Focus:

Pursue:

Deliver

2007 Annual Report

United Rentals

Profitable growth from a platform of leadership:

Total revenues: **$3.73 billion**

Equipment rental revenue: **$2.63 billion**

North American market share: **8.7%**

Rental locations: **697**

Metropolitan markets served: **Over 300**

Employees: **Approximately 10,900**

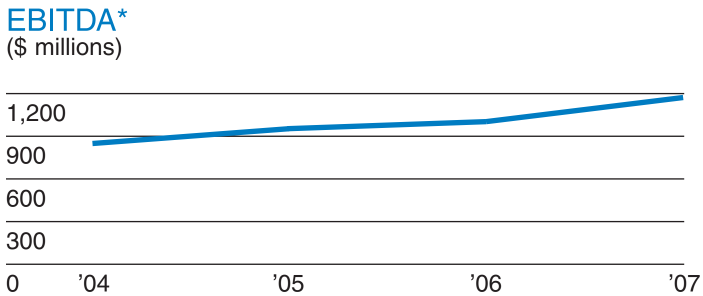
Rental customers served: **Over 900,000**

Rental fleet original cost: **$4.2 billion**

Equipment classes offered: **Over 2,900**

Annual data as of December 31, 2007. Market defined as construction and industrial equipment rentals.

Focus

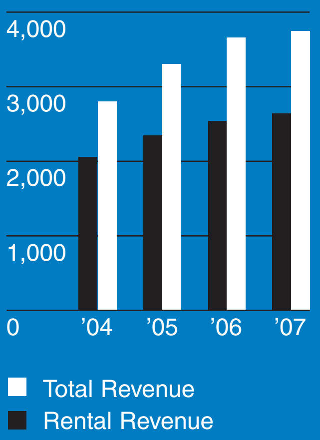


* 2007 excludes merger termination benefit of $91 million. EBITDA is a non-GAAP measure.

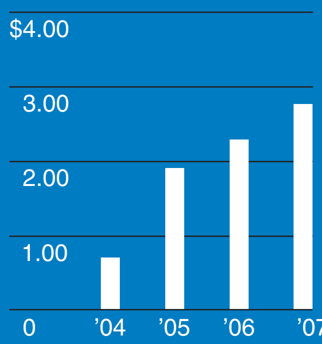
Financial Highlights

In millions, except per share data and where otherwise indicated.

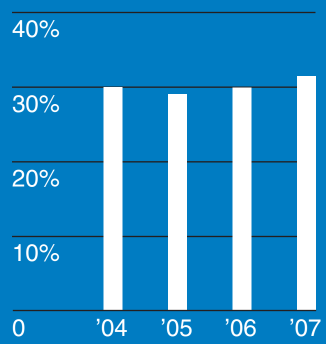
Total Revenue and Rental Revenue



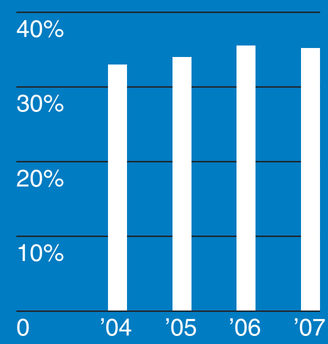
Diluted Earnings Per Share*



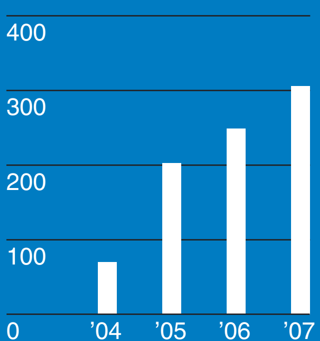
EBITDA Margin**



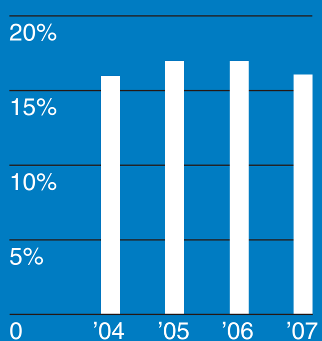
Gross Margin



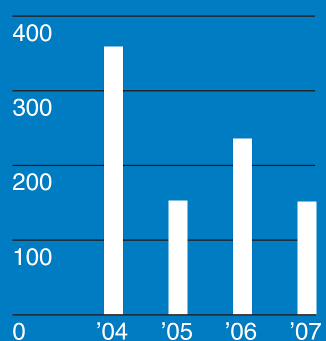
Income from Continuing Operations*



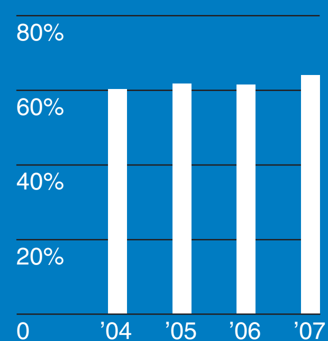
SG&A Expense Ratio



Free Cash Flow**



Time Utilization on Fleet



* Income from continuing operations and diluted earnings per share for 2007 do not include the $57 million after-tax (or $0.50 per diluted share) impact of the merger termination benefit.

** EBITDA and Free Cash Flow for 2007 do not include a merger termination benefit of $91 million.

EBITDA and Free Cash Flow are non-GAAP financial measures as defined under the rules of the SEC. Free cash flow represents net cash provided by operating activities–continuing operations, 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. EBITDA represents the sum of income from continuing operations before provision for income taxes, interest expense, net, interest expense-subordinated convertible debentures, depreciation-rental equipment, non-rental depreciation and amortization and restructuring charge. We believe that free cash flow provides useful additional information concerning cash flow available to meet future debt service obligations and working capital requirements and EBITDA provides an enhanced perspective of our operating performance. However, neither of these measures should be considered an alternative to net income or cash flows from operating activities under GAAP as indicators of operating performance or liquidity. Information reconciling forward-looking free cash flow and EBITDA expectations to a GAAP financial measure is unavailable to the company without unreasonable effort.

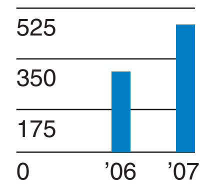
Pursue

Our goal is to achieve $500 million in incremental, annual EBITDA within five years and to generate significant free cash flow in any operating environment.

58%

average increase
in quarterly
Fleet Transfers

In millions; based on OEC



To Our Shareholders

2007 was a year of measurable financial and operational success for United Rentals, despite a disappointing outcome to the Cerberus merger process. In discussing our progress, I want to start not with our achievements, but with the systemic change in strategy that is responsible for our record performance.

The impetus for **change** occurred early last year, as our company prepared to embark on its second decade in business. United Rentals is firmly established as the leader in an industry where critical mass brings undeniable benefits. Our scale and our business model are tremendous assets, but we were not capitalizing on their full potential. In February we sold our traffic control business, which allowed us to redeploy capital to more profitable operations. We then proceeded to put our entire company under a microscope. By mid-year we knew exactly what had to be done to reconfigure our business for profitable growth:

Refocus on our core business of equipment rentals. Manage our rental fleet for better returns. Control costs and drive efficiencies throughout the business.

This strategy is at the heart of the record financial results we reported for 2007. Our full year earnings per share of $2.76, which excludes a merger termination benefit of $0.50 per share, increased 21.1% from 2006. On this same basis, EBITDA increased 8.0% to a record $1.17 billion for the year and our EBITDA margin improved 1.6 percentage points to 31.4%.

While total revenues increased a modest 2.5%, due in part to the repositioning of our contractor supplies business, rental revenue grew 4.0% for the year, which included a 3.1% increase in same-store rental revenue. Equipment rentals are a high-volume, high-margin business for us. In 2007, we processed over 6.4 million rental transactions at an average gross margin of 38.7% and increased our time utilization by 2.5 percentage points to 64% on a larger fleet. The increase in time utilization more than offset a 1.1% decline in rental rates, as we moved toward an optimum balance of price and utilization. Additionally, we reduced our SG&A expense ratio to 15.9%, reflecting the early success of our cost-cutting initiatives.

We view this progress as merely the leading edge of our potential. Our focus is on **unleashing the full earning power** of every investment in the business. In 2008, we plan to purchase about $630 million of rental fleet: this includes $100 million of growth capital expenditures for our strongest markets, balanced by $85 million dollars of de-fleeting where demand remains weak. By redeploying our capital in this manner, we expect to realize a benefit that far exceeds the net dollar gain in fleet. Our branch network is undergoing a similar optimization; we have no plans for branch openings this year, and instead will cull out at least 19 underperforming locations.

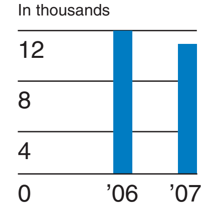
To help extract the maximum value from our fleet, we are effectively tearing down the walls that have constrained utilization in the past. Our fleet will be managed as one pool of assets, available to drive performance at all our branches and serve every customer. We have accelerated the process of reallocating equipment to areas where it can work harder for us. In 2007, on average, we transferred 58% more fleet per quarter to branches in high-demand, high-margin areas. As a result of both growing our fleet and improving time utilization, we had an additional $200 million of fleet on rent each day on average in 2007, compared with 2006.

9.2%

reduction in

Headcount

In thousands



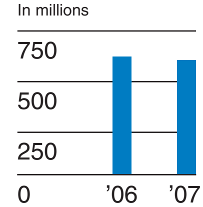
Michael J. Kneeland
Chief Executive Officer

2.9%

reduction in

SG&A Expense

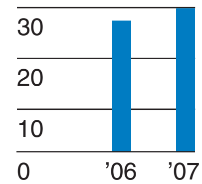
In millions



9.2%

market growth in **Construction & Industrial Equipment Rentals**

In billions; U.S. and Canada industry revenues combined



On the cost side of the business, we began recalibrating our operations to support our strategy. By the third quarter, we had begun the process of **honing our cost structure** to increase our productivity. This involved some very difficult but necessary decisions, including the removal of approximately 1,100 individuals from our workforce. United Rentals is in a customer service business, and we don't take workforce reductions lightly. But I'm pleased to report that the process was conducted in a way that was largely invisible to customers, with no apparent impact on service.

We identified ongoing opportunities to reduce our costs through non-fleet sourcing, which returned $22 million in cumulative savings through year-end. We expect to triple these savings within two years. Additionally, we targeted very specific areas of the business where we could mitigate costs. Last year, as in the prior year, rising fuel prices cost our company millions of dollars, but we were able to offset most of this by making adjustments to our delivery fee structure. For 2008, we have identified more than 100 additional ways to drive efficiencies and reduce both our SG&A expenses and cost of goods sold. Our intention is to make full use of our scale and experience to achieve our near-term target metrics, as well as our five-year target for EBITDA improvement.

Many of the gains we made in 2007 came late in the year, when we had an expectation of new ownership. Nevertheless, we remained **focused on our plan** and delivered on one initiative after another. Today we're running a more efficient, more profitable company. We're managing our fleet better. We're making prudent use of our cash. We're listening to our customers. And we're responding to their needs.

We are keenly aware that the North American marketplace is actually composed of hundreds of micro markets that ebb and flow at different rates. Our branches, districts and regions are a constant source of information in this regard. We have good visibility through the end of 2008, and we agree with the majority of industry experts who feel that the rate of non-residential construction spending will slow or even flatten as the year progresses, although we see numerous pockets of opportunity.

Construction activity is clearly an important baseline for us, but it is not our sole driver. North America is still an under-penetrated rental market for construction and industrial equipment, with a projected compound annual growth rate of over 6% from 2008 through 2012, and there is always the potential to capture a greater share of equipment dollars per project, even if fewer projects are undertaken. The market for industrial rentals is even less penetrated than construction rentals; we are actively looking at ways to increase our participation in this segment, particularly through our pump, power and HVAC branches.

Equally as important, we know that we can capitalize on **a substantial upside to the business** in any market environment by making continued improvements to our cost structure and by managing our fleet for greater returns. These opportunities exist right now, within our company. We had early success on both fronts in late 2007, and we see a great deal more to be gained.

Looking forward, we remain focused on the five-year goal that we shared with our employees as we set a new strategic course in 2007: *$500 million in incremental, annual EBITDA within five years, and the generation of significant free cash flow in any operating environment.* We anticipate that approximately 40% of this improvement, or $200 million in incremental EBITDA, will come from our cost-cutting initiatives such as strategic sourcing, labor efficiencies and numerous other actions that will be taken by 2009. We intend to achieve the balance through top line growth, with an expected $100 million generated by improved time utilization, and $200 million realized through the injection of growth capital.

As we stand here today, we are genuinely proud of our past and energized by our future. United Rentals is a company in motion – driven by our long-term vision and fueled by our ability to manage change. We have exceptional people in place in our branches, and a powerful strategic plan guiding our progress. This is the platform of strength upon which we will build our future.

Michael J. Kneeland
Chief Executive Officer
April 11, 2008

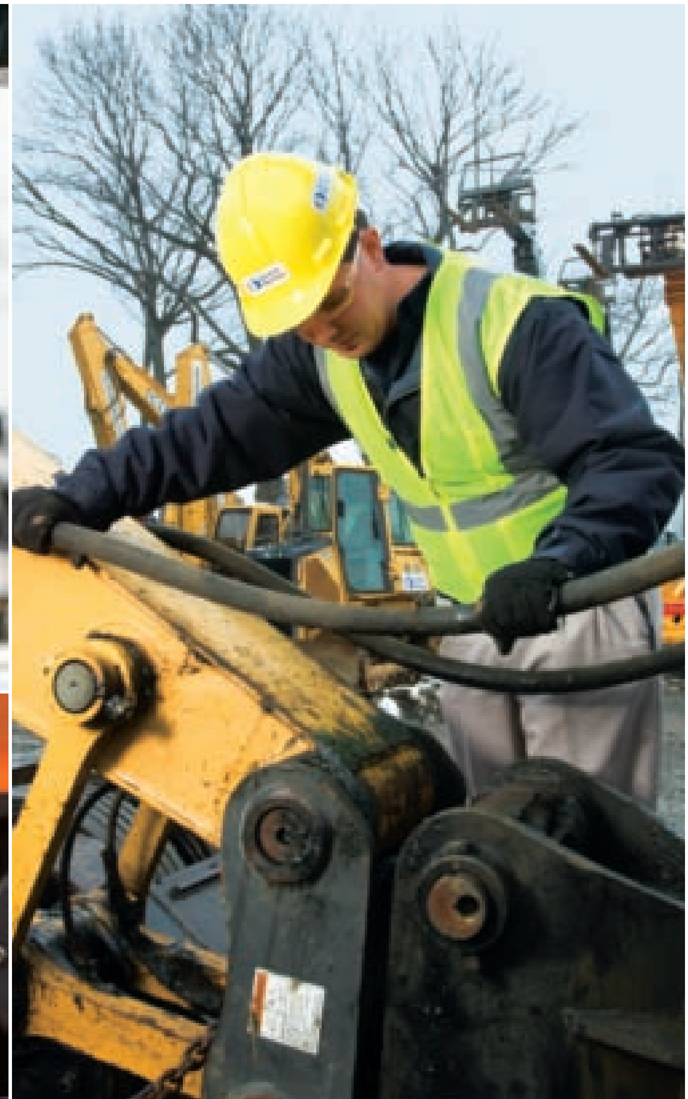
Deliver

Focus: Core business. A decade ago, United Rentals entered the equipment rental market in North America with a vision for redefining industry leadership. We achieved this stature through acquisitions, organic growth and a culture that embraces both discipline and **innovation.** Our willingness to innovate has been the driving force behind numerous growth initiatives, including the pursuit of specialty rentals and, until recently, new non-rental lines of business. In each case, the impetus was the needs of our customers and our own desire for growth.

Today we have come full circle, and are now focused on our core business of equipment rental. This is our company's strategic lever for **profitable growth.** Equipment rental is a high-margin business in an under-penetrated North American marketplace, where United Rentals enjoys significant competitive advantages. We have the industry's largest fleet, most extensive branch footprint, and a powerful brand that is recognized from Canada to Mexico. Our focus is now intensified on rental sales and service, where we have numerous new initiatives underway. These include a centralized call center in Florida that facilitated over 300,000 customer requests in its first year.

In total, United Rentals branches served over 900,000 rental customers in 2007: independent contractors, National Accounts, the U.S. Government, manufacturers, utility companies, municipalities and do-it-yourselfers, among others. Approximately 75% of our revenues came from commercial contractors and 15% from industrial customers. The remaining 10% reflects rentals to homeowners; a small but steady revenue source for us. In each segment of our customer base, we see opportunities to increase both volume and profitability.

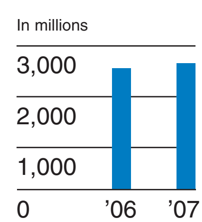
Within our broad base we are adept at using our resources and footprint to unique advantage. We currently serve approximately 1,500 National Accounts and an additional 200 agencies through our Government Sales program. These customers value our company's ability to mobilize rentals quickly and on a large scale, often across thousands of miles. Combined revenues from National Accounts and Government Sales increased to approximately $775 million in 2007, compared with $700 million the prior year. Time utilization is typically higher for these large accounts, as they are less susceptible to localized changes in demand.



4.0%

increase in

Rental Revenues



Drive: Fleet management. Our company's extensive rental fleet is a $4.2 billion solution to a vast range of periodic but critical needs for equipment. Since mid-2007, we have systematically implemented a strategy to unleash the **full earning power** of our fleet. Our equipment is now managed as one huge pool of assets, available to satisfy the needs of any customer, anywhere we operate, at any time. Our fleet allocation is a constant work in progress, shifting between markets as demand warrants. Seamless fleet management is more than a concept on paper for us: it is an achievable goal that has already returned a 2.5 percentage point improvement in time utilization on a larger fleet in 2007.

Our branch and district managers understand that there is a direct correlation between equipment **utilization** and return on investment. There is an equally strong connection to recurring revenues. Branch managers now operate with new incentives that shift the focus from top line growth to profit metrics, and new analytic tools that give them greater agility at fleet management. In effect, our managers are far more than the caretakers of our fleet – they contribute local market intelligence to help drive results beyond their four walls and guide the deployment of our assets, with district and corporate oversight.

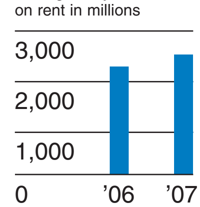
Within the rental process itself, there are sizable opportunities to **capitalize** on our existing fleet. For example, by retrieving a machine quickly after each rental, and making it available again to customers, we improve its utilization potential. Preventive maintenance is another aspect of operations that can enhance availability as equipment moves through our rental flow process to the point of rental-readiness. Equipment that is clean and well-maintained is more productive for all parties involved; it triggers greater utilization and customer loyalty.

10.8%

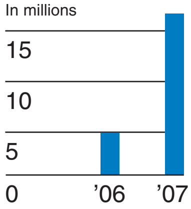
increase in

Daily Fleet on Rent

Average daily OEC
on rent in millions



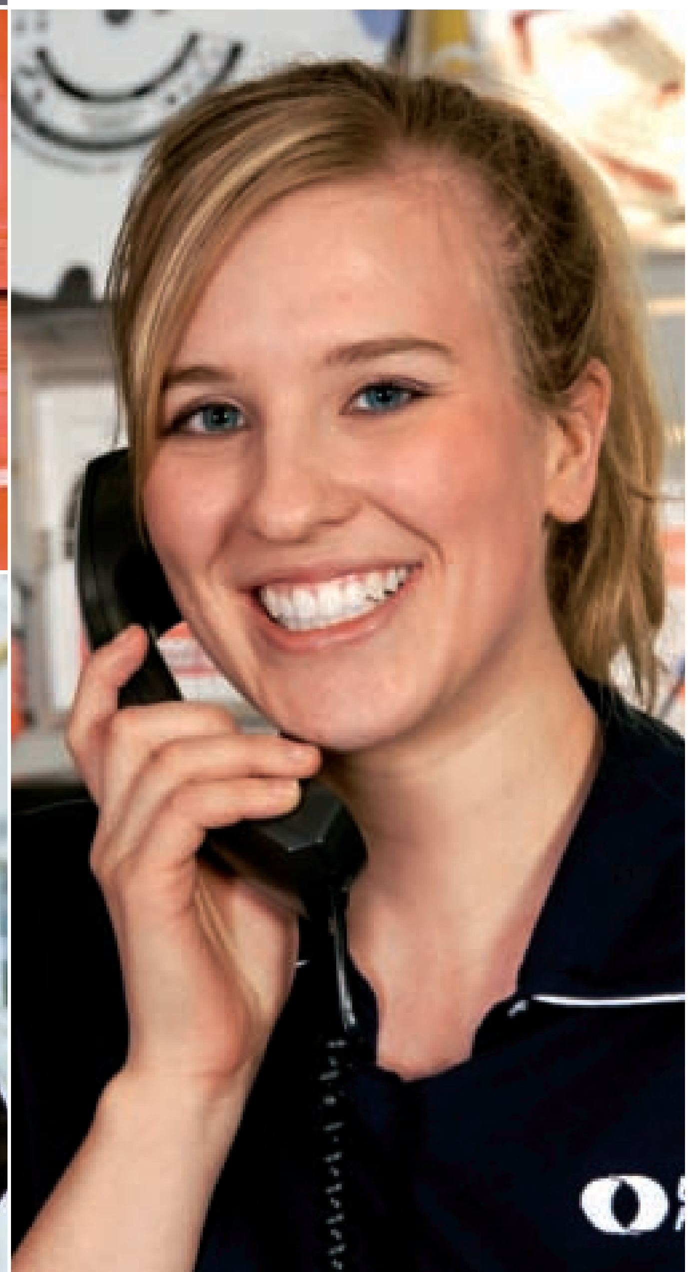
$22 million cumulative savings from **Non-fleet Sourcing**



Discipline: Efficiency and cost containment. Our business, while straightforward on the surface, is actually a complex set of operations. First, we constantly replenish our fleet by selling off tired or under-performing equipment and use capital reinvestment to refine the fleet mix. When a customer places a rental inquiry, our employees must analyze the need, quote rates, ensure availability, arrange delivery and pickup, provide on-site service if needed, and eventually bill and collect. There may be formal training involved, or the customer may simply need some friendly instruction. Off-rent equipment is put through a process of inspection, cleaning and maintenance, which may require parts. Each stage of the transaction lifecycle offers opportunities to become more efficient and cost effective as a company.

The sheer size and purchasing power of United Rentals makes it feasible to effect **dramatic changes** in our operations. Our company has used its scale to negotiate very favorable pricing and terms on equipment purchases. We now have an ongoing sourcing program that addresses non-fleet purchases from the same perspective. In 2007 we began buying a wide range of products and services at lower prices, including express shipping, tires, office machines and consumables. There are more than 100 additional projects on our radar for 2008, including practice improvements and new training for our employees.

As we continue to **execute our plan,** we are mindful of our commitment to all stakeholders of United Rentals. For our customers, we refuse to be satisfied with even the highest service standards. For our employees, we are crafting a dynamic second decade that should offer even greater career opportunities. And for our shareholders, we have returned our focus firmly to our core business, where we are confident that we can generate the greatest returns.



Glossary of Terms

Branch is a rental location. In addition to renting equipment, our branches sell new and used equipment, contractor supplies, parts and service.

Cold start is a new branch opened (not acquired) in a location where none existed.

Contractor supplies are construction consumables, tools, small equipment and safety supplies. We sell a comprehensive line of contractor supplies via several channels including our branch network, sales representatives, and direct-order catalogs.

Dollar utilization is a metric calculated by dividing annualized equipment rental revenue by the original equipment cost of our rental fleet. Dollar utilization is driven by rental rates, time utilization and the mix of equipment rented.

Equipment operating lease buy-out refers to the purchase of equipment either prior to or at termination of an operating lease.

Equipment sharing is the practice of satisfying a customer's rental request at one branch by drawing on equipment from another branch. We encourage equipment sharing as a way to enhance utilization, customer service and return on capital.

Equipment transfer refers to the relocation of equipment from one branch to another to take advantage of opportunities in a particular market.

Field management structure is that part of our organization which supports branch managers in their daily responsibilities and objectives. Each branch manager is supervised by a district manager, who in turn reports to one of our regional vice presidents.

General rentals is one of our company's two reportable business segments and includes the rental of construction, aerial, industrial and homeowner equipment to construction and industrial companies, manufacturers, utilities, municipalities and homeowners.

National Accounts program is dedicated to establishing and expanding relationships with large companies, particularly those with a national or multi-regional presence. Our National Accounts customers receive the benefit of a consistent level of service across North America and a single point of contact for all their needs.

Original equipment cost (OEC) represents the original cost of an asset purchased or leased by our company.

Primary end market is non-residential construction as defined by the U.S. Census Bureau.

Rental fleet is all of the rental equipment found at our nearly 700 branches. At December 31, 2007, our rental fleet consisted of over 2,900 classes of rental equipment with a total original equipment cost of $4.2 billion.

Rental fleet age is calculated by using the date a piece of equipment was added to our rental fleet. Each asset is weighted based on its original equipment cost relative to the total original equipment cost of our entire rental fleet.

Rental rate is the amount we charge a customer to rent a piece of equipment. Rates are set at hourly, daily, weekly and monthly levels to give customers flexibility.

Same-store rental revenue represents revenue earned by branches that have been operating for the most recent 12 months. The figure generally excludes revenue from recent cold starts, acquisitions and branch closures.

Strategic Sourcing Initiative (SSI) was launched to reduce costs by rationalizing our non-equipment vendor base and negotiating lower prices with vendors. We are targeting reducing indirect spending on non-rental purchases by $70 million when SSI is fully implemented by 2009.

Time utilization is a metric calculated by dividing the number of days a piece of equipment is on rent by 365, or by the number of days the equipment is owned if less than 365.

Trench safety, pump and power is one of our company's two reportable business segments and includes the rental of specialty construction products and related services, primarily for underground construction projects.

URdata® is an online tool that provides our customers instant, 24/7 access to managing their accounts in real-time, including the ability to view invoices, calculate job costs and request equipment off-rent.

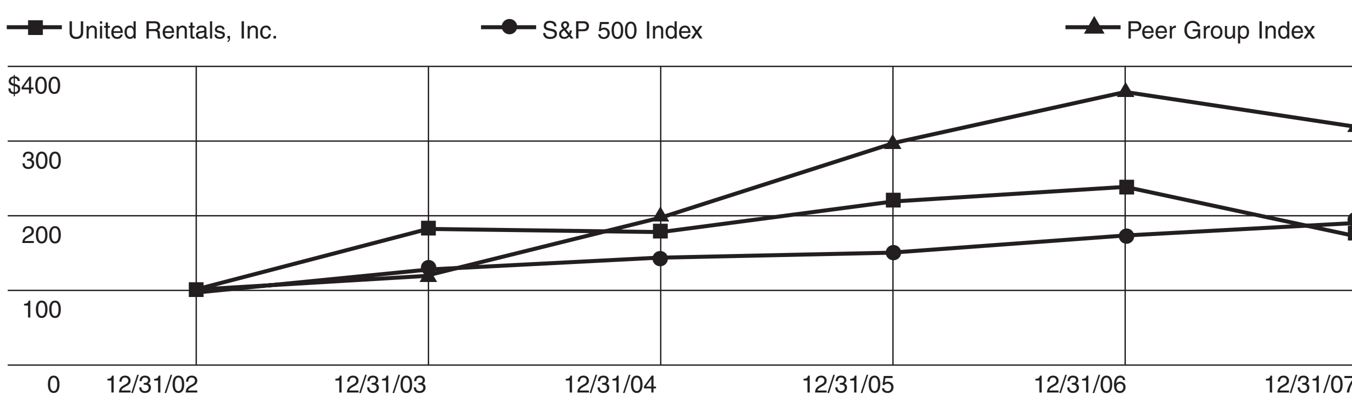
Cumulative Total Return

The following graph and table compare the cumulative total return of the common stock of the company with the cumulative total returns of the Standard & Poor's 500 Index ("S&P 500 Index") and an industry peer group index comprised of publicly-traded companies participating in the equipment rental industry ("Peer Group Index"). The graph and table assume that $100 was invested on December 31, 2002 in shares of our common stock, stocks comprising the S&P 500 Index and stocks comprising the Peer Group Index, and the reinvestment of all dividends. The returns of each company within both the S&P 500 Index and the Peer Group Index have been weighted annually for their respective stock market capitalizations.

	Years Ending December 31,					
Company Name / Index	Base Period 2002	2003	2004	2005	2006	2007
United Rentals, Inc.	100.00	179.00	175.65	217.38	236.34	170.63
S&P 500 Index	100.00	128.68	142.69	149.70	173.34	182.86
Peer Group Index	100.00	117.23	194.69	300.70	363.08	315.60

Peer Group Companies

Aggreko PLC
Ashtead Group PLC
H&E Equipment Services, Inc. (included from 1/31/2006, when it began trading)
Hertz Global Holdings, Inc. (included from 11/16/2006, when it began trading)
McGrath RentCorp
Mobile Mini, Inc.
NES Rentals Holdings, Inc. (included through 7/24/2006)
RSC Holdings Inc. (included from 5/23/07, when it began trading)



The comparisons in the graph and table above are not intended to forecast or be indicative of future performance of our common stock, either of the indices or any of the companies comprising them.

Data source: Standard & Poor's

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

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

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007

Commission File Number 1-14387

United Rentals, Inc.

Commission File Number 1-13663

United Rentals (North America), Inc.

(Exact Names of Registrants as Specified in Their Charters)

Delaware	**06-1522496**
Delaware	**06-1493538**
(State of Incorporation)	**(I.R.S. Employer Identification Nos.)**
Five Greenwich Office Park, Greenwich, Connecticut	**06831**
(Address of Principal Executive Offices)	**(Zip code)**

Registrants' telephone number, including area code: (203) 622-3131

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, $.01 par value, of United Rentals, Inc.	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

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

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

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

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

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

Large Accelerated Filer ☑ Accelerated Filer ☐ Non-Accelerated Filer ☐ Smaller Reporting Company ☐

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

As of June 30, 2007 there were 82,983,626 shares of United Rentals, Inc. common stock outstanding. The aggregate market value of common stock held by non-affiliates (defined as other than directors, executive officers and 10% beneficial owners) at June 30, 2007 was approximately $2.3 billion, calculated by using the closing price of the common stock on such date on the New York Stock Exchange of $32.54.

As of February 15, 2008, there were 86,324,297 shares of United Rentals, Inc. common stock outstanding. There is no market for the common stock of United Rentals (North America), Inc., all outstanding shares of which are owned by United Rentals, Inc.

This Form 10-K is separately filed by (i) United Rentals, Inc. and (ii) United Rentals (North America), Inc. (which is a wholly owned subsidiary of United Rentals, Inc.). United Rentals (North America), Inc. meets the conditions set forth in General Instruction (I)(1) (a) and (b) of Form 10-K and is therefore filing this form with the reduced disclosure format permitted by such instruction.

FORM 10-K REPORT INDEX

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements contained in this report are forward-looking in nature. Such statements can be identified by the use of forward-looking terminology such as “believe,” “expect,” “may,” “will,” “should,” “seek,” “on-track,” “plan,” “intend” or “anticipate,” or the negative thereof or comparable terminology, or by discussions of strategy. You are cautioned that our business and operations are subject to a variety of risks and uncertainties and, consequently, our actual results may materially differ from those projected by any forward-looking statements. Certain of such risks and uncertainties are discussed below under Item 1A–Risk Factors. We make no commitment to revise or update any forward-looking statements in order to reflect events or circumstances after the date any such statement is made.

PART I

United Rentals, Inc., incorporated in Delaware in 1997, is principally a holding company. We primarily conduct our operations through our wholly owned subsidiary United Rentals (North America), Inc. and its subsidiaries. As used in this report, the term “Holdings” refers to United Rentals, Inc., the term “URNA” refers to United Rentals (North America), Inc., and the terms the “Company,” “United Rentals,” “we,” “us,” and “our” refer to United Rentals, Inc. and its subsidiaries, in each case unless otherwise indicated.

Unless otherwise indicated, the information under Items 1, 1A and 2 is as of January 1, 2008.

Item 1. Business

General

United Rentals is the largest equipment rental company in the world and our network consists of 697 rental locations in the United States, Canada and Mexico. We offer for rent over 2,900 classes of rental equipment, including heavy machines and hand tools, to customers that include construction and industrial companies, manufacturers, utilities, municipalities, homeowners and others. In 2007, we generated revenue of $3.7 billion, including $2.6 billion of equipment rental revenue.

As of December 31, 2007, our fleet of rental equipment included over 260,000 units having an original purchase price (based on initial consideration paid) of $4.2 billion, as compared to $3.9 billion at December 31, 2006. The fleet includes:

- *General construction and industrial equipment,* such as backhoes, skid-steer loaders, forklifts, earth moving equipment, material handling equipment, compressors, pumps and generators;
- *Aerial work platforms*, such as scissor lifts and boom lifts;
- *General tools and light equipment*, such as pressure washers, water pumps, heaters and hand tools; and
- *Trench safety equipment* for underground work, such as trench shields, aluminum hydraulic shoring systems, slide rails, crossing plates, construction lasers and line testing equipment.

In addition to renting equipment, we sell new and used rental equipment as well as related contractor supplies, parts and service.

Strategy

In the second half of 2007, in response to internal analyses and a study we commissioned from a nationally-recognized consulting firm, we began to implement a change in strategy aimed at growing our earnings at higher margins, while also continuing to generate significant cash flow. The three key elements of this strategy are: refocusing our employees and sales representatives on our core rental business; optimizing the management of our rental fleet; and reducing our operating costs.

We believe this strategy, coupled with our broad geographic footprint, extensive rental fleet, advanced information technology systems, disciplined purchasing power, industry experience and ability to deliver extraordinary customer service, will enable us to strengthen our leadership position in the equipment rental industry and improve our returns to shareholders. In particular, we plan to achieve our objectives by:

Optimizing Our Field Operations. We intend to continue the process of analyzing and optimizing our field operations in order to improve fleet allocation, service and delivery and sales management efforts. We expect this process will create opportunities for rental location closures as fleet assets are moved from low-return locations to high-return locations, as well as additional cost-saving opportunities from the consolidation of administrative and back-office functions. We believe optimizing our field operations will increase equipment utilization and reduce operating costs.

Reducing Operating Costs. In an effort to bring our cost structure in line with those of other leading equipment rental companies, in the spring of 2007 we undertook a thorough review of our back-office functions related to the general and administrative aspects of our business in order to identify opportunities for increased efficiencies. As a result of this process, we identified a number of opportunities to consolidate duplicative functions, outsource certain back-office operations and automate processes. As a result, we have implemented a headcount reduction program that, as of December 31, 2007, had achieved a 9 percent workforce reduction as compared to December 31, 2006, and undertaken specific initiatives to reduce our selling, general and administrative expenses and cost of goods sold.

Accelerating Sourcing Initiatives. Our rental equipment purchases have been centralized for many years which we believe has enabled us to negotiate more favorable pricing and other terms from our equipment providers. We launched a strategic sourcing initiative in 2006 that was designed to centralize our non-equipment purchases. We believe that centralizing the procurement of these items will allow us to leverage our significant purchasing power to obtain better pricing and/or terms from our suppliers. To date, we have realized approximately $22 million in cumulative savings across a wide range of products, and we expect additional savings associated with this initiative in 2008.

Optimizing Time Utilization. We continue to reassess existing fleet investments and have recently realigned certain of our incentive programs to reward equipment sharing across districts and increase the time utilization of our rental fleet. Additionally, we intend to better allocate resources, including limited growth capital, to where there is strong customer demand, resulting in fleet rationalization opportunities. By coupling such initiatives with an increased focus on preventative maintenance and improved turn-around time for returned equipment, we believe we can further increase the time utilization of our rental fleet, which was up 2.5 percentage points year-over-year in 2007.

Refocusing Contractor Supplies Business. We sell a variety of contractor supplies, such as construction consumables, tools, small equipment and safety supplies, through several channels, including our sales representatives, rental branches and U.S. and Canadian product catalogues. Although revenues from the contractor supplies business grew from $125 million in 2002 to $378 million in 2007, this business has required us to maintain significant volumes of inventory in order to meet customer demand and carries a higher cost structure relative to our core equipment rental business. In 2007, the gross margin for our contractor supplies business was 19.0 percent as compared to 38.7 percent for equipment rentals.

We have refocused our contractor supplies business and positioned it more clearly as a complementary offering to our equipment rental business. We expect this to result in productivity improvements within our sales force, thus helping to improve the utilization of our rental fleet. As part of this initiative, we are reducing the number of stock keeping units associated with these operations, especially in lower margin commodity categories. Additionally, we have recently closed three of our nine distribution centers and we intend to close an additional two distribution centers in the first half of 2008. We expect these changes will reduce our revenues associated with contractor supplies, but improve our margins.

Industry Overview

Based on industry sources, we estimate that the U.S. equipment rental industry had total revenues of approximately $37 billion in 2007. This represents a compound annual growth rate of approximately 10 percent since 1990.

Our principal end-market for rental equipment is private non-residential construction, and our business is particularly sensitive to changes in activity in this end-market. According to U.S. Department of Commerce data (which has not been adjusted for inflation), private non-residential construction activity increased 5.0 percent in 2005 compared to 2004, increased 16.2 percent in 2006 compared with 2005 and increased 16.7 percent in 2007 compared with 2006. Reflecting current economic conditions, we and other forecasters expect this growth to slow significantly in 2008—most likely flat as compared to 2007 or low single digit growth.

Approximately 10 percent of our revenues have historically been derived from private residential construction, where activity decreased 18.3 percent in 2007 compared with 2006 (based on the same Department of Commerce data), with further decreases expected in 2008. This market primarily impacts our southwest and southeast regions.

We believe that long-term industry growth, in addition to reflecting general economic expansion, is driven by an end-user market that increasingly recognizes the many advantages of renting equipment rather than owning. Customers recognize that by renting they can:

- avoid the large capital investment required for equipment purchases;
- access a broad selection of equipment and select the equipment best suited for each particular job;
- reduce storage, maintenance and transportation costs; and
- access the latest technology without investing in new equipment.

While the construction industry has to date been the principal user of rental equipment, industrial companies, utilities and others are increasingly using rental equipment for plant maintenance, plant changeovers and other operations requiring the periodic use of equipment. We believe that over the long-term, increasing rentals by governmental entities and the industrial sector could become a more significant factor in driving our industry's growth.

Competitive Advantages

We believe that we benefit from the following competitive advantages:

Large and Diverse Rental Fleet. Our rental fleet is the largest and most comprehensive in the industry, which allows us to:

- serve a diverse customer base and reduce our dependence on any particular customer or group of customers; and
- serve large customers that require substantial quantities and/or wide varieties of equipment.

Significant Purchasing Power. We purchase large amounts of equipment, contractor supplies and other items, which enables us to negotiate favorable pricing, warranty and other terms with our vendors.

Operating Efficiencies. We benefit from the following operating efficiencies:

- *Equipment Sharing Among Branches*. We generally group our branches into districts of 6 to 12 locations that are in the same geographic area. Each branch within a district can access all available equipment in the district. This increases equipment utilization because equipment that is idle at one branch can be marketed and rented through other branches. Districts report into a region structure where management teams identify additional opportunities for equipment sharing and fleet transfers.
- *Ability to Transfer Equipment Among Branches*. The size of our branch network gives us the ability to take advantage of strength at a particular branch or in a particular region by transferring underutilized equipment from weaker areas to stronger areas.
- *National Call Center*. We have established a national call center in Tampa, Florida, to handle all 1-800-UR-RENTS telephone calls without having to route them to individual branches. This provides us with the ability to provide a more uniform quality experience to customers, manage fleet sharing more effectively and free up branch employee time.
- *Consolidation of Common Functions*. We reduce costs through the consolidation of functions that are common to our branches, such as payroll, accounts payable, benefits and risk management, information technology and credit and collection.

Information Technology Systems. We have a wide variety of information technology systems, some proprietary and some licensed, that support our operations. This information technology infrastructure facilitates our ability to make rapid and informed decisions, respond quickly to changing market conditions and share rental equipment among branches. We have an in-house team of information technology specialists that support our systems.

Strong Brand Recognition. We have strong brand recognition, which helps us to attract new customers and build customer loyalty.

Geographic and Customer Diversity. We have 697 rental locations in 48 states, ten Canadian provinces and Mexico and serve customers that range from Fortune 500 companies to small businesses and homeowners. We believe that our geographic and customer diversity provide us with many advantages including: (i) enabling us to better serve National Account customers with multiple locations, (ii) helping us achieve favorable resale prices by allowing us to access used equipment resale markets across North America, (iii) reducing our dependence on any particular customer and (iv) reducing the impact that fluctuations in regional economic conditions have on our overall financial performance.

National Account Program. Our National Account sales force is dedicated to establishing and expanding relationships with large companies, particularly those with a national or multi-regional presence. We offer our National Account customers the benefits of a consistent level of service across North America, a wide selection of equipment and a single point of contact for all their equipment needs. We currently serve approximately 1,500 National Account customers as well as approximately 200 agencies within the United States government. Combined revenues from National Account customers and government agencies have increased to approximately $775 million in 2007 from approximately $700 million in 2006 and approximately $625 million in 2005, reflecting the growth and success of this program.

Strong and Motivated Branch Management. Each of our full service branches has a branch manager who is supervised by a district manager from one of our 92 districts and a vice president from one of our 11 regions. We believe that our managers are among the most knowledgeable and experienced in the industry and we empower them, within budgetary guidelines, to make day-to-day decisions concerning branch matters. Each region office has a management team that monitors branch, district and regional performance with extensive systems and controls, including performance benchmarks and detailed monthly operating reviews.

Employee Training Programs. We are dedicated to providing training and development to our employees. In 2007, our employees enhanced their skills through over 485,000 hours of training. Many employees participated in one of eight, week-long, programs held in 2007 at our training facility located at our corporate headquarters. In addition to these training sessions, our employees are provided equipment-related training from our suppliers as well as on-line eLearning courses covering a variety of subjects.

Risk Management and Safety Programs. We believe that we have one of the most comprehensive risk management and safety programs in the industry. Our risk management department is staffed by experienced professionals and is responsible for implementing our safety programs and procedures, developing our employee and customer training programs and, in coordination with third party professionals, managing any claims against us.

Segment Information

Our reportable segments are general rentals and trench safety, pump and power. Segment financial information is presented in note 4 to our consolidated financial statements. The general rentals segment includes the rental of construction, aerial, industrial and homeowner equipment and related services and activities. The general rentals segment's customers include construction and industrial companies, manufacturers, utilities, municipalities and homeowners. The general rentals segment operates throughout the United States and Canada and has one location in Mexico. The trench safety, pump and power segment includes the rental of specialty construction products and related services. The trench safety, pump and power segment's customers include construction companies involved in infrastructure projects, municipalities and industrial companies. This segment operates in the United States and has one location in Canada.

Products and Services

Our principal products and services are described below.

Equipment Rental. We offer for rent over 2,900 classes of rental equipment on an hourly, daily, weekly or monthly basis. The types of equipment that we offer include general construction and industrial equipment; aerial work platforms; trench safety equipment; and general tools and light equipment. The weighted-average age of our fleet was 38.0 months at December 31, 2007 as compared to 39.2 months at December 31, 2006.

Used Equipment Sales. We routinely sell used rental equipment and invest in new equipment in order to manage repairs and maintenance costs as well as the age, composition and size of our fleet. We also sell used equipment in response to customer demand for this equipment. The rate at which we replace used equipment with new equipment depends on a number of factors, including changing general economic conditions, growth opportunities, the need to adjust fleet composition to meet customer requirements and local demand, and the age of the fleet.

We principally sell used equipment through our national sales force, which can access many resale markets across North America. We also sell used equipment through our website, which includes an online database of used equipment available for sale. In addition, we hold United Rentals Certified Auctions on eBay to provide customers with another convenient online tool for purchasing used equipment.

New Equipment Sales. We sell equipment for many leading equipment manufacturers. The manufacturers that we represent and the brands that we carry include: Genie, JLG and Skyjack (aerial lifts); Multiquip, Wacker, and Honda USA (compaction equipment, generators and pumps); Sullair (compressors); Skytrak and Lull (rough terrain reach forklifts); John Deere and Takeuchi (skid-steer loaders and mini-excavators); Terex (telehandlers); and DeWalt (generators). The type of new equipment that we sell varies by location.

Contractor Supplies Sales. We sell a variety of contractor supplies including construction consumables, tools, small equipment and safety supplies. Our target customers for contractor supplies are our existing rental customers. As previously discussed, we are refocusing our contractor supplies business to position it more clearly as a complementary offering to our equipment rental business.

Service and Other Revenue. We also offer repair and maintenance services and sell parts for equipment that is owned by our customers. Our target customers for these types of ancillary services are our current rental customers as well as those who purchase both new and used equipment from our branches.

RENTALMAN® *and INFOMANAGER® Software*. We have two subsidiaries that develop and market software. One of the subsidiaries develops and markets RENTALMAN®, which is an enterprise resource planning application used by ourselves and several of the other largest equipment rental companies. The other subsidiary develops and markets INFOMANAGER®, which provides a complete solution for creating an advanced business intelligence system. INFOMANAGER® helps with extracting raw data from transactional applications and transforming it into meaningful information and saving it in a database that is specifically optimized for analytical use.

Customers

Our customer base is highly diversified and ranges from Fortune 500 companies to small businesses and homeowners. Our largest customer accounted for less than 1 percent of our revenues in 2007 and our top 10 customers accounted for less than 2 percent of our revenues in 2007. Historically, we have typically retained over 90 percent of our customer base year-over-year.

Our customer base varies by branch and is determined by several factors, including the equipment mix and marketing focus of the particular branch as well as the business composition of the local economy. Our customers include:

- construction companies that use equipment for constructing and renovating commercial buildings, warehouses, industrial and manufacturing plants, office parks, airports, residential developments and other facilities;
- industrial companies—such as manufacturers, chemical companies, paper mills, railroads, ship builders and utilities—that use equipment for plant maintenance, upgrades, expansion and construction;
- municipalities that require equipment for a variety of purposes; and
- homeowners and other individuals that use equipment for projects that range from simple repairs to major renovations.

Our business is seasonal, with demand for our rental equipment tending to be lower in the winter months.

Sales and Marketing

We market our products and services through multiple channels as described below.

Sales Force. We have over 2,700 sales people, including approximately 1,400 outside sales representatives and 1,300 inside sales people. Our sales people are responsible for calling on existing and potential customers as well as assisting our customers in planning for their equipment needs. We have ongoing programs for training our employees in sales and service skills and on strategies for maximizing the value of each transaction.

National Account Program. Our National Account sales force is dedicated to establishing and expanding relationships with large customers, particularly those with a national or multi-regional presence. Our National Account team, which consists of approximately 50 sales professionals and includes those who service governmental agencies, closely coordinates its efforts with the local sales force in each area.

E-Rentals. Our customers can rent or buy equipment online 24 hours a day, seven days a week, at our E-Rentals portal, which can be found at *unitedrentals.com*. Our customers can also use our UR*data*® application to access real-time reports on their business activity with us.

Advertising. We promote our business through local and national advertising in various media, including trade publications, yellow pages, the Internet, radio and direct mail. We also regularly participate in industry trade shows and conferences and sponsor a variety of local promotional events.

Suppliers

Our strategic approach with respect to our suppliers is to maintain the minimum number of suppliers per category of equipment that can satisfy our anticipated volume and business requirements. This approach is designed to ensure the terms we negotiate are competitive and that there is sufficient product available to meet anticipated customer demand. We utilize a comprehensive selection process to determine our equipment vendors. We consider product capabilities and industry position, product liability history and financial strength.

We have been making ongoing efforts to consolidate our vendor base in order to further increase our purchasing power. We estimate that our largest supplier accounted for approximately 38 percent of our 2007 purchases of equipment for rental or resale, and that our 10 largest suppliers accounted for approximately 70 percent of such purchases. We believe we have sufficient alternative sources of supply available for each of our major equipment categories.

Information Technology Systems

In support of our rental business, we have advanced information technology systems which facilitate rapid and informed decision-making and enable us to respond quickly to changing market conditions. Each branch is equipped with one or more workstations that are electronically linked to our other locations and to our AS/400 system located at our data center. Rental transactions are entered at these workstations and processed on a real-time basis. Management, branch and call center personnel can access the systems 24 hours a day.

These systems:

- allow management to obtain a wide range of operational and financial data;

- enable branch personnel to (i) determine equipment availability, (ii) access all equipment within a geographic region and arrange for equipment to be delivered from anywhere in the region directly to the customer, (iii) monitor business activity on a real-time basis and (iv) obtain customized reports on a wide range of operating and financial data, including equipment utilization, rental rate trends, maintenance histories and customer transaction histories; and
- permit customers to access their accounts online.

Our information technology systems and our website are supported by our in-house group of information technology specialists. This group trains our branch personnel; upgrades and customizes our systems; provides hardware and technology support; operates a support desk to assist branch and other personnel in the day-to-day use of the systems; extends the systems to newly acquired locations; and manages our website.

We have a fully functional back-up facility designed to enable business continuity in the event that our main computer facility becomes inoperative. This backup facility also allows us to perform system upgrades and maintenance without interfering with the normal ongoing operation of our information technology systems.

Competition

The equipment rental industry is highly fragmented and competitive. Our competitors primarily include small, independent businesses with one or two rental locations; regional competitors which operate in one or more states; public companies or divisions of public companies that operate nationally or internationally; and equipment vendors and dealers who both sell and rent equipment directly to customers. We believe we are well positioned to take advantage of this environment because as a larger company, we have more resources and certain competitive advantages over our smaller competitors. These advantages include greater purchasing power, the ability to provide customers with a broader range of equipment and services, and greater flexibility to transfer equipment among locations in response to, and in anticipation of, customer demand. For additional information, see "Competitive Advantages."

Securities and Exchange Commission Inquiry

As previously reported and as discussed in note 13 to our consolidated financial statements and elsewhere in this report, the Company is the subject of a non-public, fact-finding inquiry by the Securities and Exchange Commission (the "SEC") that appears to relate to a broad range of the Company's accounting practices prior to 2005 and does not otherwise seem to be confined to a specific time period. The U.S. Attorney's office has also requested information from the Company informally and by subpoena about matters related to the SEC inquiry. The Company is cooperating fully with the SEC and the U.S. Attorney's office.

Environmental and Safety Regulations

Our operations are subject to numerous laws governing environmental protection and occupational health and safety matters. These laws regulate such issues as wastewater, storm water, solid and hazardous wastes and materials, and air quality. Our operations generally do not raise significant environmental risks, but we use and store hazardous materials as part of maintaining our rental equipment fleet and the overall operations of our business, dispose of solid and hazardous waste and wastewater from equipment washing, and store and dispense petroleum products from underground and above-ground storage tanks located at certain of our locations. Under environmental and safety laws, we may be liable for, among other things, (i) the costs of investigating and remediating contamination at our sites as well as sites to which we sent hazardous wastes for disposal or treatment regardless of fault and (ii) fines and penalties for non-compliance. We incur ongoing expenses associated with the performance of appropriate investigation and remediation activities at certain of our locations.

Employees

We had approximately 10,900 employees at January 1, 2008, as compared to approximately 12,000 at January 1, 2007. Of these, approximately 3,400 are salaried personnel and approximately 7,500 are hourly personnel. Collective bargaining agreements relating to 68 separate locations cover approximately 800 of our employees. We monitor employee satisfaction through ongoing surveys and we consider our relationship with our employees to be good.

Terminated Merger Agreement

On July 22, 2007, we entered into an agreement and plan of merger (the "Merger Agreement") with RAM Holdings, Inc. and RAM Acquisition Corp. (collectively, the "RAM entities"), each an affiliate of Cerberus Capital Management, L.P. ("Cerberus"). The Merger Agreement contemplated that the RAM entities would acquire the Company by, among other things, paying $34.50 for each outstanding share of our common stock. On November 14, 2007, the RAM entities notified us that, although there had not been any material adverse change in our business, in light of current credit market conditions they were not prepared to proceed with the purchase of the Company on the terms set forth in the Merger Agreement. On November 19, 2007, we sued the RAM entities in Delaware Chancery Court, seeking specific performance of the Merger Agreement. On December 21, 2007, in an opinion issued after a bench trial, that Court declined to compel the RAM entities to complete their purchase of the Company. In light of that opinion, on

December 23, 2007, we terminated the Merger Agreement and requested and received prompt payment from the RAM entities of the $100 million termination fee contemplated by the Merger Agreement.

Available Information

We file reports and other information with the SEC pursuant to the information requirements of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Readers may read and copy any document we file at the SEC’s public reference room in Washington, D.C. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our filings are also available to the public from commercial document retrieval services and at the SEC’s website at *sec.gov*.

We make available on our Internet website, free of charge, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to these reports, as well as other SEC filings, as soon as practicable after they are electronically filed with or furnished to the SEC. Our website address is *unitedrentals.com*. The information contained on our website is not incorporated by reference in this document.

Item 1A. Risk Factors

Our results of operations and financial condition are subject to numerous risks and uncertainties. In connection with any investment decision with respect to our securities, you should carefully consider the following risk factors, as well as the other information contained in this report and our other filings with the SEC. Should any of these risks materialize, our business, financial condition and future prospects could be negatively impacted.

Decreases in North American construction and industrial activities could adversely affect our revenues and operating results by decreasing the demand for our equipment or the prices that we can charge.

Our rental equipment is used primarily in the non-residential construction industry, which is cyclical in nature. Trench safety, pump and power equipment is principally used in connection with construction and industrial activities. Weakness in our end markets, such as a decline in construction or industrial activity, may lead to a decrease in the demand for our equipment or the prices that we can charge. Any such decrease could adversely affect our operating results by causing our revenues and gross profit margins to be reduced.

The following factors, among others, may cause weakness in our end markets, either temporarily or long-term:

- weakness in the economy or the onset of a recession;
- an increase in the cost of construction materials;
- an increase in interest rates;
- adverse weather conditions which may temporarily affect a particular region; or
- terrorism or hostilities involving the United States or Canada.

Our operating results may fluctuate, which could affect the trading value of our securities.

We expect that our revenues and operating results may fluctuate from quarter to quarter or over the longer term due to a number of factors, which could adversely affect the trading value of our securities. These factors, in addition to general economic conditions, include:

- seasonal rental patterns of our customers, with rental activity tending to be lower in the winter;
- changes in the size of our rental fleet and/or in the rate at which we sell our used equipment;
- changes in non-residential construction spending or government funding for infrastructure and other construction projects;
- changes in demand for or utilization of our equipment or the prices we charge due to changes in economic conditions, competition or other factors;
- commodity price pressures and the resultant increase in the cost of oil and steel to our equipment suppliers;
- other cost fluctuations, such as costs for employee-related compensation and healthcare benefits;
- completion of acquisitions, divestitures or recapitalizations;
- the need to charge against earnings any expenditures relating to a potential acquisition that we determine will not be consummated (such as financing commitment fees, merger and acquisition advisory fees and professional fees) previously capitalized; or

- the possible need, from time to time, to record goodwill impairment charges or other write-offs or charges due to a variety of occurrences, such as the adoption of new accounting standards, rental location divestitures, consolidations or closings, restructurings, the refinancing of existing indebtedness, the impairment of assets or the buy-out of equipment leases.

Our substantial debt exposes us to various risks.

At December 31, 2007, our total indebtedness was approximately $2.7 billion, including $146 million of subordinated convertible debentures. Our substantial indebtedness has the potential to affect us adversely in a number of ways. For example, it will or could:

- increase our vulnerability to adverse economic, industry or competitive developments;
- require us to devote a substantial portion of our cash flow to debt service, reducing the funds available for other purposes or otherwise constrain our financial flexibility;
- affect our ability to obtain additional financing, particularly since substantially all of our assets are subject to security interests relating to existing indebtedness; or
- decrease our profitability or cash flow.

Further, if we are unable to service our indebtedness and fund our operations, we will be forced to adopt an alternative strategy that may include:

- reducing or delaying capital expenditures;
- limiting our growth;
- seeking additional capital;
- selling assets; or
- restructuring or refinancing our indebtedness.

Even if we adopt an alternative strategy, the strategy may not be successful and we may continue to be unable to service our indebtedness and fund our operations.

A portion of our indebtedness bears interest at variable rates that are linked to changing market interest rates. As a result, an increase in market interest rates would increase our interest expense and our debt service obligations. At December 31, 2007, including the effect of our interest rate swap agreements, we had approximately $1.7 billion of indebtedness that bears interest at variable rates. This amount represents 65 percent of our total indebtedness, excluding our subordinated convertible debentures. In January 2008, we terminated interest rate swap agreements with an aggregate notional amount of $1.2 billion. Had these swaps been terminated as of December 31, 2007, 18 percent of our total debt (excluding our subordinated convertible debentures) would have been floating rate debt. See Item 7A—Quantitative and Qualitative Disclosure About Market Risk for additional information related to interest rate risk.

Notwithstanding our current indebtedness level, we believe we are able to incur and carry substantially more debt. If we do so, this could further exacerbate the risks associated with our substantial debt.

We believe we would be able to incur and service substantial additional indebtedness in the future, should business conditions or decisions so warrant. Although the terms of our existing indebtedness contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions, and the indebtedness incurred in compliance with these restrictions could be substantial. To the extent new indebtedness is added to our and our subsidiaries' current debt levels, the substantial debt risks described above would increase.

We are subject to an ongoing inquiry by the SEC.

We are the subject of a non-public, fact-finding inquiry by the SEC that appears to relate to a broad range of the Company's accounting practices prior to 2005 and does not seem otherwise to be confined to a specific time period. In August 2004, we issued a press release and filed a Form 8-K disclosing the existence of the SEC inquiry. In March 2005, our board of directors formed the Special Committee of independent directors to review matters related to the SEC inquiry. Our board of directors received and acted upon findings of the Special Committee in January 2006. The actions that we took with respect to the Special Committee's findings and actions that we took with respect to certain other accounting matters, including the restatement of previously issued consolidated financial statements for 2003 and 2002, are discussed in our annual report on Form 10-K for the year ended December 31, 2005 (our "2005 Form 10-K").

We are cooperating with the SEC in its ongoing inquiry. The U.S. Attorney's office has also requested information from the Company informally and by subpoena about matters related to the SEC inquiry. We are also cooperating fully with this office.

However, we cannot predict the outcome of these inquiries or when these matters might be resolved. In July 2007, the staff of the SEC advised us that it intends to seek commission authorization to seek injunctive and monetary relief against us, as well as to engage in settlement discussions with us.

These matters have the potential to adversely affect us in a number of ways, including the following:

- we are likely to continue to incur additional expenses in connection with responding to the inquiries, regardless of the outcome, including expenses related to our indemnification obligations to our directors, officers and certain current and former employees:
- responding to the inquiries has in the past diverted and may continue to divert the time and attention of our management from normal business operations;
- charges against, or settlements by, any of our former officers may generate negative publicity and adversely impact the perception of our company; and
- if proceedings are brought, depending on the outcome, we may be required to pay fines and/or take corrective actions that would adversely affect our operations.

If we are ultimately required to pay significant amounts and/or take significant corrective actions, our results and liquidity could be materially adversely affected. In addition, regardless of the outcome, the publicity surrounding the inquiries and the potential risks associated with the inquiries could negatively impact the perception of the Company by investors and others, which could adversely affect the price of our securities, our access to the capital markets and/or our borrowing costs.

We are subject to certain ongoing class action lawsuits.

Multiple class action lawsuits have been filed against the Company, as described in greater detail under Item 3—Legal Proceedings. Three complaints were filed following our public announcement of the SEC inquiry. These complaints, which have been consolidated, allege, among other things, that (i) certain of the Company's SEC filings and other public statements contained false and misleading statements which resulted in damages to the plaintiffs and the members of the purported class when they purchased the Company's securities and (ii) the conduct in connection therewith violated Section 10(b) of the Exchange Act, SEC Rule 10b-5 and, in the case of the individual defendants, Section 20(a) of the Exchange Act. The consolidated amended complaint asserts the same claims and seeks unspecified compensatory damages, costs and expenses.

Three complaints were filed following our November 14, 2007 announcement that affiliates of Cerberus had notified us that they were not prepared to proceed with the purchase of the Company on the terms set forth in the Merger Agreement. These complaints, which have been consolidated, allege, among other things, that certain of the Company's filings with the SEC, including proxy materials in connection with the special meeting of stockholders, and other public statements contained false and misleading statements and/or material omissions relating to the contemplated merger with affiliates of Cerberus. Each action asserts claims under Sections 10(b) and 14(a) of the Exchange Act and SEC Rules 10b-5 and 14a-9, and, in the case of the individual defendants, Section 20(a) of the Exchange Act. The complaints seek unspecified compensatory damages, costs, expenses and fees.

We can give no assurances as to the outcome of these proceedings and, if we do not prevail, we may be required to pay substantial damages or settlement amounts. Further, regardless of the outcome, we may incur significant defense and indemnification costs, and the time and attention of our management may be diverted from normal business operations. If we are ultimately required to pay significant defense costs, damages or settlement amounts, such payments could materially and adversely affect our liquidity and results of operations.

We are exposed to a variety of claims relating to our business, and our insurance may not fully cover them.

We are in the ordinary course exposed to a variety of claims relating to our business. These claims include those relating to (i) personal injury or property damage involving equipment rented or sold by us, (ii) motor vehicle accidents involving our vehicles and our employees and (iii) employment related claims. Further, as described elsewhere in this report, several shareholder derivative and class action lawsuits have been filed against us. Currently, we carry a broad range of insurance for the protection of our assets and operations. However, such insurance may not fully cover these claims for a number of reasons, including:

- our insurance policies, reflecting a program structure that we believe reflects market conditions for companies our size, are often subject to significant deductibles or self-insured retentions: $2 million per occurrence for each general liability or automobile liability claim, and $1 million per occurrence for each workers' compensation claim;
- our director and officer liability insurance policy has no deductible for individual non-indemnifiable loss coverage, but is subject to a $2.5 million deductible for company reimbursement coverage and all director and officer coverage is subject to certain exclusions;

- we do not maintain stand-alone coverage for environmental liability (other than legally required underground storage tank coverage), since we believe the cost for such coverage is high relative to the benefit it provides; and
- certain types of claims, such as claims for punitive damages or for damages arising from intentional misconduct, which are often alleged in third party lawsuits, might not be covered by our insurance.

We establish and regularly evaluate our loss reserves to address business operations claims, or portions thereof, not covered by our insurance policies. To the extent that we are found liable for any significant claims that exceed our established levels of reserves, that cause us to significantly increase such reserves or that are not otherwise covered by insurance, our liquidity and operating results could be materially adversely affected. In addition, the class action and derivative lawsuits against us, and our indemnification costs associated with the SEC and U.S. Attorney's office inquiries, may not be fully reimbursable or covered by insurance. It is also possible that some or all of the insurance that is currently available to us will not be available in the future on economically reasonable terms, or not available at all.

We have made numerous acquisitions in the past, which entail certain risks, as do any growth initiatives, including additional acquisitions or consolidations, that we may make in the future.

We have historically achieved a substantial portion of our growth through acquisitions. Although we have not made many acquisitions in recent years, and the making of additional acquisitions is not a planned portion of our 2008 strategy, we are always open to considering potential acquisitions on a selective basis. From time-to-time we have also approached, or been approached, to explore consolidation opportunities with other public companies or large privately-held companies.

Whether historical or in the future, it is possible that we will not realize the expected benefits from our acquisitions or that our existing operations will be adversely affected as a result of acquisitions. The making of acquisitions entails certain risks, including:

- unrecorded liabilities of acquired companies that we fail to discover during our due diligence investigations;
- difficulty in assimilating the operations and personnel of the acquired company within our existing operations or in maintaining uniform standards;
- loss of key employees of the acquired company;
- the failure to achieve anticipated synergies; and
- strains on management and other personnel time and resources both to research and integrate acquisitions.

We would expect to pay for any future acquisitions using cash, capital stock, notes and/or assumption of indebtedness. To the extent that our existing sources of cash are not sufficient in any instance, we would expect to need additional debt or equity financing, which involves its own risks.

We have also spent resources and efforts, apart from acquisitions, in attempting to grow our business operations over the past few years. These efforts place strains on our management and other personnel and resources and require timely and continued investment in facilities, personnel and financial and management systems and controls. We may not be successful in implementing all of the processes that are necessary to support any of our growth initiatives, which could result in our expenses increasing disproportionately to our incremental revenues, causing our operating margins and profitability to be adversely affected.

Our capital stock and charter structures, as well as other factors, may affect the likelihood of a takeover or change of control of the Company.

Our Series C preferred and Series D preferred stock, as described in more detail in note 14 to our consolidated financial statements, have certain rights that may impact the likelihood of a takeover or change of control of the Company. These provisions include the right of the holders of the Series C preferred to directly elect two directors to our board (subject to reduction if their holdings are reduced). They also include the rights of the holders of both the Series C and Series D preferred to have their shares redeemed at certain levels providing a guaranteed rate of return on their investment in the event of a board-approved change of control and at certain levels providing a higher guaranteed rate of return, and other rights (including the right to elect a majority of our board), in the event of a change of control that has not been approved by our board combined with a failure to offer the holders of the preferred stock the redemption rights they would have in an approved change of control context. As a result, the interests of the holders of our preferred stock may be different from, and affect, those of the holders of our common stock in a change of control scenario. In addition, as described in note 15 to our consolidated financial statements, we maintain a stockholders' rights plan and certain charter provisions, such as the inability for shareholders to act by written consent, that may have the effect of deterring hostile takeovers or delaying or preventing changes in control or management of the Company that are not approved by our board. We are also subject to Section 203 of the Delaware General Corporation law, which under certain circumstances restricts the ability of a publicly held Delaware corporation to engage in a business combination such as a merger or sale of assets with any stockholder that, together with affiliates, owns 15 percent or more of the corporation's outstanding voting stock, which similarly could prohibit or delay the accomplishment of a change of control transaction.

Our preferred stock and debt agreements limit our board's ability to pay dividends, repurchase shares or otherwise return capital to our common stockholders.

The terms of our Series C preferred and Series D preferred stock restrict us from paying or making any "extraordinary dividend" without the consent of the holders thereof. Generally, this limitation applies to any dividends made on, or tender offers made for, our common stock if the aggregate amount of such dividends and repurchases would exceed 5 percent of our market capitalization at the time of payment (tested on a rolling 12-month basis). If common stock repurchases are made other than by means of a tender offer, the limitation (inclusive of any common stock dividends and repurchases through tender offers) is 7.5 percent of our market capitalization (measured and tested the same way), which increases to a 10 percent limitation beginning in early 2009.

Although currently less restrictive in the aggregate amount than the above-described provisions, the indentures governing our high-yield debt and the agreement governing our credit facility also contain restrictions on making what are known as "restricted payments"—which typically are defined to include most cash payments to common stockholders, whether through dividends or common stock repurchases.

Turnover of members of our management and our ability to attract and retain key personnel may affect our ability to efficiently manage our business and execute our strategy.

Our success is dependent, in part, on the experience and skills of our management team, and competition in our industry and the business world generally for top management talent is significant. Although we believe we generally have competitive pay packages, we can provide no assurances that our efforts to attract and retain senior management staff will be successful. Moreover, the termination of the Merger Agreement with Cerberus affiliates, the resulting drop in our stock price and our continued operation under the stewardship of an interim chief executive officer have created perceived uncertainties that may result in increased difficulties and expense in recruiting and retaining employees, particularly senior management. If we are unable to fill and keep filled all of our senior management positions, or if we lose the services of any key member of our senior management team and are unable to find a suitable replacement in a timely fashion, we may be challenged to effectively manage our business and execute our strategy.

Our cost reduction programs may not achieve the cost savings and operational improvements and efficiencies we expect, and we may have to implement further cost reduction programs and incur additional related charges.

In 2007, we implemented a workforce reduction program, a strategic sourcing initiative and other initiatives designed to reduce operating costs and increase organizational efficiencies. Though we have already realized substantial cost savings and operational improvements from these efforts, the extent to which we achieve our remaining and any additional goals will depend on a number of factors, some of which are beyond our control. Even if we take all of the steps that we expect to take, we may not achieve the cost reduction and operational efficiencies we anticipate, the reductions and efficiencies we do achieve may not be realized on the timetable we anticipate and there may be productivity, revenue or other consequences resulting from such programs and initiatives that will adversely effect us. Therefore, the anticipated benefits of our existing and future cost saving initiatives may not be fully realized.

If we are unable to satisfy the financial and other covenants in our debt agreements, our lenders could elect to terminate the agreements and require us to repay the outstanding borrowings, or we could face other substantial costs.

Under the agreement governing our senior secured credit facility, we are required to, among other things, satisfy certain financial tests relating to: (a) the interest coverage ratio, (b) the ratio of funded debt to cash flow, (c) the ratio of senior secured debt to tangible assets and (d) the ratio of senior secured debt to cash flow. If we are unable to satisfy any of these covenants, the lenders could elect to terminate our senior secured credit facility and/or other agreements governing our debt and require us to repay outstanding borrowings. In such event, unless we were able to refinance the indebtedness coming due and replace our senior secured credit facility and/or the other agreements governing our debt, we would likely not have sufficient liquidity for our business needs and we would be forced to adopt an alternative strategy as described above. Even if we adopt an alternative strategy, the strategy may not be successful and we may not have sufficient liquidity for our operations. In addition to financial covenants, we are subject to various other covenants in our senior secured credit facility as well as in the other agreements governing our debt, such as a requirement to file our periodic reports with the SEC in a timely manner. For example, when we were not current with our SEC periodic reports as a result of our restatement process described above, in 2005 we paid in excess of $34 million in consent solicitation fees with respect to our public debt indentures in order to address non-compliance with such a covenant.

In addition to the risks with respect to covenant non-compliance, compliance with covenants may restrict our ability to conduct our operations. For instance, these covenants limit or prohibit, among other things, our ability to incur indebtedness, make prepayments of certain indebtedness, pay dividends, make investments, create liens, make acquisitions, sell assets and engage in mergers and acquisitions. These covenants could adversely affect our operating results by significantly limiting our operating and financial flexibility.

If we are unable to obtain additional capital as required, we may be unable to fund the capital outlays required for the success of our business.

If the cash that we generate from our business, together with cash that we may borrow under our credit facility and accounts receivable securitization facility, is not sufficient to fund our capital requirements, we will require additional debt and/or equity financing. However, we may not succeed in obtaining the requisite additional financing on terms that are satisfactory to us or at all. If we are unable to obtain sufficient additional capital in the future, we may be unable to fund the capital outlays required for the success of our business, including those relating to purchasing equipment, growth plans and refinancing existing indebtedness.

Goodwill related to acquisitions represents a substantial portion of our total assets. If the fair value of the goodwill should drop below the recorded value, we would be required to write-off the excess goodwill.

On December 31, 2007, we had goodwill of $1.4 billion on our balance sheet, which represented approximately 23 percent of our total assets as of such date. This goodwill is an intangible asset and represents the excess of the purchase price that we paid for acquired businesses over the estimated fair value of the net assets of those businesses. Of the goodwill recorded on our balance sheet at December 31, 2007, 94 percent is associated with our general rentals segment and 6 percent is associated with our trench safety, pump and power segment. We are required to test our goodwill for impairment at least annually. Our results in 2004 were adversely affected by the write-off of approximately $139 million of goodwill related to our discontinued traffic control operations, and our results in the preceding two years were also adversely affected by significant goodwill write-offs. Based on the current performance of our general rentals and trench safety, pump and power segments, as well as current market conditions, we do not currently anticipate significant goodwill write-offs. However, in previous years we recorded significant goodwill write-offs, and we cannot be certain that a future downturn in the business or changes in market conditions will not necessitate additional write-offs in future periods.

Our industry is highly competitive, and competitive pressures could lead to a decrease in our market share or in the prices that we can charge.

The equipment rental industry is highly fragmented and competitive. Our competitors include small, independent businesses with one or two rental locations, regional competitors which operate in one or more states, public companies or divisions of public companies, and equipment vendors and dealers who both sell and rent equipment directly to customers. We may in the future encounter increased competition from our existing competitors or from new companies. Competitive pressures could adversely affect our revenues and operating results by, among other things, decreasing our rental volumes, depressing the prices that we can charge or increasing our costs to retain employees.

Disruptions in our information technology systems could adversely affect our operating results by limiting our capacity to effectively monitor and control our operations.

Our information technology systems facilitate our ability to monitor and control our operations and adjust to changing market conditions. Any disruptions in these systems or the failure of these systems to operate as expected could, depending on the magnitude of the problem, adversely affect our operating results by limiting our capacity to effectively monitor and control our operations and adjust to changing market conditions.

We are subject to numerous environmental and safety regulations. If we are required to incur compliance or remediation costs that are not currently anticipated, our operating results could be adversely affected.

Our operations are subject to numerous laws and regulations governing environmental protection and occupational health and safety matters. These laws regulate such issues as wastewater, stormwater, solid and hazardous wastes and materials, and air quality. Under these laws, we may be liable for, among other things, (i) the costs of investigating and remediating any contamination at our sites as well as sites to which we sent hazardous wastes for disposal or treatment, regardless of fault and (ii) fines and penalties for non-compliance. Our operations generally do not raise significant environmental risks, but we use hazardous materials to clean and maintain equipment, dispose of solid and hazardous waste and wastewater from equipment washing, and store and dispense petroleum products from underground and above-ground storage tanks located at certain of our locations.

Based on conditions currently known to us, we do not believe that any pending or likely remediation and/or compliance effort will have a material adverse effect on our business. We cannot be certain, however, as to the potential financial impact on our business if new adverse environmental conditions are discovered or environmental and safety requirements become more stringent. If we are required to incur environmental compliance or remediation costs that are not currently anticipated, our liquidity and operating results could be adversely affected depending on the magnitude of such costs.

Labor disputes could disrupt our ability to serve our customers and/or lead to higher labor costs.

We currently have approximately 800 employees that are represented by unions and covered by collective bargaining agreements and approximately 10,100 employees that are not represented by unions. Various unions periodically seek to organize certain of our nonunion employees. Union organizing efforts or collective bargaining negotiations could potentially lead to work stoppages and/or slowdowns or strikes by certain of our employees, which could adversely affect our ability to serve our customers. In addition, these efforts could negatively affect our relationship with certain customers. Further, our labor costs could increase as a result of the settlement of actual or threatened labor disputes or an increase in the number of our employees covered by collective bargaining agreements.

Fluctuations in fuel costs or reduced supplies of fuel could harm our business.

We believe that one of our competitive advantages is the mobility of our fleet. Accordingly, we could be adversely affected by limitations on fuel supplies or significant increases in fuel prices that result in higher costs to us of transporting equipment from one branch to another branch or one region to another region. A significant or protracted disruption of fuel supplies could have a material adverse effect on our financial condition and results of operations.

We have operations outside the United States. As a result, we may incur losses from currency conversions and have higher costs than we otherwise would have due to the need to comply with foreign laws.

Our operations in Canada and Mexico are subject to the risks normally associated with international operations. These include (i) the need to convert currencies, which could result in a gain or loss depending on fluctuations in exchange rates, (ii) the need to comply with foreign laws and regulations, as well as U.S. laws and regulations applicable to our operations in foreign jurisdictions, and (iii) the possibility of political or economic instability in foreign countries.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

As of January 1, 2008, we operated 697 rental locations. Of these locations, 600 are in the United States, 96 are in Canada and one is in Mexico. The number of locations in each state or province is shown in the table below, as well as the number of locations that are general rentals (GR) and trench safety, pump and power (TPP).

United States

- Alabama (GR 10)
- Alaska (GR 5)
- Arizona (GR 12, TPP 4)
- Arkansas (GR 4, TPP 1)
- California (GR 83, TPP 15)
- Colorado (GR 14, TPP 2)
- Connecticut (GR 11, TPP 1)
- Delaware (GR 5)
- Florida (GR 31, TPP 9)
- Georgia (GR 22, TPP 2)
- Idaho (GR 2)
- Illinois (GR 7, TPP 1)
- Indiana (GR 13, TPP 1)
- Iowa (GR 9, TPP 1)
- Kansas (GR 2)
- Kentucky (GR 5)
- Louisiana (GR 5, TPP 2)
- Maine (GR 2)
- Maryland (GR 12, TPP 2)
- Massachusetts (GR 9, TPP 2)
- Michigan (GR 8)
- Minnesota (GR 9, TPP 1)
- Mississippi (GR 4)
- Missouri (GR 7, TPP 3)
- Montana (GR 1)
- Nebraska (GR 6, TPP 1)
- Nevada (GR 9, TPP 2)
- New Hampshire (GR 3)
- New Jersey (GR 10, TPP 3)
- New Mexico (GR 4)
- New York (GR 21)
- North Carolina (GR 14)
- North Dakota (GR 3)
- Ohio (GR 11, TPP 4)
- Oklahoma (GR 3)
- Oregon (GR 16, TPP 2)
- Pennsylvania (GR 12)
- Rhode Island (GR 1)
- South Carolina (GR 8)
- South Dakota (GR 2)
- Tennessee (GR 10)
- Texas (GR 45, TPP 10)
- Utah (GR 6, TPP 1)
- Virginia (GR 15, TPP 1)
- Washington (GR 26, TPP 4)
- Wisconsin (GR 5)
- West Virginia (GR 2)
- Wyoming (GR 1)

Canada

- Alberta (GR 8)
- British Columbia (GR 22, TPP 1)
- Manitoba (GR 3)
- New Brunswick (GR 7)
- Nova Scotia (GR 5)
- Newfoundland (GR 7)
- Ontario (GR 32)
- Quebec (GR 9)
- Saskatchewan (GR 1)
- Prince Edward Island (GR 1)

Mexico

- Nuevo Leon (GR 1)

Our branch locations generally include facilities for displaying equipment and, depending on the location, may include separate areas for equipment service, storage and displaying contractor supplies. We own 159 of our branch locations and lease the other locations. We also lease premises for other purposes such as district and regional offices and service centers.

We have a fleet of approximately 6,700 vehicles. These vehicles are used for delivery, maintenance and sales functions. Approximately 70 percent of this fleet is leased and the balance is owned.

Our corporate headquarters are located in Greenwich, Connecticut, where we occupy approximately 51,000 square feet under a lease that expires in 2013. Additionally, we maintain a facility in Shelton, Connecticut, where we occupy 32,000 square feet under a lease that expires in 2016. Further, we maintain a shared-service facility in Tampa, Florida, where we occupy 43,000 square feet under a lease that expires in 2011.

Item 3. Legal Proceedings

A description of legal proceedings can be found in note 13 to our consolidated financial statements, included in this report at "Item 8. Financial Statements and Supplementary Data," and is incorporated by reference into this Item 3.

Item 4. Submission of Matters to a Vote of Security Holders

On October 19, 2007, we held a special meeting at which our stockholders were asked to consider and vote upon a proposal to approve the Merger Agreement and the transactions contemplated by the Merger Agreement (together, the "Proposal"). The final results of the vote at the special meeting (at which our preferred stock, on an "as converted basis", voted together with our common stock) were as follows: 77,776,873 shares were voted for the Proposal, 132,107 shares were voted against the Proposal, and 54,385 shares abstained. The shares voted in favor of the Proposal represented approximately 76.8 percent of the total voting power outstanding and entitled to vote at the meeting, and of those votes cast, approximately 99.8 percent voted in favor of the Proposal. In addition, in two separate class votes that were also held, all of the outstanding shares of our Series C preferred stock and Series D preferred stock were voted in favor of the Proposal. As previously reported, on December 23, 2007, we terminated the Merger Agreement and in connection therewith received the $100 million termination fee owed to us pursuant to the terms of the Merger Agreement.

PART II

Item 5. Market For Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Price Range of Common Stock

Our common stock trades on the New York Stock Exchange under the symbol "URI." The following table sets forth, for the periods indicated, the intra-day high and low sale prices for our common stock, as reported by the New York Stock Exchange.

	High	Low
2007:		
First Quarter	$ 29.68	$ 24.57
Second Quarter	35.56	27.23
Third Quarter	34.98	28.55
Fourth Quarter	34.37	17.32
2006:		
First Quarter	$ 35.48	$ 23.07
Second Quarter	37.84	26.05
Third Quarter	31.99	20.25
Fourth Quarter	26.58	22.01

As of January 1, 2008, there were approximately 301 holders of record of our common stock. We believe that the number of beneficial owners is substantially greater than the number of record holders because a large portion of our common stock is held of record in broker "street names."

Dividend Policy

We have not paid dividends on our common stock since inception. However, the payment of any future dividends or the authorization of stock repurchases or other recapitalizations will be determined by our board of directors in light of conditions then existing, including our earnings, financial condition and capital requirements, restrictions in financing agreements, business conditions, stock price and other factors. The terms of certain agreements governing our outstanding indebtedness and the terms of our outstanding preferred stock, as discussed above, contain certain limitations on our ability to pay dividends on, or effect repurchases of, our common stock. In addition, under Delaware law, dividends may only be paid out of capital surplus or current or prior year's net profits.

Purchases of Equity Securities by the Issuer

The following table provides information about purchases of the Company's common stock by the Company during the fourth quarter of 2007:

Period	Total Number of Shares Purchased	Average Price Paid per Share
October 1, 2007 to October 31, 2007	28,938	$ 31.84
November 1, 2007 to November 30, 2007	5,527	34.07
December 1, 2007 to December 31, 2007	184	19.64
Total (1)	34,649	

(1) The shares were surrendered to the Company by employees in order to satisfy tax withholding obligations upon the vesting of restricted stock. These shares were not acquired pursuant to any repurchase plan or program.

Equity Compensation Plans

For information regarding equity compensation plans, see Item 12 of this annual report on Form 10-K.

Item 6. Selected Financial Data

The following selected financial data reflects the results of operations and balance sheet data for the years ended 2003 to 2007. The data below should be read in conjunction with, and is qualified by reference to, our MD&A and our consolidated financial statements and notes thereto contained elsewhere in this report. In December 2006, we entered into a definitive agreement to sell our traffic control business. As the held for sale and discontinued operations criteria were met, the operations of traffic control are reflected as a discontinued operation for all periods presented. The financial information presented may not be indicative of our future performance.

	Year Ended December 31,				
	2007	2006	2005	2004	2003
	(in millions, except per share data)				
Income statement data:					
Total revenues	$ 3,731	$ 3,640	$ 3,288	$ 2,835	$ 2,549
Total cost of revenues	2,423	2,351	2,173	1,902	1,836
Gross profit	1,308	1,289	1,115	933	713
Selling, general and administrative expenses	595	613	553	449	414
Goodwill impairment	—	—	—	—	238
Restructuring and asset impairment charge	—	—	—	(4)	—
Non-rental depreciation and amortization	54	50	38	41	40
Operating income	659	626	524	447	21
Interest expense, net	187	208	181	327	244
Interest expense-subordinated convertible debentures	9	13	14	14	—
Preferred dividends of a subsidiary trust	—	—	—	—	15
Other (income) expense, net	(115)	—	(2)	6	16
Income (loss) from continuing operations before provision (benefit) for income taxes	578	405	331	100	(254)
Provision (benefit) for income taxes	215	156	129	28	(48)
Income (loss) from continuing operations	363	249	202	72	(206)
Loss from discontinued operations, net of taxes	(1)	(25)	(15)	(156)	(48)
Net income (loss)	$ 362	$ 224	$ 187	$ (84)	$ (254)
Basic earnings (loss) available to common stockholders:					
Income (loss) from continuing operations	$ 3.61	$ 2.58	$ 2.13	$ 0.77	$ (2.66)
Loss from discontinued operation	$ (0.01)	$ (0.26)	$ (0.16)	$ (1.65)	$ (0.63)
Net income (loss)	$ 3.60	$ 2.32	$ 1.97	$ (0.88)	$ (3.29)
Diluted earnings (loss) available to common stockholders:					
Income (loss) from continuing operations	$ 3.26	$ 2.28	$ 1.93	$ 0.71	$ (2.66)
Loss from discontinued operation	$ (0.01)	$ (0.22)	$ (0.13)	$ (1.50)	$ (0.63)
Net income (loss)	$ 3.25	$ 2.06	$ 1.80	$ (0.79)	$ (3.29)

	Year Ended December 31,				
	2007	2006	2005	2004	2003
	(in millions)				
Balance sheet data:					
Total assets	$ 5,842	$ 5,366	$ 5,470	$ 5,070	$ 4,756
Debt	2,570	2,556	2,930	2,945	2,817
Subordinated convertible debentures	146	146	222	222	222
Stockholders' equity	$ 2,018	$ 1,538	$ 1,229	$ 1,026	$ 1,069

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (Dollars in millions, except per share data and unless otherwise indicated)

Executive Overview

We are the largest equipment rental company in the world with an integrated network of 697 rental locations in the United States, Canada and Mexico. Although the equipment rental industry is highly fragmented and diverse, we believe we are well positioned to take advantage of this environment because as a larger company we have more resources and certain competitive advantages over smaller competitors. These advantages include greater purchasing power, the ability to provide customers with a broader range of equipment and services as well as with newer and better maintained equipment, and greater flexibility to transfer equipment among branches.

We offer for rent over 2,900 classes of rental equipment, including construction equipment, industrial and heavy machinery, aerial work platforms, trench safety equipment and homeowner items. Our revenues are derived from the following sources: equipment rentals, sales of used rental equipment, sales of new equipment, contractor supplies sales and service and other. In 2007, rental equipment revenues represented 70 percent of our total revenues. We expect this percentage to increase to approximately 77 percent in 2008 as we reposition our contractor supplies business and sell less used equipment.

In the second half of 2007, in response to internal analyses and a study we commissioned from a nationally-recognized consulting firm, we began to implement a change in strategy aimed at growing our earnings at higher margins, while also continuing to generate significant cash flow. The three key elements of this strategy are: refocusing our employees and sales representatives on our core rental business; optimizing the management of our rental fleet; and reducing our operating costs.

We believe this strategy, coupled with our broad geographic footprint, extensive rental fleet, advanced information technology systems, disciplined purchasing power, industry experience and ability to deliver extraordinary customer service, will enable us to strengthen our leadership position in the equipment rental industry and improve our returns to shareholders. In particular, we plan to achieve our objectives by:

Optimizing Our Field Operations. We intend to continue the process of analyzing and optimizing our field operations in order to improve fleet allocation, service and delivery and sales management efforts. We expect this process will create opportunities for rental location closures as fleet assets are moved from low-return locations to high-return locations, as well as additional cost-saving opportunities from the consolidation of administrative and back-office functions. We believe optimizing our field operations will increase equipment utilization and reduce operating costs.

Reducing Operating Costs. In an effort to bring our cost structure in line with those of other leading equipment rental companies, in the spring of 2007 we undertook a thorough review of our back-office functions related to the general and administrative aspects of our business in order to identify opportunities for increased efficiencies. As a result of this process, we identified a number of opportunities to consolidate duplicative functions, outsource certain back-office operations and automate processes. As a result, we have implemented a headcount reduction program that, as of December 31, 2007, had achieved a 9 percent workforce reduction as compared to December 31, 2006, and undertaken specific initiatives to reduce our selling, general and administrative expenses and cost of goods sold.

Accelerating Sourcing Initiatives. Our rental equipment purchases have been centralized for many years which we believe has enabled us to negotiate more favorable pricing and other terms from our equipment providers. We launched a strategic sourcing initiative in 2006 that was designed to centralize our non-equipment purchases. We believe that centralizing the procurement of these items will allow us to leverage our significant purchasing power to obtain better pricing and/or terms from our suppliers. To date, we have realized approximately $22 in cumulative savings across a wide range of products, and we expect additional savings associated with this initiative in 2008.

Optimizing Time Utilization. We continue to reassess existing fleet investments and have recently realigned certain of our incentive programs to reward equipment sharing across districts and increase the time utilization of our fleet assets. Additionally, we intend to better allocate resources, including limited growth capital, to where there is strong customer demand, resulting in fleet rationalization opportunities. By coupling such initiatives with an increased focus on preventative maintenance and improved turn-around time for returned equipment, we believe we can further increase the time utilization of our fleet, which was up 2.5 percentage points year-over-year in 2007.

Refocusing Contractor Supplies Business. We sell a variety of contractor supplies, such as construction consumables, tools, small equipment and safety supplies, through several channels, including our sales representatives, rental branches and U.S. and Canadian product catalogues. Although revenues from the contractor supplies business grew from $125 in 2002 to $378 in 2007, this business has required us to maintain significant volumes of inventory in order to meet customer demand and carries a higher cost structure relative to our core equipment rental business. In 2007, the gross margin for our contractor supplies business was 19.0 percent as compared to 38.7 percent for equipment rentals.

We have refocused our contractor supplies business and positioned it more clearly as a complementary offering to our equipment rental business. We expect this to result in productivity improvements within our sales force, thus helping to improve equipment utilization. As part of this initiative, we are reducing the number of stock keeping units associated with these operations, especially in lower margin commodity categories. Additionally, we have recently closed three of our nine distribution centers and we intend to close an additional two distribution centers in the first half of 2008. We expect these changes will reduce our revenues associated with contractor supplies, but improve our margins.

As discussed in note 13 to our consolidated financial statements and elsewhere in this report, the Company is subject to certain ongoing class action and derivative suits, as well as the subject of an SEC inquiry. The U.S. Attorney's office has also requested information from the Company about matters related to the SEC inquiry. Although we have not accrued any amounts related to the ultimate disposition of these matters to date, any liabilities resulting from an adverse judgment or settlement of these matters may be material to our results of operations and cash flows during the period incurred. Other costs associated with the SEC inquiry, the U.S. Attorney's office inquiry and the class action and derivative suits, including reimbursement of attorneys' fees incurred by indemnified officers and directors, are expensed as incurred.

Financial Overview

Income from continuing operations. Income from continuing operations and diluted earnings per share from continuing operations for each of the three years in the period ended December 31, 2007 were as follows:

	Year Ended December 31,		
	2007	2006	2005
Income from continuing operations	$ 363	$ 249	$ 202
Diluted earnings per share from continuing operations	$ 3.26	$ 2.28	$ 1.93

2007 income from continuing operations of $363, or $3.26 per diluted share, was a record for the company and included an after-tax gain of $57, or $0.50 per diluted share, related to the recent termination of our merger agreement with affiliates of Cerberus (see other income below). Excluding the merger termination benefit, our income from continuing operations of $306, which was also a record for the company, increased 22.9 percent from $249 for 2006. 2006 income from continuing operations of $249, or $2.28 per diluted share, increased 23.3 percent from $202 for 2005. For 2008, we are forecasting diluted earnings per share from continuing operations of $2.80-$3.00.

Free Cash Flow GAAP Reconciliation

We define "free cash flow" as (i) net cash provided by operating activities less (ii) purchases of rental and non-rental equipment plus (iii) proceeds from sales of rental and non-rental equipment and excess tax benefits from share-based payment arrangements. Management believes free cash flow provides useful additional information concerning cash flow available to meet future debt service obligations and working capital requirements. However, free cash flow is not a measure of financial performance or liquidity under Generally Accepted Accounting Principles ("GAAP"). Accordingly, free cash flow should not be considered an alternative to net income or cash flow from operating activities as indicators of operating performance or liquidity. The table below provides a reconciliation between net cash provided by operating activities and free cash flow.

	Year Ended December 31,		
	2007	2006	2005
Net cash provided by operating activities—continuing operations	$ 859	$ 834	$ 638
Purchases of rental equipment	(870)	(873)	(744)
Purchases of non-rental equipment	(120)	(78)	(57)
Proceeds from sales of rental equipment	319	335	304
Proceeds from sales of non-rental equipment	23	17	11
Excess tax benefits from share-based payment arrangements (1)	31	—	—
Free Cash Flow	$ 242	$ 235	$ 152

(1) As discussed in note 2 to our consolidated financial statements, we adopted SFAS No. 123(R), "Share-Based Payment" ("FAS 123(R)") on January 1, 2006. FAS 123(R) requires that excess tax benefits be classified as financing cash flows prospectively from January 1, 2006. Prior to the adoption of FAS 123 (R), such excess tax benefits were presented as operating cash flows. There were no excess tax benefits for 2006 and 2005 as we were in a net operating loss position for federal income tax purposes.

In 2007, we reported revenues and free cash flow of $3.7 billion and $242, respectively. Our 2007 equipment rental revenue growth of 4.0 percent trailed our primary end market, private non-residential construction, which grew 16.7 percent in 2007 according to Department of Commerce data (which has not been adjusted for inflation). The lag in growth rate between our equipment rental revenue and our primary end market primarily reflects a more targeted allocation of our growth capital, which we deliberately did not increase to a level that would have kept pace on a nation-wide basis with industry demand. Our 2.5 percent overall revenue growth, which includes rental revenue growth of 4.0 percent, reflects a 2.5 percentage point improvement in time utilization to 64.0 percent, partially offset by a 1.1 percent decline in rental rates. Free cash flow for 2007 includes $100 of cash we received following the termination of our merger agreement with affiliates of Cerberus Capital Management, L.P. ("Cerberus"), less transaction related costs of $9; see other income below.

In 2006, we reported revenues and free cash flow of $3.6 billion and $235, respectively. Our 2006 equipment rental revenue growth of 8.2 percent trailed our primary end market, private non-residential construction, which grew 16.2 percent in 2006 according to Department of Commerce data. Our 10.7 percent revenue growth, which includes equipment rental growth of 8.2 percent, reflects increased rental rates of 5.1 percent, partially offset by a 0.3 percentage point decline in time utilization to 61.5 percent. In addition to generating significant revenue and free cash flow growth in 2006, we reduced our total debt (including our subordinated convertible debentures) by $450.

Revenues for each of the three years in the period ended December 31, 2007 were as follows:

	Year Ended December 31,			Percent Change	
	2007	2006	2005	2007	2006
Equipment rentals	$ 2,630	$ 2,530	$ 2,338	4.0	8.2
Sales of rental equipment	319	335	304	(4.8)	10.2
Sales of new equipment	230	232	205	(0.9)	13.2
Contractor supplies sales	378	385	301	(1.8)	27.9
Service and other revenue	174	158	140	10.1	12.9
Total revenues	$ 3,731	$ 3,640	$ 3,288	2.5	10.7

Equipment rentals include our revenues from renting equipment, as well as related revenues such as the fees we charge for equipment delivery, fuel, repair or maintenance of rental equipment and damage waivers. Sales of rental equipment represent our revenues from the sale of used rental equipment. Contractor supplies sales include our sales of supplies utilized by contractors, which include construction consumables, tools, small equipment and safety supplies. Services and other includes our repair services (including parts sales) as well as the operations of our subsidiaries that develop and market software for use by equipment rental companies in managing and operating multiple branch locations.

2007 total revenues of $3.7 billion increased 2.5 percent compared with total revenues of $3.6 billion in 2006. The increase primarily reflects a 4.0 percent increase in equipment rental revenue, partially offset by a 4.8 percent decline in used equipment sales. The increase in equipment rental revenue reflects a 2.5 percentage point improvement in time utilization, partially offset by a 1.1 percent decline in rental rates. The decline in used equipment sales reflects volume declines and a shift in the mix of equipment sold. The 1.8 percent decline in contractor supplies sales is consistent with the strategic shift we began in the second half of 2007 to reposition our contractor supplies business. Looking forward, we expect contractor supplies and used equipment sales to decline by approximately 40 percent and 35 percent, respectively, in 2008 as compared to 2007. These anticipated reductions are consistent with our refocus on the core rental business as well as our efforts to improve time utilization.

2006 total revenues of $3.6 billion increased 10.7 percent compared with total revenues of $3.3 billion in 2005. The increase primarily reflects an 8.2 percent increase in equipment rentals and a 27.9 percent increase in contractor supplies sales. The increase in equipment rentals reflects a 5.1 percent increase in rental rates, partially offset by a 0.3 percentage point decline in time utilization to 61.5 percent. The increase in contractor supplies sales reflects increased volume as we expanded our product offering.

Critical Accounting Policies

We prepare our consolidated financial statements in accordance with U.S GAAP. A summary of our significant accounting policies is contained in note 2 to our consolidated financial statements. In applying many accounting principles, we make assumptions, estimates and/or judgments. These assumptions, estimates and judgments are often subjective and may change based on changing circumstances or changes in our analysis. Material changes in these assumptions, estimates and judgments have the potential to materially alter our results of operations. We have identified below our accounting policies that we believe could potentially produce materially different results were we to change underlying assumptions, estimates and judgments. Although actual results may differ from those estimates, we believe the estimates are reasonable and appropriate.

Revenue Recognition. We recognize equipment rental revenue on a straight-line basis. Our rental contract periods are daily, weekly or monthly. By way of example, if a customer were to rent a piece of equipment and the daily, weekly and monthly rental rates for that particular piece were (in actual dollars) $100, $300 and $900, respectively, we would recognize revenue of $32.14 per day. The daily rate is calculated by dividing the monthly rate of $900 by 28 days, the monthly term. As part of this straight-line methodology, when the equipment is returned, we recognize as incremental revenue the excess, if any, between the amount the customer is contractually required to pay over the cumulative amount of revenue recognized to date. Revenues from the sale of rental equipment and new equipment are recognized at the time of delivery to, or pick-up by, the customer and when collectibility is reasonably assured. Sales of contractor supplies are also recognized at the time of delivery to, or pick-up by, the customer.

Allowance for Doubtful Accounts. We maintain allowances for doubtful accounts. These allowances reflect our estimate of the amount of our receivables that we will be unable to collect based on historical write-off experience. Our estimate could require change based on changing circumstances, including changes in the economy or in the particular circumstances of individual customers. Accordingly, we may be required to increase or decrease our allowance.

Useful Lives of Rental Equipment and Property and Equipment. We depreciate rental equipment and property and equipment over their estimated useful lives, after giving effect to an estimated salvage value which ranges from zero percent to ten percent of cost. The useful life of an asset is determined based on our estimate of the period the asset will generate revenues, and the salvage value is determined based on our estimate of the minimum value we will realize from the asset after such period. We may be required to change these estimates based on changes in our industry or other changing circumstances. If these estimates change in the future, we may be required to recognize increased or decreased depreciation expense for these assets.

Purchase Price Allocation. We have made a significant number of acquisitions in the past and expect that we will continue to make acquisitions in the future. We allocate the cost of the acquired enterprise to the assets acquired and liabilities assumed based on their respective fair values at the date of acquisition. With the exception of goodwill, long-lived fixed assets generally represent the largest component of our acquisitions. The long-lived fixed assets that we acquire are primarily rental equipment, transportation equipment and real estate. With limited exceptions, virtually all of the rental equipment that we have acquired through purchase business combinations has been classified as "To be Used," rather than as "To be Sold." Equipment that we acquire and classify as "To be Used" is recorded at fair value, as determined by replacement cost to the Company of such equipment. We use third party valuation experts to help calculate replacement cost.

In addition to long-lived fixed assets, we also acquire other assets and assume liabilities. These other assets and liabilities typically include, but are not limited to, parts inventory, accounts receivable, accounts payable and other working capital items. Because of their short-term nature, the fair values of these other assets and liabilities generally approximate the book values reflected on the acquired entities' balance sheets. However, when appropriate, we adjust these book values for factors such as collectibility and existence. The intangible assets that we have acquired are primarily goodwill, customer relationships and covenants not-to-compete. Goodwill is calculated as the excess of the cost of the acquired entity over the net of the amounts assigned to the assets acquired and the liabilities assumed. Customer relationships and non-compete agreements are valued based on an excess earnings or income approach with consideration to projected cash flows.

Income Taxes. We recognize deferred tax assets and liabilities for certain future deductible or taxable temporary differences expected to be reported in our income tax returns. These deferred tax assets and liabilities are computed using the enacted tax rates that are expected to apply in the periods when the related future deductible or taxable temporary difference is expected to be settled or realized. In the case of deferred tax assets, the future realization of the deferred tax benefits and carryforwards are determined with consideration to historical profitability, projected future taxable income, the expected timing of the reversals of existing temporary differences and tax planning strategies. We generally evaluate projected taxable income over an appropriate period for each jurisdiction to determine the recoverability of all deferred tax assets and, in addition, examine the length of the carryforward to ensure the deferred tax assets are established at an amount that is more likely than not to be realized. We have provided a partial valuation allowance against a deferred tax asset for state operating loss carryforward amounts. This valuation allowance was required because it is more likely than not that some of the state carryforward amounts will expire unused.

Effective January 1, 2007, we adopted Financial Accounting Standards Board Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, which requires the use of a two-step approach for recognizing and measuring tax benefits taken or expected to be taken in a tax return and disclosures regarding uncertainties in income tax positions. The first step is recognition: we determine whether it is more likely than not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. In evaluating whether a tax position has met the more-likely-than-not recognition threshold, we presume that the position will be examined by the appropriate taxing authority with full knowledge of all relevant information. The second step is measurement: a tax position that meets the more-likely-than-not recognition threshold is measured to determine the amount of benefit to recognize in the financial statements. The tax position is measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement.

We are subject to ongoing tax examinations and assessments in various jurisdictions. Accordingly, accruals for tax contingencies are established based on the probable outcomes of such matters. Our ongoing assessments of the probable outcomes of the examinations and related tax accruals require judgment and could increase or decrease our effective tax rate as well as impact our operating results.

Reserves for Claims. We are exposed to various claims relating to our business, including those for which we retain portions of the losses through the application of deductibles and self-insured retentions, which we sometimes refer to as "self-insurance". These claims include (i) workers compensation claims and (ii) claims by third parties for injury or property damage involving our equipment or personnel. These types of claims may take a substantial amount of time to resolve and, accordingly, the ultimate liability associated with a particular claim may not be known for an extended period of time. Our methodology for developing self-insurance reserves is based on management estimates which incorporate actuarial valuations that are periodically prepared by our third party actuaries. Our estimation process considers, among other matters, the cost of known claims over time, cost inflation and incurred but not reported claims. These estimates may change based on, among other things, changes in our claims history or receipt of additional information relevant to assessing the claims. Further, these estimates may prove to be inaccurate due to factors such as adverse judicial determinations or settlements at higher than estimated amounts. Accordingly, we may be required to increase or decrease our reserve levels.

Legal Contingencies. We are involved in a variety of claims, lawsuits, investigations and proceedings, as described in note 13 to our consolidated financial statements and elsewhere in this report. We determine whether an estimated loss from a contingency should be accrued by assessing whether a loss is deemed probable and can be reasonably estimated. We assess our potential liability by analyzing our litigation and regulatory matters using available information. We develop our views on estimated losses in consultation with outside counsel handling our defense in these matters, which involves an analysis of potential results, assuming a combination of litigation and settlement strategies. Should developments in any of these matters cause a change in our determination as to an unfavorable outcome and result in the need to recognize a material accrual, or should any of these matters result in a final adverse judgment or be settled for a significant amount, they could have a material adverse effect on our results of operations in the period or periods in which such change in determination, judgment or settlement occurs.

Results of Operations

As discussed in note 4 to our consolidated financial statements, our reportable segments are general rentals and trench safety, pump and power. The general rentals segment includes the rental of construction, aerial, industrial and homeowner equipment and related services and activities. The general rentals segment's customers include construction and industrial companies, manufacturers, utilities, municipalities and homeowners. The general rentals segment operates throughout the United States and Canada and has one location in Mexico. The trench safety, pump and power segment includes the rental of specialty construction products and related services. The trench safety, pump and power segment's customers include construction companies involved in infrastructure projects, municipalities and industrial companies. This segment operates in the United States and has one location in Canada.

These segments align our external segment reporting with how management evaluates and allocates resources. We evaluate segment performance based on segment operating results.

We completed acquisitions in each of 2007, 2006, and 2005 which are discussed further in note 7 to our consolidated financial statements. In view of the fact that our operating results for these years were affected by acquisitions, we believe that our results for these periods are not fully directly comparable, although there is no material impact from these acquisitions.

Revenues by segment for each of the three years in the period ended December 31, 2007 were as follows:

	General rentals	Trench safety, pump and power	Total
2007			
Equipment rentals	$ 2,454	$ 176	$ 2,630
Sales of rental equipment	304	15	319
Sales of new equipment	217	13	230
Contractor supplies sales	362	16	378
Service and other revenues	171	3	174
Total revenue	$ 3,508	$ 223	$ 3,731
2006			
Equipment rentals	$ 2,361	$ 169	$ 2,530
Sales of rental equipment	322	13	335
Sales of new equipment	216	16	232
Contractor supplies sales	369	16	385
Service and other revenues	155	3	158
Total revenue	$ 3,423	$ 217	$ 3,640
2005			
Equipment rentals	$ 2,198	$ 140	$ 2,338
Sales of rental equipment	291	13	304
Sales of new equipment	191	14	205
Contractor supplies sales	291	10	301
Service and other revenues	137	3	140
Total revenue	$ 3,108	$ 180	$ 3,288

Equipment rentals. 2007 equipment rentals of $2.63 billion increased $100, or 4.0 percent, reflecting a 2.5 percentage point increase in time utilization on a larger fleet, partially offset by a 1.1 percent decline in rental rates and a shift in the mix of equipment on rent. Equipment rentals represented 70 percent of total revenues in 2007. On a segment basis, equipment rentals represented 70 percent and 79 percent of total revenue for general rentals and trench safety, pump and power, respectively. General rentals equipment rentals increased $93, or 3.9 percent, reflecting a 3.2 percent increase in same-store rental revenues. Trench safety, pump and power equipment rentals increased $7, or 4.1 percent, reflecting a 1.7 percent increase in same-store rental revenues, as well as increased revenues from cold starts.

2006 equipment rentals of $2.53 billion increased $192, or 8.2 percent, reflecting a 5.1 percent increase in rental rates and a 0.3 percentage point improvement in time utilization. General rentals equipment rentals increased $163, or 7.4 percent, reflecting increased rental rates and a 6.3 percent increase in same-store rental revenues. Trench safety, pump and power equipment rentals increased $29, or 20.7 percent, reflecting a 5.0 percent increase in same-store rental revenues, as well as increased revenues from acquisitions and cold starts.

Sales of rental equipment. For each of the three years in the period ended December 31, 2007, sales of rental equipment have represented approximately 9 percent of our total revenues. Our general rentals segment accounted for approximately 95 percent of these sales. 2007 sales of rental equipment of $319 declined $16, or 4.8 percent, from 2006 reflecting price and volume declines as well as a shift in the mix of equipment sold. 2006 sales of rental equipment of $335 increased $31, or 10.2 percent, as compared to 2005 reflecting price increases and a shift in the mix of equipment sold.

Sales of new equipment. For each of the three years in the period ended December 31, 2007, sales of new equipment represented approximately 6 percent of our total revenue. Our general rentals segment accounted for approximately 94 percent of these sales. 2007 sales of new equipment of $230 declined $2, or 0.9 percent, from 2006 reflecting volume declines, partially offset by price increases. 2006 sales of new equipment of $232 increased $27, or 13.2 percent, as compared to 2005 reflecting price increases and a shift in the mix of equipment sold.

Sales of contractor supplies. For each of the three years in the period ended December 31, 2007, sales of contractor supplies represented approximately 10 percent of our total revenue. Our general rentals segment accounted for approximately 96 percent of these sales. 2007 sales of contractor supplies of $378 declined $7, or 1.8 percent, from 2006 reflecting the initial effect of repositioning this business. 2006 sales of contractor supplies of $385 increased $84, or 27.9 percent, as compared to 2005 reflecting an increase in the volume of supplies sold.

Service and other revenues. For each of the three years in the period ended December 31, 2007, service and other revenues represented approximately 5 percent of our total revenue. Our general rentals segment accounted for approximately 98 percent of these sales. 2007 service and other revenues of $174 increased $16, or 10.1 percent, from 2006 reflecting increased volume.

Discontinued Operation. In December 2006, we entered into a definitive agreement to sell our traffic control business to HTS Acquisition, Inc., an entity formed by affiliates of private equity investors Wynnchurch Capital Partners and Oak Hill Special Opportunities Fund L.P. In connection with this transaction, we recorded an after-tax loss on sale in 2006 of $24. The transaction closed in February 2007 and we received net proceeds of $66. The loss on sale, as well as the results of operations of our traffic control business, have been reflected as a discontinued operation in our consolidated statements of income.

Fourth Quarter 2007 Items. During the fourth quarter, we reduced our reserve for obsolescence and shrinkage by $4 following our annual physical inventory inspections. This benefit was recorded in cost of equipment rentals, excluding depreciation. Also, during the fourth quarter of 2007, we recognized a benefit of $3 reflecting recent experience related to our estimated provision for self-insurance reserves. This benefit was recorded in cost of equipment rentals, excluding depreciation. In addition to these matters, during the fourth quarter we recognized income of $94 (pre-tax) related to the termination of our merger agreement with Cerberus as well as net foreign currency transaction gains of $17 (pre-tax). Both of these matters are discussed further below; see other income.

Fourth Quarter 2006 Items. During the fourth quarter of 2006, we recorded a charge of $9 reflecting recent loss experience related to our estimated provision for self-insurance reserves. Of this amount, $7 was recorded in cost of equipment rentals, excluding depreciation, and the balance was recorded in discontinued operations as it related to our traffic control business. Also, during the fourth quarter of 2006, we reduced our reserve for inventory obsolescence and shrinkage by $10 following our annual physical inventory inspections. Of this amount, $7 was recorded in cost of contractor supplies sales and $3 was recorded in cost of equipment rentals, excluding depreciation. In addition to these matters, we recorded a charge of $7 related to our estimated exposure for sales-tax matters. This amount has been reflected in selling, general and administrative expenses in the accompanying consolidated statement of income.

Segment Operating Profit. Segment operating profit and operating margin for each of the three years in the period ended December 31, 2007 were as follows:

	General rentals	Trench safety, pump and power	Total
2007			
Operating Profit	$ 602	$ 57	$ 659
Operating Margin	17.2%	25.6%	17.7%
2006			
Operating Profit	$ 568	$ 58	$ 626
Operating Margin	16.6%	26.7%	17.2%
2005			
Operating Profit	$ 477	$ 47	$ 524
Operating Margin	15.3%	26.1%	15.9%

General rentals. For each of the three years in the period ended December 31, 2007, general rentals accounted for 91 percent of our total operating profit. This contribution percentage is consistent with general rentals' revenue contribution over the same period. General rentals' operating margin in 2007 increased 0.6 percentage points from 2006, primarily resulting from the realization of the initial benefits of cost-saving initiatives implemented in 2007. General rentals' operating margin in 2006 increased 1.3 percentage points from 2005, as the benefits of higher rental rates were partially offset by increased costs for labor and benefits as well as reduced gross margins on contractor supplies.

Trench safety, pump and power. Operating profit in 2007 declined $1, reflecting slight declines in gross profit on new equipment sales and contractor supplies, partially offset by an increase in gross profit on sales of rental equipment. Operating profit in 2006 increased $11, reflecting a $37 increase in revenues principally related to acquisitions and cold starts.

Gross Margin. We have historically realized higher gross margins on sales of rental equipment than on sales of new equipment. This is consistent with the marketplace in general and not unique to United Rentals. Gross margins by revenue classification were as follows:

	Year Ended December 31,		
	2007	2006	2005
Total gross margin	35.1	35.4	33.9
Equipment rentals	38.7	38.9	36.7
Sales of rental equipment	26.3	29.3	26.6
Sales of new equipment	17.4	17.7	18.0
Contractor supplies sales	19.0	21.6	23.3
Service and other revenues	54.6	51.9	49.3

2007 gross margin of 35.1 percent declined 0.3 percentage points from 2006, reflecting a 0.2 percentage point decline in gross margin on equipment rentals, a 3.0 percentage point decline in gross margin on sales of rental equipment and a 2.6 percentage point decline in gross margin on contractor supplies, partially offset by a 2.7 percentage point improvement in gross margin on service and other revenues. The decline in equipment rental gross margin reflects increased rental costs and a 1.1 percent decline in rental rates, partially offset by a 2.5 percentage point improvement in time utilization. The decline in gross margins on sales of rental equipment and contractor supplies reflects pricing pressure as well as a shift in the mix of product sold. The increase in margin on service and other revenues reflects increased revenue.

2006 gross margin of 35.4 percent increased 1.5 percentage points from 2005, reflecting a 2.2 percentage point increase in equipment rentals gross margin and a 2.7 percentage point increase in the sales of rental equipment gross margin, partially offset by a 1.7 percentage point reduction in gross margin on contractor supplies. The improved equipment rental margin reflected a 5.1 percent increase in rental rates, partially offset by a 0.3 percentage point decline in time utilization to 61.5 percent. The improved margin on sales of rental equipment reflects improved pricing and a shift in the mix of equipment sold. The reduction in contractor supplies sales gross margin reflects increased costs related to our distribution centers.

Selling, general and administrative expenses (SG&A). SG&A expense information for each of the three years in the period ended December 31, 2007 was as follows:

	Year Ended December 31,		
	2007	2006	2005
Total SG&A expenses	$ 595	$ 613	$ 553
SG&A as a percentage of revenue	15.9	16.8	16.8

SG&A expense primarily includes sales force compensation, information technology costs, third party professional fees, advertising and marketing expenses, management salaries, bad debt expense and clerical and administrative overhead.

2007 SG&A expense of $595 declined $18, or 2.9 percent, as compared to 2006 and declined by 0.9 percentage points as a percentage of revenue. This decline reflects a $13 reduction in professional fees related to regulatory matters, the initial benefits of our cost-saving initiatives, reduced incentive compensation costs and a $3 reduction in bad debt expense. The benefit associated with these matters was partially offset by severance costs associated with headcount reductions completed in the second half of 2007, the amendment of our former Chairman's service agreement, charges associated with the accelerated vesting, upon his June 4, 2007 retirement, of a restricted stock award held by our former Chief Executive Officer, as well as normal inflationary increases.

2006 SG&A expense of $613 increased 10.8 percent as compared to 2005 and was flat as a percentage of revenue. The increase in actual SG&A costs reflects normal inflationary increases, higher selling and insurance costs related to growth in the business and increased professional fees for business improvement initiatives. These increases were partially offset by a year-over-year reduction of $5 in the level of professional fees related to regulatory matters as well as reduced bad debt expense.

Non-rental depreciation and amortization for each of the three years in the period ended December 31, 2007 was as follows:

	Year Ended December 31,		
	2007	2006	2005
Non-rental depreciation and amortization	$ 54	$ 50	$ 38

Non-rental depreciation and amortization includes (i) depreciation expense associated with equipment that is not offered for rent (such as computers and office equipment) and amortization expense associated with leasehold improvements as well as (ii) the amortization of other intangible assets. Our other intangible assets consist of non-compete agreements as well as customer-related intangible assets. The increases in 2007 and 2006 relate to a higher basis of depreciable assets. Additionally, during the second quarter of 2006, we determined that we had been depreciating certain vehicles on capital lease over a period which exceeded the related contractual lease terms. As a result, our non-rental depreciation and amortization expense for 2006 includes a charge of $4 to correct depreciation expense recorded since the fourth quarter of 2002.

Interest expense, net for each of the three years in the period ended December 31, 2007 was as follows:

	Year Ended December 31,		
	2007	2006	2005
Interest expense, net	$ 187	$ 208	$ 181

Interest expense, net for the year ended December 31, 2007 decreased $21 or 10.1 percent as compared to 2006, reflecting lower average debt balances and the $9 benefit we recognized related to the mark-to-market impact of certain interest rate swaps. The decrease also reflects the absence of the charge we incurred in 2006 related to our term loan prepayment and the retirement of subordinated convertible debentures. Interest expense, net for the year ended December 31, 2006 increased $27, or 14.9 percent, as compared to 2005, reflecting the increase in interest rates applicable to our floating rate debt, partially offset by lower average debt balances. The 2006 increase also reflects a net charge of $6 that we recorded related to our $400 term loan prepayment as well as the retirement of $76 of subordinated convertible debentures. The net charge of $6 includes non-cash write-offs of $9 associated with deferred financing costs, partially offset by a gain of $3 recognized in conjunction with the termination of certain interest rate caps. The term loan prepayment and retirement of subordinated convertible debentures are discussed further below; see "Liquidity and Capital Resources."

As of December 31, 2007 and 2006, approximately 65 and 53 percent of our total debt was floating rate debt, respectively. As discussed further below (see "Liquidity and Capital Resources"), in January 2008, we terminated interest rate swap agreements with an aggregate notional amount of $1.2 billion. Had these swaps been terminated as of December 31, 2007, approximately 18 percent of our total debt would have been floating rate debt.

Interest expense- subordinated convertible debentures for each of the three years in the period ended December 31, 2007 was as follows:

	Year Ended December 31,		
	2007	2006	2005
Interest expense- subordinated convertible debentures	$ 9	$ 13	$ 14

As discussed further in note 11 to our consolidated financial statements, the subordinated convertible debentures included in our consolidated balance sheets reflect the obligation to our subsidiary that has issued preferred securities. This subsidiary is not consolidated in our financial statements because we are not the primary beneficiary of the trust. As of December 31, 2007 and 2006, the aggregate amount of subordinated convertible debentures outstanding was $146. The decline in interest expense- subordinated convertible debentures from 2006 to 2007 reflects the retirement of $76 of these subordinated convertible debentures in the second half of 2006.

Other Income. In April 2007, we announced that our board of directors had authorized the commencement of a process to explore a broad range of strategic alternatives to maximize shareholder value, including a possible sale of the Company. In July 2007, we announced that we had signed a merger agreement to be acquired by Cerberus. In December 2007, following the termination of that merger agreement, we received a break-up fee of $100. Other income for 2007 includes the income associated with the receipt of the break-up fee, net of related transaction costs of $9.

Other income for 2007 also includes $17 of net foreign currency transaction gains relating to intercompany transactions primarily between our Canadian subsidiary, whose functional currency is the Canadian dollar, and our U.S subsidiaries, whose functional currency is the U.S. dollar. Because these intercompany transactions do not hedge a foreign currency commitment and have been determined not to be of a long-term investment nature, exchange rate movements between the Canadian and U.S. dollars are required to be included in income during the period in which exchange rates change. Prior to 2007, we had been reflecting the impact of exchange rate changes on these intercompany transactions as a component of accumulated other comprehensive income within stockholders' equity, rather than including them in income. Our results for 2007 include the cumulative impact of correcting for this matter. Of the $17 recognized in 2007, $13 relates to 2007 exchange rate movements and $4 relates to prior periods. This correction does not affect historical or future cash flows and its effect on our current and prior years' net income, cash flows from operations, and stockholders' equity is not material.

Income Taxes. The following table summarizes our continuing operations provision for income taxes and the related effective tax rate for each respective period:

	2007	2006	2005
Income from continuing operations	$ 578	$ 405	$ 331
Provision for income taxes	215	156	129
Effective tax rate (1)	37.2%	38.5%	39.0%

(1) A detailed reconciliation of this effective tax rate to the U.S. federal statutory income tax rate is included in note 12 to our consolidated financial statements.

The differences between the effective tax rates of 37.2 percent, 38.5 percent, and 39.0 percent and the U.S. federal statutory income tax rate of 35.0 percent for 2007, 2006, and 2005, respectively, relate primarily to state taxes and certain nondeductible charges and other items. Additionally, 2007 includes a benefit associated with the release of state tax valuation allowances, partially offset by certain non-deductible compensation expense and prior year state tax matters. Our effective income tax rate will change based on discrete events (such as audit settlements) as well as other factors, including the geographical mix of income before taxes and the related tax rates in those jurisdictions.

Recent Accounting Pronouncements. See note 2 to our consolidated financial statements for a full description of recent accounting pronouncements, including the respective dates of adoption and effects on our results of operations and financial condition.

Liquidity and Capital Resources.

Liquidity. We manage our liquidity using internal cash management practices, which are subject to (i) the policies and cooperation of the financial institutions we utilize to maintain and provide cash management services, (ii) the terms and other requirements of the agreements to which we are a party and (iii) the statutes, regulations and practices of each of the local jurisdictions in which we operate.

Our principal existing sources of cash are cash generated from operations and from the sale of rental equipment and borrowings available under our revolving credit facility and receivables securitization facility. As of December 31, 2007, we had (i) $510 of borrowing capacity available under the revolving credit facility portion of our senior secured credit facility, (ii) $300 of borrowing capacity available under our accounts receivable securitization facility and (iii) cash and cash equivalents of $381. Cash equivalents at December 31, 2007 consist of high quality, low risk Treasury securities and do not include any auction rate securities. We believe that our existing sources of cash will be sufficient to support our existing operations over the next twelve months.

We expect that our principal needs for cash relating to our existing operations over the next twelve months will be to fund (i) operating activities and working capital, (ii) the purchase of rental equipment and inventory items offered for sale, (iii) payments due under operating leases and (iv) debt service. We plan to fund such cash requirements from our existing sources of cash. In addition, we may seek additional financing through the securitization of some of our equipment or real estate or through the use of additional operating leases. Additionally, if we were to pursue an acquisition, recapitalization or other strategy to enhance shareholder value, our existing levels of indebtedness may increase and, as a result, a greater portion of our cash may be required to service any such indebtedness. For information on the scheduled principal and interest payments coming due on our outstanding debt and on the payments coming due under our existing operating leases, see "Certain Information Concerning Contractual Obligations."

The amount of our future capital expenditures will depend on a number of factors, including general economic conditions and growth prospects. We estimate that our capital expenditures for 2008 will be approximately $715, which represents a decrease of $275 as compared to 2007. We expect that we will fund such expenditures from proceeds from the sale of rental and non-rental equipment, cash generated from operations and, if required, borrowings available under our revolving credit facility and accounts receivable securitization facility.

Term Loan Prepayment: In the third quarter of 2006, we prepaid $400 of our outstanding term loan using $200 of available cash and $200 borrowed under our accounts receivable securitization facility. Contemporaneous with this term loan prepayment, we terminated a portion of our interest rate caps that were hedging our interest rate exposures on our term loan. In the fourth quarter of 2006, we subsequently repaid $175 of the $200 previously borrowed under our accounts receivable securitization facility.

Retirement of Subordinated Convertible Debentures: As previously discussed, the subordinated convertible debentures included in our consolidated balance sheets reflect the obligation to our subsidiary trust that has issued 6 1/2 percent Convertible Quarterly Income Preferred Securities ("QUIPS"). In 2006, we announced the redemption of $76 of QUIPS. The redemption price was 101.3 percent. In conjunction with the redemption, we retired $76 of our subordinated convertible debentures. This redemption was funded with proceeds from stock option exercises received during 2006.

Accounts Receivable Securitization: In October 2006, we amended our existing accounts receivable securitization facility. The amended facility provides for generally lower borrowing costs and the facility size has been increased from $200 to $300. Additionally, the maturity date has been extended from May 2009 to October 2011. Borrowings under the amended facility will continue to be reflected as debt on our consolidated balance sheets.

Loan Covenants and Compliance. As of December 31, 2007, we were in compliance with the covenants and other provisions of our senior secured credit facility, the senior notes, the QUIPS and our accounts receivables securitization facility. Any failure to be in compliance with any material provision or covenant of these agreements could have a material adverse effect on our liquidity and operations.

We consider our most restrictive covenant to be the Minimum Interest Coverage ratio, which is the ratio of our consolidated net income to our interest expense, as defined in our senior secured credit facility. The minimum amount permitted under this covenant is 1.65 to 1.0 and our actual Minimum Interest Coverage ratio for the year ended December 31, 2007 was 3.47 to 1.0.

Sources and Uses of Cash—Continuing Operations. During 2007, we (i) generated cash from operations of $859 (including the $100 termination fee we received from Cerberus, less transaction related costs of $9) and (ii) generated cash from the sale of rental and non-rental equipment of $342. We used cash during this period principally to (i) purchase rental and non-rental equipment of $990 and (ii) fund payments on debt, net of proceeds received, of $71. Additionally, during 2007, we received net proceeds of $66 related to the sale of our traffic control business. During 2006, we (i) generated cash from operations of $834, (ii) generated cash from the sale of rental and non-rental equipment of $352 and (iii) received proceeds from the exercise of stock options of $78. We used cash during this period principally to (i) purchase rental and non-rental equipment of $951, (ii) fund payments on debt, net of proceeds received, of $404 and (iv) retire $76 of subordinated convertible debentures. During 2005, we (i) generated cash from operations of $638 and (ii) generated cash from the sale of rental and non-rental equipment of $315. We used cash during this period principally to (i) purchase rental and non-rental equipment of $801, (ii) fund debt repayments and financing costs of $74 and (iii) purchase other companies, net of cash acquired, of $40.

Our credit ratings as of February 15, 2008 were as follows:

	Corporate Rating	Outlook
Moody's	B1	Stable
S&P	BB-	Stable
Fitch	BB-	Stable

Both our ability to obtain financing and the related cost of borrowing are affected by our credit ratings, which are periodically reviewed by these rating agencies. Our current credit ratings are below investment grade and we expect our access to the public debt markets to be limited to the non-investment grade segment as long as our ratings reflect a below investment grade rating.

Certain Information Concerning Contractual Obligations. The table below provides certain information concerning the payments coming due under certain categories of our existing contractual obligations as of December 31, 2007:

	2008	2009	2010	2011	2012	Thereafter	Total
Debt and capital leases (1)	$ 15	$ 161	$ 254	$ 88	$ 1,003	$ 1,049	$ 2,570
Interest due on debt (2)	167	159	153	135	102	110	826
Operating leases (1):							
Real estate	82	69	57	49	39	130	426
Rental equipment	19	9	—	—	—	—	28
Non-rental equipment	29	24	20	13	8	2	96
Purchase obligations (3)	111	—	—	—	—	—	111
Subordinated convertible debentures (4)	9	9	9	9	9	296	341
Total (5)	$ 432	$ 431	$ 493	$ 294	$ 1,161	$ 1,587	$ 4,398

(1) The payments due with respect to a period represent (i) in the case of debt and capital leases, the scheduled principal payments due in such period, and (ii) in the case of operating leases, the minimum lease payments due in such period under non-cancelable operating leases.
(2) Estimated interest payments have been calculated based on the principal amount of debt and the effective interest rates as of December 31, 2007.
(3) As of December 31, 2007, we had outstanding purchase orders with our equipment and inventory suppliers. These purchase orders, which were negotiated in the ordinary course of business, aggregate approximately $111. These purchase commitments can be cancelled by us, generally with 30 days notice and without cancellation penalties. The equipment and inventory receipts from the suppliers for these purchases and related payments to the suppliers are expected to be completed throughout 2008.
(4) Includes interest payments.
(5) This information excludes $7 of unrecognized tax benefits which are discussed further in note 12 to our consolidated financial statements. It is not possible to estimate the time period during which these amounts may be paid to tax authorities.

Certain Information Concerning Restricted Stock. We have granted to employees other than executive officers and directors approximately 39,000 shares of restricted stock that have not yet vested. The shares vest in 2008 and are subject to forfeiture prior to vesting upon certain terminations of employment, the violation of non-compete provisions and certain other events. If a holder of restricted stock sells his or her stock and receives sales proceeds that are less than a specified guaranteed amount set forth in the grant instrument, we have agreed to pay the holder the shortfall between the amount received and such specified amount; however, the foregoing only applies to sales that are made within five trading days of the vesting date. The specified guaranteed amount is $19.86 per share.

Relationship Between Holdings and URNA. Holdings is principally a holding company and primarily conducts its operations through its wholly owned subsidiary, URNA, and subsidiaries of URNA. Holdings provides certain services to URNA in connection with its operations. These services principally include: (i) senior management services, (ii) finance and tax related services and support, (iii) information technology systems and support, (iv) acquisition related services, (v) legal services and (vi) human resource support. In addition, Holdings leases certain equipment and real property that are made available for use by URNA and its subsidiaries.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Our exposure to market risk primarily consists of (i) interest rate risk associated with our variable rate debt and (ii) foreign currency exchange rate risk primarily associated with our Canadian operations.

Interest Rate Risk. During 2007 and earlier periods, we utilized interest rate swap agreements and interest rate cap agreements to manage our interest costs and exposure to changes in interest rates. As of December 31, 2007, we had swap agreements with an aggregate notional amount of $1.2 billion. The effect of the swap agreements were, at December 31, 2007, to convert $1.2 billion of our fixed rate notes to floating rate instruments. The fixed rate notes being converted consisted of (i) $445 of our 6 1/2 percent Notes through 2012, (ii) $375 of our 7 percent Notes through 2014, and (iii) $375 of our 7 3/4 percent senior subordinated notes through 2013.

As of December 31, 2007, after giving effect to our interest rate swap agreements, we had an aggregate of $1.7 billion of indebtedness that bears interest at variable rates. As of December 31, 2007, the debt that was subject to fluctuations in interest rates included $140 of borrowings under our Canadian revolving facility, $1.2 billion in swaps and $327 of term loans. The interest rates applicable to our variable rate debt on December 31, 2007 were (i) 6.5 percent for the revolving credit facility (which represents the Canadian rate, since the amount outstanding was Canadian borrowings), (ii) 7.6 percent for the debt subject to our swap agreements and (iii) 7.1 percent for the term loan. As of December 31, 2007, based upon the amount of our variable rate debt outstanding, after giving effect to our interest rate swap agreements, our annual after-tax earnings would decrease by approximately $10 for each one percentage point increase in the interest rates applicable to our variable rate debt.

The amount of our variable rate indebtedness may fluctuate significantly as a result of changes in the amount of indebtedness outstanding under our revolving credit facility and receivables securitization facility. Additionally, in January 2008 we terminated all of our interest rate swap agreements and made a payment of $4. Had these swaps been terminated as of December 31, 2007, we would have had an aggregate of $467 of indebtedness that bears interest at variable rates. For additional information concerning the terms of our variable rate debt, see note 10 to our consolidated financial statements.

Currency Exchange Risk. The functional currency for our Canadian operations is the Canadian dollar. As a result, our future earnings could be affected by fluctuations in the exchange rate between the U.S. and Canadian dollars. Based upon the level of our Canadian operations during 2007 relative to the company as a whole, a 10 percent change in this exchange rate would not have a material impact on our earnings. We had no outstanding foreign exchange contracts as of December 31, 2007. We do not engage in purchasing forward exchange contracts for speculative purposes.

Item 8. Financial Statements and Supplementary Data

Report of Independent Registered Public Accounting Firm on Financial Statements

The Board of Directors and Stockholders of
United Rentals, Inc.

We have audited the accompanying consolidated balance sheets of United Rentals, Inc. (the Company) as of December 31, 2007 and 2006, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2007. Our audits also included the financial statement schedule listed in the index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of United Rentals, Inc. at December 31, 2007 and 2006, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2007, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note 2 to the consolidated financial statements, the Company adopted Financial Accounting Standards Board Interpretation No. 48, "Accounting for Uncertainty in Income Taxes," effective January 1, 2007 and Statement of Financial Accounting Standards No. 123R, "Share-Based Payment" using the modified-prospective transition method, effective January 1, 2006.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), United Rentals, Inc.'s internal control over financial reporting as of December 31, 2007, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 25, 2008 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

New York, New York
February 25, 2008

UNITED RENTALS, INC.

CONSOLIDATED BALANCE SHEETS
(In millions, except share data)

	December 31, 2007	December 31, 2006
ASSETS		
Cash and cash equivalents	$ 381	$ 119
Accounts receivable, net of allowance for doubtful accounts of $26 at December 31, 2007 and $34 at December 31, 2006	519	502
Inventory	91	139
Assets of discontinued operation	—	107
Prepaid expenses and other assets	57	56
Deferred taxes	72	82
Total current assets	1,120	1,005
Rental equipment, net	2,826	2,561
Property and equipment, net	440	359
Goodwill and other intangible assets, net	1,404	1,376
Other long-term assets	52	65
Total assets	$ 5,842	$ 5,366
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current maturities of long-term debt	$ 15	$ 37
Accounts payable	195	218
Accrued expenses and other liabilities	310	322
Liabilities related to discontinued operation	—	22
Total current liabilities	520	599
Long-term debt	2,555	2,519
Subordinated convertible debentures	146	146
Deferred taxes	539	463
Other long-term liabilities	64	101
Total liabilities	3,824	3,828
Preferred stock—$0.01 par value, 5,000,000 shares authorized:		
Series C perpetual convertible preferred stock—$1,000 per share liquidation preference, 300,000 shares issued and outstanding at December 31, 2007 and 2006	—	—
Series D perpetual convertible preferred stock—$1,000 per share liquidation preference, 150,000 shares issued and outstanding at December 31, 2007 and 2006	—	—
Common stock—$0.01 par value, 500,000,000 shares authorized 86,329,773 and 81,178,663 shares issued and outstanding, respectively, at December 31, 2007 and 2006	1	1
Additional paid-in capital	1,494	1,421
Retained earnings	431	69
Accumulated other comprehensive income	92	47
Total stockholders' equity	2,018	1,538
	$ 5,842	$ 5,366

See accompanying notes.

UNITED RENTALS, INC.

CONSOLIDATED STATEMENTS OF INCOME
(In millions, except per share amounts)

	Year Ended December 31,		
	2007	2006	2005
Revenues:			
Equipment rentals	$ 2,630	$ 2,530	$ 2,338
Sales of rental equipment	319	335	304
New equipment sales	230	232	205
Contractor supplies sales	378	385	301
Service and other revenues	174	158	140
Total revenues	**3,731**	**3,640**	**3,288**
Cost of revenues:			
Cost of equipment rentals, excluding depreciation	1,179	1,137	1,094
Depreciation of rental equipment	434	408	386
Cost of rental equipment sales	235	237	223
Cost of new equipment sales	190	191	168
Cost of contractor supplies sales	306	302	231
Cost of service and other revenues	79	76	71
Total cost of revenues	**2,423**	**2,351**	**2,173**
Gross profit	**1,308**	**1,289**	**1,115**
Selling, general and administrative expenses	595	613	553
Non-rental depreciation and amortization	54	50	38
Operating income	659	626	524
Interest expense, net	187	208	181
Interest expense—subordinated convertible debentures	9	13	14
Other income	(115)	—	(2)
Income from continuing operations before provision for income taxes	578	405	331
Provision for income taxes	215	156	129
Income from continuing operations	363	249	202
Loss from discontinued operation, net of taxes	(1)	(25)	(15)
Net income	$ 362	$ 224	$ 187
Basic earnings available to common stockholders:			
Income from continuing operations	$ 3.61	$ 2.58	$ 2.13
Loss from discontinued operation	(0.01)	(0.26)	(0.16)
Net income	$ 3.60	$ 2.32	$ 1.97
Diluted earnings available to common stockholders:			
Income from continuing operations	$ 3.26	$ 2.28	$ 1.93
Loss from discontinued operation	(0.01)	(0.22)	(0.13)
Net income	$ 3.25	$ 2.06	$ 1.80

See accompanying notes.

UNITED RENTALS, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In millions)

	Series C Perpetual Convertible Preferred Stock	Series D Perpetual Convertible Preferred Stock	Common Stock		Additional Paid-in Capital	Deferred Compensation	(Accumulated Deficit) Retained Earnings	Comprehensive Income	Accumulated Other Comprehensive Income
			Number of Shares	Amount					
Balance January 1, 2005	$ —	$ —	78	$ 1	$ 1,349	$ (19)	$ (342)		$ 37
Comprehensive income:									
Net income							187	$ 187	
Other comprehensive income:									
Foreign currency translation adjustments								10	10
Derivatives qualifying as hedges, net of taxes of $2								3	3
Comprehensive income								$ 200	
Issuance of common stock under deferred compensation plans, net of forfeitures					2	(2)			
Exercise of common stock options and warrants					1				
Stock compensation expense					1	9			
Tax benefit relating to vesting of restricted stock and options					1				
Founders shares repurchased and retired			(1)		(2)				
Shares repurchased and retired			—	—	(6)				
Forfeiture of stock compensation					(1)				
Balance December 31, 2005	$ —	$ —	77	$ 1	$ 1,345	$ (12)	$ (155)		$ 50

See accompanying notes.

UNITED RENTALS, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (Continued)
(In millions)

	Series C Perpetual Convertible Preferred Stock	Series D Perpetual Convertible Preferred Stock	Common Stock Number of Shares	Common Stock Amount	Additional Paid-in Capital	Deferred Compensation	(Accumulated Deficit) Retained Earnings	Comprehensive Income	Accumulated Other Comprehensive Income
Balance December 31, 2005	$ —	$ —	77	$ 1	$ 1,345	$ (12)	$ (155)		$ 50
Comprehensive income:									
Net income							224	$ 224	
Other comprehensive income:									
Foreign currency translation adjustments								(2)	(2)
Derivatives qualifying as hedges, net of taxes of $1								(1)	(1)
Comprehensive income								$ 221	
Reclassification of unearned stock compensation in connection with adoption of FAS 123 (R)					(12)	12			
Exercise of common stock options and warrants			4		78				
Stock compensation expense					16				
Shares repurchased and retired					(6)				
Balance December 31, 2006	$ —	$ —	81	$ 1	$ 1,421	$ —	$ 69		$ 47

See accompanying notes.

UNITED RENTALS, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (Continued)
(In millions)

	Series C Perpetual Convertible Preferred Stock	Series D Perpetual Convertible Preferred Stock	Common Stock		Additional Paid-in Capital	(Accumulated Deficit) Retained Earnings	Comprehensive Income	Accumulated Other Comprehensive Income
			Number of Shares	Amount				
Balance December 31, 2006	$ —	$ —	81	$ 1	$ 1,421	$ 69		$ 47
Comprehensive income:								
Net income						362	$ 362	
Other comprehensive income:								
Foreign currency translation adjustments							45	45
Comprehensive income							$ 407	
Exercise of common stock options and warrants			5	—	32			
Stock compensation expense					18			
Excess tax benefits from share-based payment arrangements					31			
Shares repurchased and retired					(5)			
Forfeitures of stock compensation					(3)			
Balance December 31, 2007	$ —	$ —	86	$ 1	$ 1,494	$ 431		$ 92

See accompanying notes.

UNITED RENTALS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2007	2006	2005
		(In millions)	
Cash Flows From Operating Activities:			
Income from continuing operations	$ 363	$ 249	$ 202
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:			
Depreciation and amortization	488	458	424
Amortization of deferred financing costs	9	10	8
Gain on sales of rental equipment	(84)	(98)	(81)
Gain on sales of non-rental equipment	(5)	(4)	(2)
Foreign currency transaction gain	(17)	—	—
Non-cash adjustments to equipment	9	7	11
Stock compensation expense	15	16	8
Write-off deferred financing fees and unamortized premiums on interest rate caps	—	9	—
Increase in deferred taxes	61	130	117
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable	(5)	10	(76)
Decrease (increase) in inventory	51	16	(47)
Decrease in prepaid expenses and other assets	—	5	2
(Decrease) increase in accounts payable	(30)	9	5
Increase in accrued expenses and other liabilities	4	17	67
Net cash provided by operating activities—continuing operations	859	834	638
Net cash provided by (used in) operating activities—discontinued operation	9	24	(9)
Net cash provided by operating activities	868	858	629
Cash Flows From Investing Activities:			
Purchases of rental equipment	(870)	(873)	(744)
Purchases of non-rental equipment	(120)	(78)	(57)
Proceeds from sales of rental equipment	319	335	304
Proceeds from sales of non-rental equipment	23	17	11
Purchases of other companies	(23)	(39)	(40)
Net cash used in investing activities—continuing operations	(671)	(638)	(526)
Net cash provided by (used in) investing activities—discontinued operation	67	(10)	(15)
Net cash used in investing activities	(604)	(648)	(541)
Cash Flows From Financing Activities:			
Proceeds from debt	460	265	—
Payments on debt	(531)	(669)	(39)
Payments of financing costs	—	—	(35)
Proceeds from the exercise of common stock options	32	78	2
Shares repurchased and retired	(5)	(4)	(8)
Excess tax benefits from share-based payment arrangements	31	—	—
Proceeds received in conjunction with partial termination of interest rate caps	—	3	—
Subordinated convertible debentures repurchased and retired, including premium paid of $1	—	(77)	—
Net cash used in financing activities	(13)	(404)	(80)
Effect of foreign exchange rates	11	(3)	5
Net increase (decrease) in cash and cash equivalents	262	(197)	13
Cash and cash equivalents at beginning of year	119	316	303
Cash and cash equivalents at end of year	$ 381	$ 119	$ 316
Supplemental disclosure of cash flow information:			
Cash paid for interest	$ 203	$ 213	$ 194
Cash paid for taxes, net of refunds	84	17	8
Supplemental schedule of non-cash investing activities:			
The Company acquired the net assets and assumed certain liabilities of other companies as follows:			
Assets, net of cash acquired	$ 23	$ 39	$ 43
Less: liabilities assumed	—	—	(3)
Net cash paid	$ 23	$ 39	$ 40

See accompanying notes.

1. Organization, Basis of Presentation and Consolidation

United Rentals, Inc. ("Holdings," "United Rentals" or the "Company") is principally a holding company and conducts its operations primarily through its wholly owned subsidiary, United Rentals (North America), Inc. ("URNA"), and subsidiaries of URNA. Holdings' primary asset is its sole ownership of all issued and outstanding shares of common stock of URNA. URNA's various credit agreements and debt instruments place restrictions on its ability to transfer funds to its shareholder.

We rent equipment to a diverse customer base that includes construction and industrial companies, manufacturers, utilities, municipalities, homeowners and others in the United States, Canada and Mexico. In addition to renting equipment, we sell new and used rental equipment, as well as related contractor supplies, parts and service.

The accompanying consolidated financial statements include our accounts and those of our controlled subsidiary companies. All significant intercompany accounts and transactions have been eliminated. We consolidate variable interest entities if we are deemed the primary beneficiary of the entity. Certain reclassifications of prior years' amounts have been made to conform to the current year presentation.

2. Summary of Significant Accounting Policies

Cash Equivalents

We consider all highly liquid instruments with maturities of three months or less when purchased to be cash equivalents. Our cash equivalents at December 31, 2007 consist of high quality, low risk Treasury securities.

Allowance for Doubtful Accounts

We maintain an allowance for doubtful accounts. This allowance reflects our estimate of the amount of our receivables that we will be unable to collect.

Inventory

Inventory consists of new equipment, contractor supplies, tools, parts, fuel and related supply items. Inventory is stated at the lower of cost or market. Cost is determined, depending on the type of inventory, on either a specific identification, weighted average or first-in, first-out method.

Rental Equipment

Rental equipment, which includes service and delivery vehicles, is recorded at cost and depreciated over the estimated useful lives of the equipment using the straight-line method. The range of estimated useful lives for rental equipment is two to ten years. Rental equipment is depreciated to a salvage value of zero to ten percent of cost. Costs we incur in connection with refurbishment programs that extend the life of our equipment are capitalized and amortized over the remaining useful life of the related equipment. Ordinary repair and maintenance costs are charged to operations as incurred. Repair and maintenance costs are included in cost of revenues on our consolidated statements of income. Repair and maintenance expense (including both labor and parts) for our rental equipment was $324, $302 and $271, for the years ended December 31, 2007, 2006 and 2005, respectively.

Property and Equipment

Property and equipment are recorded at cost and depreciated over their estimated useful lives using the straight-line method. The range of estimated useful lives for property and equipment is two to thirty-nine years. Ordinary repair and maintenance costs are charged to expense as incurred. Leasehold improvements are amortized using the straight-line method over their estimated useful lives or the remaining life of the lease, whichever is shorter.

Goodwill

Goodwill represents the excess of cost over the fair value of identifiable net assets of businesses acquired. We test for goodwill impairment at a regional level. We are required to review our goodwill for impairment annually as of a scheduled review date, however, if events or circumstances suggest that goodwill could be impaired, we may be required to conduct an earlier review. The scheduled review date is October 1 of each year.

(Dollars in millions, except per share data and unless otherwise indicated)

Other Intangible Assets

Other intangible assets consist of non-compete agreements and customer relationships. The non-compete agreements are being amortized on a straight-line basis over periods ranging from 1 to 10 years. The customer relationships are being amortized on a straight-line basis over periods ranging from 5 to 12 years.

Long-Lived Assets

Long-lived assets are recorded at the lower of amortized cost or fair value. As part of an ongoing review of the valuation of long-lived assets, we assess the carrying value of such assets if facts and circumstances suggest they may be impaired. If this review indicates the carrying value of these assets may not be recoverable, as determined by an undiscounted cash flow analysis over the remaining useful life, the carrying value would be reduced to its estimated fair value.

Derivative Financial Instruments

Under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," all derivatives are required to be recorded as assets or liabilities and measured at fair value. Gains or losses resulting from changes in the values of derivatives are recognized immediately or deferred, depending on the use of the derivative and whether or not it qualifies as a hedge. We periodically use derivative financial instruments in the management of our interest rate and foreign currency exposures. Derivative financial instruments are not used for trading or speculative purposes.

Translation of Foreign Currency

Assets and liabilities of our subsidiaries operating outside the United States which have a functional currency other than U.S. dollars are translated into U.S. dollars using exchange rates at the end of the year. Revenues and expenses are translated at average exchange rates effective during the year. Foreign currency translation gains and losses are included as a component of accumulated other comprehensive income within stockholders' equity.

Fair Value of Financial Instruments

The carrying amounts reported in our consolidated balance sheets for accounts receivable, accounts payable, and accrued expenses and other liabilities approximate fair value due to the immediate to short-term maturity of these financial instruments. The fair values of the revolving credit facility and term loan are determined using current interest rates for similar instruments as of December 31, 2007 and 2006 and approximate the carrying value of these financial instruments due to the fact that the underlying instruments include provisions to adjust interest rates to approximate fair market value. The estimated fair value of our other financial instruments at December 31, 2007 and 2006 have been calculated based upon available market information and are as follows:

	2007		2006	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Subordinated convertible debentures	$ 146	$ 128	$ 146	$ 142
Senior and senior subordinated notes	2,044	1,849	2,044	2,070
Other debt	59	54	20	15

Revenue Recognition

Our rental contract periods are daily, weekly or monthly and we recognize equipment rental revenue on a straight-line basis. As part of this straight-line methodology, when the equipment is returned, we recognize as incremental revenue the excess, if any, between the amount the customer is contractually required to pay over the cumulative amount of revenue recognized to date. Revenues from the sale of rental equipment and new equipment are recognized at the time of delivery to, or pick-up by, the customer and when collectibility is reasonably assured. Sales of contractor supplies are also recognized at the time of delivery to, or pick-up by, the customer.

In June 2006, the Financial Accounting Standards Board ("FASB") ratified the consensus reached on EITF Issue No. 06-03, "How Sales Taxes Collected from Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement (that is, Gross Versus Net Presentation)" ("EITF 06-03"). The EITF reached a consensus that the presentation of taxes on either a gross or net basis is an accounting policy decision that requires disclosure. EITF 06-03 is effective for our fiscal year beginning January 1, 2007. Sales tax amounts collected from customers have been recorded on a net basis. The adoption of EITF 06-03 did not have any effect on our financial position or results of operations.

Advertising Expense

We promote our business through local and national advertising in various media, including trade publications, yellow pages, the Internet, radio and direct mail. Advertising costs are generally expensed as incurred.

Insurance

We are insured for general liability, workers' compensation, and automobile liability, subject to deductibles, or self-insured retentions, per occurrence of $2 for general liability, $1 for workers' compensation and $2 for automobile liability as of December 31, 2007. Losses within these deductible amounts are accrued based upon the aggregate liability for reported claims incurred, as well as an estimated liability for claims incurred but not yet reported. These liabilities are not discounted. The company is also self-insured for group medical claims but purchases "stop loss" insurance to protect itself from any one loss exceeding $330,000 (actual dollars).

Income Taxes

We use the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on the differences between financial statement and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. Recognition of deferred tax assets is limited to amounts considered by management to be more likely than not realized in future periods.

Effective January 1, 2007, we adopted FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* ("FIN 48"), which requires the use of a two-step approach for recognizing and measuring tax benefits taken or expected to be taken in a tax return and disclosures regarding uncertainties in income tax positions. The first step is recognition: we determine whether it is more likely than not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. In evaluating whether a tax position has met the more-likely-than-not recognition threshold, we presume that the position will be examined by the appropriate taxing authority with full knowledge of all relevant information. The second step is measurement: a tax position that meets the more-likely-than-not recognition threshold is measured to determine the amount of benefit to recognize in the financial statements. The tax position is measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. Differences between tax positions taken in a tax return and amounts recognized in the financial statements will generally result in one or more of the following: an increase in a liability for income taxes payable, a reduction of an income tax refund receivable, a reduction in a deferred tax asset, or an increase in a deferred tax liability.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Significant estimates include goodwill impairment charges, allowance for doubtful accounts, useful lives for depreciation and amortization, deferred income taxes, reserves for claims, loss contingencies and fair values of financial instruments. Actual results could materially differ from those estimates.

Concentrations of Credit Risk

Financial instruments that potentially subject us to significant concentrations of credit risk include cash and cash equivalents and accounts receivable. We maintain cash and cash equivalents with high quality financial institutions. Concentration of credit risk with respect to accounts receivable is limited because a large number of geographically diverse customers make up our customer base. Our largest customer accounted for less than 1 percent of total revenues in each of 2007, 2006, and 2005 and no single customer represented greater than 1 percent of total accounts receivable at December 31, 2007 and 2006. We control credit risk through credit approvals, credit limits and other monitoring procedures.

Stock-Based Compensation

Effective January 1, 2006, we adopted SFAS No. 123(R), "Share-Based Payment" ("FAS 123(R)"), which establishes accounting for stock-based awards exchanged for employee services. FAS 123(R) provides that stock-based compensation costs be measured at the grant date based on the fair value of the award and recognized as an expense over the requisite service period. Determining the fair value of share-based awards requires judgment, including estimating stock price volatility, forfeiture rates and expected option life. We adopted FAS 123(R) using the modified-prospective transition method and therefore we did not restate the results of prior periods. The adoption of FAS 123(R) did not have a material impact on our financial statements. FAS 123(R) requires that cash flows from tax benefits resulting from tax deductions in excess of the compensation cost recognized for stock-based awards ("excess tax benefits") be classified as financing cash flows prospectively from January 1, 2006. Prior to the adoption of FAS 123(R), any excess tax benefits were to be presented as operating cash flows.

(Dollars in millions, except per share data and unless otherwise indicated)

Restricted stock awards are valued based on the fair value of the stock on the grant date. Prior to the adoption of FAS 123(R), unearned compensation for grants of restricted stock equivalent to the fair value of the shares at the date of grant was recorded as a separate component of stockholders' equity and subsequently amortized to compensation expense over the awards' vesting period. In accordance with FAS 123(R), stockholders' equity is credited commensurate with the recognition of compensation expense. All unamortized unearned compensation at January 1, 2006 was reclassified to additional paid-in capital.

Prior to January 1, 2006, in accordance with Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," we did not recognize compensation expense relating to employee stock options because the exercise price was equal to or greater than the fair market value (as defined under the relevant award plan) of our stock at the date of grant. If we had elected to recognize compensation expense using a fair value approach, our pro forma income and earnings per share for the year ended December 31, 2005 would have been as follows:

	December 31, 2005
Net income, as reported	$ 187
Plus: Stock-based compensation expense included in reported net income, net of tax	5
Less: Stock-based compensation expense determined using the fair value method, net of tax	(6)
Pro forma net income	$ 186
Net income available to common stockholders per share-basic:	
As reported	$ 1.97
Pro forma	$ 1.96
Net income available to common stockholders per share-diluted:	
As reported	$ 1.80
Pro forma	$ 1.79

The weighted average fair value of options granted was $8.18 during 2005. The fair value was estimated on the date of grant using the Black-Scholes option pricing model which uses subjective assumptions which can materially affect fair value estimates and, therefore, does not necessarily provide a single measure of fair value of options. In 2005, we used a risk-free interest rate average of 3.9, a volatility factor for the market price of our common stock of 60 percent, and a weighted-average expected life of options of approximately three years. For purposes of these pro forma disclosures, the estimated fair value of options is amortized over the options' vesting period.

New Accounting Pronouncements

In December 2007, the FASB issued Statement No. 141(R), *Business Combinations* ("Statement 141 (R)"), a replacement of FASB Statement No. 141. Statement 141(R) is effective for fiscal years beginning on or after December 15, 2008 and applies to all business combinations. Statement 141(R) provides that, upon initially obtaining control, an acquirer shall recognize 100 percent of the fair values of acquired assets, including goodwill, and assumed liabilities, with only limited exceptions, even if the acquirer has not acquired 100 percent of its target. As a consequence, the current step acquisition model will be eliminated. Additionally, Statement 141(R) changes current practice, in part, as follows: (1) contingent consideration arrangements will be fair valued at the acquisition date and included on that basis in the purchase price consideration; (2) transaction costs will be expensed as incurred, rather than capitalized as part of the purchase price; (3) pre-acquisition contingencies, such as legal issues, will generally have to be accounted for in purchase accounting at fair value; and (4) in order to accrue for a restructuring plan in purchase accounting, the requirements in FASB Statement No. 146, *Accounting for Costs Associated with Exit or Disposal Activities*, would have to be met at the acquisition date. While there is no expected impact to our consolidated financial statements on the accounting for acquisitions completed prior to December 31, 2008, the adoption of Statement 141(R) on January 1, 2009 could materially change the accounting for business combinations consummated subsequent to that date.

In September 2006, the FASB issued Statement 157, *Fair Value Measurement* ("Statement 157"). Statement 157 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and establishes a hierarchy that categorizes and prioritizes the sources to be used to estimate fair value. Statement 157 also expands financial statement disclosures about fair value measurements. On February 6, 2008, the FASB issued FASB Staff Position (FSP) 157-b which delays the effective date of Statement 157 for one year for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually). Statement 157 and FSP 157-b are effective for financial statements issued for fiscal years beginning after November 15, 2007. We have elected a partial deferral of Statement 157 under the provisions of FSP 157-b related to the measurement of fair value used when evaluating goodwill, other intangible assets and other long-lived assets for impairment and valuing asset retirement obligations and liabilities for exit or disposal activities. The impact of partially adopting Statement 157 effective January 1, 2008 is not expected to be material to our consolidated financial statements.

(Dollars in millions, except per share data and unless otherwise indicated)

In February 2007, the FASB issued Statement 159, *The Fair Value Option for Financial Assets and Financial Liabilities—Including an Amendment of SFAS 115* ("Statement 159"), which permits but does not require us to measure financial instruments and certain other items at fair value. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings. This statement is effective for financial statements issued for fiscal years beginning after November 15, 2007. As we have not elected to fair value any of our financial instruments under the provisions of Statement 159, the adoption of this statement will not have any impact to our consolidated financial statements.

3. Discontinued Operation

In December 2006, we entered into a definitive agreement to sell our traffic control business to HTS Acquisition, Inc. ("HTS"), an entity formed by affiliates of private equity investors Wynnchurch Capital Partners and Oak Hill Special Opportunities Fund, L.P. In connection with this transaction, we recorded an after-tax loss on sale in 2006 of $24. The transaction closed in February 2007 and we received net proceeds of $66.

In accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," the results of operations of our traffic control business have been reported within discontinued operations in the consolidated statements of income, and prior period consolidated statements of income were recast. The assets and liabilities associated with the traffic control business have also been classified separately in our consolidated balance sheets. General corporate overhead costs previously allocated to traffic control have been reclassified and reflected in continuing operations.

Summarized results of operations for traffic control are as follows:

	Year Ended December 31,		
	2007	2006	2005
Revenues	$ —	$ 280	$ 270
(Loss) income from operation before income taxes	$ (3)	$ 1	$ (21)
Loss on sale	—	(37)	—
Income tax benefit	2	11	6
Loss from discontinued operation, net of taxes	$ (1)	$ (25)	$ (15)

The following is a summary of the assets and liabilities of traffic control as of December 31, 2006:

Assets	
Accounts receivable, net	$ 65
Rental equipment, net	11
Property and equipment, net	14
Other assets	17
Total assets of discontinued operation	107
Liabilities	
Accounts payable	7
Accrued expenses and other liabilities	15
Total liabilities related to discontinued operation	22
Net assets of discontinued operation	$ 85

In conjunction with the sale, we retained financial responsibility for deductibles and self-insured retentions associated with casualty insurance programs (workers' compensation, automobile liability and general liability) covering the traffic control business with respect to claims arising from loss occurrences prior to closing. These liabilities were not assumed by the purchaser. We are not liable for these types of liabilities associated with the traffic control business which arise subsequent to the sale. The aggregate amount of these retained liabilities as of December 31, 2007 and 2006 was $22 and $30, respectively, and is included in accrued expenses and other liabilities and other long-term liabilities in the consolidated balance sheets.

(Dollars in millions, except per share data and unless otherwise indicated)

4. Segment Information

Our reportable segments are general rentals and trench safety, pump and power. The general rentals segment includes the rental of construction, aerial, industrial and homeowner equipment and related services and activities. The general rentals segment's customers include construction and industrial companies, manufacturers, utilities, municipalities and homeowners. The general rentals segment operates throughout the United States and Canada and has one location in Mexico. The trench safety, pump and power segment includes the rental of specialty construction products and related services. The trench safety, pump and power segment's customers include construction companies involved in infrastructure projects, municipalities and industrial companies. This segment operates in the United States and has one location in Canada.

These segments align our external segment reporting with how management evaluates and allocates resources. We evaluate segment performance based on segment operating results.

The accounting policies of our segments are the same as those described in the summary of significant accounting policies in note 2. Certain corporate costs, including those related to selling, finance, legal, risk management, human resources, corporate management and information technology systems, are deemed to be of an operating nature and are allocated to our segments based on the actual amount of costs incurred in the prior year for selling, general and administrative expenses or equipment rental revenue generating activities. As discussed in note 3 to our consolidated financial statements, traffic control, which was previously presented as a reporting segment, is now presented as a discontinued operation.

The following table sets forth financial information by segment. Information related to our consolidated balance sheets is presented as of December 31, 2007 and 2006.

	Year Ended December 31,		
	2007	2006	2005
Reportable segment revenue			
General rentals	$ 3,508	$ 3,423	$ 3,108
Trench safety, pump and power	223	217	180
Total revenue	$ 3,731	$ 3,640	$ 3,288
Reportable segment depreciation and amortization expense			
General rentals	$ 464	$ 435	$ 404
Trench safety, pump and power	24	23	20
Total depreciation and amortization expense	$ 488	$ 458	$ 424
Reportable segment operating income			
General rentals	$ 602	$ 568	$ 477
Trench safety, pump and power	57	58	47
Total segment operating income	$ 659	$ 626	$ 524
Capital expenditures			
General rentals	$ 954	$ 900	$ 763
Trench safety, pump and power	36	51	38
Total capital expenditures	$ 990	$ 951	$ 801
Assets			
General rentals	$ 5,688	$ 5,112	
Trench safety, pump and power	154	147	
Assets of discontinued operation	—	107	
Total assets	$ 5,842	$ 5,366	

(Dollars in millions, except per share data and unless otherwise indicated)

We operate in the United States, Canada and Mexico. Geographic area information for the years ended December 31, 2007, 2006 and 2005 is as follows, except for balance sheet information which is presented as of December 31, 2007 and 2006 only:

	Year ended December 31,		
	2007	2006	2005
Reportable segment revenues from external customers			
Domestic	$ 3,275	$ 3,260	$ 2,960
Foreign (primarily Canada)	456	380	328
Total revenues from external customers	$ 3,731	$ 3,640	$ 3,288
Rental equipment, net			
Domestic	$ 2,510	$ 2,318	
Foreign	316	243	
Total consolidated rental equipment, net	$ 2,826	$ 2,561	
Property and equipment, net			
Domestic	$ 409	$ 329	
Foreign	31	30	
Total consolidated property and equipment, net	$ 440	$ 359	
Goodwill and other intangible assets, net			
Domestic	$ 1,249	$ 1,242	
Foreign	155	134	
Total consolidated goodwill and other intangible assets, net	$ 1,404	$ 1,376	

5. Rental Equipment

Rental equipment consists of the following:

	December 31,	
	2007	2006
Rental equipment	$ 4,125	$ 3,760
Less accumulated depreciation	(1,299)	(1,199)
Rental equipment, net	$ 2,826	$ 2,561

6. Property and Equipment

Property and equipment consist of the following:

	December 31,	
	2007	2006
Land	$ 112	$ 91
Buildings	196	152
Non-rental vehicles	58	71
Machinery and equipment	51	42
Furniture and fixtures	112	101
Leasehold improvements	133	100
	662	557
Less accumulated depreciation and amortization	(222)	(198)
Property and equipment, net	$ 440	$ 359

(Dollars in millions, except per share data and unless otherwise indicated)

7. Acquisitions

We completed one, two and two acquisitions during the years ended December 31, 2007, 2006 and 2005, respectively. The results of operations of the businesses acquired in these acquisitions have been included in our results of operations from their respective acquisition dates.

In February 2007, we acquired High Reach Equipment Services, LLC ("High Reach"). High Reach had one aerial equipment branch in Georgia and 2006 revenues of approximately $11. The aggregate purchase price for this acquisition was approximately $22.

In March 2006, we acquired the equipment and assets of Handy Rent-All Center, which had annual revenues of approximately $16. The aggregate purchase price for this acquisition was approximately $23. In June 2006, we acquired the equipment and assets of D. Larry Carter, Inc., which had annual revenues of approximately $10. The aggregate purchase price for this acquisition was approximately $18.

In December 2005, we acquired Sandvick Equipment & Supply Company, a trench safety company, with annual revenues of approximately $21. In June 2005, we acquired HSS RentX branch locations in Colorado. Total 2004 revenues of the acquired branches were approximately $9. The aggregate purchase price for these acquisitions was approximately $42, less liabilities assumed of approximately $10.

The purchase prices for all acquisitions have been allocated to the assets acquired and liabilities assumed based on their respective fair values at their respective acquisition dates. Purchase price allocations are subject to change when additional information concerning asset and liability valuations is completed. The preliminary purchase price allocations that are subject to change primarily consist of intangible assets as well as rental and non-rental equipment valuations. These allocations are finalized within twelve months of the acquisition date and are not expected to result in significant differences between the preliminary and final allocations.

Pro forma combined results of operations giving effect to these acquisitions would not vary materially from historical results.

8. Goodwill and Other Intangible Assets

The following table presents the changes in the carrying amount of goodwill for each of the three years in the period ended December 31, 2007:

	General rentals	Trench safety, pump and power	Total
Balance at January 1, 2005	$ 1,223	$ 70	$ 1,293
Goodwill related to acquisitions	4	27	31
Foreign currency translation and other adjustments	4	—	4
Balance at December 31, 2005	1,231	97	1,328
Goodwill related to acquisitions	21	(12)	9
Foreign currency translation and other adjustments	1	—	1
Balance at December 31, 2006	1,253	85	1,338
Goodwill related to acquisitions	4	—	4
Foreign currency translation and other adjustments	16	—	16
Balance at December 31, 2007	$ 1,273	$ 85	$ 1,358

Other intangible assets primarily consist of customer relationships and non-compete agreements. Intangible assets were comprised of the following at December 31, 2007 and 2006:

	Average Remaining Amortization Period		As of December 31, 2007		
	2007	2006	Gross Carrying Amount	Accumulated Amortization	Net Amount
Non-compete agreements	25 months	26 months	$ 22	$ 17	$ 5
Customer relationships	7 years	7 years	$ 60	$ 19	$ 41

	As of December 31, 2006		
	Gross Carrying Amount	Accumulated Amortization	Net Amount
Non-compete agreements	$ 21	$ 19	$ 2
Customer relationships	$ 49	$ 13	$ 36

(Dollars in millions, except per share data and unless otherwise indicated)

Amortization expense for other intangible assets was $7, $4 and $5 for the years ended December 31, 2007, 2006 and 2005, respectively.

As of December 31, 2007, estimated amortization expense for other intangible assets for each of the next five years and thereafter is as follows:

2008	$ 8
2009	6
2010	6
2011	6
2012	5
Thereafter	15
	$ 46

9. Accrued Expenses and Other Liabilities and Other Long-Term Liabilities

Accrued expenses and other liabilities consist of the following:

	December 31, 2007	December 31, 2006
Self-insurance accruals	$ 38	$ 50
Accrued compensation	54	88
Financial derivative instruments	12	12
Income taxes payable	31	13
Property taxes payable	19	14
Interest payable	48	47
Deferred revenue	16	16
Accrued benefit costs	17	14
Deferred rent	10	9
Professional fees	10	7
Other (1)	55	52
Accrued expenses and other liabilities	$ 310	$ 322

(1) Other includes multiple items, none of which is individually significant.

Other long-term liabilities consist of the following:

	December 31, 2007	December 31, 2006
Self-insurance accruals	$ 59	$ 49
Financial derivative instruments	—	44
Other	5	8
	$ 64	$ 101

(Dollars in millions, except per share data and unless otherwise indicated)

10. Debt

Debt consists of the following:

	December 31, 2007	December 31, 2006
Revolving Credit Facility, interest payable at a rate of 6.5 and 6.2 percent at December 31, 2007 and 2006, respectively	$ 140	$ 137
Term Loan, interest payable at 7.1 and 7.4 percent at December 31, 2007 and 2006, respectively	327	330
7 3/4 percent Senior Subordinated Notes, interest payable semi-annually	525	525
7 percent Senior Subordinated Notes, interest payable semi-annually	375	375
6 1/2 percent Senior Notes, interest payable semi-annually	1,000	1,000
1 7/8 percent Convertible Senior Subordinated Notes, interest payable semi-annually	144	144
Accounts receivable securitization facility	—	25
Other debt, including capital leases	59	20
Total debt	2,570	2,556
Less current portion	(15)	(37)
Long-term debt	$ 2,555	$ 2,519

Senior Secured Credit Facility. URNA's senior secured credit facility, as amended and restated, includes a (i) $650 revolving credit facility, (ii) $150 institutional letter of credit facility and (iii) $750 term loan. The revolving credit facility, institutional letter of credit facility and term loan are governed by the same credit agreement. URNA's obligations under the credit facility are guaranteed by Holdings and, subject to limited exceptions, URNA's domestic subsidiaries and are secured by liens on substantially all of the assets of URNA, Holdings and URNA's domestic subsidiaries. Set forth below is certain additional information concerning the amended and restated facility.

Revolving Credit Facility. The revolving credit facility enables URNA to borrow up to $650 on a revolving basis and enables certain of the Company's Canadian subsidiaries to borrow up to $150 (provided that the aggregate borrowings of URI and the Canadian subsidiaries may not exceed $650). A portion of the revolving credit facility, up to $250, is available for issuance of letters of credit. The revolving credit facility is scheduled to mature and terminate in February 2009. As of December 31, 2007, the outstanding borrowings under this facility were $140 and utilized letters of credit were $0. All outstanding borrowings under the revolving credit facility at December 31, 2007 were Canadian subsidiary borrowings.

U.S. dollar borrowings under the revolving credit facility accrue interest, at the borrower's option, at either (a) the ABR rate (which is equal to the greater of (i) the Federal Funds Rate plus 0.5 percent and (ii) JPMorgan Chase Bank's prime rate) plus a margin of 1.25 percent, or (b) an adjusted LIBOR rate plus a maximum margin of 2.25 percent.

Canadian dollar borrowings under the revolving credit facility accrue interest, at the borrower's option, at either (a) the Canadian prime rate (which is equal to the greater of (i) the CDOR rate plus 1 percent and (ii) JPMorgan Chase Bank, Toronto Branch's prime rate) plus a margin of 1.25 percent, or (b) the B/A rate (which is equal to JPMorgan Chase Bank, Toronto Branch's B/A rate) plus a maximum margin of 2.25 percent. The rate applicable to Canadian borrowings outstanding under the revolving credit facility was 6.5 at December 31, 2007.

URNA is also required to pay the lenders a commitment fee equal to 0.5 percent per annum, payable quarterly, in respect of undrawn commitments under the revolving credit facility.

Institutional Letter of Credit Facility ("ILCF"). The ILCF provides for up to $150 in letters of credit. The ILCF is in addition to the letter of credit capacity under the revolving credit facility. The total combined letter of credit capacity under the revolving credit facility and the ILCF is $400. Subject to certain conditions, all or part of the ILCF may be converted into term loans. The ILCF is scheduled to terminate in February 2011. As of December 31, 2007, the outstanding letters of credit under the ILCF were approximately $137.

URNA is required to pay a fee which accrues at the rate of 0.1 percent per annum on the amount of the ILCF. In addition, URI is required to pay participation and other fees in respect of letters of credit. For letters of credit obtained under both the ILCF and the revolving credit facility, these fees accrue at the rate of 2.40 percent and 1.90 percent per annum, respectively.

Term Loan. The term loan was obtained in two draws. An initial draw of $550 was made upon the closing of the credit facility in February 2004 and an additional draw of $200 was made in April 2004.

The term loan must be repaid in installments as follows: (i) during the period from and including June 30, 2004 to and including March 31, 2010, URNA must repay on each March 31, June 30, September 30 and December 31 of each year an amount equal to one-fourth of 1 percent of the original aggregate principal amount of the term loan reduced pro-rata by the $400 prepayment referred to below and (ii) URNA must repay on each of June 30, 2010, September 30, 2010, December 31, 2010, and at maturity on February 14, 2011 an amount equal to 23.5 percent of the original aggregate principal amount of the term loan reduced pro-rata by the $400 prepayment referred to below. In 2006, we prepaid $400 of our outstanding term loan. Contemporaneous with this term loan prepayment, we terminated a portion of our interest rate caps that were hedging our interest rate exposures on our term loan. Amounts repaid in respect of the term loan may not be reborrowed.

Borrowings under the term loan accrue interest, at URNA's option, at either (a) the ABR rate plus a maximum margin of 1.25 percent, or (b) an adjusted LIBOR rate plus a maximum margin of 2.25 percent. The rate was 7.1 percent at December 31, 2007.

Covenants. Under the agreement governing the senior secured credit facility, we are required to, among other things, satisfy certain financial tests relating to: (a) interest coverage ratio, (b) the ratio of funded debt to cash flow, (c) the ratio of senior secured debt to tangible assets and (d) the ratio of senior secured debt to cash flow. We are also subject to various other covenants under the agreement governing the credit facility. These covenants require us to timely file audited annual and quarterly financial statements and limit or restrict, among other things, our ability to incur indebtedness, make prepayments of certain indebtedness, pay dividends, make investments, create liens, and engage in mergers, acquisitions and dispositions. If we are unable to satisfy any of these covenants, the lenders could elect to terminate the credit facility and require us to repay the outstanding borrowings under the credit facility. If at any time an event of default under the senior secured credit facility exists, the interest rate applicable to each revolving and term loan will be based on the highest margins provided for.

$7\frac{3}{4}$ percent Senior Subordinated Notes. In November 2003, URNA issued $525 million aggregate principal amount of $7\frac{3}{4}$ percent Senior Subordinated Notes (the "$7\frac{3}{4}$ percent Notes") which are due November 15, 2013. The net proceeds from the sale of the $7\frac{3}{4}$ percent Notes were $523 million (after deducting the initial purchasers' discount and offering expenses). The $7\frac{3}{4}$ percent Notes are unsecured and are guaranteed by Holdings and, subject to limited exceptions, URNA's domestic subsidiaries. The $7\frac{3}{4}$ percent Notes may be redeemed on or after November 15, 2008, at specified redemption prices that range from 103.875 percent in 2008 to 100.0 percent in 2011 and thereafter. The indenture governing the $7\frac{3}{4}$ percent Notes contains certain restrictive covenants, including, among others, limitations on (i) additional indebtedness, (ii) restricted payments, (iii) liens, (iv) dividends and other payments, (v) preferred stock of certain subsidiaries, (vi) transactions with affiliates, (vii) the disposition of proceeds of asset sales and (viii) our ability to consolidate, merge or sell all or substantially all of our assets, as well as a requirement to timely file periodic reports with the SEC.

7 percent Senior Subordinated Notes. In January 2004, URI issued $375 aggregate principal amount of 7 percent Senior Subordinated Notes (the "7 percent Notes") which are due February 15, 2014. The net proceeds from the sale of the 7 percent Notes were approximately $369, after deducting offering expenses. The 7 percent Notes are unsecured and are guaranteed by Holdings and, subject to limited exceptions, URNA's domestic subsidiaries. The 7 percent Notes mature on February 15, 2014 and may be redeemed by URNA on or after February 15, 2009, at specified redemption prices that range from 103.5 percent in 2009 to 100.0 percent in 2012 and thereafter. The indenture governing the 7 percent Notes contains certain restrictive covenants, including, among others, limitations on (i) additional indebtedness, (ii) restricted payments, (iii) liens, (iv) dividends and other payments, (v) preferred stock of certain subsidiaries, (vi) transactions with affiliates, (vii) the disposition of proceeds of asset sales and (viii) our ability to consolidate, merge or sell all or substantially all of our assets, as well as a requirement to timely file periodic reports with the SEC.

$6\frac{1}{2}$ percent Senior Notes. In February 2004, URNA issued $1 billion aggregate principal amount of $6\frac{1}{2}$ percent Senior Notes (the "$6\frac{1}{2}$ percent Notes") which are due February 15, 2012. The net proceeds from the sale of the $6\frac{1}{2}$ percent Notes were approximately $985, after deducting offering expenses. The $6\frac{1}{2}$ percent Notes are unsecured and are guaranteed by Holdings and, subject to limited exceptions, URNA's domestic subsidiaries. The $6\frac{1}{2}$ percent Notes mature on February 15, 2012 and may be redeemed by URNA on or after February 15, 2008, at specified redemption prices that range from 103.25 percent in 2008 to 100.0 percent in 2010 and thereafter. The indenture governing the $6\frac{1}{2}$ percent Notes contains certain restrictive covenants, including limitations, among others, on (i) additional indebtedness, (ii) restricted payments, (iii) liens, (iv) dividends and other payments, (v) preferred stock of certain subsidiaries, (vi) transactions with affiliates, (vii) the disposition of proceeds of asset sales, (viii) our ability to consolidate, merge or sell all or substantially all of our assets and (ix) sale-leaseback transactions, as well as a requirement to timely file periodic reports with the SEC.

$1\frac{7}{8}$ percent Convertible Senior Subordinated Notes. In October and December 2003, URNA issued approximately $144 million aggregate principal amount of $1\frac{7}{8}$ percent Convertible Senior Subordinated Notes (the "$1\frac{7}{8}$ percent Convertible Notes") which are due October 15, 2023. The net proceeds from the sale of the $1\frac{7}{8}$ percent Convertible Notes were approximately $140 million (after deducting the initial purchasers' discount and offering expenses). The $1\frac{7}{8}$ percent

(Dollars in millions, except per share data and unless otherwise indicated)

Convertible Notes are unsecured and are guaranteed by Holdings. Holders of the 1 7/8 percent Convertible Notes may convert them into shares of common stock prior to their maturity at a current conversion price of approximately $22.25 per share (subject to further adjustment in certain circumstances), if (i) the price of our common stock reaches a specific threshold, (ii) the 1 7/8 percent Convertible Notes are called for redemption, (iii) specified corporate transactions occur or (iv) the trading price of the 1 7/8 percent Convertible Notes falls below certain thresholds. The 1 7/8 percent Convertible Notes mature on October 15, 2023 and may be redeemed on or after October 20, 2010, at 100.0 percent of the principal amount. Holders of the 1 7/8 percent Convertible Notes may require URNA to repurchase all or a portion of the 1 7/8 percent Convertible Notes in cash on each of October 15, 2010, October 15, 2013 and October 15, 2018 at 100 percent of the principal amount of the 1 7/8 percent Convertible Notes to be repurchased.

Accounts Receivable Securitization Facility. In October 2006, we amended our existing accounts receivable securitization facility. The amended facility provides for generally lower borrowing costs and the facility size has been increased from $200 to $300. Additionally, the maturity was extended from May 2009 to October 2011. Borrowings under the amended facility will continue to be reflected as debt on our consolidated balance sheets. Key terms of this facility include:

- borrowings may be made only to the extent that the face amount of the receivables in the collateral pool exceeds the outstanding loans by a specified amount;
- the facility is structured so that the receivables in the collateral pool are the lenders' only source of repayment;
- after expiration or early termination of the facility, no new amounts will be advanced under the facility and collections on the receivables securing the facility will be used to repay the outstanding borrowings; and
- the facility contains standard termination events including, without limitation, a termination event if (i) the long-term senior secured rating of URI falls below either B+ from Standard & Poor's Rating Services ("S&P") or B2 from Moody's Investors Service ("Moody's") or (ii) our New Credit Facility is terminated. At December 31, 2007, the Company's long-term senior secured debt was rated BB+ by S&P and Ba1 by Moody's.

Outstanding borrowings under the facility generally accrue interest at the commercial paper rate plus a specified spread not to exceed 1.0 percent. We are also required to pay a commitment fee based on our Funded Debt to Cash Flow ratio. This commitment fee was 22.5 basis points (0.225 percent) at December 31, 2007.

Loan Covenants and Compliance

As of December 31, 2007, we were in compliance with the covenants and other provisions of our senior secured credit facility, the senior notes, the QUIPS and our accounts receivable securitization facility. Any failure to be in compliance with any material provision or covenant of these agreements could have a material adverse effect on our liquidity and operations.

We consider our most restrictive covenant to be the Minimum Interest Coverage ratio, which is the ratio of our consolidated net income to our interest expense, as defined in our senior secured credit facility. The minimum amount permitted under this covenant is 1.65 to 1.0 and our actual Minimum Interest Coverage ratio for the year ended December 31, 2007 was 3.47 to 1.0.

Interest Rate Swap Agreements. As of December 31, 2007, we had swap agreements with an aggregate notional amount of $1.2 billion. The effect of these agreements was to convert $1.2 billion of our fixed rate notes to floating rate instruments. The fixed rate notes being converted consisted of: (i) $445 of our 6 1/2 percent Notes through 2012, (ii) $375 of our 7 3/4 percent senior subordinated notes through 2013 and (iii) $375 of our 7 percent Notes through 2014. These swap agreements, which convert our fixed rate notes to floating rate instruments, were initially designated as fair value hedges. As of December 31, 2007, we had an unrealized loss of $12, based upon the fair value of our fair value hedges. In February 2007, swaps with a notional of $250 were modified and, as a result, these swaps were de-designated as fair value hedges. In January 2008, we terminated all of our interest rate swap agreements, including the swaps which were previously de-designated as fair value hedges, and made a payment of $4.

Maturities. Maturities of the Company's debt for each of the next five years and thereafter at December 31, 2007 are as follows:

2008	$ 15
2009	161
2010	254
2011	88
2012	1,003
Thereafter	1,049
Total	$ 2,570

(Dollars in millions, except per share data and unless otherwise indicated)

11. Subordinated Convertible Debentures

The subordinated convertible debentures included in our consolidated balance sheets reflect the obligation to our subsidiary that has issued preferred securities. This subsidiary is not consolidated in our financial statements because we are not the primary beneficiary of the trust.

In August 1998, a subsidiary trust (the "Trust") of Holdings issued and sold $300 of QUIPS in a private offering. The Trust used the proceeds from the offering to purchase 6 1/2 percent convertible subordinated debentures due 2028 (the "Debentures") which resulted in Holdings receiving all of the net proceeds of the offering. The QUIPS are non-voting securities, carry a liquidation value of $50 (fifty dollars) per security and are convertible into the Company's common stock. The initial convertible rate was 1.146 shares of common stock per preferred security (equivalent to an initial conversion price of $43.63 per share).

In August and October 2006, we announced redemptions of an aggregate of $76 of QUIPS. The redemption price was 101.3 percent. In conjunction with the redemptions, we retired $76 of our Debentures. The redemptions were funded with the proceeds of stock option exercises received during 2006. As of December 31, 2007 and 2006, the aggregate amount of Debentures outstanding was $146.

Holders of the QUIPS are entitled to preferential cumulative cash distributions from the Trust at an annual rate of 6 1/2 percent of the liquidation value, accruing from the original issue date and payable quarterly in arrears beginning February 1, 1999. The distribution rate and dates correspond to the interest rate and payment dates on the Debentures. Holdings may defer quarterly interest payments on the Debentures for up to twenty consecutive quarters, but not beyond the maturity date of the Debentures. If Holdings' quarterly interest payments on the Debentures are deferred, so are the corresponding cash distribution payments on the QUIPS. During any period in which Holdings is deferring its quarterly interest payments, Holdings will be prohibited from paying dividends on any of its capital stock or making principal, interest or other payments on debt securities that rank pari passu with or junior to the Debentures.

Holdings has executed a guarantee with regard to payment of the QUIPS to the extent that the Trust has insufficient funds to make the required payments.

12. Income Taxes

The components of the provision for income taxes from continuing operations for each of the three years in the period ended December 31, 2007 are as follows:

	Year ended December 31,		
	2007	2006	2005
Current			
Federal	$ 116	$ 10	$ 6
Foreign	24	10	3
State and local	14	6	3
	154	26	12
Deferred			
Federal	$ 66	$ 117	$ 93
Foreign	4	3	8
State and local	(9)	10	16
	61	130	117
Total	$ 215	$ 156	$ 129

A reconciliation of the provision for income taxes and the amount computed by applying the statutory federal income tax rate of 35 percent to income from continuing operations before provision for income taxes is as follows:

	Year ended December 31,		
	2007	2006	2005
Computed tax at statutory tax rate	$ 202	$ 142	$ 113
State income taxes, net of federal tax benefit	19	10	12
Release of state valuation allowance	(15)	—	—
Non-deductible expenses and other	6	5	2
Foreign taxes	3	(1)	2
	$ 215	$ 156	$ 129

(Dollars in millions, except per share data and unless otherwise indicated)

The components of deferred income tax assets (liabilities) are as follows:

	December 31, 2007			December 31, 2006		
	Current	Non Current	Total	Current	Non Current	Total
Reserves and allowances	$ 65	$ 33	$ 98	$ 70	$ 35	$ 105
Net operating loss and credit carryforwards	7	32	39	24	50	74
Total deferred tax assets	72	65	137	94	85	179
Property and equipment	—	(528)	(528)	—	(510)	(510)
Valuation allowance	—	(1)	(1)	(12)	(8)	(20)
Intangibles	—	(75)	(75)	—	(30)	(30)
Total deferred tax liability	—	(604)	(604)	(12)	(548)	(560)
Total deferred income tax asset (liability)	$ 72	$ (539)	$ (467)	$ 82	$ (463)	$ (381)

We adopted the provisions of FIN 48 on January 1, 2007. We did not record any unrecognized income tax benefits as a result of the implementation of FIN 48. At the adoption date of January 1, 2007, we had $6 of unrecognized tax benefits, all of which would impact our effective tax rate if recognized. As of December 31, 2007, we had $7 of unrecognized tax benefits, all of which would impact our effective tax rate if recognized. A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

Balance at January 1, 2007	$ 6
Additions for tax positions of prior years	4
Settlements (1)	(3)
Balance at December 31, 2007	$ 7

(1) Includes cash tax payments and/or reductions in tax attributes with State, Federal and Canadian authorities, and settlement of filing issues with states.

Prior to the adoption of FIN 48, we included interest accrued on the underpayment of income taxes in interest expense and penalties, if any, related to unrecognized tax benefits in selling, general and administrative expense. Upon adoption of FIN 48, we have continued to follow this policy. For the year ended December 31, 2007, interest expense of less than $1 related to income tax was reflected in our consolidated balance sheet. The Company has recognized contingent receivables (included in other current assets) as offsets to additions for tax positions of prior years.

We file income tax returns in the U.S. and in several foreign jurisdictions. With few exceptions, we have completed our domestic and international income tax examinations, or the statute of limitations has expired in the respective jurisdictions, for years prior to 2004. The Internal Revenue Service (IRS) has completed audits for periods prior to 2006; Canadian authorities have concluded income tax audits for periods prior to 2005, and the Company has agreed to these findings. Included in the balance of unrecognized tax benefits at January 1, 2007 are certain tax positions for which it is reasonably possible that the total amounts of the unrecognized tax benefits for those tax positions could significantly change during the next twelve months. However, based on the status of the ongoing audit examinations and alternative settlement options available to the Company for certain of these tax positions, which could include legal proceedings, it is not possible to estimate the amount of the change, if any, to the previously recorded uncertain tax positions.

For financial reporting purposes, income from continuing operations before income taxes for our foreign subsidiaries was $65, $42 and $34 for the years ended December 31, 2007, 2006 and 2005, respectively. At December 31, 2007, unremitted earnings of foreign subsidiaries were approximately $88. Since it is our intention to indefinitely reinvest these earnings, no United States taxes have been provided for these amounts. Determination of the amount of unrecognized deferred tax liability on these unremitted taxes is not practicable.

We have net operating loss carryforwards ("NOL's") of $636 for state income tax purposes that expire from 2008 through 2027. We have recorded a valuation allowance against this deferred asset of $1 and $19 as of December 31, 2007 and 2006, respectively. During the third and fourth quarters of 2007, we recorded benefits of $15, in the aggregate, within the income tax provision relating to the reversal of a valuation allowance associated with certain state deferred tax assets and NOL's. During 2007, we also released the remaining valuation allowance of $1, which had been previously recorded for foreign tax credit carryforwards that expire from 2009 through 2016.

13. Commitments and Contingencies

SEC Non-Public Fact Finding Inquiry and Special Committee Review

In August 2004, we received a letter from the SEC in which the SEC referred to an inquiry of the Company. The letter transmitted a subpoena requesting certain of our documents. The letter and the subpoena referred to an SEC investigation entitled *In the Matter of United Rentals, Inc.* The notice from the SEC stated that the inquiry did not mean that the SEC had concluded that the Company or anyone else had broken the law or that the SEC had a negative opinion of any person, entity or security. The inquiry appeared to relate to a broad range of our accounting practices and was not confined to a specific period.

In March 2005, our board of directors formed the Special Committee to review matters related to the SEC inquiry. The Special Committee retained independent counsel. The board of directors received and acted upon findings of the Special Committee in January 2006. The actions that we took with respect to the Special Committee's findings and actions that we took with respect to certain other accounting matters, including the restatement of previously issued consolidated financial statements for 2003 and 2002, are discussed in our Annual Report on Form 10-K for the year ended December 31, 2005 (the "2005 Form 10-K"). We have provided documents in response to SEC subpoenas and informal requests as well as to the Special Committee, which has, in turn, provided documents to the SEC.

As previously reported, the Special Committee's findings included, among others, that there were irregularities with respect to certain minor sale-leaseback transactions and trade packages to which the Company was a party between 2000 and 2002. The Company restated its results for the years ended December 31, 2002 and December 31, 2003, and its originally reported retained earnings at December 31, 2001, to correct the accounting for the minor sale-leaseback transactions and provided supplemental disclosure in the 2005 10-K regarding the trade packages (with respect to which documentation sufficient to permit a restatement did not exist). The Special Committee concluded that, based on the evidence it reviewed, the practices regarding these minor sale-leaseback transactions and trade packages appeared to have been directed by the Company's two former chief financial officers. In December 2007, one of these former chief financial officers, who left the Company in late 2002, pled guilty to making a false filing with the SEC in connection with the Company's annual report on form 10-K for the year ended December 31, 2000 and settled a separate civil enforcement action brought against him by the SEC alleging various violations of the securities laws.

In July 2007, we received a letter from the staff of the SEC stating that the staff intended to recommend that the Commission authorize the staff to file an injunctive action against the Company for alleged violations of provisions relating to the maintenance of books and records, internal accounting controls, and periodic filing requirements, as well as antifraud provisions, as set forth in Section 17(a) of the Securities Act of 1933, as amended (the "Securities Act"), Sections 10(b), 13(a), 13(b)(2)(A) and 13(b)(2)(B) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and Rules 10b-5, 12b-20, 13a-1, 13a-11, 13a-13 and 13b2-1 thereunder. The letter states that the relief the staff may recommend includes permanent injunctions and civil penalties. Under SEC procedures, we have the opportunity to respond to the SEC staff before the staff makes a formal recommendation as to whether any action should be brought by the SEC. The staff's letter also states that the staff intends to request authorization to engage in settlement discussions with the Company. We intend to continue cooperating fully with the SEC in this matter.

The U.S. Attorney's Office for the District of Connecticut has also requested information from the Company informally and by subpoena about matters related to the SEC inquiry. We are also cooperating fully with this office.

We cannot predict the outcome of these inquiries as to the Company or when these matters might be resolved.

Shareholder Class Action Lawsuits and Derivative Litigation

Following our public announcement of the SEC inquiry, three purported class action lawsuits were filed against the Company in the United States District Court for the District of Connecticut. The plaintiff in each of the lawsuits initially sought to sue on behalf of a purported class comprised of purchasers of our securities from October 23, 2003 to August 30, 2004. The lawsuits initially named as the defendants the Company, our former chairman, our vice chairman and then chief executive officer, our former president and chief financial officer, and our former corporate controller. These initial complaints alleged, among other things, that certain of our SEC filings and other public statements contained false and misleading statements which resulted in damages to the plaintiffs and the members of the purported class when they purchased our securities. On the basis of those allegations, plaintiffs in each action asserted claims (a) against all defendants under Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and (b) against one or more of the individual defendants under Section 20(a) of the Exchange Act. The complaints sought unspecified compensatory damages, costs and expenses. On February 1, 2005, the Court entered an order consolidating the three actions. On November 8, 2005, the Court appointed City of Pontiac Policeman's and Fireman's Retirement System as lead plaintiff for the purported class. The consolidated action is now entitled *In re United Rentals, Inc. Securities Litigation*.

On June 5, 2006, pursuant to a schedule agreed to by the parties and approved by the Court, lead plaintiff filed a consolidated amended complaint, which (a) added allegations relating to, among other things, the conclusions of the Special Committee and other matters disclosed in the 2005 Form 10-K, (b) amended the purported class period to include purchasers of our securities from February 28, 2001 to August 30, 2004 and (c) named as an additional defendant our first chief financial officer. In September 2006, we and certain of the individual defendants moved to dismiss the consolidated amended complaint in this action. Briefing with respect to these motions is now complete. We intend to continue to defend against this action vigorously. At this stage of the litigation, it is not possible to estimate the amount of loss or range of possible loss that might result from an adverse judgment or a settlement of this matter.

In January 2005, an alleged shareholder filed an action in Connecticut State Superior Court, Judicial District of Norwalk/Stamford at Stamford, purportedly suing derivatively on the Company's behalf. The action, entitled *Gregory Riegel v. John N. Milne, et al.*, named as defendants certain of our current and/or former directors and/or officers, and named the Company as a nominal defendant. The complaint asserted, among other things, that the defendants breached their fiduciary duties to the Company by causing or allowing the Company to disseminate misleading and inaccurate information to shareholders and the market and by failing to establish and maintain adequate accounting controls, thus exposing the Company to damages. The complaint seeks unspecified compensatory damages, costs and expenses against the defendants. The parties to the *Riegel* action have agreed that the proceedings in this action will be stayed pending the resolution of the motions to dismiss in the purported shareholder class actions.

In November 2004 we received a letter from counsel for an alleged shareholder, raising allegations similar to the ones set forth in the derivative complaint described above and demanding that the Company take action in response to those allegations against certain of our current and/or former directors and/or officers. Following receipt of the letter, our board of directors formed a special committee to consider the letter. In August 2005, this alleged shareholder commenced an action in Connecticut State Superior Court, Judicial District of Norwalk/Stamford at Stamford, purporting to sue derivatively on the Company's behalf. The action, entitled *Nathan Brundridge v. Leon D. Black, et al.*, initially named as defendants certain of our current and/or former directors and/or officers, and named the Company as a nominal defendant. The initial complaint in this action asserted, among other things, that all of the defendants breached fiduciary obligations to the Company by causing or allowing the Company to disseminate misleading and inaccurate information to shareholders and the market, and by failing to establish and maintain adequate accounting controls, thus exposing the Company to damages. The initial complaint in this action also asserted a claim for unjust enrichment against our former chairman and our vice chairman and then chief executive officer. The initial complaint sought unspecified compensatory damages, equitable relief, costs and expenses against all of the defendants. The initial complaint also sought an order, in connection with plaintiff's unjust enrichment claim, directing the defendants against whom that claim was asserted to disgorge certain compensation they received from us with respect to fiscal years 2001, 2002 and 2003.

On June 5, 2006, pursuant to a schedule agreed to by the parties, plaintiff in the *Brundridge* action filed an amended complaint that (a) added allegations relating to, among other things, the conclusions of the Special Committee and other matters disclosed in the 2005 Form 10-K, and (b) named as an additional defendant our former president and chief financial officer and asserted the same claims against him as it previously asserted and continued to assert against our former chairman and our vice chairman and then chief executive officer. In September 2006, we and certain of the individual defendants moved to dismiss the amended complaint in this action. In December 2006, plaintiff in this action filed its opposition to these motions to dismiss. Subsequently, the parties agreed that the proceedings in this action will be stayed pending resolution of the motions to dismiss in the purported shareholder class actions. The parties' agreement provides that any party may terminate the stay at any time on 30 days' written notice to the Court and all other parties, and defendants will have an opportunity to submit reply papers in further support of their motions to dismiss this action after the termination of the stay.

In August 2005, another alleged shareholder filed an action in the United States District Court for the District of Connecticut, purporting to sue derivatively on the Company's behalf. The action, entitled *Natalie Gordon v. Wayland R. Hicks, et al.*, named as defendants certain of our current and/or former directors and/or officers, and named the Company as a nominal defendant. The initial complaint in this action asserted claims against each of the defendants for breach of fiduciary duty, abuse of control, gross mismanagement, waste of corporate assets and unjust enrichment. Each of these claims is premised on, among other things, the theory that the individual defendants caused or permitted the Company to disseminate misleading and inaccurate information to shareholders and to the market, and failed to establish and maintain adequate accounting controls, thus exposing the Company to damages. The initial complaint also asserted (a) a claim that a former director breached fiduciary obligations by selling shares of our common stock while in possession of material, non-public information, and (b) a claim against our former chairman, our vice chairman and then chief executive officer, and our former president and chief financial officer for recovery of certain incentive-based compensation under section 304 of the Sarbanes-Oxley Act ("SOX 304"). The initial complaint sought unspecified compensatory damages, equitable relief, restitution, costs and expenses against all of the defendants. The initial complaint also sought an order declaring that the defendants against whom the SOX 304 claim was directed are liable under the Sarbanes-Oxley Act and directing them to reimburse us for all bonuses or other incentive-based or equity-based compensation they received for the fiscal years 1999 through 2004.

On June 5, 2006, pursuant to a schedule agreed to by the parties and approved by the Court, plaintiff in the *Gordon* action filed an amended complaint, which (a) added allegations relating to, among other things, the conclusions of the Special Committee and other matters disclosed in the 2005 Form 10-K, and (b) named as additional defendants certain other of our current and/or former directors and/or officers. The amended complaint also asserted an additional claim against certain of our current and/or former directors for violation of Section 14(a) of the Exchange Act. In September 2006, we and certain of the individual defendants moved to dismiss the amended complaint in this action. Briefing with respect to these motions is now complete.

Following our July 23, 2007 announcement of the merger agreement with affiliates of Cerberus, two lawsuits against the proposed acquisition were filed. First, a putative class action complaint, entitled *Donald Lefari v. United Rentals, Inc. et al.*, was filed in Connecticut State Superior Court, Judicial District of Stamford-Norwalk, on July 23, 2007 (the "*Lefari* action"). This lawsuit purports to be brought on behalf of all common stockholders of the Company, names the Company and all of our directors and Cerberus as defendants, and sought to enjoin the proposed acquisition of the Company by affiliates of Cerberus. On September 19, 2007, the parties to the *Lefari* action entered into a memorandum of understanding to settle the action and a settlement agreement was expected to be negotiated by the parties. On September 28, 2007, the second lawsuit, *Nathan Brundridge vs. Wayland R. Hicks et al.*, was also filed in Connecticut State Superior Court, Judicial District of Stamford-Norwalk (the "*Brundridge II* action"). This lawsuit named our current directors as defendants. On December 23, 2007, the Company terminated the merger agreement with affiliates of Cerberus. As a result, a condition precedent of the proposed settlement of the *Lefari* action, the consummation of the proposed acquisition, was not fulfilled. The *Brundridge II* action was voluntarily withdrawn as to all defendants on January 30, 2008. On February 7, 2008, the parties to the *Lefari* action filed a joint motion to withdraw with prejudice the *Lefari* action, which is subject to the approval of the court.

Following our November 14, 2007 announcement that affiliates of Cerberus had notified us that they were not prepared to proceed with the purchase of the Company on the terms set forth in the merger agreement, three putative class action lawsuits were filed against the Company in the United States District Court for the District of Connecticut. The plaintiff in each of the lawsuits sought to sue on behalf of a purported class of persons who purchased or otherwise acquired our securities between August 29, 2007 and November 14, 2007. The lawsuits named as defendants the Company, our directors and certain of our officers and alleged, among other things, that the named plaintiff and members of the purported class suffered damages when they purchased or otherwise acquired securities issued by the Company, as a result of false and misleading statements and/or material omissions relating to the contemplated merger with affiliates of Cerberus, contained in (a) proxy materials that the Company disseminated and/or filed with the SEC in anticipation of the October 19, 2007 special meeting of stockholders; and/or (b) certain of the Company's filings with the SEC and other public statements. On the basis of those allegations, plaintiff in each action asserted claims under Sections 10(b) and 14(a) of the Exchange Act and Rules 10b-5 and 14a-9 thereunder; and against the individual defendants under Section 20(a) of the Exchange Act. The complaints in these actions sought unspecified compensatory damages, costs, expenses and fees. On February 7, 2008, the Court entered an order consolidating the three actions and appointing the Institutional Investor Group, consisting of First New York Securities, L.L.C. and Omni Partners LLP, as lead plaintiff for the purported class. The consolidated action is now entitled *In re United Rentals, Inc. Securities Litigation.* We intend to defend against this action vigorously.

We are also subject to a number of claims and proceedings that generally arise in the ordinary conduct of our business. These matters include, but are not limited to, general liability claims (including personal injury, product liability, and property and auto claims), indemnification and guarantee obligations, employee injuries and employment-related claims, self-insurance obligations and contract and real estate matters. Based on advice of counsel and available information, including current status or stage of proceeding, and taking into account accruals for matters where we have established them, we currently believe that any liabilities ultimately resulting from these ordinary course claims and proceedings will not, individually or in the aggregate, have a material adverse effect on our consolidated financial position, results of operations or cash flows.

Indemnification

The Company indemnifies its officers and directors pursuant to indemnification agreements and may in addition indemnify these individuals as permitted by Delaware law. Accordingly, in connection with the purported class action lawsuit, three purported shareholder derivative lawsuits, the SEC inquiry, the U.S. Attorney's Office inquiry and related review of the Special Committee described above, the Company has advanced counsel fees and other reasonable fees and expenses, actually and necessarily incurred by the present and former directors and officers who are involved, in an aggregate amount of approximately $7. Each of the individuals is required to execute an undertaking to repay such expenses if he or she is finally found not to be entitled to indemnification.

(Dollars in millions, except per share data and unless otherwise indicated)

Operating Leases

We lease rental equipment, real estate and certain office equipment under operating leases. Certain real estate leases require us to pay maintenance, insurance, taxes and certain other expenses in addition to the stated rental payments. Future minimum lease payments, by year and in the aggregate, for non-cancelable operating leases with initial or remaining terms of one year or more are as follows at December 31, 2007:

	Real Estate Leases	Rental Equipment Leases	Non-rental Equipment Leases
2008	$ 82	$ 19	$ 29
2009	69	9	24
2010	57	—	20
2011	49	—	13
2012	39	—	8
Thereafter	130	—	2
	$ 426	$ 28	$ 96

Rent expense under all non-cancelable real estate, rental equipment and other equipment operating leases totaled $148, $161 and $167 for the years ended December 31, 2007, 2006 and 2005, respectively. Our real estate leases provide for varying terms, including leases subject to customary escalation clauses.

Restricted Stock Awards

We have granted to employees other than executive officers and directors approximately 39,000 shares of restricted stock that have not yet vested. The shares vest in 2008 and are subject to forfeiture prior to vesting upon certain terminations of employment, the violation of non-compete provisions and certain other events. If a holder of restricted stock sells his stock and receives sales proceeds that are less than a specified guaranteed amount set forth in the grant instrument, we have agreed to pay the holder the shortfall between the amount received and such specified amount; however, the foregoing only applies to sales that are made within five trading days of the vesting date. The specified guaranteed amount is $19.86 per share.

Employee Benefit Plans

We currently sponsor three defined contribution 401(k) retirement plans which are subject to the provisions of ERISA. We also sponsor a deferred profit sharing plan for the benefit of the full-time employees of our Canadian subsidiaries. Under these plans, we match a percentage of the participants' contributions up to a specified amount. Company contributions to the plans were $8, $8 and $6 in 2007, 2006 and 2005, respectively.

Environmental Matters

The Company and its operations are subject to various laws and related regulations governing environmental matters. Under such laws, an owner or lessee of real estate may be liable for the costs of removal or remediation of certain hazardous or toxic substances located on or in, or emanating from, such property, as well as investigation of property damage. We incur ongoing expenses associated with the removal of underground storage tanks and the performance of appropriate remediation at certain of our locations.

14. Preferred Stock

As of December 31, 2007 and 2006, we have two classes of preferred stock outstanding. In total, we are authorized to issue 5 million shares of preferred stock, $0.01 par value, of which an aggregate of 450,000 have been issued.

Series C Preferred and Series D Preferred. There are 300,000 shares of our Series C Preferred outstanding and 150,000 shares of our Series D Preferred outstanding. The Series D Preferred includes 105,252 shares designated as Class D-l and 44,748 shares designated as Class D-2. The rights of the two classes of Series D Preferred are substantially the same, except that only the Class D-l has the voting rights described below.

Principal terms of the Series C Preferred and Series D Preferred include the following (subject to the special provisions described below that will apply in the event of certain Non-Approved Change of Control transactions): (i) each share is entitled to a liquidation preference of $1,000 per share; (ii) at the holder's option, each share of Series C Preferred is convertible into 40 shares of common stock subject to adjustment (representing a conversion price of $25 per share based on the liquidation preference) and each share of Series D Preferred is convertible into 33 1/3 shares of common stock subject to adjustment (representing a conversion price of $30 per share based on the liquidation preference); (iii) the holders of the Series C Preferred and Series D Preferred (on an as converted basis) and the holders of the common stock vote together as a single class on all matters (except that the Series C Preferred may vote as a separate class as described in the next clause); (iv) the holders of the Series C Preferred, voting separately as a single class, may elect two directors (subject to reduction to one, if the shares of Series C Preferred owned by specified holders cease to represent, on an as converted basis, at least eight million shares of common stock, and reduction to zero, if such shares of Series C Preferred cease to represent at least four million shares of common stock), (v) there are no stated dividends on the Series C Preferred or Series D Preferred, but the Series C Preferred and Series D Preferred, on an as converted basis, will participate in any dividends declared on the common stock, (vi) upon the occurrence of specified change of control transactions, other than a Non-Approved Change of Control (as defined below), we must offer to redeem the Series C Preferred and Series D Preferred at a price per share equal to the liquidation preference plus an amount equal to 6.25 percent of the liquidation preference compounded annually from January 1999 in the case of the Series C Preferred, and September 1999 in the case of the Series D Preferred, to the redemption date, (vii) if we issue for cash common stock (or a series of preferred stock convertible into common stock) and the price for the common stock is below the conversion price of the Series C Preferred, then we must offer to repurchase a specified portion of the outstanding Series C Preferred at the price per share set forth in the preceding clause, and (viii) if we issue for cash common stock (or a series of preferred stock convertible into common stock) for a price for the common stock below the conversion price of the Series D Preferred, then we must offer to repurchase a specified portion of the outstanding Series D Preferred at the price per share specified in the second preceding clause. In addition to these rights, the holders of the Preferred must give consent for (i) distributions or dividends on, or self-tenders for, the Company's capital stock within any 12 month period that exceed 5 percent of the Company's market capitalization (as defined, subject to adjustment) and (ii) capital stock repurchases within any 12 month period that exceed 7.5 percent of the Company's market capitalization (as defined, subject to adjustment).

Special Rights of Series C Preferred and Series D Preferred Upon Non-Approved Change of Control. In general, a Non-Approved Change of Control transaction is a change of control transaction that the Board of Directors (the "Board") has disapproved and which the Board has not facilitated by such actions as weakening or eliminating the Company's Stockholder Rights Plan. If a Non-Approved Change of Control occurs, and the Board does not offer the holders of the Series C Preferred and Series D Preferred essentially the same redemption rights that apply to an Approved Change of Control transaction: (i) the holders of the Series C Preferred would elect a majority of the Board for a specified period, (ii) the holders of the Series C Preferred and Series D Preferred would be entitled to an additional 6.25 percent return on the liquidation preference, compounded annually from January 1999 for the Series C Preferred and from September 1999 for the Series D Preferred, (iii) after the holders of the common stock receive an amount equivalent to the liquidation preference, the holders of the Series C Preferred and Series D Preferred would share with the holders of the common stock, on an as converted basis, in any remaining amounts available for distribution, and (iv) the Series C Preferred and Series D Preferred would accrue dividends at a maximum annual rate, compounded annually, equal to 18 percent of the liquidation preference.

15. Common Stock

We have 500 million authorized shares of common stock, $0.01 par value. At December 31, 2007 and 2006, there were (i) 0.5 million and 5.7 million shares of common stock reserved for the exercise of warrants, respectively, (ii) 4.6 million and 6.4 million shares of common stock reserved for issuance pursuant to options granted under our stock option plans, respectively, (iii) 3.3 million shares of common stock reserved for the issuance of outstanding preferred securities of a subsidiary trust, (iv) 17 million shares of common stock reserved for the issuance of Series C and Series D preferred stock and (v) 6.5 million shares of common stock reserved for the conversion of convertible debt.

As of December 31, 2007, 3.1 million shares were available for grant of stock and options under our 2001 Comprehensive Stock Plan.

A summary of the transactions within the Company's stock option plans follows (shares in thousands):

	Shares	Weighted Average Exercise Price
Outstanding as of January 1, 2005	11,291	$ 19.79
Granted	157	18.99
Exercised	(63)	13.14
Canceled	(919)	18.46
Outstanding at December 31, 2005	10,466	19.93
Granted	304	29.22
Exercised	(3,914)	19.69
Canceled	(505)	24.45
Outstanding at December 31, 2006	6,351	20.18
Granted	165	30.59
Exercised	(1,525)	20.28
Canceled	(393)	29.93
Outstanding at December 31, 2007	4,598	$ 19.69
Exercisable at December 31, 2005	10,273	$ 19.97
Exercisable at December 31, 2006	6,174	$ 20.11
Exercisable at December 31, 2007	4,530	$ 19.65

As of December 31, 2007 (options in thousands):

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Amount Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Amount Exercisable	Weighted Average Exercise Price
$ 5.00-$10.00	16	4.9	$ 9.76	16	$ 9.76
10.01- 15.00	1,796	1.0	12.55	1,796	12.55
15.01- 20.00	309	5.9	17.85	284	17.79
20.01- 25.00	1,775	1.3	21.92	1,759	21.93
25.01- 30.00	212	2.2	26.74	185	26.79
30.01- 35.00	295	0.9	31.85	295	31.85
35.01- 40.00	43	0.6	36.17	43	36.17
40.01- 45.00	147	0.7	44.48	147	44.48
45.01- 50.00	5	0.5	45.56	5	45.56
	4,598		$ 19.69	4,530	$ 19.65

Warrants. As of December 31, 2007 and 2006, there were outstanding warrants to purchase an aggregate of 0.5 and 5.7 million shares of common stock, respectively. The weighted-average exercise price of the warrants was $29.17 and $12.04 per share as of December 31, 2007 and 2006, respectively. The warrants may be exercised through 2010.

Stockholders' Rights Plan. We adopted a Stockholders' Rights Plan on September 28, 2001. This plan, as well as other provisions of our charter and bylaws, may have the effect of deferring hostile takeovers or delaying or preventing changes in control or management of the Company, including transactions in which our shareholders might otherwise receive a premium for their shares over the then current market prices. The rights expire on September 27, 2011.

16. Related Party

We have from time to time purchased equipment and parts from and sold equipment to Terex Corporation ("Terex") and expect to do so in 2008. One of our former directors (until June 2005) is chairman and chief executive officer of Terex. We purchased approximately $88, $150 and $153, of equipment and parts from Terex during 2007, 2006 and 2005, respectively. We also sold approximately $1, $0 and $7, of equipment to Terex during 2007, 2006 and 2005, respectively. As of December 31, 2007 and 2006, amounts due to Terex were $5 and $11, respectively, and there were no amounts due from Terex for either period.

(Dollars in millions, except per share data and unless otherwise indicated)

17. Quarterly Financial Information (Unaudited)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
For the year ended December 31, 2007 (1)(2):					
Total revenues	$ 841	$ 966	$ 994	$ 930	$ 3,731
Gross profit	259	331	379	339	1,308
Operating income	99	172	216	172	659
Income from continuing operations	32	67	111	153	363
Per share—basic	.33	.68	1.09	1.50	$ 3.61
Per share—diluted	.30	.60	0.97	1.36	$ 3.26
Net income	30	67	112	153	362
For the year ended December 31, 2006 (3):					
Total revenues	$ 799	$ 919	$ 983	$ 939	$ 3,640
Gross profit	250	321	371	347	1,289
Operating income	94	153	205	174	626
Income from continuing operations	25	59	88	77	249
Per share—basic	0.26	0.62	0.90	0.79	2.58
Per share—diluted	0.23	0.54	0.79	0.71	2.28
Net income	20	56	95	53	224

(1) During the fourth quarter of 2007, we received $100 following the termination of our merger agreement with Cerberus. This amount has been included in other income in our consolidated statements of income, net of related transaction costs of $1, $2 and $6 which were incurred in the second, third and fourth quarters of 2007, respectively. The second and third quarter transaction costs previously classified in SG&A have been reclassified to other income to conform to the fourth quarter and full year presentation. The fourth quarter also reflects a reduction in our reserve for obsolescence and shrinkage of $4. This benefit, which was recognized following our annual physical inventory inspections, was recorded in cost of equipment rentals, excluding depreciation. Additionally, during the fourth quarter, we recognized a benefit of $3 reflecting recent experience related to our estimated provision for self-insurance reserves. This benefit was recorded in cost of equipment rentals, excluding depreciation.

(2) Other income for the fourth quarter of 2007 includes $17 of net foreign currency transaction gains relating to intercompany transactions primarily between our Canadian subsidiary and our U.S subsidiaries. Prior to the fourth quarter of 2007, we had been reflecting the impact of exchange rate changes on these intercompany transactions as a component of accumulated other comprehensive income within stockholders' equity, rather than including them in income. Of the $17 recognized in the fourth quarter of 2007, $1, $5 and $5 relates to exchange rate movements which occurred in the first, second and third quarters of 2007, respectively, and $4 relates to periods prior to 2007; all of these amounts have been recognized in the fourth quarter as a correction. This correction does not affect historical or future cash flows and its effect on our current and prior years' net income, cash flows from operations, and stockholders' equity is not material.

(3) During the fourth quarter of 2006, we recorded an after-tax loss of $24, reflected within discontinued operations, related to the sale of our traffic control business as well as a charge of $9 reflecting recent loss experience related to our estimated provision for self-insurance reserves. Additionally, during the fourth quarter of 2006, we completed our annual physical inventory inspections and determined that our reserve for inventory obsolescence and shrinkage was overstated. As a result of this change in estimate, we reduced our provision for inventory obsolescence and shrinkage by $10. In addition, during the fourth quarter of 2006, we recorded a charge of $7 related to our estimated exposure for sales-tax matters.

18. Earnings Per Share

Basic earnings per share is computed by dividing net income by the weighted-average number of common shares outstanding and, if dilutive, the Series C and Series D preferred shares as if converted to common shares since such shares are participating securities. Diluted earnings per share includes the impact of other diluted securities. The following table sets forth the computation of basic and diluted earnings per share (shares in thousands):

	Year Ended December 31,		
	2007	2006	2005
Numerator:			
Income from continuing operations	$ 363	$ 249	$ 202
Loss from discontinued operation, net of income taxes	(1)	(25)	(15)
Net income	362	224	187
Convertible subordinated note interest	2	2	2
Subordinated convertible debentures interest	5	8	9
Net income available to common stockholders:	$ 369	$ 234	$ 198
Denominator:			
Weighted-average common shares	83,445	79,609	77,814
Series C preferred	12,000	12,000	12,000
Series D preferred	5,000	5,000	5,000
Denominator for basic earnings per share—weighted-average	100,445	96,609	94,814
Effect of dilutive securities:			
Employee stock options and warrants	2,962	5,851	4,136
Convertible subordinated notes	6,461	6,461	5,842
Subordinated convertible debentures	3,342	4,685	5,078
Restricted stock units and phantom shares	512	187	166
Denominator for dilutive earnings per share—adjusted weighted-average shares	113,722	113,793	110,036
Basic earnings available to common stockholders:			
Income from continuing operations	$ 3.61	$ 2.58	$ 2.13
Loss from discontinued operation	(0.01)	(0.26)	(0.16)
Net income	$ 3.60	$ 2.32	$ 1.97
Diluted earnings available to common stockholders:			
Income from continuing operations	$ 3.26	$ 2.28	$ 1.93
Loss from discontinued operation	(0.01)	(0.22)	(0.13)
Net income	$ 3.25	$ 2.06	$ 1.80

(Dollars in millions, except per share data and unless otherwise indicated)

19. Condensed Consolidating Financial Information of Guarantor Subsidiaries

URNA is 100 percent owned by Holdings (the "Parent") and has outstanding (i) certain indebtedness that is guaranteed by the Parent and (ii) certain indebtedness that is guaranteed by both Parent and substantially all of URNA's United States subsidiaries (the "guarantor subsidiaries"). However, this indebtedness is not guaranteed by URNA's foreign subsidiaries (the "non-guarantor subsidiaries") and certain of its United States subsidiaries. The guarantor subsidiaries are all 100 percent-owned and the guarantees are made on a joint and several basis and are full and unconditional (subject to subordination provisions and subject to a standard limitation which provides that the maximum amount guaranteed by each guarantor will not exceed the maximum amount that can be guaranteed without making the guarantee void under fraudulent conveyance laws). Separate consolidated financial statements of the guarantor subsidiaries have not been presented because management believes that such information would not be material to investors. However, condensed consolidating financial information as of December 31, 2007 and 2006, and for each of the three years in the period ended December 31, 2007, are presented. The condensed consolidating financial information of the Company and its subsidiaries are as follows:

CONDENSED CONSOLIDATING BALANCE SHEETS

December 31, 2007

	Parent	URNA	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Other and Eliminations	Total
ASSETS						
Cash and cash equivalents	$ —	$ 325	$ —	$ 56	$ —	$ 381
Accounts receivable, net	—	(9)	6	522	—	519
Intercompany receivable (payable)	—	417	115	(532)	—	—
Inventory	—	36	43	12	—	91
Prepaid expenses and other assets	—	15	38	4	—	57
Deferred taxes	—	72	—	—	—	72
Total current assets	—	856	202	62	—	1,120
Rental equipment, net	—	1,465	1,045	316	—	2,826
Property and equipment, net	46	209	154	31	—	440
Investments in subsidiaries	2,112	2,569	—	—	(4,681)	—
Goodwill and other intangible assets, net	—	184	1,066	154	—	1,404
Other long-term assets	6	41	5	—	—	52
Total assets	$ 2,164	$ 5,324	$ 2,472	$ 563	$ (4,681)	$ 5,842
LIABILITIES AND STOCKHOLDERS' EQUITY						
Current maturities of long-term debt	$ —	$ 15	$ —	$ —	$ —	$ 15
Accounts payable	—	59	110	26	—	195
Accrued expenses and other liabilities	—	307	58	31	(86)	310
Total current liabilities	—	381	168	57	(86)	520
Long-term debt	—	2,403	12	140	—	2,555
Subordinated convertible debentures	146	—	—	—	—	146
Deferred taxes	—	514	(9)	34	—	539
Other long-term liabilities	—	—	64	—	—	64
Total liabilities	146	3,298	235	231	(86)	3,824
Total stockholders' equity	2,018	2,026	2,237	332	(4,595)	2,018
Total liabilities and equity	$ 2,164	$ 5,324	$ 2,472	$ 563	$ (4,681)	$ 5,842

(Dollars in millions, except per share data and unless otherwise indicated)

CONDENSED CONSOLIDATING BALANCE SHEETS

December 31, 2006

	Parent	URNA	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Other and Eliminations	Total
ASSETS						
Cash and cash equivalents	$ —	$ 40	$ 3	$ 76	$ —	$ 119
Accounts receivable, net	—	9	7	486	—	502
Intercompany receivable (payable)	—	373	144	(517)	—	—
Inventory	—	66	57	16	—	139
Assets of discontinued operation	—	—	107	—	—	107
Prepaid expenses and other assets	—	16	37	3	—	56
Deferred taxes	—	82	—	—	—	82
Total current assets	—	586	355	64	—	1,005
Rental equipment, net	—	1,427	891	243	—	2,561
Property and equipment, net	38	97	194	30	—	359
Investments in subsidiaries	1,638	2,352	—	—	(3,990)	—
Goodwill and other intangible assets, net	—	177	1,065	134	—	1,376
Other long-term assets	8	44	13	—	—	65
Total assets	$ 1,684	$ 4,683	$ 2,518	$ 471	$ (3,990)	$ 5,366
LIABILITIES AND STOCKHOLDERS' EQUITY						
Current maturities of long-term debt	$ —	$ 37	$ —	$ —	$ —	$ 37
Accounts payable	—	72	118	28	—	218
Accrued expenses and other liabilities	—	176	198	22	(74)	322
Liabilities related to discontinued operation	—	—	22	—	—	22
Total current liabilities	—	285	338	50	(74)	599
Long-term debt	—	2,350	7	162	—	2,519
Subordinated convertible debentures	146	—	—	—	—	146
Deferred taxes	—	440	(9)	32	—	463
Other long-term liabilities	—	44	57	—	—	101
Total liabilities	146	3,119	393	244	(74)	3,828
Total stockholders' equity	1,538	1,564	2,125	227	(3,916)	1,538
Total liabilities and equity	$ 1,684	$ 4,683	$ 2,518	$ 471	$ (3,990)	$ 5,366

(Dollars in millions, except per share data and unless otherwise indicated)

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS

For the Year Ended December 31, 2007

	Parent	URNA	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Other and Eliminations	Total
Revenues:						
Equipment rentals	$ —	$ 1,265	$ 1,061	$ 304	$ —	$ 2,630
Sales of rental equipment	—	159	122	38	—	319
New equipment sales	—	110	80	40	—	230
Contractor supplies sales	—	152	174	52	—	378
Service and other revenues	—	89	64	21	—	174
Total revenues	**—**	**1,775**	**1,501**	**455**	**—**	**3,731**
Cost of revenues:						
Cost of equipment rentals, excluding depreciation	—	535	512	132	—	1,179
Depreciation of rental equipment	—	219	165	50	—	434
Cost of rental equipment sales	—	120	89	26	—	235
Cost of new equipment sales	—	89	68	33	—	190
Cost of contractor supplies sales	—	133	135	38	—	306
Cost of service and other revenue	—	42	27	10	—	79
Total cost of revenues	**—**	**1,138**	**996**	**289**	**—**	**2,423**
Gross Profit	—	637	505	166	—	1,308
Selling, general and administrative expenses	—	269	229	97	—	595
Non-rental depreciation and amortization	10	21	19	4	—	54
Operating income (loss)	(10)	347	257	65	—	659
Interest expense, net	—	178	—	9	—	187
Interest expense-subordinated convertible debentures	9	—	—	—	—	9
Other (income) expense, net	(166)	44	59	(52)	—	(115)
Income from continuing operations before provision for income taxes	147	125	198	108	—	578
Provision from income taxes	55	46	74	40	—	215
Income from continuing operations	92	79	124	68	—	363
Income (loss) from discontinued operation, net of taxes	—	3	(4)	—	—	(1)
Income before equity in net earnings of subsidiaries	92	82	120	68	—	362
Equity in net earnings of subsidiaries	270	188	—	—	(458)	—
Net income (loss)	$ 362	$ 270	$ 120	$ 68	$ (458)	$ 362

(Dollars in millions, except per share data and unless otherwise indicated)

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS

For the Year Ended December 31, 2006

	Parent	URNA	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Other and Eliminations	Total
Revenues:						
Equipment rentals	$ —	$ 1,229	$ 1,051	$ 250	$ —	$ 2,530
Sales of rental equipment	—	164	136	35	—	335
New equipment sales	—	111	89	32	—	232
Contractor supplies sales	—	154	186	45	—	385
Service and other revenues	—	85	55	18	—	158
Total revenues	**—**	**1,743**	**1,517**	**380**	**—**	**3,640**
Cost of revenues:						
Cost of equipment rentals, excluding depreciation	—	548	467	122	—	1,137
Depreciation of rental equipment	—	207	157	44	—	408
Cost of rental equipment sales	—	121	92	24	—	237
Cost of new equipment sales	—	90	74	27	—	191
Cost of contractor supplies sales	—	122	142	38	—	302
Cost of service and other revenue	—	41	26	9	—	76
Total cost of revenues	**—**	**1,129**	**958**	**264**	**—**	**2,351**
Gross Profit	—	614	559	116	—	1,289
Selling, general and administrative expenses	—	253	280	80	—	613
Non-rental depreciation and amortization	9	21	16	4	—	50
Operating (loss) income	(9)	340	263	32	—	626
Interest expense, net	4	197	(4)	11	—	208
Interest expense-subordinated convertible debentures	13	—	—	—	—	13
Other expense (income), net	1	31	28	(60)	—	—
(Loss) income from continuing operations before provision for income taxes	(27)	112	239	81	—	405
(Benefit) provision from income taxes	(11)	44	91	32	—	156
(Loss) income from continuing operations	(16)	68	148	49	—	249
Loss from discontinued operation, net of taxes	—	—	(25)	—	—	(25)
(Loss) income before equity in net earnings of subsidiaries	(16)	68	123	49	—	224
Equity in net earnings of subsidiaries	240	172	—	—	(412)	—
Net income (loss)	$ 224	$ 240	$ 123	$ 49	$ (412)	$ 224

(Dollars in millions, except per share data and unless otherwise indicated)

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS

For the Year Ended December 31, 2005

	Parent	URNA	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Other and Eliminations	Total
Revenues:						
Equipment rentals	$ —	$ 1,158	$ 962	$ 218	$ —	$ 2,338
Sales of rental equipment	—	142	126	36	—	304
New equipment sales	—	106	76	23	—	205
Contractor supplies sales	—	123	143	35	—	301
Service and other revenues	—	78	46	16	—	140
Total revenues	**—**	**1,607**	**1,353**	**328**	**—**	**3,288**
Cost of revenues:						
Cost of equipment rentals, excluding depreciation	—	523	466	105	—	1,094
Depreciation of rental equipment	—	200	144	42	—	386
Cost of rental equipment sales	—	105	91	27	—	223
Cost of new equipment sales	—	84	65	19	—	168
Cost of contractor supplies sales	—	102	102	27	—	231
Cost of service and other revenue	—	37	25	9	—	71
Total cost of revenues	**—**	**1,051**	**893**	**229**	**—**	**2,173**
Gross Profit	—	556	460	99	—	1,115
Selling, general and administrative expenses	—	239	247	67	—	553
Non-rental depreciation and amortization	7	14	15	2	—	38
Operating (loss) income	(7)	303	198	30	—	524
Interest expense, net	—	173	(2)	10	—	181
Interest expense-subordinated convertible debentures	14	—	—	—	—	14
Other expense (income), net	—	14	10	(26)	—	(2)
(Loss) income from continuing operations before provision for income taxes	(21)	116	190	46	—	331
(Benefit) income from income taxes	(8)	45	76	16	—	129
(Loss) income from continuing operations	(13)	71	114	30	—	202
Loss from discontinued operation, net of taxes	—	—	(15)	—	—	(15)
(Loss) income before equity in net earnings of subsidiaries	(13)	71	99	30	—	187
Equity in net earnings of subsidiaries	200	129	—	—	(329)	—
Net income (loss)	$ 187	$ 200	$ 99	$ 30	$ (329)	$ 187

(Dollars in millions, except per share data and unless otherwise indicated)

CONDENSED CONSOLIDATING CASH FLOW INFORMATION

For the Year Ended December 31, 2007

	Parent	URNA	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Other and Eliminations	Total
Net cash provided by operating activities—continuing operations	$ 113	$ 461	$ 233	$ 52	$ —	$ 859
Net cash provided by operating activities—discontinued operation	—	—	9	—	—	9
Net cash provided by operating activities	113	461	242	52	—	868
Net cash used in investing activities— continuing operations	(18)	(332)	(246)	(75)	—	(671)
Net cash provided by investing activities—discontinued operation	—	66	1	—	—	67
Net cash used in investing activities	(18)	(266)	(245)	(75)	—	(604)
Net cash (used in) provided by financing activities	(95)	90	—	(8)	—	(13)
Effect of foreign exchange rate	—	—	—	11	—	11
Net increase (decrease) in cash and cash equivalents	—	285	(3)	(20)	—	262
Cash and cash equivalents at beginning of period	—	40	3	76	—	119
Cash and cash equivalents at end of period	$ —	$ 325	$ —	$ 56	$ —	$ 381

CONDENSED CONSOLIDATING CASH FLOW INFORMATION

For the Year Ended December 31, 2006

	Parent	URNA	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Other and Eliminations	Total
Net cash (used in) provided by operating activities—continuing operations	$ (3)	$ 627	$ 118	$ 92	$ —	$ 834
Net cash provided by operating activities—discontinued operation	—	—	24	—	—	24
Net cash (used in) provided by operating activities	(3)	627	142	92	—	858
Net cash used in investing activities— continuing operations	(10)	(323)	(234)	(71)	—	(638)
Net cash used in investing activities— discontinued operation	—	—	(10)	—	—	(10)
Net cash used in investing activities	(10)	(323)	(244)	(71)	—	(648)
Net cash provided by (used in) financing activities	13	(464)	—	47	—	(404)
Effect of foreign exchange rate	—	—	—	(3)	—	(3)
Net (decrease) increase in cash and cash equivalents	—	(160)	(102)	65	—	(197)
Cash and cash equivalents at beginning of period	—	200	105	11	—	316
Cash and cash equivalents at end of period	$ —	$ 40	$ 3	$ 76	$ —	$ 119

(Dollars in millions, except per share data and unless otherwise indicated)

CONDENSED CONSOLIDATING CASH FLOW INFORMATION

For the Year Ended December 31, 2005

	Parent	URNA	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Other and Eliminations	Total
Net cash provided by operating activities—continuing operations	$ 6	$ 328	$ 279	$ 25	$ —	$ 638
Net cash used in operating activities— discontinued operation	—	—	(9)	—	—	(9)
Net cash provided by operating activities	6	328	270	25	—	629
Net cash used in investing activities— continuing operations	(17)	(284)	(184)	(41)	—	(526)
Net cash used in investing activities— discontinued operation	—	—	(15)	—	—	(15)
Net cash used in investing activities	(17)	(284)	(199)	(41)	—	(541)
Net cash provided by (used in) financing activities	11	(91)	—	—	—	(80)
Effect of foreign exchange rate	—	—	—	5	—	5
Net (decrease) increase in cash and cash equivalents	—	(47)	71	(11)	—	13
Cash and cash equivalents at beginning of period	—	247	34	22	—	303
Cash and cash equivalents at end of period	$ —	$ 200	$ 105	$ 11	$ —	$ 316

SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS

UNITED RENTALS, INC.

(Dollars in millions, except per share data and unless otherwise indicated)

Description	Balance at Beginning of Period	Additions: Charged to Costs and Expenses	Additions: Other	Deductions	Balance at End of Period
Year ended December 31, 2007:					
Allowance for doubtful accounts	$ 34	$ 13	$	$ 21 (a)	$ 26
Reserve for obsolescence and shrinkage	6	13	—	14 (b)	5
Self-insurance reserve	99	107	—	109 (c)	97
Year ended December 31, 2006:					
Allowance for doubtful accounts	$ 41	$ 11	$ —	$ 18 (a)	$ 34
Reserve for obsolescence and shrinkage	11	15	—	20 (b)	6
Self-insurance reserve	88	123	—	112 (c)	99
Year ended December 31, 2005:					
Allowance for doubtful accounts	$ 45	$ 18	$ 1	$ 23 (a)	$ 41
Reserve for obsolescence and shrinkage	10	22	—	21 (b)	11
Self-insurance reserve	81	115	—	108 (c)	88

The above information reflects the continuing operations of the Company for the periods presented. Additionally, because the Company has retained certain self-insurance liabilities associated with the traffic control business, those amounts have been included as well.

(a) Represents write-offs of accounts, net of recoveries.

(b) Represents write-offs.

(c) Represents payments.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

The Company's management carried out an evaluation, under the supervision and with participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures, as defined in Rules 13a–15(e) and 15d–15(e) of the Exchange Act, as of December 31, 2007. Based on the evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective as of December 31, 2007.

Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP. The Company's internal control over financial reporting includes those policies and procedures that: (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision of our Chief Executive Officer and Chief Financial Officer, our management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2007. In making this assessment, management used the criteria set forth in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on this assessment, our management has concluded that the Company's internal control over financial reporting was effective as of December 31, 2007.

The Company's financial statements included in this Annual Report on Form 10-K have been audited by Ernst & Young LLP, independent registered public accounting firm. Ernst & Young LLP has also provided an attestation report on the Company's internal control over financial reporting.

Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting

The Board of Directors and Stockholders of United Rentals, Inc.

We have audited United Rentals, Inc.'s internal control over financial reporting as of December 31, 2007, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). United Rentals, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, United Rentals, Inc.'s maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of United Rentals, Inc. as of December 31, 2007 and 2006, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2007 of United Rentals, Inc. and our report dated February 25, 2008, expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

New York, New York
February 25, 2008

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during the quarter ended December 31, 2007, that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers, and Corporate Governance of the Registrant

The information required by this Item is incorporated by reference to the applicable information in our Proxy Statement related to the 2008 Annual Meeting of Stockholders (the "2008 Proxy Statement"), which will be filed with the SEC on or before April 29, 2008.

Item 11. Executive Compensation

The information required by this Item is incorporated by reference to the applicable information in the 2008 Proxy Statement, which will be filed with the SEC on or before April 29, 2008.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item is incorporated by reference to the applicable information in the 2008 Proxy Statement, which will be filed with the SEC on or before April 29, 2008.

Item 13. Certain Relationships and Related Transactions

The information required by this Item is incorporated by reference to the applicable information in the 2008 Proxy Statement, which will be filed with the SEC on or before April 29, 2008.

Item 14. Principal Accountant Fees and Services

The information required by this Item is incorporated by reference to the applicable information in the 2008 Proxy Statement, which will be filed with the SEC on or before April 29, 2008.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) Documents filed as a part of this report

(1) Consolidated financial statements:

Report of Independent Registered Public Accounting Firm on Financial Statements

United Rentals, Inc. Consolidated Balance Sheets—December 31, 2007 and 2006

United Rentals, Inc. Consolidated Statements of Income for the years ended December 31, 2007, 2006 and 2005

United Rentals, Inc. Consolidated Statements of Stockholders' Equity for the years ended December 31, 2007, 2006 and 2005

United Rentals, Inc. Consolidated Statements of Cash Flows for the years ended December 31, 2007, 2006 and 2005

Notes to consolidated financial statements

(2) Schedules to the financial statements:

Schedule II Valuation and Qualifying Accounts

Schedules other than those listed are omitted as they are not applicable or the required or equivalent information has been included in the financial statements or notes thereto.

(3) Exhibits: The exhibits to this report are listed in the exhibit index below.

(b) Description of exhibits

Exhibit Number	Description of Exhibit
2(a)	Amended and Restated Agreement and Plan of Merger dated as of August 31, 1998, among United Rentals, Inc., UR Acquisition Corporation and U.S. Rentals, Inc. (incorporated by reference to Exhibit 2 of United Rentals, Inc. Registration Statement on Form S-4, Registration No. 333-63171)
2(b)	Agreement and Plan of Merger, dated as of July 22, 2007, among United Rentals, Inc., RAM Holdings, Inc. and RAM Acquisition Corp. (incorporated by reference to Exhibit 2.1 to the United Rentals, Inc. Report on Form 8-K filed on July 24, 2007)
3(a)	Amended and Restated Certificate of Incorporation of United Rentals, Inc. (incorporated by reference to exhibit 3.1 of United Rentals, Inc. Report on Form 10-Q for the quarter ended June 30, 1998)
3(b)	Certificate of Amendment to the United Rentals, Inc. Amended and Restated Certificate of Incorporation, dated September 29, 1998 (incorporated by reference to Exhibit 4.2 to the United Rentals, Inc. Registration Statement on Form S-3, No. 333-70151)
3(c)	Certificate of Amendment to the United Rentals, Inc. Amended and Restated Certificate of Incorporation, dated June 7, 2007 (incorporated by reference to Exhibit 3.1 of United Rentals, Inc. Report on Form 8-K filed on June 8, 2007)
3(d)	By-laws of United Rentals, Inc. (amended as of April 4, 2007) (incorporated by reference to Exhibit 3.1 of United Rentals, Inc. Report on Form 8-K filed on April 4, 2007)
3(e)	Amended and Restated Certificate of Incorporation of United Rentals (North America), Inc., (incorporated by reference to Exhibit 3.3 of the United Rentals (North America), Inc. Report on Form 10-Q for the quarter ended June 30, 1998)
3(f)	By-laws of United Rentals (North America), Inc., (incorporated by reference to Exhibit 3.4 of the United Rentals (North America), Inc. Report on Form 10-Q for the quarter ended June 30, 1998)
3(g)	Form of Certificate of Designation for Series C Perpetual Convertible Preferred Stock (incorporated by reference to exhibit 3(f) of United Rentals, Inc. Report on Form 10-Q for the quarter ended September 30, 2001)
3(h)	Form of Certificate of Designation for Series D Perpetual Convertible Preferred Stock (incorporated by reference to exhibit 3(g) of United Rentals, Inc. Report on Form 10-Q for the quarter ended September 30, 2001)
4(a)	Rights Agreement dated September 28, 2001 between United Rentals, Inc. and American Stock Transfer & Trust Co., as Rights Agent (the "Rights Agreement") (incorporated by reference to Exhibit 4 of the United Rentals, Inc. Report on Form 8-K filed on October 5, 2001)
4(b)	Form of Certificate of Designation for Series E Junior Participating Preferred Stock (incorporated by reference to

Exhibit Number	Description of Exhibit
	Exhibit A of Exhibit 4 of the United Rentals, Inc. Report on Form 8-K filed on October 5, 2001)
4(c)	First Amendment to the Rights Agreement, dated as of July 22, 2007, between United Rentals, Inc. and American Stock Transfer & Trust Company (incorporated by reference to Exhibit 4.1 of United Rentals, Inc. Report on Form 8-K filed on July 24, 2007)
4(d)	Form of certificate representing United Rentals, Inc. Common Stock (incorporated by reference to Exhibit 4 of United Rentals, Inc. Registration Statement on Form S-l, Registration No. 333-39117)
4(e)	Certificate of Trust of United Rentals Trust I (incorporated by reference to Exhibit 4(a) of the United Rentals, Inc. Registration Statement on Form S-l, Registration No. 333-64463)
4(f)	Amended and Restated Trust Agreement dated August 5, 1998, relating to United Rentals Trust I, among United Rentals, Inc., The Bank of New York, as Property Trustee, The Bank of New York (Delaware), as Delaware Trustee, and the Administrative Trustees named therein (incorporated by reference to Exhibit 10(ii) of United Rentals, Inc. Registration Statement on Form S-4, Registration No. 333-63171)
4(g)	Indenture dated August 5, 1998, relating to 6 1/2 percent Convertible Subordinated Debentures, by and between United Rentals, Inc. and The Bank of New York, as Trustee (incorporated by reference to Exhibit 10(hh) of United Rentals, Inc. Registration Statement on Form S-4, Registration No. 333-63171)
4(h)	Form of Certificate representing 6 1/2 percent Convertible Quarterly Income Preferred Securities ("QUIPs") (incorporated by reference to Exhibit 4(e) of the United Rentals, Inc. Registration Statement on Form S-l, Registration No. 333-64463)
4(i)	Supplement dated as of September 19, 2005, relating to the QUIPs securities (incorporated by reference to Exhibit 4.5 to United Rentals, Inc. Report on Form 8-K filed on September 23, 2005)
4(j)	Guarantee Agreement dated August 5, 1998 between United Rentals, Inc. and The Bank of New York (incorporated by reference to Exhibit 10(jj) of United Rentals, Inc. Registration Statement on Form S-4, Registration No. 333-63171)
4(k)	Form of Certificate representing 6 1/2 percent Convertible Subordinated Debentures (incorporated by reference to Exhibit 4(f) of the United Rentals, Inc. Registration Statement on Form S-l, Registration No. 333-64463)
4(l)	Indenture dated as of October 31, 2003, relating to 1 7/8 percent Convertible Senior Subordinated Notes due 2023, among United Rentals (North America), Inc., United Rentals, Inc., as Guarantor, and The Bank of New York, as Trustee (incorporated by reference to Exhibit 4(a) to United Rentals, Inc. Report on Form 10-Q for the quarterly period ended September 30, 2003)
4(m)	Supplemental Indenture, dated as of September 19, 2005 relating to 1 7/8 percent Convertible Senior Subordinated Notes due 2023 (incorporated by reference to Exhibit 4.4 to United Rentals, Inc. Report on Form 8-K filed on September 23, 2005)
4(n)	Indenture dated as of November 12, 2003, relating to 7 3/4 percent Senior Subordinated Notes due 2013, among United Rentals (North America), Inc., the Guarantors named therein, and The Bank of New York, as Trustee (incorporated by reference to Exhibit 4(b) to United Rentals, Inc. Report on Form 10-Q for the quarterly period ended September 30, 2003)
4(o)	Supplemental Indenture dated as of September 19, 2005 relating to 7 3/4 percent Senior Subordinated Notes due 2013 (incorporated by reference to Exhibit 4.2 to United Rentals, Inc. Report on Form 8-K filed on September 23, 2005)
4(p)	Indenture dated as of January 28, 2004, relating to 7 percent Senior Subordinated Notes due 2014, among United Rentals (North America), Inc., the Guarantors named therein and The Bank of New York, as Trustee (incorporated by reference to Exhibit 4.1 to United Rentals, Inc. Report on Form 8-K filed on February 23, 2004)
4(q)	Supplemental Indenture dated as of September 19, 2005 relating to 7 percent Senior Subordinated Notes due 2014 (incorporated by reference to Exhibit 4.3 to United Rentals, Inc. Report on Form 8-K filed on September 23, 2005)
4(r)	Indenture dated as of February 17, 2004, relating to 6 1/2 percent Senior Notes due 2012, among United Rentals (North America), Inc., the Guarantors named therein and The Bank of New York, as Trustee (incorporated by reference to Exhibit 4.2 to United Rentals, Inc. Report on Form 8-K filed on February 23, 2004)
4(s)	Supplemental Indenture dated as of September 19, 2005 relating to 6 1/2 percent Senior Notes due 2012 (incorporated by

Exhibit Number	Description of Exhibit
	reference to Exhibit 4.1 to United Rentals, Inc. Report on Form 8-K filed on September 23, 2005)
10(a)	Amended and Restated Credit Agreement dated as of February 13, 2004, among United Rentals, Inc., United Rentals (North America), Inc., United Rentals of Canada, Inc., United Rentals of Nova Scotia (No. 1), ULC, the lenders party thereto, JPMorgan Chase Bank, as US Administrative Agent, and JPMorgan Chase Bank, Toronto Branch, as Canadian Administrative Agent (incorporated by reference to Exhibit 10.5 to United Rentals, Inc. Report on Form 8-K filed on February 23, 2004)
10(b)	Amendment and Waiver dated as of March 21, 2005, among United Rentals, Inc., United Rentals (North America), Inc., United Rentals of Canada, Inc., United Rentals of Nova Scotia (No. 1), ULC, JPMorgan Chase Bank, N.A., and JPMorgan Chase Bank, Toronto Branch (incorporated by reference to Exhibit 99.1 to United Rentals, Inc. Report on Form 8-K filed on March 24, 2005)
10(c)	Amendment, dated as of June 22, 2005, among United Rentals, Inc., United Rentals (North America), Inc., United Rentals of Canada, Inc., United Rentals of Nova Scotia (No. 1), ULC, JPMorgan Chase Bank, N.A., and JPMorgan Chase Bank, N.A., Toronto Branch (incorporated by reference to Exhibit 99.2 to United Rentals, Inc. Report on Form 8-K filed on June 24, 2005)
10(d)	Amendment, dated as of November 2, 2005, among United Rentals, Inc., United Rentals (North America), Inc., United Rentals of Canada, Inc., United Rentals of Nova Scotia (No. 1), ULC, JPMorgan Chase Bank, N.A., and JPMorgan Chase Bank, N.A., Toronto Branch (incorporated by reference to Exhibit 99.2 to United Rentals, Inc. Report on Form 8-K filed on November 14, 2005)
10(e)	Amendment and Waiver dated as of March 31, 2006, among United Rentals, Inc., United Rentals (North America), Inc., United Rentals of Canada, Inc., United Rentals of Nova Scotia (No. 1), ULC, JPMorgan Chase Bank, N.A., and JPMorgan Chase Bank, N.A., Toronto Branch (incorporated by reference to exhibit 10(nnn) of the United Rentals, Inc. Report on Form 10-K for the year ended December 31, 2005)‡
10(f)	Form of Warrant Agreement (incorporated by reference to exhibit 10(c) of United Rentals, Inc. Registration Statement on Form S-l, Registration No. 333-39117)‡, together with an Amendment thereto dated December 4, 2003 (incorporated by reference to Exhibit 10(b) to United Rentals, Inc. Annual Report on Form 10-K for the year ended December 31, 2003)‡
10(g)	1997 Stock Option Plan (incorporated by reference to exhibit 10(b) of United Rentals, Inc. Registration Statement on Form S-l, Registration No. 333-39117)‡
10(h)	1998 Stock Option Plan of United Rentals, Inc. (incorporated by reference to Exhibit 99.1 to United Rentals, Inc. Registration Statement on Form S-4, Registration No. 333-63171)‡
10(i)	1998 Supplemental Stock Option Plan of United Rentals, Inc. (as amended and restated) (incorporated by reference to Exhibit 10(h) to United Rentals, Inc. Annual Report on Form 10-K for the year ended December 31, 2005)‡
10(j)	2001 Comprehensive Stock Plan (formerly the 2001 Senior Stock Plan) (incorporated by reference to exhibit 10(f) of the United Rentals, Inc. Report on Form 10-Q for the quarter ended June 30, 2006)‡
10(k)	2001 Stock Plan of United Rentals, Inc. (incorporated by reference to Exhibit 4.6 to United Rentals, Inc. Registration Statement on Form S-8, No. 333-60458)‡
10(l)	Deferred Compensation Plan for Directors of United Rentals, Inc. (incorporated by reference to Exhibit 4.8 to United Rentals, Inc. Registration Statement on Form S-8, No. 333-116882)‡
10(m)	Form of United Rentals, Inc., Annual Incentive Compensation Plan (incorporated by reference to Appendix B to the United Rentals, Inc., Definitive Proxy Statement filed with the SEC on April 21, 2004)‡
10(n)	Form of United Rentals, Inc., Long-Term Incentive Plan (incorporated by reference to Appendix C to the United Rentals, Inc., Definitive Proxy Statement filed with the SEC on April 21, 2004)‡
10(o)	Form of Amendment to United Rentals, Inc. Long-Term Incentive Plan dated September 22, 2004 (incorporated by reference to exhibit 99.3 of United Rentals, Inc. Report on Form 8-K filed September 28, 2004) ‡
10(p)	United Rentals, Inc. Restricted Stock Unit Deferral Plan (incorporated by reference to Exhibit 10(g) to United Rentals, Inc. Report on Form 10-Q for the quarterly period ended June 30, 2004)‡

Exhibit Number	Description of Exhibit
10(q)	Form of United Rentals, Inc. Restricted Stock Unit Agreement for Senior Management (incorporated by reference to exhibit 10(b) of the United Rentals, Inc. Report on Form 10-Q for the quarter ended June 30, 2006)‡
10(r)	Form of United Rentals, Inc. Restricted Stock Unit Agreement for Non-Employee Directors (incorporated by reference to exhibit 10(c) of the United Rentals, Inc. Report on Form 10-Q for the quarter ended June 30, 2006)‡
10(s)	Form of directors option agreement of United Rentals, Inc. (incorporated by reference to exhibit 99.1 of the United Rentals, Inc. Report on Form 8-K filed March 8, 2005)‡
10(t)	Compensation Program for Non-Employee Directors of United Rentals, Inc. (incorporated by reference to exhibit 10(d) of the United Rentals, Inc. Report on Form 10-Q for the quarter ended June 30, 2006)‡
10(u)	Employment Agreement dated April 8, 2004, between United Rentals, Inc. and Wayland R. Hicks (having attached as Exhibit A thereto a Restricted Stock Unit Agreement dated as of April 8, 2004, between United Rentals, Inc. and Wayland R. Hicks) (incorporated by reference to exhibit 10(f) of the United Rentals, Inc. Report on Form 10-Q for the quarter ended March 31, 2004)‡
10(v)	Restricted Stock Unit Agreement, dated as of June 7, 2007, awarded to Wayland R. Hicks (incorporated by reference to exhibit 10(d) of the United Rentals, Inc. Report on Form 10-Q for the quarter ended June 30, 2007)‡
10(w)	Service agreement dated as of December 4, 2003 between United Rentals, Inc. and Bradley S. Jacobs (incorporated by reference to Exhibit 10(r) to United Rentals, Inc. Annual Report on Form 10-K for the year ended December 31, 2003)‡
10(x)	Amendment, dated as of June 29, 2007, to Service Agreement, dated as of December 4, 2003, between United Rentals, Inc. and Bradley S. Jacobs (incorporated by reference to Exhibit 10.1 of the United Rentals, Inc. Current Report on Form 8-K filed on June 29, 2007)‡
10(aa)	Form of agreement dated as of July 21, 2004, between United Rentals, Inc. and John S. McKinney (incorporated by reference to exhibit 10(b) of the United Rentals, Inc. Report on Form 10-Q for the quarter ended September 30, 2004)‡
10(bb)	Employment Agreement, dated as of March 7, 2006, between the Company and Martin Welch III (incorporated by reference to exhibit 10.1 of the United Rentals, Inc. Report on Form 8-K filed March 10, 2006)‡
10(cc)	Subscription Agreement dated November 14, 1997, from Wayland R. Hicks (incorporated by reference to exhibit 10(r) of United Rentals, Inc. Registration Statement on Form S-l, Registration No. 333-39117)‡
10(dd)	Senior Restricted Stock Agreement with Bradley S. Jacobs, dated June 5, 2001 (incorporated by reference to Exhibit 10.1 of United Rentals, Inc. Registration Statement on Form S-3, Registration No. 333-64662)‡
10(ee)	Senior Restricted Stock Agreement with Wayland R. Hicks, dated June 5, 2001 (incorporated by reference to Exhibit 10.2 of United Rentals, Inc. Registration Statement on Form S-3, Registration No. 333-64662)‡
10(ff)	Letter Agreement with Bradley S. Jacobs, dated as of April 21, 2003 (incorporated by reference to Exhibit 10(c) of the United Rentals, Inc. Quarterly Report on Form 10-Q for the quarter ended March 31, 2003)‡
10(gg)	Letter Agreement with Wayland R. Hicks, dated as of April 21, 2003 (incorporated by reference to Exhibit 10(e) of the United Rentals, Inc. Quarterly Report on Form 10-Q for the quarter ended March 31, 2003)‡
10(hh)	Agreement, dated April 10, 2007, between United Rentals, Inc. and Wayland R. Hicks (incorporated by reference to Exhibit 10.1 to the United Rentals, Inc. Current Report on Form 8-K filed on April 11, 2007)‡
10(ii)	Option Agreement dated September 22, 2004, between the Company and Mark A. Suwyn (incorporated by reference to exhibit 99.2 of the United Rentals, Inc. Report on Form 8-K filed September 28, 2004)‡
10(jj)	Agreement dated as of September 22, 2005, between United Rentals, Inc. and Michael Kneeland (incorporated by reference to exhibit 99.1 of the United Rentals, Inc. Report on Form 8-K filed September 23, 2005)‡
10(kk)	Agreement dated as of March 30, 2006 between United Rentals, Inc. and Michael Kneeland (incorporated by reference to exhibit 10(ooo) of the United Rentals, Inc. Report on Form 10-K for the year ended December 31, 2005)‡
10(ll)	Form of Indemnification Agreement for Officers and Directors (incorporated by reference to exhibit 10(f) of United Rentals, Inc. Registration Statement on Form S-l, Registration No. 333-39117)‡
10(mm)	Indemnification Agreement dated April 8, 2004, between United Rentals, Inc. and Wayland R. Hicks (incorporated by

Exhibit Number	Description of Exhibit
	reference to exhibit 10(h) of the United Rentals, Inc. Report on Form 10-Q for the quarter ended March 31, 2004)‡
10(nn)	Form of Indemnification Agreement for executive officers and directors (an agreement in this form was entered into with Wayland Hicks, Joseph Ehrenreich, Michael Kneeland, Leon Black, Howard Clark, Michael Gross, Singleton McAllister, Brian McAuley, John McKinney, Gerald Tsai, Lawrence Keith Wimbush and Jenne K. Britell) (incorporated by reference to exhibit 10(d) to United Rentals, Inc. Quarterly Report on Form 10-Q for the quarter ended June 30, 2004)‡
10(oo)	Indemnification Agreement dated as of September 22, 2004, between the Company and Mark A. Suwyn (incorporated by reference to exhibit 99.1 of the United Rentals, Inc. Report on Form 8-K filed September 28, 2004)‡
10(pp)	Indemnification Agreement dated as of June 7, 2005, between United Rentals, Inc. and Jason D. Papastavrou (incorporated by reference to exhibit 99.1 of the United Rentals, Inc. Report on Form 8-K filed June 7, 2005)‡
10(qq)	Indemnification Agreement, dated as of September 12, 2005, between the Company and Martin Welch III (incorporated by reference to exhibit 99.3 of the United Rentals, Inc. Report on Form 8-K filed September 14, 2005)‡
10(rr)	Form of Indemnification Agreement entered into as of August 22, 2005 with Alfred Colangelo, former vice president finance; Elliot Mayer, former vice president treasurer; and Joseph Sherk, vice president and former corporate controller (incorporated by reference to exhibit 99.2 of the United Rentals, Inc. Report on Form 8-K filed August 24, 2005)‡
10(ss)	Separation Agreement and General Release dated as of March 29, 2006 between United Rentals, Inc. and Joseph Ehrenreich (incorporated by reference to exhibit 10(mmm) of the United Rentals, Inc. Report on Form 10-K for the year ended December 31, 2005)‡
10(tt)	Employment Agreement dated June 5, 2006, between United Rentals, Inc. and Michael J. Kneeland (incorporated by reference to exhibit 10(a) of the United Rentals, Inc. Quarterly Report on Form 10-Q for the quarter ended June 30, 2006)‡
10(uu)	First Amendment, dated August 1, 2007, to the Employment Agreement between United Rentals, Inc. and Michael J. Kneeland (incorporated by reference to exhibit 10(a) of the United Rentals, Inc. Quarterly Report on Form 10-Q for the quarter ended September 30, 2007)‡
10(vv)	Employment Agreement dated June 14, 2006, between United Rentals, Inc. and Roger E. Schwed, including a form of indemnification agreement (incorporated by reference to exhibit 10(e) of the United Rentals, Inc. Quarterly Report on Form 10-Q for the quarter ended June 30, 2006)‡
10(ww)	Employment Agreement, dated August 30, 2006, between the Company and Todd Helvie (incorporated by reference to exhibit 10.1 of the United Rentals, Inc. Report on Form 8-K filed September 1, 2006)‡
10(xx)	Employment Agreement, dated August 30, 2006, between the Company and John Fahey (incorporated by reference to exhibit 10.2 of the United Rentals, Inc. Report on Form 8-K filed September 1, 2006)‡
10(yy)	Employment Agreement, dated as of April 23, 2007, between United Rentals, Inc. and Kurtis T. Barker, including a form of indemnification agreement (incorporated by reference to exhibit 10(e) of the United Rentals, Inc. Quarterly Report on Form 10-Q for the quarter ended June 30, 2007)‡
10(aaa)	Retention Benefit Agreement, dated as of July 2, 2007, between United Rentals, Inc. and Michael J. Kneeland (incorporated by reference to exhibit 10(b) of the United Rentals, Inc. Quarterly Report on Form 10-Q for the quarter ended September 30, 2007)‡
10(bbb)	Retention Benefit Agreement, dated as of July 2, 2007, between United Rentals, Inc. and Martin Welch III (incorporated by reference to exhibit 10(c) of the United Rentals, Inc. Quarterly Report on Form 10-Q for the quarter ended September 30, 2007)‡
10(ccc)	Retention Benefit Agreement, dated as of July 2, 2007, between United Rentals, Inc. and Roger E. Schwed (incorporated by reference to exhibit 10(d) of the United Rentals, Inc. Quarterly Report on Form 10-Q for the quarter ended September 30, 2007)‡
10(ddd)	Agreement dated September 28, 2001 among United Rentals, Inc., Apollo Investment Fund IV, L.P., Apollo Overseas Partners IV, L.P., and Chase Equity Associates, L.P. relating to the exchange of Series A Perpetual Convertible Preferred Stock for Series C Perpetual Convertible Preferred Stock and the exchange of Series B Perpetual Convertible Preferred Stock for Series D Perpetual Convertible Preferred Stock (incorporated by reference to Exhibit 10 of the

Exhibit Number	Description of Exhibit
	United Rentals, Inc. Report on Form 8-K filed on October 5, 2001)
10(eee)	Amended and Restated Registration Rights Agreement, dated as of ______, 1999, among United Rentals, Inc., Apollo Investment Fund IV, L.P. and Apollo Overseas Partners IV, L.P., relating to Series C Perpetual Convertible Preferred Stock and Series D Perpetual Convertible Preferred Stock (incorporated by reference to Exhibit D of the United Rentals, Inc. Proxy Statement on Schedule 14A filed on July 23, 1999)
10(fff)	Receivables Purchase Agreement dated as of May 31, 2005 between United Rentals Receivables LLC II, United Rentals, Inc., Atlantic Asset Securitization Corp., Liberty Street Funding Corp., Calyon New York Branch, and The Bank of Nova Scotia (incorporated by reference to Exhibit 99.1 of the United Rentals, Inc. Report on Form 8-K filed on June 6, 2005)
10(ggg)	Purchase and Contribution Agreement dated as of May 31, 2005 between United Rentals (North America), Inc., United Rentals Northwest, Inc., United Rentals Southeast, L.P., United Equipment Rentals Gulf, L.P., United Rentals, Inc., and United Rentals Receivables LLC II (incorporated by reference to Exhibit 99.2 of the United Rentals, Inc. Report on Form 8-K filed on June 6, 2005)
10(hhh)	First Omnibus Amendment, dated October 20, 2006, to the Purchase and Contribution Agreement, dated as of May 31, 2005 and the Receivables Purchase Agreement, dated as of May 31, 2005 (incorporated by reference to Exhibit 10.1 of the United Rentals, Inc. Report on Form 8-K filed on October 26, 2006)
10(iii)	Performance Undertaking dated as of May 31, 2005 executed by United Rentals, Inc. in favor of United Rentals Receivables LLC II (incorporated by reference to Exhibit 99.3 of the United Rentals, Inc. Report on Form 8-K filed on June 6, 2005)
10(jjj)	Form of Sale-Leaseback Commitment Agreement between CNLRS Acquisitions, Inc., and United Rentals, Inc. (incorporated by reference to Exhibit 99.1 of the United Rentals, Inc. Report on Form 8-K filed on December 28, 2004)
10(kkk)	Stock Purchase Agreement, dated as of December 22, 2006, between United Rentals (North America), Inc. and HTS Acquisition, Inc. (incorporated by reference to Exhibit 2.1 to United Rentals, Inc. Report on Form 8-K filed on December 26, 2006)
21*	Subsidiaries of United Rentals, Inc.
23*	Consent of Ernst & Young LLP
31(a)*	Rule 13a-14(a) Certification by Chief Executive Officer
31(b)*	Rule 13a-14(a) Certification by Chief Financial Officer
32(a)*	Section 1350 Certification by Chief Executive Officer
32(b)*	Section 1350 Certification by Chief Financial Officer

* Filed herewith.

‡ This document is a management contract or compensatory plan or arrangement.

SIGNATURES

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

UNITED RENTALS, INC.

Date: February 28, 2008

By: /s/ MICHAEL J. KNEELAND
Chief Executive Officer

Pursuant to the requirements of the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signatures	Title	Date
/s/ WAYLAND R. HICKS **Wayland R. Hicks**	Vice Chairman	February 28, 2008
 Leon D. Black	Director	February 28, 2008
/s/ JENNE K. BRITELL **Jenne K. Britell**	Director	February 28, 2008
/s/ HOWARD L. CLARK **Howard L. Clark**	Director	February 28, 2008
/s/ MICHAEL S. GROSS **Michael S. Gross**	Director	February 28, 2008
/s/ SINGLETON MCALLISTER **Singleton McAllister**	Director	February 28, 2008
/s/ BRIAN MCAULEY **Brian McAuley**	Director	February 28, 2008
/s/ JOHN S. MCKINNEY **John S. McKinney**	Director	February 28, 2008
/s/ JASON PAPASTAVROU **Jason Papastavrou**	Director	February 28, 2008
/s/ GERALD TSAI, JR. **Gerald Tsai, Jr.**	Director	February 28, 2008
/s/ LAWRENCE "KEITH" WIMBUSH **Lawrence "Keith" Wimbush**	Director	February 28, 2008
/s/ MICHAEL J. KNEELAND **Michael J. Kneeland**	Chief Executive Officer (Principal Executive Officer)	February 28, 2008

Signatures	Title	Date
/s/ MARTIN E. WELCH III **Martin E. Welch III**	Chief Financial Officer (Principal Financial Officer)	February 28, 2008
/s/ JOHN J. FAHEY **John J. Fahey**	Vice President, Controller (Principal Accounting Officer)	February 28, 2008

Exhibit 21

UNITED RENTALS, INC.
&
SUBSIDIARIES

Those corporations which are indented represent subsidiaries of the corporation under which they are indented. Except as otherwise indicated, 100% of the voting securities of each of the subsidiaries listed below is owned by its parent.

Name of Company	Jurisdiction of Incorporation
UNITED RENTALS, INC.	Delaware
A. United Rentals Trust I	Delaware
B. United Rentals (North America), Inc.	Delaware
1. United Rentals Gulf, Inc.	Delaware
a. United Rentals (Delaware), Inc.	Delaware
(i) Provisto, S. de R.L. de C.V. (United Rentals (Delaware), Inc. owns 99.9%, United Rentals Northwest, Inc. owns .1%)	Mexico
(ii) United Rentals, S. de R.L. de C.V. (United Rentals (Delaware), Inc. owns 99.999997%, United Rentals Northwest, Inc. owns .000003%)	Mexico
(iii) United Rentals of Nova Scotia (No. 1), ULC	Nova Scotia
(iv) United Rentals of Nova Scotia (No. 2), ULC	Nova Scotia
(y) United Rentals Financing Limited Partnership (United Rentals of Nova Scotia (No. 1), ULC is 99% General Partner and United Rentals of Nova Scotia (No. 2), ULC is 1% Limited Partner)	Delaware
(z) UR Canadian Financing Partnership (United Rentals Financing Limited Partnership is 99% Managing Partner, United Rentals Nova Scotia (No. 2), ULC is 1% Non-Managing Partner)	Nova Scotia
b. United Equipment Rentals Gulf, L.P. (United Rentals Gulf, Inc. is 99% L.P., United Rentals (North America), Inc. is 1% G.P.)	Texas
(i) United Rentals of Canada, Inc.	Canada
(ii) United Rentals Alberta Holding, LP (United Equipment Rentals Gulf, LP is 99.99% Limited Partner and United Rentals (Delaware), Inc. is .01% General Partner)	Alberta
(y) United Rentals Luxembourg S.a.r.l. (United Rentals (Delaware), Inc. is the holder of legal title to the 200 shares in the capital of United Rentals Luxembourg S.a.r.l., however it is holding these shares as beneficial owner in its capacity as general partner of United Rentals Alberta Holding, L.P.)	Luxembourg
2. United Rentals Highway Technologies Gulf, Inc.	Delaware
3. United Rentals Northwest, Inc. (f/k/a High Reach, Inc.)	Oregon
4. United Rentals Receivables LLC II (United Rentals (North America), Inc. is the sole member and United Rentals, Inc. is the manager)	Delaware
5. United Rentals Southeast, Inc.	Delaware
a. United Rentals Southeast Holding LLC (United Rentals Southeast, Inc. is 99% Non-Managing Member, United Rentals (North America), Inc. is 1% Managing Member)	Georgia
(i) United Rentals Southeast, L.P. (United Rentals Southeast Holding LLC is 99% L.P., United Rentals (North America), Inc. is 1% G.P.)	Georgia
6. Wynne Systems, Inc.	California
7. Info Manager, Inc.	Texas

Exhibit 23

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-70345) pertaining to the 1997 Stock Option Plan, 1998 Stock Option Plan, and 1998 Supplemental Stock Option Plan of United Rentals, Inc., the Registration Statement (Form S-8 No. 333-133256) pertaining to the 1998 Stock Option Plan, and 1998 Supplemental Stock Option Plan of United Rentals, Inc., the Registration Statement (Form S-8 No. 333-60458) pertaining to the 2001 Stock Plan of United Rentals, Inc., the Registration Statement (Form S-8 No. 333-139589) pertaining to the 2001 Comprehensive Stock Plan of United Rentals, Inc., the Registration Statements (Form S-8 No.'s 333-74091 and 333-87903) pertaining to the options outstanding in connection with the 1997 Performance Award Plan of U.S. Rentals assumed pursuant to the merger with U.S. Rentals of United Rentals, Inc., the Registration Statements (Form S-8 No.'s 333-39770 and 333-98567) pertaining to the United Rentals, Inc. 401(k) Investment Plan and United Rentals, Inc. Acquisition Plan of United Rentals, Inc., the Registration Statement (Form S-8 No. 333-113787) pertaining to the 2001 Senior Stock Plan of United Rentals, Inc. and the Registration Statement (Form S-8 No. 333-116882) pertaining to the Deferred Compensation Plan for Directors of United Rentals, Inc. of our reports dated February 25, 2008 with respect to the consolidated financial statements and schedule of United Rentals, Inc. and the effectiveness of internal control over financial reporting of United Rentals, Inc. included in this Annual Report (Form 10-K) for the year ended December 31, 2007.

/s/ Ernst & Young

New York, New York
February 25, 2008

Exhibit 31(a)

CERTIFICATIONS

I, Michael J. Kneeland, certify that:

1. I have reviewed this annual report on Form 10-K of United Rentals, Inc. and United Rentals (North America), Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrants as of, and for, the periods presented in this report;
4. The registrants' other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrants and have:
   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrants, including their consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) evaluated the effectiveness of the registrants' disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) disclosed in this report any change in the registrants' internal control over financial reporting that occurred during the registrants' most recent fiscal quarter (the registrants fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrants' internal control over financial reporting; and
5. The registrants' other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrants' auditors and the audit committee of the registrants' board of directors (or persons performing the equivalent functions):
   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrants' ability to record, process, summarize and report financial information; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrants' internal control over financial reporting.

February 28, 2008

/s/ Michael J. Kneeland

Michael J. Kneeland
Chief Executive Officer

Exhibit 31(b)

CERTIFICATIONS

I, Martin E. Welch III, certify that:

1. I have reviewed this annual report on Form 10-K of United Rentals, Inc. and United Rentals (North America), Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrants as of, and for, the periods presented in this report;

4. The registrants' other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrants and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrants, including their consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrants' disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrants' internal control over financial reporting that occurred during the registrants' most recent fiscal quarter (the registrants fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrants' internal control over financial reporting; and

5. The registrants' other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrants' auditors and the audit committee of the registrants' board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrants' ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrants' internal control over financial reporting.

February 28, 2008

/s/ MARTIN E. WELCH III

Martin E. Welch III
Chief Financial Officer

Exhibit 32(a)

CERTIFICATION PURSUANT TO
187 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of United Rentals, Inc. and United Rentals (North America), Inc. (the "Companies") on Form 10-K for the year ended December 31, 2007 as filed with the Securities and Exchange Commission (the "Report"), I, Michael J. Kneeland, Chief Executive Officer of the Companies, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. the Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended (15 U.S.C. 78m); and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Companies.

/s/ MICHAEL J. KNEELAND

Michael J. Kneeland
Chief Executive Officer

February 28, 2008

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Companies and will be retained by the Companies and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32(b)

CERTIFICATION PURSUANT TO
187 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of United Rentals, Inc. and United Rentals (North America), Inc. (the "Companies") on Form 10-K for the year ended December 31, 2007 as filed with the Securities and Exchange Commission (the "Report"), I, Martin E. Welch, III, Chief Financial Officer of the Companies, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. the Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended (15 U.S.C. 78m); and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Companies.

/s/ MARTIN E. WELCH III

Martin E. Welch III
Chief Financial Officer

February 28, 2008

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Companies and will be retained by the Companies and furnished to the Securities and Exchange Commission or its staff upon request.

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Directors and Officers

Board of Directors

Wayland R. Hicks
Vice Chairman

Michael S. Gross(2, 3)
Lead Director
Senior Partner
Magnetar Capital Partners LP

Leon D. Black
Founding Principal
Apollo Management, L.P.

Jenne K. Britell(2)
Chairman and
Chief Executive Officer
Structured Ventures Inc.

Howard L. Clark, Jr.(3, 4)
Vice Chairman
Lehman Brothers Inc.

Singleton B. McAllister(3)
Partner
LeClair Ryan

Brian D. McAuley(1, 2, 4)
Chairman
Pacific DataVision, Inc.

John S. McKinney
Director

Jason D. Papastavrou(1, 4)
Founder and
Chief Investment Officer
ARIS Capital Management

Gerald Tsai, Jr.(2, 3)
Director

L. Keith Wimbush(1)
Director

Committees of the Board

(1) Audit Committee
Brian D. McAuley, Chair
(2) Compensation Committee
Michael S. Gross, Chair
(3) Nominating and
Corporate Governance Committee
Howard L. Clark, Jr., Chair
(4) Special Committee
Brian D. McAuley, Chair

Executive Officers

Michael J. Kneeland
Chief Executive Officer

Martin E. Welch
Executive Vice President and
Chief Financial Officer

Roger E. Schwed
Executive Vice President and
General Counsel

Regional Vice Presidents

Leroy J. Dieter, Jr.
Vice President –
Midwest Region

Ron D. Groff
Vice President –
Southwest Region

Honey S. Harris
Vice President –
Gulf Region

Robert W. Hepler
Vice President –
Aerial West Region

Robert P. Krause
Vice President –
Rocky Mountain Region

Kevin Parr
Vice President –
Aerial East Region

Fred L. Ransom
Vice President –
Northeast Region

Timothy S. Rule
Vice President –
Northwest Region

Asterios Satrazemis
Vice President –
Southeast Region

Senior Vice Presidents

Matthew J. Flannery
Senior Vice President –
Operations East

Paul I. McDonnell
Senior Vice President –
Trench Safety,
Pump and Power

Steven E. Nadelman
Senior Vice President –
Operations West

Corporate Vice Presidents

Raymond J. Alletto
Vice President –
Risk Management

C. Elise Arsenault
Vice President –
Marketing

Dale A. Asplund
Vice President –
Supply Chain

Stephen D. Baird
Vice President –
Corporate Security

Christopher M. Brown
Vice President –
Assistant Controller

Troy A. Cooper
Vice President –
Group Controller

John J. Fahey
Vice President –
Controller and Principal
Accounting Officer

Loretta E. Foley
Vice President –
Business Process

Joli L. Gross
Vice President –
Associate General Counsel

Daniel Higgins
Vice President –
Technology and Operations

Bruce W. Lafky
Vice President –
Service and Maintenance

Eric D. Mertz
Vice President –
Internal Audit

Kenneth B. Mettel
Vice President –
Strategy and Planning

Irene Moshouris
Vice President and Treasurer

Kenneth J. Perkins
Vice President –
Customer Service Operations

Craig A. Pintoff
Vice President –
Human Resources

Patrick A. Stephens
Chief Technology Officer

Stuart A. Weinstein
Vice President –
Financial Planning and Analysis

Corporate Information

Investor Information

For United Rentals investor information, including our 2007 Form 10-K, our quarterly earnings releases and our other Securities Exchange Act reports, please visit our website:

unitedrentals.com

Investment professionals may contact:

Fred Bratman
Hyde Park Financial Communications
212-683-3931, ext. 217
fbratman@hydeparkfin.com

2008 Annual Meeting

Wednesday, June 11, 2008
at 2:00 pm.

Marriott Stamford
Two Stamford Forum
Stamford, CT 06901

Shareholder Information

For shareholder services 24 hours a day:
Call toll-free
(800) 937-5449
in the United States and Canada, or
(718) 921-8200.

E-mail:
investors@unitedrentals.com

To speak to a shareholder services representative, please call between 9:00 am and 5:00 pm Eastern Time, Monday through Friday.

- Account information
- Transfer requirements
- Lost certificates
- Change of address
- Tax forms

Write:
American Stock Transfer & Trust Company
59 Maiden Lane
New York, NY 10038

By overnight mail only:
American Stock Transfer & Trust Company
6201 15th Avenue
Brooklyn, NY 11219
(718) 921-8210

www.amstock.com

URI LISTED NYSE

United Rentals Stock Listing

United Rentals common stock is listed on the New York Stock Exchange under the symbol "URI." The common stock is included in the Standard & Poor's MidCap 400 Index and the Russell 2000 Index®.

United Rentals Common Stock Prices

2007	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.
High	**$29.68**	**$35.56**	**$34.98**	**$34.37**
Low	**24.57**	**27.23**	**28.55**	**17.32**
Close	**27.50**	**32.54**	**32.17**	**18.36**
2006				
High	$35.48	$37.84	$31.99	$26.58
Low	23.07	26.05	20.25	22.01
Close	34.50	31.98	23.25	25.43
2005				
High	$21.87	$21.37	$20.99	$24.62
Low	16.14	17.12	16.46	17.06
Close	20.21	20.21	19.71	23.39

On December 31, 2007, there were approximately 300 holders of record of our common stock. We believe that the number of beneficial owners is substantially greater than the number of record holders because a large portion of our common stock is held of record in broker "street names."

We have not paid dividends on our common stock since inception. However, the payment of any future dividends will be determined by our Board of Directors in light of conditions then existing. The terms of certain of our indebtedness and preferred stock contain certain limitations on our ability to pay dividends.

We have filed with the SEC the certifications required by the Sarbanes-Oxley Act as exhibits to our 2007 Annual Report on Form 10-K. We have also submitted to the NYSE in 2007 the CEO certification required by the NYSE corporate governance rules in which our CEO certified that he was not aware of any violation by the Company of the NYSE's corporate governance listing requirements.

Corporate Headquarters

United Rentals, Inc.
Five Greenwich Office Park
Greenwich, CT 06831
Phone: (203) 622-3131
Fax: (203) 622-6080
unitedrentals.com

Independent Auditors

Ernst & Young LLP
5 Times Square
New York, NY 10036
(212) 773-3000

Designed and Produced by Taylor & Ives Inc., NYC

United Rentals, Inc.
Five Greenwich Office Park
Greenwich, CT 06831

unitedrentals.com

United Rentals Annual Report 2007