegen include ***clawback provisions*** that generally require reimbursement of amounts paid to the applicable executive officer in the event the Company s financial results subsequently became subject to certain mandatory restatements that would have led to a lower payment or in the event of injurious conduct by the executive officer.

Our Executive Compensation Philosophy and Objectives

Executive Compensation Philosophy

Our overall compensation program seeks to align executive compensation with the achievement of the Company s business objectives and with individual performance towards these objectives. It also seeks to enable the Company to attract, retain and reward executive officers and other key employees who contribute to our success and to incentivize them to enhance long-term stockholder value. In reviewing the components of compensation for each executive officer, the Compensation Committee emphasizes pay for performance on both an annual basis and over the long term.

To implement this philosophy, the total compensation program is designed to be competitive with the programs of other companies with which the Company competes for executives, and to be fair and equitable to both the Company and the executives. Consideration is given to each executive s overall responsibilities, professional qualifications, business experience, job performance, technical expertise and career potential, and the combined value of these factors to the Company s long-term performance and growth.

Objectives of Executive Compensation

The objectives of our executive compensation program are to:

- attract and retain quality executive leadership;
- enhance the individual executive s performance;
- align incentives with the business unit and Company areas most directly impacted by the executive s leadership and performance;
- create incentives that will focus executives on, and reward them for, increasing stockholder value;
- maintain equitable levels of overall compensation both among executives and as compared to other employees;
- encourage management ownership of our common stock; and
- improve our overall performance.

The Compensation Committee strives to meet these objectives while maintaining market-competitive pay levels and ensuring that we make efficient use of equity compensation.

How We Make Decisions Regarding Executive Pay

The Compensation Committee, management, and the Compensation Committee s independent compensation consultant all play an integral role in the determination of executive compensation programs, practices, and levels. Actual roles are thoughtfully developed to align with governance best practices and objectives. Below is an explanation of the key roles and responsibilities of each group, as well as how market data is integrated into the process.

Role of the Compensation Committee

The Compensation Committee is responsible for establishing, implementing and continually monitoring adherence to the Company s compensation philosophy. The Compensation Committee seeks to ensure that the total compensation paid to our executive officers is fair, reasonable and competitive.

The Compensation Committee s specific responsibilities are set forth in its charter, which may be found on the Company s website at *http://www.ur.com* under Corporate Governance in the Investor Relations section. Among other things, the Compensation Committee is required to: (i) determine and approve the compensation of the chief executive officer; (ii) review and approve the compensation of the Company s other executive officers; (iii) review and approve any incentive compensation plan or equity-based plan for the benefit of executive officers; and (iv) review and approve any employment agreement, severance arrangement or change-in-control arrangement for the benefit of executive officers.

Role of Management

Management s role in the determination of executive pay programs and practices is three-fold. First, management is responsible for developing proposals regarding program design and administration for the Compensation Committee s review and approval. Second, management is responsible for making recommendations for compensation actions each year, typically in the form of salary adjustments, short-term incentive targets or awards, and long-term incentive grants. Lastly, management, as well as the Committee s independent compensation consultant, is responsible for responding to any Compensation Committee requests for information, analysis, or perspective as it relates to topics that may arise during the course of the year.

To carry out the responsibilities relating to program design and administration, the chief executive officer, the chief financial officer and the vice president human resources consider the business strategy, key operating goals, economic environment and organizational culture in formulating proposals. Proposals are then brought to the Compensation Committee for thorough discussion. The Compensation Committee ultimately has the authority to approve management s proposals for the executive officers. For recommendations regarding compensation actions, the chief executive officer, the chief financial officer and vice president human resources consider market data, individual responsibilities, contributions, performance and capabilities of each of the executive officers, other than the chief executive officer, and what compensation arrangements they believe will drive the desired results and behaviors. The considerations are used to determine if an increase in compensation or award is warranted and the amount and type of any proposed increase or award. After consulting with the vice president human resources, the chief executive officer makes compensation recommendations, other than for his own compensation, to the Compensation Committee. The Compensation Committee reviews management s recommendations regarding pay changes and awards and approves or suggests changes to the proposal.

Role of the Independent Compensation Consultant

The Compensation Committee also utilizes outside compensation experts. Towers Watson, the Compensation Committee s outside advisor in 2008 and 2009, was retained by the Compensation Committee through October 2010. At that time, and in response to certain personnel changes at Towers Watson precipitated by regulatory reforms, the Compensation Committee decided to engage in a broad search for a new, independent compensation consultant. As a result of this search, the Compensation Committee selected PM&P as its new independent compensation consultant. In view of the human resources consulting services that Towers Watson has historically provided, and continues to provide, to the Company, the Compensation Committee determined that retaining a compensation consultant that does not provide other significant services to the Company would help ensure that it was receiving, and was understood by all relevant constituencies to be receiving, an independent perspective on executive compensation. PM&P is completely independent, as it provides no other consulting or other services on behalf of the Company.

The compensation consultant generally reviews, analyzes and provides advice about the Company s executive compensation programs for senior executives in relation to the objectives of those programs, including comparisons to designated peer group companies and comparisons to best practices, and provides information and advice on competitive compensation practices and trends, along with specific views on the Company s compensation programs. The compensation consultant responds on a regular basis to questions from the Compensation Committee and the Compensation Committee s other advisors, providing them with their opinions with respect to the

design and implementation of current or proposed compensation programs. The compensation consultant reports directly to the Compensation Committee and, as directed by the Compensation Committee, works with management and the chairman of the Compensation Committee, and also regularly attends Compensation Committee meetings.

In 2010, Towers Watson also provided services to the Company on various matters unrelated to the executive compensation consulting services provided to the Compensation Committee. In 2010, these unrelated services on behalf of the Company were provided for an aggregate fee of less than $120,000. The Compensation Committee considered the nature and extent of the services provided by Towers Watson to the Company, other than at the Compensation Committee s discretion, prior to engaging Towers Watson. None of these other services had a role in determining the amount or form of executive compensation for our executive officers and the Compensation Committee believes that Towers Watson took adequate steps to ensure its impartiality.

In December 2010, PM&P, the Compensation Committee s compensation consultant, led an in-depth review of recent trends in corporate governance best practices with respect to executive compensation. Some of the outcomes of this review included: (i) the Compensation Committee s decision to place a greater emphasis on performance-based awards in the March 2011 long-term incentive grant by introducing performance vested RSUs; and (ii) the creation of a more formal risk assessment process of the Company s executive compensation programs.

Benchmarking of Compensation Levels

In making compensation decisions, the Compensation Committee compares each component of the total compensation package of the chief executive officer, chief financial officer and, when compensation information for a sufficient number of comparable executive positions is publicly available, the other named executive officers against the compensation components of comparable executive positions of a peer group of publicly traded companies. While the Compensation Committee does not use a specific formula to determine the allocation between performance-based and fixed compensation, it does review the total compensation and competitive benchmarking when determining the allocation.

The Compensation Committee, based on input from its outside compensation consultant, reviews the makeup of its peer group annually and makes adjustments to the composition of the group as it deems appropriate. In December 2009, Towers Watson reviewed the current peer group and recommended to the Compensation Committee that the Company continue to use a peer group of comparably sized companies in the construction and distribution industries. However, for 2010, Towers Watson recommended that three companies (Hertz, Jacobs Engineering, and URS) be removed from the peer group due to the fact that they had become approximately 2.5 to 3 times as large as the Company when measured by annual revenue. In 2010, the following 14 companies comprised the peer group used to evaluate the total compensation package of the chief executive officer and the chief financial officer:

AECOM Technology Corporation	Quanta Services, Inc.
Applied Industrial Technologies, Inc.	RSC Holdings Inc.
BlueLinx Holdings Inc.	Rush Enterprises, Inc.
EMCOR Group, Inc.	The Shaw Group Inc.
Fastenal Company	Tutor Perini Corporation
Foster Wheeler AG (formerly Foster Wheeler Ltd.)	WESCO International, Inc.
Granite Construction Incorporated	W.W. Grainger, Inc.

In December 2010, PM&P conducted the annual review of the peer group and recommended to the Compensation Committee that the Company s peer group be changed to better reflect the Company s operating margins and enterprise value. PM&P s recommendation resulted in a reduced emphasis on construction and engineering firms and a greater focus on companies with a similar operating model to the Company. The Compensation Committee adopted PM&P s recommendations and for 2011 the following companies will comprise the peer group used to evaluate the total compensation package of the chief executive officer and the chief financial officer (new additions to the peer group are in bold):

Avis Budget Group, Inc.	**Harsco Corporation**
Aircastle Limited.	Quanta Services, Inc.
Applied Industrial Technologies, Inc.	**Rent-A-Center, Inc.**
Fastenal Company	RSC Holdings Inc.
Foster Wheeler AG (formerly Foster Wheeler Ltd.)	**Ryder System, Inc.**
GATX Corporation	W.W. Grainger, Inc.

The following companies were removed from the peer group based on the criteria adopted by the Compensation Committee: Shaw Group, Inc.; AECOM Technology Corporation; EMCOR Group, Inc.; WESCO International, Inc.; Tutor Perini Corporation; Bluelinx Holdings Inc.; Granite Construction Incorporated.; and Rush Enterprises, Inc. The new peer group did not have any impact on compensation paid for 2010.

For other named executive officers, the Company utilized general industry executive compensation benchmarking data from Towers Watson s compensation data bank, adjusted for better comparability to the Company s most recent fiscal year-end revenue levels through a regression analysis (a commonly accepted statistical method for rendering companies of different sizes more comparable) since compensation information for a sufficient number of comparable executive positions in the peer group was not publicly available. For benchmarking in 2010, the sample from Towers Watson s compensation data bank consisted of 428 representative non-energy, non-financial services companies and in 2011, it consisted of 424 general industry companies.

In February 2010, Towers Watson reviewed the compensation of the Company s named executive officers compared to competitive benchmarks. Based on this review, the current level of total target compensation for the named executive officers covered in the review (including base salary, annual incentives and long-term incentives) ranged from 18% below to 23% above the projected competitive 50th percentile of the comparison group for 2010. Towers Watson advised the Compensation Committee that the current level of total target compensation for the named executive officers covered in the review is generally within a reasonable range of competitive norms, and the Compensation Committee considered these findings when determining base salaries, target incentives and long-term incentive grants for 2010.

In February 2011, the Compensation Committee s new independent compensation consultant, PM&P, once again reviewed the compensation of the Company s named executive officers compared to the competitive benchmarks described above. Based on this review, the current level of total target compensation for the named executive officers covered in the review (including base salary, annual incentives and long-term incentives) is positioned between the competitive 50th percentile and the 75th percentile of the comparison group for 2011, except for Mr. Flannery whose current level of total target compensation covered in the review was less than the competitive 25th percentile of the comparison group for 2011. PM&P advised the Compensation Committee that the current level of total target compensation for the named executive officers covered in the review, other than Mr. Flannery, was generally within a reasonable range of competitive norms, and the Compensation Committee considered these findings when determining base salaries, target incentives and long-term incentive grants for 2011.

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Our Executive Compensation Components

The principal components of compensation for the Company s named executive officers in 2010 were:

- base salary;
- performance-based compensation, composed of:
  - annual performance-based cash incentives;
  - equity compensation; and
  - long-term cash compensation;
- severance and change in control benefits;
- retirement benefits; and
- perquisites and other personal benefits.

We believe that the use of relatively few straightforward compensation components promotes the effectiveness and transparency of our executive compensation program.

Base Salary

The Company provides its named executive officers with a base salary to compensate them for services rendered during the fiscal year. Base salaries provide stable compensation to executives, allow us to attract competent executive talent, maintain a stable management team and, through periodic merit increases, provide a basis upon which executives may be rewarded for individual performance.

The base salary levels of continuing executives are reviewed annually. The Compensation Committee s outside compensation consultant recommends a salary for the chief executive officer, and the chief executive officer, in consultation with the vice president human resources and chief financial officer, recommends a salary for the other named executive officers. In considering whether to adopt these suggestions, the Compensation Committee considers the Company s performance; the executive s individual performance; the executive s experience, career potential and length of tenure with the Company; the applicable terms, if any, of the executive s employment agreement; the salary levels of similarly situated officers at peer group companies or, if applicable, based on the adjusted general industry executive compensation benchmarking data from Towers Watson s compensation data bank, as collected and presented by the consultant; and the salary levels of the Company s other officers.

When an executive is initially hired, the Compensation Committee considers the same factors, as well as the executive s salary in his or her previous employment and the compensation of other Company executives with similar responsibilities.

During the first quarter of each year, based on this process and a review conducted by the Compensation Committee s independent advisor of the compensation of the named executive officers, the Compensation Committee considers merit increases to the base salaries of the Company s named executive officers. In March 2010, the Compensation Committee determined, consistent with senior management s recommendation, not to increase any base salaries in 2010 for any of its named executive officers. This decision reflected the uncertain economic environment and the

Company s continued focus on controlling its costs.

At the beginning of 2009, Mr. Kneeland suggested (and the Compensation Committee agreed to) a reduction of his annual base salary by 20% to $600,000 for 2009 (although this reduction did not affect ancillary benefits, such as incentive targets and severance pay, which, to the extent any had become applicable in 2009, would have been based on an annual base salary of $750,000).

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Mr. Kneeland believed this reduction was an important leadership step to take, given the cutbacks and other sacrifices being asked of the Company s other employees. On January 1, 2010, Mr. Kneeland s annual base salary reverted back to its previous annual rate of $750,000, consistent with the Compensation Committee s actions in 2009.

In March 2011, the Compensation Committee again considered merit increases to the base salaries of the Company s named executive officers and decided that increases were appropriate. Accordingly, effective April 1, 2011, Mr. Kneeland s base salary will increase from $750,000 to $800,000, Mr. Plummer s base salary will increase from $475,000 to $490,000, Mr. Flannery s base salary will increase from $375,000 to $425,000, Mr. Gottsegen s base salary will increase from $350,000 to $360,500 and Mr. Dixon s base salary will increase from $300,000 to $310,500. These increases represent an approximate 3% increase in base salary, except that Messrs. Kneeland s and Flannery s increases were greater than 3% and reflect an increase determined to make their base salaries more competitive with peer group companies or the adjusted general industry executive compensation benchmarking data from Towers Watson s compensation data bank and, in the case of Mr. Flannery, reflects his expanded role and responsibilities for the Company.

Performance-Based Compensation

Performance-based compensation primarily serves two functions. First, it creates an incentive to focus on and achieve the objectives we identify as significant. Historically, the performance metrics have varied depending on the individual executive s functions in the Company. The Compensation Committee works with its compensation consultant and with senior management, including the named executive officers, to identify the specific areas to be addressed by performance metrics and decide on appropriate targets.

Second, performance-based compensation provides a mechanism by which named executive officers compensation fluctuates with the performance of the Company, thus helping to align named executive officers interests with those of stockholders. This is accomplished with comprehensive performance metrics, such as earnings before interest, taxes, depreciation and amortization as adjusted in the manner set forth on Appendix A (Adjusted EBITDA), Adjusted EBITDA as a percentage of revenue (Adjusted EBITDA Margin), free cash flow and reduction in selling, general and administrative (SG&A) expense, which focus more on the Company s profitability or cash flows than the achievement of a specific goal. In addition, performance-based awards that are equity-based fluctuate in value with the stock price, directly aligning executives interests with those of stockholders. Each year, the Compensation Committee identifies and considers a wide range of measures for Company performance and, as appropriate, also considers measures tied to individual performance or stockholder return. With the assistance of its advisors, the Compensation Committee then selects the measures it believes most closely align with the Company s business and/or financial objectives (or other measures of performance, if applicable), or are otherwise most likely to support those objectives, and defines specific performance goals based on those metrics.

For 2010, the Company s performance compensation program for named executive officers was comprised of three components: (i) an annual cash incentive; (ii) RSUs that vest based on continued employment with the Company; and (iii) stock options that reward executives for improvement in the Company s stock price. Performance-based awards typically are granted simultaneously to all employees in connection with a Compensation Committee meeting held in March of each year. The date of the meeting is set several months in advance, which usually occurs after the announcement of the Company s results for the previous fiscal year and before the end of the first fiscal quarter.

Annual Performance-Based Cash Incentives

The Company currently maintains two annual cash incentive plans for our named executive officers. For 2010, Messrs. Kneeland and Plummer were participants in our 2010 Annual Incentive

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Compensation Plan (the Executive Plan), and Messrs. Flannery, Gottsegen and Dixon were participants in our corporate incentive program (the Corporate Incentive Plan). Both plans operate on the same incentive platform, with identical funding and payout ranges. The only difference between the plans is that, for Messrs. Kneeland and Plummer, the incentive measures and goals which determine the bonus payout are formulaic in nature, intended to qualify as performance-based compensation under Internal Revenue Code Section 162(m). For Messrs. Flannery, Gottsegen and Dixon, bonus payout determination is based upon an assessment of performance against pre-determined goals and objectives that may include formula-based goals, but is not limited to them. The following is a description of the incentive funding and allocation design, followed by details on the operation of, and results under, the two incentive plans.

Incentive Funding. In 2010, the Compensation Committee formalized a new approach for funding the annual cash incentive for its named executive officers. In recognition of the cyclical nature of the equipment rental business, it is critical that the named executive officers remain focused on maximizing value throughout the business cycle. The Company makes significant investments in fixed assets, such as equipment and real estate, and believes that a focus on earning more than its cost of capital is critical and paramount to its stockholders. To measure the efficient use of the Company s assets and to align our executive bonus program with stockholders interests, the Company utilizes an internal metric called EBITDA after Charge (EAC), which measures the amount of earnings after applying a capital charg