

UNITED RENTALS INC /DE
Form DEF 14A
April 30, 2007

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

SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No. __)**

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

United Rentals, Inc.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
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(1) Title of each class of securities to which transaction applies:

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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

April 30, 2007

Dear Fellow Stockholders:

I am pleased to invite you to this year's annual meeting of stockholders, which will be held on Monday, June 4, 2007, at the Stamford Marriot, Two Stamford Forum, Stamford, Connecticut 06901.

The meeting will start at 2:00 p.m., local time.

I appreciate your continued confidence in the Company and look forward to seeing you on June 4.

Sincerely,

BRADLEY S. JACOBS
Chairman of the Board of Directors

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

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO OUR STOCKHOLDERS:

The annual meeting of stockholders of United Rentals, Inc., will be held at the Stamford Marriot, Two Stamford Forum, Stamford, Connecticut 06901 on Monday, June 4, 2007, at 2:00 p.m. local time, for the following purposes:

1. election of four directors by the holders of our common stock and Class D-1 Perpetual Convertible Preferred Stock;
2. election of two directors by the holders of our Series C Perpetual Convertible Preferred Stock;
3. ratification of the appointment of Ernst & Young LLP as our independent auditors for the fiscal year ending December 31, 2007;
4. vote on a Company proposal to amend the Company's Amended and Restated Certificate of Incorporation to declassify the Company's board of directors; and
5. transaction of such other business as may properly be brought before the meeting.

The meeting may be adjourned from time to time, and at any reconvened meeting action with respect to the matters specified in this notice may be taken, without further notice to stockholders, except as may be required by our by-laws. Stockholders of record at the close of business on April 24, 2007 are entitled to notice of, and to vote on, all matters at the meeting and any reconvened meeting following any adjournments thereof.

We have mailed a copy of our Annual Report for the fiscal year ended December 31, 2006 to each stockholder of record as of April 24, 2007. The Annual Report is not part of the proxy solicitation materials.

By Order of the Board of Directors,

ROGER E. SCHWED
Corporate Secretary

April 30, 2007

YOUR VOTE IS IMPORTANT. WHETHER OR NOT YOU INTEND TO BE PRESENT AT THE MEETING, PLEASE SIGN AND DATE THE ENCLOSED PROXY AND RETURN IT PROMPTLY IN THE ENCLOSED RETURN ENVELOPE. PLEASE SEE YOUR PROXY CARD FOR SPECIFIC INSTRUCTIONS ON HOW TO VOTE.

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

April 30, 2007

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS

This proxy statement is furnished in connection with the solicitation by the Board of Directors of United Rentals, Inc., of proxies to be voted at our 2007 annual meeting of stockholders to be held at the Stamford Marriot, Two Stamford Forum, Stamford, Connecticut 06901, on Monday, June 4, 2007, at 2:00 p.m. local time and at any reconvened or rescheduled meeting following any adjournment, continuation or postponement thereof. This proxy statement and the accompanying materials are first being mailed on or about April 30, 2007.

Record Date

The record date for determining stockholders entitled to notice of, and to vote at, the meeting has been established as the close of business on April 24, 2007.

Voting Securities Outstanding on Record Date

Set forth below is information concerning our outstanding voting securities.

Common Stock. As of the record date, there were 81,663,125 shares of our common stock outstanding.

Series C Preferred. As of the record date, there were 300,000 shares of our Series C Perpetual Convertible Preferred Stock (Series C Preferred) outstanding. Each share of Series C Preferred is convertible into 40 shares of common stock (subject to adjustment). On the record date, the outstanding shares of Series C Preferred were convertible into an aggregate of 12,000,000 shares of common stock.

Series D Preferred (Class D-1). As of the record date, there were 105,252 shares of our Class D-1 Perpetual Convertible Preferred Stock (D-1 Preferred) outstanding. Each share of D-1 Preferred is convertible into ~~33~~ shares of common stock (subject to adjustment). On the record date, the outstanding shares of D-1 Preferred were convertible into an aggregate of 3,508,400 shares of common stock.

Right to Vote

The right of the holders of our securities to vote at the meeting is as follows:

Election of four directors by the holders of our common stock and D-1 Preferred. One of the matters to be considered at the meeting is the election of four directors by the holders of our common stock and D-1 Preferred. The holders of the common stock and the holders of the D-1 Preferred will have the right to vote together, as a single class, for the election of these directors. With respect to this matter, (i) each holder of record of common stock as of the record date will be entitled to one vote for each share held and (ii) each holder of record of D-1 Preferred as of the record date will be entitled to 33¹/₃ votes for each share held. The holders of the Series C Preferred will not have the right to vote on this matter.

Election of two directors by the holders of our Series C Preferred. One of the matters to be considered at the meeting is the election of two directors by the holders of our Series C Preferred. Only

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the holders of the Series C Preferred (and not the holders of the common stock or the D-1 Preferred) will have the right to vote on this matter. With respect to this matter, each holder of record of Series C Preferred as of the record date will be entitled to one vote for each share held.

All Other Matters. The holders of the common stock, the Series C Preferred and the D-1 Preferred will have the right to vote together, as a single class, on all matters properly brought before the meeting, other than election of directors. With respect to these matters, (i) each holder of record of common stock as of the record date will be entitled to one vote for each share held, (ii) each holder of record of Series C Preferred as of the record date will be entitled to 40 votes for each share held and (iii) each holder of record of D-1 Preferred as of the record date will be entitled to 33 ¹/₃ votes for each share held.

Voting

If you are a registered stockholder and you attend the annual meeting, you may deliver your completed proxy card in person. Street name stockholders who wish to vote at the meeting will need to obtain a proxy form from the institution that holds their shares.

If you properly sign and return your proxy card, your shares will be voted as you direct. If you are a registered stockholder and you sign and return your proxy but do not specify how you want your shares voted, they will be voted FOR the election of all nominees for director as set forth under Proposal 1 Election of Directors, FOR the ratification of the appointment of Ernst & Young LLP as our independent auditors for the fiscal year ending December 31, 2007 as set forth under Proposal 2 Ratification of Appointment of Independent Auditors and FOR the amendment to the Amended and Restated Certificate of Incorporation as set forth under Proposal 3 Company Proposal to Amend the Company's Amended and Restated Certificate of Incorporation to Declassify the Company's Board of Directors.

Under New York Stock Exchange Rules, the proposals to elect directors and to ratify the appointment of our independent auditors are considered discretionary items. This means that brokerage firms may vote in their discretion on these matters on behalf of clients who have not furnished voting instructions at least 15 days before the date of the annual meeting. In contrast, the proposal to amend the Amended and Restated Certificate of Incorporation is a non-discretionary item. This means that brokerage firms that have not received voting instructions from their clients on the proposal may not vote on it. Because the proposal requires an affirmative vote of two-thirds of the outstanding shares, these so-called broker non-votes will have the same effect as a vote against the proposal.

Quorum

The presence at the meeting, in person or represented by proxy, of a majority of the outstanding shares entitled to vote thereat will constitute a quorum for the transaction of business. If a share is deemed present at the meeting for any matter, it will be deemed present for all other matters. Shares held by a nominee for a beneficial owner that are voted on any matter, abstentions and broker non-votes will be included in determining the number of shares present.

Right to Revoke Proxies

Any stockholder of record returning the accompanying proxy may revoke such proxy at any time prior to its exercise by (i) sending us written notice of such revocation which we receive prior to the start of the annual meeting, (ii) voting in person at the meeting or (iii) executing and delivering to us a later-dated proxy which we receive prior to the start of the annual meeting. Written revocations and later-dated proxies should be sent to United Rentals, Inc., Five Greenwich Office Park, Greenwich,

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Connecticut 06831, Attention: Corporate Secretary. Street name stockholders who wish to revoke a proxy already voted on their behalf must direct the institution holding their shares to do so.

Method and Cost of Solicitation

We will solicit proxies by mail and may also solicit proxies by other means such as personal interview, telephone or e-mail. We have also retained Innisfree M&A Incorporated, a proxy solicitation firm, to assist us in soliciting proxies, for an estimated fee of approximately \$15,000, plus reimbursement of reasonable out-of-pocket expenses.

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

PROPOSAL 1

ELECTION OF DIRECTORS

General

The full Board has 13 members in the absence of any vacancies. Eleven of our directors are elected by the holders of our common stock and D-1 Preferred, voting together as a single class, and two are elected by the holders of our Series C Preferred. The 11 directors that are elected by the holders of our common stock and D-1 Preferred are currently divided into three classes. Each class is elected to serve a three-year term. The terms of the classes are staggered so that the term of only one class expires each year. Absent vacancies, Class 1 has four members, Class 2 has three members and Class 3 has four members.

If the proposal to amend our Amended and Restated Certificate of Corporation, included below in this proxy statement, is approved by the requisite number of stockholders, then each class of directors will be elected for a one-year term beginning at the 2008 annual meeting, such that by our 2010 annual meeting all directors will be elected annually for one-year terms.

Election of Four Class 3 Directors by the Holders of Our Common Stock and D-1 Preferred

Nominees

The term of the Class 3 directors will expire at our forthcoming annual meeting. The current members of Class 3 are Bradley S. Jacobs (Chairman), Howard L. Clark, Jr., Mark A. Suwyn and Lawrence Keith Wimbush. Upon the unanimous recommendation of the Nominating and Corporate Governance Committee, the Board has nominated each of Messrs. Jacobs, Clark, Suwyn and Wimbush to stand for re-election at the meeting as a Class 3 director. Each Class 3 director elected at the meeting will hold office until our annual meeting of stockholders in 2010 and until such director's successor is elected and qualified.

Voting for Directors

In March 2007, the Board approved an amendment to our by-laws to require directors to be elected by the majority of the votes cast with respect to such director in uncontested elections. Under this by-law, the number of shares voted for a director must exceed the number of votes cast against that director. Shares not present at the meeting and shares voting abstain have no effect on the election of directors. In a situation in which the number of nominees exceeds the number of directors to be elected, known as a contested election (which is not the case for the annual meeting), directors will continue to be elected by a plurality of the shares represented in person or by proxy at any such meeting and entitled to vote on the election of directors. If a nominee who is serving as a director is not elected at the annual meeting, under Delaware law the director would continue to serve on the Board as a holdover director. However, under our by-laws, any director who fails to be elected must offer to tender his or her resignation to the Board. The Nominating and Corporate Governance Committee would then make a recommendation to the Board regarding whether to accept or reject the resignation, or whether other action should be taken. The Board will act on the Nominating and Corporate Governance Committee's recommendation and publicly disclose its decision and the rationale behind it within 90 days from the date the election results are certified. The director who tenders his or her resignation will not participate in the Board's decision. If a nominee who was not already serving as a director were not to be elected at the annual meeting, under Delaware law that nominee would not be a holdover director and the process described above would not apply. All nominees for election at the 2007 annual meeting are currently serving on the Board.

Each person nominated has agreed to serve if elected. If any nominee becomes unavailable for any reason to serve as a director at the time of the meeting (which event is not anticipated), then the

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shares represented by such proxy may be voted for such other person as may be determined by the holders of such proxy.

The Board unanimously recommends a vote FOR the election of each of Messrs. Jacobs, Clark, Suwyn and Wimbush to hold office until the 2010 annual meeting of stockholders and until each of their respective successors is elected and qualified.

Election of Two Directors by the Holders of Our Series C Preferred

As described under Board Matters Right of Holders of Series C Preferred to Elect Directors, the holders of the Series C Preferred, voting separately as a single class, currently have the right to elect two directors. The two directors currently serving on the Board that were elected by the holders of the Series C Preferred are Leon D. Black and Michael S. Gross. All of the outstanding shares of Series C Preferred are currently held by Apollo Investment Fund IV, L.P. and Apollo Overseas Partners IV, L.P. (collectively, Apollo). The holders of the Series C Preferred have indicated to us that they expect to vote for the re-election of Messrs. Black and Gross as directors. Mr. Black is affiliated with Apollo and Mr. Gross is a former affiliate of Apollo.

Information Concerning Directors and Executive Officers

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

Name	Age	Position ⁽¹⁾
Bradley S. Jacobs	50	Chairman and Director
Wayland R. Hicks	64	Vice Chairman, Chief Executive Officer and Director ⁽²⁾
Martin E. Welch III	58	Executive Vice President and Chief Financial Officer
Michael J. Kneeland	53	Executive Vice President and Chief Operating Officer
Roger E. Schwed	49	Executive Vice President and General Counsel
Kurtis T. Barker	46	Executive Vice President, Corporate Services
Todd G. Helvie	43	Senior Vice President and Controller
Michael S. Gross	45	Lead Director ⁽³⁾
Leon D. Black	55	Director ⁽³⁾
Jenne K. Britell, Ph.D.	64	Director
Howard L. Clark, Jr.	63	Director
Singleton B. McAllister	55	Director
Brian D. McAuley	66	Director
John S. McKinney	52	Director
Jason Papastavrou, Ph.D.	44	Director
Mark A. Suwyn	64	Director
Gerald Tsai, Jr.	78	Director
Lawrence Keith Wimbush	54	Director

(1) For information concerning the term served by directors, see Board Matters Classification of Directors and Board Matters Right of Holders of Series C Preferred to Elect Directors.

(2) On April 10, 2007, the Company announced that Mr. Hicks will retire as chief executive officer, effective after the annual meeting on June 4, 2007. He will remain vice chairman of the Company's board of directors. Upon Mr. Hicks' retirement, Michael J. Kneeland will assume the position of interim chief executive officer.

(3) Messrs. Black and Gross were elected directors by the holders of the Series C Preferred. See Board Matters Right of Holders of Series C Preferred to Elect Directors.

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Bradley S. Jacobs has been chairman of the Company since its formation in September 1997 and served as the Company's chief executive officer from September 1997 until stepping down from that position in December 2003. He currently is a private investor. Prior to joining the Company, Mr. Jacobs was chairman and chief executive officer of United Waste Systems Inc., a company that he founded, from 1989 until the sale of the company in August 1997. He also previously served as chairman and chief operating officer of Hamilton Resources Ltd., an international trading company, from 1984 to 1989, and chief executive officer of Amerex Oil Associates, Inc., an oil brokerage firm that he co-founded, from 1979 to 1983.

Wayland R. Hicks has been chief executive officer of the Company since December 2003, and a director and vice chairman since 1998. He joined the Company in November 1997 and served as chief operating officer from 1997 until being appointed chief executive officer. Mr. Hicks will retire from his position as chief executive officer, effective June 4, 2007, but he will remain vice chairman of the Company's board of directors. Previously, Mr. Hicks served as chief executive officer and president of Indigo N.V. from 1996 to 1997, and as vice chairman and chief executive officer of Nextel Communications Corp. from 1994 to 1995. From 1967 to 1994 he held various senior executive positions with Xerox Corporation, including managing director of Rank Xerox in Great Britain, and chief staff officer for Rank Xerox, Ltd., where he held senior responsibility for the marketing strategy of Xerox products in Europe, Eastern Europe and parts of Asia and Africa. In 1983, Mr. Hicks was appointed a group vice president of Xerox Corporation and president of the Reprographics Business Group, and in 1986 he was named executive vice president and president of the Xerox Business Products and Systems Group with responsibility for the engineering and manufacturing of all Xerox products. In 1989, he was appointed executive vice president-marketing and customer operations, with management responsibility for 75,000 employees. Mr. Hicks is also a director of Perdue Farms Incorporated.

Martin E. Welch III was appointed our executive vice president and chief financial officer in March 2006, having previously served as our interim chief financial officer since September 2005. Previously, Mr. Welch served as director and business advisor to the private equity firm York Management Services. Mr. Welch joined Kmart Corporation as chief financial officer in 1995 and served in that capacity until 2001. From 1991 until 1995, Mr. Welch served as chief financial officer for Federal-Mogul Corporation. From 1982 until 1991, he held various finance positions at Chrysler Corporation, including chief financial officer for Chrysler Canada. Mr. Welch began his career in 1970 at Arthur Young (now Ernst & Young), and is a certified public accountant. Mr. Welch currently serves on the Boards of Delphi Corporation and York portfolio company Northern Group Retail Ltd., and he is a member of the Board of Trustees of the University of Detroit Mercy.

Michael J. Kneeland was appointed our executive vice president and chief operating officer in March 2007, having previously served as our executive vice president operations since September 2003. Effective June 4, 2007, Mr. Kneeland will serve as interim chief executive officer of the Company. Mr. Kneeland joined the Company as a district manager in 1998 upon the acquisition of Equipment Supply Co., and was subsequently named vice president aerial operations, and then vice president southeast region. Mr. Kneeland's more than 25 years of experience in the equipment rental industry includes a number of senior management positions with Freestate Industries Inc. and Equipment Supply.

Roger E. Schwed joined the Company as executive vice president and general counsel in June 2006 and became secretary in September 2006. Before joining the Company, Mr. Schwed served for nine years as the executive vice president, general counsel and secretary of Maxcor Financial Group Inc. and its Euro Brokers subsidiaries. Previously, he was a corporate attorney specializing in mergers and acquisitions at each of Skadden, Arps, Slate, Meagher & Flom LLP and Cleary Gottlieb Steen &

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Hamilton LLP. He is a trustee-elect of the New York Foundation and chairman of the board of I Challenge Myself, Inc.

Kurtis T. Barker was appointed executive vice president corporate services in April 2007, having previously served as our vice president traffic control region from July 2002 until the sale of our traffic control business in March 2007. Prior to that, Mr. Barker served as vice president midwest region from April 2000 to July 2002, and as vice president aerial from 1998 to 2000. From our founding in 1997 until 1998, Mr. Barker served as vice president east region. Prior to that, Mr. Barker was a region vice president with United Waste Systems, Inc. and held various operating positions with Chambers Development Corp., Chem-Nuclear Systems, Inc. and Silver King Mines, Inc.

Todd G. Helvie was appointed senior vice president and controller in August 2006, having previously served as our vice president taxes and business development since January 2006. From 1999 to 2005, Mr. Helvie held senior management positions at Delta Airlines, Inc., most recently as senior vice president and treasurer, from June 2004 to August 2005. Prior to that, he served as vice president tax from September 2000 to June 2004 and as director tax from August 1999 until September 2000. From 1992 to 1999, Mr. Helvie held various positions at PepsiCo, Inc., including director tax. Prior to that, he was an attorney specializing in tax matters at Cadwalader, Wickersham & Taft.

Michael S. Gross became a director of the Company in January 1999, and was appointed as Lead Director of the Company in April 2006. Mr. Gross has been Co-Chairman of the investment committee and a Senior Partner of Magnetar Capital Partners LLC, a multi-strategy hedge fund firm, since July 2006. Prior to that, Mr. Gross was one of the founding partners in 1990 of Apollo Advisors, L.P., which, together with its affiliates acts as the managing general partner of several private securities funds. Mr. Gross also previously served as chief executive officer of Apollo Investment Corporation, a closed-end investment company of which he is a founder, from January 2004 to February 2006, and as president and chairman of the Board of Directors of Apollo Investment Corporation until July 2006. Mr. Gross is chairman of the Board of Directors of Marathon Acquisition Corp. and a director of Saks Incorporated and Jarden Corporation. He is also a founding member and serves on the Executive Committee of the Youth Renewal Fund, is the chairman of the Board of the Mt. Sinai Children's Center Foundation, serves as a trustee of the Trinity School and is a member of the corporate advisory board for the University of Michigan Business School.

Leon D. Black became a director of the Company in January 1999. Mr. Black is one of the founding principals of Apollo Advisors, L.P. (which was established in August 1990 and which, together with its affiliates, acts as the managing general partner of several private securities investment funds) and Apollo Real Estate Advisors, L.P. (which, together with its affiliates, acts as the managing general partner of several real estate investment funds). Mr. Black is also a director of Sirius Satellite Radio Inc. He serves as a trustee of The Museum of Modern Art, Mount Sinai Hospital, The Metropolitan Museum of Art, Prep for Prep, The Asia Society and Dartmouth College.

Jenne K. Britell, Ph.D. became a director of the Company in December 2006. Dr. Britell has been chairman and chief executive officer of Structured Ventures, Inc., advisors to private equity and venture capital firms, since 2001. She is also a director of Crown Holdings, Inc., Quest Diagnostics, Inc., West Pharmaceutical Services, Inc. and the U.S. Russia Investment Fund. From 1996 to 2000, Dr. Britell was a senior executive of GE Capital, the Financial Services subsidiary of General Electric. At GE Capital, she most recently served as the executive vice president of Global Consumer Finance and president of Global Commercial and Mortgage Banking. From January 1998 to July 1999, she was president and Chief Executive Officer of GE Capital, Central and Eastern Europe, based in Vienna. Before joining GE Capital, she held significant management positions with Dime Bancorp, Inc., HomePower, Inc., Citicorp and Republic New York Corporation. Earlier, she was the founding

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chairman and chief executive officer of the Polish-American Mortgage Bank in Warsaw, Poland. Dr. Britell is also a sustaining trustee of the Fox Chase Cancer Center and is involved in other not-for-profit organizations.

Howard L. Clark, Jr. became a director of the Company in April 2004. Mr. Clark has been vice chairman of Lehman Brothers Inc. since 1993. From 1990 until assuming his current position, he was chairman, president and chief executive officer of Shearson Lehman Brothers Holdings Inc. Mr. Clark was previously a senior executive at American Express Company from 1981 to 1990, and a managing director of Blyth Eastman Paine Webber Incorporated or predecessor firms from 1968 to 1981. While at American Express, his positions included five years as executive vice president and chief financial officer. Mr. Clark is also a director of White Mountains Insurance Group, Ltd., Mueller Water Products, Inc. and Walter Industries, Inc., in addition to Lehman Brothers Inc.

Singleton B. McAllister became a director of the Company in April 2004. Ms. McAllister has been a partner in the law firm of Mintz Levin Cohen Ferris Glovsky and Popeo since July 2005. Before joining Mintz Levin, she was a partner at Sonnenschein, Nath & Rosenthal LLP from 2003 to 2005, and Patton Boggs LLP from 2001 to 2003. Prior to entering private practice, Ms. McAllister served for five years as the general counsel for the United States Agency for International Development. Ms. McAllister is also a director of Alliant Energy Corporation, Interstate Power and Light Company and Wisconsin Power and Light Company.

Brian D. McAuley became a director of the Company in April 2004. Mr. McAuley has served as Chairman of Pacific DataVision Inc. (PDV) since August 2004. PDV is a privately held telecommunications software applications and hosting company. He also has been a partner at NH II, LLC, a consulting firm that specializes in telecommunications businesses, since 2003. Mr. McAuley is a cofounder of Nextel Communications, Inc. and held senior executive positions at Nextel from the company's inception in 1987 until 1996, including seven years as president and chief executive officer. Upon leaving Nextel, he joined Imagine Tile, a custom tile manufacturer, where he served as chairman and chief executive officer from 1996 to 1999 and continues to serve as chairman. He also served as president and chief executive officer of NeoWorld Communications, Inc., a wireless telecommunications company, from 1999 until the sale of that company to Nextel in 2003. Mr. McAuley is a certified public accountant and, prior to co-founding Nextel, his positions included chief financial officer of Millicom Incorporated, corporate controller at Norton Simon Inc. and manager at Deloitte & Touche.

John S. McKinney became a director of the Company in September 1998 following the merger of the Company with U.S. Rentals. He also served as vice president of the Company until the end of 2000. Mr. McKinney served as chief financial officer of U.S. Rentals from 1990 until the merger and as controller of U.S. Rentals from 1988 until 1990. Prior to joining U.S. Rentals, Mr. McKinney held various positions at Iomega Corporation, including assistant controller, and at the accounting firm of Arthur Andersen & Co. In November 2006, Mr. McKinney became Assistant Dean of the Fulton College of Engineering and Technology at Brigham Young University.

Jason Papastavrou became a director of the Company in June 2005. Dr. Papastavrou has served as chief executive officer and chief investment officer of ARIS Capital Management since founding the company in January 2004. He previously held senior positions at Banc of America Capital Management, where he served as Managing Director, Fund of Hedge Fund Strategies from 2001 to 2003, and Deutsche Asset Management, where he served as Director, Alternative Investments Group from 1999 to 2001. Dr. Papastavrou, who holds a Ph.D. in Electrical Engineering and Computer Science from the Massachusetts Institute of Technology, taught at Purdue University's School of Industrial Engineering from 1990 to 1999 and is the author of numerous academic publications.

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Mark A. Suwyn became a director of the Company in September 2004. Mr. Suwyn is currently chief executive officer and chairman of NewPage Corporation, president of MARSUW LLC and associated with Cerberus Capital Management. He served as the chairman and chief executive officer of Louisiana-Pacific Corporation, a leading manufacturer of building materials from 1996 until his retirement in 2004. Prior to joining Louisiana-Pacific Corporation, Mr. Suwyn was with International Paper Company where he served as executive vice president of distribution, specialty products and forest lands from 1992 through 1995. He previously held several executive positions at E. I. duPont de Nemours and Company, including those of senior vice president of imaging systems and medical products, group vice president of imaging systems, and vice president of human resources. Mr. Suwyn is also a director of Ballard Power Systems, Inc., NewPage Corporation and BlueLynx Corp.

Gerald Tsai, Jr., became a director of the Company in July 2002, having previously served as a director of the Company from December 1997 to December 2001. Mr. Tsai served as chairman, chief executive officer and president of Delta Life Corporation, an insurance company, from 1993 until its sale in 1997. He was chairman of the executive committee of the Board of Directors of Primerica Corporation, a diversified financial services company, from December 1988 until April 1991 and chief executive officer of Primerica Corporation from April 1986 until December 1988. Mr. Tsai, a private investor, serves as a director of Apollo Investment Corporation, Triarc Companies, Inc. and Zenith National Insurance Corp. and director emeritus of Saks Incorporated. He was elected chairman of the Board of Directors of Sequa Corporation in January 2007. Mr. Tsai is an honorary trustee of Boston University and trustee of NYU Hospitals Center and the New York University School of Medicine Foundation.

Lawrence Keith Wimbush became a director of the Company in April 2006. From January 2003 until August 2005, Mr. Wimbush was with Korn/Ferry International, an executive search firm, where he served as a Senior Client Partner in the firm's Stamford, Connecticut office, and was also Co-Practice Leader of the firm's Legal Specialist Group and a member of the firm's Consumer Products Group and Diversity Practice Group. From April 1997 until January 2003, Mr. Wimbush served as senior vice president and general counsel of Diageo North America, Inc., a consumer goods company.

BOARD MATTERS

Classification of Directors

The directors of the Company (excluding any elected by the holders of the Series C Preferred) are currently divided into three classes as follows:

Class 1. The members of this class are Messrs. Hicks and McKinney, Ms. McAllister and Dr. Britell. The term of office of this class will expire at our annual meeting of stockholders in 2008.

Class 2. The members of this class are Messrs. McAuley and Tsai and Dr. Papastavrou. The term of office of this class will expire at our annual meeting of stockholders in 2009.

Class 3. The members of this class are Messrs. Jacobs (chairman), Clark, Suwyn and Wimbush. The term of office of this class will expire at our forthcoming annual meeting of stockholders. As described above, the Board, upon the unanimous recommendation of the Nominating Committee, has nominated each of Messrs. Jacobs, Clark, Suwyn and Wimbush to stand for re-election at the meeting for a new term that will expire at our annual meeting of stockholders in 2010.

At each annual meeting of stockholders, successors to directors of the class whose term expires at such meeting are currently elected to serve for three-year terms and until their successors are elected and qualified. However, as discussed above, if the proposal to amend our Amended and Restated Certificate of Corporation, included below in this proxy statement, is approved by the requisite number of stockholders, then each class of directors will be elected for a one-year term beginning at the 2008 annual meeting, such that by our 2010 annual meeting all directors will be elected annually for one-year terms.

Right of Holders of Series C Preferred to Elect Directors

All 300,000 outstanding shares of our Series C Perpetual Convertible Preferred Stock (Series C Preferred) are held by Apollo.

The holders of the Series C Preferred, voting separately as a single class, have the right to elect:

two directors, if (as of the record date for such vote) the aggregate number of shares of common stock that are issuable upon conversion of Series C Preferred then held by Apollo, Apollo Management IV, L.P., or their affiliates (plus any shares of common stock then held by such entities that were issued upon conversion of the Series C Preferred) is at least eight million; or

one director, if (as of the record date for such vote) the aggregate number of shares of common stock that are issuable upon conversion of Series C Preferred then held by Apollo, Apollo Management IV, L.P., or their affiliates (plus any shares of common stock then held by such entities that were issued upon conversion of the Series C Preferred) is at least four million but less than eight million.

Based on the number of shares of Series C Preferred that are currently held by Apollo, the holders of the Series C Preferred have the right to elect two directors.

Any director that is elected by the holders of the Series C Preferred, voting separately as a single class, holds office until the next annual meeting of stockholders and the election and qualification of a successor (or the earlier resignation or removal of such director).

If the holders of the Series C Preferred do not have the right, voting separately as a single class, to elect any directors pursuant to the provisions described above, then the holders of the Series C

Preferred have the right to vote for the election of directors of the Company together with the holders of the common stock, as a single class, with each share of Series C Preferred entitled to one vote for each share of common stock issuable upon conversion of such share of Series C Preferred. Each share of Series C Preferred is currently convertible into 40 shares of our common stock.

Meetings of the Board of Directors

During 2006, the Board met nine times. During 2006, each current member of the Board attended in excess of 75 percent of both (i) the total number of Board meetings held during the period for which he or she was a director and (ii) the total number of meetings of each committee of the Board on which the director served during the period for which he or she was on the committee, except for Mr. Black, who was not in attendance for four meetings of the Board, and Mr. Suwyn, who was not in attendance for three meetings of the Audit Committee.

Committees of the Board

The Board has established three standing committees and a Special Committee, each as described below.

Audit Committee

The Audit Committee operates pursuant to a written charter which complies with the corporate governance standards of the NYSE. Effective April 25, 2007, this charter was amended. You can access this document on our website at www.unitedrentals.com under Corporate Governance in the Investor Relations section. The document is also available in print to any stockholder upon request.

The general purposes of the Audit Committee are to:

assist the Board in monitoring (1) the integrity of the Company's financial statements, (2) the independent auditor's qualifications and independence, (3) the performance of the Company's internal audit function and independent auditors, and (4) the Company's compliance with legal and regulatory requirements; and

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

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

The current members of the Audit Committee are Messrs. McAuley (chair), Suwyn and Wimbush and Dr. Papastavrou.

Each current member of the Audit Committee meets the general independence requirements of the NYSE and the additional independence requirements for audit committees specified by Rule 10A-3 under the Securities Exchange Act of 1934. The Board has determined that each of Mr. McAuley and Dr. Papastavrou qualifies as an audit committee financial expert as defined by the SEC, and that each member of the Audit Committee is financially literate within the meaning of the Corporate Governance Standards of the NYSE.

In 2006, the Audit Committee met ten times.

Compensation Committee

The Compensation Committee operates pursuant to a written charter which complies with the corporate governance standards of the NYSE. Effective April 25, 2007, this charter was amended. You can access this document on our website at www.unitedrentals.com under Corporate Governance in the Investor Relations section. The document is also available in print to any stockholder upon request.

The general purpose of the Compensation Committee is to aid the Board in discharging its responsibilities relating to (i) the oversight of executive officer and director compensation and (ii) the development of compensation policies that support the Company's business objectives. For additional information concerning this committee, see Compensation Discussion & Analysis.

The current members of the Compensation Committee are Messrs. Gross (chair), McAuley and Tsai and, beginning in March 2007, Dr. Britell. Mr. Clark, who was a member of the Compensation Committee throughout 2006, stepped down from the committee in March 2007. Each current member of the Compensation Committee meets (and Mr. Clark met) the independence requirements of the NYSE. In addition, each current member of the Compensation Committee qualifies (and Mr. Clark qualified) as an outside director within the meaning of Internal Revenue Code § 162(m) and as a non-employee director within the meaning of Rule 16b-3 of the Securities and Exchange Act of 1934.

In 2006, the Compensation Committee met six times.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee (the Nominating Committee) operates pursuant to a written charter which complies with the corporate governance standards of the NYSE. You can access this document on our website at www.unitedrentals.com under Corporate Governance in the Investor Relations section. The document is also available in print to any stockholder upon request.

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

The current members of the Nominating Committee are Messrs. Clark (chair), Gross, McAuley and Tsai and Ms. McAllister. Each current member of the Nominating Committee meets the independence requirements of the NYSE.

In 2006, the Nominating Committee met three times.

Special Committee

We established a special committee of independent directors in connection with the SEC inquiry of the Company. The current members of the Special Committee are Messrs. McAuley (chair), Clark and Suwyn and Dr. Papastavrou.

Director Attendance at Previous Annual Meeting

We encourage our directors to attend annual meetings of stockholders and we typically schedule Board of Directors and committee meetings to coincide with the dates of our annual meetings. All directors on our Board at the time attended the 2006 annual meeting of stockholders.

CORPORATE GOVERNANCE MATTERS

Corporate Governance Guidelines

We have adopted corporate governance guidelines to promote the effective functioning of the Board. These guidelines address, among other governance items, criteria for selecting directors and director duties and responsibilities. You can also access this document on our website at www.unitedrentals.com under Corporate Governance in the Investor Relations section. The document is also available in print to any stockholder upon request.

The policies described in our corporate governance guidelines and in this proxy statement are intended to set forth general guidance for the functioning of the Board and should not be viewed as a set of legally binding obligations. The Board may, from time to time, modify these guidelines and policies or approve deviations therefrom as it deems appropriate.

Code of Business Conduct

We have adopted a code of business conduct for our employees, officers and directors. You can access this document on our website at www.unitedrentals.com under Corporate Governance in the Investor Relations section. The document is also available in print to any stockholder upon request. This code constitutes a code of ethics as defined by the rules of the SEC.

Director Independence

In assessing director independence, we follow the criteria of the New York Stock Exchange (NYSE). In addition, and without limiting the NYSE independence requirements, we apply the following categorical standards. We do not consider a director to be independent if he or she is, or in the past three years has been:

employed by the Company or any of its affiliates;

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

employed by a significant customer or supplier;

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

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

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

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

Under our corporate governance guidelines and NYSE rules, a majority of our directors must be independent by NYSE standards. Ten of the thirteen directors of our Company have been determined by the Board to be independent under those criteria: Leon D. Black, Jenne K. Britell, Howard L. Clark, Jr., Michael S. Gross, Singleton B. McAllister, Brian D. McAuley, Jason D. Papastavrou, Mark A. Suwyn, Gerald Tsai, Jr. and Lawrence Keith Wimbush. In addition, each of these directors also meets the categorical standards described above.

None of the directors that we have identified as being independent under NYSE rules has any relationship with the Company (other than being a director and/or stockholder of the Company), except as discussed below.

Singleton B. McAllister became a director of the Company in April 2004. Prior to the time she became a director, the Company obtained certain legal services from, and paid legal fees to, a law firm in which Ms. McAllister was a partner. The aggregate fees paid to such firm were less than \$50,000 and such fees represented less than one percent of such firm's annual revenues. After Ms. McAllister became a director, the Company's relationship with such firm was discontinued. The Board determined that the foregoing relationship was an immaterial relationship given that the Company's relationship with such firm was discontinued and the payments to such firm represented less than one percent of the firm's annual revenues.

One of our directors, Leon Black, is affiliated with Apollo, and one of our directors, Michael Gross, is a former affiliate of Apollo. Both were elected directors by Apollo in its capacity as the holder of Series C Preferred. In 1999, the Company paid Apollo (i) \$3.0 million of fees in connection with the sale by the Company of preferred stock in January 1999 and (ii) \$1.0 million of fees in connection with the sale by the Company of preferred stock in September 1999. These payments were made prior to the three-year look-back period provided for by the NYSE independence rules. Based on the amount of time that has elapsed since these payments were made, the Board has determined that these payments do not disqualify the two directors elected by the Series C Preferred from being classified as independent directors.

Lawrence Keith Wimbush became a director of the Company in April 2006. From January 2003 until August 2005, Mr. Wimbush was with Korn/Ferry International, an executive search firm, where he served as a Senior Client Partner and was also Co-Practice Leader of the firm's Legal Specialist Group and a member of the firm's Consumer Products Group and Diversity Practice Group. From 2004 until Mr. Wimbush was appointed a director, Korn/Ferry rendered executive search services to the Company for which the Company has paid an aggregate of approximately \$652,000. The Board determined that the foregoing relationship was an immaterial relationship given that Mr. Wimbush is no longer with Korn/Ferry International and was not at the time of his appointment (and had not been for almost a year prior to his appointment), and that this relationship therefore does not disqualify Mr. Wimbush from being classified as an independent director.

Executive Sessions of the Board

The Company's Corporate Governance Guidelines provide that our non-management directors should meet, at least twice a year, in executive sessions without the presence of management. Non-management directors who do not qualify as independent may participate in these meetings. However, the Corporate Governance Guidelines provide that, at least once a year, the independent directors should meet in executive session without the presence of either management or the non-independent directors. The purpose of the executive session meetings is to facilitate free and open discussion among the participants. Accordingly, the participants may determine that the minutes of these meetings not record the substance of the discussions. The Lead Director (or in the absence of the Lead Director, the Chairman of the Audit Committee or such other independent director as may be selected by the Board) should preside over these executive session meetings and, as required, provide feedback to the CEO, and to such other directors as is appropriate, based upon the matters discussed at such meetings. The Lead Director is currently Michael Gross.

Director Nomination Process

General

The Board has established the Nominating Committee, as described above. The responsibilities of this committee include, among other things: (i) developing criteria for evaluating prospective candidates to the Board; (ii) identifying individuals qualified to become Board members; and (iii) recommending to the Board those individuals that should be nominees for election or re-election to the Board or otherwise appointed to the Board (with authority for final approval remaining with the Board). However, the Nominating Committee does not make any recommendations with respect to the directors that are elected by the holders of our preferred stock.

Process for Identifying and Evaluating Candidates

The Nominating Committee may identify potential Board candidates from a variety of sources, including recommendations from current directors or management, recommendations of security holders or any other source the committee deems appropriate. The Nominating Committee may also engage a search firm or consultant to assist it in identifying, screening and evaluating potential candidates. The Nominating Committee has been given sole authority to retain and terminate any such search firm or consultant.

In considering candidates for the Board, the Nominating Committee evaluates the entirety of each candidate's credentials. The Nominating Committee considers, among other things: (i) business or other relevant experience; (ii) expertise, skills and knowledge; (iii) integrity and reputation; (iv) the extent to which the candidate will enhance the objective of having directors with diverse viewpoints, backgrounds, expertise, skills and experience; (v) willingness and ability to commit sufficient time to Board responsibilities; and (vi) qualification to serve on specialized committees of the Board, such as the Audit Committee or the Compensation Committee.

The four nominees for election as Class 3 directors at the upcoming annual meeting are Bradley S. Jacobs, who has been chairman of the Board of Directors of the Company since its formation in 1997, Howard L. Clark, Jr., who has been a director since 2004, Mark A. Suwyn, who has been a director since 2004 and Lawrence Keith Wimbush, who has been a director since 2006. Each of these directors is standing for re-election. In making its recommendation to the Board, the Nominating Committee reviewed and evaluated, in addition to each nominee's background and experience and other Board membership criteria set forth in the Company's corporate governance guidelines, each of such director's performance during their recent tenure with the Board and considered whether each of them was likely to continue to make important contributions to the Board.

Procedure for Submission of Recommendations by Security Holders

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

If you wish to recommend a potential director candidate for consideration by the Nominating Committee, please send your recommendation to United Rentals, Inc., Five Greenwich Office Park, Greenwich Connecticut 06831, Attention: Corporate Secretary. Any notice relating to candidates for election at the 2008 annual meeting must be received by December 31, 2007. You should use first class, certified mail in order to ensure the receipt of your recommendation.

Any recommendation must include (i) your name and address and a list of the securities of the Company that you own; (ii) the name, age, business address and residence address of the proposed

candidate; (iii) the principal occupation or employment of the proposed candidate over the preceding ten years and the person's educational background; (iv) a statement as to why you believe such person should be considered as a potential candidate; (v) a description of any affiliation between you and the person you are recommending; and (vi) the consent of the proposed candidate to your submitting him or her as a potential candidate. You should note that the foregoing process relates only to bringing potential candidates to the attention of the Nominating Committee. This process will not give you the right to directly propose a nominee at any meeting of stockholders. See Stockholder Proposals for the 2008 Annual Meeting.

Direct Communications with Directors

We have established procedures to enable our security holders or any other interested party, to communicate directly to the Board, to the Lead Director, to the non-management directors as a group or to the Audit Committee in writing. All communications should be addressed to the Board or the particular director or directors, as the case may be, and mailed to United Rentals, Inc., Five Greenwich Office Park, Greenwich, Connecticut, 06831, Attention: Corporate Secretary, and all communications will be submitted directly to the relevant director or directors. Any communications relating to accounting, internal controls or auditing matters will be promptly brought to the attention of the Chairman of the Audit Committee.

Please note that the foregoing procedure does not apply to (i) stockholder proposals pursuant to Exchange Act Rule 14a-8 and communications made in connection with such proposals or (ii) service of process or any other notice in a legal proceeding. For information concerning stockholder proposals, see Stockholder Proposals for the 2008 Annual Meeting below.

Stockholder Proposals for the 2008 Annual Meeting

Notice Required to Include Proposals in Our Proxy Statement

We will review for inclusion in next year's proxy statement stockholder proposals received by December 31, 2007. All proposals must meet the requirements set forth in the rules and regulations of the SEC in order to be eligible for inclusion in the proxy statement. Proposals should be sent to United Rentals, Inc., Five Greenwich Office Park, Greenwich, Connecticut 06831, Attention: Corporate Secretary.

Notice Required to Bring Business Before an Annual Meeting

Our by-laws establish an advance notice procedure for stockholders to make nominations of candidates for election of director or to bring other business before an annual meeting. Under these procedures, a stockholder that proposes to nominate a candidate for director or propose other business at the 2008 annual meeting of stockholders must give us written notice of such nomination or proposal not less than 60 days and not more than 90 days prior to the scheduled date of the meeting (or, if less than 70 days notice or prior public disclosure of the date of the meeting is given, then not later than the 15th day following the earlier of (i) the date such notice was mailed or (ii) the day such public disclosure was made). Such notice must provide certain information as specified in our by-laws and must be received at our principal executive offices by the deadline specified above.

For any matters not timely submitted in accordance with the advance notice procedure established in our by-laws, we reserve the right, in accordance with Rule 14a-4(c)(1) of the Exchange Act, to exercise discretionary voting authority on the nomination or proposal.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Overview of Compensation Program

The Compensation Committee of the Board of Directors is responsible for establishing, implementing and continually monitoring adherence to the Company's compensation philosophy. The Committee seeks to ensure that the total compensation paid to our Chief Executive Officer, our Chief Financial Officer, and our three other most highly compensated executive officers is fair, reasonable and competitive.

The specific responsibilities of the Committee are set forth in its charter, which may be found on the Company's web site at www.ur.com. Among other things, the Committee is required to determine and approve the compensation of the CEO, review and approve the compensation of the Company's other executive officers, review and approve any incentive compensation plan or equity-based plan for the benefit of executive officers, and review and approve any employment agreement, severance arrangement or change-in-control arrangement for the benefit of executive officers.

Throughout this proxy statement, the individuals who served as the Company's Chief Executive Officer and Chief Financial Officer during the fiscal year 2006, as well as the other individuals included in the Summary Compensation Table on page 27 are referred to as the named executive officers.

Executive Compensation Philosophy

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

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

Objectives of Executive Compensation

The objectives of our executive compensation program are to:

- (1) attract and retain quality executive leadership,
- (2) enhance the individual executive's performance,
- (3) align incentives with the business unit and Company areas most directly impacted by the executive's leadership and performance,
- (4) increase stockholder value,
- (5) encourage management ownership of our common stock, and
- (6) improve our overall performance.

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The Committee strives to meet these objectives while maintaining market competitive pay levels and ensuring that we make efficient use of shares and have predictable expense recognition. In furtherance of these objectives the Committee utilizes the Company's human resources department as well as outside compensation experts. To this end, the Committee has engaged the Ross Consulting Group to provide consulting services with respect to the Company's compensation practices.

The Committee seeks to properly compensate executive officers for their services to the Company and to create incentives to focus on the specific goals identified as significant for the Company. The Committee identifies and considers a wide range of measures for individual performance, Company performance and, as appropriate, share price appreciation, and, with the assistance of our advisors, develops specific performance goals based on these measures. In addition, we endeavor to preserve the Company's tax deduction for all compensation paid, which can be accomplished primarily by conditioning compensation on the achievement of certain performance goals, as discussed below.

In making compensation decisions, the Committee compares each component of the total compensation package of the Chief Executive Officer and the other named executive officers against the compensation components of the chief executive officer and (where available) the comparable executive positions of a peer group of publicly-traded companies. Because there are no companies directly comparable to the Company for whom compensation information is publicly disclosed, the peer group is comprised of publicly traded industrial manufacturing and construction companies. The companies comprising the peer group in 2006 were:

AGCO Corporation	J.B. Hunt Transport Services, Inc.
Airgas, Inc.	Kennametal, Inc.
Autozone, Inc.	The Manitowoc Company, Inc.
The Brink's Company	NVR, Inc.
Con-way, Inc.	Ryder System, Inc.
Dover Corporation	Terex Corporation
EGL, Inc.	W.W. Grainger, Inc.
Jacobs Engineering Group, Inc.	

Executive Compensation Components

The principal components of compensation for the Company's named executive officers in 2006 were:

base salary,

performance-based compensation, comprised of:

annual performance-based cash bonus,

long-term performance-based cash plan, and

equity compensation,

perquisites and other benefits, and

severance benefits.

In addition to the foregoing, as provided in our employment agreement with him, in April 2006 Mr. Welch was paid a special completion bonus of \$250,000 upon the filing of the Company's 2004 financial statements and Form 10-K, which were filed on March 31, 2006. Also, each of Messrs. Welch, Schwed and Helvie received sign-on bonuses in 2006, in the respective amounts of \$51,924, \$35,000 and \$75,000. Mr. Welch received his bonus in March, when he changed from interim to permanent employee status, and Messrs. Helvie and Schwed received theirs when they first joined the Company, respectively in January and June.

Base Salary

The Company provides named executive officers and other employees with base salary to compensate them for services rendered during the fiscal year. The base salary levels of continuing executives are reviewed annually. Ross Consulting Group recommends a salary for Mr. Hicks, and Mr. Hicks recommends a salary for the other named executive officers. In considering whether to adopt these suggestions, the Compensation Committee considers the Company's performance, the executive's individual performance, the executive's career potential and length of tenure with the Company, the applicable terms, if any, of the executive's employment agreement, the salary levels of similarly situated officers at peer group companies and the salary levels of the Company's other officers. Generally, the salaries paid the named executive officers are targeted to be at the 75th percentile in comparison to peer group companies.

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

Performance-based Compensation

Performance-based compensation primarily serves two functions. First, it creates an incentive to focus on and achieve the objectives identified as significant. For this purpose, the performance goals vary depending on the individual executive's functions in the Company. The Committee works with senior management, including the named executive officers, to identify the specific areas to be addressed by performance goals and decide on appropriate targets. The goals for 2006 were increased earnings per share and increased return on invested capital, reductions in selling, general and administrative expenses, increases in rental rates, designing and implementing certain financial programs and processes, improving contractor supply gross margins, recruiting high caliber executives, implementing cost-savings initiatives and achieving improvements in the Company's financial processes and structures.

The target measures are intended to be reasonable and attainable with appropriate effort, but not low enough so that they are sure to be achieved and not so high as to be unlikely to be attained, either of which extreme would lessen the incentive value of the program. In 2006, each of the performance measures for the year were achieved, except for the targeted reductions in selling, general and administrative expenses and improvements to contractor supply gross margins.

Second, performance based compensation provides a mechanism by which executives' compensation fluctuates with the performance of the Company, thus aligning executives' interests with those of stockholders. This is accomplished with comprehensive performance measures, such as earnings per share and return on invested capital, that focus more on the Company's profitability than the achievement of a specific goal. In addition, all equity awards increase in value with the appreciation in the stock price, directly aligning executives' interests with those of stockholders.

The Company's performance compensation program for named executive officers is comprised of three components: (i) an annual cash bonus, (ii) equity grants that vest based upon either the achievement of performance criteria or continued employment with the Company, and (iii) a long-term incentive plan that awards executives for earnings per share increases over a three-year period.

Annual Cash Bonus

The Company maintains the Annual Incentive Compensation Plan to provide annual cash compensation upon the achievement of pre-established performance goals. The Committee

determines the specific performance goals under the Annual Incentive Compensation Plan, while the plan itself sets general parameters for the performance goals. By setting the performance goals annually, the Committee is able to design compensation that is appropriate for the specific year, encouraging and rewarding attention to the specific areas that are significant to the Company in that year. Consequently, the specific performance goals and the extent to which they differ between executives may vary from year to year.

In 2006, Messrs. Hicks, Welch and Kneeland were the only named executive officers to participate in the Annual Incentive Compensation Plan. Mr. Ehrenreich and Mr. Schwed were ineligible to participate in the Annual Incentive Compensation Plan, and Mr. Helvie participated in the Company's discretionary bonus plan. Mr. Ehrenreich was ineligible to receive a bonus under the Annual Incentive Compensation Plan because he terminated employment during the year, but received a bonus under his separation agreement in lieu of any bonus under the Annual Compensation Incentive Plan. Mr. Schwed was ineligible to participate in the Annual Incentive Compensation Plan because he commenced employment in June 2006, too late to participate in the Plan. Accordingly, the Committee determined Mr. Schwed's bonus for 2006 by reference to his employment agreement terms and his performance in 2006. Mr. Helvie was both hired and subsequently promoted to named executive officer status during 2006. His bonus was determined with reference to his employment in 2006, both in his former position with the Company, as well as in his current position as controller.

In 2006, the Company performance criteria were earnings per share, cash flow from operations and increasing rental rates. The Annual Incentive Compensation Plan bonus was primarily based on earnings per share (60% for Messrs. Hicks and Welch and 50% for Mr. Kneeland), with cash flow from operations second (25% for each) and then increasing rental rates (7.5% for Messrs. Hicks and Welch and 15% for Mr. Kneeland). In addition, the Committee established individual performance goals for each of the named executive officers (accounting for 7.5% of the bonus for Messrs. Hicks and Welch and 10% for Mr. Kneeland).

Individual performance goals relate to aspects of the Company's administration and operations with respect to which the Company desires the individual executive to focus his efforts. In 2006, Mr. Hicks' goals related to recruiting qualified high caliber individuals for senior positions, Mr. Kneeland's goals related to various aspects of the Company's operations and Mr. Welch's goals related to various aspects of the Company's financial structure.

The Annual Incentive Compensation Plan permits awards up to the greater of two times base salary (not to exceed \$2 million) and 1% of the Company's earnings before income taxes (subject to certain adjustments). In 2006, the Committee established a target bonus for Mr. Hicks of 100% of base salary and limited his maximum award benefit to 150% of base salary. The Committee also established, in accordance with the terms of their employment agreements, respective target bonuses of 90% and 100% of base salary for Messrs. Welch and Kneeland and limited each of their maximum award benefit to 125% of base salary.

The 2007 awards under the Annual Incentive Compensation Plan follow a similar format as the 2006 awards. The list of performance goals again includes earnings per share, but also includes new measures of free cash flow, return on invested capital and revenue growth as the additional Company performance criteria, while retaining varied individual performance goals. The target payout level has generally been set to correlate with or fall within the range of internally-generated and approved budgets or forecasts, as of early March 2007, for such measures. Accordingly, if the Company performs in accordance with these expectations, it is likely that target bonus payouts would be made, subject, however, to the Committee's negative discretion under the Annual Incentive Compensation Plan to reduce any such payouts. Minimum thresholds have also been set for each Company performance goal, below which no amounts will be paid with respect to such measure.

Equity Compensation

The Committee believes that equity compensation is an important component of performance-based compensation in that it directly aligns the interests of the named executive officers with those of stockholders. The Committee recognizes that the different types of equity compensation afford different benefits to the Company and the recipients. In the past, the Company utilized restricted shares as a primary equity compensation vehicle for executive officers. Currently, for the reasons described below, the Company utilizes restricted stock units (RSUs) as the primary means of equity compensation. While the Company continues to make occasional stock option or restricted share grants, these generally are in unique, individual situations.

Restricted shares and RSUs are both full value grants, meaning that upon vesting the recipient is granted the full share, without paying an exercise price. In contrast to restricted stock, RSUs may encourage retention of an ongoing interest in the Company's performance, even after a RSU vests, by affording the opportunity for executives to defer receipt of, and taxation upon, the vested RSUs. Mr. Hicks, in particular, has deferred substantial numbers of RSUs. Vested restricted shares cannot be deferred, so executives may have less of an incentive to hold the shares after vesting.

In 2006, all named executive officers were granted RSUs. Mr. Helvie also was granted stock options in connection with his initial employment with the Company, prior to his promotion to controller and his becoming a named executive officer.

A portion of the RSU grants to each named executive officer (other than Mr. Helvie) vests based on continued employment and a portion vests based on achievement of specified performance goals, in each case over a three-year period. The relative portions that vest based on continued employment and performance goals, as well as the specific performance goals, vary based on the executive's functions and tenure with the Company. The Committee's focus is to provide performance goals that compensate each executive for the Company's performance in general, as well as that relate to specific functions over which the executive has more direct control, so as to reward the executive for his accomplishments. Mr. Helvie's RSU grant, which was made in connection with his promotion to controller in 2006, vests after three years solely based on continued employment.

The performance goals applied to vesting of RSUs granted in 2006 are specified targets for earnings per share (EPS) and return on invested capital (ROIC), target reductions in selling, general and administrative expenses (SG&A), improvements in contractor supply gross margins and the redesign and implementation of certain financial programs and processes. The Committee considers the specified targets for EPS and ROIC to be indicators of overall Company performance, and applied them to all 2006 RSU grants to the named executive officers. The other performance goals relate to specific aspects of the Company's operations that the Company is focusing on and that the Committee believes should be encouraged and rewarded. These performance goals only apply to the specific named executive officers who have some responsibility and authority over the respective areas.

The Committee's primary focus with respect to the EPS and ROIC measures was to establish targets for the Company at the end of a three-year period. Accordingly, the EPS and ROIC performance goals include catch-up provisions that permit vesting of RSUs if the targets are achieved in the third year, even if the specified annual targets were not achieved in one of the first two years. In contrast, the other performance goals are primarily annual goals, and accordingly they do not include a catch-up provision.

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The following table sets forth the performance vesting measures applied to the named executive officers:

Executive	Total RSUs Granted	Vesting in three annual installments	Performance goals providing for vesting over a three - year period				
			ROIC	EPS	SG&A	Financial programs redesign	Contractor supply margins
Wayland Hicks	150,000	50,000	50,000	50,000			
Martin Welch	190,000	100,000	20,000	20,000	20,000	30,000	
Michael Kneeland	100,000	50,000	12,500	12,500	12,500		12,500
Roger Schwed	45,000	35,000	5,000	5,000			
Todd Helvie ⁽¹⁾	22,500	22,500					

(1) Includes 12,500 shares of restricted stock and an option to purchase 5,000 shares of common stock, in addition to 5,000 RSUs. The option vests in three annual installments and the other awards vest in full approximately three years from the date of grant.

Wayland Hicks. As chief executive officer, Mr. Hicks' responsibilities extend to all aspects of the Company's operations and performance and are not limited to any specific areas. Consequently, the Committee believes that the best measures for Mr. Hicks' performance are EPS and ROIC, which are broad performance measures that relate to the overall performance of the Company. The other performance measures that apply to the other named executive officers are more narrowly tailored toward their respective responsibilities and relate to more specific aspects of the Company's performance. As such, the Committee believes that these other measures are not as useful as a measure of Mr. Hicks' performance, which is more comprehensive in scope.

Martin Welch. The redesign and implementation of certain of the Company's financial programs and processes is a major project that is expected to increase efficiency and generate substantial financial benefit to the Company. Accordingly, the Committee believes that Mr. Welch, who is responsible for this project, should be provided an incentive to complete it in a timely and successful manner. As chief financial officer, Mr. Welch is also instrumental in achieving reductions in the Company's SG&A. In addition, as with all named executive officers, vesting is dependent on the more comprehensive measures of EPS and ROIC.

Michael Kneeland. Mr. Kneeland is responsible for reducing SG&A and for improving contractor supply gross margins. Consequently, half of Mr. Kneeland's performance-vested RSUs relate to these measures. The other performance-vested RSUs relate to the more comprehensive measures of EPS and ROIC.

Roger Schwed. As the Company's general counsel, Mr. Schwed's responsibilities extend to all areas of the Company's operations. Consequently, analogous to Mr. Hicks, the Committee views the comprehensive measures of overall Company performance of EPS and ROIC as the most appropriate performance measures for Mr. Schwed.

Long Term Incentive Plan

The Company's Long Term Incentive Plan (LTIP) provides executives with a bonus based on the increases in earnings per share over a three-year period (or other multi-year period that the Compensation Committee elects). Awards under the LTIP are in the form of units that have no value at grant. The units increase or decrease in value based on each year's EPS as compared to the EPS for the year preceding the grant, and subject to a maximum unit value established by the Committee at grant. At the end of the three-year period, the units are paid in cash. Generally, the Company does not award overlapping units, so that Messrs. Hicks and Kneeland, who had outstanding LTIP units in 2006, were not considered for additional grants. Mr. Helvie was granted 13,700 LTIP units in 2006, which will vest on December 31, 2008 and be paid in 2009.

Deferred Compensation

The Company affords the named executive officers an opportunity to defer a portion of their compensation and to defer the receipt of the shares of common stock that ordinarily would be received upon the vesting of RSUs. The deferred amounts are credited with earnings based on the investment performance of certain deemed investments. The deferred RSUs are not credited with earnings, but changes in value of common stock similarly change the value of the deferred RSUs. The deferred compensation, which may be of significant benefit to the executives and entails a minimal administrative expense for the Company, is a common benefit provided to senior executives of similarly situated companies. Consequently, the Compensation Committee believes that it is appropriate to provide such deferred compensation.

Benefits upon termination of employment

The Committee believes that agreeing to provide reasonable severance benefits is common among similar companies and is essential to recruiting key executives. Accordingly the employment agreements with the named executive officers other than Mr. Hicks provide that in the event that the Company terminates the executive without Cause or the executive terminates for Good Reason (as defined in our employment agreements with the named executive officers), the executive will receive a payment over a one-year period equal to 100% of the executive's base salary plus, for Messrs. Welch, Kneeland and Schwed, 100% of the executive's target bonus. Mr. Hicks' severance in such a case would be equal to 2.99 times his base salary at the time of termination and his highest annual bonus paid during the three years immediately preceding the termination of employment. In addition, as discussed below under Change in Control Provisions, Mr. Helvie was recently granted a retention bonus, payment of which is subject to partial or full acceleration if his employment is terminated by the Company without Cause or by him with Good Reason (each as defined in his retention bonus agreement) within specified time frames.

In addition, the 2006 RSU grants provide that if the Company terminates the executive without Cause or the executive terminates for Good Reason, a pro rata portion of the time vested RSUs scheduled to vest during the year will vest on the date of termination.

Pension and retirement benefits

The Committee believes that providing a cost-effective retirement benefit for the Company's executives is an important recruitment and retention tool. Accordingly, the Company maintains a 401(k) plan for all employees, and provides employer matching contributions (subject to certain limitations) for employee contributions.

In addition, Mr. Hicks' employment agreement, which was entered into in 2004, provides him with a retirement benefit based on Mr. Hicks' base salary at the time of retirement and his highest annual bonus paid during the three years immediately preceding retirement. If Mr. Hicks retires during 2007, the benefit amount is equal to 1.5 times the salary plus bonus, if during 2008, two times salary plus bonus, and if after 2008, 2.5 times salary plus bonus. The amount is paid as a one time lump sum payment. In addition, the Company will provide Mr. Hicks with continued benefits and perquisites from the Company comparable to those received prior to retirement for 1.5, 2 or 2.5 years following retirement, as applicable. The Company announced on April 10, 2007 that Mr. Hicks will retire as chief executive officer, effective June 4, 2007. He will remain vice chairman of the Company's board of directors.

Perquisites and Other Personal Benefits

The Company traditionally has provided named executive officers with certain perquisites and personal benefits that the Company and the Compensation Committee believe are reasonable and consistent with the general practice of similarly situated companies. These additional benefits have not comprised and are not intended to comprise a significant portion of an executive's compensation.

The named executive officers are not provided with generally applicable perquisites and benefits, other than participation in the plans and programs described above and the Company's health and welfare benefits plans under which all salaried employees are entitled to participate. Rather, there are certain specific perquisites and benefits to which the Company has agreed to compensate particular executives based on their specific situation. Mr. Hicks, the Company's chief executive officer, may use the Company's corporate aircraft for personal air travel. On occasion, other executives may be permitted to use corporate aircraft with the approval of Mr. Hicks. In 2006, Mr. Hicks was the only named executive officer to use corporate aircraft for personal travel, at a cost to the Company of \$16,980. Messrs. Schwed, Kneeland and Welch were entitled to the use of a Company vehicle in 2006, and Messrs. Schwed and Welch currently continue to use Company vehicles in 2007. In connection with his becoming a permanent employee, Mr. Welch also was entitled to one year of monthly relocation expenses of \$7,500 per month on an after-tax basis (equivalent to \$10,747 on a pre-tax basis) and one year of car service for transportation to and from the airport.

Change in Control Provisions

The prospect of a change in control of the Company can cause significant distraction and uncertainty for executive officers and, accordingly, the Committee believes that appropriate change in control provisions in their employment agreements and/or equity awards are important tools for aligning executives' interests in change in control scenarios with those of stockholders. In addition, changes to the Company following a change in control may affect the ability to achieve previously-set performance measures. Consequently, RSU awards to the named executive officers include the following provisions:

All time-vested RSUs will vest in full upon a change in control.

If the employment of the RSU recipient is terminated by the Company without Cause or by the individual for Good Reason, within 12 months following a change in control, all performance-vested RSUs will vest in full upon the termination of employment.

If the change in control results in the Company (or any parent entity) ceasing to be publicly traded, all performance-vested RSUs also will vest in full upon a change in control.

Mr. Hicks' employment agreement provides in addition for full vesting of all equity grants upon a change of control and a gross-up of any excise taxes payable by Mr. Hicks pursuant to a change in control. Mr. Helvie's employment agreement provides for full vesting of any restricted stock or stock options previously granted to him if he is terminated within six months of a change in control.

Recent Committee Actions

Recently, after taking into account the Company's April 10, 2007 announcement that it was exploring strategic alternatives, including a possible sale of the Company, the Committee determined to provide retention bonuses to each of Messrs. Welch, Kneeland and Schwed. The retention bonuses are contingent upon and would be paid six months following a change in control. The amounts of the retention bonuses are to be determined by the Committee in its discretion, subject to specified maximums of \$350,000 for each of Messrs. Kneeland and Welch and \$175,000 for Mr. Schwed. The Committee also determined to provide a retention bonus to Mr. Helvie in the amount of \$315,000, one half of which will be earned and paid upon the earlier of February 15, 2008 or a change in control of the Company and one half of which is contingent upon and would be paid six months following a change in control of the Company, if any. Mr. Helvie's bonus is subject to acceleration in the event his employment is terminated by the Company without Cause or by him for Good Reason (each as defined in his retention bonus agreement), with one half of the bonus being paid if such termination occurs prior to February 15, 2008 or a change in control, and with the full bonus being paid if such termination occurs after a change in control but before the passage of an additional six months.

The Committee also determined:

to amend the terms of each equity award outstanding on April 20, 2007 that vests based upon continued employment with the Company to provide that each such award that is unvested will accelerate and become fully vested upon a change in control of the Company;

to amend the terms of the LTIP to provide that each LTIP award outstanding on April 20, 2007 (Mr. Helvie being the only named executive officer who held an award on such date) will become vested upon a change in control of the Company in essentially the same manner as it would vest under the LTIP if the recipient's employment were terminated without cause; and

to provide severance benefit arrangements for certain key employees, including Mr. Helvie but no other named executive officers, under which the recipient would be paid specified continuation of salary and benefits (which in the case of Mr. Helvie would be for 12 months) and a pro rata portion of the recipient's target annual cash bonus, based on the percentage of the fiscal year completed, in the event a change in control of the Company occurs and the recipient's employment is terminated by the Company without cause or by the recipient for specified good reasons within twelve months thereafter.

Tax and Accounting Implications

Deductibility of Executive Compensation

Section 162(m) of the Internal Revenue Code limits to \$1 million the annual tax deduction for compensation paid to each of the chief executive officer and any of the four highest paid other executive officers. However, compensation that qualifies as performance-based compensation is deductible even in excess of \$1 million. The Board of Directors considers these requirements when designing the compensation program for the named executive officers. The Company believes that the compensation paid to the named executive officers generally is fully deductible for federal income tax purposes. However, in certain situations, the Compensation Committee may approve compensation that will not meet these requirements in order to ensure competitive levels of total compensation for its executive officers or for other reasons.

Nonqualified Deferred Compensation

On October 22, 2004, the American Jobs Creation Act of 2004 was signed into law, adding section 409A to the Internal Revenue Code, which changed the tax rules applicable to nonqualified deferred compensation arrangements. A violation of these new rules could result in the imposition of a 20% penalty tax on the affected executives. The Company believes it is operating in good faith compliance with the statutory provisions, which were effective January 1, 2005, and the proposed regulations thereunder, which were issued in October 2005, and is studying the impact of the final regulations, which were just recently issued and become effective January 1, 2008. The Compensation Committee, through its legal counsel, is monitoring compliance with section 409A.

Compensation Committee Report

The Compensation Committee of the Company has reviewed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K and discussed that Analysis with management. Based on its review and discussions with management, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement and be incorporated by reference into the Company's 2006 Annual Report on Form 10-K. Mr. Clark stepped down from the Compensation Committee in March 2007. Dr. Britell joined the Compensation Committee in March 2007 and did not participate in the Committee's deliberations prior to that time.

THE COMPENSATION COMMITTEE

Michael S. Gross, Chairman
Jenne K. Britell, PhD.
Brian D. McAuley
Gerald Tsai, Jr.

Summary Compensation Table

The table below summarizes the total compensation paid or earned by each of the named executive officers for the fiscal year ended December 31, 2006.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Options Awards (\$) ⁽¹⁾	Non-Equity Incentive Plan Compensation (\$)	All Other Compensation (\$) ⁽²⁵⁾	Total (\$)
Wayland Hicks Chief Executive Officer ⁽²⁾	2006	\$710,576 ⁽³⁾		\$3,842,583 ⁽⁴⁾		\$5,142,500 ⁽⁵⁾	\$75,138	\$9,770,797
Martin Welch Chief Financial Officer	2006	\$667,500 ⁽⁶⁾	\$301,924 ⁽⁷⁾	\$2,892,931 ⁽⁸⁾		\$498,400 ⁽⁹⁾	\$132,830	\$4,493,585
Michael Kneeland Executive Vice President Operations ⁽¹⁰⁾	2006	\$378,077 ⁽¹¹⁾		\$1,318,962 ⁽¹²⁾		\$972,600 ⁽¹³⁾	\$19,088	\$2,688,727
Roger Schwed Executive Vice President and General Counsel	2006	\$221,539 ⁽¹⁴⁾	\$285,000 ⁽¹⁵⁾	\$479,791 ⁽¹⁶⁾				\$986,330
Todd Helvie Senior Vice President and Controller	2006	\$277,980 ⁽¹⁷⁾	\$330,000 ⁽¹⁸⁾	\$109,248 ⁽¹⁹⁾	\$28,794 ⁽²⁰⁾	\$71,240 ⁽²¹⁾		\$817,262
Joseph Ehrenreich former General Counsel	2006	\$328,814 ⁽²²⁾	\$213,000	\$196,394 ⁽²³⁾			\$2,180,950 ⁽²⁴⁾	\$2,919,158

- (1) Note 2 to our Consolidated Financial Statements, included in our Annual Report on Form 10-K for the year ended December 31, 2006, includes a discussion of the assumptions made in the valuation of option awards.
- (2) The Company announced that Mr. Hicks will retire as chief executive officer of the Company, effective June 4, 2007. He will remain vice chairman of the board of directors.
- (3) Represents payment of base salary at an annual rate of \$550,000 through March 31, 2006 and \$750,000 thereafter.
- (4) Represents \$2,288,583 for RSUs granted in 2006, and \$1,554,000 recognized as an expense in 2006 with respect to grants made in previous years (comprised of \$364,000 for RSUs granted in 2004 and \$1,190,000 for restricted stock granted in 2001).
- (5) Represents \$836,000 earned under the 2006 grant under the Annual Incentive Compensation Plan and \$4,306,500 earned in 2006 at the maximum unit value under the LTIP with respect to units granted as of January 2004.
- (6) Represents payment of base salary at an annual rate of \$525,000 for the period commencing on March 7, 2006, when Mr. Welch became chief financial officer, and a monthly rate of \$100,000 prior to that time, when Mr. Welch was serving on an interim basis.
- (7) Represents a \$250,000 bonus for the timely completion of the 2004 financial statements and Form 10-K, paid pursuant to the Company's employment agreement with Mr. Welch, and a \$51,924 sign-on bonus, paid when Mr. Welch became a permanent employee.
- (8) Represents the amount recognized as an expense in 2006 with respect to RSUs granted in 2006.
- (9) Represents the amount earned under the 2006 grant under the Annual Incentive Compensation Plan.
- (10) Effective June 4, 2007, Mr. Kneeland will assume the role of interim chief executive officer.
- (11) Represents payment of base salary at an annual rate of \$290,000 through March 31, 2006 and \$400,000 thereafter.
- (12) Represents the amount recognized as an expense in 2006 with respect to RSUs granted in 2006.
- (13) Represents \$424,500 earned under the 2006 grant under the Annual Incentive Compensation Plan and \$548,100 earned in 2006 (at the maximum unit value) under the LTIP with respect to units granted as of January 1, 2004.
- (14) Represents payment of base salary at an annual rate of \$400,000 for the period commencing June 14, 2006, when Mr. Schwed joined the Company as general counsel.
- (15) Represents a \$35,000 sign-on bonus and a \$250,000 bonus paid in recognition of Mr. Schwed's performance in 2006, of which \$200,000 was guaranteed under Mr. Schwed's employment agreement.
- (16) Represents the amount recognized as an expense in 2006 with respect to RSUs granted in 2006.
- (17) Represents payment of base salary at an annual rate of \$275,000 for the period commencing January 9, 2006, when Mr. Helvie joined the Company as vice president - tax and business development, and \$300,000 for the period commencing September 1, 2006, when Mr. Helvie was promoted to senior vice president and controller.
- (18) Represents a \$75,000 sign-on bonus and a \$255,000 bonus paid under the Company's employees' annual incentive compensation program, in recognition of Mr. Helvie's performance in 2006.

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- (19) Represents the amount recognized as an expense in 2006 with respect to RSUs granted in 2006.
 (20) Represents the amount recognized as an expense in 2006 with respect to 5,000 options granted in 2006.
 (21) Represents the amount earned in 2006 with respect to LTIP units granted in 2006.
 (22) Represents payment of base salary at an annual rate of \$435,000 until termination on September 1, 2006.
 (23) Represents the amount recognized as expense in 2006 with respect to restricted stock granted in 2004.
 (24) Represents \$1,212,500 paid in respect of LTIP units granted in 2004 and \$968,450 paid as severance, in each case paid pursuant to the separation agreement with Mr. Ehrenreich.
 (25) As part of its compensation program, the Company provides its executives with certain perquisites and personal benefits. In 2006, the named executive officers received the benefits listed in the table below. In accordance with SEC regulations, perquisites and personal benefits have been omitted where the total annual value for a named executive officer is less than \$10,000.

	<u>Company Car</u>	<u>Use of Private Aircraft</u>	<u>Car Service</u>	<u>Housing/Living Expenses</u>	<u>Insurance Premiums</u>	<u>Other^[1]</u>	<u>Total</u>
Wayland Hicks		\$16,980			\$44,540 ^[2]	\$13,618	\$75,138
Martin Welch	\$2,580		\$10,493 ^[3]	\$107,792 ^[4]		\$11,965	\$132,830
Michael Kneeland	\$5,090					\$13,998	\$19,088

- [1] Represents personal expenses paid in connection with a corporate trip.
 [2] Consists of \$44,000 of supplemental life and \$540 of long-term disability insurance premiums which were accrued in 2006 and will be paid in 2007.
 [3] Represents car service expenses in connection with Mr. Welch's weekly travel between his home and the Company's executive offices, provided to Mr. Welch during his first year of permanent employment with the Company.
 [4] Represents expenses for Mr. Welch's temporary living arrangements, provided to Mr. Welch during his first year of permanent employment with the Company.

The primary components of the compensation for the named executive officers are based on their employment agreements with the Company. The following discussion explains the material terms of the employment agreements, as well as explaining other compensation components that are not included in the employment agreements. The rights of the named executive officers to receive certain benefits upon termination of employment or a change in control of the Company are described beginning on page 37.

Mr. Hicks

In connection with the appointment of Wayland Hicks as our chief executive officer in December 2003, we entered into a new employment agreement and other compensation arrangements with him in early 2004. The term of the agreement is through December 31, 2008, but will automatically be extended for successive one-year renewal periods unless either party thereto gives notice of non-renewal. The Company announced on April 10, 2007 that Mr. Hicks will retire as chief executive officer of the Company, effective June 4, 2007. In connection with the announcement of his retirement, the Company entered into an agreement with Mr. Hicks that (i) provides that Mr. Hicks will remain vice chairman of the Company's board of directors in accordance with the Company's by-laws, and (ii) confirms the compensation terms already applicable in the event of retirement under Mr. Hicks' current employment agreement and outstanding equity awards.

Base Salary. Mr. Hicks' salary was \$550,000 at the beginning of 2006, and was increased to \$750,000, effective April 1, 2006. On March 1, 2007, the Compensation Committee increased Mr. Hicks' base salary from \$750,000 per annum to \$800,000 per annum, effective April 1, 2007.

Annual Incentive Compensation Plan. Mr. Hicks is eligible to participate in the plan each year, and his target bonus for each year must be at least \$550,000, 100% of his 2004 base salary.

Long-Term Incentive Plan. In 2004, Mr. Hicks was awarded 275,000 LTIP units, which vested on December 31, 2006 and were paid thereafter. Over the three-year period between grant and vesting, the units accrued a value of \$48.50 per unit, the maximum value established under the grant, based on the Company's annual earnings per share relative to the Company's 2003 earnings per share. The

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Non-Equity Incentive Plan Compensation column in the Summary Compensation Table includes the \$4,306,500 in value that accrued to these units in 2006.

Restricted Stock Units. The Company has periodically awarded RSUs to Mr. Hicks, including 150,000 RSUs granted in 2006. The terms of the 2006 RSU grant are described on pages 21-22 in the Compensation Discussion and Analysis and on pages 32-33 following the Grants of Plan-Based Awards table. Each year that an outstanding RSU is not yet fully vested, the Company recognizes an expense with respect to the RSU, and this amount is reported in the Stock Awards column of the Summary Compensation Table.

Benefits. Mr. Hicks is entitled to participate in our group health insurance program, group life insurance program, supplemental life insurance program, group short-term and long-term disability plans, and any tax-qualified and nonqualified retirement plans that are generally made available to other current senior executives of the Company, and for so long as the Company continues to maintain or otherwise make available a corporate aircraft, to make use of such aircraft in accordance with the Company's current policy regarding business and personal use by executive officers.

In addition, Mr. Hicks is entitled to certain supplemental long-term disability coverage and/or supplemental life insurance coverage. However, the Company is not required to expend more than \$50,000 per annum in the aggregate to provide such coverage.

Mr. Welch

Martin E. Welch initially was retained by the Company on September 12, 2005 to serve as interim chief financial officer in order to assist the Company with the filing of the Form 10-K for 2004 and 2005. On March 7, 2006, when we appointed Mr. Welch as executive vice president and chief financial officer of the Company and entered into an employment agreement with him that superseded his interim agreement. The Summary Compensation Table for 2006 includes amounts relating to Mr. Welch's service in both capacities.

Base Salary. While serving as interim chief financial officer, Mr. Welch was paid \$100,000 per month. His 2006 employment agreement set his annual base salary at \$525,000, which was increased on March 1, 2007 to \$562,000, effective April 1, 2007.

Completion and Signing Bonus. Pursuant to his employment agreement, Mr. Welch received a \$250,000 bonus after we filed our 2004 Form 10-K on March 31, 2006. In connection with his joining the Company as executive vice president and chief financial officer, Mr. Welch received a signing bonus of \$51,924.

Annual Incentive Compensation Plan. Under his employment agreement, Mr. Welch's target bonus is 90 percent of base salary and his maximum bonus is 125 percent of base salary.

Relocation Allowance. In connection with his transitioning from interim to permanent chief financial officer, Mr. Welch received a relocation allowance equal to \$7,500 per month on an after-tax basis (equivalent to \$10,747 on a pre-tax basis) for expenses incurred by him for temporary living arrangements for the period between March 1, 2006 and February 28, 2007.

Restricted Stock Units. The Company granted Mr. Welch 190,000 RSUs on May 30, 2006. The terms of the 2006 RSU grant are described on pages 21-22 in the Compensation Discussion and Analysis and on pages 32-33 following the Grants of Plan-Based Awards table. Each year that an outstanding RSU is not yet fully vested, the Company recognizes an expense with respect to the RSU, and this amount is reported in the Stock Awards column in the Summary Compensation Table.

Benefits. Mr. Welch is entitled to participate in, to the extent he is otherwise eligible under the terms thereof, the benefit plans and programs, and receive the benefits and perquisites, generally

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provided by us to executives of the Company, including without limitation family medical insurance (subject to applicable employee contributions). Mr. Welch is also entitled to 20 vacation days per year, such days to be accrued in accordance with Company policy.

Mr. Kneeland

Mr. Kneeland's salary was \$290,000 at the beginning of 2006, and was increased to \$400,000, effective April 1, 2006. On March 1, 2007, Mr. Kneeland was promoted from executive vice president - operations to executive vice president and chief operating officer, and his annual base salary was increased from \$400,000 to \$525,000, effective April 1, 2007. The Company announced on April 10, 2007 that Mr. Kneeland will be assuming the role of interim chief executive officer upon Mr. Hicks' retirement as chief executive officer, effective June 4, 2007.

Annual Incentive Compensation Plan. Under his employment agreement, Mr. Kneeland's target bonus is 100 percent of base salary and his maximum bonus is 125 percent of base salary.

Long-Term Incentive Plan. In 2004, Mr. Kneeland was awarded 35,000 LTIP units, which vested on December 31, 2006 and were paid thereafter. Over the three-year period between grant and vesting, the units accrued a value of \$48.50 per unit, the maximum value established under the grant, based on the Company's annual earnings per share relative to the Company's 2003 earnings per share. The Non-Equity Incentive Plan Compensation column in the Summary Compensation Table includes the \$548,100 in value that accrued to these units in 2006.

Restricted Stock Units. The Company has periodically awarded RSUs to Mr. Kneeland, including 100,000 RSUs granted in 2006. The terms of the 2006 RSU grant are described on pages 21-22 in the Compensation Discussion and Analysis and on pages 32-33 following the Grants of Plan-Based Awards table. Each year that an outstanding RSU is not yet fully vested, the Company recognizes an expense with respect to the RSU, and this amount is reported in the Stock Awards column in the Summary Compensation Table.

Mr. Schwed

On June 14, 2006, we appointed Roger E. Schwed as our executive vice president and general counsel and entered into an employment agreement with him.

Base Salary. Mr. Schwed's employment agreement set his base salary at \$400,000, which was increased on March 1, 2007 to \$425,000, effective April 1, 2007.

2006 Bonuses. Mr. Schwed received a signing bonus of \$35,000. Since Mr. Schwed was not eligible to participate in our Annual Incentive Compensation Plan in 2006, his employment agreement provided that he would be paid a bonus outside of the Annual Incentive Compensation Plan. The employment agreement provided for a minimum bonus of \$200,000, and Compensation Committee approved a \$250,000 bonus in recognition of his performance in 2006.

Annual Incentive Compensation Plan. Under his employment agreement, starting in 2007, Mr. Schwed's target bonus will be 90% of his base salary and his maximum bonus will be 125% of his base salary.

Restricted Stock Units. Mr. Schwed was granted 45,000 RSUs in 2006. The terms of the 2006 RSU grant are described on pages 21-22 in the Compensation Discussion and Analysis and on pages 32-33 following the Grants of Plan-Based Awards table. Each year that an outstanding RSU is not yet fully vested, the Company recognizes an expense with respect to the RSU, and this amount is reported in the Stock Awards column in the Summary Compensation Table.

Mr. Helvie

Mr. Helvie initially was employed by us on January 9, 2006 as vice president taxes and business development. On August 30, 2006, we appointed Mr. Helvie as our senior vice president and controller and entered into an employment agreement with him.

Base Salary. Mr. Helvie's annual base salary was \$275,000 when he was hired in January 2006, and was increased to \$300,000 as of September 1, 2006, when we appointed him senior vice president and controller. On March 1, 2007 his salary was increased to \$315,000, effective April 1, 2007.

Bonus. Mr. Helvie received a \$75,000 signing bonus when he commenced employment with the Company. Pursuant to Mr. Helvie's initial position with the Company, he received a \$225,000 bonus for 2006 under the employees' annual incentive compensation program. Beginning in 2007, Mr. Helvie will be eligible for a bonus under the Company's Annual Incentive Compensation Plan.

Equity Compensation. Before being appointed as senior vice president and controller, Mr. Helvie was granted 12,500 shares of restricted stock and a stock option with respect to 5,000 shares of our common stock. In connection with his appointment, he was granted 5,000 RSUs. 5,000 shares of restricted stock will vest on January 10, 2009, and 7,500 shares of restricted stock will vest on May 19, 2009, but if Mr. Helvie's employment terminates before the applicable vesting date other than due to death or disability, the unvested restricted shares will be forfeited. If Mr. Helvie terminates employment due to death or disability, the restricted stock will be fully vested as of the date of termination. The stock option will vest in three equal installments on January 10 of each of 2007, 2008 and 2009. The RSUs will vest on August 30, 2009, but if Mr. Helvie's employment terminates before the vesting date other than due to death or disability, the unvested units will be forfeited. If Mr. Helvie terminates employment due to death or disability, the RSUs will be fully vested as of the date of termination.

Mr. Ehrenreich

Mr. Ehrenreich terminated employment as of September 1, 2006. Pursuant to a separation agreement and general release we entered into with Mr. Ehrenreich, Mr. Ehrenreich ceased to be vice president and general counsel of the Company on March 29, 2006. Until September 1, 2006, Mr. Ehrenreich received his base salary at the annual rate of \$435,000 and a non-accountable expense allowance of \$4,000 per month in lieu of office facilities.

In connection with his termination of employment, Mr. Ehrenreich received the following: (i) a lump sum severance payment of \$968,450; (ii) a lump sum of \$1,212,500 in lieu of payment in respect of 25,000 LTIP units; (iii) accelerated vesting of 15,000 shares of restricted stock granted on September 1, 2004, with an additional 15,000 shares vesting on September 1, 2006 in accordance with the original vesting schedule and the remaining 30,000 shares of that grant being forfeited; (iv) a payment of \$327,800 (representing the 2005 bonus he would otherwise have become eligible to receive in the ordinary course under the Annual Incentive Compensation Plan); (v) a payment of \$200,000 in lieu of a 2006 bonus; (vi) a payment of \$13,000 in lieu of benefits under certain Company benefit plans between the date of the separation agreement and his date of termination; and (vii) an agreement to pay for accrued vacation time and reasonable attorneys' fees and certain other expenses. Mr. Ehrenreich and the Company also released claims against each other.

Indemnification

We have entered into indemnification agreements with each of our current and former executive officers listed above. Each of these agreements provides, among other things, for us to indemnify and advance expenses to each such officer against certain specified claims and liabilities that may arise in connection with such officer's services to the Company.

Grants of Plan-Based Awards in 2006

The following table provides information about equity and non-equity awards granted to the named executive officers in 2006.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (LTIP)	Estimated Future Payouts Under Incentive Plan Equity Awards ⁽¹⁾		All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards
		Maximum (\$)	Threshold (#)	Maximum (#)				
Wayland Hicks Chief Executive Officer	5/30/2006		11,666	100,000	50,000			\$4,837,500
Martin Welch Chief Financial Officer	5/30/2006		3,333	90,000	100,000			\$6,127,500
Michael Kneeland Executive Vice President Operations	6/5/2006		2,083	50,000	50,000			\$3,225,000
Roger Schwed Executive Vice President and General Counsel	6/14/2006		1,666	10,000	35,000			\$1,213,650
Todd Helvie Senior Vice President and Controller	4/27/2006	\$452,100 ⁽²⁾						
	1/10/2006					5,000	\$24.98	\$41,907
	4/13/2006					5,000		\$161,500
	5/19/2006					7,500		\$234,375
	8/30/2006					5,000		\$102,750
Joseph Ehrenreich former General Counsel								

- (1) As described in more detail below, these columns reflect restricted stock units that vest over a three year period based on the achievement of specified performance goals. The threshold column reflects the amount of units that would vest and shares that would be granted if the minimum performance goals were met in one year. The maximum column reflects the maximum amount of units that would vest and shares that would be granted based on the achievement of the performance goals over the entire vesting period.
- (2) Mr. Helvie was granted 13,700 units in the Company's LTIP. As described above under Compensation Discussion & Analysis Long Term Incentive Plan, LTIP units have a zero value at grant and will increase or decrease in value over their term based on the Company's earnings per share, subject to a maximum value. The maximum payout shown for Mr. Helvie is based on a maximum value of \$33.00 per unit.

The Company granted RSUs to each of Messrs. Hicks, Welch, Kneeland, Schwed and Helvie in 2006. Each RSU entitles the recipient to receive a share of our common stock upon vesting. Mr. Helvie's RSUs will vest on August 30, 2009, solely based on continued employment with the Company. The grants to Messrs. Hicks, Welch, Kneeland and Schwed vest over three years, partially based on continued employment with the Company (reflected in the All Other Stock Awards column) and partially based upon the achievement of performance goals. The performance goals are either a specified target that must be achieved or a range between threshold and maximum amounts.

The performance goals are as follows:

Meeting specified targets for earnings per share (EPS), applies to Messrs. Hicks, Welch, Kneeland and Schwed. A threshold and maximum vesting amount are established for each of the three vesting years, with pro rata vesting if the EPS is between the threshold and

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maximum amounts. The third vesting year is a catch-up year; if the EPS is equal to the minimum target EPS for either or both of the preceding two years, the vesting amounts for those years will vest.

Meeting specified targets for return on invested capital (ROIC); applies to Messrs. Hicks, Welch, Kneeland and Schwed. A specified amount of RSUs vest each year of the three vesting years if the target ROIC is achieved. In addition, the third vesting year is a catch-up year; if the target ROIC is achieved, any amounts that did not vest the first two vesting years because the ROIC target was not achieved will vest.

Target reductions in selling, general and administrative expenses (SG&A); applies to Messrs. Welch and Kneeland. A threshold and maximum vesting amount are established for each of the three vesting years, with pro rata vesting if the reduction in SG&A is between the threshold and maximum amounts.

Improvements in contractor supply gross margins; applies to Mr. Kneeland. A specified amount of RSUs vest each year of the three vesting years if the target percentage for contractor supply gross margins is achieved. In addition, the third vesting year is a catch-up year; if the target percentage is achieved, any amounts that did not vest the first two vesting years because the target percentage was not achieved will vest.

Redesign and implementation of certain financial programs and processes; applies to Mr. Welch. A specified amount of RSUs will vest if the financial programs and processes are implemented to specifications by the end of the third vesting year.

The RSU agreements for Messrs. Hicks, Welch, Kneeland and Schwed provide for accelerated vesting upon a change in control and certain terminations of employment. If the executive's employment terminates in any other situation, unvested RSUs will be forfeited.

If the executive's employment is terminated by the Company without Cause or by the executive for Good Reason (as defined in the executive's employment agreement with the Company), a pro rata portion of the RSUs scheduled to vest due to executive's continued employment during the year of termination will vest upon his termination of employment.

If there is a change in control of the Company, all RSUs scheduled to vest due to executive's continued employment will vest as of the date of the change in control.

If there is a change in control that results in the Company (as well as any parent entity) no longer being a publicly traded company, all RSUs scheduled to vest due to achievement of performance goals will be fully vested as of the date of the change in control.

If the executive's employment is terminated by the Company without Cause or by the executive for Good Reason (as defined in the executive's employment agreement with the Company) within 12 months following any other type of change in control, all RSUs scheduled to vest due to achievement of performance goals will vest upon the termination of employment.

Mr. Helvie's stock option will vest in three equal installments on January 10 of each of 2007, 2008 and 2009, provided that he remains employed with the Company through each of these dates. The stock option will expire on January 10, 2016. The restricted stock generally will vest on January 10, 2009 (5,000 shares) and May 19, 2009 (7,500 shares). If Mr. Helvie's employment terminates before May 19, 2009 for any reason other than due to death or disability, the restricted stock will be forfeited. If Mr. Helvie's employment terminates due to death, retirement or disability, the restricted stock will be fully vested as of the date of termination.

Outstanding Equity Awards at Fiscal Year-End

The table below summarizes the amount of unexercised and unvested option awards, unvested shares of restricted stock, unvested RSUs, and RSUs with performance conditions not yet satisfied for each named executive officer as of December 31, 2006. The vesting schedule for each grant can be found in the footnotes to this table, based on the option or stock award grant date. For additional information about the option awards and stock awards, see the description of equity incentive compensation in the Compensation Discussion and Analysis.

Name	Option Awards				Stock Awards			
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$) ⁽¹⁾	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
Wayland Hicks Chief Executive Officer	50,000		\$15.00	4/10/2013	683,332 ⁽²⁾	\$17,377,133	66,668 ⁽³⁾	\$1,695,367
	50,000		\$20.00	4/10/2013				
	225,000		\$21.94	4/10/2013				
	200,000		\$12.44	10/9/2008				
Martin Welch Chief Financial Officer					129,999 ⁽⁴⁾	\$3,305,875	46,667 ⁽⁵⁾	\$1,186,472
Michael Kneeland Executive Vice	7,500		\$36.81	7/29/2008	58,332 ⁽⁶⁾	\$1,483,383	29,168 ⁽⁷⁾	\$741,742
President Operations	7,500		\$24.00	12/11/2008				
	20,000		\$31.94	1/8/2009				
	10,000		\$26.25	6/24/2009				
	13,333		\$13.75	3/15/2010				
Roger Schwed Executive Vice President and General Counsel					38,332 ⁽⁸⁾	\$974,783	6,668 ⁽⁹⁾	\$169,567
Todd Helvie Senior Vice President and Controller		5,000 ⁽¹⁰⁾	\$24.98	1/10/2016	17,500 ⁽¹¹⁾	\$445,025		
Joseph Ehrenreich former General Counsel								

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- (1) Amounts in this column reflect a closing price per share of Company stock of \$25.43 on December 29, 2006.
 - (2) Represents 500,000 shares of restricted stock that were granted on June 1, 2001 and will vest on June 5, 2011 (or earlier upon Mr. Hicks retirement), 100,000 RSUs that were granted in April 2004 and will vest on December 31, 2008, and 50,000 RSUs (out of a total grant of 150,000 RSUs) that were granted in May 2006 and will vest on May 15, 2007 (16,666), May 15, 2008 (16,666) and May 15, 2009 (16,667), and 33,332 RSUs (out of 100,000 RSUs from the May 2006 grant that vest based on the achievement of performance goals) with respect to which the performance goals were achieved as of December 31, 2006 and which vested on March 1, 2007.
 - (3) Represents 33,334 RSUs that will become eligible to vest in each of 2008 and 2009 based on the achievement of performance goals during 2007 and 2008, respectively. In addition, if the performance goals are not achieved in 2007, the RSUs that did not vest as a result may vest in 2009, based on the achievement of performance goals in 2008. These RSUs are part of the May 2006 grant of 150,000 RSUs of which 50,000 vest based on continued employment and 100,000 vest based on achievement of performance goals.
 - (4) Represents (i) 100,000 RSUs (out of a total grant of 190,000 RSUs) that were granted in May 2006, 33,333 of which vested on March 31, 2007 and 33,333 and 33,334 of which will vest on each of March 31, 2008 and March 31, 2009, respectively, and (ii) 29,999 RSUs (out of the 90,000 RSUs from the May 2006 grant that vest based on the achievement of performance goals) with respect to which the performance goals were achieved as of December 31, 2006 and which vested on March 1, 2007.
 - (5) Represents (i) 13,333 RSUs that will vest upon the redesign and implementation of certain financial programs and processes, provided that they are accomplished by May 30, 2009, the third anniversary of the grant date; and (ii) 16,667 (based on threshold vesting amounts) RSUs that will vest in each of 2008 and 2009 if the performance goals are achieved during 2007 and 2008, respectively. In addition, if the performance goals are not achieved in 2007, up to 13,334 of the RSUs that did not vest as a result may vest in 2009, based on the achievement of performance goals in 2008. These RSUs are part of the May 2006 grant of 190,000 RSUs of which 100,000 vest based on continued employment and 90,000 vest based on achievement of performance goals.
 - (6) Represents (i) 50,000 RSUs (out of a total grant of 100,000 RSUs) that were granted in May 2006 and will vest on May 15, 2007 (16,666), May 15, 2008 (16,667) and May 15, 2009 (16,667), and (ii) 8,332 RSUs (out of the 50,000 RSUs from the May 2006 grant that vest based on the achievement of performance goals) with respect to which the performance goals were achieved as of December 31, 2006 and which vested on March 1, 2007.
 - (7) Represents 14,584 (based on threshold vesting amounts) RSUs that will vest in each of 2008 and 2009 if the performance goals are achieved during 2007 and 2008, respectively. In addition, if the performance goals are not achieved in 2007, up to 12,501 of the RSUs that did not vest as a result may vest in 2009, based on the achievement of performance goals in 2008. These RSUs are part of the May 2006 grant of 100,000 RSUs of which 50,000 vest based on continued employment and 50,000 vest based on achievement of performance goals.
 - (8) Represents (i) 35,000 RSUs (out of a total grant of 45,000 RSUs) that were granted in May 2006 and will vest on June 15, 2007 (11,666), June 15, 2008 (11,667) and June 15, 2009 (11,667), and (ii) 3,332 RSUs (out of the 10,000 RSUs from the May 2006 grant that vest based on the achievement of performance goals) with respect to which the performance goals were achieved as of December 31, 2006 and which vested on March 1, 2007.
 - (9) Represents 3,334 RSUs that will vest in each of 2008 and 2009 if the performance goals are achieved during 2007 and 2008, respectively. In addition, if the performance goals are not achieved in 2007, the RSUs that did not vest as a result may vest in 2009, based on the achievement of performance goals in 2008.
 - (10) 1,666 options vested on January 10, 2007, and 1,667 options will vest on each of January 10, 2008 and January 10, 2009.
 - (11) Represents 5,000 shares of restricted stock that will vest on January 10, 2009, 7,500 shares of restricted stock that will vest on May 19, 2009 and 5,000 RSUs that will vest on August 30, 2009.

Option Exercises and Stock Vested in Fiscal 2006

None of the Company's named executive officers exercised any stock options during the fiscal year ended December 31, 2006. The following table provides information for the named executive officers on the number of shares acquired upon the vesting of stock awards and the value realized, based on the price of our common stock on the date of vesting.

Name	Stock Awards	
	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Wayland Hicks, Chief Executive Officer	33,334	\$0 ⁽¹⁾
Martin Welch, Chief Financial Officer		
Michael Kneeland, Executive Vice President Operations	22,642	\$653,331
Roger Schwed, Executive Vice President and General Counsel		
Todd Helvie, Senior Vice President and Controller		
Joseph Ehrenreich, former General Counsel	30,000	\$837,750

- (1) Mr. Hicks elected to defer the 33,334 shares of common stock that would have been issued upon vesting of his RSUs. Pursuant to his deferral election under our Restricted Stock Unit Deferral Plan, the shares will be issued to Mr. Hicks 4 years after the vesting date, or, if earlier, upon Mr. Hicks' death or termination of employment.

Pension Benefits in Fiscal 2006

The Company does not maintain any defined benefit pension plans, other than a retirement benefit for Mr. Hicks pursuant to his employment agreement. If Mr. Hicks were to have retired in 2006 or earlier, he would not have been entitled to any benefit, and for this reason, no value is listed in the Pension Benefits table. If Mr. Hicks retires after 2006, he is entitled to receive a one time lump-sum retirement payment equal to a specified multiple of the sum of his annual base salary at the time of retirement plus the highest annual bonus paid to him in the preceding three years. The specified multiple is 1.5 for retirement in 2007, 2.0 for retirement in 2008 and 2.5 for retirement any time after 2008. In addition, Mr. Hicks will continue to receive the benefits (described under "Benefits") to which he was entitled to during the term of his employment for 18 months if he retires in 2007, for 24 months if he retires in 2008 and for 30 months if he retires any time after 2008. On April 10, 2007, the Company announced that Mr. Hicks will retire, effective June 4, 2007.

Nonqualified Deferred Compensation Table in Fiscal 2006

The deferrals reflected in the table below were made under two plans. Mr. Hicks' deferrals were under the United Rentals, Inc. Restricted Stock Unit Deferral Plan (the "RSU Deferral Plan") and Mr. Kneeland's deferrals were under the United Rentals, Inc. Deferred Compensation Plan (the "Deferred Compensation Plan"). Both plans are unfunded plans and the participants in the plans are unsecured general creditors of the Company. The Company did not make any contributions to either plan in 2006.

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The RSU Deferral Plan permits executives to elect to defer receipt of shares of common stock when RSUs vest. Ordinarily, when a RSU vests, the recipient of the RSU receives a share of common stock in payment of the RSU. Under the RSU Deferral plan, receipt of that share may be deferred to a date selected by the individual. The value of the deferred RSUs will fluctuate corresponding to changes in value of our common stock; no other income is credited to the deferred RSUs.

The Deferred Compensation Plan permits executives to defer all or part of the individual's salary, bonus or restricted stock awards. The individual selects the date that payment of the deferred amounts will begin and the payment schedule, which may be a lump sum or up to 15 annual installments. Deferred amounts are credited with earnings (or losses) based on the investment experience of measurement indices selected by the participant.

Name	Executive Contributions in Last FY (\$)	Aggregate Earnings in Last FY (\$)	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance at Last FYE (\$)
Wayland Hicks, Chief Executive Officer				\$2,543,000
Martin Welch, Chief Financial Officer				
Michael Kneeland, Executive Vice President Operations	\$63,770 ⁽²⁾	\$7,721 ⁽³⁾	\$66,771	\$134,259
Roger Schwed, Executive Vice President and General Counsel				
Todd Helvie, Senior Vice President and Controller				
Joseph Ehrenreich, former General Counsel				

(1) This amount was not included in the Summary Compensation Table for 2006.

(2) This amount was included in the Summary Compensation Table for 2006.

(3) This amount was not included in the Summary Compensation Table for 2006.

Benefits upon Termination of Employment

The following discussion describes the benefits the named executive officers would receive upon a termination of employment. If the termination of employment occurs during specified periods after a change in control of the Company, the named executive officers might receive additional benefits, as described under Benefits upon a Change of Control on page 39.

If the employment of any of the named executive officers is terminated by the Company without Cause or by the executive for Good Reason, the executives would be entitled to the following benefits:

Cash severance:

Mr. Hicks would receive a severance equal to 2.99 times his base salary and highest annual bonus in the three years preceding the termination. In addition, as discussed under Benefits upon a Change in Control, if the termination of employment occurred in connection with a change in control of the Company, Mr. Hicks would be entitled to a gross-up of any excise taxes on his severance benefits.

Messrs. Welch and Schwed would receive a severance payment intended to equal the executive's annual base salary and target annual bonus under the Annual Incentive

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Compensation Plan. Mr. Kneeland would receive a severance payment intended to equal 200% of his annual base salary. Messrs. Welch and Schwed would receive the payment over a one year period, and Mr. Kneeland would receive it over a two year period.

Mr. Helvie would receive one year's salary, paid over a one year period. In addition, as discussed below under Benefits upon a Change in Control, Mr. Helvie was recently granted a retention bonus, payment of which is subject to partial or full acceleration if his employment is terminated by the Company without Cause or by him with Good Reason (each as defined in our agreement with Mr. Helvie) within specified time frames.

Mr. Schwed would receive COBRA continuation coverage for one year at no cost.

Pro rata vesting of the next tranche of RSUs that would have vested based on continued employment with the Company. Mr. Hicks' 500,000 shares of restricted stock also would vest upon a termination.

If the employment of any of the named executive officers is terminated due to death or disability, the executive is entitled to the following benefits:

Mr. Hicks and Mr. Schwed would receive pro rata vesting of the next tranche of RSUs that would have vested based on continued employment with the Company and vesting of the RSUs that would have vested based on achievement of performance goals during the year of termination. Mr. Hicks' 500,000 shares of restricted stock also would vest upon a termination.

Mr. Schwed would receive his 2006 bonus and COBRA continuation coverage for one year at no cost.

In case of a voluntary termination without Good Reason, Mr. Schwed would receive COBRA continuation coverage for one year at no cost.

The following table shows the compensation that the named executive officers would have received had they been terminated as of December 31, 2006. Mr. Ehrenreich's employment terminated effective September 1, 2006, so he is not included in the table, although as discussed above on page 31 he received an aggregate of \$2,721,750 in connection with his termination of employment.

Executive	Cash severance upon termination by the Company without Cause or by the executive for Good Reason	Accelerated vesting of restricted stock units and shares of restricted stock	
		Termination by the Company without Cause or by the executive for Good Reason	Death or disability
Wayland Hicks, Chief Executive Officer	\$4,300,218 (paid in one lump sum) ⁽¹⁾	\$14,449,301 (value of acceleration of 68,199 RSUs and 500,000 restricted shares)	\$13,829,699 (value of acceleration of 43,834 RSUs and 500,000 restricted shares)
Martin Welch, Chief Financial Officer	\$1,018,996 (paid over one year) ⁽²⁾	\$638,649 (value of acceleration of 25,114 RSUs)	0
Michael Kneeland, Executive Vice President-Operations	\$800,000 (paid over two years) ⁽³⁾	\$267,066 (value of acceleration of 10,502 RSUs)	0
Roger Schwed, Executive Vice President and General Counsel	\$773,949 ⁽⁴⁾ (paid over one year). In addition, if the termination is by the Company without Cause, Mr. Schwed would have received \$200,000 (the guaranteed 2006 bonus). ⁽⁵⁾	\$161,760 (value of acceleration of 6,361 RSUs)	\$315,815 (value of acceleration of 12,419 RSUs)
Todd Helvie, Senior Vice President and Contoller	\$300,000 (paid over one year) ⁽⁶⁾	0	\$445,025 (value of acceleration of 5,000 RSUs and 12,500 restricted shares)

- (1) Representing 2.99 times the sum of Mr. Hicks' salary as of December 31, 2006 (\$750,000) and his bonus for 2004 (\$688,200).
- (2) Representing the sum of (i) 190% of Mr. Welch's salary as of December 31, 2006 (\$525,000) (Mr. Welch's target annual bonus is 90% of his base salary), (ii) a relocation allowance that is due to Mr. Welch through March 7, 2007 and would have been paid upon a termination of employment before March 7, 2007, and (iii) a tax gross-up for the relocation allowance.
- (3) Representing 200% of Mr. Kneeland's salary as of December 31, 2006 (\$400,000).
- (4) Representing the sum of (i) 190% of Mr. Schwed's salary as of December 31, 2006 (\$400,000) (Mr. Schwed's target annual bonus is 90% of his base salary), and (ii) the cost of COBRA coverage for one year, paid in the form of COBRA continuation coverage at no cost to Mr. Schwed.
- (5) This amount is unique to a termination in 2006 and will not be paid in the event of a future termination of employment.
- (6) Representing 100% of Mr. Helvie's salary as of December 31, 2006.

For Mr. Hicks, Cause generally includes, subject to compliance with specified procedures, his willful and continued failure to perform substantially his duties with the Company; his willful engagement in conduct materially and demonstrably injurious to the Company; his willful violation of the non-competition, non-solicitation or confidentiality provisions of his employment agreement or his conviction of a felony from which all appeals have been exhausted. Good Reason includes, among other things and subject to compliance with specified procedures, the assignment to Mr. Hicks or any significant duties inconsistent with, or a material diminution of, Mr. Hicks' position, duties, titles or responsibility with the Company; a reduction in Mr. Hicks' base salary or benefits; or a requirement that Mr. Hicks relocate his personal residence or substantially increase his travel requirements.

For each of Messrs. Welch, Kneeland, Schwed and Helvie, Cause generally includes, among other things, and subject to compliance with specified procedures, his willful misappropriation or destruction of Company property; his conviction of a felony or other crime that materially impairs his ability to perform his duties or that causes material harm to the Company; his engagement in willful conduct that constitutes a breach of fiduciary duty to the Company and results in material harm to the Company; and his material failure to perform his duties with the Company. Good Reason includes, among other things, demotion from the position set forth in the executive's employment agreement; a decrease in compensation provided for under such agreement; or a material diminution of the executive's duties and responsibilities.

The definitions summarized above vary in some respects among the executive officers' agreements and are described in greater detail in such agreements, which have previously been filed as exhibits to the Company's periodic reports with the SEC.

Benefits upon a Change in Control

In the event of a change in control of the Company, the named executive officers will receive the following benefits:

All RSUs that vest based on continued employment will vest in full upon the change in control.

If the change in control results in the Company ceasing to be publicly traded, all RSUs that vest based on the achievement of performance goals will vest in full upon the change in control.

If the employment of the executive is terminated by the Company without Cause or by the executive for Good Reason within 12 months following any other type of change in control, all RSUs that vest based on the achievement of performance goals will vest in full upon the termination of employment.

Mr. Hicks' agreement provides in addition for full vesting of all equity grants upon a change of control and a gross-up of any excise taxes payable by Mr. Hicks pursuant to a change in control.

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Mr. Helvie's agreement provides for full vesting of any restricted stock or stock options previously granted to him, if he is terminated within six months of a change in control.

The following table shows the compensation the named executive officers would have received in the event of a change in control of the Company on December 31, 2006. Because the calculations in the table are based upon SEC disclosure rules and made as of a specific date, there can be no assurance that an actual change in control, if one were to occur, would result in the same or similar compensation being paid.

Executive	Payments upon a Change in Control	Payments (in addition to payments in first column) upon termination by the Company without Cause or by the executive for Good Reason within 12 months following a change in control; or a change in control that results in the Company ceasing to be publicly traded
Wayland Hicks, Chief Executive Officer	\$23,337,269 (value of acceleration of vesting of 500,000 restricted shares and 150,000 RSUs and an additional payment with respect to any excise tax)	\$4,458,597 (value of acceleration of vesting of 100,000 RSUs and an additional payment with respect to any excise tax)
Martin Welch, Chief Financial Officer	\$2,543,000 (value of acceleration of vesting of 100,000 RSUs)	\$2,288,700 (value of acceleration of vesting of 90,000 RSUs)
Michael Kneeland, Executive Vice President Operations	\$1,271,500 (value of acceleration of vesting of 50,000 RSUs)	\$1,271,500 (value of acceleration of vesting of 50,000 RSUs)
Roger Schwed, Executive Vice President and General Counsel	\$890,050 (value of acceleration of vesting of 35,000 RSUs)	\$254,300 (value of acceleration of vesting of 10,000 RSUs)
Todd Helvie, Senior Vice President		\$319,575 (value of acceleration of vesting of 12,500 shares of restricted stock and stock option on 5,000 shares, if terminated within 6 months after a change in control).
Joseph Ehrenreich, former General Counsel*		

* Since Mr. Ehrenreich terminated employment before the end of the year, the disclosure in this table is not relevant to him. The earlier table describing payments upon a termination of employment sets forth the benefits received by Mr. Ehrenreich when he terminated employment.

For purposes of all grants other than 500,000 shares of restricted stock and 100,000 RSUs granted to Mr. Hicks, a change in control is generally defined as (i) a dissolution or liquidation of the Company; (ii) a sale of all or substantially all of the Company's assets; (iii) a merger or consolidation in which the Company is not the surviving corporation; or (iv) a merger or consolidation in which the Company is the surviving corporation but the Company's stockholders receive securities of another corporation and/or other property, including cash.

For purposes of the accelerated vesting of Mr. Hicks 500,000 shares of restricted stock, change in control is generally defined as (i) any person becomes a beneficial owner (as defined in SEC regulations) of securities of the Company representing 50% or more of the voting power of the Company, or has the ability to elect a majority of the Board of Directors; (ii) the stockholders of the Company approve, or the Company consummates, a going private transaction; or (iii) the stockholders of the Company approve a merger, liquidation or disposition by the Company of all or substantially all of its assets, or any other business combination in which the voting securities of the Company outstanding immediately prior thereto represent less than 50% of the total voting power of the Company or such surviving entity immediately after the business combination.

For purposes of the accelerated vesting of 100,000 of Mr. Hicks restricted stock units, change in control is generally defined as (i) any person becomes a beneficial owner of securities of the Company representing 35% or more of the voting power of the Company, or has the ability to elect a majority of the Board of Directors; (ii) the consummation of a merger of the Company, or a plan of complete liquidation of the Company, or an agreement for the disposition by the Company of all or substantially all of its assets, or any other business combination of the Company with any other corporation; or (iii) the individuals who constituted the Board of Directors as of April 8, 2004 cease to constitute at least a majority of the directors of the Company, subject to certain exceptions.

In addition to the foregoing, as described in greater detail above in the Compensation Discussion and Analysis on pages 24-25, after taking into account the Company's April 10, 2007 announcement that it was exploring strategic alternatives, including a possible sale of the Company, the Compensation Committee determined to provide retention bonuses to each of Messrs. Welch, Kneeland, Schwed and Helvie (with Mr. Helvie's bonus being subject to partial or full acceleration in certain circumstances). The Committee also determined to (i) amend the terms of each outstanding time-vesting equity award as of April 20, 2007 to provide that in the event of a change in control any unvested portion of the award will accelerate and become fully vested, (ii) amend the terms of the LTIP to provide that each LTIP award outstanding on April 20, 2007, including the award held by Mr. Helvie (no other named executive officers held awards as of such date), will become vested upon a change in control in essentially the same manner as they would vest under the LTIP's current terms if the recipient's employment were terminated without cause, and (iii) provide severance benefit arrangements for certain key employees, including Mr. Helvie but no other named executive officers, under which the recipient would be paid a specified continuation of salary and a pro rata portion of the recipient's target cash bonus in the event of a termination by the Company without cause or by recipient for specified good reasons within 12 months following a change in control.

DIRECTOR COMPENSATION

Director Fees

Directors who are executive officers of the Company are not paid additional compensation for serving as directors. The compensation program for the other directors is as set forth below. We believe our compensation arrangements for non-management directors are comparable to the compensation levels for non-management directors at the majority of our peer companies.

The current compensation arrangements are as follows:

annual retainer fees of (i) \$55,000 for serving as director, (ii) \$7,500 for serving as Lead Director, (iii) \$12,500 for serving as chairman of either of the Audit Committee or the Special Committee, and (iv) \$7,500 for serving as chairman of any other committee;

meeting attendance fees of (i) \$2,000 for each Board, Audit Committee and Special Committee meeting, and (ii) \$1,500 for each other committee meeting; and

annual equity grant of \$45,000 in fully vested RSUs, to generally be paid after three years.

See Director Compensation for Fiscal 2006 below for additional information on directors' compensation in 2006.

Deferred Compensation Plan for Directors

We maintain the United Rentals, Inc. Deferred Compensation Plan for Directors, under which our non-employee directors may elect to defer receipt of the fees that would otherwise be payable to them. Deferred fees are credited to a bookkeeping account and are deemed invested, at the director's option, in either a money market fund, unrestricted shares of our common stock or restricted shares of our common stock. If a director elects to have his or her deferred fees deemed invested in a money market fund or in unrestricted shares of our common stock, the director's account is credited with shares in the money market fund or shares of our common stock equal to the deferred amount (Phantom Stock Units) and the account is fully vested at all times. If a director elects to have his or her deferred fees deemed invested in restricted shares of our common stock, the director's account is credited with shares of our common stock equal to 120 percent of the deferred amount, but the director's account is not immediately vested. The account (or portion of account) that is credited with restricted shares will vest as follows: (i) one-fifth on each anniversary of the acquisition date, provided that the holder continues as a director; and (ii) if the holder dies or is disabled while a director, all of the shares will immediately vest.

Director Compensation for Fiscal 2006

The table below summarizes the compensation paid by the Company to non-management directors for the fiscal year ended December 31, 2006.

Name	Fees Earned or Paid in Cash 2006	Stock Award (\$) ⁽¹⁾	Option Awards (\$) ⁽²⁾	All Other Compensation	Total
Leon Black	\$62,250 ⁽³⁾	\$48,213 ⁽⁴⁾			\$110,463
Jenne Brittell ⁽⁵⁾	\$4,070	\$57,998			\$62,068
Howard Clark	\$99,708	\$46,011			\$145,719
Michael Gross	\$95,208 ⁽⁶⁾	\$48,213 ⁽⁷⁾			\$143,421
Bradley Jacobs (chair)				\$420,726 ⁽⁸⁾	\$420,726
Singleton McAllister	\$68,750	\$46,011			\$114,761
Brian McAuley	\$139,667	\$46,011			\$185,678
John McKinney	\$66,250	\$48,213 ⁽⁹⁾			\$114,463
Jason Papastavrou	\$102,250	\$46,011	\$39,606 ⁽¹⁰⁾		\$187,867
Mark Suwyn	\$88,250	\$46,011			\$134,261
Gerald Tsai	\$78,250	\$48,681 ⁽¹¹⁾			\$126,931
Keith Wimbush	\$64,250	\$46,011			\$110,261

- (1) Each non-management director received 1,706 RSUs on June 14, 2006, except for Dr. Brittell, who was appointed to the Board in December 2006 and received 1,772 RSUs in connection with her appointment. All RSUs are fully vested as of grant, but are not paid to a director until the earlier of (i) May 15, 2009, (ii) the fifth business day following the director's termination of service for any reason, or (iii) the date of a change in control of the Company. The amounts in the table above reflect the amount of expense recognized by the Company in respect of the grants.
- (2) Note 2 to our Consolidated Financial Statements, included in our Annual Report on Form 10-K for the year ended December 31, 2006, includes a discussion of the assumptions made in the valuation of option awards.
- (3) Mr. Black's director fees were not paid in cash, but as fully vested RSUs. The units will be paid upon Mr. Black's termination of services as a director.
- (4) Representing \$2,202 recognized as an expense with respect to restricted stock previously provided to Mr. Black, in addition to \$46,011 relating to the RSUs.
- (5) Dr. Brittell joined the Board of Directors in December 2006.
- (6) Mr. Gross' director fees were not paid in cash, but as fully vested RSUs. The units will be paid upon Mr. Gross' termination of services as a director.
- (7) Representing \$2,202 recognized as an expense with respect to restricted stock previously provided to Mr. Gross, in addition to \$46,011 relating to the RSUs.
- (8) Representing (i) consultant fees of \$275,008, (ii) \$13,606 for health care coverage, (iii) \$25,008 in lieu of other Company-provided benefits, and (iv) \$107,104 for personal use of the Company's corporate aircraft. In addition, in connection with Mr. Jacobs' consulting services for the Company, the Company provides Mr. Jacobs with office, administrative and information technology support.
- (9) Representing \$2,202 recognized as an expense with respect to restricted stock previously provided to Mr. McKinney, in addition to \$46,011 relating to the RSUs.
- (10) Representing the amount recognized as an expense, which also is the full fair value, with respect to a stock option to purchase 3,000 shares granted to Dr. Papastavrou in 2006.
- (11) Representing \$2,670 recognized as an expense with respect to restricted stock previously provided to Mr. Tsai, in addition to \$46,011 relating to the RSUs.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The table below and the notes thereto set forth as of April 15, 2007 (unless otherwise indicated in the footnotes), certain information concerning the beneficial ownership (as defined in Rule 13d-3 under the Securities Exchange Act of 1934) of our common stock by (i) each director and executive officer of the Company, (ii) all executive officers and directors of the Company as a group and (iii) each person known to us to be the owner of more than 5 percent of our common stock.

Name and Address ⁽¹⁾	Number of Shares of Common Stock Beneficially Owned (2)(3)	Percent of Common Stock Owned (2)
Bradley S. Jacobs	5,642,448 ⁽⁴⁾	6.6%
Wayland R. Hicks	1,806,157 ⁽⁵⁾	2.2%
Martin E. Welch III	40,080	*
Michael J. Kneeland	137,492 ⁽⁶⁾	*
Roger E. Schwed	13,665 ⁽⁷⁾	*
Todd G. Helvie	1,927 ⁽⁸⁾	*
Joseph Ehrenreich	0 ⁽⁹⁾	
Michael S. Gross	57,166 ⁽¹⁰⁾	*
Leon D. Black	51,372 ⁽¹¹⁾	*
Jenne K. Britell, Ph.D.	1,772 ⁽¹²⁾	*
Howard L. Clark, Jr.	8,706 ⁽¹³⁾	*
Singleton B. McAllister	7,706 ⁽¹⁴⁾	*
Brian D. McAuley	11,706 ⁽¹⁵⁾	*
John S. McKinney	158,938 ⁽¹⁶⁾	*
Jason D. Papastavrou, Ph.D.	4,706 ⁽¹⁷⁾	*
Mark A. Suwyn	6,206 ⁽¹⁸⁾	*
Gerald Tsai, Jr.	3,464 ⁽¹⁹⁾	*
Lawrence Keith Wimbush	1,706 ⁽²⁰⁾	*
All executive officers and directors as a group (18 persons)	7,955,249 ⁽²¹⁾	9.2%
Apollo Investment Fund IV, L.P. and Apollo Overseas Partners IV, L.P.	17,177,833 ⁽²²⁾	17.7%
Colburn Music Fund	7,310,787 ⁽²³⁾	9.0%
Goldman Sachs Asset Management, L.P.	4,610,850 ⁽²⁴⁾	5.6%
T. Rowe Price Associates, Inc.	5,417,950 ⁽²⁵⁾	6.6%
U.S. Trust Corporation and United States Trust Company, N.A	7,417,366 ⁽²⁶⁾	9.1%

* Less than 1 percent.

- (1) Unless otherwise indicated in the footnotes to the table, our address is c/o the Company at Five Greenwich Office Park, Greenwich, Connecticut 06831.
- (2) Unless otherwise indicated, each person has sole investment and voting power with respect to the shares indicated. For purposes of this table, a person or group of persons is deemed to have beneficial ownership of any shares as of a given date which such person has the right to acquire within 60 days after such date. For purposes of computing the percentage of outstanding shares held by each person or group of persons named above on a given date, any security which such person or persons has the right to acquire within 60 days after such date is deemed to be outstanding for the purpose of computing the percentage ownership of such person or persons, but is not deemed to be outstanding for the purpose of computing the percentage ownership of any other person.
- (3) In certain cases, includes securities owned by one or more entities controlled by the named holder.

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- (4) Consists of 1,911,281 outstanding shares, 3,671,000 shares issuable upon the exercise of currently exercisable warrants and 60,167 shares issuable upon conversion of QUIPS issued by a subsidiary trust. Excludes the following shares that are held by a marital trust: (i) 1,329,000 shares issuable upon the exercise of currently exercisable warrants; and (ii) 2,650,000 shares issuable upon the exercise of currently exercisable options. The institutional trustee of such trust is not affiliated with Mr. Jacobs and controls the voting and disposition of such shares.
- (5) Consists of 597,825 outstanding shares, 525,000 shares issuable upon the exercise of currently exercisable options, 516,666 shares issuable upon settlement of RSUs that will vest within the next 60 days (including 500,000 which will vest upon Mr. Hicks' retirement, which the Company previously announced will occur on June 4, 2007), and 166,666 shares issuable upon settlement of phantom stock units in respect of previously vested but deferred RSUs.
- (6) Consists of 62,493 outstanding shares, 58,333 shares issuable upon the exercise of currently exercisable options and 16,666 shares issuable upon settlement of RSUs that will vest within the next 60 days.
- (7) Consists of 1,999 outstanding shares and 11,666 shares issuable upon settlement of RSUs that will vest within the next 60 days.
- (8) Consists of 260 outstanding shares and 1,667 shares issuable upon the exercise of currently exercisable options.
- (9) Mr. Ehrenreich terminated employment as of September 1, 2006.
- (10) Consists of 2,644 outstanding shares, 36,000 shares issuable upon exercise of currently exercisable options, 1,706 shares issuable upon settlement of RSUs that have vested (but with respect to which payment is deferred until May 2009, subject to acceleration in certain conditions) and 16,816 shares issuable upon settlement of Phantom Stock Units that will be paid on the first day of the month following termination of Mr. Gross' service as a director. Mr. Gross disclaims beneficial ownership of certain shares as described in footnote 22.
- (11) Consists of 2,644 outstanding shares, 36,000 shares issuable upon exercise of currently exercisable options, 1,706 shares issuable upon settlement of RSUs that have vested (but with respect to which payment is deferred until May 2009, subject to acceleration in certain conditions) and 11,022 shares issuable upon settlement of Phantom Stock Units that will be paid on the first day of the month following termination of Mr. Black's service as a director. Mr. Black disclaims beneficial ownership of certain shares as described in footnote 22.
- (12) Consists of 1,772 shares issuable upon settlement of RSUs that have vested (but with respect to which payment is deferred until May 2009, subject to acceleration in certain conditions).
- (13) Consists of 1,000 outstanding shares, 6,000 shares issuable upon the exercise of currently exercisable options and 1,706 shares issuable upon settlement of RSUs that have vested (but with respect to which payment is deferred until May 2009, subject to acceleration in certain conditions).
- (14) Consists of 6,000 shares issuable upon the exercise of currently exercisable options and 1,706 shares issuable upon settlement of RSUs that have vested (but with respect to which payment is deferred until May 2009, subject to acceleration in certain conditions).
- (15) Consists of 4,000 outstanding shares, 6,000 shares issuable upon the exercise of currently exercisable options and 1,706 shares issuable upon settlement of RSUs that have vested (but with respect to which payment is deferred until May 2009, subject to acceleration in certain conditions).
- (16) Consists of 7,544 outstanding shares, 143,500 shares issuable upon the exercise of currently exercisable options, 1,706 shares issuable upon settlement of RSUs that have vested (but with respect to which payment is deferred until May 2009, subject to acceleration in certain conditions) and 6,188 shares issuable upon the conversion of QUIPS issued by a subsidiary trust.
- (17) Consists of 3,000 shares issuable upon the exercise of currently exercisable options and 1,706 shares issuable upon settlement of RSUs that have vested (but with respect to which payment is deferred until May 2009, subject to acceleration in certain conditions).
- (18) Consists of 4,500 shares issuable upon the exercise of currently exercisable options and 1,706 shares issuable upon settlement of RSUs that have vested (but with respect to which payment is deferred until May 2009, subject to acceleration in certain conditions).

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- (19) Consists of 758 outstanding shares, 1,000 shares issuable upon the exercise of currently exercisable options and 1,706 shares issuable upon settlement of RSUs that have vested (but with respect to which payment is deferred until May 2009, subject to acceleration in certain conditions).
- (20) Consists of 1,706 shares issuable upon settlement of RSUs that have vested (but with respect to which payment is deferred until May 2009, subject to acceleration in certain conditions).
- (21) Consists of 2,632,528 outstanding shares, 3,671,000 shares issuable upon the exercise of currently exercisable warrants, 827,000 shares issuable upon the exercise of currently exercisable options, 66,355 shares issuable upon conversion of QUIPS issued by a subsidiary trust, 562,164 shares issuable upon settlement of RSUs that have vested or will vest within the next 60 days and 194,504 shares issuable upon settlement of phantom stock units.
- (22) Consists of 1,844,500 outstanding shares, 12,000,000 shares issuable upon conversion of outstanding shares of our Series C Preferred and 3,333,333 shares issuable upon conversion of outstanding shares of our Series D-1 Preferred. Of the shares indicated, (i) 16,297,171 shares are owned by Apollo Investment Fund IV, L.P. (AIFIV) and (ii) 880,662 shares are owned by Apollo Overseas Partners IV, L.P. (Overseas IV). Apollo Advisors IV, L.P. (Advisors IV) is the general partner of AIFIV and the managing general partner of Overseas IV. Apollo Capital Management IV, L.P. (Capital Management IV) is the general partner of Advisors IV. The directors and principal executive officers of Capital Management IV are Leon D. Black and John J. Hannan. Messrs. Black and Hannan are also limited partners of Advisors IV. Messrs. Black and Hannan disclaim beneficial ownership of the shares owned by AIFIV and Overseas IV. The address of both AIFIV and Overseas IV is c/o Apollo Advisors IV, L.P., Two Manhattanville Road, Purchase, New York 10577.
- (23) The share ownership information for Colburn Music Fund is as of December 31, 2006 and is based on information in a Schedule 13G filed by Colburn Music Fund. Colburn Music Fund has sole voting power with respect to all of the shares. Colburn Music Fund's address is 1000 Wilshire Blvd., Suite 340, Los Angeles, California 90017.
- (24) The share ownership information for Goldman Sachs Asset Management, L.P. (Goldman Sachs) is as of December 31, 2006 and is based on information in a Schedule 13G filed by Goldman Sachs. Goldman Sachs has sole voting power with respect to 3,925,750 of the shares and sole dispositive power with respect to all of the indicated shares. Such shares are owned by various clients of Goldman Sachs for whom Goldman Sachs serves as an investment advisor. Goldman Sachs disclaims beneficial ownership of any securities managed, on its behalf, by third parties. Goldman Sachs' address is 32 Old Slip, New York, New York 10005.
- (25) The share ownership information for T. Rowe Price Associates, Inc. (TRP) is based on information in a Schedule 13G filed by TRP on February 14, 2007. TRP has sole voting power with respect to 961,600 of the shares and sole dispositive power with respect to all of the indicated shares. Such shares are owned by various clients of TRP for whom TRP serves as an investment advisor. TRP does not serve as a custodian of the assets of any of its clients; accordingly, in each instance only the client or the client's custodian or trustee bank has the right to receive dividends paid with respect to, and proceeds from the sale of, such securities. Any and all discretionary authority which has been delegated to TRP may be revoked in whole or in part at any time. TRP's address is 100 E. Pratt Street, Baltimore, Maryland 21202.
- (26) The share ownership information for U.S. Trust Corporation (UST) and United States Trust Company, N.A. (USTCNA) is as of December 31, 2006 and is based on information in a Schedule 13G filed by UST and USTCNA. UST and USTCNA hold the shares in their capacity as fiduciaries and/or agents for their customers. UST and USTCNA report sole voting power over 2,166,165 of these shares and sole dispositive power over 7,101,671 of these shares. UST is a wholly-owned direct subsidiary of the Charles Schwab Corporation, and USTCNA is a wholly-owned direct subsidiary of UST. The address of UST and USTCNA is 114 West 47th St., 25th Floor, New York, New York 10036.

EQUITY COMPENSATION PLAN INFORMATION

The table below provides certain information concerning our equity compensation plans as of December 31, 2006. As a result of the adoption of the 2001 Comprehensive Stock Plan and related amendments to the Company's other five stock plans at the 2006 annual meeting of stockholders, all shares remaining available for grant under all plans were transferred to the 2001 Senior Stock Plan, which was renamed the 2001 Comprehensive Stock Plan. Accordingly, no further shares are authorized for grant under the other five plans, other than shares that become available for grant due to the cancellation or termination of outstanding awards pursuant to the terms of the respective plans.

Plan category	Number of shares of Common Stock to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of shares of Common Stock remaining available for future issuance under equity compensation plans (excluding shares reflected in the first column)
Equity compensation plans approved by stockholders	4,653,242	\$18.86	2,891,824 ⁽¹⁾
Equity compensation plans not approved by stockholders ⁽²⁾	1,697,922	\$23.79	0 ⁽³⁾
Total	6,351,164		2,891,824

- (1) In addition to options, warrants and rights, the 1997 Performance Award Plan authorizes the issuance of restricted stock, performance shares and stock bonuses, and the 2001 Comprehensive Stock Plan authorizes the issuance of restricted stock, stock units and performance awards. The full number of shares noted above is available for grant pursuant to any of the foregoing awards. As noted above, no further shares are authorized for grant under the 1997 Performance Award Plan other than shares that became available for grant due to the cancellation or termination of outstanding awards.
- (2) The plans that were not approved by our stockholders are our 1998 Supplemental Stock Option Plan and our 2001 Stock Plan. Only employees who are not officers or directors are eligible for awards under these plans. The 1998 Supplemental Stock Option Plan provides for the grant of stock options, and the 2001 Stock Plan provides for the award of equity and equity-based awards including stock options and shares of restricted stock. As noted above, no further shares are authorized for grant under these plans other than shares that become available for grant due to the cancellation or termination of outstanding awards.
- (3) In addition to options, warrants and rights, the 2001 Stock Plan authorizes the issuance of restricted stock and stock units.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

None of the members of the Compensation Committee has ever been an officer or employee of the Company or its subsidiaries. None of the members of the Compensation Committee had any relationship with the Company in 2006 requiring disclosure under applicable rules of the SEC.

CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

The Board has adopted a written policy for the review and approval of any related party transaction, which is defined under the policy as any relationship, arrangement, transaction or series of transactions between the Company and one of our executive officers, directors, director nominees or 5% stockholders (or their immediate family members) that involves at least \$120,000, including transactions requiring disclosure under Item 404(a) of Regulation S-K under the Securities Exchange Act of 1934, other than the following:

transactions available to all employees generally;

transactions where the related party's interest arises solely from the ownership of our securities and all holders of the security receive the same benefit on a pro rata basis, unless, in the case of securities other than our common stock, related parties participating in the transaction in the aggregate own more than 25% of the outstanding shares or principal amount of the security;

transactions involving director or executive officer retention, services, benefits or compensation approved or recommended by the Board's Compensation Committee or approved by the Board; or

transactions between the Company and another entity in which (i) the related party is an immediate family member of a director or executive officer of the Company and his or her only relationship with the other entity is as an employee (other than an executive officer) and/or less than 3% beneficial owner of the entity, and (ii) the aggregate amount involved does not exceed 5% of the other entity's annual revenues.

The proposed related party transaction will be reviewed and, if deemed appropriate, approved by, the Board's Audit Committee. When practicable, the review and approval will occur prior to entry into the transaction. If advance review and approval is not practicable, the Audit Committee will review, and, if deemed appropriate, ratify the transaction. In either case, the Committee will take into account, among other factors deemed appropriate, whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third party under similar circumstances and the extent of the related party's interest in the transaction. The Board has also delegated to the chair of the Audit Committee the authority to approve or ratify related party transactions in which the amount involved is reasonably expected to be less than \$1 million, subject to reporting at the next committee meeting any such approval or ratification.

AUDIT COMMITTEE REPORT

The Audit Committee operates pursuant to a written charter, which complies with the corporate governance standards of the NYSE. The Audit Committee reviews and reassesses its charter annually, and recommends any proposed changes to the full Board for approval. The Audit Committee charter was most recently reviewed and amended in April 2007. A copy of the current charter is available on our website at www.unitedrentals.com under Corporate Governance in the Investor Relations section.

Pursuant to its charter, the Audit Committee assists the Board in monitoring, among other things, the integrity of the Company's financial statements and the performance of the Company's internal audit function and independent auditors. Management is responsible for the Company's financial reporting process, the system of internal controls, including internal control over financial reporting, and procedures designed to ensure compliance with accounting standards and applicable laws and regulations. The Company's independent registered public accounting firm, Ernst & Young LLP (E&Y), is responsible for the integrated audit of the consolidated financial statements and internal control over financial reporting.

In the discharge of its responsibilities, the Audit Committee has reviewed and discussed with management and E&Y the Company's audited consolidated financial statements as of and for the fiscal year ended December 31, 2006.

The Audit Committee also has discussed and reviewed with E&Y all communications required under generally accepted accounting principles and the standards of the Public Company Accounting Oversight Board (the PCAOB), including the matters required to be discussed by E&Y with the Audit Committee under Statement on Auditing Standards No. 61, as amended (Communication with Audit Committees).

In addition, E&Y provided to the Audit Committee a formal written statement describing all relationships between E&Y and the Company that might bear on E&Y's independence as required by Independence Standards Board Standard No. 1, as amended (Independence Discussions with Audit Committees) and the PCAOB. The Audit Committee reviewed and discussed with E&Y any relationships that may impact E&Y's objectivity and independence from the Company and management, including the provision of non-audit services to the Company, and satisfied itself as to E&Y's objectivity and independence.

The Audit Committee also has discussed and reviewed with the Company's vice president internal audit and E&Y, with and without management present, and with KPMG LLP, the Company's internal audit firm, the Company's work in complying with the requirements of Section 404 under the Sarbanes-Oxley Act of 2002 regarding internal control over financial reporting, including management's assessment of the effectiveness of internal control over financial reporting and E&Y's related report and attestation.

Based upon the reviews and discussions outlined above, the Audit Committee recommended to the Board of Directors that the Company's audited consolidated financial statements as of and for the fiscal year ended December 31, 2006 be included in the Company's Annual Report on Form 10-K for such fiscal year for filing with the Securities and Exchange Commission.

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The members of the Audit Committee are Brian D. McAuley (chair), Jason D. Papastavrou, Mark A. Suwyn and Lawrence Keith Wimbush. Mr. Wimbush joined the Board and the Audit Committee in April 2006 and did not participate in the Audit Committee's deliberations prior to that.

Members of Audit Committee

Brian D. McAuley (chair)
Jason D. Papastavrou
Mark A. Suwyn
Lawrence Keith Wimbush

The foregoing Audit Committee Report does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Company filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent the Company specifically incorporates such Audit Committee Report by reference therein.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires our officers and directors, and persons who own more than ten percent of a registered class of our equity securities, to file reports of ownership and changes in ownership with the SEC. Officers, directors and greater-than-ten-percent stockholders are required by SEC regulation to furnish us with copies of all Section 16(a) reports that they file.

Based solely upon review of the copies of such reports furnished to us and written representations from certain of our executive officers and directors that no other such reports were required, we believe that during the period from January 1, 2006 through December 31, 2006, all Section 16(a) filing requirements applicable to our officers, directors and greater-than-ten-percent stockholders were complied with on a timely basis other than the following: a Form 5 was filed on behalf of Bradley S. Jacobs with respect to an involuntary redemption of QUIPs, a late Form 4 was filed on behalf of each of Michael J. Kneeland and Jenne K. Britell with respect to grants of RSUs, a late Form 4 was filed on behalf of John S. McKinney with respect to an exercise of stock options, and a Form 3/A was filed on behalf of Mr. Helvie with respect to common shares and RSUs not previously reported.

PROPOSAL 2

RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS

General

The Audit Committee has reappointed Ernst & Young LLP as independent auditors to audit the financial statements of the Company for 2007, subject to ratification by the stockholders and execution of an engagement letter in form satisfactory to the Audit Committee. Ernst & Young LLP has audited the financial statements of the Company since our inception.

In the event that the stockholders fail to ratify this reappointment, or an engagement letter is not finalized, other certified public accountants will be appointed by the Audit Committee. Even if this reappointment is ratified, the Committee, in its discretion, may appoint a new independent accounting firm at any time during the year, if the Committee believes that such a change would be in the best interest of the Company and its stockholders.

A representative of Ernst & Young LLP is expected to be present at the annual meeting with an opportunity to make a statement if he or she so desires and will be available to respond to appropriate questions.

Information Concerning Fees Paid to Our Auditors

In connection with the audit of the 2006 financial statements, the Company entered into an engagement agreement with Ernst & Young LLP which set forth the terms by which Ernst & Young LLP has performed audit services for the Company. That agreement is subject to alternative dispute resolution procedures and an exclusion of punitive damages.

The following table sets forth the fees paid or accrued by the Company for the audit and other services provided by Ernst & Young for fiscal 2006 and 2005.

	2006	2005
	<u> </u>	<u> </u>
Audit Fees	\$ 5,761,400	\$ 8,470,000
Audit-Related Fees	216,000	694,000
Tax Fees	69,000	414,000
All Other Fees	0	0
	<u> </u>	<u> </u>
Total	\$ 6,046,400	\$ 9,578,000

Audit Fees. Audit fees consist of fees paid for the integrated audit of our annual financial statements, review of the financial statements included in our reports on form 10-Q, and other services that are normally provided by the independent auditor in connection with statutory and regulatory filings or engagements.

Audit Related Fees. Audit related fees consist of fees for services, other than the services described under Audit Fees, above, that are reasonably related to the audit of our annual financial statements and review of the financial statements included in our reports on form 10-Q. These fees were primarily for services related to the Company's employee benefit plans and services related to the SEC investigation in fiscal 2006 and 2005.

Tax Fees. Tax fees consist of fees for professional services rendered for tax compliance, tax advice and tax planning. The tax fees included (1) tax planning fees in fiscal 2006 and 2005 of \$42,000

and \$162,000, respectively, and (2) assistance with Department of Labor and IRS projects related to the Company's benefit plans in fiscal 2006 and 2005 of \$27,000 and \$252,000, respectively.

All Other Fees. No other fees were paid to our auditors in fiscal 2006 or 2005.

As indicated above, in addition to auditing and reviewing our financial statements, Ernst & Young LLP provided us with other services in fiscal 2006 and 2005. The Audit Committee has determined that the provision of these other services is compatible with maintaining the independence of Ernst & Young LLP.

Policy on Audit Committee Pre-Approval of Audit and Non-Audit Services of Independent Auditor

The charter of the Audit Committee requires that the committee pre-approve all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditor, subject to the de minimis exceptions for non-audit services described in Section 10A(i)(1)(B) of the Securities Exchange Act of 1934. The Audit Committee pre-approved all auditing services and permitted non-audit services rendered by Ernst & Young LLP in 2006 and 2005.

The Audit Committee's policy is to either pre-approve specific services or specific categories of services. In each case, a fee budget is approved for the service or category, as the case may be, and such budget may not be exceeded without further approval by the Audit Committee. When a category of service is pre-approved, sufficient details must be provided to enable the members of the committee to understand the nature of the services being approved. In addition, the categories must be sufficiently narrow that management will not later be placed in the position of deciding the scope of the services that have been pre-approved.

The Audit Committee has delegated its pre-approval authority to each member of the committee acting alone, provided that any pre-approval by an individual member is required to be reported to the full committee at its next scheduled meeting.

Voting

Ratification of the reappointment of Ernst & Young LLP as independent auditors to audit the financial statements of the Company for 2007 requires the affirmative vote of a majority of the shares present in person or represented by proxy at the meeting and entitled to vote on the matter. (For purposes of the foregoing, each share of Series C Preferred will be treated as the equivalent of 40 shares and each share of D-1 Preferred will be treated as the equivalent of 33 1/3 shares.) Abstentions will have the same effect as a vote against such ratification, whereas broker non-votes and shares not represented at the meeting will not be counted for purposes of determining whether such ratification has been approved.

The Board of Directors recommends that you vote FOR the ratification of the reappointment of Ernst & Young LLP as independent auditors (designated as Proposal 2 on the enclosed proxy card).

PROPOSAL 3

COMPANY PROPOSAL TO AMEND THE COMPANY S AMENDED AND RESTATED CERTIFICATE OF INCORPORATION TO DECLASSIFY THE COMPANY S BOARD OF DIRECTORS

The Board has declared advisable and is submitting to its stockholders for their consideration an amendment to the Company s Amended and Restated Certificate of Incorporation to eliminate the classification of the Board of Directors and thereby provide for the annual election by stockholders of each member of the Board. The text of the proposed changes to be effected by the amendment to the Amended and Restated Certificate of Incorporation in its Article VI, which is where the classification provisions are contained, is attached to this Proxy Statement as *Appendix A*, with deletions indicated by ~~strikeout~~ and additions indicate by underline.

The Company s current classified board structure, in which directors are divided into three classes serving staggered three-year terms, has been in place since the Company s stockholders approved it in 1998. The Board believes that its classified board has helped assure continuity and stability of the Company s business strategies and policies and has reinforced a commitment to a long-term point of view rather than encouraging excessive focus on short-term goals. In addition, the Board believes that classified boards provide a measure of protection against unsolicited or hostile acquisitions and/or control contests because they increase the time necessary to elect directors who constitute a majority of the board, thereby making it more difficult for a substantial stockholder to gain or alter control of a board of directors without the cooperation or approval of incumbent directors.

In 2006 a stockholder proposal requesting that the Board take the necessary steps to declassify the Board and establish annual election of all directors received 64% of the votes cast. While we believe that the stability and protection provided by a classified board continue to be valid concerns, in light of the 2006 stockholder vote and recent trends in corporate governance, the Board of Directors has approved, and determined to submit to stockholders for their consideration, an amendment to the Company s Certificate of Incorporation which, if approved, would eliminate the classified board. Our Certificate of Incorporation currently provides that our Board of Directors is divided into three classes, with each class being elected every three years. If the amendment to the Certificate of Incorporation is approved, directors will be elected to one-year terms beginning with the Company s 2008 annual meeting, the directors elected at this year s annual meeting will be elected for a three-year term expiring in 2010, and the terms of the Class 1 and Class 2 directors elected at the Company s 2006 annual meeting will expire at the 2008 and 2009 annual meetings, respectively. The amendment would also delete, with respect to all directors other than those directors elected prior to the Company s 2008 annual meeting for a term that extends beyond such meeting, the existing requirement that provides, in accordance with the provisions of Delaware law applicable to classified boards of directors, that directors may be removed only for cause.

Vote Required

Approval of the proposed resolution requires the affirmative vote of the holders of at least 66 2/3% of the total voting power of all outstanding shares of capital stock entitled to vote generally for the election of directors.

The Board of Directors recommends that you vote FOR the amendment to the Amended and Restated Certificate of Incorporation to declassify the Company s Board of Directors (designated as Proposal 3 on the enclosed proxy card).

OTHER MATTERS

The Board does not know of any matter to be presented for action at the meeting other than the proposals described herein. If any other matters not described herein should properly come before the meeting for stockholder action, it is the intention of the persons named in the accompanying proxy to vote, or otherwise act, in respect thereof in accordance with the Board's recommendations.

AVAILABILITY OF ANNUAL REPORT ON FORM 10-K

Upon the written request of any record holder or beneficial owner of shares entitled to vote at the annual meeting, we will provide without charge a copy of our Annual Report on Form 10-K, as filed with the SEC, including financial statements and financial statement schedules but excluding exhibits. Requests should be mailed to United Rentals, Inc., Five Greenwich Office Park, Greenwich Connecticut 06831, Attention: Corporate Secretary.

**TEXT OF PROPOSED CHANGES TO ARTICLE VI OF
THE AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF
UNITED RENTALS, INC.
(PROPOSAL 3)**

ARTICLE VI.

The business and affairs of the Corporation shall be managed by and under the direction of the Board of Directors (the Board). The Board may exercise all such authority and powers of the Corporation and do all such lawful acts and things as are not by statute or this Amended and Restated Certificate of Incorporation directed or required to be exercised or done by the stockholders.

A. Number of Directors. The number of directors comprising the entire Board shall, subject to the right, if any, of holders of Preferred Stock to elect directors under specified circumstances, be such number as may be fixed from time to time exclusively by the Board by action of a majority of the directors then in office. If the number of directors at any time is fixed at three or greater, then thereafter in no event shall such number be fewer than three or greater than nine, unless approved by action of not less than two-thirds of the directors then in office. No director need be a stockholder.

B. Classes and Terms of Directors. ~~The directors shall be divided into three classes (I, II and III). The number of directors comprising each class (assuming no vacancy in any class) shall be as nearly equal in number as possible based upon the number of directors comprising the entire Board. The Board shall, at or before the first meeting of the Board following the Effective Time (as that term is defined in the document titled Amended and Restated Certificate of Incorporation of United System, Inc. filed with the Delaware Secretary of State on September 11, 1997), designate the class to which each director then serving shall be a member. The initial term of the directors in Class I shall extend until the first annual meeting of stockholders following the Effective Time; the initial term of the directors in Class II shall extend until the second annual meeting of stockholders following the Effective Time; and the initial term of the directors in Class III shall extend until the third annual meeting of stockholders following the Effective Time. At each annual meeting of stockholders, successors to directors of the class whose term expires at such meeting will be elected to serve for three year terms and until their successors are elected and qualified. At each annual meeting of stockholders beginning with the 2008 annual meeting of stockholders, the directors shall be elected for a term of office to expire at the next annual meeting of stockholders, subject to the election and qualification of their successors or the earlier of their death, resignation or removal; provided, however, that any director who prior to the annual meeting of stockholders in 2008 was elected to a term that continues beyond the date of the annual meeting of stockholders in 2008, shall continue in office for the remainder of his or her elected term or until his or her earlier death, resignation or removal.~~

C. Newly-Created Directorships and Vacancies. Subject to the rights of the holders of any class or series of Preferred Stock then outstanding, newly created directorships resulting from any increase in the number of directors or any vacancies in the Board resulting from death, resignation, retirement, disqualification, removal from office or any other cause may be filled by the Board (and not by the stockholders unless there are no directors then in office), provided that a quorum is then in office and present, or by a majority of the directors then in office, if less than a quorum is then in office, or by the sole remaining director. A director elected to fill a newly created directorship or other vacancy shall hold office ~~for the remainder of the full term of the class of directors in which the new directorship was created or the vacancy occurred until the next annual meeting of stockholders, subject to the election and qualification of their successors or the earlier of their death, resignation or removal.~~

D. Removal of Directors. Subject to the rights of the holders of any class or series of Preferred Stock then outstanding, the directors or any director may be removed from office at any time, ~~but only for with or without cause, at a meeting called for that purpose, and but only by the affirmative vote of the holders of at least 66-²/₃% of the voting power of all shares of the Corporation entitled to vote thereon generally in the election of directors, voting together as a single class; provided, however, that any director who prior to the annual meeting of stockholders in 2008 was elected to a term that continues beyond the date of the annual meeting of stockholders in 2008, may be removed from office at any time, but only for cause, and only by the affirmative vote of the holders of at least 66-²/₃% of the voting power of all shares of the Corporation entitled to vote at an election of directors, voting together as a single class.~~

E. Rights of Holders of Preferred Stock. Notwithstanding the foregoing provisions of this Article VI, whenever the holders of any one or more classes or series of Preferred Stock issued by the Corporation shall have the right, voting separately by class or series, to elect directors at an annual or special meeting of stockholders, the election, term of office, filling of vacancies and other features of such directorships shall be governed by the rights and preferences of such Preferred Stock, ~~and such directors so elected shall not be divided into classes pursuant to the Article VI unless expressly provided by such rights and preferences.~~

ANNUAL MEETING OF STOCKHOLDERS OF

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

June 4, 2007

Please date, sign and mail
your proxy card
in the envelope provided
as soon as possible.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES AND FOR PROPOSALS 2 AND 3.

PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE x

1. Election of Directors

NOMINEES

	FOR	AGAINST	ABSTAIN
Bradley S. Jacobs (Term Expiring in 2010)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Howard L. Clark, Jr. (Term Expiring in 2010)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mark A. Suwyn (Term Expiring in 2010)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lawrence Keith Wimbush (Term Expiring in 2010)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

2. Ratification of Appointment of Independent Auditors

FOR	AGAINST	ABSTAIN
<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

3. Company Proposal to Amend the Company s Amended and Restated Certificate of Incorporation to Declassify the Company s Board of Directors

<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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THE SHARES REPRESENTED BY THIS PROXY WILL BE VOTED AS DIRECTED BY THE UNDERSIGNED. IF NO DIRECTION IS GIVEN WITH RESPECT TO A PROPOSAL, THIS PROXY WILL BE VOTED FOR ALL NOMINEES AND FOR PROPOSALS 2 AND 3.

Signature of Stockholder _____ Date: _____

Signature of Stockholder _____ Date: _____

NOTE: This proxy must be signed exactly as the name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. The undersigned acknowledges receipt of the accompanying Notice of Annual Meeting of Stockholders and Proxy Statement for the 2007 Annual Meeting of Stockholders.

UNITED RENTALS, INC.

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints Wayland R. Hicks, Michael J. Kneeland, Martin E. Welch III or any of them with full power of substitution, proxies to vote at the annual meeting of stockholders of United Rentals, Inc. (the Company) to be held on June 4, 2007 at 2:00 p.m., local time, and at any adjournment or adjournments thereof, hereby revoking any proxies heretofore given, all shares of common stock of the Company and (subject to the following sentence) all shares of preferred stock of the Company held or owned by the undersigned as directed on the reverse side, and in their discretion upon such other matters as may come before the meeting. This proxy does not confer authority to vote any shares of preferred stock with respect to any matter as to which the holders of such preferred stock have the right to vote as a separate class.

(Continued and to be signed on the reverse side)
