RSC Holdings Inc.
Form S-1/A
May 04, 2007

Table of Contents

As filed with the Securities and Exchange Commission on May 4, 2007
Registration No. 333-140644

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

Amendment No. 4 to
Form S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

RSC HOLDINGS INC.
(Exact name of registrant as specified in its charter)

Delaware	**7359**	**22-1669012**
(State or other jurisdiction of incorporation or organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification Number)*

6929 E. Greenway Parkway
Scottsdale, AZ 85254
(480) 905-3300

(Address, including ZIP Code, and telephone number,
including area code, of registrant s principal executive offices)

Kevin J. Groman, Esq.
Senior Vice President, General Counsel and Corporate Secretary
RSC Holdings Inc.
6929 E. Greenway Parkway
Scottsdale, AZ 85254
(480) 905-3300
(Name, address, including ZIP Code, and telephone number,
including area code, of agent for service)

With copies to:

Matthew E. Kaplan, Esq.
Jeffrey J. Rosen, Esq.
Debevoise & Plimpton LLP
919 Third Avenue
New York, New York 10022
(212) 909-6000

William B. Gannett, Esq.
Cahill Gordon & Reindel LLP
Eighty Pine Street
New York, New York 10005
(212) 701-3000

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this Registration Statement.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. o

If this Form is filed to register additional securities of an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, Dated May 4, 2007.

20,833,333 Shares

RSC Holdings Inc.

Common Stock

This is an initial public offering of shares of common stock of RSC Holdings Inc., which we refer to in this prospectus as RSC Holdings. RSC Holdings is offering 12,500,000 shares to be sold in this offering. The selling stockholders identified in this prospectus are offering an additional 8,333,333 shares. RSC Holdings will not receive any of the proceeds from the sale of the shares being sold by the selling stockholders.

Prior to this offering, there has been no public market for the common stock. It is currently estimated that the initial public offering price per share will be between $23.00 and $25.00. RSC Holdings has been approved to list the common stock on the NYSE under the symbol RRR .

Investing in our common stock involves risks. See Risk Factors beginning on page 12.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	**Total**
Initial public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to RSC Holdings	$	$
Proceeds, before expenses, to the selling stockholders	$	$

To the extent that the underwriters sell more than 20,833,333 shares of common stock, the underwriters have the option to purchase up to an additional 3,125,000 shares from the selling stockholders at the initial public offering price less the underwriting discount.

The underwriters expect to deliver the shares against payment in New York, New York on , 2007.

Deutsche Bank Securities **Morgan Stanley** **Lehman Brothers**

Robert W. Baird & Co.

Banc of America Securities LLC

CIBC World Markets

Goldman, Sachs & Co.

JPMorgan

Prospectus dated , 2007.

Table of Contents

SUMMARY

This summary highlights information appearing elsewhere in this prospectus. You should carefully read the entire prospectus, including the section entitled Risk Factors, beginning on page 12 and our financial statements and notes to those financial statements included elsewhere in this prospectus before making any investment decision.

Our Company

We are one of the largest equipment rental providers in North America. As of December 31, 2006, we operate through a network of 455 rental locations across 10 regions in 39 U.S. states and four Canadian provinces. We believe we are the largest or second largest equipment rental provider in the majority of the regions in which we operate. During the eighteen months ended December 31, 2006, we serviced approximately 470,000 customers primarily in the non-residential construction and industrial markets. For the year ended December 31, 2006, we generated approximately 83% of our revenues from equipment rentals, and we derived the remaining 17% of our revenues from sales of used equipment and other related items. We believe our focus on high margin rental revenues, active fleet management and superior customer service has enabled us to achieve significant market share gains exclusively through organic growth while sustaining attractive returns on capital employed. Through December 31, 2006, we experienced 14 consecutive quarters of positive same store, year-over-year rental revenue growth, with same store rental revenue growth of approximately 12%, 18% and 19% and operating income growth of approximately 76%, 44% and 31% in 2004, 2005 and 2006, respectively.

We rent a broad selection of equipment, mainly to industrial and non-residential construction companies, ranging from large equipment such as backhoes, forklifts, air compressors, scissor lifts, booms and skid-steer loaders to smaller items such as pumps, generators, welders and electric hand tools. As of December 31, 2006, our rental fleet had an original equipment cost of $2.3 billion covering over 1,400 categories of equipment. We strive to differentiate our offerings through superior levels of equipment availability, reliability and service. The strength of our fleet lies in its age, condition and diversity. We believe our fleet is the youngest and best maintained in the industry among our key competitors, with an average fleet age of 25 months as of December 31, 2006. Our young fleet age provides us with significant operational flexibility, and we actively manage the condition of our fleet in order to provide customers with well maintained and reliable equipment and to support our premium pricing strategy. Our disciplined fleet management strategy enables us to maintain pricing discipline and optimize fleet utilization and capital expenditures. As a result, we have a high degree of equipment sharing and mobility within regions. This enables us to increase equipment utilization and react quickly by adjusting the fleet size in response to changes in customer demand. In addition to our equipment rental operations, we sell used equipment, parts, merchandise and supplies for maintenance, repair and operations.

Industry Overview

According to industry sources, the equipment rental market in the United States was a $34.8 billion industry in 2006 and experienced an 11% compound annual growth rate between 1990 and 2006. This market is expected to grow to $37.6 billion by the end of 2007. The equipment rental industry encompasses a wide range of equipment from small tools to heavy earthmoving equipment, and growth is largely driven by two key factors. First, there is an increasing trend towards renting versus purchasing equipment. The penetration rate for equipment rental in the United States has expanded in line with the increasing recognition of the benefits that equipment rental offers compared to equipment ownership. Industry sources estimate there has been an overall growth in rental industry penetration from 5% of total

equipment deployed in 1993 to 35% in 2005. Second, the industry has experienced growth in its primary end-markets, which comprise the non-residential construction and industrial markets.

The equipment rental industry remains highly fragmented, with large numbers of companies operating on a regional or local scale. The top 10 companies combined accounted for less than 30% of the market by 2005 rental revenues. We expect the larger rental companies to increase their market share by continuing to offer for rent a wide range of high quality and reliable equipment. The outlook for the equipment rental industry is expected to remain strong, due to positive macroeconomic factors such as:

- the continuing trend toward rental instead of ownership;
- continued growth in non-residential building construction spending, which is expected to grow 9.5% in 2007; and
- increased capital investment by industrial companies.

Competitive Strengths

We believe that the following strengths provide us with significant competitive advantages and the opportunity to achieve continued growth and profitability:

Leading North American equipment rental provider with national footprint and significant scale. Our scale and strong national footprint enable us to effectively service our customers in multiple geographic locations as well as our customers with exclusively local needs. In addition, the depth and breadth of our offerings enable us to service the majority of the equipment rental needs of our customers across multiple market segments. We believe that our broad geographical footprint reduces the impact of regional economic downturns and seasonal fluctuations in demand, and enables us to take advantage of growth opportunities, including those arising from the fragmented nature of the U.S. equipment rental industry. In addition, we believe our size and market presence allow us to achieve economies of scale in capital investment.

High quality rental fleet. We believe our diverse equipment fleet is the youngest, best maintained and most reliable in the industry among our key competitors. At December 31, 2006, our rental fleet had an original equipment cost of approximately $2.3 billion and an average fleet age of 25 months, compared to $1.7 billion and 44 months, respectively, at the end of 2003. We also employ a rigorous preventive maintenance and repair program to maximize the reliability, utilization and useful life of our fleet. We believe that our fleet s young age and condition support our premium pricing strategy and will enable us to broaden our customer base and, additionally, withstand cyclical downturns in our industry better than our competitors due to our ability to reduce capital expenditures on new equipment without any compromise in quality.

Highly disciplined fleet management and procurement process. Our highly disciplined approach to acquiring, deploying, sharing, maintaining and divesting fleet is the main reason that we believe we lead the industry in profitability and return on invested capital. As of December 31, 2006, we invested approximately $2.1 billion in new fleet since the beginning of 2003 to meet customer demand and to optimize the diversity and condition of our fleet. Our fleet utilization increased from 61% for the year ended December 31, 2002 to 72% for the year ended December 31, 2006. Our centralized fleet management strategy facilitates the fluid transfer of our fleet among regions to adjust to local customer demand. We base our equipment investment decisions on locally forecasted quarterly rental revenues, target utilization levels and targeted rental rates. We also seek to maintain a disciplined and consolidated approach to supplier

Table of Contents

vendor negotiations by avoiding long-term supply contracts and placing equipment orders on a monthly basis.

Superior customer service. Senior management is committed to maintaining a customer focused culture. We spend significant time and resources to train our personnel to effectively service our customers. We utilize innovative service offerings and an in-house 24/7 call center, and regularly solicit feedback from our customers through focus groups and telephone surveys. We believe that these customer initiatives help support our premium pricing strategy, and we estimate that a substantial portion of our total revenues for the year ended December 31, 2006 was derived from existing customers.

Diverse and stable customer base. We serviced approximately 470,000 customers during the eighteen months ended December 31, 2006, primarily in the non-residential construction and industrial markets, and customers from these markets accounted for 94% of our total revenues for the year ended December 31, 2006. Our customers represent a wide variety of industries, such as non-residential construction, petrochemical, paper/pulp and food processing. We have long and stable relationships with most of our customers, including relationships in excess of 10 years with the majority of our top 20 customers. During the year ended December 31, 2006, no one customer accounted for more than 1.4% of our total revenues and our top 10 customers combined represented approximately 6.8% of our total revenues.

Decentralized organizational structure drives local business. We believe our ability to respond quickly to our customers demands is a key to profitable growth. Our highly decentralized organizational structure facilitates our ability to effectively service our customers in each of our local markets. We are organized in three geographic divisions across the United States and parts of Canada and operate in 10 regions across those divisions. Compensation for our field managers is based on local results, meeting targeted operating margins and rental revenue growth. Accountability is maintained on a daily basis through our information systems, which provide real time data on key operational and financial metrics, and monthly reviews of financial performance. Since 2001, we have focused exclusively on organic growth, resulting in same store rental revenue growth of approximately 12% in 2004, 18% in 2005 and 19% in 2006.

Experienced and proven management team. Our senior and regional management team has significant experience operating businesses in capital intensive industries and a successful track record of delivering strong financial results and significant operational efficiencies. Since 2001, our management team has transformed our operational and financial performance by focusing on capital efficiency and returns, investments in human and capital resources, brand development and the redesign and implementation of significantly improved internal processes. Our current management team led the effort to decentralize the business, allowing regional leadership to take responsibility for regional profit and loss, thereby improving customer service and results. Under our management team s leadership, our operating income margins increased from 10.4% in 2003 to 25.4% in 2006.

Business Strategy

Increase market share and pursue profitable growth. Through our high quality fleet, large scale and national footprint and superior customer service position, we intend to take advantage of the opportunities for profitable growth within the North American equipment rental market by:

- continuing to drive the profitability of existing stores and pursuing same store growth;
- continuing to invest in and maintain our high quality fleet to meet local customer demands;

- leveraging our reputation for superior customer service to increase our customer base;
- increasing our market penetration by opening new stores in targeted growth markets to leverage existing infrastructure and customer relationships;
- increasing our presence in complementary rental and service offerings to increase same store revenues, margins and return on investment;
- continuing to align incentives for local management teams with both profit and growth targets; and
- pursuing selected acquisitions in attractive markets, subject to economic conditions.

Further drive profitability, cash flow and return on capital. We believe there are opportunities to further increase the profitability of our operations by continuing to:

- focus on the higher margin rental business;
- actively manage the quality, reliability and availability of our fleet and offer superior customer service, which supports our premium pricing strategy;
- evaluate each new investment in fleet based on strict return guidelines;
- deploy and allocate fleet among our operating regions based on pre-specified return thresholds to optimize utilization; and
- use our size and market presence to achieve economies of scale in capital investment.

Further enhance our industry leading customer service. We believe that our position as a leading provider of rental equipment to our customers is driven in large part by our superior customer service and our reputation for such service. We intend to continue to provide superior customer service and maintain our reputation for such service. We believe this will allow us to further expand our customer base and increase our share of the fragmented U.S. equipment rental market.

Risk Factors

Our business is subject to numerous risks and uncertainties such as:

- the effect of an economic downturn or other factors resulting in a decline in non-residential construction and capital investment;
- increased competition from other companies in our industry and our inability to increase or maintain our prices;
- our ability to obtain equipment at competitive prices;
- changes in the attitude of our customers toward renting, as compared with purchasing, equipment;
- our ability to generate cash and/or incur additional indebtedness to finance equipment purchases; and

heavy reliance on centralized information systems.

You should carefully consider these factors as well as all of the information set forth in this prospectus and, in particular, the information under the heading Risk Factors, prior to purchasing any shares of common stock offered hereby.

Table of Contents

Recent Developments

Expected Results for the Three Months Ended March 31, 2007

The following are our expectations of our financial results for the three month period ended March 31, 2007. We have not finalized our financial statements for the three month period ended March 31, 2007, and it is therefore possible that our actual results may be materially different from the expected results set forth below. Moreover, our expected results for the three month period ended March 31, 2007 are unaudited. In our opinion, the expected results disclosed below include all adjustments (which include only normal recurring adjustments) necessary for a fair presentation of our financial statements.

For the three month period ended March 31, 2007, we estimate total revenues of approximately $406 million, equipment rental revenue of approximately $348 million, net income of approximately $20 million and Adjusted EBITDA of approximately $179 million. Based on these estimates, rental revenues for the three months ended March 31, 2007 increased approximately 15%, or approximately $46 million, from the prior-year quarter ended March 31, 2006 and Adjusted EBITDA increased approximately 16%, or approximately $25 million, compared to the prior-year period. For a discussion of our presentation of Adjusted EBITDA, see footnote 5 to our summary historical and unaudited pro forma financial data beginning on page 10 of this prospectus.

The following table reconciles our estimated net income to our estimated Adjusted EBITDA for the three month period ended March 31, 2007:

	Estimated Three Months Ended March 31, 2007 (in millions) (unaudited)	
Net income	$	20
Depreciation of rental equipment and depreciation and amortization of non-rental		79
Interest expense, net		64
Provision for income taxes		13
EBITDA	$	176
Adjustments:		
Management fees		2
Share-based compensation(a)		1
Other income, net(b)		
Adjusted EBITDA	$	179

(a) Share-based compensation amount consists of expenses associated with stock options granted to key employees in 2006.

(b) Reflects currency gain (loss).

Given the preliminary nature of our estimates, results may be materially different from our current expectations. For additional information regarding the various risks and uncertainties inherent in estimates of this type, see Cautionary Note Regarding Forward-Looking Statements. In addition, our results for the three months ended March 31, 2007 may not be indicative of our results for the full year or future quarterly periods. Please refer to Management s Discussion and Analysis of Financial Condition and Results of Operations and the discussion under Cautionary Note Regarding Forward-Looking Statements included elsewhere in this prospectus for information regarding trends and other factors that may influence our results of operations.

The Principal and Selling Stockholders

RSC Acquisition LLC and RSC Acquisition II LLC, or Ripplewood, and OHCP II RSC, LLC, OHCMP II RSC, LLC and OHCP II RSC COI, LLC, or Oak Hill and, together with Ripplewood, the Sponsors, currently own approximately 85% of our outstanding common stock. Atlas Copco Finance S.à.r.l., or ACF, currently owns approximately 14% of our outstanding common stock. Following the completion of this offering and assuming that the underwriters do not exercise their option to purchase additional shares, the Sponsors and ACF will continue to own approximately 67% and 11%, respectively, of our outstanding common stock.

Of the ten members currently serving on our Board of Directors, eight are principals of the Sponsors, four from each of Ripplewood and Oak Hill. Under the terms of an amended and restated stockholders agreement to be entered into among RSC Holdings, the Sponsors and ACF in connection with this offering, or the Amended and Restated Stockholders Agreement, the Sponsors will each have certain rights regarding the nomination of candidates for election to our Board of Directors. Upon completion of this offering, the Sponsors will continue to have the right to nominate a majority of the members of our Board of Directors. In addition, this agreement will continue to provide rights and restrictions with respect to certain transactions in our securities entered into by the Sponsors or certain other stockholders.

Ripplewood Holdings L.L.C.

Founded in 1995, Ripplewood Holdings L.L.C. manages over $4 billion and makes industry-focused leveraged investments through several institutional private equity funds. To date, the firm has invested in transactions valued at over $15 billion in the U.S., Asia and Europe. Significant investments, other than in connection with the Sponsors investment in RSC Holdings, include ICM Equipment Company, Asbury Automotive Group, Kraton Polymers, Japan Telecom, Shinsei Bank, Commercial International Bank, Time-Life, Saft Power Systems, Supresta and The Reader s Digest Association Inc. RSC Acquisition, LLC and RSC Acquisition II, LLC are special purpose entities formed by Ripplewood Holdings L.L.C. (which includes Ripplewood Partners II, LP, Ripplewood Partners II Parallel Fund, LP, and Ripplewood Partners II Offshore Parallel Fund, LP) for the purposes of Ripplewood Holdings L.L.C. s investment in RSC Holdings.

Oak Hill Capital Partners

Oak Hill Capital Partners is a private equity firm with more than $4.6 billion of committed capital from leading entrepreneurs, endowments, foundations, corporations, pension funds and global financial institutions. Founded by Robert M. Bass over 20 years ago, Oak Hill Capital Partners has invested in more than 50 significant private equity transactions. Investments, other than in connection with the Sponsors investment in RSC Holdings, include Williams Scotsman, TravelCenters of America, EXL Services, Duane Reade, Primus International, Progressive Molded Products, and Genpact. Oak Hill Capital Partners is one of several Oak Hill partnerships, each of which has a dedicated and independent management team. These partnerships comprise over $20 billion of investment capital across multiple asset classes, including private equity, special situations, high yield and bank debt, venture capital, real estate, a public equity exchange fund and a global fixed income and equity hedge fund (the Oak Hill Partnerships). OHCP II RSC, LLC, OHCMP II RSC, LLC and OHCP II RSC COI, LLC are special purpose entities formed by Oak Hill Capital Partners II, L.P. (one of the Oak Hill Capital Partnerships) and related entities for the purposes of Oak Hill Capital Partners investment in RSC Holdings.

* * * *

RSC Holdings is incorporated under the laws of the state of Delaware. Our corporate headquarters are located at 6929 E. Greenway Parkway, Scottsdale, Arizona 85254. Our telephone number is (480) 905-3300.

Table of Contents

The Offering

Common stock offered	20,833,333 shares of common stock, no par value, of RSC Holdings, or our common stock.
Shares of common stock offered by RSC Holdings	12,500,000
Shares of common stock offered by the selling stockholders	8,333,333
Shares of common stock outstanding after the offering	103,147,591
Option to purchase additional shares of common stock	The underwriters have a 30-day option to purchase up to an additional 3,125,000 shares of the selling stockholders common stock.
Use of proceeds	Our net proceeds from this offering, after deducting underwriting discounts and estimated offering expenses, will be approximately $278.8 million, assuming an offering price equivalent to the midpoint of the range set forth on the cover page of this prospectus. We intend to use the net proceeds to us from this offering to repay a portion of the Senior Term Facility and an associated prepayment penalty of $5.1 million and a termination fee of $20 million related to terminating the Monitoring Agreement, with the remainder of the proceeds, if any, to be used for general corporate purposes. We will not receive any proceeds from the sale of shares by the selling stockholders.
Dividend policy	We do not expect to pay dividends on our common stock for the foreseeable future.
Proposed New York Stock Exchange symbol	RRR .

103,147,591 shares of our common stock will be outstanding after this offering.

Risk Factors

You should consider carefully all of the information set forth in this prospectus and, in particular, the information under the heading Risk Factors beginning on page 12 for risks involved in investing in our common stock.

Table of Contents

Summary Historical And Unaudited Pro Forma Financial Data

The following table presents summary historical and unaudited pro forma consolidated financial information. The summary consolidated statement of income data for each of the years in the three-year period ended December 31, 2006 were derived from our audited consolidated financial statements and the related notes thereto included in this prospectus. The summary consolidated balance sheet data as of December 31, 2006 and 2005 were derived from our audited consolidated financial statements and the related notes thereto included in this prospectus. The summary consolidated balance sheet data as of December 31, 2004 were derived from our audited consolidated financial statements and the related notes thereto not included in this prospectus. The unaudited pro forma as adjusted consolidated statement of income data for the year ended December 31, 2006 reflect adjustments to our historical financial data to give effect to (i) the transaction contemplated by the recapitalization agreement, dated as of October 6, 2006 (the Recapitalization Agreement), by and among Atlas Copco AB (ACAB), ACF, the Sponsors and RSC Holdings (such transaction is referred to herein as the Recapitalization and is more fully described under Recent Transactions The Recapitalization) and the use of the net proceeds therefrom and (ii) the sale of the common stock offered by this prospectus at an assumed initial offering price of $24.00 per share, the midpoint of the range set forth on the cover page of this prospectus, and the use of net proceeds therefrom as if such transactions had occurred on January 1, 2006. The unaudited pro forma as adjusted consolidated balance sheet data as of December 31, 2006 reflect adjustments to our historical financial data to give effect to the sale of the common stock offered by this prospectus at an assumed initial offering price of $24.00 per share, the midpoint of the range set forth on the cover page of this prospectus, and the use of the net proceeds therefrom as if such transactions had occurred on December 31, 2006.

We calculate earnings per share on a pro forma basis, based on an assumed number of shares outstanding at the time of the initial public offering with respect to the existing shares.

You should read the following summary historical and pro forma financial data in conjunction with the historical financial statements and other financial information appearing elsewhere in this prospectus, including Capitalization, Unaudited Pro Forma Condensed Consolidated Financial Statements, Selected Historical Consolidated Financial Data and Management s Discussion and Analysis of Financial Condition and Results of Operations.

Table of Contents

	Historical Year Ended December 31, 2004	Historical Year Ended December 31, 2005	Historical Year Ended December 31, 2006	Pro Forma for the Recapitalization for the Year Ended December 31, 2006	Pro Forma for the Recapitalization and as adjusted for the Offering for the Year Ended December 31, 2006
	(in thousands, except per share data)				
Consolidated statement of income data:					
Revenues:					
Equipment rental revenue	$ 984,517	$ 1,140,329	$ 1,368,712	$ 1,368,712	$ 1,368,712
Sale of merchandise	162,720	102,894	92,524	92,524	92,524
Sale of used rental equipment	181,486	217,534	191,652	191,652	191,652
Total revenues	1,328,723	1,460,757	1,652,888	1,652,888	1,652,888
Cost of revenues:					
Cost of equipment rentals, excluding depreciation	492,323	527,208	591,340	591,340	591,340
Depreciation rental equipment	192,323	212,325	253,379	253,379	253,379
Cost of sales of merchandise	122,873	69,914	57,636	57,636	57,636
Cost of rental equipment sales	147,131	173,276	145,425	145,425	145,425
Total cost of revenues	954,650	982,723	1,047,780	1,047,780	1,047,780
Gross profit	374,073	478,034	605,108	605,108	605,108
Operating expenses:					
Selling, general, and administrative	118,130	122,281	135,526	140,967	134,967
Depreciation and amortization non-rental	32,641	33,776	38,783	38,783	38,783
Recapitalization expenses(1)			10,277		
Total operating expenses	150,771	156,057	184,586	179,750	173,750
Operating income	223,302	321,977	420,522	425,358	431,358
Interest expense, net	45,666	64,280	116,370	254,277	231,383
Other income, net	(58)	(100)	(311)	(311)	(311)
Income before provisions for income taxes	177,694	257,797	304,463	171,392	200,286

Provision for income taxes		66,717		93,600		117,941		66,393		77,586
Net income	$	110,977	$	164,197	$	186,522	$	104,999	$	122,700
Preferred dividends		(15,995)		(15,995)		(7,997)				
Net income available for common stockholders	$	94,982	$	148,202	$	178,525	$	104,999	$	122,700
Weighted average shares outstanding used in computing net income per common share: Basic and diluted (2)(3)		330,697		330,697		307,845		89,733		100,305(4)
Net income per common share: Basic and diluted (2)(3)	$	0.29	$	0.45	$	0.58	$	1.17	$	1.22(4)
Other financial data:										
EBITDA (5)	$	448,324	$	568,178	$	712,995	$	717,831	$	723,831
Adjusted EBITDA (5)		449,575		571,155		725,581		725,581		725,581
Adjusted EBITDA margin		33.8%		39.1%		43.9%		43.9%		43.9%
Depreciation of rental equipment and depreciation and amortization of non-rental equipment		224,964		246,101		292,162		292,162		292,162
Capital expenditures:										
Rental	$	419,900	$	691,858	$	721,258	$	721,258	$	721,258
Non-rental		33,490		4,641		28,592		28,592		28,592
Proceeds from sales of used equipment and non-rental equipment		(215,622)		(233,731)		(207,613)		(207,613)		(207,613)
Net capital expenditures	$	237,768	$	462,768	$	542,237	$	542,237	$	542,237
Other operational data (unaudited):										
Utilization (6)		67.7%		70.6%		72.0%		72.0%		72.0%
Average fleet age (months)		40.0		30.2		25.0		25.0		25.0
Same store rental revenues growth (7)		11.8%		17.6%		18.9%		18.9%		18.9%
Employees (8)		4,812		4,938		5,187		5,187		5,187

	Historical			Pro Forma as adjusted for the Offering for the Year Ended December 31,
	Year Ended December 31,			
	2004	**2005**	**2006**	**2006**

	($ in millions)			
Consolidated Balance Sheet Data:				
Rental equipment, net	$ 1,127	$ 1,421	$ 1,739	$ 1,739
Total assets	2,422	2,764	3,326	3,321
Debt	1,277	1,247	3,006	2,753
Total liabilities	1,759	1,951	3,761	3,495
Total stockholders equity (deficit)	663	814	(435)	(174)

Table of Contents

(1) Recapitalization expenses of approximately $10.3 million include fees and expenses related to the consummation of the Recapitalization and not otherwise amortized or applied to stockholders equity.

(2) Share amounts reflect a 100 for 1 stock split effected on November 27, 2006 and a 37.435 for 1 stock split to be effected in connection with this offering.

(3) Basic net income per common share has been computed using the weighted average number of shares of common stock outstanding during the period. Diluted net income per common share has been computed using the weighted average number of shares of common stock outstanding during the period, increased to give effect to the offering of any shares of common stock. Additionally, for purposes of calculating basic and diluted net income per common share, net income has been adjusted for preferred stock dividends. There were no potentially dilutive securities outstanding during 2004 and 2005. As of December 31, 2006, there were stock options outstanding to purchase a total of 4,395,921 shares of our common stock, which are excluded from the calculations of diluted income per common share and pro forma net income per common share as those stock options were anti-dilutive.

(4) Includes 10,571,875 shares of common stock offered by us, the proceeds of which will be used to repay a portion of the Senior Term Facility. Additionally, there are 1,928,125 shares of common stock offered by us that are not included in the pro forma earnings per share calculation as their proceeds will be used by us to pay offering related expenses.

(5) EBITDA means consolidated net income before net interest expense, income taxes and depreciation and amortization. We present EBITDA in this prospectus because we believe it provides investors with important additional information to evaluate our performance. We believe EBITDA is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry, although our method of calculating EBITDA and Adjusted EBITDA may vary from the method used by other companies. In addition, we believe that investors, analysts and rating agencies will consider EBITDA useful in measuring our ability to meet our debt service obligations. However, EBITDA is not a recognized measurement under U.S. Generally Accepted Accounted Principles (GAAP), and when analyzing our performance, investors should use EBITDA in addition to, and not as an alternative to, net income or net cash provided by operating activities as defined under GAAP.

Adjusted EBITDA as presented herein is a financial measure used in RSC s new senior asset-backed loan facility (the Senior ABL Facilities) and new senior second-lien term loan facility (the Senior Term Facility). Adjusted EBITDA means EBITDA as that term is defined under RSC s senior credit facilities, which is generally consolidated net income before net interest expense, income taxes, and depreciation and amortization and before certain other items, including: (i) any non-cash expenses and charges, (ii) total income tax expense, (iii) depreciation expense, (iv) the expense associated with amortization of intangible and other assets, (v) non-cash provisions for reserves for discontinued operations, (vi) any extraordinary, unusual or non-recurring gains or losses or charges or credits, (vii) any gain or loss associated with the sale or write-down of assets (other than rental fleet) not in the ordinary course of business, (viii) any income or loss accounted for by the equity method of accounting and (ix) fees paid to any Sponsor or any affiliate of any Sponsor for the rendering of management consulting, monitoring or financial advisory services. Adjusted EBITDA is not a recognized measurement under GAAP and should not be considered as an alternative to operating income or net income as a measure of operating results or cash flows as a measure of

liquidity. Adjusted EBITDA differs from the term EBITDA as it is commonly used. In addition, Adjusted EBITDA is reduced by the amount of certain permitted dividends to RSC Holdings.

Table of Contents

Borrowings under our Senior ABL Facilities are a key source of our liquidity. Our ability to borrow under our Senior ABL Facilities depends upon, among other things, the maintenance of a sufficient borrowing base under the Senior ABL Facilities. If we fail to maintain a specified minimum level of borrowing capacity under the Senior ABL Facilities, we will then be subject to financial covenants under the Senior ABL Facilities, including a specified debt to Adjusted EBITDA leverage ratio and a specified Adjusted EBITDA to fixed charges coverage ratio. Failure to comply with these financial ratio covenants would result in a default under the credit agreement for our Senior ABL Facilities and, absent a waiver or an amendment from our lenders, permit the acceleration of all outstanding borrowings under our Senior ABL Facilities. For further information on the terms of the Senior ABL Facilities, see Description of Certain Indebtedness Senior ABL Facilities.

The following table reconciles net income to EBITDA and Adjusted EBITDA:

	Historical Year Ended December 31, 2004	Historical Year Ended December 31, 2005	Historical Year Ended December 31, 2006	Pro Forma for the Recapitalization for the Year Ended December 31, 2006	Pro Forma for the Recapitalization and as adjusted for the Offering for the Year Ended December 31, 2006
	(in thousands)				
Net income	$ 110,977	$ 164,197	$ 186,522	$ 104,999	$ 122,700
Depreciation of rental equipment and depreciation and amortization of non-rental	224,964	246,101	292,162	292,162	292,162
Interest expense, net	45,666	64,280	116,370	254,277	231,383
Provision for income taxes	66,717	93,600	117,941	66,393	77,586
EBITDA	$ 448,324	$ 568,178	$ 712,995	$ 717,831	$ 723,831
Adjustments:					
Share-based compensation(a)	1,309	3,077	2,061	2,061	2,061
Other income, net(b)	(58)	(100)	(311)	(311)	(311)
Recapitalization expenses and management fees(c)			10,836	6,000	
Adjusted EBITDA	$ 449,575	$ 571,155	$ 725,581	$ 725,581	$ 725,581

—

(a) Share-based compensation amounts include the 2006 adoption of SFAS No. 123R, Share-Based Payment, for stock options granted to key employees in 2006 and share appreciation rights (SARS) granted to key employees by ACAB. SARS do not entitle the holder to acquire shares, but only to receive, in cash, from

ACAB the difference between the price of ACAB s A shares at exercise and the price of those shares determined at the grant date.

(b) Reflects currency translation gain (loss) incurred in each of the periods presented.

(c) The historical 2006 amount includes Recapitalization expenses of approximately $10.3 million and $0.6 million of management fees. The pro forma for the recapitalization amount shown includes annual management fees of $6 million. The management fee will be terminated in connection with this offering and has been removed from the amount shown as pro forma for the Recapitalization and as adjusted for the offering.

(6) Utilization is defined as the average dollar value of equipment currently rented by customers (based on original equipment cost) for the relevant period divided by the average aggregate dollar value of all equipment (based on original equipment cost) for the relevant period. For a calculation of utilization for each historical period presented, see note 4 to Other operational data under Selected Historical Consolidated Financial Data.

(7) Same store rental revenue growth is calculated as the year over year change in rental revenue for stores that are open at the end of the period reported and have been operating under the Company s direction for more than 12 months.

(8) Employee count is given as of the end of the period indicated and the data reflect the actual head count as of each period presented.

RISK FACTORS

Our business is subject to a number of important risks and uncertainties, some of which are described below. Any of these risks may have a material adverse effect on our business, financial condition, results of operations and cash flows. In such a case, you may lose all or part of your investment in our common stock.

Risks Related to Our Business

Our business could be hurt by a decline in non-residential construction and industrial activities or a decline in the amount of construction equipment that is rented.

As of December 31, 2006, our non-residential construction and industrial customers together accounted for approximately 94% of our total revenues. A weakness in non-residential construction or industrial activity, or a decline in the desirability of renting equipment, may decrease the demand for our equipment or depress the prices we charge for our products and services. We have identified below certain factors which may cause weakness, either temporary or long-term, in the non-residential construction and industrial sectors:

- 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 or natural disasters which may temporarily affect a particular region; or
- terrorism or hostilities involving the United States or Canada.

A weakness in the non-residential construction and industrial sectors caused by these or other factors could have a material adverse effect on our business, financial conditions, results of operations and cash flows and may have a material adverse effect on residual values realized on the disposition of our rental equipment.

We face intense competition that may lead to our inability to increase or maintain our prices, which could have a material adverse impact on our results of operations.

The equipment rental industry is highly competitive and highly fragmented. Many of the markets in which we operate are served by numerous competitors, ranging from national equipment rental companies, like ourselves, to smaller multi-regional companies and small, independent businesses with a limited number of locations. See Business Competition. Some of our principal competitors are less leveraged than we are, have greater financial resources, may be more geographically diversified, may have greater name recognition than we do and may be better able to withstand adverse market conditions within the industry. We generally compete on the basis of, among other things, quality and breadth of service, expertise, reliability, price and the size, mix and relative attractiveness of our rental equipment fleet, which is significantly affected by the level of our capital expenditures. If we are required to reduce or delay capital expenditures for any reason, including due to restrictions contained in the Senior ABL Facilities and the Senior Term Facility, together, the Senior Credit Facilities, or the indenture governing the Notes (as defined under Supplemental Information), the aging of our rental fleet may place us at a disadvantage compared to our competitors and adversely impact our pricing. In addition, our competitors may seek to compete aggressively on the basis of pricing. To the extent that we choose to match our competitors downward pricing, it could have a material

adverse impact on our results of operations. To the extent that we choose not to match or remain within a reasonable competitive distance from our competitors pricing, it could also have a material adverse impact on our results of operations, as we may lose rental volume.

We may also encounter increased competition from existing competitors or new market entrants in the future, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our revenues and operating results may fluctuate and any unexpected periods of decline could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our revenues and operating results have varied historically from period to period and may continue to do so. We have identified below certain of the factors which may cause our revenues and operating results to vary:

changes in demand for our equipment or the prices we charge due to changes in economic conditions, competition or other factors;

the timing of expenditures for new equipment and the disposal of used equipment;

changes in the interest rates applicable to our variable rate debt;

general economic conditions in the markets where we operate;

the cyclical nature of our customers businesses, particularly those operating in the non-residential construction and industrial sectors;

price changes in response to competitive factors;

seasonal rental patterns, with rental activity tending to be lowest in the winter;

timing of acquisitions and new location openings and related costs;

labor shortages, work stoppages or other labor difficulties;

possible unrecorded liabilities of acquired companies;

our effectiveness in integrating acquired businesses and new locations into our existing operations; and

possible write-offs or exceptional charges due to changes in applicable accounting standards, impairment of obsolete or damaged equipment or other assets, or the refinancing of our existing debt.

One or a number of these factors could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our expenses could increase and our relationships with our customers could be hurt if there is an adverse change in our relationships with our equipment suppliers or if our suppliers are unable to provide us with products we rely on to generate revenues.

All of our inventory consists of equipment products that we purchase from various suppliers and manufacturers. We rely on these suppliers and manufacturers to provide us with equipment which we then rent to our customers. We have not entered into any long-term equipment supply arrangements with manufacturers. To the extent we are unable to rely on these suppliers and manufacturers, either due to an adverse change in our relationships with them, or if they significantly raised their costs, or such suppliers or manufacturers simply are unable to supply us with equipment in a

timely manner, our business could be adversely affected through higher costs or the resulting potential inability to service our customers. We may experience delays in receiving equipment from some manufacturers due to factors beyond our control, including raw material shortages, and, to the extent that we experience any such delays, our business could be hurt by the resulting inability to service our customers.

In addition, while we have negotiated favorable payment terms with the suppliers that provide us with the majority of our equipment, these payment terms may not be available to us at a later time.

If our operating costs increase as our rental fleet ages and we are unable to pass along such costs, our earnings will decrease.

As our fleet of rental equipment ages, the cost of maintaining such equipment, if not replaced within a certain period of time, will likely increase. The costs of maintenance may materially increase in the future. Any material increase in such costs could have a material adverse effect on our business, financial condition and results of operations.

The cost of new equipment we use in our rental fleet is increasing and therefore we may spend more for replacement equipment, and in some cases we may not be able to procure equipment on a timely basis due to supplier constraints.

The cost of new equipment used in our rental fleet increased in 2005 and 2006. These cost increases are due primarily to increased material costs, including increases in the cost of steel, which is a primary material used in most of the equipment we use, and increases in the cost of fuel, which is used in the manufacturing process and in delivering equipment to us. Although these increases did not have a significant impact on our financial conditions and results of operations in the last fiscal year, these increases could materially adversely impact our financial condition and results of operations in future periods.

Our rental fleet is subject to residual value risk upon disposition.

The market value of any given piece of rental equipment could be less than its depreciated value at the time it is sold. The market value of used rental equipment depends on several factors, including:

- the market price for new equipment of a like kind;
- wear and tear on the equipment relative to its age and the performance of preventive maintenance;
- the time of year that it is sold;
- worldwide and domestic demand for used equipment; and
- general economic conditions.

We include in income from operations the difference between the sales price and the depreciated value of an item of equipment sold. Changes in our assumptions regarding depreciation could change both our depreciation expense as well as the gain or loss realized upon disposal of equipment. Sales of our used rental equipment at prices that fall significantly below our projections, or our inability to sell such equipment at all, could have a negative impact on our results of operations.

Our reliance on available borrowings under our Senior ABL Facilities and cash from operating activities to purchase new equipment subjects us to a number of risks, many of which are beyond our control.

We rely significantly on available borrowings under our Senior ABL Facilities to purchase equipment. As of December 31, 2006, we had $505 million of available borrowings under the revolving credit portion of our Senior ABL Facilities. If our access to such financing were unavailable, reduced or were to become significantly more expensive for any reason, including, without limitation, due to our inability to meet the coverage ratio or leverage ratio

tests in our Senior ABL Facilities or satisfy any other condition in the facilities or due to an

increase in interest rates generally, we may not be able to finance new equipment acquisitions on favorable terms, or at all. In addition, if we are unable to generate excess cash from operating activities after servicing our debt due to negative economic or industry trends including, among others, those set forth above under Our business could be hurt by a decline in non-residential construction and industrial activities or a decline in the amount of construction equipment that is rented and We face intense competition that may lead to downward pricing, or an inability to increase prices, which could have a material adverse impact on our results of operations, and we are not able to finance new equipment acquisitions, we may not be able to make necessary equipment rental acquisitions at all.

Any failure of ACAB and ACF to indemnify us against and defend us from certain claims in accordance with the terms of the Recapitalization Agreement could have a material adverse effect on us.

Pursuant to the Recapitalization Agreement, and subject to certain limitations set forth therein, ACAB and ACF have agreed to indemnify RSC Holdings and its subsidiaries against and defend us from all losses, including costs and reasonable expenses, resulting from certain claims related to the Recapitalization, our business and our former businesses including, without limitation: claims alleging exposure to silica and asbestos; the transfer of certain businesses owned by RSC Holdings but not acquired by the Sponsors in connection with the Recapitalization; certain employee-related matters; any activities, operations or business conducted by RSC Holdings or any of its affiliates other than our business; and certain tax matters. ACAB s and ACF s indemnity for claims related to alleged exposure to silica entitles us to coverage for one-half of all silica related losses until the aggregate amount of such losses equals $10 million and to coverage for such losses in excess of $10 million until the aggregate amount of such losses equals $35 million. ACAB s and ACF s general indemnity for breach of representations and warranties related to our business covers aggregate losses in excess of $33 million, excluding any individual loss of less than $75,000, and the maximum we can recover is 20% of the recapitalization purchase price set forth in the Recapitalization Agreement, or the Recapitalization Purchase Price, as adjusted in accordance with the Recapitalization Agreement. Furthermore, ACAB and ACF may not have sufficient assets, income and access to financing to enable them to satisfy their indemnification obligations under the Recapitalization Agreement or that they will continue to honor those obligations. If ACAB or ACF do not satisfy or otherwise honor their obligations, we may be forced to bear the losses described above. Any failure by ACAB or ACF to perform these obligations could have a material adverse effect on us.

Disruptions in our information technology systems could limit our ability to effectively monitor and control our operations and adversely affect our operating results.

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, materially adversely affect our financial condition or operating results by limiting our capacity to effectively monitor and control our operations and adjust to changing market conditions in a timely manner. In addition, because our systems contain information about individuals and businesses, our failure to maintain the security of the data we hold, whether the result of our own error or the malfeasance or errors of others, could harm our reputation or give rise to legal liabilities leading to lower revenues, increased costs and other material adverse effects on our results of operations.

The Sponsors or their affiliates may compete directly against us.

Corporate opportunities may arise in the area of potential competitive business activities that may be attractive to us as well as to one or more of the Sponsors or their affiliates, including through potential acquisitions by one or more Sponsors or their affiliates of competing businesses. Any competition could intensify if an affiliate or subsidiary of one or more of the Sponsors were to enter into or acquire a business similar to our equipment rental operations. Given that we are not controlled by any one of the Sponsors, the Sponsors and their affiliates may be inclined to direct relevant corporate opportunities to entities which they control individually rather than to us. In addition, our amended and restated certificate of incorporation will provide that the Sponsors are under no obligation to communicate or offer any corporate opportunity to us, even if such opportunity might reasonably have been expected to be of interest to us or our subsidiaries. See Description of Capital Stock and Certain Relationships and Related Party Transactions Stockholders Agreement.

ACAB may compete against us in the future.

Certain affiliates of ACAB are participants in the equipment rental industry. In addition, following the expiration of a non-compete provision in the Recapitalization Agreement two years following November 27, 2006, or the Recapitalization Closing Date, ACAB and its affiliates will be free to compete with us in the rental equipment industry in the United States and Canada. In addition, nothing in the Recapitalization Agreement prohibits ACAB and its affiliates from (i) conducting (a) any business they conduct immediately prior to closing, including the operation of the Prime Energy division s oil-free compressor equipment rental and sales business, which was transferred to an affiliate of ACAB, (b) the business of selling, renting (as long as such renting is not in competition with our business) and leasing products they manufacture, or selling used equipment, or (c) the rental equipment business outside of the United States and Canada, (ii) investing in or holding not more than 10% of the outstanding capital stock of an entity that competes with us or (iii) acquiring and continuing to own and operate an entity that competes with us, provided the rental revenues of such entity in the United States and Canada account for no more than 20% of such entity s consolidated revenues at the time of such acquisition. Therefore, notwithstanding the non-compete provision of the Recapitalization Agreement, ACAB and its affiliates may, to the extent described above, compete against us.

If we decide to acquire or combine with one or more businesses in the future, any such transaction could pose integration problems or have an adverse effect on our results of operations.

We have grown our business in recent years, and we intend to continue to grow our business, primarily through internal growth. We do, however, from time to time consider opportunistic acquisitions and combination opportunities. If we were to pursue any such transaction, we would face integration risks including, without limitation:

- potential disruption of our ongoing business and distraction of management;
- difficulty integrating the acquired business; and
- exposure to unknown liabilities, including litigation against the companies we may acquire.

If we make acquisitions or enter into combinations in the future, transaction-related accounting charges may affect our balance sheet and results of operations. In addition, the financing of any significant transaction may result in changes in our capital structure, including the incurrence of additional indebtedness. We may not be successful in addressing these risks or any other problems encountered in connection with any such transaction.

Table of Contents

If we fail to retain key management and personnel, we may be unable to implement our business plan.

One of the most important factors in our ability to profitably execute our business plan is our ability to attract, develop and retain qualified personnel, particularly regional and district management. Our success in attracting and retaining qualified people is dependent on the resources available in individual geographic areas and the impact on the labor supply due to general economic conditions as well as our ability to provide a competitive compensation package and work environment.

We are exposed to various possible claims relating to our business and our insurance may not fully protect us.

We are exposed to various possible claims relating to our business. These possible claims include those relating to (1) personal injury or death caused by equipment rented or sold by us, (2) motor vehicle accidents involving our vehicles and our employees, (3) employment-related claims, (4) property damage and pollution related claims and (5) commercial claims. Our insurance policies have deductibles or self-insured retentions of $1 million for general liability and $1.5 million for automobile liability, on a per occurrence basis; $500,000 per occurrence for workers compensation claims; and $250,000 per occurrence for pollution coverage. Currently, we believe that we have adequate insurance coverage for the protection of our assets and operations. However, our insurance may not fully protect us for 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. In addition, we may be exposed to uninsured liability at levels in excess of our policy limits.

If we are found liable for any significant claims that are not covered by insurance, our liquidity and operating results could be materially adversely affected. It is possible that our insurance carrier may disclaim coverage for any class action and derivative lawsuits against us. 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 may be unable to establish and/or maintain an effective system of internal control over financial reporting and comply with Section 404 of the Sarbanes-Oxley Act of 2002 and other related provisions of the U.S. securities laws.

In connection with this initial public offering, we will be required to file certain reports, including annual and quarterly periodic reports, under the Securities Exchange Act of 1934. The Commission, as required by Section 404 of the Sarbanes-Oxley Act of 2002, adopted rules requiring every public company to include a management report on such company s internal control over financial reporting in its annual report, which contains management s assessment of the effectiveness of the company s internal control over financial reporting. In addition, an independent registered public accounting firm must attest to and report on management s assessment of the effectiveness of our internal control over financial reporting. Under the Commission s rules as currently in effect, Section 404 of the Sarbanes-Oxley Act will apply to our second annual report on Form 10-K. In addition, beginning with our first periodic report filed after we file our second annual report on Form 10-K, we will be required to report in each periodic report that we file with the Commission as to any changes in our internal control over financial reporting since the preceding fiscal quarter and the effectiveness and adequacy of our disclosure controls and procedures. Our reporting obligations under the U.S. securities laws will place additional burdens on our management, operational and financial resources and systems. To the extent that we are unable to establish and/or maintain effective internal control over financial reporting and/or disclosure controls and procedures, we may be unable to produce reliable financial reports and/or public disclosure, detect and prevent fraud and comply with our reporting obligations under the U.S. securities laws on a timely basis. Any

Table of Contents

such failure could harm our business and negatively affect the market value of your investment in our common stock. In addition, failure to achieve and maintain effective internal control over financial reporting and/or disclosure controls and procedures could result in the loss of investor confidence in the reliability of our financial statements and public disclosure and a loss of customers, which in turn could harm our business and negatively affect the market value of your investment in our common stock.

Environmental, health and safety laws, regulations and requirements and the costs of complying with them, or any liability or obligation imposed under them, could adversely affect our financial position, results of operations or cash flow.

Our operations are subject to a variety of federal, state, local and foreign environmental, health and safety laws and regulations. These laws regulate releases of petroleum products and other hazardous substances into the environment as well as storage, treatment, transport and disposal of wastes, and the remediation of soil and groundwater contamination. In addition, certain of our customers require us to maintain certain safety levels. Failure to maintain such levels could lead to a loss of such customers.

These laws also regulate our ownership and operation of tanks used for the storage of petroleum products and other regulated substances.

We have made, and will continue to make, expenditures to comply with environmental laws and regulations, including, among others, expenditures for the investigation and cleanup of contamination at or emanating from, currently and formerly owned and leased properties, as well as contamination at other locations at which our wastes have reportedly been identified. Some of these laws impose strict and in certain circumstances joint and several liability on current and former owners or operators of contaminated sites for costs of investigation and remediation.

Compliance with existing or future environmental, health and safety requirements may require material expenditures by us or otherwise have a material adverse effect on our consolidated financial position, results of operations or cash flow.

We may not be able to adequately protect our intellectual property and other proprietary rights that are material to our business.

Our ability to compete effectively depends in part upon our rights in trademarks, copyrights and other intellectual property rights we own or license. Our use of contractual provisions, confidentiality procedures and agreements, and trademark, copyright, unfair competition, trade secret and other laws to protect our intellectual property and other proprietary rights may not be adequate. Litigation may be necessary to enforce our intellectual property rights and protect our proprietary information, or to defend against claims by third parties that our services or our use of intellectual property infringe their intellectual property rights. Any litigation or claims brought by or against us could result in substantial costs and diversion of our resources. A successful claim of trademark, copyright or other intellectual property infringement against us could prevent us from providing services, which could have a material adverse effect on our business, financial condition or results of operations.

We face risks related to changes in our ownership.

Certain of our agreements with third parties, including our real property leases, require the consent of such parties in connection with any change in ownership of us. We will generally seek such consents and waivers, although we may not seek certain consents if our not obtaining them will not, in our view, have a material adverse effect on our consolidated financial position or results of operations. If we fail to obtain any required consent or waiver, the applicable third parties could seek to terminate their agreement with us and, as a result, our ability to conduct our business could be impaired until we are able to enter into replacement agreements, resulting in a material adverse effect on our results of operations or financial condition.

Risks Related to Our Substantial Indebtedness

We have substantial debt and may incur substantial additional debt, which could adversely affect our financial condition, our ability to obtain financing in the future and our ability to react to changes in our business.

We have a significant amount of debt. As of December 31, 2006, on a pro forma basis after giving effect to this offering and the use of the net proceeds therefrom as described in Use of Proceeds, we would have had approximately $2,752.7 million of debt outstanding.

Our substantial debt could have important consequences to you. For example, it could:

- make it more difficult for us to satisfy our obligations to the holders of our Notes and to the lenders under our Senior Credit Facilities, resulting in possible defaults on and acceleration of such indebtedness;
- require us to dedicate a substantial portion of our cash flow from operations to make payments on our debt, which would reduce the availability of our cash flow from operations to fund working capital, capital expenditures or other general corporate purposes;
- increase our vulnerability to general adverse economic and industry conditions, including interest rate fluctuations, because a portion of our borrowings, including under the Senior Credit Facilities, is at variable rates of interest;
- place us at a competitive disadvantage to our competitors with proportionately less debt or comparable debt at more favorable interest rates;
- limit our ability to refinance our existing indebtedness or borrow additional funds in the future;
- limit our flexibility in planning for, or reacting to, changing conditions in our business and industry; and
- limit our ability to react to competitive pressures, or make it difficult for us to carry out capital spending that is necessary or important to our growth strategy and our efforts to improve operating margins.

Any of the foregoing impacts of our substantial indebtedness could have a material adverse effect on our business, financial condition and results of operations.

Despite our current indebtedness levels, we and our subsidiaries may be able to incur substantial additional debt, which could further exacerbate the risks associated with our substantial indebtedness.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future. The terms of the instruments governing our indebtedness do not prohibit us or fully prohibit us or our subsidiaries from doing so. Both the Senior ABL Facilities and the Senior

Term Facility permit additional borrowings beyond the committed financing thereunder under certain circumstances. If new debt is added to our current debt levels, the related risks that we now face would increase. In addition, the instruments governing our indebtedness do not prevent us or our subsidiaries from incurring obligations that do not constitute indebtedness.

We may not be able to generate sufficient cash to service all of our debt, and may be forced to take other actions to satisfy our obligations under such indebtedness, which may not be successful.

Our ability to make scheduled payments on, or to refinance our obligations under, our debt will depend on our financial and operating performance and that of our subsidiaries, which, in turn, will be subject to prevailing economic and competitive conditions and to the financial and business factors, many of which may be beyond our control. See the table under Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Contractual Obligations for disclosure regarding the amount of cash required to service our debt.

We may not maintain a level of cash flow from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness. If our cash flow and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay capital expenditures, sell assets, seek to obtain additional equity capital or restructure our debt. In the future, our cash flow and capital resources may not be sufficient for payments of interest on and principal of our debt, and such alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. We may not be able to refinance any of our indebtedness or obtain additional financing, particularly because of our anticipated high levels of debt and the debt incurrence restrictions imposed by the agreements governing our debt, as well as prevailing market conditions. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. The instruments governing our indebtedness restrict our ability to dispose of assets and use the proceeds from any such dispositions. We may not be able to consummate those sales, or if we do, at an opportune time, and the proceeds that we realize may not be adequate to meet debt service obligations when due.

A significant portion of our outstanding indebtedness is secured by substantially all of our consolidated assets. As a result of these security interests, such assets would only be available to satisfy claims of our general creditors or to holders of our equity securities if we were to become insolvent to the extent the value of such assets exceeded the amount of our indebtedness and other obligations. In addition, the existence of these security interests may adversely affect our financial flexibility.

Indebtedness under our Senior Credit Facilities is secured by a lien on substantially all our assets. Accordingly, if an event of default were to occur under our Senior Credit Facilities, the senior secured lenders under such facilities would have a prior right to our assets, to the exclusion of our general creditors. In that event, our assets would first be used to repay in full all indebtedness and other obligations secured by them (including all amounts outstanding under our Senior Credit Facilities), resulting in all or a portion of our assets being unavailable to satisfy the claims of our unsecured indebtedness, including our Notes. Only after satisfying the claims of our unsecured creditors and our subsidiaries unsecured creditors would any amount be available for our equity holders.

As of December 31, 2006, substantially all of our consolidated assets, including our equipment rental fleets, have been pledged for the benefit of the lenders under our Senior Credit Facilities. As a result, the lenders under these facilities would have a prior claim on such assets in the event of our bankruptcy, insolvency, liquidation or reorganization, and we may not have sufficient funds to pay all of our creditors. In that event, holders of our equity securities would not be entitled to receive any of our assets or the proceeds therefrom. See Description of Certain Indebtedness Senior Credit Facilities Senior Term Facility Guarantees; Security and Senior ABL Facilities Guarantees; Security. As discussed below, the pledge of these assets and other restrictions may limit our flexibility in raising capital for other purposes. Because substantially all of our assets are pledged under these financing arrangements, our ability to incur additional secured indebtedness or to sell or dispose of assets to raise capital may be impaired, which could have an adverse effect on our financial flexibility.

Restrictive covenants in certain of the agreements and instruments governing our indebtedness may adversely affect our financial flexibility.

Our Senior Credit Facilities contain covenants that, among other things, restrict RSC s and RSC Holdings III, LLC s ability to:

- incur additional indebtedness or provide guarantees;
- engage in mergers, acquisitions or dispositions;
- enter into sale-leaseback transactions;
- make dividends and other restricted payments;
- prepay other indebtedness;
- engage in certain transactions with affiliates;
- make other investments;
- change the nature of our business;
- incur liens;
- take actions other than those enumerated; and
- amend specified debt agreements.

In addition, under the Senior ABL Facilities, if we fail to maintain a specified minimum level of borrowing capacity, we will then be subject to financial covenants, including covenants that will obligate us to maintain a specified leverage ratio and a specified fixed charges coverage ratio. Our ability to comply with these covenants in future periods will depend on our ongoing financial and operating performance, which in turn will be subject to economic conditions and to financial, market and competitive factors, many of which are beyond our control. Our ability to comply with these covenants in future periods will also depend substantially on the pricing of our products and services, our success at implementing cost reduction initiatives and our ability to successfully implement our overall business strategy.

The indenture governing the Notes also contains restrictive covenants that, among other things, limit RSC Holdings III, LLC s ability and the ability of its restricted subsidiaries to:

- incur additional debt;
- pay dividends or distributions on their capital stock or repurchase their capital stock;
- make certain investments;
- create liens on their assets to secure debt;

enter into certain transactions with affiliates;

create limitations on the ability of the restricted subsidiaries to make dividends or distributions to their respective parents;

merge or consolidate with another company; and

transfer and sell assets.

Our ability to comply with the covenants and restrictions contained in the Senior Credit Facilities and the indenture governing the Notes may be affected by economic, financial and industry conditions beyond our control. The breach of any of these covenants or restrictions could result in a default under either the Senior Credit Facilities or the indenture that would permit the applicable lenders or noteholders, as the case may be, to declare all amounts outstanding thereunder to be due and payable, together with accrued and unpaid interest. In any such case, we may be unable to make borrowings under the Senior Credit Facilities and may not be able to repay the amounts due under the Senior Credit Facilities and the Notes. This could have a material adverse effect on our financial condition and results of operations and could cause us to become bankrupt or insolvent.

The instruments governing our debt contain cross default or cross acceleration provisions that may cause all of the debt issued under such instruments to become immediately due and payable as a result of a default under an unrelated debt instrument.

Our failure to comply with the obligations contained in the indenture governing our Notes and the agreements governing our Senior Credit Facilities or other instruments governing our indebtedness could result in an event of default under the applicable instrument, which could result in the related debt and the debt issued under other instruments becoming immediately due and payable. In such event, we would need to raise funds from alternative sources, which funds may not be available to us on favorable terms, on a timely basis or at all. Alternatively, such a default could require us to sell our assets and otherwise curtail our operations in order to pay our creditors. Such alternative measures could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Our Common Stock and This Offering

RSC Holdings is a holding company with no operations of its own that depends on its subsidiaries for cash.

The operations of RSC Holdings are conducted almost entirely through its subsidiaries and its ability to generate cash to meet its debt service obligations or to pay dividends is highly dependent on the earnings and the receipt of funds from its subsidiaries via dividends or intercompany loans. However, none of the subsidiaries of RSC Holdings is obligated to make funds available to RSC Holdings for the payment of dividends. In addition, payments of dividends and interest among the companies in our group may be subject to withholding taxes. Further, the indenture governing the Notes and the Senior Credit Facilities significantly restrict the ability of the subsidiaries of RSC Holdings to pay dividends or otherwise transfer assets to RSC Holdings. See Risk Factors Risks Related to Our Substantial Indebtedness Restrictive covenants in certain of the agreements and instruments governing our indebtedness may adversely affect our financial flexibility. In addition, Delaware law may impose requirements that may restrict our ability to pay dividends to holders of our common stock.

Table of Contents

There currently exists no market for our common stock. An active trading market may not develop for our common stock. If our stock price fluctuates after this offering, you could lose all or a significant part of your investment.

Prior to this offering, there was no public market for shares of our common stock. An active market may not develop following the completion of this offering or, if developed, may not be maintained. We and the selling stockholders have negotiated the initial public offering price with the underwriters. The initial public offering price may not be indicative of the price at which our common stock will trade following completion of this offering. The market price of our common stock may also be influenced by many factors, some of which are beyond our control, including:

- securities analysts elect not to cover our common stock after this offering, changes in financial estimates by analysts or a downgrade of our stock or our sector by analysts;
- announcements by us or our competitors of significant contracts, acquisitions, strategic partnerships, joint ventures or capital commitments;
- variations in quarterly operating results;
- loss of a large customer or supplier;
- general economic conditions;
- war, terrorist acts and epidemic disease;
- future sales of our common stock; and
- investor perceptions of us and the equipment rental industry.

As a result of these factors, investors in our common stock may not be able to resell their shares at or above the initial offering price. In addition, the stock market in general has experienced extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of companies like us. These broad market and industry factors may materially reduce the market price of our common stock, regardless of our operating performance.

A few significant stockholders control the direction of our business. If the ownership of our common stock continues to be highly concentrated, it will prevent you and other stockholders from influencing significant corporate decisions.

Following the completion of this offering, Ripplewood and Oak Hill will each beneficially own approximately 34% of the outstanding shares of our common stock assuming that the underwriters do not exercise their option to purchase additional shares. Ripplewood, Oak Hill, ACF and RSC Holdings are parties to a stockholders agreement, or the Stockholders Agreement, pursuant to which the Sponsors currently have the ability to cause the election of a majority of our Board of Directors. Under the terms of the Amended and Restated Stockholders Agreement to be entered into in connection with this offering, the Sponsors will continue to have the right to nominate a majority of the members of our Board of Directors and to exercise control over matters requiring stockholder approval and our policy and affairs, for example, by being able to direct the use of proceeds received from this and future security offerings. See Certain Relationships and Related Party Transactions Stockholders Agreement. In addition, following the consummation of this offering, we will be a controlled company within the meaning of the New York Stock Exchange rules and, as a

result, currently intend to rely on exemptions from certain corporate governance requirements.

The concentrated holdings of the Sponsors, certain provisions of the Amended and Restated Stockholders Agreement and the presence of the Sponsors   nominees on our Board of Directors may result in a delay or the deterrence of possible changes in control of our

Table of Contents

company, which may reduce the market price of our common stock. The interests of our existing stockholders may conflict with the interests of our other stockholders. Our Board of Directors intends to adopt corporate governance guidelines that will, among other things, address potential conflicts between a director s interests and our interests. In addition, we intend to adopt a code of business conduct that, among other things, requires our employees to avoid actions or relationships that might conflict or appear to conflict with their job responsibilities or the interests of RSC Holdings and to disclose their outside activities, financial interests or relationships that may present a possible conflict of interest or the appearance of a conflict to management or corporate counsel. These corporate governance guidelines and code of business ethics will not, by themselves, prohibit transactions with our principal stockholders.

Our share price may decline due to the large number of shares eligible for future sale.

Sales of substantial amounts of our common stock, or the possibility of such sales, may adversely affect the price of our common stock and impede our ability to raise capital through the issuance of equity securities.

Upon consummation of this offering, there will be 103,147,591 shares of common stock outstanding. Of these shares, the shares of common stock sold in the offering will be freely transferable without restriction or further registration under the Securities Act, unless purchased by our affiliates as that term is defined in Rule 144 under the Securities Act. The remaining 82,314,258 shares of common stock outstanding will be restricted securities within the meaning of Rule 144 under the Securities Act, but will be eligible for resale subject to applicable volume, manner of sale, holding period and other limitations of Rule 144 or pursuant to an exemption from registration under Rule 701 under the Securities Act. Upon completion of this offering, we intend to file one or more registration statements under the Securities Act to register the shares of common stock to be issued under our stock incentive plan and, as a result, all shares of common stock acquired upon exercise of stock options and other equity-based awards granted under this plan will also be freely tradable under the Securities Act unless purchased by our affiliates. A total of 5,790,959 shares of common stock are reserved for issuance under our stock incentive plan. As of December 31, 2006, there were stock options outstanding to purchase a total of 4,395,921 shares of our common stock.

We, the Sponsors, our executive officers and directors and ACF have agreed to a lock-up, meaning that, subject to certain exceptions, neither we nor they will sell any shares without the prior consent of the representatives of the underwriters for 180 days after the date of this prospectus. Following the expiration of this 180-day lock-up period, 82,314,258 of these shares of our common stock will be eligible for future sale, subject to the applicable volume, manner of sale, holding period and other limitations of Rule 144. See Shares Eligible for Future Sale for a discussion of the shares of common stock that may be sold into the public market in the future. In addition, our existing stockholders have the right under certain circumstances to require that we register their shares for resale. As of December 31, 2006, these registration rights apply to the 69,510,661 shares of our outstanding common stock owned by the Sponsors.

In addition, sales of our common stock that result in certain persons associated with the Sponsors holding less than 40% in the aggregate of the number of shares of our common stock held by them on the Recapitalization Closing Date will result in requiring us to pay current interest on any contingent earn-out notes that we may have issued. See Recent Transactions The Recapitalization Contingent Earn-Out Notes.

Purchasers of our common stock will experience immediate and substantial dilution resulting in their shares being worth less on a net tangible book value basis than the amount they invested.

The initial public offering price is expected to be significantly higher than the net tangible book value per share of our common stock. Purchasers of the common stock in this offering will experience an immediate dilution in net tangible book value of $34.67 per share of common stock purchased. In the past, we issued options to acquire shares of common stock at prices that may be significantly below the initial public offering price. To the extent that these outstanding options are exercised, there may be further dilution to investors. Accordingly, in the event we are liquidated, investors may not receive the full amount of their investment. See Dilution.

Our certificate of incorporation, by-laws and Delaware law may discourage takeovers and business combinations that our stockholders might consider in their best interests.

A number of provisions we intend to include, effective as of the offering, in our certificate of incorporation and by-laws may have the effect of delaying, deterring, preventing or rendering more difficult a change in control of RSC Holdings that our stockholders might consider in their best interests. These provisions include:

- establishment of a classified Board of Directors, with staggered terms;
- granting to the Board of Directors sole power to set the number of directors and to fill any vacancy on the Board of Directors, whether such vacancy occurs as a result of an increase in the number of directors or otherwise;
- limitations on the ability of stockholders to remove directors;
- the ability of the Board of Directors to designate and issue one or more series of preferred stock without stockholder approval, the terms of which may be determined at the sole discretion of the Board of Directors;
- prohibition on stockholders from calling special meetings of stockholders;
- establishment of advance notice requirements for stockholder proposals and nominations for election to the Board of Directors at stockholder meetings; and
- prohibiting our stockholders from acting by written consent if the Sponsors cease to collectively hold a majority of our outstanding common stock.

These provisions may prevent our stockholders from receiving the benefit from any premium to the market price of our common stock offered by a bidder in a takeover context. Even in the absence of a takeover attempt, the existence of these provisions may adversely affect the prevailing market price of our common stock if they are viewed as discouraging takeover attempts in the future. In addition, we expect to opt out of Section 203 of the Delaware General Corporation Law, which would have otherwise imposed additional requirements regarding mergers and other business combinations.

Our certificate of incorporation and by-laws may also make it difficult for stockholders to replace or remove our management. These provisions may facilitate management entrenchment that may delay, deter, render more difficult or prevent a change in our control, which may not be in the best interests of our stockholders.

See Description of Capital Stock for additional information on the anti-takeover measures applicable to us.

25

SUPPLEMENTAL INFORMATION

We have not authorized anyone to give you any information or to make any representations about the transactions we discuss in this prospectus other than those contained in this prospectus, any free writing prospectus prepared by us or any other information to which we have specifically referred you. If you are given any information or representation about these matters that is not discussed in this prospectus, you must not rely on that information. This prospectus is not an offer to sell anywhere or to anyone where or to whom we are not permitted to offer to sell securities under applicable law.

In making an investment decision, investors must rely on their own examination of the issuer and the terms of the offering, including the merits and risks involved. These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

We have filed with the U.S. Securities and Exchange Commission, or the Commission, a registration statement on Form S-1 under the Securities Act with respect to the common stock offered by this prospectus. This prospectus, filed as part of the registration statement, does not contain all the information set forth in the registration statement and its exhibits and schedules, portions of which have been omitted as permitted by the rules and regulations of the Commission. For further information about us and our common stock, we refer you to the registration statement and to its exhibits and schedules. With respect to statements in this prospectus about the contents of any contract, agreement or other document, in each instance, we refer you to the copy of such contract, agreement or document filed as an exhibit to the registration statement.

The public may read and copy any reports or other information that we and our subsidiaries file with the Commission. Such filings are available to the public over the Internet at the Commission s website at http://www.sec.gov. The Commission s website is included in this prospectus as an inactive textual reference only. You may also read and copy any document that we file with the Commission at its public reference room at 100 F Street, N.E., Washington D.C. 20549. You may obtain information on the operation of the public reference room by calling the Commission at 1-800-SEC-0330.

RSC®, RSC Online®, RSC Equipment Rental® and Total Control® are four of our many trademarks. This prospectus also refers to brand names, trademarks or service marks of other companies. All brand names and other trademarks or service marks cited in this prospectus are the property of their respective holders.

Our website http://www.rscrental.com is included in this prospectus as an inactive textual reference only.

Unless the context otherwise requires, in this prospectus, (i) RSC Holdings means RSC Holdings Inc., formerly known as Atlas Copco North America Inc., the issuer of the common stock offered by this prospectus and the ultimate parent

company of our operating subsidiaries, (ii) RSC means RSC Equipment Rental, Inc., formerly known as Rental Service Corporation, our primary operating company and an indirect wholly owned subsidiary of RSC Holdings, (iii) we, us and our mean RSC Holdings and its consolidated subsidiaries, including RSC, (iv) equipment means industrial, construction and material handling equipment, (v) Notes and Senior Notes refer to the 91/2% Senior Notes issued and sold by Rental Service Corporation and RSC Holdings III, LLC on November 27, 2006, (vi) we assume no exercise of the underwriters option to purchase additional shares pursuant to the overallotment option, (vii) we assume that we will issue 12,500,000 shares of common stock in this offering and (viii) the information included herein gives effect to a 37.435 for 1 stock split to be effected prior to the completion of this offering.

Table of Contents

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this prospectus, including, without limitation, statements regarding our future financial position, business strategy, budgets, projected costs and plans and objectives of management for future operations, are forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as may , plan , seek , will , expect , int estimate , anticipate , believe or continue or the negative thereof or variations thereon or similar terminology.

Forward-looking statements include the statements in this prospectus regarding, among other things: management forecasts; efficiencies; cost savings and opportunities to increase productivity and profitability; income and margins; liquidity; anticipated growth; economies of scale; the economy; future economic performance; our ability to maintain profitability during adverse economic cycles and unfavorable external events; our business strategies; future acquisitions and dispositions; litigation; potential and contingent liabilities; management s plans; taxes; and refinancing of existing debt.

Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to have been correct. Important factors that could cause actual results to differ materially from our expectations are set forth below and disclosed under Risk Factors and elsewhere in this prospectus, including, without limitation, in conjunction with the forward-looking statements included in this prospectus. All subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the following cautionary statements:

- the effect of an economic downturn or other factors resulting in a decline in non-residential construction and capital investment;
- increased competition from other companies in our industry and our inability to increase or maintain our prices;
- our ability to obtain equipment at competitive prices;
- changes in the attitude of our customers toward renting, as compared with purchasing, equipment;
- our ability to generate cash and/or incur additional indebtedness to finance equipment purchases;
- heavy reliance on centralized information systems;
- exposure to claims for personal injury, death and property damage resulting from the use of equipment rented or sold by us;
- the ability and willingness of ACAB and ACF to continue to meet and/or perform their obligations under the Recapitalization Agreement to indemnify for and defend us against various matters, including, but not limited to, litigation relating to alleged exposure to silica and asbestos;
- the effect of changes in laws and regulations, including those relating to the environment and customer privacy, among others;
- risks related to our substantial amount of indebtedness;

- fluctuations in fuel or supply costs;
- claims that the software products and information systems on which we rely infringe on the intellectual property rights of others; and
- the other factors described under the caption Risk Factors.

In light of these risks, uncertainties and assumptions, the forward-looking statements contained in this prospectus might not prove to be accurate and you should not place undue reliance upon them. All forward-looking statements speak only as of the date made, and we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

MARKET AND INDUSTRY DATA

Information in this prospectus about the equipment rental industry, including our general expectations concerning the industry and our market position and market share, is based on estimates prepared using data from various sources and on assumptions made by us. We believe data regarding the equipment rental industry and our market position and market share within this industry is inherently imprecise, but generally indicate our size and position and market share within this industry. In particular, we made certain determinations of market size and market share within our industry based on information from American Rental Association, Daniel Kaplan Associates, Global Insight, Manfredi & Associates and Rental Equipment Register, and our determinations of certain economic conditions in the markets we service are based on information from Maximus Advisors. Unless indicated otherwise, statements regarding our size, our market share and the size of our markets are based on rental revenues. Although we believe that the information provided by third parties is generally accurate, we have not independently verified any of that information. Third party industry publications and forecasts generally state that the information contained therein has been obtained from sources generally believed to be reliable. While we are not aware of any misstatements regarding any industry data presented in this prospectus, our estimates, in particular as they relate to our general expectations concerning the equipment rental industry, involve risks and uncertainties and are subject to change based on various factors, including those discussed under the caption Risk Factors.

RECENT TRANSACTIONS

The Recapitalization

Pursuant to the Recapitalization Agreement, on the Recapitalization Closing Date, the Sponsors acquired and currently own approximately 85% of RSC Holdings common stock. In connection with the Recapitalization, certain of our subsidiaries issued and sold the Notes as well as entered into the Senior ABL Facilities, comprised of a $250 million term facility and a $1,450 million revolving facility, and a $1,130 million Senior Term Facility. For a more detailed description of these facilities and our outstanding indebtedness thereunder, see Description of Certain Indebtedness Senior Credit Facilities.

Recapitalization Agreement

The Recapitalization Agreement contains customary representations, warranties and covenants. The Recapitalization Agreement also provides that ACAB and ACF will indemnify RSC Holdings and its affiliates, including Ripplewood and Oak Hill, and their respective officers, directors, stockholders, employees, agents and representatives with respect to breaches of representations, warranties, covenants and certain other matters, in each case, subject to certain time limitations and dollar amounts, and that RSC Holdings will indemnify ACAB, ACF and their respective affiliates and their respective officers, directors, stockholders, employees, agents and representatives with respect to breaches of representations, warranties, covenants and certain other matters, in each case, subject to certain time limitations and dollar amounts. See Business Legal Proceedings.

On the Recapitalization Closing Date, since RSC Holdings closing capital, as determined pursuant to a modified net worth formula set forth in the Recapitalization Agreement, was estimated to be more than the agreed-upon benchmark, the Recapitalization Purchase Price was increased by the amount of such excess over the benchmark, which was $34.4 million. This $34.4 million purchase price adjustment was paid to ACF on the Recapitalization Closing Date. The Recapitalization Agreement also provides for a post-closing adjustment to the Recapitalization Purchase Price based on a preliminary closing statement prepared by RSC Holdings and revised by ACAB. Since the calculation of the final adjustments showed that ACAB s estimate of the net amount of adjustments to the Recapitalization Purchase Price was lower than the actual net amount of such adjustments by $18.0 million, on March 9, 2007, RSC paid such amount to ACAB. RSC Holdings, RSC, ACAB and ACF entered into a final closing statement agreement, dated March 9, 2007, in which (i) ACF acknowledged receipt of the $18.0 million payment, (ii) the parties thereto agreed that the preliminary closing statement, prepared by RSC Holdings and modified as a result of ACAB s review, is the final closing statement and (iii) ACAB and ACF released RSC Holdings, RSC and their affiliates from any further liability under the purchase price adjustment mechanism contained in the Recapitalization Agreement. RSC obtained the funds necessary to make the purchase price adjustment payments by drawing on available borrowings under the Senior ABL Facilities.

Contingent Earn-Out Notes

RSC Holdings may be required to issue contingent earn-out notes pursuant to the Recapitalization Agreement if RSC achieves cumulative adjusted EBITDA (as defined in the Recapitalization Agreement) targets described below. If RSC s cumulative adjusted EBITDA for the fiscal years ended December 31, 2006 and December 31, 2007 (the 2006-2007 EBITDA) is at least $1.54 billion, then on April 1, 2008, RSC Holdings will issue to ACF a contingent earn-out note, in a principal amount equal to:

(i) $150 million if the 2006-2007 EBITDA is $1.662 billion or greater;

(ii) If the 2006-2007 EBITDA is between $1.54 billion and $1.662 billion, an amount equal to (x) $150 million multiplied by (y) a fraction (A) the numerator of which is an amount equal to the 2006-2007 EBITDA minus $1.54 billion and (B) the denominator of which is $122 million; and

(iii) An additional amount, computed like interest (compounded semiannually) at the lesser of 11.5% per annum and the applicable federal rate plus 4.99% per annum from April 1, 2008 until the contingent earn-out note is issued, on the amount described in clause (i) or clause (ii) above, as applicable.

If RSC s cumulative adjusted EBITDA for the fiscal year ended December 31, 2008 (the 2008 EBITDA) is at least $880 million, then on April 1, 2009, RSC Holdings will issue to ACF a second contingent earn-out note, in a principal amount equal to:

(i) $250 million if the 2008 EBITDA is $1.015 billion or greater;

(ii) If the 2008 EBITDA is between $880 million and $1.015 billion, an amount equal to (x) $250 million multiplied by (y) a fraction (A) the numerator of which is an amount equal to the 2008 EBITDA minus $880 million and (B) the denominator of which is $135 million; and

(iii) An additional amount, computed like interest (compounded semiannually) at the lesser of 11.5% per annum and the applicable federal rate plus 4.99% per annum from April 1, 2009 until the contingent earn-out note is issued, on the amount described in clause (i) or clause (ii) above, as applicable.

Each contingent earn-out note will mature on the earlier of the date that is 11 years from issuance and the date that is six months after the final maturity date of the longest dated debt of RSC Holdings or any of its subsidiaries with a principal amount in excess of $100 million outstanding on the date of issuance of such contingent earn-out note. Interest will be added to principal semi-annually and will be payable at maturity. The interest rate will be compounded semiannually and equal to the lesser of 11.5% per annum and the applicable federal rate plus 4.99% per annum.

If, after an underwritten initial public offering of RSC Holdings s common equity, certain persons associated with the Sponsors cease to control 40% in the aggregate of the number of shares of common equity owned by such persons immediately after the closing of the Recapitalization (a Loss of Control), RSC Holdings must make semi-annual payments of current period interest on the contingent earn-out notes (x) first, on the longest-dated contingent earn-out notes then outstanding (pro rata among all such notes) if and to the extent 50% of available cash (as defined in the Recapitalization Agreement) on the date of such payments is sufficient to make such payments, and (y) second, on the other contingent earn-out notes then outstanding (pro rata among all such notes) if and to the extent the payments made pursuant to the foregoing clause (x) are less than 50% of available cash on such dates. Any amount of such current period interest that is not so paid on any such date shall be added to the principal. In addition, RSC Holdings will cause its subsidiaries to refrain from taking certain actions that will impair RSC Holdings s ability to pay current interest on the contingent earn-out notes. Furthermore, following a Loss of Control, additional interest under the notes shall accrue at the semiannual interest rate that, with semiannual compounding, produces an incremental annual yield to maturity of 1.50%. The offering and sale of our common stock pursuant to this prospectus will not result in a Loss of Control.

Generally, if RSC Holdings receives after the Recapitalization Closing Date proceeds of certain dividends, redemptions or other distributions (Qualifying Proceeds) in excess of $150,000,000, we are required to use 50% of such excess Qualifying Proceeds, less the aggregate amount of all optional prepayments made under all of our contingent earn-out notes (the Aggregate Optional Prepayment), to prepay any outstanding contingent earn-out

Table of Contents

notes. However, if, after the Recapitalization Closing Date but prior to the date on which a contingent earn-out note is first issued (the Issue Date), we have received Qualifying Proceeds (Pre-Issue Proceeds) in excess of $150,000,000, we are required to use 100% of any Qualifying Proceeds received after the Issue Date (Post-Issue Proceeds) to prepay any outstanding notes until we have prepaid an amount equal to (x) the amount by which the Pre-Issue Proceeds exceed $150,000,000 minus (y) the Aggregate Optional Prepayment. Thereafter, we are required to use 50% of all Post-Issue Proceeds, less the Aggregate Optional Prepayments, to prepay the notes.

Recent Sale of Unregistered Securities

On or around November 17, 2006, RSC Holdings offered certain of its officers and employees, or trusts of which its officers or employees were beneficiaries, the opportunity to purchase up to 987,022 shares of RSC Holdings common stock for an aggregate offering price of up to approximately $6,440,000. The officers, employees and trusts purchased all 987,022 shares that were offered for a total purchase price of approximately $6,440,000. The purchases of the shares closed as of December 4, 2006 and December 19, 2006. All of the participating officers, employees and trusts have granted the Sponsors an irrevocable proxy to vote or act by unanimous written consent with respect to their purchased shares. Accordingly, the Sponsors have the sole authority to vote the shares held by the officers, employees and trusts.

As of the closings of their respective purchases, the officers and employees were granted stock options to purchase up to, in the aggregate, 4,395,921 additional shares of RSC Holdings common stock in the future. The stock options are subject to vesting as follows: one third of the options will vest over a five-year time period, subject to the officer s or employee s continued employment with RSC Holdings or its subsidiaries, and two thirds of the options will vest, or fail to vest, based on RSC Holdings financial performance. All stock options have an exercise price of $6.52.

USE OF PROCEEDS

We estimate that our net proceeds from the sale of 12,500,000 shares of our common stock being offered by us pursuant to this prospectus at an assumed initial public offering price of $24.00 per share, the midpoint of the range set forth on the cover page of this prospectus, after deducting estimated underwriting discounts and estimated offering expenses, will be approximately $278.8 million. A $1.00 increase (decrease) in the assumed initial public offering price of $24.00 per share would increase (decrease) the net proceeds to us from this offering by $11.8 million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated expenses payable by us. We will not receive any proceeds from the sale of 8,333,333 shares of our common stock being offered by the selling stockholders pursuant to this prospectus or the additional shares that would be sold by the selling stockholders if the underwriters exercised their overallotment option.

We intend to use the net proceeds to us from the sale by us of our common stock to (i) repay $253.7 million of the Senior Term Facility, (ii) pay a $5.1 million prepayment penalty related to our $253.7 million repayment under the Senior Term Facility and (iii) pay a termination fee of $20.0 million related to the termination of the monitoring agreement with the remainder of the proceeds, if any, to be used for general corporate purposes. For additional information regarding the monitoring agreement, see Certain Relationships and Related Party Transactions Monitoring, Transaction and Indemnification Agreement.

The Senior Term Facility was entered into in connection with the Recapitalization and consists of a term loan facility in an aggregate principal amount of up to $1,130 million that matures on November 27, 2013. On the Recapitalization Closing Date, we borrowed $1,130 million under the Senior Term Facility. At our election, the interest rates under the Senior Term Facility are based on a fluctuating interest rate measured by reference to either (1) an adjusted London inter-bank offered rate, or LIBOR, plus a borrowing margin or (2) an alternate base rate plus a borrowing margin. Borrowings under the Senior Term Facility, in addition to borrowings under the Senior ABL Facilities and the Indenture and the equity investment by the Sponsors, were used by us to pay ACF the cash consideration for the Recapitalization and to pay certain related transaction fees and expenses. For additional information regarding the Senior Term Facility, see Description of Certain Indebtedness Senior Term Facility. As of December 31, 2006, borrowings under the Senior Term Facility bore interest at 8.86%. Because affiliates of Deutsche Bank are lenders under the Senior Term Facility, affiliates of such underwriter will receive a substantial portion of the proceeds of this offering. See Underwriting.

DIVIDEND POLICY

We do not expect to pay dividends on our common stock for the foreseeable future. Instead, we anticipate that all of our earnings in the foreseeable future will be used for the operation and growth of our business. Our ability to pay dividends to holders of our common stock is limited as a practical matter by the Senior Credit Facilities and the indenture governing the Notes, insofar as we may seek to pay dividends out of funds made available to us, because our subsidiaries debt facilities directly or indirectly restrict our subsidiaries ability to pay dividends or make loans to us. In addition, if our contingent earn-out notes are issued, our ability to pay dividends will be restricted by our obligation to make certain mandatory prepayments to the holders of such notes. See Recent Transactions Recapitalization Agreement Contingent Earn-Out Notes. Any future determination to pay dividends on our common stock is subject to the discretion of our Board and will depend upon various factors, including our results of operations, financial condition, liquidity requirements, restrictions that may be imposed by applicable law and our contracts, and other factors deemed relevant by our Board.

Table of Contents

CAPITALIZATION

The following table sets forth as of December 31, 2006, on a consolidated basis:

Our actual capitalization; and

Our pro forma as adjusted capitalization that gives effect to the sale of 12,500,000 shares of our common stock in this offering at an assumed initial public offering price of $24.00 per share, the midpoint of the range set forth on the cover page of this prospectus, and the use of the net proceeds therefrom.

You should read the following table in conjunction with the information in this prospectus under the captions Unaudited Pro Forma Condensed Consolidated Financial Statements, Selected Historical Consolidated Financial Data, Description of Certain Indebtedness and Management s Discussion and Analysis of Financial Condition and Results of Operations, and with the audited consolidated financial statements and related notes included elsewhere in this prospectus. For a description of the debt facilities and instruments referred to below, see Recent Transactions The Recapitalization, Description of Certain Indebtedness and Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources.

	As of December 31, 2006	
	Actual	Pro Forma as adjusted for this Offering
	(in millions)	
Cash	$ 46.2	$ 46.2
Debt(1)	$ 3,006.4	$ 2,752.7
Stockholders equity (deficit)		
Preferred Stock, no par value, 500,000 shares authorized; no shares issued and outstanding		
Common Stock, no par value, 300,000,000 shares authorized; (i) Actual 90,647,591 shares issued and outstanding and (ii) Pro forma 103,147,591 shares issued and outstanding	556.5	835.3
Accumulated deficit	(999.9)	(1,018.5)
Accumulated other comprehensive income	8.8	8.8
Total stockholders equity (deficit)	(434.6)	(174.4)
Total capitalization	$ 2,571.8	$ 2,578.3

(1) Debt consists of the Notes; borrowings under our Senior Term Facility; borrowings under our Senior ABL Facilities; and capital lease obligations. For a description of these facilities, see Description of Certain Indebtedness and Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources Indebtedness Following the Recapitalization.

Table of Contents

DILUTION

If you invest in our common stock, your interest will be diluted to the extent of the difference between the initial public offering price of the shares of our common stock and the net tangible book value per share after this offering.

Net tangible book value (deficit) per share represents the amount of total book value of tangible assets less total liabilities, divided by the number of shares of common stock then outstanding. Our net tangible book deficit as of December 31, 2006 was $1,360.3 million, or $15.01 per share, based on the 90,647,591 shares of common stock outstanding as of such date. After giving effect to our sale of 12,500,000 shares in this offering at an assumed initial public offering price of $24.00 per share, the midpoint of the range set forth on the cover page of this prospectus, and after deducting the estimated underwriting discounts and estimated offering expenses, our pro forma net tangible book deficit as of December 31, 2006 would have been $1,100.1 million, or $10.67 per share. This represents an immediate increase in the pro forma net tangible book value of $4.34 per share to existing stockholders and an immediate and substantial dilution of $34.67 per share to new investors purchasing shares in this offering. If the initial offering price is higher or lower, the dilution to new investors purchasing our common stock will be greater or less, respectively. The following table illustrates this dilution:

		Per Share
Assumed initial public offering price		$ 24.00
Net tangible book value (deficit) as of December 31, 2006	(15.01)	
Increase attributable to this offering	4.34	
Pro forma net tangible book value (deficit) after this offering		10.67
Dilution in net tangible book value to new investors		$ 34.67

The following table summarizes as of December 31, 2006 the total number of shares of common stock purchased from us, the total consideration paid to us, and the weighted average price per share paid by existing stockholders and by new investors purchasing shares from us in this offering at our assumed initial public offering price of $24.00 per share, the midpoint of the range set forth on the cover page of this prospectus, and before deducting underwriting discounts and estimated offering expenses payable by us.

	Shares Acquired (in millions)		Total Consideration (in thousands)		Weighted Average Price
	Number	Percent	Amount	Percent	Per Share
Existing stockholders	95,044	88%	$ 620,125	67%	6.52
New investors	12,500	12	300,000	33	24.00
Total	107,544	100%	$ 920,125	100%	8.56

The number of shares held by the existing stockholders, which includes shares being sold by the selling stockholders, will be further reduced to the extent the underwriters exercise their overallotment option to purchase additional shares from such selling stockholders. If the underwriters fully exercise their overallotment option, the existing stockholders will own a total of 83,585,178 shares, or approximately 78% of our total outstanding shares.

The foregoing discussion and tables give effect to the issuance of common stock upon exercise of all outstanding stock options held by directors and officers as of December 31, 2006. As of December 31, 2006, there were stock options outstanding to purchase a total of 4,395,921 shares of our common stock at a weighted average exercise price of $6.52 per share.

In addition, we may choose to raise additional capital due to market conditions or strategic considerations even if we believe we have sufficient funds for our current or future operating plans. To the extent that additional capital is raised through the sale of equity or convertible debt securities, the issuance of such securities could result in further dilution to our stockholders.

Table of Contents

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The following unaudited pro forma condensed consolidated financial statements have been derived from our historical audited consolidated financial statements and our historical unaudited condensed consolidated financial statements included elsewhere in this prospectus.

The unaudited pro forma as adjusted consolidated statement of income below for the year ended December 31, 2006 gives effect to (i) the Recapitalization and the use of the net proceeds therefrom and (ii) the sale of 12,500,000 shares of common stock offered by this prospectus at an assumed initial offering price of $24.00 per share, the midpoint of the range set forth on the cover page of this prospectus, and the use of net proceeds therefrom, as if such transactions had occurred on January 1, 2006. The unaudited pro forma as adjusted consolidated balance sheet below as of December 31, 2006 reflect adjustments to our historical financial data to give effect to the sale of common stock offered by this prospectus at an assumed initial offering price of $24.00 per share, the midpoint of the range set forth on the cover page of this prospectus, and the use of the net sale proceeds therefrom, as if such transaction had occurred on December 31, 2006.

The unaudited pro forma condensed consolidated financial statements include adjustments directly attributable to the Recapitalization and the use of the net proceeds therefrom and the sale of common stock offered by this prospectus and the use of the net sale proceeds therefrom that are expected to have a continuing impact on us. The pro forma adjustments are described in the accompanying notes to the unaudited pro forma condensed consolidated financial statements. The pro forma adjustments are based upon available information and certain assumptions that we believe are reasonable. The unaudited pro forma condensed consolidated financial statements do not purport to represent our results of operations or financial condition had the Recapitalization and the use of the net proceeds therefrom and the sale of common stock offered by this prospectus and the use of the net sale proceeds therefrom actually occurred as of such dates or of the results that we would have achieved after the Recapitalization and the use of the net proceeds therefrom and the sale of common stock offered by this prospectus and the use of the net sale proceeds therefrom.

The Recapitalization has been accounted for as a leveraged recapitalization whereby our assets and liabilities remain at historical values and are not revalued and recorded at their fair value at the time of the Recapitalization.

The unaudited pro forma condensed consolidated financial statements should be read in conjunction with the information included in this prospectus under the captions Use of Proceeds, Capitalization, Selected Historical Consolidated Financial Data and Management s Discussion and Analysis of Financial Condition and Results of Operations and with our historical consolidated financial statements and the related notes thereto.

Table of Contents

Unaudited Pro Forma Condensed Consolidated Balance Sheet
As of December 31, 2006
(in thousands)

	Historical(1)	Pro Forma Adjustments for the Offering and Use of Proceeds	Pro Forma as Adjusted
Balance sheet			
Assets			
Cash and cash equivalents	$ 46,188	$	$ 46,188
Accounts receivable, net	268,383		268,383
Inventory	18,489		18,489
Rental equipment, net	1,738,670		1,738,670
Property and equipment, net	170,192		170,192
Goodwill	925,621		925,621
Deferred financing costs	67,915	5,451(2)	62,464
Other assets	90,498		90,498
Total assets	$ 3,325,956	$ (5,451)	$ 3,320,505
Liabilities			
Accounts payable	$ 296,086		296,086
Accrued expenses and other liabilities	163,996	(11,905)(3)	152,091
Debt	3,006,426	(253,725)(4)	2,752,701
Deferred income taxes	294,081		294,081
Total liabilities	3,760,589	(265,630)	3,494,959
Stockholders equity (deficit)			
Preferred stock, no par value, 500,000 shares authorized; no shares issued and outstanding			
Common stock, no par value, 300,000,000 shares authorized; (i) Actual 90,647,591 shares issued and outstanding and (ii) Pro forma 103,147,591 shares issued and outstanding	556,482	278,800	835,282
Accumulated deficit	(999,899)	(12,200)(5) (3,096)(6) (3,325)(7)	(1,018,520)
Accumulated other comprehensive income	8,784		8,784
Total stockholders equity (deficit)	(434,633)	260,179	174,454

Total liabilities and stockholders equity (deficit)	$ 3,325,956	$ (5,451)	$ 3,320,505

See Accompanying Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements.

Table of Contents

Unaudited Pro Forma Condensed Consolidated Statements of Income
For the Year Ended December 31, 2006
(in thousands, except per share data)

	Historical	Adjustments for the Recapitalization and Use of Proceeds(1)	Pro Forma Subtotal	Pro Forma Adjustments for the Offering and Use of Proceeds	Pro Forma as Adjusted
Statement of income					
Revenues:					
Equipment rental revenue	$ 1,368,712	$	$ 1,368,712	$	$ 1,368,712
Sale of merchandise	92,524		92,524		92,524
Sale of used rental equipment	191,652		191,652		191,652
Total revenues	1,652,888		1,652,888		1,652,888
Cost of revenues:					
Cost of equipment rentals, excluding depreciation	591,340		591,340		591,340
Depreciation rental equipment	253,379		253,379		253,379
Cost of sales of merchandise	57,636		57,636		57,636
Cost of rental equipment sales	145,425		145,425		145,425
Total cost of revenues	1,047,780		1,047,780		1,047,780
Gross profit	605,108		605,108		605,108
Operating expenses:					
Selling, general, and administrative	135,526	5,441(8)	140,967	(6,000)(8)	134,967
Depreciation and amortization non-rental	38,783		38,783		38,783
Recapitalization expenses	10,277	(10,277)(9)			
Total operating expenses	184,586	(4,836)	179,750	(6,000)	173,750
Operating income	420,522	4,836	425,358	6,000	431,358
Interest expense	116,370	137,907(10)	254,277	(22,894)(10)	231,383
Other income, net	(311)		(311)		(311)
Income before provision for income taxes	304,463	(133,071)	171,392	28,894	200,286
Provision for income taxes	117,941	(51,548)(11)	66,393	11,193	77,586
Net income	$ 186,522	$ (81,523)	$ 104,999	$ 17,701	$ 122,700

Preferred dividends	(7,997)	7,997			
Net income available for common stockholders	$ 178,525	$ (73,526)	$ 104,999	$ 17,701	$ 122,700
Weighted average shares outstanding used in computing net income per common share:					
Basic and diluted(12)(13)	307,845		89,733		100,305(14)
Net income per common share:					
Basic and diluted(12)(13)	$ 0.58		$ 1.17		$ 1.22(14)

See Accompanying Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements.

Table of Contents

Notes to Unaudited Pro Forma Condensed Consolidated Financial Statements

(1) The Recapitalization was consummated on November 27, 2006. The Recapitalization was accomplished through (a) the repurchase by RSC Holdings of a portion of its issued and outstanding common stock from ACF for (i) $3,345 million, as adjusted on the Recapitalization Closing Date and on March 9, 2007 and (ii) the right to receive up to $400 million aggregate principal amount of contingent earn-out notes by ACF and (b) the issuance of a portion of the repurchased shares in return for a $500 million cash equity investment in RSC Holdings by the Sponsors for shares of common stock. As a result of the Recapitalization, Ripplewood and Oak Hill each owned 42.735% of RSC Holdings issued and outstanding capital stock and ACF owned 14.53% of RSC Holdings issued and outstanding capital stock. All historical balance sheet data as of December 31, 2006 reflect the impact of the Recapitalization and the use of proceeds therefrom.

(2) The pro forma adjustment represents the reduction in deferred financing cost resulting from repayment of debt.

(3) The pro forma adjustment represents the change in the tax payable for non-recurring charges directly attributable to the offering (see notes (5), (6) and (7) below) at an effective tax rate of 39%.

(4) The pro forma adjustment represents the repayment of $253.7 million under the Senior Term Facility.

(5) The pro forma adjustment reflects the payment of $20 million in connection with the termination of the monitoring agreement, net of taxes.

(6) The pro forma adjustment reflects a 2% prepayment penalty of $5.1 million related to our $253.7 million repayment under the Senior Term Facility, net of taxes.

(7) The pro forma adjustment reflects the corresponding expense associated with the reduction in deferred financing cost resulting from repayment of debt, net of taxes.

(8) The pro forma adjustment reflects annual management fees of $6 million net of $0.6 million actually paid in the year ended December 31, 2006. The management fee is removed from the pro forma as adjusted amounts as the management fee will be terminated.

(9) The pro forma adjustment reflects the elimination of one-time fees and expenses related to the consummation of the Recapitalization and not otherwise amortized or applied to stockholders equity.

(10) The pro forma adjustments to interest expense reflect the repayment of existing debt and the issuance of $620 million of Senior Notes, $1,124 million of indebtedness under the Senior ABL Facilities and $1,130 million of indebtedness under the Senior Term Facility as well as the repayment by us of $253.7 million under the Senior Term Facility. The adjustments also reflect payment of the commitment fee related to the unfunded portion of the Senior ABL Facilities and amortization of debt financing costs. Our outstanding capital lease obligations remained unchanged as a result of the Recapitalization. The following table sets forth debt we incurred in connection with the Recapitalization, the interest associated with the relief of intercompany debt with affiliates of ACAB, as well as the additional amortization of deferred financing fees incurred in connection therewith.

Table of Contents

	Loan Value	Indexed Rate(a)	Supplemental Rate	Total Rate	Pro Forma Adjustments to Annual Interest
		(dollars in thousands)			
Recapitalization debt					
Senior ABL Facilities	$ 1,124,000	5.36%	1.75%	7.11%	$ 71,955
Senior ABL Revolving Credit Facility (unused portion)	576,000			0.25%	1,440
Senior Term Facility	1,130,000	5.36%	3.50%	8.86%	90,286
Senior Notes	620,000			9.50%	53,174
Interest associated with the relief of intercompany debt	(1,190,947)(b)			7.91%(b)	(86,354)
Additional amortization of deferred financing fees					7,406
Total adjustment to pro forma financial statements					$ 137,907
Extinguishment of debt from net proceeds of offering	$ (253,725)	5.36%	3.50%	8.86%	$ (22,481)
Adjustment to amortization of deferred financing costs					(413)
Total adjustment for offering					$ (22,894)

(a) Variable rates are assumed to be December 31, 2006 three-month LIBOR for the entire pro forma period.
(b) Intercompany indebtedness functioned as a revolving credit facility, and the interest rate applicable to all intercompany indebtedness was set at the Prime Rate in effect when such indebtedness was incurred. As such, the loan value and the total rate value included in the table above reflect the average loan value and the average total rate, respectively, for the period presented.

A 0.25% change in the variable interest rate on our indebtedness would have caused a $5.0 million increase or decrease in pro forma interest expense for the year ended December 31, 2006.

(11) Adjustment to tax provision based on lower pro forma income.

(12) Share amounts reflect a 100 for 1 stock split effected on November 27, 2006 and a 37.435 for 1 stock split to be effected in connection with this offering.

(13) Basic net income per common share has been computed using the weighted average number of shares of common stock outstanding during the period. Diluted net income per common share has been computed using the weighted average number of shares of common stock outstanding during the period, increased to give effect to the offering of any shares of common stock. Additionally, for purposes of calculating basic and diluted net income per common share, net income has been adjusted for preferred stock dividends. As of December 31, 2006, there were stock options

to purchase 4,395,921 additional shares that were excluded from the calculations of diluted income per common share and pro forma net income per common share as those stock options were anti-dilutive.

(14) Includes 10,571,875 shares of common stock offered by us, the proceeds of which will be used to repay a portion of the Senior Term Facility. Additionally, there are 1,928,125 shares of common stock offered by us that are not included in the pro forma earnings per share calculation as their proceeds will be used by us to pay offering related expenses. Pro forma basic and diluted earnings per share is computed by dividing pro forma earnings by the pro forma weighted average number of shares outstanding for the period.

Table of Contents

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following table presents selected consolidated financial information and other operational data for our business. The selected consolidated statements of income data presented below for the years ended December 31, 2004, 2005 and 2006 and the balance sheet data as of December 31, 2005 and 2006, have been derived from our audited financial statements included in this prospectus. The selected consolidated statement of income data for the year ended December 31, 2003 and the balance sheet data as of December 31, 2004 have been derived from our audited financial statements not included in this prospectus. The consolidated balance sheet data at December 31, 2003 have been derived from our unaudited consolidated balance sheet for that period.

Our financial statements for the year ended December 31, 2001 were audited by Arthur Andersen LLP. Our current auditors, KPMG LLP, have been unable to obtain access to Arthur Andersen LLP s work papers for this period. In addition, KPMG LLP was not able to audit our financial statements for the year ended December 31, 2002 because an opening audited balance sheet could not be verified and relied on, due to Arthur Andersen LLP having conducted the 2001 audit of our financial statements. As such, producing audited financial statements for the year ended December 31, 2002 would be unduly burdensome and expensive. Consequently, we have not included selected financial data below for that period.

You should read the following information in conjunction with the section of this prospectus entitled Management s Discussion and Analysis of Financial Condition and Results of Operations, and our audited consolidated financial statements and related notes beginning on page F-1 of this prospectus.

	Historical Year Ended December 31,			
	2003	2004	2005	2006
	(in thousands, except per share data)			
Statements of income data:				
Revenues:				
Equipment rental revenue	$ 899,203	$ 984,517	$ 1,140,329	$ 1,368,712
Sale of merchandise	178,374	162,720	102,894	92,524
Sale of used rental equipment	140,424	181,486	217,534	191,652
Total revenues	1,218,001	1,328,723	1,460,757	1,652,888
Cost of revenues:				
Cost of equipment rentals, excluding depreciation	494,056	492,323	527,208	591,340
Depreciation rental equipment	187,859	192,323	212,325	253,379
Cost of sales of merchandise	138,056	122,873	69,914	57,636
Cost of rental equipment sales	110,458	147,131	173,276	145,425
Total cost of revenues	930,429	954,650	982,723	1,047,780
Gross profit	287,572	374,073	478,034	605,108
Other operating expenses:				
Selling, general, and administrative	128,044	118,130	122,281	135,526
Depreciation and amortization non-rental	32,320	32,641	33,776	38,783
Recapitalization expenses				10,277
Total operating expenses	160,364	150,771	156,057	184,586
Operating income	127,208	223,302	321,977	420,522
Interest expense	54,983	45,666	64,280	116,370
Other income, net	(119)	(58)	(100)	(311)
Income before provisions for income taxes	72,344	177,694	257,797	304,463
Provision for income taxes	26,437	66,717	93,600	117,941
Net income	$ 45,907	$ 110,977	$ 164,197	$ 186,522
Preferred dividends	(3,999)	(15,995)	(15,995)	(7,997)
Net income available for common stockholders	$ 41,908	$ 94,982	$ 148,202	$ 178,525
Weighted average shares outstanding used in computing net income per common share:				
Basic and diluted (1)(2)	330,697(3)	330,697	330,697	307,845
Net income per common share:				

Basic and diluted (1)(2)	$ 0.13(3)	$ 0.29	$ 0.45	$ 0.58
Other financial data:				
Depreciation of rental equipment and depreciation and amortization of non-rental equipment	$ 220,179	$ 224,964	$ 246,101	$ 292,162
Capital expenditures:				
Rental	$ 243,777	$ 419,900	$ 691,858	$ 721,258
Non-rental	9,727	33,490	4,641	28,592
Proceeds from sales of used equipment and non-rental equipment	(146,956)	(215,622)	(233,731)	(207,613)
Net capital expenditures	$ 106,548	$ 237,768	$ 462,768	$ 542,237
Other operational data (unaudited):				
Utilization (4)	63.9%	67.7%	70.6%	72.0%
Average fleet age (months)	44.0	40.0	30.2	25.0
Same store rental revenues growth (5)	0.9%	11.8%	17.6%	18.9%
Employees (6)	5,083	4,812	4,938	5,187

	Historical Year Ended December 31,			
	2003 (unaudited)	**2004**	**2005**	**2006**
	(in millions)			
Consolidated Balance Sheet Data:				
Rental equipment, net	$ 1,046	$ 1,127	$ 1,421	$ 1,739
Total assets	2,330	2,422	2,764	3,326
Debt	1,429	1,277	1,247	3,006
Total liabilities	1,766	1,759	1,951	3,761
Total stockholders equity (deficit)	564	663	814	(435)

42

(1) Share amounts reflect a 100 for 1 stock split effected on November 27, 2006 and a 37.435 for 1 stock split to be effected in connection with this offering.

(2) Basic net income per common share has been computed using the weighted average number of shares of common stock outstanding during the period. Diluted net income per common share has been computed using the weighted average number of shares of common stock outstanding during the period, increased to give effect to the offering of any shares of common stock. Additionally, for purposes of calculating basic and diluted net income per common share, net income has been adjusted for preferred stock dividends. There were no potentially dilutive securities outstanding during 2003, 2004 and 2005. In 2006, there were stock options to purchase 4,395,921 additional shares that were excluded from the calculation of diluted income per common share as those stock options were anti-dilutive.

(3) For 2003, weighted average shares outstanding used in computing basic and diluted net income per common share and basic and diluted net income per common share are unaudited.

(4) Utilization is defined as the average aggregate dollar value of equipment rented by customers (based on original equipment cost) for the relevant period divided by the average aggregate dollar value of all equipment (based on original equipment cost) for the relevant period.

The following table shows the calculation of utilization for each period presented.

	For the Year ended December 31,			
	2003	2004	2005	2006
	(in millions)			
Average aggregate dollar value of all equipment (original cost)	$ 1,796.0	$ 1,779.0	$ 1,861.1	$ 2,197.8
Average aggregate dollar value of equipment rental	1,148.2	1,205.1	1,314.7	1,582.8
Utilization	63.9%	67.7%	70.6%	72.0%

(5) Same store rental revenue growth is calculated as the year over year change in rental revenue for stores that are open at the end of the period reported and have been operating under the Company s direction for more than 12 months.

(6) Employee count is given as of the end of the period indicated and the data reflect the actual head count as of each period presented.

	December 31, 2003	2004	2005	2006
	(in thousands, except share data)			
Assets				
Cash and cash equivalents	$ 466	$ 4,523	$ 7,134	$ 46,188
Accounts receivable, net	188,221	212,730	245,606	268,383
Inventory	48,200	25,200	19,011	18,489
Rental equipment, net	1,045,574	1,127,481	1,420,545	1,738,670
Property and equipment, net:	112,328	114,147	131,490	170,192
Goodwill	925,621	925,621	925,621	925,621
Deferred financing costs				67,915
Other assets	9,887	11,972	15,024	90,498
Total assets	$ 2,330,297	$ 2,421,674	$ 2,764,431	$ 3,325,956
Liabilities and Stockholders Equity (Deficit)				
Accounts payable	$ 137,003	$ 210,397	$ 330,757	$ 296,086
Accrued expenses and other liabilities	87,631	98,436	127,823	163,996
Debt	1,428,614	1,277,305	1,246,829	3,006,426
Deferred income taxes	112,818	172,844	245,216	294,081
Total liabilities	1,766,066	1,758,982	1,950,625	3,760,589
Commitments and contingencies				
Stockholders equity (deficit)				
Series A preferred stock (200 shares authorized, 154 shares issued and outstanding)	350,000	350,000	350,000	
Preferred stock, authorized in 2006 (500,000 shares authorized; no shares issued and outstanding at December 31, 2006)				
Common stock, no par value (374,350,000 shares authorized; 330,697,047 shares issued and outstanding in 2003, 2004 and 2005)	1,113,338	1,113,735	1,114,577	
New common stock, no par value, authorized in 2006 (300,000,000 shares authorized; 90,647,591 shares issued and outstanding at December 31, 2006)				556,482
Accumulated deficit	(903,405)	(808,423)	(660,221)	(999,899)
Accumulated other comprehensive income	4,298	7,380	9,450	8,784
Total stockholders equity (deficit)	564,231	662,692	813,806	(434,633)
Total liabilities and stockholders equity (deficit)	$ 2,330,297	$ 2,421,674	$ 2,764,431	$ 3,325,956

MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our results of operations and financial condition includes periods prior to the Recapitalization Closing Date. Accordingly, the discussion and analysis of historical periods does not reflect the significant impact that the Recapitalization will have on us, including significantly increased leverage and liquidity requirements. See Unaudited Pro Forma Condensed Consolidated Financial Statements. The statements in the discussion and analysis regarding industry outlook, our expectations regarding the performance of our business and the other non-historical statements in the discussion and analysis are forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, the risks and uncertainties described in Risk Factors. Our actual results may differ materially from those contained in or implied by any forward-looking statements. You should read the following discussion together with the sections entitled Risk Factors, Cautionary Note Regarding Forward-Looking Statements, Selected Historical Consolidated Financial Data and audited consolidated financial statements and related notes included in this prospectus.

Overview

We are one of the largest equipment rental providers in North America. We operate through a network of 455 rental locations across 10 regions in 39 U.S. states and four Canadian provinces. We believe we are the largest or second largest equipment rental provider in the majority of the regions in which we operate. During the eighteen months ended December 31, 2006, we serviced approximately 470,000 customers primarily in the non-residential construction and industrial markets. We rent a broad selection of equipment ranging from large equipment such as backhoes, forklifts, air compressors, scissor lifts, booms and skid-steer loaders to smaller items such as pumps, generators, welders and electric hand tools. We also sell used equipment, parts, merchandise and supplies for maintenance, repair and operations.

For the year ended December 31, 2006, we generated revenues, income before provision for income taxes and net income of $1,652.9 million, $304.5 million and $186.5 million, respectively. For the year ended December 31, 2005, we generated revenues, income before provision for income taxes and net income of $1,460.8 million, $257.8 million and $164.2 million, respectively.

For trends affecting our business and the markets in which we operate see Factors Affecting Our Results of Operations below and also Risk Factors Risks Related to Our Business, and Industry Overview.

Factors Affecting Our Results of Operations

Our revenues and operating results are driven in large part by activities in the non-residential construction and industrial markets. These markets are cyclical with activity levels that tend to increase in line with growth in gross domestic product and decline during times of economic weakness. In addition, activity in the construction market tends to be susceptible to seasonal fluctuations in certain parts of the country. This results in changes in demand for our rental equipment. The cyclicality and seasonality of the equipment rental industry result in variable demand and, therefore, our revenues and operating results may fluctuate from period to period.

Our revenues and operating results are also affected by price increases for raw materials and energy, which have led to an increase in our equipment costs from many of our manufacturers. To the extent that demand for rental equipment falls and, in particular, if demand for such equipment falls below supply, we may not be able to set rental rates and resell used equipment at prices that will offset increased equipment costs resulting from increased raw materials and

energy costs.

Critical Accounting Policies and Estimates

Our discussion and analysis of financial condition and results of operations are based upon our audited consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts in the consolidated financial statements and accompanying notes.

We believe the following critical accounting policies affect the more significant judgments and estimates used in the preparation of our financial statements and changes in these judgments and estimates may impact future results of operations and financial condition. For additional discussion of our accounting policies, see note 2 to the notes to our audited consolidated financial statements included in this prospectus.

Accounts Receivable

Accounts receivable are stated net of allowances for doubtful accounts of $7.0 million and $7.5 million at December 31, 2006 and 2005, respectively. Management develops its estimate of this allowance based on our historical experience, its understanding of our current economic circumstances, and its own judgment as to the likelihood of ultimate payment. Bad debt expense is reflected as a component of selling, general and administrative expenses in the consolidated statements of income.

Rental Equipment

Rental equipment is recorded at cost and depreciated over the estimated useful lives of the equipment using the straight-line method. The range of estimated lives for rental equipment is one to ten years. Rental equipment is depreciated to a salvage value of zero to ten percent of cost. Incremental costs related to acquiring rental equipment and subsequently renting such equipment are expensed as incurred. Ordinary repair and maintenance costs are charged to operations as incurred. Repair and maintenance costs of $102.8 million, $90.6 million and $89.2 million are included in cost of revenues in our consolidated statements of income for the years ended December 31, 2006, 2005 and 2004, respectively. When rental fleet is disposed of, the related cost and accumulated depreciation are removed from their respective accounts, and any gains or losses are included in gross profit.

We have factory-authorized arrangements for the refurbishment of certain equipment. We continue to record depreciation expense while the equipment is out on refurbishment. The cost of refurbishment is added to the existing net book value of the asset. The combined cost is depreciated over 48 months. The total net book value of the equipment and the total refurbishment cost following completion of the refurbishment may not exceed the equipment s current fair value.

Long-Lived Assets and Goodwill

Long-lived assets such as rental equipment and property and equipment are measured for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If an impairment indicator is present, we evaluate recoverability by a comparison of the carrying amount of the assets to future undiscounted cash flows expected to be generated by the assets. If the assets are impaired, the impairment recognized is measured by the amount by which the carrying amount exceeds the fair value of the assets. Fair value is generally determined by estimates of discounted cash flows. We recognized no impairment of long-lived assets in the years ended December 31, 2006, 2005 and 2004, respectively.

Goodwill was $925.6 million at both December 31, 2006 and 2005. We review the carrying value of goodwill for impairment annually during the fourth quarter, and whenever an impairment indicator is identified. Based on our analyses, there was no impairment of goodwill in connection with the annual impairment tests that were performed during the years ended December 31, 2006 and 2005.

The goodwill impairment test involves a two-step approach. Under the first step, we determine the fair value of each reporting unit to which goodwill has been assigned. We compare the fair value of the reporting unit to its carrying value, including goodwill. We estimate the fair values of our reporting units utilizing an income approach valuation. If the estimated fair value exceeds the carrying value, no impairment loss is recognized. If the carrying value exceeds the fair value, goodwill is considered potentially impaired and the second step is completed in order to measure the impairment loss. Under the second step, we calculate the implied fair value of goodwill by deducting the fair value of all tangible and intangible net assets, including any unrecognized intangible assets, of the reporting unit from the fair value of the reporting unit as determined in the first step. We then compare the implied fair value of goodwill to the carrying value of goodwill. If the implied fair value of goodwill is less than the carrying value of goodwill, we recognize an impairment loss equal to the difference.

Revenue Recognition

We rent equipment primarily to the nonresidential construction and industrial markets. We record unbilled revenue for revenues earned in each reporting period which have not yet been billed to the customer. Rental contract terms may be daily, weekly, or monthly and may extend across financial reporting periods. Rental revenue is recognized over the applicable rental period.

We recognize revenue on merchandise sales when title passes to the customer, the customer takes ownership, assumes risk of loss, and collectibility is reasonably assured. There are no rights of return or warranties offered on product sales.

We recognize both net and gross re-rent revenue. We have entered into alliance agreements with certain suppliers whereby we will rent equipment from the supplier and subsequently re-rent such equipment to a customer. Under the alliance agreements, the collection risk from the end user is passed to the original supplier and revenue is presented on a net basis under the provisions of Emerging Issues Task Force (EITF) No. 99-19, *Reporting Revenue Gross as a Principal versus Net as an Agent.* When no alliance agreement exists, re-rent revenue is presented on a gross basis.

Cost of Revenues

Costs of revenues for equipment rentals consist primarily of wages and benefits for employees involved in the delivery and maintenance of rental equipment, rental location facility costs and rental equipment repair and maintenance expenses. Cost of sales of merchandise represents the costs of acquiring those items. Cost of rental equipment sales represents the net book value of rental equipment at the date of sale.

Selling, General and Administrative Expenses

Selling, general and administrative expenses primarily includes sales force compensation, information technology costs, advertising and marketing, professional fees and administrative overhead.

Table of Contents

Reserve for Claims

Our insurance program for general liability, automobile, workers compensation and pollution claims involves deductibles or self-insurance, with varying risk retention levels. Claims in excess of these risk retention levels are covered by insurance, up to certain policy limits. We are fully self-insured for medical claims. Our excess loss coverage for general liability, automobile, workers compensation and pollution claims starts at $1.0 million, $1.5 million, $0.5 million and $0.25 million respectively. This coverage was in effect for the years ended December 31, 2006 and 2005. We establish reserves for reported claims that are asserted and for claims that are believed to have been incurred but not yet reported. These reserves reflect an estimate of the amounts that we will be required to pay in connection with these claims. The estimate of reserves is based upon assumptions relating to the probability of losses and historical settlement experience. These estimates may change based on, among other events, changes in claims history or receipt of additional information relevant to assessing the claims. Furthermore, 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 the reserves.

Income Taxes

Prior to the Recapitalization, RSC Holdings had other lines of businesses and the consolidated tax return of RSC Holdings for those periods included the results from those other lines of businesses. Our income taxes as presented in the consolidated financial statements are calculated on a separate tax return basis that does not include the results from those other lines of businesses. Under ACAB s ownership, RSC Holdings managed its tax position for the benefit of its entire portfolio of businesses, and its tax strategies were not necessarily reflective of the tax strategies that we would have followed or do follow as a stand-alone company.

Income taxes are accounted for under SFAS No. 109, *Accounting for Income Taxes*. Under SFAS No. 109 deferred income taxes reflect the tax consequences of differences between the financial statement carrying amounts and the respective tax bases of assets and liabilities and operating loss and tax credit carryforwards. A valuation allowance is provided for deferred tax assets when realization of such assets is not considered to be more likely than not. Adjustments to the deferred income tax valuation allowance are made periodically based on management s assessment of the recoverability of the related assets.

Provisions for deferred income taxes are recorded to the extent of withholding taxes and incremental taxes, if any, that arise from repatriation of dividends from those foreign subsidiaries where local earnings are not permanently reinvested. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in the tax rates is recognized in income in the period that includes the enactment date.

Consideration Received from Vendors

We receive money from suppliers for various programs, primarily volume incentives and advertising. Allowances for advertising to promote a vendor s products or services which meet the criteria in EITF No. 02-16, *Accounting by a Customer (Including a Reseller) for Certain Consideration Received from a Vendor* are offset against advertising costs in the period in which we recognize the incremental advertising cost. In situations when vendor consideration does not meet the criteria in EITF No. 02-16 to be offset against advertising costs, we consider the consideration to be a reduction in the purchase price of rental equipment acquired.

Volume incentives are deferred and amortized as an offset to depreciation expense over 36 months, which approximates the average period of ownership of the rental equipment purchased from vendors who provide us with rebates and other incentives.

The Recapitalization

Structure of the Recapitalization

The Recapitalization was accomplished through (a) the repurchase by RSC Holdings of a portion of its issued and outstanding common stock from ACF for (i) $3,345 million, as adjusted on the Recapitalization Closing Date and on March 9, 2007, as described under Recent Transactions The Recapitalization Recapitalization Agreement and (ii) the right to receive up to $400 million aggregate principal amount of contingent earn-out notes by ACF, as described under Recent Transactions The Recapitalization Recapitalization Agreement Contingent Earn-Out Notes, and (b) the $500 million cash equity investment in RSC Holdings by the Sponsors in exchange for a portion of the issued and outstanding common stock of RSC Holdings. Immediately after the Recapitalization, Ripplewood and Oak Hill each owned 42.735% of RSC Holdings issued and outstanding capital stock and ACF owned 14.53% of RSC Holdings issued and outstanding capital stock.

Accounting Treatment

We accounted for the Recapitalization as a leveraged recapitalization. Under leveraged recapitalization accounting, RSC Holdings assets and liabilities remain at historical values and are not revalued and recorded at their fair value at the time of the Recapitalization.

Table of Contents

Results of Operations

The following table sets forth for each of the periods indicated certain of our statements of income data and expresses revenue and expense data as a percentage of total revenues for the periods presented:

	Years Ended December 31,					
	2004		2005		2006_	
	(in thousands)					
Revenues:						
Equipment rental revenue	$ 984,517	74.1%	$ 1,140,329	78.1%	$ 1,368,712	82.8%
Sale of merchandise	162,720	12.2	102,894	7.0	92,524	5.6
Sale of used rental equipment	181,486	13.7	217,534	14.9	191,652	11.6
Total revenues	1,328,723	100.0%	1,460,757	100.0%	1,652,888	100.0%
Cost of revenues :						
Cost of equipment rentals, excluding depreciation	492,323	37.1	527,208	36.1	591,340	35.8
Depreciation rental equipment	192,323	14.5	212,325	14.5	253,379	15.3
Cost of sales of merchandise	122,873	9.2	69,914	4.8	57,636	3.5
Cost of rental equipment sales	147,131	11.1	173,276	11.9	145,425	8.8
Total cost of revenues	954,650	71.8	982,723	67.3	1,047,780	63.4
Gross profit	374,073	28.2	478,034	32.7	605,108	36.6
Operating expenses:						
Selling, general, and administrative	118,130	8.9	122,281	8.4	135,526	8.2
Depreciation and amortization non-rental equipment	32,641	2.5	33,776	2.3	38,783	2.3
Recapitalization expenses		0.0		0.0	10,277	0.6
Total operating expenses	150,771	11.3	156,057	10.7	184,586	11.2
Operating income	223,302	16.8	321,977	22.0	420,522	25.4
Interest expense, net	45,666	3.4	64,280	4.4	116,370	7.0
Other income, net	(58)	0.0	(100)	0.0	(311)	0.0
Income before provision for income taxes	177,694	13.4	257,797	17.6	304,463	18.4
Provision for income taxes	66,717	5.0	93,600	6.4	117,941	7.1
Net income	$ 110,977	8.4%	$ 164,197	11.2%	$ 186,522	11.3%

Year Ended December 31, 2006 Compared with Year Ended December 31, 2005

Revenues. Total revenues increased $192.1 million, or 13.2%, from $1,460.8 million for the year ended December 31, 2005 to $1,652.9 million for the year ended December 31, 2006. Equipment rental revenue increased $228.4 million, or 20.0%, from $1,140.3 million for the year ended December 31, 2005 to $1,368.7 million for the year ended December 31, 2006. The

increase in equipment rental revenues was primarily the result of a $173.6 million, or 15.2%, increase in rental volume and a $54.8 million, or 4.8%, increase in rental rates.

Revenues from the sale of merchandise decreased $10.4 million, or 10.1%, from $102.9 million for the year ended December 31, 2005 to $92.5 million for the year ended December 31, 2006. The decrease was the result of our strategic decision to focus on our more profitable rental operations.

Revenues from the sale of used rental equipment decreased $25.9 million, or 11.9%, from $217.6 million for the year ended December 31, 2005 to $191.7 million for the year ended December 31, 2006, due to the fact that the quality, age and condition of the fleet reduced our need to sell and replace existing equipment.

Cost of equipment rentals, excluding depreciation, increased $64.1 million, or 12.2%, from $527.2 million for the year ended December 31, 2005 to $591.3 million for the year ended December 31, 2006, due primarily to a corresponding increase in equipment rental volume with a 20.0% increase in equipment rental revenues for the same period.

Depreciation of rental equipment increased $41.1 million, or 19.4%, from $212.3 million for the year ended December 31, 2005 to $253.4 million for the year ended December 31, 2006, due to our investment in new fleet. As a percent of equipment rental revenues depreciation decreased from 18.6% in the year ended December 31, 2005 to 18.5% in the year ended December 31, 2006. The decrease is due to our implementation of capital efficiency initiatives, including a reduction of unavailable fleet from 10.5% to 8.9% and an increase in fleet utilization from 70.6% to 72.0% over the same period, which resulted in an increase in equipment rental revenue without a proportionate increase in fleet size.

Cost of sales of merchandise decreased $12.3 million, or 17.6%, from $69.9 million for the year ended December 31, 2005 to $57.6 million for the year ended December 31, 2006, due to the reduction of merchandise sales resulting from our strategic decision to focus on our more profitable rental operations. The gross margin for the sale of merchandise increased from 32.1% to 37.7% during that period. Increased margins are a result of our efforts to focus on targeted products that complement the rental transaction with higher margin merchandise and less emphasis on lower margin new equipment sales.

Cost of rental equipment sales decreased $27.9 million, or 16.1%, from $173.3 million for the year ended December 31, 2005 to $145.4 million for the year ended December 31, 2006 in line with the overall reduction in used rental equipment sales. Gross margin for the sale of used rental equipment increased from 20.3% to 24.1% over the same periods, respectively, due to a reduction of sales of older equipment.

Selling, general and administrative expenses increased $13.2 million, or 10.8%, from $122.3 million for the year ended December 31, 2005 to $135.5 million for the year ended December 31, 2006. Of this increase, $7.3 million was due to an increase in sales force compensation resulting from increased rental revenue and the remainder was due to an increase in general administrative and corporate costs. We expect our selling, general and administrative costs to increase approximately $4 to $7 million in 2007 as we invest in the infrastructure necessary to support our operations as a publicly traded company. Selling, general and administrative expenses decreased as a percentage of revenue from 8.4% for the year ended December 31, 2005 to 8.2% for the year ended December 31, 2006. This decrease as a percentage of revenue was due to our ability to leverage our operating efficiencies.

Depreciation and amortization non-rental equipment increased $5.0 million, or 14.8%, from $33.8 million for the year ended December 31, 2005 to $38.8 million for the year ended December 31, 2006, primarily as a result of an initiative to replace older sales and delivery vehicles.

Recapitalization expenses of approximately $10.3 million for the year end ended December 31, 2006 relate to fees and expenses incurred in connection with the consummation of the Recapitalization and not otherwise amortized or applied to stockholders equity, for which there are no comparable amounts in 2005.

Total operating expenses increased $28.5 million, or 18.3%, from $156.1 million for the year ended December 31, 2005 to $184.6 million for the year ended December 31, 2006 as discussed above, and total operating expenses as a percentage of total revenues increased from 10.7% for the year ended December 31, 2005 to 11.2% for the year ended December 31, 2006 as a result of the Recapitalization expenses incurred in 2006.

Operating Income. Operating income increased $98.5 million, or 30.6%, from $322.0 million for the year ended December 31, 2005 to $420.5 million for the year ended December 31, 2006, representing a margin improvement from 22.0% to 25.4%. This increase was primarily the result of our continued focus on rental rate management and our ability to leverage operating costs.

Interest Expense, net. Interest expense increased $52.1 million, or 81.0%, from $64.3 million for the year ended December 31, 2005 to $116.4 million for the year ended December 31, 2006, partially due to the fact that, effective January 1, 2006, the rate charged on certain pre-Recapitalization outstanding debt changed (resulting in an increase in the effective interest rate on such debt) and partially due to an increase in total outstanding debt resulting from the Recapitalization from $1,246.8 million to $3,006.4 million from December 31, 2005 to December 31, 2006.

Provision For Income Taxes. The provision for income tax increased $24.3 million, or 26.0%, from $93.6 million for the year ended December 31, 2005 to $117.9 million for the year ended December 31, 2006, primarily due to an increase in pre-tax profits for the year ended December 31, 2006 compared to the year ended December 31, 2005.

Net Income. Net income increased $22.3 million, or 13.6%, from $164.2 million for the year ended December 31, 2005 to $186.5 million for the year ended December 31, 2006. The increase was primarily due to the continued implementation of processes focused on effective rental rate management, increased operating efficiencies and profitable rental volume growth.

Year Ended December 31, 2005 Compared with Year Ended December 31, 2004

Revenues. Total revenues increased $132.1 million, or 9.9%, from $1,328.7 million for the year ended December 31, 2004 to $1,460.8 million for the year ended December 31, 2005. Equipment rental revenues for the year ended December 31, 2005 increased $155.8 million, or 15.8%, from $984.5 million for the year ended December 31, 2004 to $1,140.3 million for the year ended December 31, 2005. The increase in equipment rental revenues was primarily the result of a $74.1 million, or 7.5%, increase in rental volume and effective rental rate management resulting in a $81.7 million, or 8.3%, increase in rental rates.

Revenues from the sale of merchandise decreased $59.8 million, or 36.8%, from $162.7 million for the year ended December 31, 2004 to $102.9 million for the year ended December 31, 2005, primarily as a result of our exiting certain non-core product lines, as well as our strategic decision to focus on our more profitable rental operations.

Revenues from the sale of used rental equipment increased $36.0 million, or 19.9%, from $181.5 million for the year ended December 31, 2004 to $217.5 million for the year ended December 31, 2005, as a result of concentrated sales efforts to optimize the quality and condition of the rental fleet.

Cost of equipment rentals, excluding depreciation, increased $34.9 million, or 7.1%, from $492.3 million for the year ended December 31, 2004 to $527.2 million for the year ended

Table of Contents

December 31, 2005, primarily due to a corresponding increase in equipment rental revenue volume with a 15.8% increase in equipment rental revenues for the same period.

Depreciation of rental equipment increased $20.0 million, or 10.4%, from $192.3 million for the year ended December 31, 2004 to $212.3 million for the year ended December 31, 2005, while decreasing as a percent of equipment rental revenues from 19.5% in the year ended December 31, 2004 to 18.6% for the year ended December 31, 2005. This decrease was due to our implementation of capital efficiency initiatives, including a reduction of unavailable fleet from 12.9% to 10.5% and an increase in fleet utilization from 67.7% to 70.6% over the same period.

Cost of sales of merchandise decreased $53.0 million, or 43.1%, from $122.9 million for the year ended December 31, 2004 to $69.9 million for the year ended December 31, 2005, primarily as a result of our exiting certain non-core product lines. Gross margin for the sale of merchandise increased from 24.5% for the year ended December 31, 2004 to 32.1% for the year ended December 31, 2005, largely due to a reduction of lower margin new equipment sales and a shift to higher margin merchandise items that complement the related rental transaction.

Cost of rental equipment sales increased $26.2 million, or 17.8%, from $147.1 million for the year ended December 31, 2004 to $173.3 million for the year ended December 31, 2005. As a result of the increased sales of used rental equipment, gross margin for the sale of rental equipment increased from 18.9% during the year ended December 31, 2004 to 20.3% for the year ended December 31, 2005, due to a reduction of sales of older and under-utilized equipment.

Selling, general and administrative expenses increased $4.2 million, or 3.5%, from $118.1 million for the year ended December 31, 2004 to $122.3 million for the year ended December 31, 2005 primarily as a result of an increase of $3.6 million in marketing and advertising programs focused on promoting equipment rental. Selling, general and administrative expenses decreased as a percentage of total revenue from 8.9% for the year ended December 31, 2004 to 8.4% for the year ended December 31, 2005, due to increased revenue resulting from increased equipment rental volume, rental rate management resulting in increased rental rates and increased operating efficiencies.

Depreciation and amortization of non-rental equipment remained essentially flat from the year ended December 31, 2004 to the year ended December 31, 2005.

Total operating expenses increased $5.3 million, or 3.5%, from $150.8 million for the year ended December 31, 2004 to $156.1 million for the year ended December 31, 2005, due to the reasons discussed above, and total operating expenses as a percentage of total revenues decreased from 11.3% in the year ended December 31, 2004 to 10.7% in the year ended December 31, 2005.

Operating Income. Operating income increased $98.7 million, or 44.2%, from $223.3 million for the year ended December 31, 2004 to $322.0 million for the year ended December 31, 2005, representing a margin improvement from 16.8% to 22.0%. This increase was primarily the result of increased equipment rental revenue due to increased equipment volume growth, rental rate management resulting in increased rental rates and effective cost management.

Interest Expense, net. Interest expense increased $18.6 million, or 40.7%, from $45.7 million for the year ended December 31, 2004 to $64.3 million for the year ended December 31, 2005, primarily due to an increase in the interest rate on January 1, 2005 charged by an ACAB affiliate, resulting in an increase in the effective interest rate on such debt.

Provision For Income Taxes. The provision for income tax expense increased $26.9 million, or 40.3%, from $66.7 million for the year ended December 31, 2004 to $93.6 million for the year ended December 31, 2005. The increase is primarily the result of an increase in pre-tax profits for the year ended December 31, 2005, compared to the same period in 2004.

Net Income. Net income increased $53.2 million, or 47.9%, from $111.0 million for the year ended December 31, 2004 to $164.2 million for the year ended December 31, 2005. The increase was primarily due to increased revenues of $132.1 million and effective cost management.

Liquidity and Capital Resources

Cash and Cash Flows

As of December 31, 2006, we had cash and cash equivalents of $46.2 million, an increase of $39.1 million from December 31, 2005. As of December 31, 2005, we had cash and cash equivalents of $7.1 million, an increase of $2.6 million from December 31, 2004. As of December 31, 2004, we had cash and cash equivalents of $4.5 million, an increase of $4.0 million from December 31, 2003.

Our operations are funded primarily by cash provided by operating activities. Net cash provided by operating activities during the year ended December 31, 2006 was $436.0 million, a decrease of $122.8 million from the year ended December 31, 2005. This decrease was primarily due to normal variations in purchasing patterns. Net cash provided by operating activities was $558.9 million for the year ended December 31, 2005, an increase of $122.9 million from the year ended December 31, 2004, primarily due to increased net income and improved vendor terms that allowed us to make payments on favorable terms after delivery of equipment.

Our business is highly capital intensive and our primary use of cash in investing activities is for the acquisition of rental equipment. Net cash used in investing activities during the year ended December 31, 2006 was $542.2 million, an increase of $79.4 million from the year ended December 31, 2005. This increase is primarily due to investment in rental fleet. Net cash used in investing activities was $462.8 million for the year ended December 31, 2005, an increase of $225.0 million from the year ended December 31, 2004. The increase during 2005 was primarily due to an increase in net expenditures for rental equipment. For the year ended December 31, 2006, our expenditures for rental equipment were $721.3 million, partially offset by proceeds from the disposal of such equipment of $191.7 million. For the year ended December 31, 2005, our expenditures for rental equipment were $691.9 million, partially offset by proceeds from the disposal of such equipment of $217.5 million. For the year ended December 31, 2004, our expenditures for rental equipment were $419.9 million, partially offset by proceeds from the disposal of such equipment of $181.5 million.

For the year ended December 31, 2006, our capital expenditures for property and non-rental equipment were $28.6 million. For the year ended December 31, 2005, our capital expenditures for property and non-rental equipment were $4.6 million. This increase was primarily the result of the initiative to replace older sales and delivery vehicles. For the year ended December 31, 2004, our capital expenditures for property and non-rental equipment were $33.5 million. See Capital Expenditures below.

Indebtedness

As of December 31, 2006, we had $3,006.4 million of indebtedness outstanding, consisting primarily of $1,127.7 million under the Senior ABL Facilities, $1,130.0 million under the Senior Term Facility and $620.0 million of Senior Notes.

Table of Contents

Liquidity Following the Recapitalization and this Offering

We are highly leveraged and a substantial portion of our liquidity needs arise from debt service on indebtedness incurred in connection with the Recapitalization and from the funding of our costs of operations, working capital and capital expenditures.

As of December 31, 2006, on a pro forma basis after giving effect to this offering and the use of the net proceeds therefrom, we would have had outstanding approximately $2,752.7 million of total indebtedness. As of December 31, 2006, on a pro forma basis after giving effect to (i) the Recapitalization and the use of the net proceeds therefrom and (ii) the Recapitalization and the use of the net proceeds therefrom and this offering and the use of the net proceeds therefrom, as if such transactions had occurred on January 1, 2006, interest expense for the year ended December 31, 2006 would have been $254.3 million and $231.4 million, respectively.

We rely primarily on cash generated from operations and borrowings under our Senior ABL Facilities to purchase equipment for our rental fleet. As of December 31, 2006, we had a balance of $878 million and available borrowings of $505 million related to the revolving portion of the Senior ABL Facilities. The available borrowings as of December 31, 2006 were reduced by $41 million of outstanding letters of credit and is subject to our maintenance of a sufficient borrowing base under the Senior ABL Facilities. For further information concerning our Senior ABL Facilities see Description of Certain Indebtedness Senior ABL Facilities. For a discussion of risks related to our reliance on borrowings under our Senior ABL Facilities to purchase equipment, see Risk Factors Risks Related to Our Business Our reliance on available borrowings under our Senior ABL Facilities and cash from operating activities to purchase new equipment subjects us to a number of risks, many of which are beyond our control.

Also, substantially all of our rental equipment and all our other assets are subject to liens under our Senior ABL Facilities and our Senior Term Facility. None of such assets will be available to satisfy the claims of our general creditors.

We believe that cash generated from operations, together with amounts available under the Senior ABL Facilities, will be adequate to permit us to meet our debt service obligations, ongoing costs of operations, working capital needs and capital expenditure requirements for the foreseeable future. Our future financial and operating performance, ability to service or refinance our debt and ability to comply with covenants and restrictions contained in our debt agreements will be subject to future economic conditions and to financial, business and other factors, many of which are beyond our control. See Risk Factors and Cautionary Note Regarding Forward-Looking Statements.

Our business strategy has been and continues to be to grow our business primarily through internal growth and on a stand alone basis. However, potential acquisition and combination opportunities do arise from time to time, and we may consider such opportunities when we become aware of them. If we determine that a particular potential acquisition or combination is worth pursuing, doing so would necessitate changes, and perhaps very considerable changes, in our strategies, operations, goals, balance sheet and structure. A decision to pursue a significant acquisition or combination would also involve significant risks.

Indebtedness Following the Recapitalization and this Offering

On the Recapitalization Closing Date, RSC entered into a series of financing and refinancing transactions. For a description of the Recapitalization, see Recent Transactions The Recapitalization.

Senior ABL Facilities. In connection with the Recapitalization, RSC and certain of its parent companies and subsidiaries, as borrower, entered into a senior secured asset based credit facility with Deutsche Bank AG, New York Branch (DBNY), as administrative agent, Citicorp North America, Inc. (Citigroup), as syndication agent, and the other financial institutions party thereto from time to time. The facility consists of a $1,450 million revolving credit facility and a $250 million term loan facility. See Description of Certain Indebtedness Senior ABL Facilities. For further information concerning the Senior ABL Facilities, see Description of Certain Indebtedness Senior ABL Facilities.

Senior Term Facility. In connection with the Recapitalization, RSC and certain of its parent companies, as borrower, entered into an up to $1,130 million senior secured second-lien term loan facility with DBNY, as administrative agent, Citigroup, as syndication agent, General Electric Capital Corporation (GECC), as co-documentation agent and the other financial institution as party thereto from time to time. As of December 31, 2006, on a pro forma basis after giving effect to this offering and the use of the net proceeds therefrom, we would have drawn $876.3 million under this facility. For further information concerning the Senior Term Facility, see Description of Certain Indebtedness Senior Term Facility.

The Notes. In connection with the Recapitalization, RSC and RSC Holdings III, LLC issued $620 million aggregate principal amount of 91/2% senior notes due 2014. The indenture for the Notes contains covenants that, among other things, limit the ability of RSC Holdings III, LLC, RSC and its restricted subsidiaries, as described more fully in the indenture, to incur more debt, pay dividends, redeem stock or make other distributions, make investments, create liens, transfer or sell assets, merge or consolidate and enter into certain transactions with affiliates. For further information concerning the Notes, see Description of Certain Indebtedness Senior Notes.

Contractual Obligations

The following table details the contractual cash obligations for debt, operating leases and purchase obligations as of December 31, 2006 on a historical basis and as of December 31, 2006 on a pro forma basis. The pro forma contractual obligations presented below give effect to this offering and the use of the net proceeds therefrom, as if these transactions occurred as of December 31, 2006. The contractual obligations presented below do not give effect to the contingent earn-out notes. For information regarding the contingent earn-out notes, see Recent Transactions The Recapitalization Contingent Earn-Out Notes and note 1 to our financial statements.

	Payments Due by Period				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
	(in millions)				
Historical Contractual Obligations (as of December 31, 2006)					
Debt(1)	$ 2,877.7	$ 2.5	$ 5.0	$ 883.3	$ 1,986.9
Capital Leases	128.7	29.2	51.7	31.8	16.0
Interest on Debt and Capital Leases(2)	1,541.6	247.4	489.6	477.7	326.9
Operating Leases	153.7	43.5	66.0	34.8	9.4
Total	$ 4,701.7	$ 322.6	$ 612.3	$ 1,427.6	$ 2,339.2
Pro Forma Contractual Obligations (after giving effect to this offering)					
Debt(3)	$ 2,624.0	$ 2.5	$ 5.0	$ 883.3	$ 1,733.2
Capital Leases	128.7	29.2	51.7	31.8	16.0
Interest on Debt and Capital Leases(2)	1,386.3	225.0	444.6	432.7	284.0
Operating Leases	153.7	43.5	66.0	34.8	9.4
Total	$ 4,292.7	$ 300.2	$ 567.3	$ 1,382.6	$ 2,042.6

(1) Amounts represent the debt incurred pursuant to the Recapitalization.

(2) Estimated interest for debt for all periods presented is calculated using the interest rate effective as of December 31, 2006 of (i) 7.1% for the Senior ABL Facilities, (ii) 8.86% for the Senior Term Facility, (iii) 0.25% on the $572 million of undrawn capacity under the revolving portion of the Senior ABL Facilities and (iv) 9.50% on the Senior Notes. Principal payments are reflected when contractually required, and no early paydowns are reflected. Capital lease interest is based upon contractually agreed upon amounts.

(3) Amounts represent the pro forma debt obligations to be outstanding after giving effect to this offering and the use of the net proceeds therefrom.

Capital Expenditures

The table below shows rental equipment and property and non-rental equipment capital expenditures and related disposal proceeds received by year for 2006, 2005 and 2004.

	Rental Equipment			Property and Non-Rental Equipment		
	Gross Capital Expenditures	Disposal Proceeds	Net Capital Expenditures	Gross Capital Expenditures	Disposal Proceeds	Net Capital Expenditures
	(in millions)					
2006	$ 721.3	$ 191.7	$ 529.6	$ 28.6	$ 16.0	$ 12.6
2005	691.9	217.5	474.4	4.6	16.2	(11.6)
2004	419.9	181.5	238.4	33.5	34.1	(0.6)
	$ 1,833.1	$ 590.7	$ 1,242.4	$ 66.7	$ 66.3	$ 0.4

Table of Contents

Quantitative and Qualitative Disclosure About Market Risks

We are potentially exposed to market risk associated with changes in interest rates and foreign currency exchange rates. For more information on these exposures see note 2 to the notes to our audited consolidated financial statements included in this prospectus.

Interest Rate Risk

We have a significant amount of debt under the Senior ABL Facilities and Senior Term Facility with a variable rate of interest based generally on LIBOR or an alternate interest rate, in each case, plus an applicable margin (or, in the case of Canadian dollar borrowings under the Senior ABL Facilities, variable borrowing costs based generally on bankers acceptance discount rates, plus a stamping fee equal to an applicable margin, or on the Canadian prime rate, plus an applicable margin). Increases in interest rates could therefore significantly increase the associated interest payments that we are required to make on this debt. We have assessed our exposure to changes in interest rates by analyzing the sensitivity to our earnings assuming various changes in market interest rates. Assuming a hypothetical increase of 1% in interest rates on our debt portfolio on a pro forma basis after giving effect to this offering and the use of the net proceeds therefrom, for the year ended December 31, 2006, our net interest expense would increase by an estimated $22.5 million, without taking into account any potential hedging under the instruments governing our debt. Pursuant to the terms of the agreements governing the Senior ABL Facilities and the Senior Term Facility, we may hedge a portion of the floating rate interest exposure thereunder to provide protection in respect of such exposure.

Currency Exchange Risk

The functional currency for our Canadian operations is the Canadian dollar. In 2005 and 2006, 3.4% and 4.0%, respectively, of our revenues were generated by our Canadian operations. 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 2006 and 2005 relative to our operations as a whole, a 1% change in this exchange rate would not have a material impact on our earnings.

Inflation

The increased acquisition cost of rental equipment is the primary inflationary factor affecting us. Many of our other operating expenses are also expected to increase with inflation, including health care costs. Management does not expect that the effect of inflation on our overall operating costs will be greater for us than for our competitors.

RSC Holdings Stock Incentive Plan

On November 30, 2006, our Board approved the RSC Holdings Stock Incentive Plan, or the Stock Incentive Plan. The Stock Incentive Plan provides for the sale of our common stock to RSC Holdings named executive officers, other key employees and directors as well as the grant of stock options to purchase shares of our common stock to those individuals. See Executive Compensation and Related Information Compensation Discussion and Analysis RSC Holdings Stock Incentive Plan.

Recent Share Purchase by Certain Members of Management

During the last quarter of 2006, we made an equity offering to approximately 20 of our executives. The shares sold and options granted to our executives in connection with this equity offering are subject to and governed by the terms of the Stock Incentive Plan. The offering closed on December 4, 2006 as to all of our executives except Mr. Groman, as to

whom the offering closed on December 19, 2006, shortly after he joined us as our General Counsel. In connection with this offering, we sold 987,022 shares at a purchase price of $6.52 per share and granted options to purchase an additional 4,395,921 shares at an exercise price of $6.52 per share.

Recent Accounting Pronouncements

In June 2006, the FASB issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109* (FIN 48). FIN 48 prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. We are assessing FIN 48 and have not determined the impact that the adoption of FIN 48 will have on our consolidated financial statements.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements.* This standard defines fair value, establishes a framework for measuring fair value in accounting principles generally accepted in the United States of America, and expands disclosure about fair value measurements. This pronouncement applies to other accounting standards that require or permit fair value measurements. Accordingly, this statement does not require any new fair value measurement. This statement is effective for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. We will be required to adopt SFAS No. 157 in the first quarter of fiscal year 2008. Management is currently evaluating the requirements of SFAS No. 157 and has not yet determined the impact that the adoption of SFAS No. 157 will have on our financial statements.

Prior to January 1, 2006, we applied the intrinsic value based method of accounting prescribed by Accounting Principles Board (APB) Opinion No. 25, *Accounting for Stock Issued to Employees*, and related interpretations including FASB Interpretation No. 44, *Accounting for Certain Transactions involving Stock Compensation, an interpretation of APB Opinion No. 25*, to account for share appreciation rights issued by ACAB to selected key RSC employees. Effective January 1, 2006, we adopted the modified prospective method of SFAS 123 (revised 2004), *Share Based Payment.* Under that method, we recognize compensation costs for new grants of share-based awards, awards modified after the effective date, and the remaining portion of the fair value of the unvested awards at the adoption date. As of January 1, 2006, the share appreciation rights were substantially vested. As a result, the adoption of SFAS 123 did not have a material effect on our financial position or results of operations.

In May 2005, the FASB issued SFAS No. 154, *Accounting Changes and Error Corrections*, a replacement of APB Opinion No. 20 and FASB Statement No. 3. SFAS No. 154 requires retrospective application to prior periods financial statements for changes in accounting principle, unless it is impracticable to determine either the period-specific effects or the cumulative effect of the change. SFAS No. 154 also requires that retrospective application of a change in accounting principle be limited to the direct effects of the change. Indirect effects of a change in accounting principle should be recognized in the period of the accounting change. SFAS No. 154 further requires a change in depreciation, amortization or depletion method for long-lived, nonfinancial assets to be accounted for as a change in accounting estimate affected by a change in accounting principle. On January 1, 2006, we adopted SFAS No. 154. The adoption of SFAS No. 154 did not have a material impact on our financial position or results of operations.

In September 2006, the SEC Staff issued Staff Accounting Bulletin (SAB 108), *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements.* SAB 108 requires analysis of misstatements using both an

Table of Contents

income statement (rollover) approach and a balance sheet (iron curtain) approach in assessing materiality and provides for a one-time cumulative effect transition adjustment. SAB 108 is only effective for public companies. We will adopt SAB 108 upon becoming a public company. We do not expect the adoption of SAB 108 to have a material impact on our results of operations, financial position or cash flows.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities Including an amendment of FASB Statement No. 115.* This statement permits entities to choose to measure many financial instruments at fair value. A business entity shall report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. We will be required to adopt SFAS No. 159 in the first quarter of the year ending December 31, 2008. We are assessing the impact of SFAS No. 159 and have not yet determined the impact of its adoption on our results of operations, financial positions or cash flows.

INDUSTRY OVERVIEW

According to industry sources, the equipment rental market in the United States was a $34.8 billion industry in 2006 and experienced an 11% compound annual growth rate between 1990 and 2006. This market is expected to grow to $37.6 billion or by approximately 8% by the end of 2007. The equipment rental industry encompasses a wide range of equipment from small tools to heavy earthmoving equipment, and growth is largely driven by two key factors. First, there is an increasing trend towards renting versus purchasing equipment. The penetration rate for equipment rental in the United States has expanded in line with the increasing recognition of the benefits that equipment rental offers compared to equipment ownership. Industry sources estimate there has been an overall growth in rental industry penetration from 5% of total equipment deployed in 1993 to 35% in 2005. Second, the industry has experienced growth in its primary end-markets, which comprise the non-residential construction and industrial markets.

In 2002 and 2003, industry rental revenues decreased by approximately $1.0 billion from the level reached in 2001. This decrease reflected significant weakness in private non-residential construction activity, which declined by 13.2% in 2002 and by an additional 4.5% in 2003 according to U.S. Census Bureau data. According to U.S. Census Bureau data, private non-residential construction activity increased 5.5% in 2004 compared with 2003, increased 7.2% in 2005 compared to 2004 and increased 16.3% in 2006 compared to 2005. Our industry is particularly sensitive to changes in non-residential construction activity because, to date, this has been the principal end-market for rental equipment. We expect that with a sustained rebound in non-residential construction, our industry will continue its long-term growth trend. During the last down cycle we and other major competitors were able to cut capital expenditures and generate free cash flow. We believe any potential downturn in the market is not expected to be as severe as the 2001 to 2003 period, characterized by significant depression of rental rates and capacity utilization due to weak end-market demand, fleet overcapacity and softening used equipment prices. We believe the equipment rental industry has evolved into a more disciplined industry, with improved fleet management and more disciplined pricing.

The equipment rental industry remains highly fragmented, with large numbers of companies operating on a regional or local scale. The top 10 companies combined accounted for less than 30% of the market by 2005 rental revenues. We expect the larger rental companies to increase their market share by continuing to offer for rent a wide range of high quality and reliable equipment. The outlook for the equipment rental industry is expected to remain strong, due to positive macroeconomic factors such as:

- the continuing trend toward rental instead of ownership;
- continued growth in non-residential building construction spending, which is expected to grow 9.5% in 2007; and
- increased capital investment by industrial companies.

BUSINESS

Our Company

We are one of the largest equipment rental providers in North America. As of December 31, 2006, we operate through a network of 455 rental locations across nine regions in the United States and parts of Canada. We believe we are the first or second largest equipment rental provider in the majority of the regions in which we operate. During the eighteen months ended December 31, 2006, we serviced approximately 470,000 customers primarily in the non-residential construction and industrial markets. For the year ended December 31, 2006, we generated approximately 83% of our revenues from equipment rentals, and we derived the remaining 17% of our revenues from sales of used equipment and other related items. We believe our focus on high margin rental revenues, active fleet management and superior customer service has enabled us to achieve significant market share gains exclusively through organic growth while sustaining attractive returns on capital employed. Through December 31, 2006, we experienced 14 consecutive quarters of positive same store, year-over-year rental revenue growth with same store rental revenue growth of approximately 12%, 18% and 19% and operating income growth of approximately 76%, 44% and 31% in 2004, 2005 and 2006, respectively.

We rent a broad selection of equipment, mainly to industrial and non-residential construction companies, ranging from large equipment such as backhoes, forklifts, air compressors, scissor lifts, booms and skid-steer loaders to smaller items such as pumps, generators, welders and electric hand tools. As of December 31, 2006, our rental fleet had an original equipment cost of $2.3 billion covering over 1,400 categories of equipment. We strive to differentiate our offerings through superior levels of equipment availability, reliability and service. The strength of our fleet lies in its age, condition and diversity. We believe our fleet is the youngest and best serviced in the industry among our key competitors, with an average fleet age of 25 months as of December 31, 2006. Our young fleet age provides us with significant management flexibility, and we actively manage the condition of our fleet to provide customers with well maintained and reliable equipment and to support our premium pricing strategy. Our disciplined fleet management strategy enables us to maintain pricing discipline and optimize fleet utilization and capital expenditures. As a result, we have a high degree of equipment sharing and mobility within regions. This enables us to increase equipment utilization and react quickly to adjust the fleet size to changes in customer demand. In addition to our equipment rental operations, we sell used equipment, parts, merchandise and supplies for maintenance, repair and operations.

For the year ended December 31, 2006, we generated revenues, income before income taxes and net income of $1,652.9 million, $304.5 million and $186.5 million, respectively. For the year ended December 31, 2005, we generated revenues, income before income taxes and net income of $1,460.8 million, $257.8 million and $164.2 million, respectively.

Corporate History

RSC Holdings, formerly known as Atlas Copco North America, Inc., acquired Prime Service, Inc. in 1997. In 1998, Rental Service Corporation acquired Canadian rental equipment business Fasco Rentals Ltd. and was itself acquired by RSC Holdings in 1999. In 2001, RSC Holdings merged the operations of Prime Service, Inc. and Rental Service Corporation to form RSC. As of the Recapitalization Closing Date, ACAB had transferred the legal entities owned by RSC Holdings (other than RSC Equipment Rental of Canada Ltd., formerly known as Rental Service Corporation of Canada Ltd., the limited liability companies formed in connection with the Recapitalization and RSC) and the Prime Energy division, which is in the business of renting and selling oil-free compressor equipment, to affiliates of ACAB. In connection with the Recapitalization, Ripplewood and Oak Hill each acquired 42.735% of the issued and outstanding capital stock of RSC Holdings. See Recent Transactions The Recapitalization.

Competitive Strengths

We believe that the following strengths provide us with significant competitive advantages and the opportunity to achieve continued growth and profitability:

Leading North American Equipment Rental Provider with National Footprint and Significant Scale

We are one of the largest equipment rental providers in North America and we believe we are the largest or second largest equipment rental provider in the majority of the regions in which we operate. As of December 31, 2006, we operate through a network of 455 rental locations in 39 U.S. states and 4 Canadian provinces. Our scale and strong national footprint enable us to effectively service our customers in multiple geographic locations as well as our customers with exclusively local needs. In addition, the depth and breadth of our offerings enable us to service the majority of the equipment rental needs of our customers across multiple market segments. We believe that our broad geographical footprint reduces the impact of regional economic downturns and seasonal fluctuations in demand, and enables us to take advantage of growth opportunities, including those arising from the fragmented nature of the U.S. equipment rental industry. In addition, we believe our size and market presence allow us to achieve economies of scale in capital investment.

High Quality Rental Fleet

We believe our diverse equipment fleet is the youngest, best maintained and most reliable in the industry among our key competitors. At December 31, 2006, our rental fleet had an original equipment cost of approximately $2.3 billion and an average fleet age of 25 months, compared to $1.7 billion and 44 months, respectively, at the end of 2003. We employ a rigorous preventive maintenance and repair program to maximize the reliability, utilization and useful life of our fleet. In December 2006, 97.7% of our fleet was current on its manufacturer s recommended preventive maintenance, resulting in high fleet reliability levels and high levels of our fleet being available to customers for rent. Because our fleet is young, well maintained and reliable, we expect to be able to support our premium pricing strategy and broaden our customer base. In addition, we believe that our fleet s young age and condition enable us to withstand cyclical downturns in our industry better than our competitors due to our ability to reduce capital expenditures on new equipment without any compromise in quality.

Highly Disciplined Fleet Management and Procurement Process

Our highly disciplined approach to acquiring, deploying, sharing, maintaining and divesting fleet represents a key competitive advantage and is the main reason that we believe we lead the industry in profitability and return on invested capital. As of December 31, 2006, we invested approximately $2.1 billion in new fleet since the beginning of 2003 to meet customer demand and to optimize the diversity and condition of our fleet. Our fleet utilization increased from 61% for the year ended December 31, 2002 to 72% for the year ended December 31, 2006. Our centralized fleet management strategy is a key driver of the success of our fleet management process. Our strategy facilitates the fluid transfer of our fleet among regions to adjust to local customer demand. We base our equipment investment decisions on locally forecasted quarterly rental revenues, target utilization levels and targeted rental rates. Our corporate fleet management approves fleet investments if the investments are projected to meet pre-specified return thresholds and the requirements cannot be satisfied through fleet redeployment. In addition, we utilize advanced management information systems to continuously monitor the profitability of our equipment fleet and our branches, including customer and transaction data, such as equipment rental rates and utilization. We also seek to maintain a disciplined and consolidated approach to supplier vendor negotiations by making equipment purchases continuously throughout the year rather than through long-term

63

purchase agreements. By avoiding long-term supply contracts and placing equipment orders on a monthly basis, we are better able to manage the size of the fleet, profitably grow market share and make real-time decisions based on efficiency and return requirements.

Superior Customer Service

Senior management is committed to maintaining a customer focused culture. We spend significant time and resources to train our personnel to effectively service our customers. We utilize innovative service offerings, including Total Control, a proprietary software system available to customers for management of their rented and owned equipment fleet and services, and an in-house 24/7 call center. We also maintain a proprietary dispatch system combined with a global positioning system equipped truck fleet for efficient delivery and pick-up processes. We regularly solicit feedback from our customers through focus groups and telephone surveys with approximately 23,000 calls to customers. We believe that these customer initiatives help support our premium pricing strategy, and we estimate that a substantial portion of our total revenues for the year ended December 31, 2006 was derived from existing customers.

Diverse and Stable Customer Base

We serviced approximately 470,000 customers during the eighteen months ended December 31, 2006, primarily in the non-residential construction and industrial markets, and customers from these markets accounted for 94% of our total revenues for the twelve months ended December 31, 2006. Our customers represent a wide variety of industries, such as non-residential construction, petrochemical, paper/pulp and food processing. We have long and stable relationships with most of our customers, including relationships in excess of 10 years with the majority of our top 20 customers. We continue to diversify our customer base by growing our long-standing presence in the industrial market. During the year ended December 31, 2006, no one customer accounted for more than 1.4% of our total revenues and our top 10 customers combined represented approximately 6.8% of our total revenues.

Decentralized Organizational Structure Drives Local Business

We believe our ability to respond quickly to our customers demands is a key to profitable growth. Our highly decentralized organizational structure facilitates our ability to effectively service our customers in each of our local markets. We are organized in three geographic divisions across the United States and parts of Canada and operate in 10 regions across those divisions. Each of our 10 regions has a regional vice president responsible for operations and profitability and each region is split into districts headed by district managers typically overseeing five to six stores, each managed by a store manager. Compensation for our field managers is based on local results, meeting targeted operating margins and rental revenue growth. Accountability is maintained on a daily basis through our information systems, which provide real time data on key operational and financial metrics, and monthly reviews of financial performance. We also conduct formal management review meetings every four months to assess operational and financial objectives, develop near-term strategy and discuss personnel development. Since 2001, we have focused exclusively on organic growth, resulting in same store rental revenue growth of approximately 12% in 2004, 18% in 2005 and 19% in 2006.

Experienced and Proven Management Team

Our senior and regional management team has significant experience operating businesses in capital intensive industries and a successful track record of delivering strong financial results and significant operational efficiencies. Since 2001, our management team has transformed our operational and financial performance by focusing on capital efficiency and

returns, investments in human and capital resources, brand development and the redesign and implementation of significantly improved internal processes, including processes for managing our fleet, operating our stores and pricing our offerings. Our current management team led the effort to decentralize the business into nine regions, allowing regional leadership to take responsibility for regional profit and loss, thereby improving customer service and results. Under our management team s leadership, our operating income margins increased from 10.4% in 2003 to 25.4% in 2006. Supporting our management team s initiatives is a highly motivated and experienced group of nine regional vice presidents with an average of approximately 17 years of industry experience.

Business Strategy

Increase Market Share and Pursue Profitable Growth

We believe that our high quality fleet, large scale and national footprint and superior customer service position us to continue to gain market share and increase our market penetration in the highly fragmented U.S. equipment rental market. We intend to take advantage of the opportunities for profitable growth within the North American equipment rental market by:

- continuing to drive the profitability of existing stores and pursuing same store growth;
- continuing to invest in and maintain our high quality fleet to meet local customer demands;
- leveraging our reputation for superior customer service to increase our customer base;
- opening new stores in targeted growth markets, many of which will be adjacent to current operations, which will allow us to leverage existing infrastructure and customer relationships;
- increasing our presence in complementary rental and service offerings, many of which can be offered from our existing locations and provide incremental opportunities to increase same store revenues, margins and return on investment;
- continuing to align incentives for local management teams with both profit and growth targets; and
- pursuing selected acquisitions in attractive markets, subject to economic conditions.

Further Drive Profitability, Cash Flow and Return on Capital

We believe there are opportunities to further increase the profitability of our operations by continuing to:

- focus on the higher margin rental business;
- actively manage the quality, reliability and availability of our fleet and offer superior customer service, which supports our premium pricing strategy;
- evaluate each new investment in fleet based on strict return guidelines;
- deploy and allocate fleet among our operating regions based on pre-specified return thresholds to optimize utilization; and
- use our size and market presence to achieve economies of scale in capital investment.

Further Enhance Our Industry Leading Customer Service

We believe that our position as a leading provider of rental equipment to our customers is driven in large part by our superior customer service and our reputation for such service. We

intend to maintain our reputation, which we believe will allow us to further expand our customer base and increase our share of the fragmented U.S. equipment rental market, by continuing to:

- meet our customers demands for superior fleet quality, availability and reliability;
- recruit, train and retain a high quality work force able to forge strong relationships with customers;
- provide customers with comprehensive and responsive service, including through our in-house 24/7 call center; and

solicit customer feedback through focus groups and customer satisfaction telephone surveys to continuously improve our customer service.

Business

Our business is focused on equipment rental and includes sales of used rental equipment and sales of merchandise that is tied to the use of our rental equipment.

We offer for rent over 1,400 categories of equipment on an hourly, daily, weekly or monthly basis. The type of equipment that we offer ranges from large equipment such as backhoes, forklifts, air compressors, scissor lifts, booms and skid-steer loaders to smaller items such as pumps, generators, welders and electric hand tools. Our rental revenues grew from $899.2 million in 2003 to $1,368.7 million in 2006, representing a compound annual growth rate of 15.0%, and we have grown significantly in Canada, with a 38% compound annual growth rate over the same period.

We routinely sell used rental equipment and invest in new equipment to manage the age, size and composition of our fleet and to adjust to changes in demand for specific rental products. We realize what we believe to be attractive sales prices for our used equipment due to our rigorous preventive maintenance program. We sell used rental equipment primarily through our existing branch network and, to a lesser extent through other means, including through third parties such as equipment auctions and brokers.

As a convenience for our customers, we offer for sale a broad selection of contractor supplies, including safety equipment such as hard hats and goggles, consumables such as blades and gloves, tools such as ladders, and shovels and certain other ancillary products. We also sell a small amount of new equipment. In 2006, our revenues from merchandise was $92.5 million, representing 5.6% of total revenues, down from 7.0% of revenues for 2005. This reduction of revenues from sales of merchandise reflects our shift of capital and human resources to and focus on our more profitable core rental operations, which has allowed us to grow our operating margins from 10.4% in 2003 to 25.4% for 2006.

Operations

We are organized into three geographic divisions and operate in 10 regions across those divisions. Each of these regions is headed by a regional vice president. Our operating regions typically have eight to 10 districts headed by a district manager overseeing five to six rental location stores and each store is managed by a store manager. Our Canadian region has five districts and 20 rental locations. Operating within guidelines established and overseen by our executive management, regional and district personnel are able to make decisions based on the needs of their customers. Our executive management conducts monthly operating reviews of regional performance and also holds three formal meetings with representatives of each operating region per year. These meetings encompass operational and financial reviews and talent assessment, leadership development and regional near-term strategy. Regional vice presidents, district managers and store managers are responsible for management and

customer service in their respective areas and are directly responsible for the financial performance of their respective region, district and store, and their variable compensation is tied to the profitability of their area.

Customers

We have long and stable relationships with most of our customers, including relationships in excess of 10 years with the majority of our top 20 customers. We have steadily increased our account activations per month over several years and during the eighteen months ended December 31, 2006, we serviced approximately 470,000 customers, primarily in the non-residential construction and industrial markets. During the twelve months ended December 31, 2006, no one customer accounted for more than 1.4% of our total revenues, and our top 10 customers combined represented approximately 6.8% of our total revenues. We do not believe the loss of any one customer would have a material adverse effect on our business.

We have a diversified customer base consisting of two major end-markets, non-residential construction, and industrial. We also have customers in the residential construction end-market. Our customer mix across the regions is similar except for the Southern and Canadian regions which have a higher share of industrial customers. Our customers represent a wide variety of industries, such as non-residential construction, petrochemical, paper/pulp and food processing. Serving a number of different industries enables us to reduce our dependence on a single or limited number of customers in the same business and somewhat reduces our dependence on construction cycles and the seasonality of our revenues.

Customers from the non-residential construction and industrial markets accounted for 94% of our total revenues for the twelve months ended December 31, 2006. Non-residential construction customers vary in size from national and regional to local companies and private contractors and typically make use of the entire range of rental equipment and supplies that we offer. Non-residential construction projects vary in terms of length, type of equipment required and location requiring responsive and flexible services.

Industrial customers are largely geographically concentrated along the Gulf Coast of the United States, as well as in industrial centers such as Chicago and Fort McMurray in Alberta, Canada. Many of our largest accounts are oil and petrochemical facilities that require rental services grouped into the following activities:

- run and maintain, which relates to day to day maintenance;
- turnaround, which relates to major planned general overhaul of operations; and
- capital projects, which relate to any expansion or modification work.

In our experience, industrial customers engage in long-term service contracts with trusted suppliers to meet their equipment requirements. In order to capitalize on this trend, we operate rental yards on-site at the facilities of some of our largest industrial customers pursuant to three to five year contracts that may be cancelled by either party upon 30 days notice. Under these contracts, we typically agree to service all of our customers equipment rental needs, including products we do not typically rent. We have also developed a proprietary software application, Total Control®, which provides our industrial clients with a single in-house software application that enables them to monitor and manage all their rental and off-rental equipment. This software can be integrated into the customers enterprise resource planning system.

Residential construction customers are located throughout the country and accounted for 6% of our total revenues for the twelve months ended December 31, 2006. These customers have less frequent rental needs, often over weekends, and typically rent smaller equipment and tools.

Customer Service. To ensure prompt response to customer needs, we operate a 24/7 in-house call center, which we believe gives us a competitive advantage because few of our competitors provide this service. Our in-house call center staff is highly trained and has access to all databases providing clients with best-in-class service. Additionally, customers have full access to all company employees on call, enabling appropriate support at any time. We also pursue a number of initiatives to assess and enhance customer satisfaction. With the assistance of professional research firms, we conduct customer focus groups to assess brand awareness and overall service quality perception. In addition, we contact approximately 23,000 of our customers annually to determine their overall satisfaction levels. We also test the quality of our service levels by recording randomly selected phone calls with customers for coaching opportunities and to evaluate courtesy and staff knowledge.

Fleet

As of December 31, 2006, our rental fleet had an original equipment cost of $2.3 billion covering over 1,400 categories of equipment, and in the twelve month period ended December 31, 2006, our rental revenues were $1,368.7 million. Rental terms for our equipment vary depending on the customer s needs, and the average rental term in the twelve month period ended December 31, 2006 was between nine and ten days. We believe that the size of our purchasing program and importance of our business to our suppliers allows us to purchase fleet at favorable prices and on favorable terms. We believe that our highly disciplined approach to acquiring, deploying, sharing, maintaining and divesting fleet represents a key competitive advantage and is one of the main reasons that we lead the industry in profitability and returns on invested capital. The following table provides a breakdown of our fleet in terms of original cost as of December 31, 2006.

Equipment Rental Fleet Breakdown as of December 31, 2006	**% of Total**
Aerial Work Platform (AWP) booms	28.3
Fork lifts	23.1
Earth moving	19.5
AWP scissors	10.9
Trucks	4.1
Air	3.8
Generators/Light towers	2.8
Compaction	2.6
Other	4.9

Fleet Management Process. We believe that our disciplined fleet management process, with its focus on capital efficiency whereby new investments are evaluated on strict return guidelines and at a local level, enables us to maintain optimal fleet utilization. Consistent with our decentralized operating structure, each region is responsible for the quality of its allocated fleet, providing timely fleet maintenance, fleet movement and fleet availability. This process is led by regional fleet directors who make investment/divestment decisions within strict return on investment guidelines. Fleet requirements are first determined at a local level and are then evaluated for potential internal equipment reallocation on a district or regional level. Local revenues are forecasted on a store-by-store basis on the basis of targeted utilization and rental rates. Regional vice presidents use this information to develop near term regional customer demand estimates and appropriately allocate investment requirements. As a result of this process, our fleet time utilization has increased from 61% for the year ended December 31, 2002 to 72% for the year ended December 31, 2006.

The regional fleet process is overseen by our corporate fleet management, which is responsible for the overall allocation of the fleet among and between the regions. We evaluate

Table of Contents

all electronic investment requests by regional fleet directors and develop and enforce a ceiling for the fleet size for each region based on short-term local outlook, return and efficiency requirements and need at the time, and identifies under-utilized equipment for sale.

Corporate fleet management will accept a new capital investment request only if such investment is deemed to achieve a pre-specified return threshold and if the request cannot be satisfied through internal fleet reallocation. Divestments or fleet transfers are implemented when the fleet generates returns below the pre-specified threshold. If corporate fleet management cannot identify a need for a piece of equipment in any region, the equipment is targeted for sale. We realize what we believe to be attractive sales prices for our used equipment due to our rigorous preventive maintenance program. We sell used rental equipment primarily through our existing branch network and, to a lesser extent through other means, including through third parties such as equipment auctions and brokers.

We also continuously monitor the profitability of our equipment through our information management systems. Each piece of equipment is tracked and evaluated on a number of performance criteria, including time utilization rate, average billing rate, preventive maintenance, age and, most importantly, return on investment. We utilize this data to help guide the transfer of equipment to locations where the highest utilization rates, highest prices and best returns can be achieved. We have a strategic pricing team fully dedicated to developing optimal pricing strategies for rental equipment. Pricing decisions are done on a local level to reflect current market conditions. Daily reports, which allow for review of agreements by customer or contract, enable local teams to monitor trends and limit heavy discounting that can suppress rental rates. We conduct continuous training to educate store managers and sales people on how to keep rental rates high by providing excellent customer service, adjusting the fleet size and improving utilization. As a result, rental rates have demonstrated strong growth and average discounts on rentals have declined significantly over the last few years.

We have also made proprietary improvements to our information management systems, such as integrating our maintenance and reservation management systems which prioritizes equipment repairs based on customer reservations and time in shop. The majority of major repairs are outsourced to enable RSC to focus on maintenance and parts replacement. We have also implemented a rigorous preventive maintenance program that increases reliability, decreases maintenance costs, extends the equipment s useful life and improves fleet availability and the ultimate sales price we realize on the sale of used equipment. These initiatives have resulted in a reduction of unavailable fleet as a percentage of total fleet from 28% in the first quarter of 2001 to 9% in the fourth quarter of 2006 (or a reduction of approximately $382 million). During the same period, available fleet remained constant in absolute terms. This improvement enabled us to reduce the capital expenditure requirements necessary to grow our business by approximately $613 million during that period. In addition, in December 2006, 97.7% of our fleet was current on its manufacturer s recommended preventive maintenance, and maintenance costs as a percentage of rental revenues decreased from 9.6% in 2003 to 7.5% for 2006.

Fleet Procurement. We believe that our size and focus on long-term supplier relationships enable us to purchase equipment directly from manufacturers at favorable prices and on favorable terms. We do not enter into long-term purchase agreements with equipment suppliers because we wish to preserve our ability to respond quickly and beneficially to changes in demand for rental equipment. To ensure security of supply, we do, however, maintain non-binding arrangements with our key suppliers whereby we provide a forecast of our anticipated fleet needs for the coming year so that our suppliers can plan their production capacity needs. Accordingly, original equipment manufacturers deliver equipment to our facilities based on our current needs in terms of quantity and timing. We have negotiated favorable payment terms with the majority of our equipment suppliers. We believe that our ability to purchase equipment on what we believe are favorable terms represents a key competitive advantage afforded to us by the scale of our operations.

Over the last several years, we have reduced the number of suppliers from which we purchase rental equipment to two suppliers each for almost all major equipment categories that we offer for rent. We believe that we could readily replace any of our existing suppliers if it were no longer advantageous to purchase equipment from them. Our major equipment suppliers include JLG, Genie, Skyjack and John Deere. In 2006, we purchased $721.3 million of new rental equipment compared to $691.9 million and $419.9 million in 2005 and 2004, respectively.

Fleet Age. We believe our diverse equipment fleet is the youngest, best maintained and most reliable in our industry among our key competitors. From January 2005 to December 31, 2006, the average age of our fleet declined from 39.8 months to 25 months. Through our fleet management process discussed above under Fleet Management Process, we actively manage the condition of our fleet to provide customers with well maintained and reliable equipment and to support our premium pricing strategy.

Sales and Marketing

We market our products and services through:

- a store-based sales force operating out of our network of local stores;
- local and national advertising efforts; and
- our self-service, web-based solution: RSC Online®.

Sales Force. We believe that our sales force is one of the industry s most productive and highly trained. As of December 31, 2006, we had an inside sales team performing a variety of functions such as handling inbound customer rental requests and servicing customers at the stores and outside sales employees servicing existing customers and soliciting new business on construction or industrial sites. Our sales force uses a proprietary territory management software application to target customers in their specific area, and we develop customized marketing programs for use by our sales force by analyzing each customer group for profitability, buying behavior and product selection. All members of our sales force are required to attend frequent in-house training sessions to develop product and application knowledge, sales techniques and financial acumen. Our sales force is supported by regional sales and marketing managers.

RSC Online®. We provide our customers with a self-service, web-based solution: RSC Online®. Our customers can reserve equipment online, consult reports, use our report writer tool to create customized reports, terminate rental equipment reservations, schedule pick-ups and make electronic payments 24 hours a day, seven days a week. In addition, we maintain a home page on the Internet (http://www.rscrental.com) that includes a description of our products and services, our geographic locations and our online catalogue of used rental equipment for sale, as well as live 24/7 click to chat support.

Information Systems

We operate a highly customized rental information management system through which key operational and financial information is made available on a daily basis. Our executive management team uses this information to monitor current business activities closely, looking at customer trends and proactively responding to changes in the marketplace. Our enterprise resource management system is comprised of software licensed from Wynne Systems, Inc. and a number of proprietary enhancements covering amongst others, financial performance, fleet utilization, service, maintenance and pricing. The system fully integrates all store operations such as rentals, sales, service and cash management, with the corporate activities including finance, fixed asset and inventory management. All rental

transactions are processed real-time through a centralized server and the system can be accessed by any employee at the

---

point of sale to determine equipment availability, pricing and other customer specific information. In addition, we utilize Lawson Associates Inc. software for our general ledger and human resources information systems, and we outsource a limited number of other functions, such as payroll functions. Primary business servers are outsourced to IBM, including the provision of a disaster recovery system.

Members of our management can access all of these systems and databases throughout the day at all of our locations or through the Internet via a secure key to analyze items such as:

- fleet utilization and return on investment by individual asset, equipment category, store, district or region;
- pricing and discounting trends by store, district, region, salesperson, equipment category or customer;
- revenue trends by store, district, region, salesperson, equipment category or customer; and
- financial results and performance of stores, districts, regions and the overall company.

We believe that our use of information technology is a key component in our successful performance and that continued investment in this area will help us maintain and improve upon our customer satisfaction, responsiveness and flexibility.

Intellectual Property

We have registered or are in the process of registering the marks RSC and RSC Equipment Rental and certain other trademarks in the United States and Canada. We have not registered all of the trademarks we own and use in the business. Generally, registered trademarks have perpetual life, provided that they are renewed on a timely basis and continue to be used properly as trademarks. While we have not registered any copyrightable aspects of RSC Online, we believe that our use of contractual provisions and confidentiality procedures provide adequate protection of our rights in such software.

Competition

The equipment rental industry is highly competitive and highly fragmented, with large numbers of companies operating on a regional or local scale. Our competitors in the equipment rental industry range from other large national companies to small regional and local businesses. The number of industry participants operating on a national scale is, however, much smaller. We are one of the principal national-scale industry participants in the United States and Canada. In the United States and Canada, the other national-scale industry participants are United Rentals, Inc., Hertz Equipment Rental Corporation and Sunbelt Rentals. Certain of our key regional competitors are Neff Rental, Inc., Ahern Rentals, Inc. and Sunstate Equipment Co. A number of individual Caterpillar dealers also participate in the equipment rental market in the United States and Canada.

Competition in the equipment rental industry is intense, and is defined by equipment availability, price and service. Our competitors, some of which may have access to substantial capital, may seek to compete aggressively on the basis of pricing or new fleet availability. To the extent that we choose to match our competitors downward pricing, it could have a material adverse impact on our results of operations. To the extent that we choose not to match or remain within a reasonable competitive distance from our competitors pricing, it could also have an adverse impact on our results of operations, as we may lose rental volume.

Table of Contents

Employees

As of December 31, 2006, we had 5,187 employees. Employee benefits in effect include group life insurance, hospitalization and surgical insurance and a defined contribution pension plan. Labor contracts covering the terms of employment of approximately 127 of our employees are presently in effect under nine collective bargaining agreements with local unions relating to 21 separate rental locations in seven states. We may be unable to negotiate new labor contracts on terms advantageous to us or without labor interruptions. We have had no material work stoppage as a result of labor problems during the last six years. We believe our labor relations to be good.

Regulatory Matters

Environmental, Health and Safety Matters

Our operations are subject to a variety of federal, state, local and foreign environmental, health and safety laws and regulations. These laws regulate releases of petroleum products and other hazardous substances into the environment as well as storage, treatment, transport and disposal of wastes, wastewater, stormwater and air quality and the remediation of soil and groundwater contamination. These laws also regulate our ownership and operation of tanks used for the storage of petroleum products and other regulated substances.

We have made, and will continue to make, expenditures to comply with environmental laws and regulations, including, among others, expenditures for the investigation and cleanup of contamination at or emanating from currently and formerly owned and leased properties, as well as contamination at other locations at which our wastes have reportedly been identified. Some of these laws impose strict and in certain circumstances joint and several liability on current and former owners or operators of contaminated sites for costs of investigation and remediation. We cannot assure you that compliance with existing or future environmental, health and safety requirements will not require material expenditures by us or otherwise have a material adverse effect on our consolidated financial position, results of operations or cash flow.

We are currently investigating and remediating contamination at several current and former facilities. As of December 31, 2006, we have accrued approximately $2.1 million for environmental liabilities, which relate primarily to obligations to investigate and remediate soil and groundwater contamination at various current and former facilities, which contamination may have been caused by historical operations (including operations conducted prior to our involvement at a site) or releases of regulated materials from underground storage tanks or other sources.

We rely heavily on outside environmental engineering and consulting firms to assist us in complying with environmental laws. While our environmental, health and safety compliance costs are not expected to have a material impact on our financial position, we do incur significant costs to purchase and maintain wash racks and storage tanks and to minimize releases of regulated materials from such sources.

Transportation, Delivery and Sales Fleet

We lease at variable interest rates vehicles we use for transportation and delivery of fleet equipment and vehicles used by our sales force under capital leases with leases typically ranging from 48 to 96 months. Our delivery fleet includes tractor trailers, delivery trucks and service vehicles. The vehicles used by our sales force are primarily pickup trucks. Capital lease obligations amounted to $128.7 million and $98.8 million at December 31, 2006, 2005, respectively, and we had 3,844 units and 3,528 units leased at December 31, 2006 and 2005, respectively.

Properties

As of December 31, 2006, we operated through a network of 455 rental locations. Of these locations, 435 were in the United States and 20 were in Canada. As of December 31, 2005, we operated 447 rental locations. Of these locations, 428 were in the United States and 19 were in Canada. We lease the real estate for all but four of our locations. The majority of our leases are for five year terms with renewal options.

Our rental locations are generally situated in industrial or commercial zones. The typical location is approximately 7,500 square feet in size, located on approximately 2.0 acres and includes a customer service center, an equipment service area and storage facilities for equipment. We have expanded our network of equipment rental locations in 2006, adding 13 new locations in the United States and one in Canada. In 2007, we intend to open approximately 20 new stores.

Our corporate headquarters are located in Scottsdale, Arizona, where we occupy approximately 32,800 square feet under a lease that expires in 2008.

Legal Proceedings

We are party to legal proceedings and potential claims arising in the ordinary course of our business, including claims related to employment matters, contractual disputes, personal injuries and property damage. In addition, various legal actions, claims and governmental inquiries and proceedings are pending or may be instituted or asserted in the future against us and our subsidiaries.

Pursuant to the Recapitalization Agreement, and subject to certain limitations set forth therein, ACAB and ACF have agreed to indemnify us against and defend us from all losses, including costs and reasonable expenses, resulting from claims related to the Recapitalization, our business and our former businesses, including, without limitation: claims alleging exposure to silica and asbestos as noted below; the transfer of certain businesses owned by RSC Holdings but not acquired by the Sponsors in connection with the Recapitalization; certain employee-related matters; any activities, operations or business conducted by RSC Holdings or any of its affiliates other than our business; and certain tax matters. ACAB s and ACF s indemnity for claims related to alleged exposure to silica entitles us to coverage for one half of all silica related losses until the aggregate amount of such losses equals $10 million and to coverage for such losses in excess of $10 million until the aggregate amount of such losses equals $35 million. ACAB s and ACF s general indemnity for breach of representations and warranties related to our business covers aggregate losses in excess of $33 million, excluding any individual loss of less than $75,000, and the maximum we can recover is 20% of the Recapitalization Purchase Price, as adjusted in accordance with the Recapitalization Agreement. ACAB and ACF may not have sufficient assets, income and access to financing to enable them to satisfy their indemnification obligations under the Recapitalization Agreement or that they will continue to honor those obligations. If ACAB or ACF do not satisfy or otherwise honor their obligations, we may be liable for any damages awarded in connection with a successful action brought against us and may have to assume the defense of such claims. Any failure by ACAB or ACF to perform these obligations could have a material adverse effect on us.

RSC Holdings is named as one of a number of co-defendants in actions filed on behalf of plaintiffs seeking damages for silicosis. RSC Holdings is also named as a defendant or co-defendant in actions filed on behalf of plaintiffs seeking damages resulting from exposure to alleged asbestos included in equipment manufactured by our former affiliates. As of April 2007, we were a co-defendant in 10 silica cases involving approximately 32 plaintiffs (down from 162 cases involving 5,250 plaintiffs as of December 31, 2005) and two asbestos cases involving two plaintiffs (down from three cases involving 1,600 plaintiffs as of December 31, 2005). The significant decrease in these cases and the number of plaintiffs involved are due to dismissals

Table of Contents

in connection with which we have incurred no monetary or other damages and supports our belief that these cases are without merit. In addition, we are indemnified by our former parent, ACAB, against certain losses relating to such claims to the extent described above.

Litigation is subject to many uncertainties, and the outcome of the individual litigated matters is not predictable with assurance. It is possible that certain of the actions, claims, inquiries or proceedings, including those discussed above, could be decided unfavorably to us or any of our subsidiaries involved. Although the amount of liability with respect to these matters cannot be ascertained, potential liability in excess of related accruals and available indemnification is not expected to materially affect our consolidated financial position, results of operations or cash flows.

Table of Contents

MANAGEMENT

Directors and Executive Officers

Set forth below are the names, ages and positions of our directors and executive officers as of May 3, 2007.

Name	Age	Position
Erik Olsson	44	President, Chief Executive Officer and Director
Keith Sawottke	50	Senior Vice President and Chief Financial Officer
Homer Graham	55	Senior Vice President of Operations
Charles Foster	47	Senior Vice President of Operations
David Ledlow	48	Senior Vice President of Operations
Joseph Turturica	39	Senior Vice President and Chief People Officer
Kevin Groman	36	Senior Vice President, General Counsel and Corporate Secretary
Phillip Hobson	40	Senior Vice President, Corporate Operations
Denis Nayden	53	Director, Chairman of the Board
Timothy Collins	50	Director
Edward Dardani	45	Director
Douglas Kaden	35	Director
Christopher Minnetian	38	Director
John R. Monsky	48	Director
Scott Spielvogel	33	Director
Donald Wagner	43	Director
Mark Cohen	57	Director

Erik Olsson has served as President and Chief Executive Officer of RSC since August 2006. Mr. Olsson joined RSC in 2001 as Chief Financial Officer and in 2005 became RSC s Chief Operating Officer. During the 13 years prior to 2001, Mr. Olsson held various senior financial management positions at Atlas Copco Group in Sweden, Brazil and the United States, most recently serving as Chief Financial Officer for Milwaukee Electric Tool Corporation in Milwaukee, Wisconsin, an Atlas Copco Group owned company at that time, from 1998 to 2000.

Keith Sawottke has served as Senior Vice President and Chief Financial Officer of RSC since 2005. Mr. Sawottke served as RSC s Vice President of Finance and Accounting from 2002 through 2005, and as its Controller from 2001 to 2002. Prior to joining RSC, Mr. Sawottke held financial management positions with MicroAge Technologies Services, Inc., Russcor Technology, Inc., Pacific Atlantic Systems Leasing, Inc. and Bell Atlantic Systems Leasing, Inc., and was an auditor with Arthur Andersen and Co.

Homer Graham has served as Senior Vice President, Operations (Northeast, Midwest and Great Lakes Regions) of RSC since 2006. Mr. Graham joined Rental Service Corporation, a predecessor to RSC, in 1998, holding various field management positions, serving most recently as Regional Vice President for the Northeast Region. Prior to joining RSC, Mr. Graham served as a general manager for Approved Equipment Company, later acquiring the company and operating it for 18 years.

Charles Foster has served as Senior Vice President, Operations (Southeast, Southern and Texas Regions) of RSC since 2006. Mr. Foster joined the corporation in 1984 as a management

Table of Contents

trainee of Prime Equipment, a predecessor to Prime Service, Inc., which merged into Rental Service Corporation to form RSC. Mr. Foster has held several management positions within RSC, including Regional Vice President for operations in Georgia, Florida, and Alabama, Regional Vice President for the Southern Region from 2001 to 2004 and, most recently, Regional Vice President for the Southeast Region from 2004 to 2006.

David Ledlow has served as Senior Vice President, Operations (Mountain, Western and Canadian Regions) of RSC since 2006. Mr. Ledlow joined Rental Service Corporation, a predecessor to RSC, in 1984 and has occupied positions in outside sales, sales management, regional management, and served as Region Vice President for the Southeast Region from 1996 to 2000 and Region Vice President for the Western/Mountain Region from 2001 to 2006. Prior to joining RSC, Mr. Ledlow was Vice President of Sales at Walker Jones Equipment, a company later acquired by Rental Service Corporation, a predecessor to RSC.

Joseph Turturica has served as Senior Vice President and Chief People Officer of RSC since 2006. Mr. Turturica joined RSC as Vice President of Human Resources in 2005. Prior to RSC, Mr. Turturica served as Vice President of Staffing and Associate Relations at Penske Truck Leasing from 2000 to 2005 and Vice President of Human Resources at Detroit Diesel Corporation, an affiliate of Penske Corporation from 1994 to 2000.

Kevin Groman has served as Senior Vice President, General Counsel and Corporate Secretary of RSC since December 2006. Prior to joining RSC, Mr. Groman served as Vice President, Associate General Counsel, Deputy Compliance Officer, and Assistant Secretary of PetSmart, Inc., a specialty pet retail supplies and services company. Mr. Groman held various positions at PetSmart from 2000 to 2006. From 1995 to 2000, Mr. Groman held several counsel positions including Senior Counsel and Assistant Secretary with CSK Auto Corporation, an auto parts retailer operating under the names Checker, Schuck s, and Kragen Auto Parts Stores.

Phillip Hobson has served as Senior Vice President, Corporate Operations of RSC since February 2007. From 2005 to 2007, Mr. Hobson served as Vice President, Innovation, and as its Director of Internal Audit from 2004 to 2005. From 2002 to 2004 he served as Director of Financial Planning, and he joined RSC in 1998, as a financial analyst. Prior to joining RSC, Mr. Hobson held various financial management related positions with Sunstate Equipment Co. and the Northwest Division of Pizza Hut.

Denis Nayden has served as a director and Chairman of the Board of RSC Holdings and RSC since shortly after the Recapitalization. He is a Managing Partner of Oak Hill Capital Management, LLC and has been with the firm in that position since 2003. Mr. Nayden co-heads the Oak Hill industry groups focused on investments in basic industries and business and financial services. Prior to joining Oak Hill Capital Management, LLC in 2003, Mr. Nayden was Chairman and Chief Executive Officer of GE Capital from 2000 to 2002 and had a 27-year tenure at General Electric Co., during which time he also served as Chief Operating Officer, Executive Vice President, Senior Vice President and General Manager in the Structured Finance Group, Vice President and General Manager in the Corporate Finance Group and Marketing Administrator for Air/Rail Financing as well as in various other positions of increasing responsibility. Mr. Nayden serves on the Boards of Directors of Duane Reade, Inc., Genpact Global Holdings, GMH Communities Trust, Healthcare Services, Inc. and Primus International, Inc.

Timothy Collins has served as a director of RSC Holdings and RSC since shortly after the Recapitalization. Mr. Collins founded Ripplewood Holdings L.L.C. in 1995 and has been CEO and Senior Managing Director since its inception. Prior to founding Ripplewood Holdings L.L.C., Mr. Collins managed the New York office of Onex Corporation, a Toronto-based investment company, from 1990 to 1995. Prior to Onex, Mr. Collins was a Vice President at Lazard Frères & Company from 1984 to 1990. Previously, he worked from 1981 to 1984 with the management consulting firm of Booz, Allen & Hamilton, specializing in strategic and

Table of Contents

operational issues of major industrial and financial firms. Mr. Collins is also the Chief Executive Officer of RHJ International SA. Mr. Collins currently serves as a director of Commercial International Bank and RHJ International, each of which is publicly traded, and Supresta LLC, which is portfolio company of Ripplewood Holdings L.L.C.

Edward Dardani has served as a director of RSC Holdings and RSC since shortly after the Recapitalization. He is a Partner of Oak Hill Capital Management, LLC and has been with the firm since 2002. Mr. Dardani is responsible for investments in the business and financial services industry group. Prior to joining Oak Hill Capital Management, LLC in 2002, he worked in merchant banking at DB Capital Partners from 1999 to 2002, as a management consultant at McKinsey & Company, and in the high-yield and emerging-growth companies groups at Merrill Lynch. Mr. Dardani serves on the Boards of Directors of American Skiing Company, Arnold Logistics, LLC, Cargo 360, Inc. and Exl Service Holdings, Inc.

Douglas Kaden has served as a director of RSC Holdings and RSC since shortly after the Recapitalization. He is a Partner of Oak Hill Capital Management, LLC and has been with the firm since 1997. Mr. Kaden is responsible for investments in the business and financial services industry group. Prior to joining Oak Hill Capital Management, LLC, he worked at James D. Wolfensohn, Inc, a mergers and acquisitions advisory firm. Mr. Kaden serves on the Board of Directors of VTX Holdings Ltd. and as an observer on the Board of Directors of Genpact Global Holdings.

Christopher Minnetian has served as a director of RSC Holdings and RSC since shortly after the Recapitalization. Mr. Minnetian is a Managing Director and General Counsel of Ripplewood Holdings L.L.C., having been with the firm since 2001. Previously, Mr. Minnetian was an attorney with the law firm of DLA Piper where he was a member of the firm s Corporate & Securities practice group. At DLA Piper, his practice focused on domestic and international mergers and acquisitions, venture capital transactions, private equity investments and associated general corporate matters. Prior to such time, Mr. Minnetian worked at the law firm of Reed Smith, LLP. Mr. Minnetian currently serves as a director of Aircell, Delavau LLC, Last Mile Connections, Inc., Saft Power Systems and Supresta LLC, each of which is a portfolio company of Ripplewood Holdings L.L.C.

John R. Monsky has served as a director of RSC Holdings and RSC since February 2007. Mr. Monsky is a Partner and General Counsel of Oak Hill Capital Management, LLC. He also serves as general counsel of Oak Hill Advisors, LP. He has served with such firms, and their related entities, since 1993. Previously, Mr. Monsky served as a mergers and acquisitions attorney at Paul, Weiss, Rifkind, Wharton & Garrison LLP, an assistant counsel to a Senate committee on the Iran-Contra affair and a law clerk to the Hon. Thomas P. Griesa of the Southern District of New York. Mr. Monsky serves on the Boards of Directors of Genpact Investment Co. (Lux) and W.A. Butler Company.

Scott Spielvogel has served as a director of RSC Holdings and RSC since shortly after the Recapitalization. Mr. Spielvogel has been Vice President of Ripplewood Holdings L.L.C. since 2005. Prior to joining Ripplewood Holdings L.L.C., from 1998 to 2005 Mr. Spielvogel was a Principal at Windward Capital Partners, a private equity firm focused on leveraged buyouts of middle market companies in a wide variety of industries. From 1995 to 1998, Mr. Spielvogel was an associate at boutique investment banking firm The Argosy Group, LP and its successor CIBC Oppenheimer. Mr. Spielvogel currently serves as a director of Last Mile Connections and Saft Power Systems, each of which is a portfolio company of Ripplewood Holdings L.L.C.

Donald Wagner has served as a director of RSC Holdings and RSC since shortly after the Recapitalization. Mr. Wagner is a Managing Director of Ripplewood Holdings L.L.C., having been with the firm since 2000. Mr. Wagner is responsible for investments in several areas and heads the industry group focused on investments in basic industries. Previously, Mr. Wagner was a Managing Director of Lazard Frères & Co. LLC and had a 15 year career at that firm and its

affiliates in New York and London. He was the firm s chief credit and capital markets expert in its merger advisory and corporate finance activities and specialized in corporate finance assignments involving leveraged companies. Mr. Wagner was also a member of all of the firm s Underwriting Committees and sat on the Investment Committees of Lazard Capital Partners and Lazard Technology Partners. Mr. Wagner currently serves as a director of Aircell, Saft Power Systems and Supresta LLC, each of which is a portfolio company of Ripplewood Holdings L.L.C.

Mark Cohen has served as a director of RSC Holdings since April 2007. Mr. Cohen is president of Atlas Copco North America LLC, and has been with Atlas Copco AB since 1974. Mr. Cohen was president of Atlas Copco North America Inc. from September 1999 until November 2006. Previously, Mr. Cohen held various positions at Atlas Copco AB, including Executive Vice President and VP Finance.

Composition of our Board of Directors

Board of Directors of RSC Holdings

Our business and affairs are managed under the direction of our Board. Our Board is currently composed of ten directors, one of whom is Mr. Olsson, our President and Chief Executive Officer. Mr. Nayden is the Chairman of the Board. Effective upon the completion of this offering, our Board will be divided into three classes serving staggered three-year terms, at which time we will increase the size of our Board to 11 directors and appoint one new director who meets the independence standards of the NYSE (the independent director). The first class, with a term to expire at the 2008 annual stockholders meeting, will consist of Messrs. Cohen, Minnetian and Monsky. The second class, with a term to expire at the 2009 annual stockholders meeting, will consist of Messrs. Kaden, Olsson, Spielvogel and the independent director. The third class, with a term to expire at the 2010 annual stockholders meeting, will consist of Messrs. Collins, Dardani, Nayden and Wagner. We expect to appoint two additional independent directors to our Board within a year of our listing on the NYSE. We are a controlled company within the meaning of the NYSE rules and, as a result, may rely on exemptions from the requirements of having a majority of independent directors, a fully independent nominating/corporate governance committee, a fully independent compensation committee, nominating/corporate governance and compensation committee charters and other requirements prescribed for such committees by the NYSE.

Audit Committee

Our audit committee is currently comprised of Messrs. Kaden and Wagner. While each member of our audit committee has significant financial experience, our Board has not designated any member of the audit committee as an audit committee financial expert but expects to do so in the future. None of the current members of the audit committee is considered independent as defined in federal securities laws. It is anticipated that upon listing on the NYSE, the audit committee will consist of one independent director, Mr. , and two non-independent directors, Messrs. Nayden and Wagner. The audit committee will consist of a majority of independent directors within 90 days of our listing on the NYSE and will be fully independent within a year of our listing on the NYSE. The charter for our audit committee will be available without charge on the investor relations portion of our website upon the completion of this offering.

Executive and Governance Committee

Prior to the consummation of this offering, our executive committee will be renamed the executive and governance committee. Our executive committee is currently comprised of Messrs. Collins, Dardani, Nayden, Olsson and Wagner. Upon the completion of this offering, the executive and governance committee of our Board will consist of Messrs. Collins, Dardani, Olsson, Nayden and Wagner. The charter for our executive and governance committee will be

Table of Contents

available without charge on the investor relations portion of our website upon the completion of this offering.

Compensation Committee

Our compensation committee is currently comprised of Messrs. Dardani and Wagner. Our compensation committee, upon the completion of this offering, will consist of Messrs. Dardani and Wagner. The charter for our compensation committee will be available without charge on the investor relations portion of our website upon the completion of this offering.

Codes of Ethics

We will adopt upon completion of this offering a written Code of Business Conduct and Ethics, or the Code of Ethics, applicable to our directors, chief executive officer, chief financial officer, controller and all other officers and employees of RSC Holdings and its subsidiaries worldwide. Copies of the Code of Ethics will be available without charge on the investor relations portion of our website upon completion of this offering or upon request in writing to RSC Holdings Inc., 6929 E. Greenway Parkway, Scottsdale, Arizona 85254, Attention: Corporate Secretary.

Compensation of Directors

Commencing with the completion of this offering, our directors who are not also our employees will each receive compensation as follows:

Annual Retainer Fee	Additional Annual Retainer Fee for Committee Chairman	Additional Annual Retainer Fee for Committee Chairman
$	$	$

We will reimburse our directors for reasonable and necessary expenses they incur in performing their duties as directors.

No additional compensation will be paid for serving as a director to an individual who is one of our employees.

A director who is employed by (or affiliated with) one of the Sponsors may assign all or any portion of the compensation he would receive for his services as a director to the Sponsor or its affiliates.

The Board or the compensation committee, as the case may be, in its discretion, may review and revise director compensation in light of market conditions and other factors.

Executive Compensation and Related Information

Compensation Discussion and Analysis

Overview

This compensation discussion and analysis is intended to provide information regarding the compensation program of RSC Holdings for its named executive officers as it has been recently designed by our compensation committee and as it existed in 2006. It will discuss the philosophy of our compensation program and the structure and manner in which

it was developed and continues to evolve, including the elements, the determination of executive compensation, and the reasons we use those elements, in our compensation program.

At the beginning of 2006 ACAB, the parent company of RSC Holdings, announced its intention to divest its interest in RSC Holdings. On November 27, 2006, ACAB sold approximately 85% of RSC to the Sponsors. As a result of this Recapitalization, it was essential for RSC Holdings to develop a compensation program and philosophy that is consistent with U.S. compensation practices, which increasingly delivers compensation through elements linked

to achievement of performance targets and long-term equity growth, versus a European based compensation philosophy, which traditionally has been less performance based.

Compensation Philosophy

The compensation philosophy of RSC Holdings is based on our desire to attract, retain and motivate highly talented and qualified executives while rewarding the achievement of strategic goals that are aligned with the long-term interest of stockholders. This philosophy supports the need to retain and attract executive talent with specific skill sets, including leadership, team work, long-term strategic vision, a customer-centric focus and strong results orientation. Our compensation philosophy is aligned with our desire for profitable growth in our business resulting in our belief that a significant portion of overall compensation should be at risk through performance-based incentive awards and equity-based compensation. This compensation program supports our results driven culture instilling in management the economic incentives of ownership and encouraging executives to focus on stockholder return.

Structure

Prior to the Recapitalization, RSC Holdings followed the established compensation approval guidelines put in place by ACAB. All compensation decisions regarding the Chief Executive Officer were approved by the President of ACAB. Compensation decisions for the other named executive officers were proposed by the Chief Executive Officer of RSC Holdings and approved by the President of ACAB.

Following the Recapitalization the Board of Directors created a compensation committee to assist it in fulfilling its responsibility to stockholders with respect to the oversight of the policies and programs that govern all aspects of the compensation of our executive officers. The compensation committee created and will continue to review our compensation philosophy and approve all elements of our compensation program for our executive officers.

Management assists the compensation committee with the alignment of strategy through benchmarking, plan design, and administration of our compensation program. Our Chief Executive Officer, for example, makes recommendations on potential merit increases for the other named executive officers.

Compensation Elements

The four elements of executive compensation (1) base salary, (2) annual performance based incentive, (3) long-term equity incentive compensation and (4) benefits are designed to:

- ensure that we continue to attract, retain, and motivate highly talented and qualified executives;
- ensure profitable and responsible growth;
- align annual performance based incentives with our strategic goals; and
- align equity compensation with the long-term interests of our stockholders.

Therefore, we have designed our programs to measure and reward performance based on short and long-term company objectives, including revenue growth, profitability, cash flow and value creation. These elements of compensation, along with overall levels of compensation, are evaluated and adjusted every year. As part of the evaluation process, we compare the compensation of our senior executives with the compensation of similarly situated executives at surveyed companies across all industries with revenues of $1 billion to $2.5 billion. We accomplish this utilizing recognized published compensation surveys purchased from leading compensation consulting organizations.

We also review other considerations, such as business and individual performance, retention, market conditions, and corporate governance.

Table of Contents

Following are each of the four elements of our compensation program discussed in greater detail:

1. Annual Base Salary

We provide named executive officers with an annual base salary to compensate them for services rendered. On an individual level, we adjust base salaries generally on an annual basis in June taking into account our compensation philosophy while assessing each individual s performance and contribution to our business. During 2006, we increased annual base salaries for several of our named executive officers due to promotions and market based adjustments.

Mr. Olsson became our President and Chief Executive Officer and Messrs. Graham, Foster and Ledlow were promoted to Senior Vice Presidents of Operations. In addition, Mr. Sawottke received a partial market based adjustment. At fiscal year end, the base salaries of our named executive officers were as follows: Mr. Olsson, $550,000, Mr. Sawottke, $249,100, and Messrs. Graham, Foster and Ledlow were each at $260,000.

2. Annual Performance Incentive

We provide annual incentives to drive and reward above-average performance and, accordingly, incentive targets reflect goal achievement.

Annual incentive payouts were determined by performance against pre-determined goals established by the Board of Directors. Target annual performance is equal to achieving 100% of these goals and maximum annual performance reflect results exceeding 112% of these goals. After giving effect to bonus payments, minimum goal attainment is set at a 90% threshold of these goals. Attainment of performance criteria was determined by the compensation committee of the Board of Directors. For fiscal year 2006, target and maximum level bonuses for our named executive officers were capped at 50% of base salary.

For 2006, the goals and performance results for our named executive officers were as follows:

	EBIT (%)		ROCE (%)	
	Target	Actual	Target	Actual
Erik Olsson	22.9	26.5	25.9	27.1
Keith Sawottke	22.9	26.5	25.9	27.1

In 2006 Messrs. Olsson and Sawottke were eligible to receive an annual variable compensation payment of 50% of earned base salary based on the achievement of two key financial metrics, EBIT Margin (EBIT%) and Return On Capital Employed (ROCE) (see table above), in each case for the entire Company. EBIT Margin is the ratio of earnings (before interest and taxes) to sales. ROCE is the calculation of annual EBIT divided by the average of the last thirteen month s Net Capital Employed.

	EBIT %		Q1 Revenue Growth %		
	Target	Actual	Target (Min)	Target (Max)	Actual
Charles Foster	25.1	30.81	8.1	20.1	25.77
Homer Graham	17.4	22.26	8.1	20.1	28.42
David Ledlow	19.3	23.61	8.1	20.1	32.02

	EBIT %		Q2 Revenue Growth %		
	Target	Actual	Target (Min)	Target (Max)	Actual
Charles Foster	27.2	32.5	8.1	20.1	30.02
Homer Graham	24.6	27.59	8.1	20.1	20.69
David Ledlow	24.8	29.54	8.1	20.1	26.72

Table of Contents

	Q3				
	EBIT %		Revenue Growth %		
	Target	Actual	Target (Min)	Target (Max)	Actual
Charles Foster	27.5	30.05	8.1	20.1	22.67
Homer Graham	26.8	28.98	8.1	20.1	14.65
David Ledlow	27.4	31.71	8.1	20.1	22.54

	Q4				
	EBIT %		Revenue Growth %		
	Target	Actual	Target (Min)	Target (Max)	Actual
Charles Foster	25.4	28.99	8.1	20.1	8.8
Homer Graham	23.9	26.18	8.1	20.1	12.92
David Ledlow	24.7	29.16	8.1	20.1	19.52

In 2006 Messrs. Foster, Graham and Ledlow were eligible to receive quarterly variable compensation payments ranging from 35% at target to 50% at maximum of earned base salary for the quarter based on the achievement of two key financial metrics, EBIT Margin (EBIT%) and total rental revenue growth % (see table above), in each case for their respective regions. The total rental revenue growth multiplication factor is achieved when year-over-year quarterly growth targets exceed 8.1%, and EBIT% goals are achieved. The total rental revenue growth multiplication factor is applied quarterly to individuals variable compensation. Participants must achieve at least 90% of the quarterly EBIT% target to qualify for variable compensation. Upon achieving the 90% threshold level, participants can increase their variable compensation by 10% up to a maximum of 40% as a result of the application of the total rental revenue growth multiplication factor, provided that quarterly total rental revenue growth exceeds 8.1%. For example, if an individual would be entitled to a variable compensation award of approximately $1,200 for any particular quarter based on the achievement of the EBIT% target, and the Company s quarterly total rental revenue growth is equal to 8.1%, the individual would be entitled to additional variable compensation of $120 (10% of $1,200) as a result of the total rental revenue growth multiplication factor, unless the individual s quarterly variable compensation award is 50% of the individual s earned base salary for that quarter, which is the maximum quarterly bonus permitted under the plan. If the Company s quarterly total rental revenue growth exceeds 8.1%, the total rental revenue growth multiplication factor can increase in increments of 5% up to a maximum of 40%, subject to the individual attaining the maximum quarterly variable compensation permitted under the plan.

For the first and second quarters of 2006, the quarterly total rental revenue growth percentage exceeded the maximum total rental revenue growth % (see table above), which resulted in a total rental revenue growth multiplication factor of 40% of any variable compensation award to which the individual was entitled for that quarter based on the achievement of the EBIT% target. For the first quarter of 2006, the portion of the variable compensation awards that were based on the achievement of the EBIT% target for Messrs. Foster, Graham and Ledlow was $23,620, $22,741 and $26,560, respectively, in each case which amount exceeded 35% of such officer s earned base salary for the quarter. In addition, due to the fact that the total rental revenue growth % exceeded the maximum total revenue growth % target, a 40% growth multiplier was applied to the variable compensation awards that were based on the achievement of the EBIT% target. This resulted in additional variable compensation of $9,447.98, $9,096.36, and $10,624.52, respectively; however, due to the fact that the plan only allowed for a maximum payment of 50% of eligible earnings, their additional variable compensation amount was limited to $3,374.28, $3,248.70 and $3,794.48, respectively. In the second quarter of 2006, the portion of the variable compensation awards that were based on the achievement of the EBIT% target for Messrs. Foster, Graham and Ledlow was $22,247, $21,745, and $22,767,

respectively, in each case which amount exceeded 35% of such officer s earned base salary for the quarter. In addition, due to the fact that the

total rental revenue growth % exceeded the maximum total revenue growth % target, a 40% growth multiplier was applied to the variable compensation awards that were based on the achievement of the EBIT% target. This resulted in additional variable compensation of $8,898.85, $8,697.92, and $9,106.73, respectively; however, due to the fact that the plan only allowed for a maximum payment of 50% of eligible earnings, those amounts were limited to $3,178.16, $3,106.40 and $3,252.41, respectively.

In the third and fourth quarters of 2006, the total rental revenue growth multiplication factor had no effect because Messrs. Foster, Graham and Ledlow s percentage bonus payments at target increased from 35% to 50% due to the fact that they were promoted from Regional Vice Presidents to Senior Vice Presidents and the applicable EBIT% targets were achieved for these quarters.

Under our annual incentive program the compensation committee of the Board of Directors has the authority, in its discretion, to increase or reduce the actual annual incentive paid to our named executive officers. The compensation committee may take into account any factors it considers appropriate, which may include overall performance of the Company, his or her individual contribution to that performance, as well as the performance of the business unit that he or she leads (when relevant). In 2006, Messrs. Foster and Graham were granted additional bonuses of $45,000 and $37,500, respectively, for above-average performances in 2006.

In accordance with the Commission s rules, what we refer to below as retention bonus is reported in the Summary Compensation Table under the column Bonus, while what we refer to as the annual incentive is reported in the Summary Compensation Table under the column Non-equity incentive plan compensation.

3. Long-Term Incentive Compensation

We provide long-term incentive compensation in the form of equity-based compensation to create a long-term incentive for our named executive officers successful execution of our business plan, to attract and retain key leaders, to align management with shareholder interests, and to focus our senior management on our long-term business strategy. In 2004, ACAB, our parent company at that time, discontinued granting share appreciation rights under their equity-based incentive compensation plan. ACAB instead replaced it with a cash based incentive of 20% of base salary for certain executives. For fiscal year 2006, no 20% cash bonus was paid due to the Recapitalization and in its place we established a new equity compensation program. The new program operates through the RSC Holdings Stock Incentive Plan (the Stock Incentive Plan), which provided for the sale of our common stock to RSC Holdings named executive officers, as well as the grant of stock options to purchase shares of our common stock to those individuals and others.

As part of the equity compensation program, each named executive officer made an investment, at his own discretion, in our shares of common stock in an amount that was, for him, a material personal investment, and each executive officer received the grant of a significant number of options to purchase shares of our common stock. The options are subject to vesting over a five-year period with one-third of the options vesting based on continued employment, and two-thirds of the options generally vesting based on RSC Holdings performance against pre-established financial targets based on RSC s performance against financial targets to be established annually. All options have a term of ten years from the date of grant.

Each year up to 20% of the performance-based options may vest as follows: 50% of the performance-based options will vest if 80% of the pre-determined performance targets are achieved; 100% vest if 100% of the pre-determined performance targets are achieved; and ratable vesting of between 50% and 100% if between 80% and 100% of the performance targets are achieved. Performance targets may be adjusted if we consummate a significant acquisition, disposition or other transaction that, in the judgment of the compensation committee, would

impact our consolidated earnings. If performance targets are not achieved during any fiscal year, options that failed to vest as a result may still vest the following year based on the achievement of the combined performance targets for the two applicable fiscal years.

Stock options were not granted under the Stock Incentive Plan until December of 2006. Therefore, no financial performance targets were established for 2006. For years after 2006 financial performance targets will be established by the compensation committee of the Board of Directors each year and will be based on a formula-based determination of RSC Holdings year-end equity value, which we believe will appropriately incentivize our named executive officers to build our business in a manner fully aligned with the interests of our shareholders. For 2007, 50% and 100% of the performance-based options will vest if we achieve an internal measure of our financial performance, primarily based on the sum of EBITDA for 2007 and certain of our indebtedness at December 31, 2007, of approximately $1.9 billion and $2.5 billion, respectively.

Our Board determined the specific number of shares to be offered and options to be granted to individual employees under the Stock Incentive Plan. The number of options granted to a particular named executive officer was determined based on a number of factors, including the amount of his investment in our shares, his position with the company, and his anticipated contribution to our success. The 2006 offering to our named executive officers closed on December 4, 2006.

All option grants were of non-qualified options with a per-share exercise price no less than the fair market value of one share of RSC Holdings stock on the grant date. Under the terms of the Stock Incentive Plan, the Board or compensation committee may accelerate the vesting of an option at any time. The following table describes the post-termination and change of control provisions to which options are generally subject; capitalized terms in the table are defined in the Stock Incentive Plan.

Event	Consequence
Termination of employment for Cause	All options are cancelled immediately.
Termination of employment without Cause (except as a result of death or Disability)	All unvested options are cancelled immediately. All vested options generally remain exercisable through the earliest of the expiration of their term or 90 days following termination of employment (180 days if the termination is due to a retirement that occurs after normal retirement age).
Termination of employment as a result of death or Disability	Unvested time-vesting options become vested, and vested options generally remain exercisable through the earliest of the expiration of their term or 180 days following termination of employment.
Change in Control	Unvested time-vesting options will be cancelled in exchange for a payment unless options with substantially equivalent terms and economic value are substituted for existing options in place of the cancellation.

Generally, employees recognize ordinary income upon exercising options equal to the fair market value of the shares acquired on the date of exercise, minus the exercise price, and we will have a corresponding tax deduction at that time.

84

Table of Contents

4. Benefits

We provide health and welfare and 401(k) retirement benefits to our named executive officers and all eligible employees. We do not provide pension arrangements or post retirement health coverage for our executives or employees. We also offer a Nonqualified Deferred Compensation Plan that allows our named executives and certain other employees to contribute on a pre-tax basis a portion of their base and variable compensation. We do not provide any matching contributions to the Nonqualified Deferred Compensation Plan.

We believe perquisites for executive officers should be extremely limited in scope and value, yet beneficial in a cost-effective manner to help us attract and retain our senior executives. As a result, we provide our named executive officers with a limited financial planning allowance via taxable reimbursements for financial planning services like financial advice, estate planning and tax preparation, which are focused on assisting officers in achieving the highest value from their compensation package. In addition, our named executive officers also receive an automobile allowance. Lastly, we do not provide dwellings for personal use other than for temporary job relocation housing. However, during 2006, our Chief Executive Officer, due to his expatriate status and consistent with the ACAB policy for expatriate employees was on a housing allowance and received certain other expatriate benefits. These expatriate benefits were discontinued in April of 2006.

Compensation in connection with the Recapitalization Retention Bonus

Prior to the Recapitalization and in order to ensure business continuity, ACAB determined it was necessary to provide our named executive officers with retention benefit agreements to encourage them to remain in their positions during the Recapitalization and for a period of time afterwards. The retention benefit agreements were based on the successful sale of the company providing for a payout of a multiple of base salary, 300%, 150%, 100%, 100% and 75% for Messrs. Olsson, Sawottke, Graham, Foster and Ledlow, respectively. The amounts were determined based upon the amount of activity required by each individual to successfully represent the company during the Recapitalization process. The payments under the agreements were to be made 50% at the closing of any such restructuring and 50% 12 months following the closing, provided that the named executive officer was continuously employed by us until then. In connection with the Recapitalization, the agreements were amended to provide for a 100% payout at the Recapitalization Closing Date, so long as the payout was invested in equity of the company in connection with the Recapitalization. These amounts are reflected in the Summary Compensation Table under the column titled Bonus.

Although we have entered into new employment agreements with our named executive officers see the section titled Employment Agreements following the Grants of Plan-Based Awards Table we have not entered into new retention benefit agreements with our named executive officers following the Recapitalization.

Impact on Compensation Design of Tax and Accounting Considerations

In designing its compensation programs, the company considers and factors into the design of such program the tax and accounting aspects of these programs. Principal among the tax considerations is the potential impact of Section 162(m) of the Internal Revenue Code, which generally disallows a tax deduction for public companies for compensation in excess of $1 million paid in any year to the Chief Executive Officer and to the four next most highly compensated executive officers, unless the amount of such excess is payable based solely upon the attainment of objective performance criteria. Our general approach is to structure the annual incentive bonuses and stock options payable to our executive officers in a manner that preserves the tax deductibility of that compensation.

Table of Contents

Other tax considerations are factored into the design of the company s compensation programs, including compliance with the requirements of Section 409A of the Internal Revenue Code, which can impose additional taxes on participants in certain arrangements involving deferred compensation, and Sections 280G and 4999 of the Internal Revenue Code, which affect the deductibility of, and impose certain additional excise taxes on, certain payments that are made upon or in connection with a change of control.

Accounting considerations are also taken into account in designing the compensation programs made available to our executive officers. Principal among these is FAS 123(R), which addresses the accounting treatment of certain equity-based compensation.

Summary Compensation Table

The following Summary Compensation Table summarizes the total compensation awarded to our Named Executive Officers in 2006.

Name (a)	Year (b)	Salary ($)(c)	Bonus (1)($)(d)	Option Awards (2)($)(f)	Non-Equity Incentive Plan Compensation (3)($)(g)	Change in Pension Value and Non-qualified Deferred Compensation Earnings ($)(h)	All Other Compensation(4) ($)(i)	Total ($)(j)
Erik Olsson President and Chief Executive Officer since August 4, 2006	2006	445,499	1,650,000	66,990	222,750		256,407(5)	2,641,646
Keith Sawottke Chief Financial Officer	2006	229,344	373,650	21,757	114,672		21,583	761,006
Charles Foster Senior Vice President, Operations (Southeast, Southern and Texas Regions)	2006	234,839	305,000	19,038	117,420		14,654	690,951
Homer Graham Senior Vice President, Operations (Northeast, Midwest and Great Lakes Regions)	2006	231,682	297,500	21,757	115,841		13,799	680,579
David Ledlow Senior Vice President, Operations (Pacific, Southwest, and Canada)	2006	238,830	195,000	29,916	119,415		17,649	600,810

Thomas B. Zorn President and Chief Executive Officer until August 4, 2006	2006	354,777	15,752	370,529

(1) Consists of amounts paid to the named executive officers pursuant to the retention benefit agreements in connection with the Recapitalization and in the case of Messrs. Foster and Graham, an additional bonus of $45,000 and $37,500 respectively for above average performance in 2006.

(2) Valuation based on the dollar amount of option grants recognized for financial statement reporting purposes pursuant to SFAS 123R as described in note 12 to our financial statements.

(3) Consists of the bonus earned in 2006 pursuant to our annual performance-based incentive program.

(4) Consists of reimbursed car payments for Messrs. Zorn ($8,746), Sawottke ($14,285) and Graham ($2,769), use of a company car for Messrs. Olsson ($8,312), Foster ($3,581), Graham ($3,191) and Ledlow ($10,528), certain travel expenses for Mr. Foster and his spouse ($4,021), matching 401(k) contributions of approximately $6,600 for each of these executives, and group term life insurance for each of these executives.

(5) In addition to the items listed in footnote 4 above, the amount in this column includes relocation benefits provided to Mr. Olsson in connection with his acceptance of employment with us and the relocation of Mr. Olsson and his family to the United States, including a partial year housing allowance equal to approximately $32,705, pension plan payments equal to approximately $126,700, a relocation tax-gross up equal to approximately $75,676 and

Table of Contents

certain other relocation and expatriate benefits consistent with the ACAB policy for expatriate employees. These benefits were discontinued in April 2006.

Grants of Plan-Based Awards

The following Grants of Plan-Based Awards Table summarizes the awards made to the Named Executive Officers under any plan in 2006 after giving effect to a 37.435 for 1 stock split to be effected in connection with this offering.

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards(2)			All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards ($/sh)	Gra Date Valu Stock Opt Awa
	Grant Date (b)	Threshold ($) (c)	Target ($) (d)	Maximum ($) (e)	Thresh -old (#) (f)	Target (#) (g)	Maximum (#) (h)	(#) (3) (j)	(4) (k)	($) (l
sson	12/12/05	133,650	222,750	222,750						
	12/04/06				314,597	629,194	629,194	314,597	6.52	2,39
awottke	12/12/05	68,803	114,672	114,642						
	12/04/06				102,176	204,353	204,353	102,176	6.52	77
s Foster	12/12/05	11,338	18,896	26,994						
		10,679	17,798	25,425						
		21,000	35,000	35,000						
		18,000	30,000	30,000						
	12/04/06				89,404	178,808	178,808	89,404	6.52	67
Graham	12/12/05	10,916	18,193	25,990						
		10,438	17,396	24,851						
		21,000	35,000	35,000						
		18,000	30,000	30,000						
	12/04/06				102,176	204,353	204,353	102,176	6.52	77
Ledlow	12/12/05	12,749	21,249	30,356						
		10,928	18,213	26,019						
		19,824	33,040	33,040						
		18,000	30,000	30,000						
	12/04/06				140,493	280,986	280,986	140,493	6.52	1,06
s Zorn										

(1) Represents possible annual incentive plan payments for 2006. Actual earned amounts are shown in the Summary Compensation Table under the column Non-Equity Incentive Plan Compensation. Bonuses are awarded as a percentage of the executives base salary and payment is based on actual base salary for the time period in which the bonus is paid. Estimated possible payouts for Messrs. Foster, Graham and Ludlow are represented on a quarterly basis.

(2) Represents performance-based options granted in 2006. Each year up to 20% of the performance-based options may vest as follows: 50% of the performance-based options will vest if 80% of the pre-determined performance targets are achieved, 100% vests if 100% of the pre-determined performance targets are achieved and ratable vesting of between 50 and 100% for achievement between 80 and 100%.

(3) Represents service-based options granted in 2006, which will vest in five equal annual installments.

(4) This column shows the exercise price for the stock options granted in 2006 to the named executive officers. This price is the same as the per share price established in the Recapitalization.

(5) This column shows the full grant date fair value of the stock options under SFAS 123R. In general, the full grant date fair value is the amount that RSC Holdings would expense in its financial statements over the option s vesting schedule. Fair value for these purposes was determined using the Black Scholes valuation method. For additional information on the valuation assumptions, refer to note 12 to our financial statements.

Employment Agreements

We entered into an employment agreement with Mr. Olsson, our President and Chief Executive Officer, effective as of August 4, 2006 and entered into employment agreements with the other named executive officers with the exception of Thomas Zorn, effective as of November 28, 2006. Thomas Zorn is no longer employed by us.

Table of Contents

Under the agreements, our named executive officers are entitled to base salary and variable compensation. The agreements fix base salaries at the levels noted in the section titled Annual Base Salary , and bonus targets and maximums are expressed as a percentage of base salary under the RSC Holdings variable compensation plan. The actual amount of the annual bonus is discretionary and determined based upon our performance. The executives will also be eligible to participate in RSC Holdings employee benefit and equity programs, and will receive an annual car allowance (or in certain circumstances, use of the company car), and an annual tax and financial planning service allowance. The employment agreements with the named executive officers will continue in effect until terminated by either party, and provide that if the employment of the executive is terminated without cause or for good reason (as defined in the agreement), the executive will receive continued payment of base salary, a pro-rata bonus and certain benefits for a fixed period of time. All named executive officers are also subject to confidentiality requirements and post-termination non-competition and non-solicitation provisions.

RSC Holdings Stock Incentive Plan

On November 30, 2006, our Board of Directors approved the RSC Holdings Stock Incentive Plan. The Stock Incentive Plan provides for the sale of our common stock to RSC Holdings named executive officers, other key employees and directors as well as the grant of stock options to purchase shares of our common stock to those individuals. Our Board of Directors, or a committee designated by it, selects the officers, employees and directors eligible to participate in the Stock Incentive Plan and either the Board or the compensation committee may determine the specific number of shares to be offered or options to be granted to an individual employee or director. A maximum of 5,790,959 shares are reserved for issuance under the Stock Incentive Plan. The Stock Incentive Plan was approved by our stockholders on December 6, 2006.

All option grants will be non-qualified options with a per-share exercise price no less than fair market value of one share of RSC Holdings stock on the grant date. Any stock options granted will generally have a term of ten years, and unless otherwise determined by the Board or the compensation committee will vest in five equal annual installments. The Board or compensation committee may accelerate the vesting of an option at any time. In addition, unvested time-vesting options will be cancelled in exchange for a payment if we experience a change in control (as defined in the Stock Incentive Plan) unless options with substantially equivalent terms and economic value are substituted for existing options in place of the cancellation. Vesting of time-based options will be accelerated in the event of an employee s death or disability (as defined in the Stock Incentive Plan). Upon a termination for cause (as defined in the Stock Incentive Plan), all options held by an employee are immediately cancelled. Following a termination without cause, vested options will generally remain exercisable through the earliest of the expiration of their term or 90 days following termination of employment (180 days in the case of death, disability or retirement at normal retirement age).

Generally, employees recognize ordinary income upon exercising options equal to the fair market value of the shares acquired on the date of exercise, minus the exercise price and we will have a corresponding tax deduction at that time.

Unless sooner terminated by our Board of Directors, the Stock Incentive Plan will remain in effect until December 1, 2016.

During the last quarter of 2006, we made an equity offering to approximately 20 of RSC s officers and employees, including our named executive officers. The shares sold and options granted to our named executive officers in connection with this equity offering are subject to and governed by the terms of the Stock Incentive Plan. The offering closed on December 4, 2006 as to all of our officers and employees except Mr. Groman, whose offering closed on December 19, 2006, shortly after he joined us.

Table of Contents

Outstanding Equity Awards at Fiscal Year-End

The following table summarizes the number of securities underlying the stock and option awards for each Named Executive Officer as of the end of 2006 after giving effect to a 37.435 for 1 stock split to be effected in connection with this offering.

	Option Awards				
Name (a)	Number of Securities Underlying Unexercised Options (#) Exercisable (b)	Number of Securities Underlying Unexercised Options (#) Unexercisable (c)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options(1) (#)(d)	Option Exercise Price ($)(e)	Option Expiration Date (f)
Erik Olsson			943,790	6.52	12/04/16
Keith Sawottke			306,529	6.52	12/04/16
Charles Foster			268,212	6.52	12/04/16
	2,939(2)			9.69	11/27/08
Homer Graham			306,529	6.52	12/04/16
	2,368(2)			9.69	11/27/08
David Ledlow			421,479	6.52	12/04/16
Thomas Zorn					&nb