

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

FORM 10-Q

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

For the quarterly period ended June 30, 2019

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

For the transition period from _____ to _____

Commission File Number 1-14387

Commission File Number 1-13663

**United Rentals, Inc.
United Rentals (North America), Inc.**
(Exact Names of Registrants as Specified in Their Charters)

Delaware
Delaware
(States of Incorporation)

06-1522496
86-0933835
(I.R.S. Employer Identification Nos.)

100 First Stamford Place, Suite 700
Stamford
Connecticut
(Address of Principal Executive Offices)

06902
(Zip Code)

Registrants' Telephone Number, Including Area Code: (203) 622-3131

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$.01 par value, of United Rentals, Inc.	URI	New York Stock Exchange

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes x No o

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

Large Accelerated Filer	x	Accelerated Filer	o
Non-Accelerated Filer	o	Smaller Reporting Company	☐
Emerging Growth Company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

As of July 15, 2019, there were 77,162,794 shares of United Rentals, Inc. common stock, \$0.01 par value, outstanding. There is no market for the common stock of United Rentals (North America), Inc., all outstanding shares of which are owned by United Rentals, Inc.

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

UNITED RENTALS, INC.
UNITED RENTALS (NORTH AMERICA), INC.
FORM 10-Q FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2019

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This quarterly report on Form 10-Q contains forward-looking statements within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. Such statements can be identified by the use of forward-looking terminology such as “believe,” “expect,” “may,” “will,” “should,” “seek,” “on-track,” “plan,” “project,” “forecast,” “intend” or “anticipate,” or the negative thereof or comparable terminology, or by discussions of strategy or outlook. You are cautioned that our business and operations are subject to a variety of risks and uncertainties, many of which are beyond our control, and, consequently, our actual results may differ materially from those projected.

Factors that could cause actual results to differ materially from those projected include, but are not limited to, the following:

- the possibility that companies that we have acquired or may acquire, including BakerCorp International Holdings, Inc. (“BakerCorp”) and Vander Holding Corporation and its subsidiaries (“BlueLine”), could have undiscovered liabilities or involve other unexpected costs, may strain our management capabilities or may be difficult to integrate;
- the cyclical nature of our business, which is highly sensitive to North American construction and industrial activities; if construction or industrial activity decline, our revenues and, because many of our costs are fixed, our profitability may be adversely affected;
- our significant indebtedness (which totaled \$11.7 billion at June 30, 2019) requires us to use a substantial portion of our cash flow for debt service and can constrain our flexibility in responding to unanticipated or adverse business conditions;
- inability to refinance our indebtedness on terms that are favorable to us, or at all;
- incurrence of additional debt, which could exacerbate the risks associated with our current level of indebtedness;
- noncompliance with financial or other covenants in our debt agreements, which could result in our lenders terminating the agreements and requiring us to repay outstanding borrowings;
- restrictive covenants and amount of borrowings permitted in our debt instruments, which can limit our financial and operational flexibility;
- overcapacity of fleet in the equipment rental industry;
- inability to benefit from government spending, including spending associated with infrastructure projects;
- fluctuations in the price of our common stock and inability to complete stock repurchases in the time frame and/or on the terms anticipated;
- rates we charge and time utilization we achieve being less than anticipated;
- inability to manage credit risk adequately or to collect on contracts with a large number of customers;
- inability to access the capital that our businesses or growth plans may require;
- incurrence of impairment charges;
- trends in oil and natural gas could adversely affect the demand for our services and products;
- the fact that our holding company structure requires us to depend in part on distributions from subsidiaries and such distributions could be limited by contractual or legal restrictions;
- increases in our loss reserves to address business operations or other claims and any claims that exceed our established levels of reserves;
- incurrence of additional expenses (including indemnification obligations) and other costs in connection with litigation, regulatory and investigatory matters;
- the outcome or other potential consequences of regulatory matters and commercial litigation;
- shortfalls in our insurance coverage;
- our charter provisions as well as provisions of certain debt agreements and our significant indebtedness may have the effect of making more difficult or otherwise discouraging, delaying or deterring a takeover or other change of control of us;
- turnover in our management team and inability to attract and retain key personnel;
- costs we incur being more than anticipated, and the inability to realize expected savings in the amounts or time frames planned;
- dependence on key suppliers to obtain equipment and other supplies for our business on acceptable terms;
- inability to sell our new or used fleet in the amounts, or at the prices, we expect;
- competition from existing and new competitors;
- risks related to security breaches, cybersecurity attacks, failure to protect personal information, compliance with data protection laws and other significant disruptions in our information technology systems;
- the costs of complying with environmental, safety and foreign law and regulations, as well as other risks associated with non-U.S. operations, including currency exchange risk (including as a result of Brexit), and tariffs;

- labor disputes, work stoppages or other labor difficulties, which may impact our productivity, and potential enactment of new legislation or other changes in law affecting our labor relations or operations generally;
- increases in our maintenance and replacement costs and/or decreases in the residual value of our equipment; and
- the effect of changes in tax law.

For a more complete description of these and other possible risks and uncertainties, please refer to our Annual Report on Form 10-K for the year ended December 31, 2018, as well as to our subsequent filings with the SEC. Our forward-looking statements contained herein speak only as of the date hereof, and we make no commitment to update or publicly release any revisions to forward-looking statements in order to reflect new information or subsequent events, circumstances or changes in expectations.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

UNITED RENTALS, INC. CONDENSED CONSOLIDATED BALANCE SHEETS (In millions, except share data)

	June 30, 2019 (unaudited)	December 31, 2018
ASSETS		
Cash and cash equivalents	\$ 75	\$ 43
Accounts receivable, net of allowance for doubtful accounts of \$107 at June 30, 2019 and \$93 at December 31, 2018	1,525	1,545
Inventory	135	109
Prepaid expenses and other assets	105	64
Total current assets	1,840	1,761
Rental equipment, net	9,839	9,600
Property and equipment, net	578	614
Goodwill	5,134	5,058
Other intangible assets, net	1,019	1,084
Operating lease right-of-use assets (note 8)	619	—
Other long-term assets	18	16
Total assets	\$ 19,047	\$ 18,133
LIABILITIES AND STOCKHOLDERS' EQUITY		
Short-term debt and current maturities of long-term debt	\$ 995	\$ 903
Accounts payable	752	536
Accrued expenses and other liabilities	788	677
Total current liabilities	2,535	2,116
Long-term debt	10,700	10,844
Deferred taxes	1,743	1,687
Operating lease liabilities (note 8)	497	—
Other long-term liabilities	94	83
Total liabilities	15,569	14,730
Common stock—\$0.01 par value, 500,000,000 shares authorized, 113,741,001 and 77,431,831 shares issued and outstanding, respectively, at June 30, 2019 and 112,907,209 and 79,872,956 shares issued and outstanding, respectively, at December 31, 2018	1	1
Additional paid-in capital	2,415	2,408
Retained earnings	4,546	4,101
Treasury stock at cost—36,309,170 and 33,034,253 shares at June 30, 2019 and December 31, 2018, respectively	(3,290)	(2,870)
Accumulated other comprehensive loss	(194)	(237)
Total stockholders' equity	3,478	3,403
Total liabilities and stockholders' equity	\$ 19,047	\$ 18,133

See accompanying notes.

UNITED RENTALS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
(In millions, except per share amounts)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2019	2018	2019	2018
Revenues:				
Equipment rentals	\$ 1,960	\$ 1,631	\$ 3,755	\$ 3,090
Sales of rental equipment	197	157	389	338
Sales of new equipment	60	44	122	86
Contractor supplies sales	27	24	51	42
Service and other revenues	46	35	90	69
Total revenues	2,290	1,891	4,407	3,625
Cost of revenues:				
Cost of equipment rentals, excluding depreciation	769	620	1,511	1,212
Depreciation of rental equipment	399	323	794	645
Cost of rental equipment sales	116	92	241	199
Cost of new equipment sales	51	38	105	75
Cost of contractor supplies sales	19	16	36	28
Cost of service and other revenues	25	20	48	38
Total cost of revenues	1,379	1,109	2,735	2,197
Gross profit	911	782	1,672	1,428
Selling, general and administrative expenses	271	239	551	471
Merger related costs	—	2	1	3
Restructuring charge	6	4	14	6
Non-rental depreciation and amortization	105	67	209	138
Operating income	529	470	897	810
Interest expense, net	180	112	331	221
Other income, net	(2)	(1)	(5)	(2)
Income before provision for income taxes	351	359	571	591
Provision for income taxes	81	89	126	138
Net income	\$ 270	\$ 270	\$ 445	\$ 453
Basic earnings per share	\$ 3.45	\$ 3.22	\$ 5.65	\$ 5.40
Diluted earnings per share	\$ 3.44	\$ 3.20	\$ 5.62	\$ 5.34

See accompanying notes.

UNITED RENTALS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
(In millions)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2019	2018	2019	2018
Net income	\$ 270	\$ 270	\$ 445	\$ 453
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments (1)	22	(21)	42	(46)
Fixed price diesel swaps	—	1	1	1
Other comprehensive income (loss)	22	(20)	43	(45)
Comprehensive income (1)	\$ 292	\$ 250	\$ 488	\$ 408

(1) There were no material reclassifications from accumulated other comprehensive loss reflected in other comprehensive income (loss) during 2019 or 2018. There is no tax impact related to the foreign currency translation adjustments, as the earnings are considered permanently reinvested. We have historically considered the undistributed earnings of our foreign subsidiaries to be indefinitely reinvested. We have not repatriated funds to the U.S. to satisfy domestic liquidity needs, nor do we anticipate the need to do so. If we determine that all or a portion of our foreign earnings are no longer indefinitely reinvested, we may be subject to additional foreign withholding taxes and U.S. state income taxes. There were no material taxes associated with other comprehensive income (loss) during 2019 or 2018.

See accompanying notes.

UNITED RENTALS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)
(In millions)

	Three Months Ended June 30, 2019						
	Common Stock				Treasury Stock		Accumulated Other Comprehensive Loss (2)
	Number of Shares (1)	Amount	Additional Paid-in Capital	Retained Earnings	Number of Shares	Amount	
Balance at March 31, 2019	79	\$ 1	\$ 2,394	\$ 4,276	35	\$ (3,080)	\$ (216)
Net income				270			
Foreign currency translation adjustments							22
Stock compensation expense, net	(1)		16				
Exercise of common stock options			6				
Shares repurchased and retired			(1)				
Repurchase of common stock	(1)				1	(210)	
Balance at June 30, 2019	77	\$ 1	\$ 2,415	\$ 4,546	36	\$ (3,290)	\$ (194)

	Three Months Ended June 30, 2018						
	Common Stock				Treasury Stock		Accumulated Other Comprehensive Loss (2)
	Number of Shares (1)	Amount	Additional Paid-in Capital	Retained Earnings	Number of Shares	Amount	
Balance at March 31, 2018	84	\$ 1	\$ 2,327	\$ 3,188	29	\$ (2,282)	\$ (176)
Net income				270			
Foreign currency translation adjustments							(21)
Fixed price diesel swaps							1
Stock compensation expense, net	—		24				
Exercise of common stock options			1				
Shares repurchased and retired			(1)				
Repurchase of common stock	(1)				1	(168)	
Balance at June 30, 2018	83	\$ 1	\$ 2,351	\$ 3,458	30	\$ (2,450)	\$ (196)

	Six Months Ended June 30, 2019						
	Common Stock				Treasury Stock		Accumulated Other Comprehensive Loss (2)
	Number of Shares (1)	Amount	Additional Paid-in Capital	Retained Earnings	Number of Shares	Amount	
Balance at December 31, 2018	80	\$ 1	\$ 2,408	\$ 4,101	33	\$ (2,870)	\$ (237)
Net income				445			
Foreign currency translation adjustments							42
Fixed price diesel swaps							1
Stock compensation expense, net	—		31				
Exercise of common stock options			10				
Shares repurchased and retired			(34)				
Repurchase of common stock	(3)				3	(420)	
Balance at June 30, 2019	77	\$ 1	\$ 2,415	\$ 4,546	36	\$ (3,290)	\$ (194)

	Six Months Ended June 30, 2018						
	Common Stock				Treasury Stock		Accumulated Other Comprehensive Loss (2)
	Number of Shares (1)	Amount	Additional Paid-in Capital	Retained Earnings	Number of Shares	Amount	
Balance at December 31, 2017	84	\$ 1	\$ 2,356	\$ 3,005	28	\$ (2,105)	\$ (151)
Net income				453			
Foreign currency translation adjustments							(46)
Fixed price diesel swaps							1
Stock compensation expense, net	1		43				
Exercise of common stock options			2				
Shares repurchased and retired			(50)				
Repurchase of common stock	(2)				2	(345)	
Balance at June 30, 2018	83	\$ 1	\$ 2,351	\$ 3,458	30	\$ (2,450)	\$ (196)

- (1) Common stock outstanding decreased by less than 5 million net shares during the year ended December 31, 2018.
- (2) The Accumulated Other Comprehensive Loss balance primarily reflects foreign currency translation adjustments.

See accompanying notes.

UNITED RENTALS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(In millions)

	Six Months Ended June 30,	
	2019	2018
Cash Flows From Operating Activities:		
Net income	\$ 445	\$ 453
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,003	783
Amortization of deferred financing costs and original issue discounts	8	6
Gain on sales of rental equipment	(148)	(139)
Gain on sales of non-rental equipment	(3)	(3)
Gain on insurance proceeds from damaged equipment	(12)	(14)
Stock compensation expense, net	31	43
Merger related costs	1	3
Restructuring charge	14	6
Loss on repurchase/redemption of debt securities and amendment of ABL facility	32	—
Increase in deferred taxes	49	93
Changes in operating assets and liabilities, net of amounts acquired:		
Decrease in accounts receivable	39	29
Increase in inventory	(25)	(19)
(Increase) decrease in prepaid expenses and other assets	(23)	25
Increase in accounts payable	211	451
Decrease in accrued expenses and other liabilities	(32)	(68)
Net cash provided by operating activities	1,590	1,649
Cash Flows From Investing Activities:		
Purchases of rental equipment	(1,129)	(1,226)
Purchases of non-rental equipment	(97)	(80)
Proceeds from sales of rental equipment	389	338
Proceeds from sales of non-rental equipment	15	8
Insurance proceeds from damaged equipment	12	14
Purchases of other companies, net of cash acquired	(195)	(58)
Purchases of investments	(1)	(1)
Net cash used in investing activities	(1,006)	(1,005)
Cash Flows From Financing Activities:		
Proceeds from debt	4,590	4,330
Payments of debt	(4,679)	(4,806)
Proceeds from the exercise of common stock options	10	2
Common stock repurchased	(454)	(395)
Payments of financing costs	(19)	(1)
Net cash used in financing activities	(552)	(870)
Effect of foreign exchange rates	—	(9)
Net increase (decrease) in cash and cash equivalents	32	(235)
Cash and cash equivalents at beginning of period	43	352
Cash and cash equivalents at end of period	\$ 75	\$ 117
Supplemental disclosure of cash flow information:		
Cash paid for income taxes, net	\$ 73	\$ 39
Cash paid for interest	301	213

See accompanying notes.

UNITED RENTALS, INC.**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**
(Dollars in millions, except per share data, unless otherwise indicated)**1. Organization, Description of Business and Basis of Presentation**

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

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

We have prepared the accompanying unaudited condensed consolidated financial statements in accordance with the accounting policies described in our annual report on Form 10-K for the year ended December 31, 2018 (the “2018 Form 10-K”) and the interim reporting requirements of Form 10-Q. Accordingly, certain information and note disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) have been condensed or omitted. These unaudited condensed consolidated financial statements should be read in conjunction with the 2018 Form 10-K.

In our opinion, all adjustments, consisting only of normal recurring adjustments, which are necessary for a fair presentation of financial condition, operating results and cash flows for the interim periods presented have been made. Interim results of operations are not necessarily indicative of the results of the full year.

New Accounting Pronouncements

Measurement of Credit Losses on Financial Instruments. In June 2016, the Financial Accounting Standards Board (“FASB”) issued guidance that will require companies to present assets held at amortized cost and available for sale debt securities net of the amount expected to be collected. The guidance requires the measurement of expected credit losses to be based on relevant information from past events, including historical experiences, current conditions and reasonable and supportable forecasts that affect collectibility. The guidance will be effective for fiscal years and interim periods beginning after December 15, 2019 and early adoption is permitted for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Different components of the guidance require modified retrospective or prospective adoption. This guidance does not apply to receivables arising from operating leases. As discussed in note 2 to the condensed consolidated financial statements, most of our equipment rental revenue is accounted for as lease revenue (such revenue represented 78 percent of our total revenues for the six months ended June 30, 2019). We expect to adopt this guidance when effective, and the impact on our financial statements, while limited to our non-operating lease receivables, is not currently estimable, as it will depend on market conditions and our forecast expectations upon, and following, adoption.

Simplifying the Test for Goodwill Impairment. In January 2017, the FASB issued guidance intended to simplify the subsequent accounting for goodwill acquired in a business combination. Prior guidance required utilizing a two-step process to review goodwill for impairment. A second step was required if there was an indication that an impairment may exist, and the second step required calculating the potential impairment by comparing the implied fair value of the reporting unit’s goodwill (as if purchase accounting were performed on the testing date) with the carrying amount of the goodwill. The new guidance eliminates the second step from the goodwill impairment test. Under the new guidance, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount, and then recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit’s fair value (although the loss should not exceed the total amount of goodwill allocated to the reporting unit). The guidance requires prospective adoption and will be effective for annual or interim goodwill impairment tests in fiscal years beginning after December 15, 2019. Early adoption of this guidance is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. We are currently assessing whether we will early adopt. The guidance is not expected to have a significant impact on our financial statements.

Guidance Adopted in 2019

Leases. See note 8 to our condensed consolidated financial statements for a discussion of our lease accounting following our adoption of an updated FASB lease accounting standard in 2019.

2. Revenue Recognition

Revenue Recognition Accounting Standards

In May 2014, and in subsequent updates, the FASB issued guidance ("Topic 606") to clarify the principles for recognizing revenue. We adopted Topic 606 on January 1, 2018. Topic 606 includes the required steps to achieve the core principle that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

In March 2016, the FASB issued updated lease accounting guidance ("Topic 842"), as explained further in note 8 to the condensed consolidated financial statements. We adopted Topic 842 on January 1, 2019. Topic 842 is an update to Topic 840, which was the lease accounting standard in place through December 31, 2018. As reflected below, most of our revenue is accounted for under Topic 842 (Topic 840 for 2018). There were no significant changes to our revenue accounting upon adoption of Topic 842.

We recognize revenue in accordance with two different accounting standards: 1) Topic 606 and 2) Topic 842. Under Topic 606, revenue from contracts with customers is measured based on the consideration specified in the contract with the customer, and excludes any sales incentives and amounts collected on behalf of third parties. A performance obligation is a promise in a contract to transfer a distinct good or service to a customer, and is the unit of account under Topic 606. As reflected below, most of our revenue is accounted for under Topic 842. Our contracts with customers generally do not include multiple performance obligations. We recognize revenue when we satisfy a performance obligation by transferring control over a product or service to a customer. The amount of revenue recognized reflects the consideration we expect to be entitled to in exchange for such products or services.

Nature of goods and services

In the following table, revenue is summarized by type and by the applicable accounting standard.

	Three Months Ended June 30,					
	2019			2018		
	Topic 842	Topic 606	Total	Topic 840	Topic 606	Total
Revenues:						
Owned equipment rentals	\$ 1,668	\$ —	\$ 1,668	\$ 1,406	\$ —	\$ 1,406
Re-rent revenue	37	—	37	29	—	29
Ancillary and other rental revenues:						
Delivery and pick-up	—	143	143	—	112	112
Other	87	25	112	64	20	84
Total ancillary and other rental revenues	87	168	255	64	132	196
Total equipment rentals	1,792	168	1,960	1,499	132	1,631
Sales of rental equipment	—	197	197	—	157	157
Sales of new equipment	—	60	60	—	44	44
Contractor supplies sales	—	27	27	—	24	24
Service and other revenues	—	46	46	—	35	35
Total revenues	\$ 1,792	\$ 498	\$ 2,290	\$ 1,499	\$ 392	\$ 1,891

	Six Months Ended June 30,					
	2019			2018		
	Topic 842	Topic 606	Total	Topic 840	Topic 606	Total
Revenues:						
Owned equipment rentals	\$ 3,198	\$ —	\$ 3,198	\$ 2,671	\$ —	\$ 2,671
Re-rent revenue	72	—	72	54	—	54
Ancillary and other rental revenues:						
Delivery and pick-up	—	262	262	—	204	204
Other	167	56	223	120	41	161
Total ancillary and other rental revenues	167	318	485	120	245	365
Total equipment rentals	3,437	318	3,755	2,845	245	3,090
Sales of rental equipment	—	389	389	—	338	338
Sales of new equipment	—	122	122	—	86	86
Contractor supplies sales	—	51	51	—	42	42
Service and other revenues	—	90	90	—	69	69
Total revenues	\$ 3,437	\$ 970	\$ 4,407	\$ 2,845	\$ 780	\$ 3,625

Revenues by reportable segment and geographical market are presented in notes 4 and 11 of the condensed consolidated financial statements, respectively, using the revenue captions reflected in our condensed consolidated statements of operations. The majority of our revenue is recognized in our general rentals segment and in the U.S. (for the six months ended June 30, 2019, 80 percent and 91 percent of total revenues, respectively). We believe that the disaggregation of our revenue from contracts to customers as reflected above, coupled with the further discussion below and the reportable segment and geographical market disclosures in notes 4 and 11, depicts how the nature, amount, timing and uncertainty of our revenue and cash flows are affected by economic factors.

Lease revenues (Topic 842)

The accounting for the types of revenue that are accounted for under Topic 842 is discussed below.

Owned equipment rentals represent our most significant revenue type (they accounted for 73 percent of total revenues for the six months ended June 30, 2019) and are governed by our standard rental contract. We account for such rentals as operating leases. The lease terms are included in our contracts, and the determination of whether our contracts contain leases generally does not require significant assumptions or judgments. Our lease revenues do not include material amounts of variable payments.

Owned equipment rentals: Owned equipment rentals represent revenues from renting equipment that we own. We do not generally provide an option for the lessee to purchase the rented equipment at the end of the lease, and do not generate material revenue from sales of equipment under such options.

We recognize revenues from renting equipment on a straight-line basis. Our rental contract periods are hourly, daily, weekly or monthly. By way of example, if a customer were to rent a piece of equipment and the daily, weekly and monthly rental rates for that particular piece were (in actual dollars) \$100, \$300 and \$900, respectively, we would recognize revenue of \$32.14 per day. The daily rate for recognition purposes is calculated by dividing the monthly rate of \$900 by the monthly term of 28 days. This daily rate assumes that the equipment will be on rent for the full 28 days, as we are unsure of when the customer will return the equipment and therefore unsure of which rental contract period will apply.

As part of this straight-line methodology, when the equipment is returned, we recognize as incremental revenue the excess, if any, between the amount the customer is contractually required to pay, which is based on the rental contract period applicable to the actual number of days the equipment was out on rent, over the cumulative amount of revenue recognized to date. In any given accounting period, we will have customers return equipment and be contractually required to pay us more than the cumulative amount of revenue recognized to date under the straight-line methodology. For instance, continuing the above example, if the customer rented the above piece of equipment on December 29 and returned it at the close of business on January 1, we would recognize incremental revenue on January 1 of \$171.44 (in actual dollars, representing the difference between the amount the customer is contractually required to pay, or \$300 at the weekly rate, and the cumulative amount recognized to date on a straight-line basis, or \$128.56, which represents four days at \$32.14 per day).

We record amounts billed to customers in excess of recognizable revenue as deferred revenue on our balance sheet. We had deferred revenue (associated with both Topic 842/840 and Topic 606) of \$58 and \$56 as of June 30, 2019 and December 31, 2018, respectively.

As noted above, we are unsure of when the customer will return rented equipment. As such, we do not know how much the customer will owe us upon return of the equipment and cannot provide a maturity analysis of future lease payments. Our equipment is generally rented for short periods of time. Lessees do not provide residual value guarantees on rented equipment.

We expect to derive significant future benefits from our equipment following the end of the rental term. Our rentals are generally short-term in nature, and our equipment is typically rented for the majority of the time that we own it. We additionally recognize revenue from sales of rental equipment when we dispose of the equipment.

Re-rent revenue: Re-rent revenue reflects revenues from equipment that we rent from vendors and then rent to our customers. We account for such rentals as subleases. The accounting for re-rent revenue is the same as the accounting for owned equipment rentals described above.

“Other” equipment rental revenue is primarily comprised of 1) Rental Protection Plan (or “RPP”) revenue associated with the damage waiver customers can purchase when they rent our equipment to protect against potential loss or damage, 2) environmental charges associated with the rental of equipment, and 3) charges for rented equipment that is damaged by our customers.

Revenues from contracts with customers (Topic 606)

The accounting for the types of revenue that are accounted for under Topic 606 is discussed below. Substantially all of our revenues under Topic 606 are recognized at a point-in-time rather than over time.

Delivery and pick-up: Delivery and pick-up revenue associated with renting equipment is recognized when the service is performed.

“Other” equipment rental revenue is primarily comprised of revenues associated with the consumption of fuel by our customers which are recognized when the equipment is returned by the customer (and consumption, if any, can be measured).

Sales of rental equipment, new equipment and contractor supplies are recognized at the time of delivery to, or pick-up by, the customer and when collectibility is reasonably assured.

Service and other revenues primarily represent revenues earned from providing repair and maintenance services on our customers’ fleet (including parts sales). Service revenue is recognized as the services are performed.

Receivables and contract assets and liabilities

As reflected above, most of our equipment rental revenue is accounted for under Topic 842 (such revenue represented 78 percent of our total revenues for the six months ended June 30, 2019). The customers that are responsible for the remaining revenue that is accounted for under Topic 606 are generally the same customers that rent our equipment. We manage credit risk associated with our accounts receivables at the customer level. Because the same customers generate the revenues that are accounted for under both Topic 606 and Topic 842, the discussions below on credit risk and our allowances for doubtful accounts address receivables arising from revenues from both Topic 606 and Topic 842 (Topic 840 for 2018).

Concentration of credit risk with respect to our receivables is limited because a large number of geographically diverse customers makes up our customer base. Our largest customer accounted for less than one percent of total revenues for the six months ended June 30, 2019, and for each of the last three full years. Our customer with the largest receivable balance represented approximately one percent of total receivables at June 30, 2019 and December 31, 2018. We manage credit risk through credit approvals, credit limits and other monitoring procedures.

Our allowances for doubtful accounts reflect our estimate of the amount of our receivables that we will be unable to collect based on historical write-off experience. Our estimate could require change based on changing circumstances, including changes in the economy or in the particular circumstances of individual customers. Accordingly, we may be required to increase or decrease our allowances. Trade receivables that have contractual maturities of one year or less are written-off when they are determined to be uncollectible based on the criteria necessary to qualify as a deduction for federal tax purposes. Write-offs of such receivables require management approval based on specified dollar thresholds. During the six months ended June 30, 2019 and 2018, we recognized total additions, excluding acquisitions, to our allowances for doubtful accounts of \$27 and \$12, respectively, primarily 1) as a reduction to equipment rental revenue or 2) as bad debt expense within selling, general and administrative expenses in our condensed consolidated statements of income.

We do not have material contract assets, or impairment losses associated therewith, or material contract liabilities, associated with contracts with customers. Our contracts with customers do not generally result in material amounts billed to customers in excess of recognizable revenue. We did not recognize material revenue during the three or six months ended June 30, 2019 or 2018 that was included in the contract liability balance as of the beginning of such periods.

Performance obligations

Most of our Topic 606 revenue is recognized at a point-in-time, rather than over time. Accordingly, in any particular period, we do not generally recognize a significant amount of revenue from performance obligations satisfied (or partially satisfied) in previous periods, and the amounts of such revenue recognized during the three and six months ended June 30, 2019 and 2018 were not material. We also do not expect to recognize material revenue in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of June 30, 2019.

Payment terms

Our Topic 606 revenues do not include material amounts of variable consideration. Our payment terms vary by the type and location of our customer and the products or services offered. The time between invoicing and when payment is due is not significant. Our contracts do not generally include a significant financing component. For certain products or services and customer types, we require payment before the products or services are delivered to the customer. Our contracts with customers do not generally result in significant obligations associated with returns, refunds or warranties. See above for a discussion of how we manage credit risk.

Revenue is recognized net of taxes collected from customers, which are subsequently remitted to governmental authorities.

Contract costs

We do not recognize any assets associated with the incremental costs of obtaining a contract with a customer (for example, a sales commission) that we expect to recover. Most of our revenue is recognized at a point-in-time or over a period of one year or less, and we use the practical expedient that allows us to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that we otherwise would have recognized is one year or less.

Contract estimates and judgments

Our revenues accounted for under Topic 606 generally do not require significant estimates or judgments, primarily for the following reasons:

- The transaction price is generally fixed and stated on our contracts;
- As noted above, our contracts generally do not include multiple performance obligations, and accordingly do not generally require estimates of the standalone selling price for each performance obligation;
- Our revenues do not include material amounts of variable consideration, or result in significant obligations associated with returns, refunds or warranties; and
- Most of our revenue is recognized as of a point-in-time and the timing of the satisfaction of the applicable performance obligations is readily determinable. As noted above, our Topic 606 revenue is generally recognized at the time of delivery to, or pick-up by, the customer.

We monitor and review our estimated standalone selling prices on a regular basis.

3. Acquisitions

BakerCorp Acquisition

In July 2018, we completed the acquisition of BakerCorp. BakerCorp was a leading multinational provider of tank, pump, filtration and trench shoring rental solutions for a broad range of industrial and construction applications. BakerCorp had approximately 950 employees, and its operations were primarily concentrated in the United States and Canada, where it had 46 locations. BakerCorp also had 11 locations in France, Germany, the United Kingdom and the Netherlands. BakerCorp had annual revenues of approximately \$295. The acquisition:

- Augmented our bundled solutions for fluid storage, transfer and treatment;

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- Expanded our strategic account base; and
- Provided a significant opportunity to increase revenue and enhance customer service by cross-selling to our broader customer base.

The aggregate consideration paid was approximately \$720. The acquisition and related fees and expenses were funded through drawings on our ABL facility.

The following table summarizes the fair values of the assets acquired and liabilities assumed.

Accounts receivable, net of allowance for doubtful accounts (1)	\$	74
Inventory		5
Rental equipment		268
Property and equipment		25
Intangibles (2)		171
Other assets		4
Total identifiable assets acquired		547
Current liabilities		(61)
Deferred taxes		(13)
Total liabilities assumed		(74)
Net identifiable assets acquired		473
Goodwill (3)		247
Net assets acquired	\$	720

(1) The fair value of accounts receivables acquired was \$74, and the gross contractual amount was \$81. We estimated that \$7 would be uncollectible.

(2) The following table reflects the fair values and useful lives of the acquired intangible assets identified based on our purchase accounting assessments:

	Fair value	Life (years)
Customer relationships	\$ 166	8
Trade names and associated trademarks	5	5
Total	\$ 171	

(3) All of the goodwill was assigned to our trench, power and fluid solutions segment. The level of goodwill that resulted from the acquisition is primarily reflective of BakerCorp's going-concern value, the value of BakerCorp's assembled workforce, new customer relationships expected to arise from the acquisition, and operational synergies that we expect to achieve that are not associated with the identifiable assets. \$6 of goodwill is expected to be deductible for income tax purposes.

The three and six months ended June 30, 2019 include BakerCorp acquisition-related costs which are included in “Merger related costs” in our condensed consolidated statements of income.

Since the acquisition date, significant amounts of fleet have been moved between URI locations and the acquired BakerCorp locations, and it is not practicable to reasonably estimate the amounts of revenue and earnings of BakerCorp since the acquisition date. The impact of the BakerCorp acquisition on our equipment rentals revenue is primarily reflected in the increases in average OEC of 23.2 percent and 23.4 percent for the three and six months ended June 30, 2019, respectively. Such increases include the impact of the acquisition of BlueLine discussed below.

BlueLine Acquisition

In October 2018, we completed the acquisition of BlueLine. BlueLine was one of the ten largest equipment rental companies in North America and served customers in the construction and industrial sectors with a focus on mid-sized and local accounts. BlueLine had 114 locations and over 1,700 employees based in 25 U.S. states, Canada and Puerto Rico. BlueLine had annual revenues of approximately \$786. The acquisition:

- Expanded our equipment rental capacity in many of the largest metropolitan areas in North America,

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including both U.S. coasts, the Gulf South and Ontario;

- Provided a well-diversified customer base with a balanced mix of commercial construction and industrial accounts;
- Added more mid-sized and local accounts to our customer base; and
- Provided a significant opportunity to increase revenue and enhance customer service by cross-selling to our broader customer base.

The aggregate consideration paid was approximately \$2.072 billion. The acquisition and related fees and expenses were funded through borrowings under a new \$1 billion senior secured term loan credit facility (the “term loan facility”) and the issuance of \$1.1 billion principal amount of 6 1/2 percent Senior Notes due 2026.

The following table summarizes the fair values of the assets acquired and liabilities assumed. The purchase price allocations for these assets and liabilities are based on preliminary valuations and are subject to change as we obtain additional information during the acquisition measurement period.

Accounts receivable, net of allowance for doubtful accounts (1)	\$ 117
Inventory	7
Rental equipment	1,078
Property and equipment	71
Intangibles (customer relationships) (2)	230
Other assets	42
Total identifiable assets acquired	1,545
Short-term debt and current maturities of long-term debt (3)	(12)
Current liabilities	(130)
Deferred taxes	(7)
Long-term debt (3)	(25)
Other long-term liabilities	(4)
Total liabilities assumed	(178)
Net identifiable assets acquired	1,367
Goodwill (4)	705
Net assets acquired	\$ 2,072

(1) The fair value of accounts receivables acquired was \$117, and the gross contractual amount was \$125. We estimated that \$8 would be uncollectible.

(2) The customer relationships are being amortized over a 5 year life.

(3) The acquired debt reflects finance lease obligations.

(4) All of the goodwill was assigned to our general rentals segment. The level of goodwill that resulted from the acquisition is primarily reflective of BlueLine's going-concern value, the value of BlueLine's assembled workforce, new customer relationships expected to arise from the acquisition, and operational synergies that we expect to achieve that are not associated with the identifiable assets. \$25 of goodwill is expected to be deductible for income tax purposes.

The three and six months ended June 30, 2019 include BlueLine acquisition-related costs which are included in “Merger related costs” in our condensed consolidated statements of income. In addition to the acquisition-related costs reflected in our consolidated statements of income, the debt issuance costs associated with the issuance of debt to fund the acquisition are reflected, net of amortization subsequent to the acquisition date, in long-term debt in our consolidated balance sheets.

Since the acquisition date, significant amounts of fleet have been moved between URI locations and the acquired BlueLine locations, and it is not practicable to reasonably estimate the amounts of revenue and earnings of BlueLine since the acquisition date. The impact of the BlueLine acquisition on our equipment rentals revenue is primarily reflected in the increases in average OEC of 23.2 percent and 23.4 percent for the three and six months ended June 30, 2019, respectively. Such increases include the impact of the acquisition of BakerCorp discussed above.

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Pro forma financial information

The pro forma information below gives effect to the BakerCorp and BlueLine acquisitions as if they had been completed on January 1, 2018 (“the pro forma acquisition date”). The pro forma information is not necessarily indicative of our results of operations had the acquisitions been completed on the above date, nor is it necessarily indicative of our future results. The pro forma information does not reflect any cost savings from operating efficiencies or synergies that could result from the acquisitions, and also does not reflect additional revenue opportunities following the acquisitions. The pro forma information includes adjustments to record the assets and liabilities of BakerCorp and BlueLine at their respective fair values based on available information and to give effect to the financing for the acquisitions and related transactions. The pro forma adjustments reflected in the table below are subject to change as additional analysis is performed. The acquisition measurement period for BakerCorp has ended and the values assigned to the BakerCorp assets acquired and liabilities assumed are final. The opening balance sheet values assigned to the BlueLine assets acquired and liabilities assumed are based on preliminary valuations and are subject to change as we obtain additional information during the acquisition measurement period. Increases or decreases in the estimated fair values of the net assets acquired may impact our statements of income in future periods. The tables below present unaudited pro forma consolidated income statement information as if BakerCorp and BlueLine had been included in our consolidated results for the entire period reflected.

	Three Months Ended				Six Months Ended			
	June 30, 2018				June 30, 2018			
	United Rentals	BlueLine	BakerCorp	Total	United Rentals	BlueLine	BakerCorp	Total
Historic/pro forma revenues	\$ 1,891	\$ 194	\$ 82	\$ 2,167	\$ 3,625	\$ 382	\$ 156	\$ 4,163
Historic/combined pretax income (loss)	359	(8)	(8)	343	591	(30)	(21)	540
Pro forma adjustments to pretax income (loss):								
Impact of fair value mark-ups/useful life changes on depreciation (1)		(1)	(3)	(4)		(3)	(6)	(9)
Impact of the fair value mark-up of acquired fleet on cost of rental equipment sales (2)		(3)	—	(3)		(8)	—	(8)
Intangible asset amortization (3)		(19)	(10)	(29)		(38)	(20)	(58)
Interest expense (4)		(27)	(6)	(33)		(54)	(12)	(66)
Elimination of historic interest (5)		32	11	43		63	21	84
Elimination of merger related costs (6)		2	1	3		2	1	3
Restructuring charges (7)		(10)	(3)	(13)		(23)	(9)	(32)
Pro forma pretax income				\$ 307				\$ 454

(1) Depreciation of rental equipment and non-rental depreciation were adjusted for the fair value mark-ups, and the changes in useful lives and salvage values, of the equipment acquired in the BakerCorp and BlueLine acquisitions.

(2) Cost of rental equipment sales was adjusted for the fair value mark-ups of rental equipment acquired in the BlueLine acquisition. BakerCorp did not historically recognize a material amount of rental equipment sales, and accordingly no adjustment was required for BakerCorp.

(3) The intangible assets acquired in the BakerCorp and BlueLine acquisitions were amortized.

(4) As discussed above, we issued debt to fund the BakerCorp and BlueLine acquisitions. Interest expense was adjusted to reflect these changes in our debt portfolio.

(5) Historic interest on debt that is not part of the combined entity was eliminated.

(6) Merger related costs primarily comprised of financial and legal advisory fees associated with the BakerCorp and BlueLine acquisitions were eliminated as they were assumed to have been recognized prior to the pro forma acquisition date. The adjustments for BlueLine for the three and six months ended June 30, 2018 include \$2 of merger related costs recognized by BlueLine prior to the acquisition.

(7) We expect to recognize restructuring charges primarily comprised of severance costs and branch closure charges associated with the acquisitions over a period of approximately one year following the acquisition dates, which, for the pro forma presentation, was January 1, 2018. The adjustments above reflect the timing of the actual restructuring charges following

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the acquisitions (the pro forma restructuring charges above for the three and six months ended June 30, 2018 reflect the actual restructuring charges recognized during the three and six months following the acquisitions). We expect to incur additional restructuring charges for BakerCorp and BlueLine, however the remaining costs are not currently estimable, as we are still identifying the actions that will be undertaken.

UNITED RENTALS, INC.**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**
(Dollars in millions, except per share data, unless otherwise indicated)**4. Segment Information**

Our reportable segments are i) general rentals and ii) trench, power and fluid solutions. The general rentals segment includes the rental of i) general construction and industrial equipment, such as backhoes, skid-steer loaders, forklifts, earthmoving equipment and material handling equipment, ii) aerial work platforms, such as boom lifts and scissor lifts and iii) general tools and light equipment, such as pressure washers, water pumps and power tools. The general rentals segment reflects the aggregation of 11 geographic regions—Carolinas, Gulf South, Industrial (which serves the geographic Gulf region and has a strong industrial presence), Mid-Atlantic, Mid Central, Midwest, Northeast, Pacific West, South, Southeast and Western Canada—and operates throughout the United States and Canada.

The trench, power and fluid solutions segment includes the rental of specialty construction products such as i) trench safety equipment, such as trench shields, aluminum hydraulic shoring systems, slide rails, crossing plates, construction lasers and line testing equipment for underground work, ii) power and HVAC equipment, such as portable diesel generators, electrical distribution equipment, and temperature control equipment and iii) fluid solutions equipment primarily used for fluid containment, transfer and treatment. The trench, power and fluid solutions segment is comprised of the following regions, each of which primarily rents the corresponding equipment type described above: i) the Trench Safety region, ii) the Power and HVAC region, iii) the Fluid Solutions region and iv) the Fluid Solutions Europe region. The trench, power and fluid solutions segment's customers include construction companies involved in infrastructure projects, municipalities and industrial companies. This segment operates throughout the United States and in Canada and Europe.

These segments align our external segment reporting with how management evaluates and allocates resources. We evaluate segment performance based on segment equipment rentals gross profit.

The following tables set forth financial information by segment.

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	General rentals	Trench, power and fluid solutions	Total
Three Months Ended June 30, 2019			
Equipment rentals	\$ 1,527	\$ 433	\$ 1,960
Sales of rental equipment	180	17	197
Sales of new equipment	52	8	60
Contractor supplies sales	19	8	27
Service and other revenues	40	6	46
Total revenue	1,818	472	2,290
Depreciation and amortization expense	416	88	504
Equipment rentals gross profit	593	199	792
Three Months Ended June 30, 2018			
Equipment rentals	\$ 1,332	\$ 299	\$ 1,631
Sales of rental equipment	145	12	157
Sales of new equipment	38	6	44
Contractor supplies sales	19	5	24
Service and other revenues	32	3	35
Total revenue	1,566	325	1,891
Depreciation and amortization expense	334	56	390
Equipment rentals gross profit	543	145	688
Six Months Ended June 30, 2019			
Equipment rentals	\$ 2,950	\$ 805	\$ 3,755
Sales of rental equipment	358	31	389
Sales of new equipment	107	15	122
Contractor supplies sales	36	15	51
Service and other revenues	77	13	90
Total revenue	3,528	879	4,407
Depreciation and amortization expense	828	175	1,003
Equipment rentals gross profit	1,094	356	1,450
Capital expenditures	1,015	211	1,226
Six Months Ended June 30, 2018			
Equipment rentals	\$ 2,533	\$ 557	\$ 3,090
Sales of rental equipment	316	22	338
Sales of new equipment	75	11	86
Contractor supplies sales	33	9	42
Service and other revenues	62	7	69
Total revenue	3,019	606	3,625
Depreciation and amortization expense	671	112	783
Equipment rentals gross profit	969	264	1,233
Capital expenditures	1,153	153	1,306

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	June 30, 2019	December 31, 2018
Total reportable segment assets		
General rentals	\$ 16,124	\$ 15,597
Trench, power and fluid solutions	2,923	2,536
Total assets	\$ 19,047	\$ 18,133

Equipment rentals gross profit is the primary measure management reviews to make operating decisions and assess segment performance. The following is a reconciliation of equipment rentals gross profit to income before provision for income taxes:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Total equipment rentals gross profit	\$ 792	\$ 688	\$ 1,450	\$ 1,233
Gross profit from other lines of business	119	94	222	195
Selling, general and administrative expenses	(271)	(239)	(551)	(471)
Merger related costs	—	(2)	(1)	(3)
Restructuring charge	(6)	(4)	(14)	(6)
Non-rental depreciation and amortization	(105)	(67)	(209)	(138)
Interest expense, net	(180)	(112)	(331)	(221)
Other income, net	2	1	5	2
Income before provision for income taxes	\$ 351	\$ 359	\$ 571	\$ 591

5. Restructuring Charges

Restructuring charges primarily include severance costs associated with headcount reductions, as well as branch closure charges. We incur severance costs and branch closure charges in the ordinary course of our business. We only include such costs that are part of a restructuring program as restructuring charges. Since the first such restructuring program was initiated in 2008, we have completed four restructuring programs and have incurred total restructuring charges of \$329.

Closed Restructuring Programs

Our closed restructuring programs were initiated either in recognition of a challenging economic environment or following the completion of certain significant acquisitions. As of June 30, 2019, the total liability associated with the closed restructuring programs was \$13.

BakerCorp/BlueLine Restructuring Program

In the third quarter of 2018, we initiated a restructuring program following the closing of the BakerCorp acquisition discussed in note 3 to the condensed consolidated financial statements. The restructuring program also includes actions undertaken associated with the BlueLine acquisition discussed in note 3 to the condensed consolidated financial statements. We expect to complete the restructuring program in 2019. The total costs expected to be incurred in connection with the program are not currently estimable, as we are still identifying the actions that will be undertaken.

The table below provides certain information concerning restructuring activity under the BakerCorp/BlueLine restructuring program during the six months ended June 30, 2019:

	Reserve Balance at December 31, 2018	Charged to Costs and Expenses (1)	Payments and Other	Reserve Balance at June 30, 2019
Branch closure charges	\$ 3	\$ 13	\$ (2)	\$ 14
Severance and other	9	5	(11)	3
Total	\$ 12	\$ 18	\$ (13)	\$ 17

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(1) Reflected in our condensed consolidated statements of income as “Restructuring charge” (such charge also includes activity under our closed restructuring programs). These charges are not allocated to our reportable segments.

6. Fair Value Measurements

As of June 30, 2019 and December 31, 2018, the amounts of our assets and liabilities that were accounted for at fair value were immaterial.

Fair value measurements are categorized in one of the following three levels based on the lowest level input that is significant to the fair value measurement in its entirety:

Level 1- Inputs to the valuation methodology are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2- Observable inputs other than quoted prices in active markets for identical assets or liabilities include:

- a) quoted prices for similar assets or liabilities in active markets;
- b) quoted prices for identical or similar assets or liabilities in inactive markets;
- c) inputs other than quoted prices that are observable for the asset or liability;
- d) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3- Inputs to the valuation methodology are unobservable (i.e., supported by little or no market activity) and significant to the fair value measure.

Fair Value of Financial Instruments

The carrying amounts reported in our condensed consolidated balance sheets for accounts receivable, accounts payable and accrued expenses and other liabilities approximate fair value due to the immediate to short-term maturity of these financial instruments. The fair values of our ABL, accounts receivable securitization and term loan facilities and finance/capital leases (the classification of such leases changed upon adoption of a new lease accounting standard, as explained further in note 8 to the condensed consolidated financial statements) approximated their book values as of June 30, 2019 and December 31, 2018. The estimated fair values of our financial instruments, all of which are categorized in Level 1 of the fair value hierarchy, as of June 30, 2019 and December 31, 2018 have been calculated based upon available market information, and were as follows:

	June 30, 2019		December 31, 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Senior notes	\$ 8,005	\$ 8,396	\$ 8,102	\$ 7,632

7. Debt

Debt, net of unamortized original issue discounts or premiums, and unamortized debt issuance costs, consists of the following:

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	June 30, 2019	December 31, 2018
Accounts Receivable Securitization Facility expiring 2020 (1) (2)	\$ 945	\$ 850
\$3.75 billion ABL Facility expiring 2024 (1) (3)	1,646	1,685
Term loan facility expiring 2025 (1)	984	988
4 ⁵ / ₈ percent Senior Secured Notes due 2023	994	994
5 ³ / ₄ percent Senior Notes due 2024 (4)	—	842
5 ¹ / ₂ percent Senior Notes due 2025	794	794
4 ⁵ / ₈ percent Senior Notes due 2025	742	741
5 ⁷ / ₈ percent Senior Notes due 2026	999	999
6 ¹ / ₂ percent Senior Notes due 2026	1,088	1,087
5 ¹ / ₂ percent Senior Notes due 2027	992	991
4 ⁷ / ₈ percent Senior Notes due 2028 (5)	1,651	1,650
4 ⁷ / ₈ percent Senior Notes due 2028 (5)	4	4
5 ¹ / ₄ percent Senior Notes due 2030 (6)	741	—
Finance leases (7)	115	—
Capital leases (7)	—	122
Total debt	11,695	11,747
Less short-term portion (8)	(995)	(903)
Total long-term debt	\$ 10,700	\$ 10,844

(1) The table below presents financial information associated with our variable rate indebtedness as of and for the six months ended June 30, 2019. We have borrowed the full available amount under the term loan facility. The principal obligation under the term loan facility is required to be repaid in quarterly installments in an aggregate amount equal to 1.0 percent per annum, with the balance due at the maturity of the facility. The average amount of debt outstanding under the term loan facility decreases slightly each quarter due to the requirement to repay a portion of the principal obligation.

	ABL facility	Accounts receivable securitization facility	Term loan facility
Borrowing capacity, net of letters of credit	\$ 2,046	\$ 30	\$ —
Letters of credit	45		
Interest rate at June 30, 2019	3.9%	3.2%	4.2%
Average month-end debt outstanding	1,558	898	995
Weighted-average interest rate on average debt outstanding	4.0%	3.3%	4.2%
Maximum month-end debt outstanding	1,691	958	998

- (2) In June 2019, the accounts receivable securitization facility was amended, primarily to extend the maturity date which may be further extended on a 364-day basis by mutual agreement with the purchasers under the facility. The facility expires on June 26, 2020. Borrowings under the accounts receivable securitization facility are permitted only to the extent that the face amount of the receivables in the collateral pool, net of applicable reserves and other deductions, exceeds the outstanding loans. As of June 30, 2019, there were \$1.001 billion of receivables, net of applicable reserves and other deductions, in the collateral pool.
- (3) In February 2019, the ABL facility was amended, primarily to increase the facility size to \$3.75 billion, extend the maturity date to February 2024 and make a portion of the facility available for borrowing in British Pounds and Euros by certain subsidiaries of URNA in Europe.
- (4) In May 2019, URNA redeemed all of its 5 ³/₄ percent Senior Notes. Upon redemption, we recognized a loss of \$32 in interest expense, net. The loss represented the difference between the net carrying amount and the total purchase price of the redeemed notes.

UNITED RENTALS, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars in millions, except per share data, unless otherwise indicated)

- (5) URNA separately issued 4 ⁷/₈ percent Senior Notes in August 2017 and in September 2017. Following the issuances, URNA consummated an exchange offer pursuant to which most of the 4 ⁷/₈ percent Senior Notes issued in September 2017 were exchanged for additional notes fungible with the 4 ⁷/₈ percent Senior Notes issued in August 2017.
- (6) In May 2019, URNA issued \$750 aggregate principal amount of 5 ¹/₄ percent Senior Notes (the “5 ¹/₄ percent Notes”) which are due January 15, 2030. The net proceeds from the issuance were approximately \$741 (after deducting offering expenses). The 5 ¹/₄ percent Notes are unsecured and are guaranteed by Holdings and certain domestic subsidiaries of URNA. The 5 ¹/₄ percent Notes may be redeemed on or after January 15, 2025, at specified redemption prices that range from 102.625 percent in 2025, to 100 percent in 2028 and thereafter, in each case, plus accrued and unpaid interest, if any. In addition, at any time on or prior to January 15, 2023, up to 40 percent of the aggregate principal amount of the 5 ¹/₄ percent Notes may be redeemed with the net cash proceeds of certain equity offerings at a redemption price equal to 105.250 percent of the aggregate principal amount of the notes plus accrued and unpaid interest, if any. The indenture governing the 5 ¹/₄ percent Notes contains certain restrictive covenants, including, among others, limitations on (i) liens; (ii) mergers and consolidations; (iii) sales, transfers and other dispositions of assets; (iv) dividends and other distributions, stock repurchases and redemptions and other restricted payments; and (v) designations of unrestricted subsidiaries, as well as a requirement to timely file periodic reports with the SEC. Each of the restrictive covenants is subject to important exceptions and qualifications that would allow URNA and its subsidiaries to engage in these activities under certain conditions. In addition, the covenant relating to dividends and other distributions, stock repurchases and redemptions and other restricted payments and the requirements relating to additional subsidiary guarantors will not apply to URNA and its restricted subsidiaries during any period when the 5 ¹/₄ percent Notes are rated investment grade by both Standard & Poor’s Ratings Services and Moody’s Investors Service, Inc., or, in certain circumstances, another rating agency selected by URNA, provided at such time no default under the indenture has occurred and is continuing. The indenture also requires that, in the event of a change of control (as defined in the indenture), URNA must make an offer to purchase all of the then-outstanding 5 ¹/₄ percent Notes tendered at a purchase price in cash equal to 101 percent of the principal amount thereof, plus accrued and unpaid interest, if any, thereon.
- (7) As discussed in note 8 to the condensed consolidated financial statements, we adopted an updated lease accounting standard on January 1, 2019. Upon adoption of the new standard, the leases that were previously classified as capital leases through December 31, 2018 were classified as finance leases. There were no significant changes to the accounting upon this change in classification.
- (8) As of June 30, 2019, our short-term debt primarily reflects \$945 of borrowings under our accounts receivable securitization facility.

Loan Covenants and Compliance

As of June 30, 2019, we were in compliance with the covenants and other provisions of the ABL, accounts receivable securitization and term loan facilities and the senior notes. Any failure to be in compliance with any material provision or covenant of these agreements could have a material adverse effect on our liquidity and operations.

The only financial maintenance covenant that currently exists under the ABL facility is the fixed charge coverage ratio. Subject to certain limited exceptions specified in the ABL facility, the fixed charge coverage ratio covenant under the ABL facility will only apply in the future if specified availability under the ABL facility falls below 10 percent of the maximum revolver amount under the ABL facility. When certain conditions are met, cash and cash equivalents and borrowing base collateral in excess of the ABL facility size may be included when calculating specified availability under the ABL facility. As of June 30, 2019, specified availability under the ABL facility exceeded the required threshold and, as a result, this financial maintenance covenant was inapplicable. Under our accounts receivable securitization facility, we are required, among other things, to maintain certain financial tests relating to: (i) the default ratio, (ii) the delinquency ratio, (iii) the dilution ratio and (iv) days sales outstanding. The accounts receivable securitization facility also requires us to comply with the fixed charge coverage ratio under the ABL facility, to the extent the ratio is applicable under the ABL facility.

8. Leases***Adoption of Accounting Standards Codification (“ASC”) Topic 842, “Leases”***

In March 2016, the FASB issued guidance (“Topic 842”) to increase transparency and comparability among organizations by requiring (1) recognition of lease assets and lease liabilities on the balance sheet and (2) disclosure of key information about leasing arrangements. Some changes to the lessor accounting guidance were made to align both of the following: (1) the lessor accounting guidance with certain changes made to the lessee accounting guidance and (2) key aspects of the lessor accounting model with revenue recognition guidance. We adopted Topic 842 at the required adoption date of January 1, 2019, using the transition method that allowed us to initially apply Topic 842 as of January 1, 2019 and recognize a cumulative-effect

UNITED RENTALS, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
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adjustment to the opening balance of retained earnings in the period of adoption. We used the package of practical expedients permitted under the transition guidance that allowed us to not reassess: (1) whether any expired or existing contracts are or contain leases, (2) lease classification for any expired or existing leases and (3) initial direct costs for any expired or existing leases. We additionally used, for our real estate operating leases, the practical expedient that allows lessees to treat the lease and non-lease components of leases as a single lease component. We did not recognize a material adjustment to the opening balance of retained earnings upon adoption. Because of the transition method we used to adopt Topic 842, Topic 842 was not applied to periods prior to adoption and the adoption of Topic 842 had no impact on our previously reported results.

As discussed in note 2 to the condensed consolidated financial statements, most of our equipment rental revenues, which accounted for 85 percent of total revenues for the six months ended June 30, 2019, were accounted for under the previous lease accounting standard through December 31, 2018 and are accounted for under Topic 842 following adoption. There were no significant changes to our revenue accounting upon adoption of Topic 842. See note 2 to the condensed consolidated financial statements for a discussion of our revenue accounting (such discussion includes lessor disclosures required under Topic 842).

The adoption of Topic 842 had a material impact on our condensed consolidated balance sheet due to the recognition of right-of-use (“ROU”) assets and lease liabilities, as discussed further below. The adoption of Topic 842 did not have a material impact on our condensed consolidated income statement (as noted above, although a significant portion of our revenue is accounted for under Topic 842 following adoption, there were no significant changes to our revenue accounting upon adoption) or our condensed consolidated cash flow statement.

Lease Accounting

We determine if an arrangement is a lease at inception. Our material lease contracts are generally for real estate or vehicles, and the determination of whether such contracts contain leases generally does not require significant estimates or judgments. We lease real estate and equipment under operating leases. We lease a significant portion of our branch locations, and also lease other premises used for purposes such as district and regional offices and service centers. Our finance lease obligations consist primarily of rental equipment (primarily vehicles) and building leases.

Operating leases result in the recognition of ROU assets and lease liabilities on the balance sheet. ROU assets represent our right to use the leased asset for the lease term and lease liabilities represent our obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of our leases do not provide an implicit rate, we use our estimated incremental borrowing rate at the commencement date to determine the present value of lease payments. The operating lease ROU assets also include any lease payments made and exclude lease incentives. Our lease terms may include options, at our sole discretion, to extend or terminate the lease that we are reasonably certain to exercise. The amount of payments associated with such options reflected in the “Maturity of lease liabilities” table below is not material. Most real estate leases include one or more options to renew, with renewal terms that can extend the lease term from 1 to 5 years or more. Lease expense is recognized on a straight-line basis over the lease term.

Leases with an initial term of 12 months or less are not recorded on the balance sheet. Lease expense on such leases is recognized on a straight-line basis over the lease term. The primary leases we enter into with initial terms of 12 months or less are for equipment that we rent from vendors and then rent to our customers. We generate sublease revenue from such leases that we refer to as “re-rent revenue” as discussed in note 2 to the condensed consolidated financial statements. Apart from the re-rent revenue discussed in note 2, we do not generate material sublease income.

We have lease agreements with lease and non-lease components, and, for our real estate operating leases, we account for the lease and non-lease components as a single lease component. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The tables below present financial information associated with our leases. This information is only presented as of, and for the three and six months ended, June 30, 2019 because, as noted above, we adopted Topic 842 using a transition method that does not require application to periods prior to adoption.

UNITED RENTALS, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars in millions, except per share data, unless otherwise indicated)

	Classification	June 30, 2019
Assets		
Operating lease assets	Operating lease right-of-use assets	\$ 619
Finance lease assets	Rental equipment	267
	Less accumulated depreciation	(91)
	Rental equipment, net	176
	Property and equipment, net:	
	Non-rental vehicles	8
	Buildings	16
	Less accumulated depreciation and amortization	(19)
	Property and equipment, net	5
Total leased assets		800
Liabilities		
Current		
Operating	Accrued expenses and other liabilities	170
Finance	Short-term debt and current maturities of long-term debt	40
Long-term		
Operating	Operating lease liabilities	497
Finance	Long-term debt	75
Total lease liabilities		\$ 782

Lease cost	Classification	Three Months Ended June 30, 2019	Six Months Ended June 30, 2019
Operating lease cost (1)	Cost of equipment rentals, excluding depreciation (1)	\$ 86	\$ 175
	Selling, general and administrative expenses	2	5
	Restructuring charge	7	13
Finance lease cost			
Amortization of leased assets	Depreciation of rental equipment	7	14
	Non-rental depreciation and amortization	—	1
Interest on lease liabilities	Interest expense, net	1	3
Sublease income (2)		(37)	(72)
Net lease cost		\$ 66	\$ 139

(1) Includes variable lease costs, which are immaterial. Cost of equipment rentals, excluding depreciation for the three and six months ended, June 30, 2019 includes \$29 and \$63, respectively, of short-term lease costs associated with equipment that we rent from vendors and then rent to our customers, as discussed further above. Apart from these costs, short-term lease costs are immaterial.

(2) Primarily reflects re-rent revenue as discussed further above.

UNITED RENTALS, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars in millions, except per share data, unless otherwise indicated)

Maturity of lease liabilities (as of June 30, 2019)	Operating leases (1)	Finance leases (2)
2019	\$ 116	\$ 22
2020	188	38
2021	156	38
2022	117	14
2023	82	3
Thereafter	98	6
Total	757	121
Less amount representing interest	(90)	(6)
Present value of lease liabilities	\$ 667	\$ 115

(1) Reflects payments for non-cancelable operating leases with initial or remaining terms of one year or more as of June 30, 2019. The table above does not include any legally binding minimum lease payments for leases signed but not yet commenced, and such leases are not material in the aggregate.

(2) The table above does not include any legally binding minimum lease payments for leases signed but not yet commenced, and such leases are not material in the aggregate.

Lease term and discount rate	June 30, 2019
Weighted-average remaining lease term (years)	
Operating leases	4.5
Finance leases	3.5
Weighted-average discount rate	
Operating leases	4.9%
Finance leases	3.9%

Other information	Six Months Ended June 30, 2019
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	\$ 102
Operating cash flows from finance leases	3
Financing cash flows from finance leases	22
Leased assets obtained in exchange for new operating lease liabilities	104
Leased assets obtained in exchange for new finance lease liabilities	\$ 17

9. Legal and Regulatory Matters

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

10. Earnings Per Share

Basic earnings per share is computed by dividing net income available to common stockholders by the weighted-average number of common shares outstanding. Diluted earnings per share is computed by dividing net income available to common stockholders by the weighted-average number of common shares plus the effect of dilutive potential common shares outstanding during the period. The following table sets forth the computation of basic and diluted earnings per share (shares in thousands):

UNITED RENTALS, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars in millions, except per share data, unless otherwise indicated)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2019	2018	2019	2018
Numerator:				
Net income available to common stockholders	\$ 270	\$ 270	445	453
Denominator:				
Denominator for basic earnings per share—weighted-average common shares	78,264	83,456	78,829	83,854
Effect of dilutive securities:				
Employee stock options	108	370	200	393
Restricted stock units	95	373	211	476
Denominator for diluted earnings per share—adjusted weighted-average common shares	78,467	84,199	79,240	84,723
Basic earnings per share	\$ 3.45	\$ 3.22	\$ 5.65	\$ 5.40
Diluted earnings per share	\$ 3.44	\$ 3.20	\$ 5.62	\$ 5.34

UNITED RENTALS, INC.**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**
(Dollars in millions, except per share data, unless otherwise indicated)**11. Condensed Consolidating Financial Information of Guarantor Subsidiaries**

URNA is 100 percent owned by Holdings (“Parent”) and has certain outstanding indebtedness that is guaranteed by both Parent and, with the exception of its U.S. special purpose vehicle which holds receivable assets relating to the Company’s accounts receivable securitization facility (the “SPV”), all of URNA’s U.S. subsidiaries (the “guarantor subsidiaries”). Other than the guarantee by certain Canadian subsidiaries of URNA’s indebtedness under the ABL facility, none of URNA’s indebtedness is guaranteed by URNA’s foreign subsidiaries or the SPV (together, the “non-guarantor subsidiaries”). The receivable assets owned by the SPV have been sold or contributed by URNA to the SPV and are not available to satisfy the obligations of URNA or Parent’s other subsidiaries. The guarantor subsidiaries are all 100 percent-owned and the guarantees are made on a joint and several basis. The guarantees are not full and unconditional because a guarantor subsidiary can be automatically released and relieved of its obligations under certain circumstances, including sale of the guarantor subsidiary, the sale of all or substantially all of the guarantor subsidiary’s assets, the requirements for legal defeasance or covenant defeasance under the applicable indenture being met, designating the guarantor subsidiary as an unrestricted subsidiary for purposes of the applicable covenants or the notes being rated investment grade by both Standard & Poor’s Ratings Services and Moody’s Investors Service, Inc., or, in certain circumstances, another rating agency selected by URNA. The guarantees are also subject to subordination provisions (to the same extent that the obligations of the issuer under the relevant notes are subordinated to other debt of the issuer) and to a standard limitation which provides that the maximum amount guaranteed by each guarantor will not exceed the maximum amount that can be guaranteed without making the guarantee void under fraudulent conveyance laws. Based on our understanding of Rule 3-10 of Regulation S-X (“Rule 3-10”), we believe that the guarantees of the guarantor subsidiaries comply with the conditions set forth in Rule 3-10 and therefore continue to utilize Rule 3-10 to present condensed consolidating financial information for Holdings, URNA, the guarantor subsidiaries and the non-guarantor subsidiaries. Separate consolidated financial statements of the guarantor subsidiaries have not been presented because management believes that such information would not be material to investors. However, condensed consolidating financial information is presented.

Covenants in the ABL, accounts receivable securitization and term loan facilities, and the other agreements governing our debt, impose operating and financial restrictions on URNA, Parent and the guarantor subsidiaries, including limitations on the ability to make share repurchases and dividend payments. As of June 30, 2019, the amount available for distribution under the most restrictive of these covenants was \$843. The Company’s total available capacity for making share repurchases and dividend payments includes the intercompany receivable balance of Parent. As of June 30, 2019, our total available capacity for making share repurchases and dividend payments, which includes URNA’s capacity to make restricted payments and the intercompany receivable balance of Parent, was \$2.766 billion.

The condensed consolidating financial information of Parent and its subsidiaries is as follows:

UNITED RENTALS, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars in millions, except per share data, unless otherwise indicated)
CONDENSED CONSOLIDATING BALANCE SHEET
June 30, 2019

	Parent	URNA	Guarantor Subsidiaries	Non-Guarantor Subsidiaries		Eliminations	Total
				Foreign	SPV		
ASSETS							
Cash and cash equivalents	\$ —	\$ 51	\$ —	\$ 24	\$ —	\$ —	\$ 75
Accounts receivable, net	—	—	—	150	1,375	—	1,525
Intercompany receivable (payable)	1,923	(1,807)	(109)	(8)	1	—	—
Inventory	—	123	—	12	—	—	135
Prepaid expenses and other assets	—	87	—	18	—	—	105
Total current assets	1,923	(1,546)	(109)	196	1,376	—	1,840
Rental equipment, net	—	9,091	—	748	—	—	9,839
Property and equipment, net	59	420	49	50	—	—	578
Investments in subsidiaries	1,507	1,598	1,034	—	—	(4,139)	—
Goodwill	—	4,749	—	385	—	—	5,134
Other intangible assets, net	—	946	—	73	—	—	1,019
Operating lease right-of-use assets	—	550	—	69	—	—	619
Other long-term assets	10	8	—	—	—	—	18
Total assets	\$ 3,499	\$ 15,816	\$ 974	\$ 1,521	\$ 1,376	\$ (4,139)	\$ 19,047
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)							
Short-term debt and current maturities of long-term debt	\$ —	\$ 48	\$ —	\$ 2	\$ 945	\$ —	\$ 995
Accounts payable	—	687	—	65	—	—	752
Accrued expenses and other liabilities	—	729	11	46	2	—	788
Total current liabilities	—	1,464	11	113	947	—	2,535
Long-term debt	—	10,680	8	12	—	—	10,700
Deferred taxes	21	1,632	—	90	—	—	1,743
Operating lease liabilities	—	439	—	58	—	—	497
Other long-term liabilities	—	94	—	—	—	—	94
Total liabilities	21	14,309	19	273	947	—	15,569
Total stockholders' equity (deficit)	3,478	1,507	955	1,248	429	(4,139)	3,478
Total liabilities and stockholders' equity (deficit)	\$ 3,499	\$ 15,816	\$ 974	\$ 1,521	\$ 1,376	\$ (4,139)	\$ 19,047

UNITED RENTALS, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars in millions, except per share data, unless otherwise indicated)
CONDENSED CONSOLIDATING BALANCE SHEET
December 31, 2018

	Parent	URNA	Guarantor Subsidiaries	Non-Guarantor Subsidiaries		Eliminations	Total
				Foreign	SPV		
ASSETS							
Cash and cash equivalents	\$ —	\$ 1	\$ —	\$ 42	\$ —	\$ —	\$ 43
Accounts receivable, net	—	—	—	159	1,386	—	1,545
Intercompany receivable (payable)	1,534	(1,423)	(96)	(15)	—	—	—
Inventory	—	96	—	13	—	—	109
Prepaid expenses and other assets	—	60	—	4	—	—	64
Total current assets	1,534	(1,266)	(96)	203	1,386	—	1,761
Rental equipment, net	—	8,910	—	690	—	—	9,600
Property and equipment, net	57	462	40	55	—	—	614
Investments in subsidiaries	1,826	1,646	980	—	—	(4,452)	—
Goodwill	—	4,661	—	397	—	—	5,058
Other intangible assets, net	—	1,004	—	80	—	—	1,084
Other long-term assets	9	7	—	—	—	—	16
Total assets	\$ 3,426	\$ 15,424	\$ 924	\$ 1,425	\$ 1,386	\$ (4,452)	\$ 18,133
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)							
Short-term debt and current maturities of long-term debt	\$ 1	\$ 50	\$ —	\$ 2	\$ 850	\$ —	\$ 903
Accounts payable	—	481	—	55	—	—	536
Accrued expenses and other liabilities	—	619	14	42	2	—	677
Total current liabilities	1	1,150	14	99	852	—	2,116
Long-term debt	—	10,778	9	57	—	—	10,844
Deferred taxes	22	1,587	—	78	—	—	1,687
Other long-term liabilities	—	83	—	—	—	—	83
Total liabilities	23	13,598	23	234	852	—	14,730
Total stockholders' equity (deficit)	3,403	1,826	901	1,191	534	(4,452)	3,403
Total liabilities and stockholders' equity (deficit)	\$ 3,426	\$ 15,424	\$ 924	\$ 1,425	\$ 1,386	\$ (4,452)	\$ 18,133

UNITED RENTALS, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars in millions, except per share data, unless otherwise indicated)
CONDENSED CONSOLIDATING STATEMENT OF INCOME AND COMPREHENSIVE INCOME
For the Three Months Ended June 30, 2019

	Parent	URNA	Guarantor Subsidiaries	Non-Guarantor Subsidiaries		Eliminations	Total
				Foreign	SPV		
Revenues:							
Equipment rentals	\$ —	\$ 1,798	\$ —	\$ 161	\$ 1	\$ —	\$ 1,960
Sales of rental equipment	—	181	—	16	—	—	197
Sales of new equipment	—	53	—	7	—	—	60
Contractor supplies sales	—	24	—	3	—	—	27
Service and other revenues	—	39	—	7	—	—	46
Total revenues	—	2,095	—	194	1	—	2,290
Cost of revenues:							
Cost of equipment rentals, excluding depreciation	—	692	—	76	1	—	769
Depreciation of rental equipment	—	367	—	32	—	—	399
Cost of rental equipment sales	—	108	—	8	—	—	116
Cost of new equipment sales	—	45	—	6	—	—	51
Cost of contractor supplies sales	—	17	—	2	—	—	19
Cost of service and other revenues	—	20	—	5	—	—	25
Total cost of revenues	—	1,249	—	129	1	—	1,379
Gross profit	—	846	—	65	—	—	911
Selling, general and administrative expenses	(32)	259	—	32	12	—	271
Merger related costs	—	—	—	—	—	—	—
Restructuring charge	—	6	—	—	—	—	6
Non-rental depreciation and amortization	6	91	—	8	—	—	105
Operating income (loss)	26	490	—	25	(12)	—	529
Interest (income) expense, net	(17)	189	—	—	8	—	180
Other (income) expense, net	(187)	213	—	15	(43)	—	(2)
Income before provision (benefit) for income taxes	230	88	—	10	23	—	351
Provision (benefit) for income taxes	53	26	—	(3)	5	—	81
Income before equity in net earnings (loss) of subsidiaries	177	62	—	13	18	—	270
Equity in net earnings (loss) of subsidiaries	93	31	10	—	—	(134)	—
Net income (loss)	270	93	10	13	18	(134)	270
Other comprehensive income (loss)	22	22	21	22	—	(65)	22
Comprehensive income (loss)	\$ 292	\$ 115	\$ 31	\$ 35	\$ 18	\$ (199)	\$ 292

UNITED RENTALS, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars in millions, except per share data, unless otherwise indicated)
CONDENSED CONSOLIDATING STATEMENT OF INCOME AND COMPREHENSIVE INCOME
For the Three Months Ended June 30, 2018

	Parent	URNA	Guarantor Subsidiaries	Non-Guarantor Subsidiaries		Eliminations	Total
				Foreign	SPV		
Revenues:							
Equipment rentals	\$ —	\$ 1,507	\$ —	\$ 124	\$ —	\$ —	\$ 1,631
Sales of rental equipment	—	143	—	14	—	—	157
Sales of new equipment	—	40	—	4	—	—	44
Contractor supplies sales	—	21	—	3	—	—	24
Service and other revenues	—	29	—	6	—	—	35
Total revenues	—	1,740	—	151	—	—	1,891
Cost of revenues:							
Cost of equipment rentals, excluding depreciation	—	561	—	59	—	—	620
Depreciation of rental equipment	—	298	—	25	—	—	323
Cost of rental equipment sales	—	85	—	7	—	—	92
Cost of new equipment sales	—	34	—	4	—	—	38
Cost of contractor supplies sales	—	14	—	2	—	—	16
Cost of service and other revenues	—	16	—	4	—	—	20
Total cost of revenues	—	1,008	—	101	—	—	1,109
Gross profit	—	732	—	50	—	—	782
Selling, general and administrative expenses	(35)	242	—	23	9	—	239
Merger related costs	—	2	—	—	—	—	2
Restructuring charge	—	4	—	—	—	—	4
Non-rental depreciation and amortization	4	58	—	5	—	—	67
Operating income (loss)	31	426	—	22	(9)	—	470
Interest (income) expense, net	(8)	115	—	—	5	—	112
Other (income) expense, net	(156)	172	—	13	(30)	—	(1)
Income before provision for income taxes	195	139	—	9	16	—	359
Provision for income taxes	43	40	—	2	4	—	89
Income before equity in net earnings (loss) of subsidiaries	152	99	—	7	12	—	270
Equity in net earnings (loss) of subsidiaries	118	19	7	—	—	(144)	—
Net income (loss)	270	118	7	7	12	(144)	270
Other comprehensive (loss) income	(20)	(20)	(21)	(90)	—	131	(20)
Comprehensive income (loss)	\$ 250	\$ 98	\$ (14)	\$ (83)	\$ 12	\$ (13)	\$ 250

UNITED RENTALS, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars in millions, except per share data, unless otherwise indicated)
CONDENSED CONSOLIDATING STATEMENT OF INCOME AND COMPREHENSIVE INCOME
For the Six Months Ended June 30, 2019

	Parent	URNA	Guarantor Subsidiaries	Non-Guarantor Subsidiaries		Eliminations	Total
				Foreign	SPV		
Revenues:							
Equipment rentals	\$ —	\$ 3,436	\$ —	\$ 318	\$ 1	\$ —	\$ 3,755
Sales of rental equipment	—	354	—	35	—	—	389
Sales of new equipment	—	106	—	16	—	—	122
Contractor supplies sales	—	46	—	5	—	—	51
Service and other revenues	—	78	—	12	—	—	90
Total revenues	—	4,020	—	386	1	—	4,407
Cost of revenues:							
Cost of equipment rentals, excluding depreciation	—	1,349	—	161	1	—	1,511
Depreciation of rental equipment	—	731	—	63	—	—	794
Cost of rental equipment sales	—	221	—	20	—	—	241
Cost of new equipment sales	—	91	—	14	—	—	105
Cost of contractor supplies sales	—	33	—	3	—	—	36
Cost of service and other revenues	—	41	—	7	—	—	48
Total cost of revenues	—	2,466	—	268	1	—	2,735
Gross profit	—	1,554	—	118	—	—	1,672
Selling, general and administrative expenses	21	442	—	59	29	—	551
Merger related costs	—	1	—	—	—	—	1
Restructuring charge	—	15	—	(1)	—	—	14
Non-rental depreciation and amortization	10	182	—	17	—	—	209
Operating (loss) income	(31)	914	—	43	(29)	—	897
Interest (income) expense, net	(33)	348	—	—	16	—	331
Other (income) expense, net	(359)	410	—	29	(85)	—	(5)
Income before provision (benefit) for income taxes	361	156	—	14	40	—	571
Provision (benefit) for income taxes	76	42	—	(2)	10	—	126
Income before equity in net earnings (loss) of subsidiaries	285	114	—	16	30	—	445
Equity in net earnings (loss) of subsidiaries	160	46	12	—	—	(218)	—
Net income (loss)	445	160	12	16	30	(218)	445
Other comprehensive income (loss)	43	43	42	41	—	(126)	43
Comprehensive income (loss)	\$ 488	\$ 203	\$ 54	\$ 57	\$ 30	\$ (344)	\$ 488

UNITED RENTALS, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars in millions, except per share data, unless otherwise indicated)
CONDENSED CONSOLIDATING STATEMENT OF INCOME AND COMPREHENSIVE INCOME
For the Six Months Ended June 30, 2018

	Parent	URNA	Guarantor Subsidiaries	Non-Guarantor Subsidiaries		Eliminations	Total
				Foreign	SPV		
Revenues:							
Equipment rentals	\$ —	\$ 2,853	\$ —	\$ 237	\$ —	\$ —	\$ 3,090
Sales of rental equipment	—	307	—	31	—	—	338
Sales of new equipment	—	77	—	9	—	—	86
Contractor supplies sales	—	36	—	6	—	—	42
Service and other revenues	—	60	—	9	—	—	69
Total revenues	—	3,333	—	292	—	—	3,625
Cost of revenues:							
Cost of equipment rentals, excluding depreciation	—	1,096	—	116	—	—	1,212
Depreciation of rental equipment	—	595	—	50	—	—	645
Cost of rental equipment sales	—	183	—	16	—	—	199
Cost of new equipment sales	—	67	—	8	—	—	75
Cost of contractor supplies sales	—	24	—	4	—	—	28
Cost of service and other revenues	—	33	—	5	—	—	38
Total cost of revenues	—	1,998	—	199	—	—	2,197
Gross profit	—	1,335	—	93	—	—	1,428
Selling, general and administrative expenses	5	407	—	42	17	—	471
Merger related costs	—	3	—	—	—	—	3
Restructuring charge	—	6	—	—	—	—	6
Non-rental depreciation and amortization	8	120	—	10	—	—	138
Operating (loss) income	(13)	799	—	41	(17)	—	810
Interest (income) expense, net	(15)	227	1	(1)	10	(1)	221
Other (income) expense, net	(297)	333	—	24	(62)	—	(2)
Income (loss) before provision for income taxes	299	239	(1)	18	35	1	591
Provision for income taxes	60	64	—	5	9	—	138
Income (loss) before equity in net earnings (loss) of subsidiaries	239	175	(1)	13	26	1	453
Equity in net earnings (loss) of subsidiaries	214	39	13	—	—	(266)	—
Net income (loss)	453	214	12	13	26	(265)	453
Other comprehensive (loss) income	(45)	(45)	(46)	(113)	—	204	(45)
Comprehensive income (loss)	\$ 408	\$ 169	\$ (34)	\$ (100)	\$ 26	\$ (61)	\$ 408

UNITED RENTALS, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars in millions, except per share data, unless otherwise indicated)
CONDENSED CONSOLIDATING CASH FLOW INFORMATION
For the Six Months Ended June 30, 2019

	Parent	URNA	Guarantor Subsidiaries	Non-Guarantor Subsidiaries		Eliminations	Total
				Foreign	SPV		
Net cash provided by operating activities	\$ 9	\$ 1,457	\$ —	\$ 83	\$ 41	\$ —	\$ 1,590
Net cash used in investing activities	(9)	(943)	—	(54)	—	—	(1,006)
Net cash used in financing activities	—	(464)	—	(47)	(41)	—	(552)
Net increase (decrease) in cash and cash equivalents	—	50	—	(18)	—	—	32
Cash and cash equivalents at beginning of period	—	1	—	42	—	—	43
Cash and cash equivalents at end of period	\$ —	\$ 51	\$ —	\$ 24	\$ —	\$ —	\$ 75

CONDENSED CONSOLIDATING CASH FLOW INFORMATION
For the Six Months Ended June 30, 2018

	Parent	URNA	Guarantor Subsidiaries	Non-Guarantor Subsidiaries		Eliminations	Total
				Foreign	SPV		
Net cash provided by (used in) operating activities	\$ 12	\$ 1,714	\$ (1)	\$ (66)	\$ (10)	\$ —	\$ 1,649
Net cash used in investing activities	(12)	(920)	—	(73)	—	—	(1,005)
Net cash (used in) provided by financing activities	—	(773)	1	(108)	10	—	(870)
Effect of foreign exchange rates	—	—	—	(9)	—	—	(9)
Net increase (decrease) in cash and cash equivalents	—	21	—	(256)	—	—	(235)
Cash and cash equivalents at beginning of period	—	23	—	329	—	—	352
Cash and cash equivalents at end of period	\$ —	\$ 44	\$ —	\$ 73	\$ —	\$ —	\$ 117

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (dollars in millions, except per share data, unless otherwise indicated)

Executive Overview

We are the largest equipment rental company in the world, with an integrated network of 1,175 rental locations in the United States, Canada and Europe. As discussed in note 3 to the condensed consolidated financial statements, in July 2018, we completed the acquisition of BakerCorp, which allowed for our entry into select European markets. Although the equipment rental industry is highly fragmented and diverse, we believe that we are well positioned to take advantage of this environment because, as a larger company, we have more extensive resources and certain competitive advantages. These include a fleet of rental equipment with a total original equipment cost ("OEC") of \$14.6 billion, and a national branch network that operates in 49 U.S. states and every Canadian province, and serves 99 of the largest 100 metropolitan areas in the U.S. The BakerCorp acquisition discussed above added 11 European locations in France, Germany, the United Kingdom and the Netherlands to our branch network. Our size also gives us greater purchasing power, the ability to provide customers with a broader range of equipment and services, the ability to provide customers with equipment that is more consistently well-maintained and therefore more productive and reliable, and the ability to enhance the earning potential of our assets by transferring equipment among branches to satisfy customer needs.

We offer approximately 4,000 classes of equipment for rent to a diverse customer base that includes construction and industrial companies, manufacturers, utilities, municipalities, homeowners and government entities. Our revenues are derived from the following sources: equipment rentals, sales of rental equipment, sales of new equipment, contractor supplies sales and service and other revenues. Equipment rentals represented 85 percent of total revenues for the six months ended June 30, 2019.

For the past several years, we have executed a strategy focused on improving the profitability of our core equipment rental business through revenue growth, margin expansion and operational efficiencies. In particular, we have focused on customer segmentation, customer service differentiation, rate management, fleet management and operational efficiency.

In 2019, we expect to continue our disciplined focus on increasing our profitability and return on invested capital. In particular, our strategy calls for:

- *A consistently superior standard of service to customers*, often provided through a single point of contact;
- *The further optimization of our customer mix and fleet mix*, with a dual objective: to enhance our performance in serving our current customer base, and to focus on the accounts and customer types that are best suited to our strategy for profitable growth. We believe these efforts will lead to even better service of our target accounts, primarily large construction and industrial customers, as well as select local contractors. Our fleet team's analyses are aligned with these objectives to identify trends in equipment categories and define action plans that can generate improved returns;
- *A continued focus on "Lean" management techniques, including kaizen processes focused on continuous improvement*. We continue to implement Lean kaizen processes across our branch network, with the objectives of: reducing the cycle time associated with renting our equipment to customers; improving invoice accuracy and service quality; reducing the elapsed time for equipment pickup and delivery; and improving the effectiveness and efficiency of our repair and maintenance operations;
- *A continued focus on Project XL*, which is a set of eight specific work streams focused on driving profitable growth through revenue opportunities and generating incremental profitability through cost savings across our business;
- *The continued expansion of our trench, power and fluid solutions footprint, as well as our tools offering, and the cross-selling of these services throughout our network*, as exhibited by our acquisition of BakerCorp discussed in note 3 to the condensed consolidated financial statements. We believe that the expansion of our trench, power and fluid solutions business, as well as our tools offering, will further position United Rentals as a single source provider of total jobsite solutions through our extensive product and service resources and technology offerings; and
- *The pursuit of strategic acquisitions to continue to expand our core equipment rental business*, as exhibited by our recently completed acquisitions of NES Rentals Holdings II, Inc. ("NES"), Neff Corporation ("Neff") and BlueLine (which is discussed further in note 3 to the condensed consolidated financial statements). Strategic acquisitions allow us to invest our capital to expand our business, further driving our ability to accomplish our strategic goals.

Financial Overview

Since January 1, 2018, we have taken the following actions to improve our financial flexibility and liquidity, and to position us to invest the necessary capital in our business:

- Issued \$1.1 billion principal amount of 6 1/2 percent Senior Notes due 2026;

- Issued \$750 principal amount of 5 1/4 percent Senior Notes due 2030;
- Redeemed all of our 5 3/4 percent Senior Notes;
- Entered into a \$1 billion term loan facility;
- Amended and extended our ABL facility, including an increase in the facility size from \$3.0 billion to \$3.75 billion; and
- Amended and extended our accounts receivable securitization facility, including an increase in the facility size from \$775 to \$975.

As of June 30, 2019, we had available liquidity of \$2.151 billion, including cash and cash equivalents of \$75.

Net income. Net income and diluted earnings per share for the three and six months ended June 30, 2019 and 2018 are presented below.

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2019	2018	2019	2018
Net income	\$ 270	\$ 270	\$ 445	\$ 453
Diluted earnings per share	\$ 3.44	\$ 3.20	\$ 5.62	\$ 5.34

Net income and diluted earnings per share for the three and six months ended June 30, 2019 and 2018 include the after-tax impacts of the items below. The tax rates applied to the items below reflect the statutory rates in the applicable entities.

	Three Months Ended June 30,				Six Months Ended June 30,			
	2019		2018		2019		2018	
	25.3%		25.3%		25.4%		25.3%	
Tax rate applied to items below	Contribution to net income (after-tax)	Impact on diluted earnings per share	Contribution to net income (after-tax)	Impact on diluted earnings per share	Contribution to net income (after-tax)	Impact on diluted earnings per share	Contribution to net income (after-tax)	Impact on diluted earnings per share
Merger related costs (1)	\$ (1)	\$ —	\$ (2)	\$ (0.02)	\$ (1)	\$ (0.01)	\$ (3)	\$ (0.03)
Merger related intangible asset amortization (2)	(49)	(0.64)	(30)	(0.37)	(101)	(1.28)	(64)	(0.76)
Impact on depreciation related to acquired fleet and property and equipment (3)	(10)	(0.12)	(7)	(0.08)	(21)	(0.26)	(15)	(0.17)
Impact of the fair value mark-up of acquired fleet (4)	(12)	(0.15)	(12)	(0.15)	(32)	(0.41)	(30)	(0.36)
Restructuring charge (5)	(4)	(0.06)	(2)	(0.03)	(10)	(0.13)	(4)	(0.05)
Asset impairment charge (6)	(3)	(0.03)	—	—	(3)	(0.03)	—	—
Loss on repurchase/redemption of debt securities and amendment of ABL facility	(24)	(0.30)	—	—	(24)	(0.30)	—	—

(1) This reflects transaction costs associated with the NES and Neff acquisitions that were completed in 2017, and the BakerCorp and BlueLine acquisitions discussed in note 3 to our condensed consolidated financial statements. Merger related costs only include costs associated with major acquisitions that significantly impact our operations. For additional information, see "Results of Operations-Other costs/(income)-merger related costs" below.

(2) This reflects the amortization of the intangible assets acquired in the RSC, National Pump, NES, Neff, BakerCorp and BlueLine acquisitions.

- (3) This reflects the impact of extending the useful lives of equipment acquired in the RSC, NES, Neff, BakerCorp and BlueLine acquisitions, net of the impact of additional depreciation associated with the fair value mark-up of such equipment.
- (4) This reflects additional costs recorded in cost of rental equipment sales associated with the fair value mark-up of rental equipment acquired in the RSC, NES, Neff and BlueLine acquisitions that was subsequently sold.
- (5) This primarily reflects severance and branch closure charges associated with our restructuring programs. For additional information, see note 5 to our condensed consolidated financial statements.
- (6) This reflects write-offs of leasehold improvements and other fixed assets.

EBITDA GAAP Reconciliations. EBITDA represents the sum of net income, provision for income taxes, interest expense, net, depreciation of rental equipment and non-rental depreciation and amortization. Adjusted EBITDA represents EBITDA plus the sum of the merger related costs, restructuring charge, stock compensation expense, net and the impact of the fair value mark-up of the acquired fleet. These items are excluded from adjusted EBITDA internally when evaluating our operating performance and for strategic planning and forecasting purposes, and allow investors to make a more meaningful comparison between our core business operating results over different periods of time, as well as with those of other similar companies. The EBITDA and adjusted EBITDA margins represent EBITDA or adjusted EBITDA divided by total revenue. Management believes that EBITDA and adjusted EBITDA, when viewed with the Company's results under GAAP and the accompanying reconciliations, provide useful information about operating performance and period-over-period growth, and provide additional information that is useful for evaluating the operating performance of our core business without regard to potential distortions. Additionally, management believes that EBITDA and adjusted EBITDA help investors gain an understanding of the factors and trends affecting our ongoing cash earnings, from which capital investments are made and debt is serviced. However, EBITDA and adjusted EBITDA are not measures of financial performance or liquidity under GAAP and, accordingly, should not be considered as alternatives to net income or cash flow from operating activities as indicators of operating performance or liquidity.

The table below provides a reconciliation between net income and EBITDA and adjusted EBITDA:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2019	2018	2019	2018
Net income	\$ 270	\$ 270	\$ 445	\$ 453
Provision for income taxes	81	89	126	138
Interest expense, net	180	112	331	221
Depreciation of rental equipment	399	323	794	645
Non-rental depreciation and amortization	105	67	209	138
EBITDA	\$ 1,035	\$ 861	\$ 1,905	\$ 1,595
Merger related costs (1)	—	2	1	3
Restructuring charge (2)	6	4	14	6
Stock compensation expense, net (3)	16	24	31	43
Impact of the fair value mark-up of acquired fleet (4)	16	16	43	40
Adjusted EBITDA	\$ 1,073	\$ 907	\$ 1,994	\$ 1,687

The table below provides a reconciliation between net cash provided by operating activities and EBITDA and adjusted EBITDA:

	Six Months Ended June 30,	
	2019	2018
Net cash provided by operating activities	\$ 1,590	\$ 1,649
Adjustments for items included in net cash provided by operating activities but excluded from the calculation of EBITDA:		
Amortization of deferred financing costs and original issue discounts	(8)	(6)
Gain on sales of rental equipment	148	139
Gain on sales of non-rental equipment	3	3
Gain on insurance proceeds from damaged equipment	12	14
Merger related costs (1)	(1)	(3)
Restructuring charge (2)	(14)	(6)
Stock compensation expense, net (3)	(31)	(43)
Loss on repurchase/redemption of debt securities and amendment of ABL facility	(32)	—
Changes in assets and liabilities	(136)	(404)
Cash paid for interest	301	213
Cash paid for income taxes, net	73	39
EBITDA	\$ 1,905	\$ 1,595
Add back:		
Merger related costs (1)	1	3
Restructuring charge (2)	14	6
Stock compensation expense, net (3)	31	43
Impact of the fair value mark-up of acquired fleet (4)	43	40
Adjusted EBITDA	\$ 1,994	\$ 1,687

- (1) This reflects transaction costs associated with the NES and Neff acquisitions that were completed in 2017, and the BakerCorp and BlueLine acquisitions discussed in note 3 to our condensed consolidated financial statements. Merger related costs only include costs associated with major acquisitions that significantly impact our operations. For additional information, see "Results of Operations-Other costs/(income)-merger related costs" below.
- (2) This primarily reflects severance and branch closure charges associated with our restructuring programs. For additional information, see note 5 to our condensed consolidated financial statements.
- (3) Represents non-cash, share-based payments associated with the granting of equity instruments.
- (4) This reflects additional costs recorded in cost of rental equipment sales associated with the fair value mark-up of rental equipment acquired in the RSC, NES, Neff and BlueLine acquisitions that was subsequently sold.

For the three months ended June 30, 2019, EBITDA increased \$174, or 20.2 percent, and adjusted EBITDA increased \$166, or 18.3 percent. For the three months ended June 30, 2019, EBITDA margin decreased 30 basis points to 45.2 percent, and adjusted EBITDA margin decreased 110 basis points to 46.9 percent. As discussed in note 3 to our condensed consolidated financial statements, we completed the acquisitions of BakerCorp in July 2018 and BlueLine in October 2018, and EBITDA and adjusted EBITDA for 2019 include the impact of BakerCorp and BlueLine. The decrease in the adjusted EBITDA margin primarily reflects i) the impact of the BakerCorp and BlueLine acquisitions and ii) changes in revenue mix.

For the six months ended June 30, 2019, EBITDA increased \$310, or 19.4 percent, and adjusted EBITDA increased \$307, or 18.2 percent. For the six months ended June 30, 2019, EBITDA margin decreased 80 basis points to 43.2 percent, and adjusted EBITDA margin decreased 130 basis points to 45.2 percent. As discussed in note 3 to our condensed consolidated financial statements, we completed the acquisitions of BakerCorp in July 2018 and BlueLine in October 2018, and EBITDA and adjusted EBITDA for 2019 include the impact of BakerCorp and BlueLine. The decrease in the EBITDA margin primarily reflects i) the impact of the BakerCorp and BlueLine acquisitions and ii) increased restructuring charges associated with the BakerCorp and BlueLine acquisitions. The decrease in the adjusted EBITDA margin primarily reflects the impact of the BakerCorp and BlueLine acquisitions.

Revenues were as follows:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2019	2018	Change	2019	2018	Change
Equipment rentals*	\$ 1,960	\$ 1,631	20.2 %	\$ 3,755	\$ 3,090	21.5 %
Sales of rental equipment	197	157	25.5 %	389	338	15.1 %
Sales of new equipment	60	44	36.4 %	122	86	41.9 %
Contractor supplies sales	27	24	12.5 %	51	42	21.4 %
Service and other revenues	46	35	31.4 %	90	69	30.4 %
Total revenues	\$ 2,290	\$ 1,891	21.1 %	\$ 4,407	\$ 3,625	21.6 %
*Equipment rentals variance components:						
Year-over-year change in average OEC			23.2 %			23.4 %
Assumed year-over-year inflation impact (1)			(1.5)%			(1.5)%
Fleet productivity (2)			(3.1)%			(2.2)%
Contribution from ancillary and re-rent revenue (3)			1.6 %			1.8 %
Total change in equipment rentals			20.2 %			21.5 %
*Pro forma equipment rentals variance components (4):						
Year-over-year change in average OEC			5.5 %			5.6 %
Assumed year-over-year inflation impact (1)			(1.5)%			(1.5)%
Fleet productivity (2)			0.7 %			1.4 %
Contribution from ancillary and re-rent revenue (3)			0.1 %			0.4 %
Total change in equipment rentals			4.8 %			5.9 %

- (1) Reflects the estimated impact of inflation on the revenue productivity of fleet based on OEC, which is recorded at cost.
- (2) Reflects the combined impact of changes in rental rates, time utilization, and mix that contribute to the variance in owned equipment rental revenue. See note 2 to the condensed consolidated financial statements for a discussion of the different types of equipment rentals revenue. Rental rate changes are calculated based on the year-over-year variance in average contract rates, weighted by the prior period revenue mix. Time utilization is calculated by dividing the amount of time an asset is on rent by the amount of time the asset has been owned during the year. Mix includes the impact of changes in customer, fleet, geographic and segment mix.
- (3) Reflects the combined impact of changes in the other types of equipment rentals revenue (see note 2 for further detail), excluding owned equipment rental revenue.
- (4) As discussed in note 3 to the condensed consolidated financial statements, we completed the acquisitions of BakerCorp and BlueLine in July 2018 and October 2018, respectively. The pro forma information includes the standalone, pre-acquisition results of BakerCorp and BlueLine.

Equipment rentals include our revenues from renting equipment, as well as revenue related to the fees we charge customers: for equipment delivery and pick-up; to protect the customer against liability for damage to our equipment while on rent; for fuel; and for environmental costs. Sales of rental equipment represent our revenues from the sale of used rental equipment. Sales of new equipment represent our revenues from the sale of new equipment. Contractor supplies sales represent our sales of supplies utilized by contractors, which include construction consumables, tools, small equipment and safety supplies. Services and other revenues primarily represent our revenues earned from providing repair and maintenance services on our customers' fleet (including parts sales). See note 2 to the condensed consolidated financial statements for a discussion of our revenue recognition accounting.

For the three months ended June 30, 2019, total revenues of \$2.290 billion increased 21.1 percent compared with 2018. Equipment rentals and sales of rental equipment are our largest revenue types (together, they accounted for 94 percent of total revenue for the three months ended June 30, 2019). Equipment rentals increased 20.2 percent, primarily due to a 23.2 percent increase in average OEC, which includes the impact of the BakerCorp and BlueLine acquisitions discussed in note 3 to the condensed consolidated financial statements. As explained further above, fleet productivity is a measure of the decisions made to optimize the balance of rental rates, time utilization and mix to produce revenue and drive efficient growth. On a pro forma basis including the standalone, pre-acquisition results of BakerCorp and BlueLine, equipment rentals increased 4.8 percent, primarily due to a 5.5 percent increase in average OEC and a fleet productivity increase of 0.7 percent. Sales of rental

equipment increased 25.5 percent primarily due to increased volume, which included the impact of the BlueLine acquisition, driven by a larger fleet size in a strong used equipment market.

For the six months ended June 30, 2019, total revenues of \$4.407 billion increased 21.6 percent compared with 2018. Equipment rentals increased 21.5 percent, primarily due to a 23.4 percent increase in average OEC, which includes the impact of the BakerCorp and BlueLine acquisitions discussed in note 3 to the condensed consolidated financial statements. On a pro forma basis including the standalone, pre-acquisition results of BakerCorp and BlueLine, equipment rentals increased 5.9 percent, primarily due to a 5.6 percent increase in average OEC and a fleet productivity increase of 1.4 percent. Sales of rental equipment increased 15.1 percent primarily due to increased volume, which included the impact of the BlueLine acquisition, driven by a larger fleet size in a strong used equipment market.

Results of Operations

As discussed in note 4 to our condensed consolidated financial statements, our reportable segments are general rentals and trench, power and fluid solutions. The general rentals segment includes the rental of construction, aerial, industrial and homeowner equipment and related services and activities. The general rentals segment's customers include construction and industrial companies, manufacturers, utilities, municipalities, homeowners and government entities. The general rentals segment operates throughout the United States and Canada. The trench, power and fluid solutions segment is comprised of i) the Trench Safety region, which rents trench safety equipment such as trench shields, aluminum hydraulic shoring systems, slide rails, crossing plates, construction lasers and line testing equipment for underground work, ii) the Power and HVAC region, which rents power and HVAC equipment such as portable diesel generators, electrical distribution equipment, and temperature control equipment including heating and cooling equipment, and iii) the Fluid Solutions and iv) Fluid Solutions Europe regions, both of which rent equipment primarily used for fluid containment, transfer and treatment. The trench, power and fluid solutions segment's customers include construction companies involved in infrastructure projects, municipalities and industrial companies. The trench, power and fluid solutions segment operates throughout the United States and in Canada and Europe.

As discussed in note 4 to our condensed consolidated financial statements, we aggregate our 11 geographic regions—Carolinas, Gulf South, Industrial (which serves the geographic Gulf region and has a strong industrial presence), Mid-Atlantic, Mid Central, Midwest, Northeast, Pacific West, South, Southeast and Western Canada—into our general rentals reporting segment. Historically, there have been variances in the levels of equipment rentals gross margins achieved by these regions. For the five year period ended June 30, 2019, three of our general rentals' regions had an equipment rentals gross margin that varied by between 10 percent and 16 percent from the equipment rentals gross margins of the aggregated general rentals' regions over the same period. The rental industry is cyclical, and there historically have been regions with equipment rentals gross margins that varied by greater than 10 percent from the equipment rentals gross margins of the aggregated general rentals' regions, though the specific regions with margin variances of over 10 percent have fluctuated. We expect margin convergence going forward given the cyclical nature of the rental industry, and monitor the margin variances and confirm the expectation of future convergence on a quarterly basis. When monitoring for margin convergence, we include projected future results.

We similarly monitor the margin variances for the regions in the trench, power and fluid solutions segment. The trench, power and fluid solutions segment includes the locations acquired in the July 2018 BakerCorp acquisition discussed in note 3 to the condensed consolidated financial statements. As such, there is not a long history of the acquired locations' rental margins included in the trench, power and pump segment. When monitoring for margin convergence, we include projected future results. We monitor the trench, power and fluid solutions segment margin variances and confirm the expectation of future convergence on a quarterly basis. The historic, pre-acquisition margins for the acquired BakerCorp locations are lower than the margins achieved at the other locations in the segment. We expect that the margins at the acquired locations will increase as we realize synergies following the acquisition, as a result of which, we expect future margin convergence.

We believe that the regions that are aggregated into our segments have similar economic characteristics, as each region is capital intensive, offers similar products to similar customers, uses similar methods to distribute its products, and is subject to similar competitive risks. The aggregation of our regions also reflects the management structure that we use for making operating decisions and assessing performance. Although we believe aggregating these regions into our reporting segments for segment reporting purposes is appropriate, to the extent that there are significant margin variances that do not converge, we may be required to disaggregate the regions into separate reporting segments. Any such disaggregation would have no impact on our consolidated results of operations.

These segments align our external segment reporting with how management evaluates and allocates resources. We evaluate segment performance primarily based on segment equipment rentals gross profit. Our revenues, operating results, and financial condition fluctuate from quarter to quarter reflecting the seasonal rental patterns of our customers, with rental activity tending to be lower in the winter.

Revenues by segment were as follows:

	General rentals	Trench, power and fluid solutions	Total
Three Months Ended June 30, 2019			
Equipment rentals	\$ 1,527	\$ 433	\$ 1,960
Sales of rental equipment	180	17	197
Sales of new equipment	52	8	60
Contractor supplies sales	19	8	27
Service and other revenues	40	6	46
Total revenue	\$ 1,818	\$ 472	\$ 2,290
Three Months Ended June 30, 2018			
Equipment rentals	\$ 1,332	\$ 299	\$ 1,631
Sales of rental equipment	145	12	157
Sales of new equipment	38	6	44
Contractor supplies sales	19	5	24
Service and other revenues	32	3	35
Total revenue	\$ 1,566	\$ 325	\$ 1,891
Six Months Ended June 30, 2019			
Equipment rentals	\$ 2,950	\$ 805	\$ 3,755
Sales of rental equipment	358	31	389
Sales of new equipment	107	15	122
Contractor supplies sales	36	15	51
Service and other revenues	77	13	90
Total revenue	\$ 3,528	\$ 879	\$ 4,407
Six Months Ended June 30, 2018			
Equipment rentals	\$ 2,533	\$ 557	\$ 3,090
Sales of rental equipment	316	22	338
Sales of new equipment	75	11	86
Contractor supplies sales	33	9	42
Service and other revenues	62	7	69
Total revenue	\$ 3,019	\$ 606	\$ 3,625

Equipment rentals. For the three months ended June 30, 2019, equipment rentals of \$1.960 billion increased \$329, or 20.2 percent, as compared to the same period in 2018, primarily due to a 23.2 percent increase in average OEC, which includes the impact of the BakerCorp and BlueLine acquisitions discussed in note 3 to our condensed consolidated financial statements. On a pro forma basis including the standalone, pre-acquisition results of BakerCorp and BlueLine, equipment rental revenue increased 4.8 percent year-over-year, primarily due to a 5.5 percent increase in average OEC and a fleet productivity increase of 0.7 percent. As explained further above (see "Financial Overview-Revenues"), fleet productivity is a comprehensive measure of the combined impact of key decisions made daily by our managers regarding rental rates, time utilization and mix on the year-over-year change in owned equipment rental revenue. Equipment rentals represented 86 percent of total revenues for the three months ended June 30, 2019.

For the six months ended June 30, 2019, equipment rentals of \$3.755 billion increased \$665, or 21.5 percent, as compared to the same period in 2018, primarily due to a 23.4 percent increase in average OEC, which includes the impact of the BakerCorp and BlueLine acquisitions discussed in note 3 to our condensed consolidated financial statements. On a pro forma basis including the standalone, pre-acquisition results of BakerCorp and BlueLine, equipment rental revenue increased 5.9 percent year-over-year, primarily due to a 5.6 percent increase in average OEC and a fleet productivity increase of 1.4 percent. Equipment rentals represented 85 percent of total revenues for the six months ended June 30, 2019.

For the three months ended June 30, 2019, general rentals equipment rentals increased \$195, or 14.6 percent, as compared to the same period in 2018, primarily due to a 19.0 percent increase in average OEC, which includes the impact of

the BlueLine acquisition. The equipment rentals increase was less than the average OEC increase primarily due to the impact of the BlueLine acquisition and decreases in time utilization in certain locations. Additionally, in 2019, we adopted an updated lease accounting standard (see note 8 to the condensed consolidated financial statements for further detail) that requires that we recognize doubtful accounts associated with lease revenues as a reduction to equipment rentals revenue which decreased equipment rentals revenue in 2019. On a pro forma basis including the standalone, pre-acquisition results of BlueLine, equipment rental revenue increased 2.1 percent year-over-year, primarily due to a 4.4 percent increase in average OEC partially offset by a fleet productivity decrease of 1.3 percent. The fleet productivity decrease includes the impact of the change in accounting for doubtful accounts discussed above, and also reflects decreases in time utilization in certain locations. For the three months ended June 30, 2019, equipment rentals represented 84 percent of total revenues for the general rentals segment.

For the six months ended June 30, 2019, general rentals equipment rentals increased \$417, or 16.5 percent, as compared to the same period in 2018, primarily due to a 19.4 percent increase in average OEC, which includes the impact of the BlueLine acquisition. The equipment rentals increase was less than the average OEC increase primarily due to 1) the impact of the BlueLine acquisition, 2) decreases in time utilization in certain locations and 3) the impact of the change in accounting for doubtful accounts discussed above. On a pro forma basis including the standalone, pre-acquisition results of BlueLine, equipment rental revenue increased 3.8 percent year-over-year, primarily due to a 4.6 percent increase in average OEC. For the six months ended June 30, 2019, equipment rentals represented 84 percent of total revenues for the general rentals segment.

For the three months ended June 30, 2019, trench, power and fluid solutions equipment rentals increased \$134, or 44.8 percent, as compared to the same period in 2018, primarily reflecting the impact of acquisitions, including BakerCorp, and cold starts. On a pro forma basis including the standalone, pre-acquisition results of BakerCorp, equipment rental revenue increased 15.4 percent year-over-year, primarily due to a 14.8 percent increase in average OEC. The pro forma increase in average OEC includes the impact of cold starts and acquisitions other than BakerCorp. For the three months ended June 30, 2019, equipment rentals represented 92 percent of total revenues for the trench, power and fluid solutions segment.

For the six months ended June 30, 2019, trench, power and fluid solutions equipment rentals increased \$248, or 44.5 percent, as compared to the same period in 2018, primarily reflecting the impact of acquisitions, including BakerCorp, and cold starts. On a pro forma basis including the standalone, pre-acquisition results of BakerCorp, equipment rental revenue increased 14.7 percent year-over-year, primarily due to a 14.1 percent increase in average OEC. The pro forma increase in average OEC includes the impact of cold starts and acquisitions other than BakerCorp. For the six months ended June 30, 2019, equipment rentals represented 92 percent of total revenues for the trench, power and fluid solutions segment.

Sales of rental equipment. For the six months ended June 30, 2019, sales of rental equipment represented approximately 9 percent of our total revenues. Our general rentals segment accounted for most of these sales. For the three and six months ended June 30, 2019, sales of rental equipment increased 25.5 percent and 15.1 percent, respectively, from the same periods in 2018. Sales of rental equipment for the three and six months ended June 30, 2019 increased primarily due to increased volume, which included the impact of the BlueLine acquisition, driven by a larger fleet size in a strong used equipment market.

Sales of new equipment. For the six months ended June 30, 2019, sales of new equipment represented approximately 3 percent of our total revenues. Our general rentals segment accounted for most of these sales. For the three and six months ended June 30, 2019, sales of new equipment increased 36.4 percent and 41.9 percent, respectively, from the same periods in 2018 primarily due to increased volume driven by broad-based demand.

Contractor supplies sales. Contractor supplies sales represent our revenues associated with selling a variety of supplies, including construction consumables, tools, small equipment and safety supplies. For the six months ended June 30, 2019, contractor supplies sales represented approximately 1 percent of our total revenues. Our general rentals segment accounted for most of these sales. Contractor supplies sales for the three and six months ended June 30, 2019 increased 12.5 percent and 21.4 percent, respectively, from the same periods in 2018 primarily due to the impact of the BakerCorp acquisition.

Service and other revenues. Service and other revenues primarily represent our revenues earned from providing repair and maintenance services on our customers' fleet (including parts sales). For the six months ended June 30, 2019, service and other revenues represented approximately 2 percent of our total revenues. Our general rentals segment accounted for most of these sales. For the three and six months ended June 30, 2019, service and other revenues increased 31.4 percent and 30.4 percent, respectively, from the same periods in 2018, primarily reflecting an increased emphasis on this line of business and the impact of the BlueLine acquisition.

Segment Equipment Rentals Gross Profit

Segment equipment rentals gross profit and gross margin were as follows:

	General rentals	Trench, power and fluid solutions	Total
Three Months Ended June 30, 2019			
Equipment Rentals Gross Profit	\$ 593	\$ 199	\$ 792
Equipment Rentals Gross Margin	38.8%	46.0%	40.4%
Three Months Ended June 30, 2018			
Equipment Rentals Gross Profit	\$ 543	\$ 145	\$ 688
Equipment Rentals Gross Margin	40.8%	48.5%	42.2%
Six Months Ended June 30, 2019			
Equipment Rentals Gross Profit	\$ 1,094	\$ 356	\$ 1,450
Equipment Rentals Gross Margin	37.1%	44.2%	38.6%
Six Months Ended June 30, 2018			
Equipment Rentals Gross Profit	\$ 969	\$ 264	\$ 1,233
Equipment Rentals Gross Margin	38.3%	47.4%	39.9%

General rentals. For the three months ended June 30, 2019, equipment rentals gross profit increased by \$50, primarily due to increased equipment rentals, including the impact of the BlueLine acquisition. As discussed above, equipment rentals increased 14.6 percent, primarily due to a 19.0 percent increase in average OEC, which includes the impact of the BlueLine acquisition. The equipment rentals increase was less than the average OEC increase primarily due to the impact of the BlueLine acquisition and decreases in time utilization in certain locations. Additionally, in 2019, we adopted an updated lease accounting standard (see note 8 to the condensed consolidated financial statements for further detail) that requires that we recognize doubtful accounts associated with lease revenues as a reduction to equipment rentals revenue which decreased equipment rentals revenue in 2019. Equipment rentals gross margin decreased 200 basis points from 2018, due partially to the impact of the BlueLine acquisition. Depreciation of rental equipment increased 20.6 percent, which exceeded the equipment rentals increase of 14.6 percent, and the BlueLine acquisition was a significant driver of the depreciation increase. Additionally, the change in accounting for doubtful accounts discussed above decreased the equipment rentals gross margin in 2019.

For the six months ended June 30, 2019, equipment rentals gross profit increased by \$125, primarily due to increased equipment rentals, including the impact of the BlueLine acquisition. As discussed above, equipment rentals increased 16.5 percent, primarily due to a 19.4 percent increase in average OEC, which includes the impact of the BlueLine acquisition. The equipment rentals increase was less than the average OEC increase primarily due to 1) the impact of the BlueLine acquisition, 2) decreases in time utilization in certain locations and 3) the impact of the change in accounting for doubtful accounts discussed above. Equipment rentals gross margin decreased 120 basis points from 2018, due partially to the impact of the BlueLine acquisition. Depreciation of rental equipment increased 20.2 percent, which exceeded the equipment rentals increase of 16.5 percent, and the BlueLine acquisition was a significant driver of the depreciation increase. Additionally, the change in accounting for doubtful accounts discussed above decreased the equipment rentals gross margin in 2019.

Trench, power and fluid solutions. For the three months ended June 30, 2019, equipment rentals gross profit increased by \$54 and equipment rentals gross margin decreased by 250 basis points from 2018. The increase in equipment rentals gross profit primarily reflects increased equipment rentals revenue on a larger fleet. Year-over-year, trench, power and fluid solutions equipment rentals increased 44.8 percent and average OEC increased 60.2 percent primarily due to the impact of acquisitions, including BakerCorp, and cold starts. The equipment rentals increase was less than the average OEC increase primarily due to the impact of the BakerCorp acquisition. On a pro forma basis including the standalone, pre-acquisition results of BakerCorp, equipment rental revenue increased 15.4 percent year-over-year, primarily due to a 14.8 percent increase in average OEC. The decrease in the equipment rentals gross margin was primarily due to the impact of acquisitions, including BakerCorp, and cold starts. The historic, pre-acquisition margins for the acquired BakerCorp locations are lower than the margins achieved at the other locations in the segment, although we expect that the margins will improve over time as we realize synergies following the acquisition.

For the six months ended June 30, 2019, equipment rentals gross profit increased by \$92 and equipment rentals gross margin decreased by 320 basis points from 2018. The increase in equipment rentals gross profit primarily reflects increased equipment rentals revenue on a larger fleet. Year-over-year, trench, power and fluid solutions equipment rentals increased 44.5 percent and average OEC increased 59.9 percent primarily due to the impact of acquisitions, including BakerCorp, and cold starts. The equipment rentals increase was less than the average OEC increase primarily due to the impact of the BakerCorp acquisition. On a pro forma basis including the standalone, pre-acquisition results of BakerCorp, equipment rental revenue

increased 14.7 percent year-over-year, primarily due to a 14.1 percent increase in average OEC. The decrease in the equipment rentals gross margin was primarily due to the impact of acquisitions, including BakerCorp, and cold starts.

Gross Margin. Gross margins by revenue classification were as follows:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2019	2018	Change	2019	2018	Change
Total gross margin	39.8%	41.4%	(160) bps	37.9%	39.4%	(150) bps
Equipment rentals	40.4%	42.2%	(180) bps	38.6%	39.9%	(130) bps
Sales of rental equipment	41.1%	41.4%	(30) bps	38.0%	41.1%	(310) bps
Sales of new equipment	15.0%	13.6%	140 bps	13.9%	12.8%	110 bps
Contractor supplies sales	29.6%	33.3%	(370) bps	29.4%	33.3%	(390) bps
Service and other revenues	45.7%	42.9%	280 bps	46.7%	44.9%	180 bps

For the three months ended June 30, 2019, total gross margin decreased 160 basis points from the same period in 2018. Equipment rentals gross margin decreased 180 basis points year-over-year. The gross margin decrease reflects the impact of acquisitions, including BakerCorp, and cold starts in our Trench, power and fluid solutions reportable segment, as well as the impact of the BlueLine acquisition on our general rentals reportable segment. Additionally, in 2019, we adopted an updated lease accounting standard (see note 8 to the condensed consolidated financial statements for further detail) that requires that we recognize doubtful accounts associated with lease revenues as a reduction to equipment rentals revenue which decreased equipment rentals gross margin in 2019. On a pro forma basis including the standalone, pre-acquisition results of BakerCorp and BlueLine, equipment rental revenue increased 4.8 percent year-over-year, primarily due to a 5.5 percent increase in average OEC and a fleet productivity increase of 0.7 percent. As explained further above (see "Financial Overview-Revenues"), fleet productivity is a comprehensive measure of the combined impact of key decisions made daily by our managers regarding rental rates, time utilization and mix on the year-over-year change in owned equipment rental revenue. The gross margin fluctuations from sales of new equipment, contractor supplies sales and service and other revenues generally reflect normal variability, and such margins did not have a significant impact on total gross margin (gross profit for these revenue types represented 4 percent of total gross profit for the three months ended June 30, 2019).

For the six months ended June 30, 2019, total gross margin decreased 150 basis points from the same period in 2018. Equipment rentals gross margin decreased 130 basis points year-over-year. The gross margin decrease reflects the impact of acquisitions, including BakerCorp, and cold starts in our Trench, power and fluid solutions reportable segment, as well as the impact of the BlueLine acquisition on our general rentals reportable segment. Additionally, the change in accounting for doubtful accounts discussed above decreased the equipment rentals gross margin in 2019. On a pro forma basis including the standalone, pre-acquisition results of BakerCorp and BlueLine, equipment rental revenue increased 5.9 percent year-over-year, primarily due to a 5.6 percent increase in average OEC and a fleet productivity increase of 1.4 percent. Gross margin from sales of rental equipment decreased 310 basis points from the same period in 2018 primarily due to lower margin sales of fleet acquired in the BlueLine acquisition. The gross margin fluctuations from sales of new equipment, contractor supplies sales and service and other revenues generally reflect normal variability, and such margins did not have a significant impact on total gross margin (gross profit for these revenue types represented 4 percent of total gross profit for the six months ended June 30, 2019).

Other costs/(income)

The table below includes the other costs/(income) in our condensed consolidated statements of income, as well as key associated metrics, for the three and six months ended June 30, 2019 and 2018:

	Three Months Ended June 30,			Six Months Ended June 30,		
	2019	2018	Change	2019	2018	Change
Selling, general and administrative ("SG&A") expense	\$271	\$239	13.4%	\$551	\$471	17.0%
<i>SG&A expense as a percentage of revenue</i>	11.8%	12.6%	(80) bps	12.5%	13.0%	(50) bps
Merger related costs	—	2	(100.0)%	1	3	(66.7)%
Restructuring charge	6	4	50.0%	14	6	133.3%
Non-rental depreciation and amortization	105	67	56.7%	209	138	51.4%
Interest expense, net	180	112	60.7%	331	221	49.8%
Other income, net	(2)	(1)	100.0%	(5)	(2)	150.0%
Provision for income taxes	81	89	(9.0)%	126	138	(8.7)%
<i>Effective tax rate</i>	23.1%	24.8%	(170) bps	22.1%	23.4%	(130) bps

SG&A expense primarily includes sales force compensation, information technology costs, third party professional fees, management salaries, bad debt expense and clerical and administrative overhead. SG&A expense as a percentage of revenue for the three and six months ended June 30, 2019 decreased from the same periods in 2018 primarily due to a reduction in stock compensation and bonuses as a percentage of revenue.

The **merger related costs** reflect transaction costs associated with the NES and Neff acquisitions that were completed in 2017, and the BakerCorp and BlueLine acquisitions discussed in note 3 to our condensed consolidated financial statements. We have made a number of acquisitions in the past and may continue to make acquisitions in the future. Merger related costs only include costs associated with major acquisitions that significantly impact our operations. The historic acquisitions that have included merger related costs are RSC, which had annual revenues of approximately \$1.5 billion prior to the acquisition, and National Pump, which had annual revenues of over \$200 prior to the acquisition. NES had annual revenues of approximately \$369 and Neff had annual revenues of approximately \$413. As discussed in note 3 to our condensed consolidated financial statements, BakerCorp had annual revenues of approximately \$295 and BlueLine had annual revenues of approximately \$786.

The **restructuring charges** primarily reflect severance and branch closure charges associated with our restructuring programs. In the third quarter of 2018, we initiated a restructuring program following the closing of the BakerCorp acquisition discussed in note 3 to the condensed consolidated financial statements. The restructuring program also includes actions undertaken associated with the BlueLine acquisition, which is also discussed in note 3. For additional information, see note 5 to the condensed consolidated financial statements.

Non-rental depreciation and amortization includes i) the amortization of other intangible assets and ii) depreciation expense associated with equipment that is not offered for rent (such as computers and office equipment) and amortization expense associated with leasehold improvements. Our other intangible assets consist of customer relationships, non-compete agreements and trade names and associated trademarks. The year-over-year increases in non-rental depreciation and amortization for the three and six months ended June 30, 2019 primarily reflect the impact of the BakerCorp and BlueLine acquisitions discussed in note 3 to the condensed consolidated financial statements.

Interest expense, net for the three and six months ended June 30, 2019 included a loss of \$32 primarily associated with the full redemption of our 5³/₄ percent Senior Notes. Excluding the impact of this loss, interest expense, net for the three and six months ended June 30, 2019 increased year-over-year primarily due to the impact of higher average debt. The year-over-year increase in average debt includes the impact of the debt used to finance the BakerCorp and BlueLine acquisitions discussed in note 3 to the condensed consolidated financial statements.

The differences between the 2019 and 2018 **effective tax rates** and the federal statutory rate of 21 percent primarily reflect the geographical mix of income between foreign and domestic operations, the impact of state and local taxes, and certain deductible and nondeductible charges.

Balance sheet. As discussed in note 8 to the condensed consolidated financial statement, in 2019, we adopted an updated lease accounting standard that resulted in the recognition of operating lease right-of-use assets and lease liabilities. We adopted this standard using a transition method that does not require application to periods prior to adoption. Accounts payable increased by \$216, or 40.3 percent, from December 31, 2018 to June 30, 2019, primarily due to a seasonal increase in capital expenditures.

Liquidity and Capital Resources

We manage our liquidity using internal cash management practices, which are subject to (i) the policies and cooperation of the financial institutions we utilize to maintain and provide cash management services, (ii) the terms and other requirements of the agreements to which we are a party and (iii) the statutes, regulations and practices of each of the local jurisdictions in which we operate. See "Financial Overview" above for a summary of recent capital structure actions taken to improve our financial flexibility and liquidity.

Since 2012, we have repurchased a total of \$2.45 billion of Holdings' common stock under four completed share repurchase programs. Additionally, in April 2018, our Board authorized a new \$1.25 billion share repurchase program, which commenced in July 2018. As of June 30, 2019, we have repurchased \$840 of Holdings' common stock under the \$1.25 billion share repurchase program, which we intend to complete in 2019.

Our principal existing sources of cash are cash generated from operations and from the sale of rental equipment, and borrowings available under our ABL facility and accounts receivable securitization facility. As of June 30, 2019, we had cash and cash equivalents of \$75. Cash equivalents at June 30, 2019 consist of direct obligations of financial institutions rated A or better. We believe that our existing sources of cash will be sufficient to support our existing operations over the next 12 months. The table below presents financial information associated with our principal sources of cash as of and for the six months ended June 30, 2019:

<i>ABL facility:</i>		
Borrowing capacity, net of letters of credit	\$	2,046
Outstanding debt, net of debt issuance costs		1,646
Interest rate at June 30, 2019		3.9%
Average month-end principal amount of debt outstanding		1,558
Weighted-average interest rate on average debt outstanding		4.0%
Maximum month-end principal amount of debt outstanding		1,691
<i>Accounts receivable securitization facility:</i>		
Borrowing capacity		30
Outstanding debt, net of debt issuance costs		945
Interest rate at June 30, 2019		3.2%
Average month-end principal amount of debt outstanding		898
Weighted-average interest rate on average debt outstanding		3.3%
Maximum month-end principal amount of debt outstanding		958

We expect that our principal needs for cash relating to our operations over the next 12 months will be to fund (i) operating activities and working capital, (ii) the purchase of rental equipment and inventory items offered for sale, (iii) payments due under operating leases, (iv) debt service, (v) share repurchases and (vi) acquisitions. We plan to fund such cash requirements from our existing sources of cash. In addition, we may seek additional financing through the securitization of some of our real estate, the use of additional operating leases or other financing sources as market conditions permit.

To access the capital markets, we rely on credit rating agencies to assign ratings to our securities as an indicator of credit quality. Lower credit ratings generally result in higher borrowing costs and reduced access to debt capital markets. Credit ratings also affect the costs of derivative transactions, including interest rate and foreign currency derivative transactions. As a result, negative changes in our credit ratings could adversely impact our costs of funding. Our credit ratings as of July 15, 2019 were as follows:

	<u>Corporate Rating</u>	<u>Outlook</u>
Moody's	Ba2	Stable
Standard & Poor's	BB	Stable

A security rating is not a recommendation to buy, sell or hold securities. There is no assurance that any rating will remain in effect for a given period of time or that any rating will not be revised or withdrawn by a rating agency in the future.

Loan Covenants and Compliance. As of June 30, 2019, we were in compliance with the covenants and other provisions of the ABL, accounts receivable securitization and term loan facilities and the senior notes. Any failure to be in compliance with any material provision or covenant of these agreements could have a material adverse effect on our liquidity and operations.

The only financial maintenance covenant that currently exists under the ABL facility is the fixed charge coverage ratio. Subject to certain limited exceptions specified in the ABL facility, the fixed charge coverage ratio covenant under the ABL facility will only apply in the future if specified availability under the ABL facility falls below 10 percent of the maximum revolver amount under the ABL facility. When certain conditions are met, cash and cash equivalents and borrowing base collateral in excess of the ABL facility size may be included when calculating specified availability under the ABL facility. As of June 30, 2019, specified availability under the ABL facility exceeded the required threshold and, as a result, this financial maintenance covenant was inapplicable. Under our accounts receivable securitization facility, we are required, among other things, to maintain certain financial tests relating to: (i) the default ratio, (ii) the delinquency ratio, (iii) the dilution ratio and (iv) days sales outstanding. The accounts receivable securitization facility also requires us to comply with the fixed charge coverage ratio under the ABL facility, to the extent the ratio is applicable under the ABL facility.

URNA's payment capacity is restricted under the covenants in the ABL and term loan facilities and the indentures governing its outstanding indebtedness. Although this restricted capacity limits our ability to move operating cash flows to Holdings, because of certain intercompany arrangements, we do not expect any material adverse impact on Holdings' ability to meet its cash obligations.

Sources and Uses of Cash. During the six months ended June 30, 2019, we (i) generated cash from operating activities of \$1.590 billion and (ii) generated cash from the sale of rental and non-rental equipment of \$404. We used cash during this period principally to (i) purchase rental and non-rental equipment of \$1.226 billion, (ii) purchase other companies for \$195, (iii) make debt payments, net of proceeds, of \$89 and (iv) purchase shares of our common stock for \$454. During the six months ended June 30, 2018, we (i) generated cash from operating activities of \$1.649 billion and (ii) generated cash from the sale of rental and non-rental equipment of \$346. We used cash during this period principally to (i) purchase rental and non-rental equipment of \$1.306 billion, (ii) make debt payments, net of proceeds, of \$476, (iii) purchase other companies for \$58 and (iv) purchase shares of our common stock for \$395.

Free Cash Flow GAAP Reconciliation. We define "free cash flow" as net cash provided by operating activities less purchases of, and plus proceeds from, equipment. The equipment purchases and proceeds are included in cash flows from investing activities. Management believes that free cash flow provides useful additional information concerning cash flow available to meet future debt service obligations and working capital requirements. However, free cash flow is not a measure of financial performance or liquidity under GAAP. Accordingly, free cash flow should not be considered an alternative to net income or cash flow from operating activities as an indicator of operating performance or liquidity. The table below provides a reconciliation between net cash provided by operating activities and free cash flow.

	Six Months Ended June 30,	
	2019	2018
Net cash provided by operating activities	\$ 1,590	\$ 1,649
Purchases of rental equipment	(1,129)	(1,226)
Purchases of non-rental equipment	(97)	(80)
Proceeds from sales of rental equipment	389	338
Proceeds from sales of non-rental equipment	15	8
Insurance proceeds from damaged equipment	12	14
Free cash flow	\$ 780	\$ 703

Free cash flow for the six months ended June 30, 2019 was \$780, an increase of \$77 as compared to \$703 for the six months ended June 30, 2018. Free cash flow increased primarily due to decreased purchases of rental equipment. Net rental capital expenditures (defined as purchases of rental equipment less the proceeds from sales of rental equipment) decreased \$148, or 17 percent, year-over-year.

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

Item 3. Quantitative and Qualitative Disclosures about Market Risk

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

Interest Rate Risk. As of June 30, 2019, we had an aggregate of \$3.6 billion of indebtedness that bears interest at variable rates, comprised of borrowings under the ABL, accounts receivable securitization and term loan facilities. The amount of variable rate indebtedness outstanding under these facilities may fluctuate significantly. See note 7 to the condensed consolidated financial statements for the amounts outstanding, and the interest rates thereon, as of June 30, 2019 under these facilities. As of June 30, 2019, based upon the amount of our variable rate debt outstanding, our annual after-tax earnings would decrease by approximately \$27 for each one percentage point increase in the interest rates applicable to our variable rate debt.

At June 30, 2019, we had an aggregate of \$8.1 billion of indebtedness that bears interest at fixed rates. A one percentage point decrease in market interest rates as of June 30, 2019 would increase the fair value of our fixed rate indebtedness by approximately six percent. For additional information concerning the fair value of our fixed rate debt, see note 6 (see “Fair Value of Financial Instruments”) to our condensed consolidated financial statements.

Currency Exchange Risk. We operate in the U.S., Canada and Europe. As discussed in note 3 to the condensed consolidated financial statements, in July 2018, we completed the acquisition of BakerCorp, which allowed for our entry into select European markets. During the six months ended June 30, 2019, our foreign subsidiaries accounted for \$386, or 9 percent, of our total revenue of \$4.407 billion, and \$14, or 2 percent, of our total pretax income of \$571. Based on the size of our foreign operations relative to the Company as a whole, we do not believe that a 10 percent change in exchange rates would have a material impact on our earnings. We do not engage in purchasing forward exchange contracts for speculative purposes.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

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

The Company's management carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act, as of June 30, 2019. Based on the evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective as of June 30, 2019.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended June 30, 2019 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The information set forth under note 9 to our unaudited condensed consolidated financial statements of this quarterly report on Form 10-Q is incorporated by reference in answer to this item. Such information is limited to certain recent developments.

Item 1A. Risk Factors

Our results of operations and financial condition are subject to numerous risks and uncertainties described in our 2018 Form 10-K, which risk factors are incorporated herein by reference. You should carefully consider these risk factors in conjunction with the other information contained in this report. Should any of these risks materialize, our business, financial condition and future prospects could be negatively impacted.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(c) The following table provides information about purchases of Holdings' common stock by Holdings during the second quarter of 2019:

<u>Period</u>	<u>Total Number of Shares Purchased</u>		<u>Average Price Paid Per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)</u>	<u>Maximum Dollar Amount of Shares That May Yet Be Purchased Under the Program (2)</u>
April 1, 2019 to April 30, 2019	539,461	(1)	\$ 130.07	538,236	—
May 1, 2019 to May 31, 2019	519,482	(1)	\$ 135.13	518,138	—
June 1, 2019 to June 30, 2019	550,711	(1)	\$ 127.45	549,182	—
Total	1,609,654		\$ 130.81	1,605,556	\$ 410,071,656

(1) In April 2019, May 2019 and June 2019, 1,225, 1,344 and 1,529 shares, respectively, were withheld by Holdings to satisfy tax withholding obligations upon the vesting of restricted stock unit awards. These shares were not acquired pursuant to any repurchase plan or program.

(2) On April 17, 2018, our Board authorized a \$1.25 billion share repurchase program which commenced in July 2018. We intend to complete the program in 2019.

Item 6. Exhibits

2(a)	Agreement and Plan of Merger, dated as of June 30, 2018, by and among United Rentals, Inc., UR Merger Sub IV Corporation and BakerCorp International Holdings, Inc. (incorporated by reference to Exhibit 2.1 of the United Rentals, Inc. and United Rentals (North America), Inc. Current Report on Form 8-K filed on July 2, 2018)
2(b)	Agreement and Plan of Merger, dated as of September 10, 2018, by and among United Rentals, Inc., UR Merger Sub V Corporation, Vander Holding Corporation and Platinum Equity Advisors, LLC, solely in its capacity as the initial Holder Representative thereunder (incorporated by reference to Exhibit 2.1 of the United Rentals, Inc. and United Rentals (North America), Inc. Current Report on Form 8-K filed on September 10, 2018)
3(a)	Fourth Restated Certificate of Incorporation of United Rentals, Inc., dated June 1, 2017 (incorporated by reference to Exhibit 3.2 of the United Rentals, Inc. and United Rentals (North America), Inc. Current Report on Form 8-K filed on June 2, 2017)
3(b)	Amended and Restated By-Laws of United Rentals, Inc., amended as of May 4, 2017 (incorporated by reference to Exhibit 3.4 of the United Rentals, Inc. and United Rentals (North America), Inc. Current Report on Form 8-K filed on May 4, 2017)
3(c)	Restated Certificate of Incorporation of United Rentals (North America), Inc., dated April 30, 2012 (incorporated by reference to Exhibit 3(c) of the United Rentals, Inc. and United Rentals (North America), Inc. Quarterly Report on Form 10-Q for the quarter ended June 30, 2013)
3(d)	By-laws of United Rentals (North America), Inc. dated May 8, 2013 (incorporated by reference to Exhibit 3(d) of the United Rentals, Inc. and United Rentals (North America), Inc. Quarterly Report on Form 10-Q for the quarter ended June 30, 2013)
4	Indenture for the 5.25% Senior Notes due 2030, dated as of May 10, 2019, among United Rentals (North America), Inc., United Rentals, Inc., each of United Rental (North America), Inc.'s subsidiaries named therein and Wells Fargo Bank, National Association, as Trustee (including the form of note) (incorporated by reference to Exhibit 4.1 of the United Rentals, Inc. and United Rentals (North America), Inc. Current Report on Form 8-K filed on May 10, 2019)
10(a)*	Form of United Rentals, Inc. Restricted Stock Unit Agreement for Non-Employee Directors, effective for grants of awards beginning in May 2019
10(b)*	Form of United Rentals, Inc. Restricted Stock Unit Agreement for Senior Management, effective for grants of awards beginning in May 2019†
10(c)*	Employment Agreement, dated as of May 8, 2019, between United Rentals, Inc. and Matthew Flannery†
10(d)	Assignment and Acceptance Agreement and Amendment No. 10 to Third Amended and Restated Receivables Purchase Agreement and Amendment No. 6 to Third Amended and Restated Purchase and Contribution Agreement, dated as of June 28, 2019, by and among United Rentals (North America), Inc., United Rentals Receivables LLC II, United Rentals, Inc., Liberty Street Funding LLC, Gotham Funding Corporation, Fairway Finance Company, LLC, The Bank of Nova Scotia, PNC Bank, National Association, SunTrust Bank, MUFG Bank, Ltd. (formerly known as the Bank of Tokyo-Mitsubishi UFJ, Ltd.), Bank of Montreal and The Toronto-Dominion Bank (incorporated by reference to Exhibit 10.1 of the United Rentals, Inc. and United Rentals (North America), Inc. Current Report on Form 8-K filed on June 28, 2019)
31(a)*	Rule 13a-14(a) Certification by Chief Executive Officer
31(b)*	Rule 13a-14(a) Certification by Chief Financial Officer
32(a)**	Section 1350 Certification by Chief Executive Officer
32(b)**	Section 1350 Certification by Chief Financial Officer
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document

101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed herewith.

** Furnished (and not filed) herewith pursuant to Item 601(b)(32)(ii) of Regulation S-K under the Exchange Act.

† Management contract, compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, each registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

UNITED RENTALS, INC.

Dated: July 17, 2019

By: /S/ ANDREW B. LIMOGES
Andrew B. Limoges Vice President, Controller and Principal Accounting Officer

UNITED RENTALS (NORTH AMERICA), INC.

Dated: July 17, 2019

By: /S/ ANDREW B. LIMOGES
Andrew B. Limoges Vice President, Controller and Principal Accounting Officer

**FORM OF
2019 LONG TERM INCENTIVE PLAN
DIRECTOR RESTRICTED STOCK UNIT AGREEMENT**

Awardee: _____ (the "Awardee")
 Grant Date: _____ (the "Grant Date")
 Restricted Stock Units: _____ (the "Restricted Stock Units")

This DIRECTOR RESTRICTED STOCK UNIT AGREEMENT (the "Agreement") is made as of the Grant Date by and between UNITED RENTALS, INC., a Delaware corporation having an office at 100 First Stamford Place, Suite 700, Stamford, CT 06902 (the "Company"), and Awardee. Capitalized terms not defined herein shall have the meanings ascribed to them in the Company's 2019 Long Term Incentive Plan (the "Plan").

In consideration of the mutual promises and covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Grant of Restricted Stock Units.** The Company hereby grants to Awardee the Restricted Stock Units (the "Units") identified above. The grant of Units is pursuant to the Plan and subject to the terms and conditions of this Agreement and the Plan.
2. **Vesting.** The Units are fully vested as of the Grant Date.
3. **Payment.** Units shall be settled in shares of the Company's common stock ("Stock") on a one-for-one basis. On the earlier of (i) the third anniversary of the Grant Date (the "Specified Date"), (ii) the fifth business day following Awardee's "separation from service" (within the meaning of Treasury Regulation section 1.409A-3(a)(1)) for any reason, and (iii) the date of a "change in control" (within the meaning of Treasury Regulation section 1.409A-3(a)(5)), the Company shall deliver to Awardee (or Awardee's estate in the event of the death of Awardee) a certificate, free and clear of any restrictive legend, representing a number of shares of Stock equal to the number of Units.
4. **Deferral Elections.** Notwithstanding the foregoing, subject to any conditions deemed appropriate from time to time by the Committee (including suspension of the right to elect deferrals or to make changes to any existing deferral election), the Awardee may elect to defer the delivery of the Stock to be delivered in settlement of the Units using such deferral election form as approved by the Committee from time to time.
5. **No Rights as a Stockholder; Dividends and Dividend Equivalents.** Neither the Units nor this Agreement shall entitle Awardee to any voting rights or other rights as a stockholder of the Company unless and until Stock has been issued in settlement thereof. Without limiting the generality of the foregoing, no dividends or dividend equivalents shall accrue or be paid with respect to any Units.
6. **Transferability.** Units are not transferable by Awardee, whether by sale, assignment, exchange, pledge, or hypothecation, or by operation of law or otherwise.
7. **Transferability of Shares of Stock.** The Company shall, to the extent it has not already done so, file a Registration Statement on Form S-8 (or otherwise) with the Securities and Exchange Commission relating to the shares of Stock to be delivered hereunder and comply with all applicable state securities laws prior to the distribution of shares of Stock hereunder.
8. **Conformity with Plan.** Except as specifically set forth herein, this Agreement is intended to conform in all respects with, and is subject to all applicable provisions of, the Plan, which is incorporated herein by reference. Any inconsistencies between this Agreement and the Plan with respect to any mandatory provisions of the Plan shall be resolved in accordance with the terms of the Plan. By

executing and returning the enclosed copy of this Agreement, Awardee acknowledges its receipt of the Plan and its agreement to be bound by all the terms of the Plan.

9. **Awardee Advised To Obtain Personal Counsel and Tax Representation.** Unless you make a deferral election in accordance with Section 4 of this Agreement, the grant of Units under this Agreement will be eligible for the Company's Director Awards Tax Policy. IMPORTANT: The Company and its employees do not provide any guidance or advice to individuals who may be granted an Award under the Plan regarding the federal, state or local income tax consequences or employment tax consequences of participating in the Plan. Each person who may be entitled to any benefit under the Plan is responsible for determining their own personal tax consequences of participating in the Plan, and for satisfying all tax liabilities associated with such participation. Accordingly, you may wish to retain the services of a professional tax advisor in connection with any Awards under the Plan.

10. **Adjustments for Changes in Capital Structure.** In the event of any change in capital structure or business of the Company by reason of a transaction or event described in Section 1.6.4 of the Plan, the Committee shall make appropriate adjustments described in said Section 1.6.4 as are equitable and reasonably necessary or desirable to preserve the intended benefits under this Agreement.

11. **Section 409A.** This Agreement constitutes "deferred compensation" within the meaning of Section 409A of the Internal Revenue Code and the regulations and other guidance promulgated thereunder ("Section 409A"). This Agreement, any deferral election made in accordance with Section 4 above and the Plan provisions that apply to this Award are intended to comply with Section 409A and shall be interpreted, administered and construed in a manner consistent with such intent. To the extent necessary to give effect to this intent, in the case of any conflict or potential inconsistency between the provisions of the Plan (including, without limitation, Sections 1.3.1 and 2.1 thereof) and this Agreement, the provisions of this Agreement shall govern, and in the case of any conflict or potential inconsistency between this Section 11 and the other provisions of this Agreement, this Section 11 shall govern. The Company shall have no liability to the Awardee if the Award is subject to the additional tax and penalties under Section 409A.

12. **Miscellaneous.**

- (a) This Agreement may not be changed or terminated except by written agreement signed by the Company and Awardee. It shall be binding on the parties and on their personal representatives and permitted assigns.
- (b) This Agreement sets forth all agreements of the parties. It supersedes and cancels all prior agreements with respect to the subject matter hereof. It shall be enforceable by decrees of specific performance (without posting bond or other security) as well as by other available remedies.
- (c) Awardee understands and agrees, in accordance with Section 3.3 of the Plan, by accepting this Award, Awardee has expressly consented to all of the items listed in Section 3.3.2(d) of the Plan, which are incorporated herein by reference.
- (d) This Agreement shall be governed by, and construed in accordance with, the laws of Connecticut, without regard to principles of conflict of laws.
- (e) BY ACCEPTING THIS AWARD, AWARDEE UNDERSTANDS AND AGREES THAT THE CHOICE OF FORUM AND DISPUTE RESOLUTION PROVISIONS SET FORTH IN SECTIONS 3.15 AND 3.16 OF THE PLAN, WHICH ARE EXPRESSLY INCORPORATED HEREIN BY REFERENCE AND WHICH, AMONG OTHER THINGS, PROVIDE THAT ANY DISPUTE, CONTROVERSY OR CLAIM BETWEEN THE COMPANY AND AWARDEE ARISING OUT OF OR RELATING TO OR CONCERNING THE PLAN OR THIS AGREEMENT SHALL BE FINALLY SETTLED BY ARBITRATION IN NEW YORK, NEW YORK, PURSUANT TO THE TERMS MORE FULLY SET FORTH IN SECTIONS 3.15 AND 3.16 OF THE PLAN, SHALL APPLY.

(f) This Agreement may be signed in one or more counterparts, each of which shall be an original, with the same effect as if the signature thereto and hereto were upon the same instrument.
IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

UNITED RENTALS, INC.

By: _____

Name:

Title:

AWARDEE:

By: _____

Name:

FORM OF RESTRICTED STOCK UNIT AGREEMENT

This **RESTRICTED STOCK UNIT AGREEMENT** (this “Agreement”) is made as of the Date of Grant set forth above by and between **UNITED RENTALS, INC.**, a Delaware corporation, having an office at 100 First Stamford Place, Suite 700 Stamford, CT 06902 (the “Company”), and Awardee, currently an employee of the Company or an affiliate of the Company.

In consideration of the mutual promises and covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Grant of Restricted Stock Units. The Company, pursuant to the United Rentals, Inc. 2019 Long Term Incentive Plan (the “Plan”), which is incorporated herein by reference, and subject to the terms and conditions thereof and of this Agreement, hereby grants to Awardee (also referred to as “you”) Restricted Stock Units (the “Units”). Your failure to execute and/or electronically sign and return a copy of this Agreement within 30 days of receipt shall automatically effect a cancellation and forfeiture of the Units, except as determined by the Company in its sole discretion.

2. Vesting; Forfeiture

- (i) Vesting. Provided you have remained continuously employed by the Company or an affiliate of the Company through the relevant date of vesting, the Units shall vest as indicated on the UBS Platform.
- (ii) Forfeiture based on Termination/Resignation. Except as set forth in Section 7 and 8, if you cease to be employed by the Company or an affiliate of the Company for any reason whatsoever, including, but not limited to, a termination by the Company or an affiliate of the Company with or without “Cause” (as hereinafter defined) or a resignation by you with or without “Good Reason” (as hereinafter defined), all unvested Units shall be canceled and forfeited as of the date of such termination.

3. Transfer. Except as may be effected by will or other testamentary disposition or by the laws of descent and distribution, the Units are not transferable, whether by sale, assignment, exchange, pledge, or hypothecation, or by operation of law or otherwise before they vest and are settled, and any attempt to transfer the Units in violation of this Section 3 will be null and void.

4. Settlement upon Vesting.

- (i) *General.* Except as provided in Section 8, vested Units shall be settled in shares of the common stock, \$.01 par value, of the Company (“Shares”), on a one-for-one basis, as soon as practicable (but not more than 30 days) following each date on which one or more Units vest, provided in each case that Awardee has satisfied their tax withholding obligations with respect to such vesting as described in this Agreement. Shares, in a number equal to the number of Units that have so vested, will be issued by the Company in the name of Awardee by electronic book-entry transfer or credit of such shares to an account of Awardee maintained with such brokerage firm or other custodian as the Company determines. Alternatively, in the Company’s sole discretion, such issuance may be effected in such other manner (including through physical certificates) as the Company may

determine and/or by transfer or credit to such other account of Awardee as the Company or Awardee may specify.

- (ii) *Section 409A.* It is the Company's intent that payments under this Agreement shall comply with Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A") to the extent applicable, and this Agreement shall be interpreted, administered and construed consistent with such intent. If, and only to the extent that, (1) the Units constitute "deferred compensation" within the meaning of Section 409A and (2) the Awardee is deemed to be a "specified employee" (as such term is defined in Section 409A and as determined by the Company), the payment of vested Units on account of the Awardee's termination of employment shall not be made until the first business day of the seventh month after the Awardee's "separation from service" (as such term is defined and used in Section 409A) with the Company, or if earlier, the date of the Awardee's death. Each payment or delivery under this Agreement will be treated as a separate payment or delivery for purposes of Section 409A.

5. Forfeiture. You acknowledge that an essential purpose of the grant of the Units is to ensure the utmost fidelity by yourself to the interests of the Company and its affiliates and to your diligent performance of all of your understandings and commitments to the Company and its affiliates. Accordingly, **YOU SHALL NOT BE ENTITLED TO RETAIN THE UNITS OR RECEIVE SHARES IN SETTLEMENT THEREOF, , OR RETAIN THE PROCEEDS FROM THE SALE OF ANY UNIT(S) OR SHARES(S), EITHER DURING OR AFTER TERMINATION OF YOUR EMPLOYMENT WITH THE COMPANY OR AN AFFILIATE OF THE COMPANY IF YOU BREACH ANY OF THE OBLIGATIONS IMPOSED IN SECTION 17 OF THIS AGREEMENT, OR IF THE COMPANY, IN ITS SOLE DISCRETION, DETERMINES THAT YOU HAVE AT ANY TIME ENGAGED IN ANY OTHER "INJURIOUS CONDUCT" (AS HEREINAFTER DEFINED).**

In the event of any such determination, the Company shall be entitled, at its sole discretion and/or election, to the following relief, in addition to any other relief to which the Company may be entitled under any other agreement or applicable law:

- (i) the Units shall terminate and be forfeited as of the date of such determination; and/or
- (ii) Awardee shall (a) transfer back to the Company, for consideration of \$.01 per Share, all Shares that are held, as of the date of such determination, by Awardee and that were acquired upon settlement of the Units (Shares so acquired, the "Acquired Shares") and (b) to the extent such Acquired Shares have previously been sold or otherwise disposed of by Awardee, repay to the Company the aggregate Fair Market Value (as defined in the Plan) of such Acquired Shares on the date of such sale or disposition, less the number of such Acquired Shares times \$.01; and/or
- (iii) Awardee shall pay to the Company the value of all Units and/or Shares received and/or sold by Awardee at any time under this Agreement, as calculated as of the date(s) of such receipt and/or sale, as may be elected by the Company; and/or
- (iv) Any and all relief available to the Company under any employment agreement or other agreement with Awardee, including any relief that, by its terms, relates to stock options, restricted stock, and/or restricted stock units

For purposes of the preceding clause (ii)(b) of this Section 5, the amount of the repayment described therein shall not be affected by whether Awardee received such Fair Market Value with respect to such sale or other disposition, and repayment may, without limitation, be effected, at the discretion of the Company, by means of offset against any amount owed by the Company to Awardee.

“Injurious Conduct” for purposes of this Agreement shall mean (i) Awardee’s fraud, misappropriation, misconduct or dishonesty in connection with his or her duties; (ii) any act or omission which is, or is reasonably likely to be, materially adverse or injurious (financially, reputationally or otherwise) to the Company or any of its affiliates; (iii) Awardee’s breach of any material obligations contained in this Agreement, or of Awardee’s employment agreement or offer letter with the Company, including, but not limited to, any restrictive covenants or obligations of confidentiality contained therein; (iv) conduct by Awardee that is in material competition with the Company or any affiliate of the Company; or (v) conduct by Awardee that breaches Awardee’s duty of loyalty to the Company or any affiliate of the Company.

6. Securities Laws Restrictions. You represent that when the Units are settled, you will be acquiring Shares for your own account and not on behalf of others. You understand and acknowledge that federal and state securities laws govern and restrict your right to offer, sell or otherwise dispose of any Shares so received unless otherwise covered by a Form S-8 or unless your offer, sale or other disposition thereof is otherwise registered under the Securities Act of 1933, as amended, (the “1933 Act”) and state securities laws or, in the opinion of the Company’s counsel, such offer, sale or other disposition is exempt from registration thereunder. You agree that you will not offer, sell or otherwise dispose of any such Shares in any manner which would: (i) require the Company to file any registration statement with the Securities and Exchange Commission (or similar filing under state laws) or to amend or supplement any such filing or (ii) violate or cause the Company to violate the 1933 Act, the rules and regulations promulgated thereunder or any other state or federal law. You further understand that (i) any sale of the Shares you acquire upon settlement of the Units are subject to the Company’s insider trading rules and policies, as they exist from time to time, and (ii) the certificates for such Shares will bear such legends as the Company deems necessary or desirable in connection with the 1933 Act or other rules, regulations or laws.

If you are a director, officer or principal shareholder, Section 16(b) of the Securities Exchange Act of 1934 (the “1934 Act”) further restricts your ability to sell or otherwise dispose of Shares acquired upon settlement of the Units.

7. Change in Control; Death or Disability.

- (i) In the event of either (A) a Change in Control (as defined below) that results in none of the common stock of the Company or any direct or indirect parent entity being publicly traded or (B) a termination of Awardee’s employment by the Company or an affiliate of the Company without Cause, or by Awardee for Good Reason, within 12 months after any Change in Control, then all Units that have not previously become vested or been forfeited shall become immediately vested and nonforfeitable upon the occurrence of such event.
- (ii) In the event of a termination of Awardee’s employment as a result of Awardee’s death or permanent disability (as defined under the Company’s long-term disability policies), then all Units that have not previously become vested or been forfeited shall become immediately vested and nonforfeitable on the date of such termination.

- (iii) For purposes of this Agreement, “Change in Control” means (A) any person or business entity becomes a “beneficial owner” (as defined in Rule 13d-3 under the 1934 Act), directly or indirectly, of securities of the Company representing more than 50% of the total voting power represented by then outstanding voting securities of the Company or (B) the consummation of a merger of the Company, the sale or disposition by the Company of all or substantially all of its assets within a 12-month period, or any other business combination of the Company with any other corporation or business entity, but not including any merger or business combination of the Company which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than 50% of the total voting power represented by the voting securities of the Company or such surviving entity outstanding immediately after such merger or business combination.
- (iv) For purposes of this Agreement, “Cause” means (A) Awardee’s continued failure to substantially perform his or her duties (other than as a result of total or partial incapacity due to physical or mental illness), (B) Awardee’s commission of a crime constituting (x) a felony under the laws of the United States or any state thereof or (y) a misdemeanor involving moral turpitude, (C) Awardee’s fraud, misappropriation, misconduct or dishonesty in connection with his or her duties, (D) any act or omission which is, or is reasonably likely to be, materially adverse or injurious (financially, reputationally or otherwise) to the Company or any of its affiliates, (E) Awardee’s breach of any material obligations contained in Awardee’s employment agreement or offer letter with the Company, including, but not limited to, any restrictive covenants or obligations of confidentiality contained therein (F) Awardee’s breach of the Company’s Code of Conduct or (G) Awardee’s material breach of any Company policies and procedures applicable to Awardee.
- (v) For purposes of this Agreement, “Good Reason” shall exist if Awardee resigns his or her employment following the Company’s (A) material reduction of Awardee’s base salary, or (B) requirement that Awardee relocate more than 50 miles from Awardee’s current principal location of employment; “Good Reason” shall exist only if Awardee has given written notice to the Company within 30 days after the initial occurrence of the event, with a reference to this Agreement, and the Company has not cured such event by the 15th day after the date of such notice.
- (vi) For purposes of this Agreement, in the event Awardee has an employment agreement with the Company or an affiliate of the Company that provides definitions for the terms “Cause” and/or “Good Reason,” then, during the time in which Awardee’s employment agreement is in effect, the definitions provided within Awardee’s employment agreement shall be used instead of the definitions provided above.

8. Retirement. In the event of a termination of Awardee’s employment as a result of Awardee’s Retirement, then all Units shall become immediately vested and nonforfeitable, and the Units shall be settled in Shares, on a one-for-one basis, as soon as practicable (but not more than 30 days) following the date of the Awardee’s Retirement, provided that Awardee has satisfied his or her tax withholding obligations with respect to such Units as described in this Agreement and Awardee has not breached any material obligations contained in Awardee’s employment agreement or offer letter with the Company, including, but not limited to, any restrictive covenants or obligations of confidentiality

contained therein. Upon settlement, Shares, in a number equal to the number of vested Units, will be issued by the Company in the name of Awardee by electronic book-entry transfer or credit of such shares to an account of Awardee maintained with such brokerage firm or other custodian as the Company determines. Alternatively, in the Company's sole discretion, such issuance may be effected in such other manner (including through physical certificates) as the Company may determine and/or by transfer or credit to such other account of Awardee as the Company or Awardee may specify. For Purposes of this Agreement, "Retirement" means an Awardee's resignation of employment (while in good standing with the Company) following expiration of a one-year period commencing upon Awardee's provision to the Company, after Awardee has reached age 60 and attained age plus years of service to the Company equal to 70, of written notice of Awardee's intention to retire.

9. Withholding Taxes. The Awardee shall pay to the Company, or make provision satisfactory to the Company for payment of, the minimum aggregate federal, state and local taxes required to be withheld by applicable law or regulation in respect of the vesting of any portion of the Units hereunder, or otherwise as a result of your receipt of the Units, no later than the date of the event creating the tax liability. The Company may, and, in the absence of other timely payment or provision made by Awardee that is satisfactory to the Company, shall, to the extent permitted by law, deduct any such tax obligations from any payment of any kind otherwise due to Awardee, including, but not limited to, by withholding Shares which otherwise would be delivered hereunder. In the event that payment to the Company of such tax obligations is made by delivery or withholding of Shares, such Shares shall be valued at their Fair Market Value (as determined in accordance with the Plan) on the date of such delivery or withholding.

10. No Rights as a Stockholder. Neither the Units nor this Agreement shall entitle Awardee to any voting rights or other rights as a stockholder of the Company unless and until Shares have been issued in settlement thereof. Without limiting the generality of the foregoing, no dividends or dividend equivalents shall accrue or be paid with respect to any Units.

11. Conformity with Plan. This Agreement, and the Units awarded hereby, are intended to conform in all respects with, and are subject to all applicable provisions of, the Plan, which is incorporated herein by reference. Any inconsistencies between this Agreement and any mandatory provisions of the Plan shall be resolved in accordance with the terms of the Plan, and this Agreement shall be deemed to be modified accordingly. By executing and returning this Agreement, you acknowledge your receipt of the Plan and agree to be bound by all the terms and conditions of the Plan as it shall be amended from time to time.

12. Employment and Successors. Nothing herein confers any right or obligation on you to continue in the employ of the Company or any affiliate of the Company or shall affect in any way your right or the right of the Company or any affiliate of the Company, as the case may be, to terminate your employment at any time. The agreements contained in this Agreement shall be binding upon and inure to the benefit of any successor to the Company by merger or otherwise. Subject to the restrictions on transfer set forth herein, all of the provisions of the Plan and this Agreement will be binding upon the Awardee and the Awardee's heirs, executors, administrators, legal representatives, successors and assigns.

13. Awardee Advised To Obtain Personal Counsel and Tax Representation. IMPORTANT: The Company and its employees do not provide any guidance or advice to individuals who may be granted Units under the Plan regarding the federal, state or local income tax consequences or employment tax consequences of participating in the Plan. Notwithstanding any withholding by the Company of taxes hereunder, Awardee remains responsible for determining Awardee's

own personal tax consequences with respect to the Units, any vesting thereof, the receipt of Shares upon settlement, any subsequent disposition of Shares and otherwise of participating in the Plan, and also ultimately remains liable for any tax obligations in connection therewith (including any amounts owed in excess of withheld amounts). Accordingly, Awardee may wish to retain the services of a professional tax advisor in connection with the Units and this Agreement.

14. Beneficiary Designation. The Awardee may designate one or more beneficiaries, from time to time, to whom any benefit under this Agreement is to be paid in case of Awardee's death. Each designation must be in writing, signed by Awardee and delivered to the Company. Each new designation will revoke all prior designations.

15. Adjustments for Changes in Capital Structure. In the event any change is made to the Shares by reason of any dividend of shares or extraordinary cash dividend, stock split or reverse stock split, recapitalization, reorganization, merger, consolidation, split-up, combination or exchange of shares, or other change affecting the outstanding Shares as a class without the Company's receipt of consideration, the Company shall make such appropriate adjustments to the Units as it determines are equitable and reasonably necessary or desirable to preserve the intended benefits under this Agreement.

16. Disputes. Any question concerning the interpretation of or performance by the Company or Awardee under this Agreement, including, but not limited to, the Units, their vesting, settlement or forfeiture, or the issuance or delivery of Shares upon settlement, or any other dispute or controversy that may arise in connection herewith or therewith, shall be determined by the Company in its sole and absolute discretion; *provided, however*, that, following a Change in Control, any determinations by the Company or a successor entity with respect to the existence or not of Injurious Conduct, Cause or Good Reason, or any other post-Change in Control determination that would effect a forfeiture of all or a portion of the Units, must be objectively reasonable. Notwithstanding the foregoing, the Parties acknowledge that any litigation shall be resolved as described in Section 18(e) below.

17. Non-Compete Provisions. IMPORTANT: The following covenants are made by Awardee in exchange for good and valuable consideration, including but not limited to the opportunity to receive the Units as set forth more fully above. Such covenants were material inducements to the Company in deciding to invest in Awardee, to award said Units, and in entering into this Agreement. Awardee understands that a violation of this Section may result in, among other things, forfeiture of Units/Acquired Shares and/or repayment to the Company of the value thereof. For purposes of this Section 17, references to the "Company" shall include any and all affiliates of the Company with which Awardee was employed during the relevant time period(s); and the termination date of Awardee's employment shall be the date Awardee is no longer employed by the Company or any of its affiliates.

- (a) During his or her employment by the Company and for a period of 12 months immediately following the termination of his or her employment for any reason whatsoever, whether or not for Cause or by resignation (whether or not for Good Reason), Awardee will not, directly or indirectly (whether through affiliates, relatives or otherwise):
 - (i) in any Restricted Area (as hereinafter defined), be employed or retained by any person or entity who or which then competes with the Company in the Restricted Area to any extent, nor will Awardee directly or indirectly own any interest in any such person or entity or render to it any consulting, brokerage, contracting, financial or other services or any advice, assistance or other accommodation. Awardee shall be deemed to be employed or retained in the Restricted Area if Awardee has an office in the Restricted Area or if Awardee performs any duties or renders any advice with respect to any competitive facility,

business activities or customers in the Restricted Area. A “Restricted Area” means any geographic area in which or in relation to which Awardee shall have performed any duties, or in/for which Awardee had management, financial, sales, corporate or other responsibilities, for the Company during the one-year period preceding the termination of his or her employment.

- (b) During his or her employment by the Company and for a period of 12 months immediately following the termination of his or her employment for any reason whatsoever, whether or not for Cause or by resignation (whether or not for Good Reason), Awardee will not anywhere directly or indirectly (whether as an owner, partner, employee, consultant, broker, contractor or otherwise, and whether personally or through other persons):
- (i) solicit or accept the business of, or call upon, any customer or potential customer of the Company with whom Awardee dealt, on behalf of the Company, at any time during the one year period immediately preceding the termination of his or her employment with the Company, for the purpose of providing any product or service reasonably deemed competitive with any product or service then offered by the Company;
 - (ii) solicit or accept the business of, or call upon, any person or entity, or affiliate of any such person or entity, who or which is or was a customer, supplier, manufacturer, finder, broker, or other person who had a business relationship with the Company or who was a prospect for a business relationship with the Company at any time during the period of Awardee’s employment, for the purpose of providing or obtaining any product or service reasonably deemed competitive with any product or service then offered by the Company;
 - (iii) approve, solicit or retain, or discuss the employment or retention (whether as an employee, consultant or otherwise) of any person who was an employee of the Company at any time during the one-year period preceding the termination of Awardee’s employment by the Company. (Nothing in this section restricts employees from engaging in protected activities with other employees concerning their wages, hours, and working conditions as set forth in Section 7 of the National Labor Relations Act);
 - (iv) solicit or encourage any person to leave the employ of the Company; or
 - (v) call upon or assist in the acquisition of any company which was, during the term of this Agreement, either called upon by an employee of the Company or by a broker or other third party, for possible acquisition by the Company or for which an employee of the Company or other person made an acquisition analysis for the Company; or own any interest in or be employed by or provide any services to any person or entity which engages in any conduct which is prohibited to Awardee under this Section 17(b).
- (c) All time periods under Section 17 of this Agreement shall be computed by excluding from such computation any time during which Awardee is in violation of any provision of Section 17 of this Agreement and any time during which there is pending in any court of competent jurisdiction any action (including any appeal from any final judgment) brought by any person, whether or not a party to this Agreement, in which action the Company seeks to enforce the agreements and covenants in this Agreement or in which any person contests the validity of such agreements and covenants or their enforceability or seeks to avoid their performance or enforcement.

- (d) Before taking any position with any person or entity during the 12 month period following the termination of his or her employment for any reason, with or without Cause or by resignation, Awardee will give prior written notice to the Company of the name of such person or entity. Irrespective of whether such notice is given, the Company shall be entitled to advise each such person or entity of the provisions of this Agreement, and to correspond and otherwise deal with each such person or entity to ensure that the provisions of this Agreement are enforced and duly discharged. Awardee understands and expressly agrees that the obligation to provide written notice under this Section 17(d) is a material term of this Agreement, and that the failure to provide such notice shall be a material breach of this Agreement, and shall constitute a presumption that any employment about which he or she failed to give notice violates Section 17(a) of this Agreement.
- (e) Awardee understands that the provisions of this Agreement have been carefully designed to restrict his or her activities to the minimum extent which is consistent with law and the Company's requirements. Awardee has carefully considered these restrictions, and Awardee confirms that they will not unduly restrict Awardee's ability to obtain a livelihood. Awardee has heretofore engaged in businesses other than the business in which he will be engaged on behalf of the Company. Before signing this Agreement, Awardee has had the opportunity to discuss this Agreement and all of its terms with his or her attorney.
- (f) Since monetary damages will be inadequate and the Company will be irreparably damaged if the provisions of Section 17 of this Agreement are not specifically enforced, the Company shall be entitled, among other remedies under this Agreement, any other agreement, and/or applicable law (i) to an injunction (without any bond or other security being required) restraining any violation of Section 17 of this Agreement by Awardee and by any person or entity to whom Awardee provides or proposes to provide any services in violation of this Agreement, (ii) to require Awardee to hold in a constructive trust, account for and pay over to the Company all compensation and other benefits which Awardee shall derive in whole or in part as a result of any action or omission which is a violation of any provision of this Agreement and (iii) to require Awardee to hold in constructive trust, account for, and transfer/return and/or repay the value of the Units/Acquired Shares as described in Section 5
- (g) The courts enforcing Section 17 of this Agreement shall be entitled to modify the duration, scope or other provision of any restriction contained herein to the extent such restriction would otherwise be unenforceable, and such restriction as modified shall be enforced.
- (h) NOTICE. 18 U.S.C. § 1833(b) provides: An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that -(A) is made-(i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Accordingly, the Awardee has the right to disclose in confidence trade secrets to Federal, State, and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law. The Awardee also has the right to disclose trade secrets in a document filed in a lawsuit or other proceeding, but only if the filing is made under seal and protected from public disclosure. Nothing in this Agreement is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by 18 U.S.C. § 1833(b).

(i) Trade Secrets; Confidentiality and Company Property. Subject to Section 17(h) above, during and at all times after Awardee's employment with the Company:

- (i) Awardee will not disclose to any person or entity, without the Company's prior written consent, any Trade Secrets or other Confidential Information (as defined below), whether prepared by Awardee or others;
- (ii) Awardee will not, except in the furtherance of the business of the Company, use any Trade Secrets or other Confidential Information in order to solicit, call upon or do business with any person or entity;
- (iii) Awardee will not directly or indirectly use any Trade Secrets or other Confidential Information other than as directed by the Company in writing;
- (iv) Awardee will not, except in the furtherance of the business of the Company, copy, delete and/or remove any Trade Secrets or other Confidential Information, whether in electronic, paper, or other form, from the premises of the Company, or from Company servers, computers, or other devices, without the prior written consent of the Company;
- (v) All products, correspondence, reports, records, charts, advertising materials, designs, plans, manuals, field guides, memoranda, lists and other property compiled or produced by Awardee or delivered to Awardee by or on behalf of the Company or by its customers (including, but not limited to, customers obtained by the Awardee), whether or not Confidential Information, shall be and remain the property of the Company and shall be subject at all times to its direction and control;
- (vi) Upon termination of employment for any reason whatsoever, or upon request at any time, Awardee shall, immediately and in no event more than three (3) business days thereafter: (a) turnover to the Company, and not maintain any copy of, any customer names, contact information, or other customer data stored in any Company or personal cellular/mobile phone, smartphone, tablet, personal computers or other electronic device(s) (collectively, "Devices"); (b) provide to the Company, in writing, all user names, IDs, passwords, pin codes, and encryption or other access/authorization keys/data utilized by Awardee with respect to any Company Devices, computers, hardware or services; (c) comply with all exit interview and/or termination processes utilized by the Company; (d) promptly deliver to the Company all originals and copies (whether in note, memo or other document form or on the Device(s), USB drive(s), hard drive(s), video, audio, computer tapes, discs, electronic media, cloud-based accounts, other formats now known or hereinafter devised, or otherwise) of all Trade Secrets or other Confidential Information, and all property identified in Section i(v) above, that is in Awardee's possession, custody or control, whether prepared by Awardee or others, including, but not limited to, the information described above in this Section i(vi); (e) tender to the Company any Device(s), USB drive(s), hard drive(s), video, audio, computer tapes, discs, electronic media, cloud-based accounts, or other electronic devices or formats now known or hereinafter devised, on which Awardee stored any Confidential Information or Trade Secrets; and (f) arrange with the Company a safe, secure, and complete removal/deletion of any and all remaining electronic copies of any such data or information, including, but not limited to, the information described above in this Section i(vi);
- (vii) "Trade Secrets" shall mean all information not generally known about the business of the Company, which is subject to reasonable efforts to maintain its secrecy or

confidentiality, and from which the Company derives economic value from the fact that the information is not generally known to others who may obtain economic value from its disclosure or use, regardless of whether such information is specifically designated as a trade secret, and regardless of whether such information may be protected as a trade secret under any applicable law. Awardee acknowledges that the Company's Trade Secrets reside in Connecticut, and that Awardee will access, utilize, and/or obtain such Trade Secrets.

(viii) "Confidential Information" includes, but is not limited to:

- a) business, strategic and marketing plans and forecasts, and the past results of such plans and forecasts;
- b) business, pricing and management methods, as well as the accumulation, compilation and organization of such information;
- c) operations manuals and best practices memoranda;
- d) finances, strategies, systems, research, surveys, plans, reports, recommendations and conclusions;
- e) arrangements with, preferences, pricing history, transaction history, identity of internal contacts or other proprietary business information relating to, the Company's customers, equipment suppliers, manufacturers, financiers, owners or operators, representatives and other persons who have business relationships with the Company or who are prospects for business relationships with the Company;
- f) technical information, work product and know-how;
- g) cost, operating, and other management information systems, and other software and programming developed, maintained and/or utilized by the Company;
- h) the name of any company or business, any part of which is or at any time was a candidate for potential acquisition by the Company, together with all analyses and other information which the Company has generated, compiled or otherwise obtained with respect to such candidate, business or potential acquisition, or with respect to the potential effect of such acquisition on the Company's business, assets, financial results or prospects; and
- i) the Company's Trade Secrets (note that some of the information listed above may also be a Trade Secret).

Awardee understands that the Company's Confidential Information includes not only the individual categories of information identified in this Section, but also the compilation and/or aggregation of the Company's information, which is and has been compiled/aggregated via significant effort and expense and which has value to the Company and to the Company's employees as used in furtherance of the Company's business.

18. Miscellaneous.

- (a) References herein to determinations or other decisions or actions to be taken or made by the Company shall be made by the Administrator (as defined in the Plan) or such other person or persons to whom the Administrator may from time to time delegate authority or otherwise

designate, and any such determinations, decisions or actions shall be final, conclusive and binding on the Awardee and all persons claiming under or through the Awardee.

- (b) This Agreement may not be changed or terminated except by a written agreement expressly referencing this Agreement and signed by the President or Chief Executive Officer of the Company and Awardee.
- (c) This Agreement, together with the Plan, constitutes the entire understanding of the parties, and supersedes and cancels all prior agreements, with respect to the subject matter hereof; provided that, this Agreement shall not supersede, replace, or otherwise affect in any manner, the restrictive covenant provisions or other post-employment obligations, including, without limitation, the non-competition provisions, contained in any agreement between Awardee and the Company or an affiliate of the Company (collectively, for purposes of this Section, the "Employment Agreement"). Nothing contained herein shall adversely affect or impair the Company or its affiliate's right to enforce any of the restrictive covenants or other post-employment obligations contained in the Employment Agreement, or to obtain any relief provided for therein. Awardee agrees that Awardee's post-employment obligations under the Employment Agreement shall remain in effect and enforceable in accordance with the terms of the Employment Agreement and Awardee hereby reaffirms those obligations. Awardee agrees that his/her obligations under Section 17 above supplement and are in addition to, and shall not supersede, modify or otherwise affect, his/her obligations under the Employment Agreement. The Company and its affiliates reserve the right to enforce any restrictive covenant imposed under any Employment Agreement and/or this Agreement, individually or collectively, at its option.
- (d) This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same Agreement. The counterparts of this Agreement may be executed and delivered by facsimile or other digital or electronic means by any of the parties to any other party and the receiving party may rely on the receipt of such document so executed and delivered by facsimile or other digital or electronic means as if the original had been received.
- (e) This Agreement will be governed by and construed in accordance with the laws of the State of Connecticut, without regard to principles of conflicts of laws. The interpretation and enforcement of the provisions of this Agreement shall be resolved and determined exclusively by the state court sitting in Fairfield County, Connecticut or the federal courts in the District of Connecticut and Awardee hereby consents that such courts be granted exclusive jurisdiction for such purpose. As additional consideration for the benefits Awardee is receiving under this Agreement, Awardee promises not to move to dismiss or transfer any litigation brought by the Company in Connecticut to enforce this Agreement based on personal jurisdiction, venue, or "convenience." If any section, provision or clause of this Agreement, or any portion thereof, is held void or unenforceable, the remainder of such section, provision or clause, and all other sections, provisions or clauses of this Agreement, shall remain in full force and effect as if the section, provision or clause determined to be void or unenforceable had not been contained herein.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Date of Grant.

UNITED RENTALS, INC.

By:_____

AWARDEE:_____

EMPLOYMENT AGREEMENT

THIS AGREEMENT (the “Agreement”), made in Stamford, Connecticut effective as of May 8, 2019, between United Rentals, Inc., a Delaware corporation (the “Company” and together with its affiliates, the “Group”), and Matthew J. Flannery (“Executive”).

WHEREAS, the Company has employed Executive as its President and Chief Operating Officer;

WHEREAS, Executive was appointed Chief Executive Officer of the Company, effective as of May 8, 2019;

WHEREAS, the Company desires to continue to employ Executive as its President and to employ Executive as its Chief Executive Officer, and Executive desires to accept such continued employment on the terms and conditions hereinafter set forth;

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants and agreements hereinafter set forth, the Company and Executive agree as follows:

1. At Will Employment.

Executive will be employed by the Company at will, which means that either Executive or the Company may terminate the employment relationship at any time and for any reason or no reason. Notwithstanding the foregoing, following the termination of Executive’s employment, Executive shall be entitled to the compensation and benefits provided for in Section 4 of this Agreement, as applicable depending on the circumstances of such termination, in accordance with such provisions.

2. Employment.

(a) Employment by the Company. Executive agrees to be employed by the Company upon the terms and subject to the conditions set forth in this Agreement. Executive shall serve as President and Chief Executive Officer of the Company and shall report to the Board of Directors of the Company. In addition, throughout Executive’s employment hereunder, the Company shall use its best efforts to cause Executive to be nominated to the Board of Directors of the Company.

(b) Performance of Duties. During his employment, Executive shall faithfully and diligently perform Executive’s duties in conformity with the directions of the Board of Directors of the Company and serve the Company to the best of Executive’s ability. Executive shall devote his full business time, attention and best efforts to the business and affairs of the Company. In his capacity as President and Chief Executive Officer, he shall have such duties and responsibilities as are customary for Executive’s position and any other duties and responsibilities he may be assigned by the Board of Directors of the Company.

(c) Place of Performance. Executive shall be based at the Company’s offices in Stamford, Connecticut. Executive recognizes that his duties will require, at the Company’s expense, travel to domestic and international locations.

3. Compensation and Benefits.

(a) Base Salary. The Company agrees to pay to Executive a base salary (the “Base Salary”) at the annual rate of \$850,000. The Compensation Committee of the Board of Directors of the Company may determine in its sole discretion to increase, but not decrease, the Base Salary. Payments of the Base Salary shall be payable in equal installments in accordance with the Company’s standard payroll practices.

If Executive's Base Salary is increased, such adjusted Base Salary will then constitute the Base Salary for all purposes of this Agreement.

(b) Annual Incentive Bonus. With respect to each year during Executive's employment hereunder, Executive shall be eligible to receive an annual cash incentive bonus (the "Annual Bonus") pursuant to the terms of the United Rentals, Inc. Annual Incentive Compensation Plan or any successor thereto, as it may be amended from time to time (the "Annual Incentive Plan"). Executive's target incentive opportunity under such plan shall be 125% of Base Salary (as at the beginning of the applicable performance period). The Annual Bonus for a year (if any) shall be paid to Executive in accordance with the terms of the Annual Incentive Plan.

(c) Long Term Incentive Awards. Executive will be eligible to participate in and receive awards under the long-term incentive programs maintained by the Company from time to time in the sole discretion of the Company. Any such long-term incentive awards will be subject to the terms and conditions set forth in the applicable plan and award agreement.

(d) Benefits and Perquisites. Executive shall be entitled to participate in, to the extent Executive is otherwise eligible under the terms thereof, the benefit plans and programs, and receive the benefits and perquisites, generally provided by the Company to executives of the Company, as such plans or programs may be in effect from time to time, including, without limitation, health, medical, dental, long-term disability and life insurance plans (subject to applicable employee contributions). Executive shall be entitled to not less than twenty (20) vacation days per year, such days to be accrued and used in accordance with Company policy.

(e) Business Expenses. The Company agrees to reimburse Executive for all reasonable and necessary travel, business entertainment and other business expenses incurred by Executive in connection with the performance of his duties under this Agreement in accordance with, and subject to, the Company's standard policies and procedures. Such reimbursements shall be made by the Company on a timely basis upon submission by Executive of reasonably itemized statements of such expenses in accordance with the Company's standard policies and procedures as in effect from time to time.

(f) Indemnification. The Company shall continue to indemnify Executive in accordance with, and subject to, the terms of the Indemnification Agreement between the Company and Executive entered into as of August 25, 2014, as may be amended by the Company and the Executive from time to time (the "Indemnification Agreement"). Notwithstanding anything in this Agreement to the contrary, the rights and obligations of the parties with respect to indemnification (including dispute resolution, governing law and notice) shall be governed by the Indemnification Agreement.

(g) Reimbursement of Compensation. In the event that payment of any compensation to Executive is predicated upon the achievement of certain financial results that subsequently are the subject of a Mandatory Restatement (as defined below) and a lower payment (or no payment) would have been made to Executive based upon the restated financial results, Executive shall reimburse the Company the difference between (i) the amount actually paid to Executive and (ii) the amount that would have been payable to Executive reduced by the Net Tax Costs (as defined below), based upon the restated financial results. Executive's reimbursement to the Company shall be made within thirty (30) business days after receiving written notice of the amount owed and the calculations thereof. A "Mandatory Restatement" shall mean a restatement of the Company's financial statement which, in the good faith opinion of the Company's public accounting firm, is required to be implemented pursuant to generally accepted accounting principles, but excluding (i) any restatement which is required with respect to a particular year as a consequence of a change in generally accepted accounting rules effective after the publication of the financial statements for such year, or (ii) any restatement that (A) in the good faith judgment of the Audit Committee of the Board of Directors of the Company (the "Audit Committee"), is required due to a change in the manner in which the Company's auditors interpret the application of generally accepted accounting principles (as opposed to a change in a prior accounting conclusion due to a change in the facts upon which such conclusion was based), or (B) is otherwise required due to events, facts or changes in

law or practice that the Board of Directors concludes were beyond the control and responsibilities of Executive and that occurred regardless of Executive's diligent and thorough performance of his duties and responsibilities. "Net Tax Costs" shall mean the net amount of any federal, foreign, state or local income and employment taxes paid by Executive in respect of the portion of the compensation subject to reimbursement, after taking into account any and all available deductions, credits or other offsets allowable to Executive (including without limit, any deductions permitted under the claim of right doctrine), and regardless of whether Executive would be required to amend any prior income or other tax returns.

(h) No Other Compensation or Benefits; Payment; Withholdings. The compensation and benefits specified in this Section 3 and in Section 4 of this Agreement shall be in lieu of any and all other compensation and benefits. Payment of all compensation and benefits to Executive specified in this Section 3 and in Section 4 of this Agreement (i) shall be made in accordance with the relevant Company policies in effect from time to time to the extent the same are consistently applied, including normal payroll practices, and (ii) shall be subject to all legally required and customary withholdings.

(i) Cessation of Employment. In the event Executive shall cease to be employed by the Company for any reason, then Executive's compensation and benefits shall cease on the date of such event, except as otherwise specifically provided herein or in any applicable employee benefit plan or program or as required by law.

4. Compensation Following Termination. Except as provided in this Section 4, Executive will not be entitled to any payments or benefits from the Company as a result of the termination of Executive's employment, regardless of the reason for such termination.

(a) General. On any termination of Executive's employment, he shall be entitled to:

- (i) any accrued but unpaid Base Salary for services rendered through the date of termination;
- (ii) any vacation accrued but unused as of the date of termination;
- (iii) any accrued but unpaid expenses required to be reimbursed in accordance with Section 3(e) of this

Agreement;

(iv) receive any benefits to which he may be entitled upon termination pursuant to the plans and programs referred to in Section 3(d) hereof or as may be required by applicable law;

(v) receive any amounts or benefits to which he may be entitled upon termination pursuant to the plans and agreement referred to in Sections 3(b) and 3(c) hereof in accordance with the terms of such plans and agreements; and

(vi) such rights as he has under the terms of the Indemnification Agreement.

(b) Termination by the Company for Cause; Termination by Executive Without Good Reason. In the event that Executive's employment is terminated (i) by the Company for Cause (as defined below) or (ii) by Executive without Good Reason (as defined below), Executive shall be entitled only to those items identified in Section 4(a).

(c) Termination by Reason of Death or Disability. In the event that Executive's employment is terminated by reason of Executive's death or Disability (as defined below), Executive (or his estate, as the case may be) shall be entitled only to the following:

(i) those items identified in Section 4(a); and

(ii) if Executive (or, following his death, his spouse) is eligible for and timely elects medical continuation coverage under the Consolidated Omnibus Reconciliation Act of 1985 for Executive and Executive's spouse and/or dependents then currently enrolled in such coverage ("COBRA Continuation Coverage"), the Company will pay through the COBRA Payment End Date (as defined below) the monthly premiums for the level of coverage Executive maintained on the date of termination. The "COBRA Payment End Date" shall be the earlier of (A) eighteen (18) months following the date of termination and (B) the date Executive becomes employed by a third party and is eligible for coverage under the group health plan of the new employer. If during the

period Executive is receiving this benefit, Executive obtains new employment and becomes eligible for coverage under the group health plan of the new employer, Executive shall promptly notify the Company in writing of such eligibility.

(d) Termination by the Company Without Cause or by Executive for Good Reason Not in Connection with a Change in Control. In the event that Executive's employment is terminated by the Company without Cause or by Executive for Good Reason, in either event not within twelve (12) months following a Change in Control (as defined below), Executive shall be entitled only to the following:

- (i) those items identified in Section 4(a);
- (ii) if Executive is eligible for and timely elects COBRA Continuation Coverage, the Company will pay through the COBRA Payment End Date the monthly premiums for the level of coverage Executive maintained on the date of termination, provided that if during the period Executive is receiving this benefit, Executive obtains new employment and becomes eligible for coverage under the group health plan of the new employer, Executive must promptly notify the Company in writing of such eligibility; and
- (iii) an amount equal to 2 times the sum of (x) Executive's Base Salary as of the date of Executive's termination and (y) the target incentive opportunity pursuant to Section 3(b) for the then-current fiscal year, payable in substantially equal installments during the twenty-four (24) month period following the date of termination in accordance with the Company's normal payroll practices (the "Severance Pay"); provided, however, that the first payment shall be on the payday coinciding with or next following the sixtieth (60th) day after the date of Executive's termination, and such first payment shall include the amounts that would have been paid had payments begun immediately after the date of Executive's termination.

(e) Termination by the Company Without Cause or by Executive for Good Reason in Connection With a Change in Control. In the event that Executive's employment is terminated by the Company without Cause or by Executive for Good Reason, in either event within twelve (12) months following a Change in Control, Executive shall be entitled only to the following:

- (i) those items identified in Section 4(a);
- (ii) if Executive is eligible for and timely elects COBRA Continuation Coverage, the Company will pay through the COBRA Payment End Date the monthly premiums for the level of coverage Executive maintained on the date of termination, provided that if during the period Executive is receiving this benefit, Executive obtains new employment and becomes eligible for coverage under the group health plan of the new employer, Executive shall promptly notify the Company in writing of such eligibility; and
- (iii) the payment of 2.99 times the sum of (x) Executive's Base Salary as of the date of Executive's termination and (y) the target incentive opportunity pursuant to Section 3(b) for the then-current fiscal year (the "Change in Control Severance"). The Change in Control Severance shall be paid as follows:
 - (A) If the Change in Control does not constitute a "change in the ownership or effective control of a corporation, or a change in the ownership of substantial portion of the assets of a corporation" within the meaning of Treas. Reg. § 1.409A-3(i)(5) (a "Section 409A Change in Control Event"), the Change in Control Severance shall be paid in substantially equal installments during the twenty-four (24) month period following the date of Executive's termination; provided, however, that the first payment shall be on the payday coinciding with or next following the sixtieth (60th) day after the date of Executive's termination, and such first payment shall include the amounts that would have been paid had payments begun immediately after the date of Executive's termination; and
 - (B) If the Change in Control is a Section 409A Change in Control Event, the Change in Control Severance shall be paid, subject to Section 4(j), in a lump sum.

(f) Definitions of Cause, Good Reason, Disability, and Change in Control.

(i) Executive shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to Executive a copy of a resolution duly adopted by the affirmative vote of not less than a majority of the Nominating and Corporate Governance Committee of the Board of Directors of the Company finding that in the good faith opinion of such committee, Executive, after giving effect to any applicable cure period described below, was guilty of conduct set forth in this Section 4(f)(i) and that reasonably identifies the reason(s) for such opinion provided, however, that no such action based upon Cause as described in clauses (C) through (K) of the next sentence may be taken prior to giving Executive an opportunity to address the Nominating and Corporate Governance Committee with his counsel present if he so elects upon 72 hours advance notice from the Committee of the scheduled Committee meeting. For purposes of this Agreement, the term “Cause” shall mean any of the following: (A) Executive has willfully misappropriated any funds or property of the Group, or has willfully destroyed property of the Group; (B) Executive has committed (1) a felony or (2) any crime (x) involving fraud, material dishonesty or moral turpitude or (y) that materially impairs Executive’s ability to perform his duties and responsibilities with the Company or that causes material damage to the Group or its operations or reputation; (C) Executive has (1) obtained personal profit from any transaction of or involving the Group (or engaged in any activity with the intent of obtaining such a personal profit) without the prior approval of the Company or (2) engaged in any other willful misconduct which constitutes a breach of fiduciary duty or the duty of loyalty to the Group and which has resulted or is reasonably likely to result in material damage to the Group; (D) Executive’s willful and material failure to perform his duties with the Company (other than as a result of total or partial incapacity due to physical or mental illness), provided, however, that, if susceptible of cure, a termination by the Company for Cause under this Section 4(f)(i)(D) shall be effective only if, within twenty (20) days following delivery of a written notice by the Company to Executive that Executive has materially failed to perform his duties and that reasonably identifies the reason(s) for such determination, Executive has failed to cure such failure to perform (nothing herein being intended to eliminate the requirement included in the first sentence of this Section 4(f)(i)); (E) Executive’s use of alcohol or drugs has materially interfered with his ability to perform his duties and responsibilities with the Group; (F) Executive has knowingly made any untrue statement or omission of a material nature to the Group which causes material damage to the Group; (G) Executive has knowingly falsified Company records (or those of one of its affiliates); (H) Executive has willfully committed any act (1) which is intended to materially damage the reputation of the Group or (2) which in fact materially damages the reputation of the Group; (I) Executive (1) has willfully violated the Group’s material policies or rules (including, but not limited to, the Group’s equal employment opportunity and anti-harassment policies), which violation has resulted or is reasonably likely to result in damage to the Group, or (2) is guilty of gross negligence or willful misconduct in the performance of his duties with the Group, which has resulted or is reasonably likely to result in material damage to the Group; (J) Executive has materially breached a covenant set forth in Section 5 or otherwise materially violated any confidentiality, non-competition or non-solicitation prohibitions imposed on Executive under common law or under the terms of any agreement with the Group; or (K) Executive has willfully obstructed or attempted to obstruct, or has willfully failed to cooperate with, any investigation authorized by the Board of Directors of the Company or any governmental or self-regulatory authority regarding a Group matter. No act or failure to act on Executive’s part shall be deemed “willful” unless done, or omitted to be done, by Executive not in good faith and without reasonable belief that the Executive’s act, or failure to act, was in the best interest of the Group.

(ii) For purposes of this Agreement, the term “Good Reason” shall mean any of the following: (A) the Company removes Executive from the position of President or Chief Executive

Officer or, following his election to the Board of Directors, Executive ceases to be a director of the Company other than due to his resignation or failure to be reelected by the Company's shareholders; (B) the Company decreases or fails to pay the compensation described in Section 3 of this Agreement (in accordance with, and subject to, such provisions); (C) a material breach of this Agreement by the Company; (D) Executive's job site is relocated to a location which is more than fifty (50) miles from Stamford, Connecticut, unless the parties mutually agree in writing to such relocation; (E) a material diminution of Executive's duties or responsibilities or (F) the failure by the Company to obtain the express written assumption of this Agreement by any successor to all or substantially all of the Company's business or operations; provided, however, that a termination by Executive for Good Reason under this Section 4(f)(ii) shall be effective only if, within thirty (30) days following delivery of a written notice by Executive to the Company that Executive is terminating his employment for Good Reason and that reasonably identified the reason(s) for such determination, such notice to be given not later than ninety (90) days after the occurrence (or, if later, the date that Executive becomes aware or reasonably should have become aware of such occurrence) of the event(s) claimed to constitute Good Reason, the Company has failed to cure the circumstances giving rise to Good Reason.

(iii) For purposes of this Agreement, a "Disability" shall occur in the event Executive is unable to perform the duties and responsibilities contemplated under this Agreement for a period of either (A) ninety (90) consecutive days or (B) six (6) months in any twelve (12)-month period due to physical or mental incapacity or impairment. During any period that Executive fails to perform Executive's duties hereunder as a result of incapacity or impairment due to physical or mental illness (the "Disability Period"), Executive shall continue to receive the compensation and benefits provided by Section 3 of this Agreement until Executive's employment hereunder is terminated; provided, however, that the amount of base compensation and benefits received by Executive during the Disability Period shall be reduced by the aggregate amounts, if any, payable to Executive under any disability benefit plan or program provided to Executive by the Company in respect of such period.

(iv) For purposes of this Agreement, a "Change in Control" shall be deemed to have occurred if:

(A) any "person" (together with any other persons acting as a group) is or becomes a "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, (the "Act")) directly or indirectly, of securities of the Company representing more than 50% of the total fair market value or total voting power in each case represented by then outstanding voting securities of the Company (calculated in accordance with Rule 13d-3 of the Act); provided, that the term "persons" as defined in Sections 13(d) and 14(d) of the Act shall not include a trustee or other fiduciary holding securities under any employee benefit plan of the Company or any person (or an affiliate thereof) who directly or indirectly owns 10% or more of the total voting power represented by the outstanding voting securities of the Company as of the date hereof;

(B) a majority of the individuals constituting the Board of Directors is replaced during any twenty-four (24)-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board of Directors before the date of the appointment or election; or

(C) there shall be consummated a merger of the Company, or a sale or disposition by the Company of all or substantially all of its assets, or any other business combination of the Company with any other corporation, other than any such merger or business combination which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least

50% of the total voting power represented by the voting securities of the Company or such surviving entity outstanding immediately after such merger or business combination.

Notwithstanding the foregoing, a “Change in Control” shall not be deemed to have occurred for purposes of this Agreement (i) in the event of a sale, exchange, transfer or other disposition of substantially all of the assets of Employer to, or a merger, consolidation or other reorganization of Employer and any entity in which Executive (alone or with other officers) has, directly or indirectly, an equity or ownership interest; or (ii) in a transaction otherwise commonly referred to as a “management leveraged buy-out”, as a result of which Executive (alone or with other officers) has, retains or obtains an equity or ownership interest in the Company or its successor.

(g) Section 280G. Notwithstanding anything herein to the contrary, in the event that Executive receives any payments or distributions, whether payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, that constitute “parachute payments” within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the “Code”), and but for this Section 4(g), would be subject to the excise tax imposed by Section 4999 of the Code, then such payments or benefits shall be either (x) delivered in full or (y) delivered as to such lesser extent that would result in no portion of such payments and benefits being subject to excise tax under Section 4999 of the Code, whichever of the foregoing amounts, taking into account the applicable federal, state and local income and employment taxes and the excise tax imposed by Section 4999 of the Code (and any equivalent state or local excise taxes), results in the receipt by Executive on an after-tax basis, of the greatest amount of benefits, notwithstanding that all or some portion of such payments and benefits may be taxable under Section 4999 of the Code. The determinations to be made with respect to this Section 4(g) shall be made by a nationally recognized certified public accounting firm designated by the Company, whose determination will be conclusive and binding upon Executive and the Company for all purposes. The determination of the specific compensation or benefits to be reduced shall be made jointly by the Company and Executive.

(h) Effect of Material Breach of Section 5 on Compensation Following Termination of Employment. If, at the time of termination of Executive’s employment or any time thereafter, Executive is in material breach of any covenant contained in Section 5 hereof, except as otherwise required by law, Executive shall not be entitled to any payments (or if payments have commenced, any continued payment) under this Section 4.

(i) Resignation of Offices Upon Termination. Upon termination of Executive’s employment for any reason, Executive agrees that he shall resign from all offices and positions he holds with the Group; including, without limitation his position as a director of the Company (if applicable), and further agrees that he shall execute such documents as shall be reasonably necessary to give effect to such resignations. Notwithstanding the foregoing, Executive shall not be required to resign his position as a director of the Company if, prior to or upon the termination of the Executive’s employment, the Board of Directors provides Executive with a written request that he remain as a director of the Company.

(j) No Further Liability; Release. Other than providing the compensation and benefits provided for in accordance with this Section 4, upon and following Executive’s termination of employment, the Company and its directors, officers, employees, subsidiaries, affiliates, stockholders, successors, assigns, agents and representatives shall have no further obligation or liability to Executive or any other person under this Agreement. The payment of any amounts pursuant to this Section 4 (other than payments required by law) is expressly conditioned upon (i) the delivery by Executive to the Company of a release in form and substance reasonably satisfactory to the Company of any and all claims Executive may have against the Company and its directors, officers, employees, subsidiaries, affiliates, stockholders, successors, assigns, agents and representatives arising out of or related to Executive’s employment by the Company and the termination of such employment and (ii) Executive not revoking

such release within the seven (7) day revocation period following his delivery of the release. The Company shall provide Executive with the proposed form of such release no later than seven (7) days following the date of termination, and Executive shall execute and cause to become irrevocable such release no later than fifty-two (52) days after the date of Executive's termination (and Executive shall be provided a seven (7) day revocation period following his delivery of such release). Subject to Section 7(i) hereof, any lump sum payments provided pursuant to this Section 4 will be paid to Executive within 30 days after such release becomes effective; provided, however, that if Executive's date of termination occurs on or after November 1 of a given calendar year, such payment will, subject to Section 7(i) hereof, be paid in January of the immediately following calendar year.

5. Exclusive Employment; Noncompetition; Nonsolicitation; Nondisclosure of Proprietary Information; Surrender of Records; Inventions and Patents.

5.1 No Conflict; No Other Employment. During the period of Executive's employment with the Company, Executive shall not: (i) engage in any activity which conflicts or interferes with or derogates from the performance of Executive's duties hereunder nor shall Executive engage in any other business activity, whether or not such business activity is pursued for gain or profit, except as approved in advance in writing by the Company; provided, however, that Executive shall be entitled to manage his personal investments and otherwise attend to personal affairs, including charitable, social and political activities, in a manner that does not unreasonably interfere with his responsibilities hereunder, or (ii) accept or engage in any other employment, whether as an employee or consultant or in any other capacity, and whether or not compensated therefor.

5.2 Noncompetition; Nonsolicitation.

(a) Executive acknowledges and recognizes the highly competitive nature of the Company's business and that access to the Company's confidential records and proprietary information and exposure to customers, vendors, distributors and suppliers of the Company renders him special and unique within the Company's industry. In consideration of Executive's promotion and continued employment, any payment(s) by the Company to Executive of amounts that may hereafter be paid to Executive pursuant to this Agreement (including, without limitation, pursuant to Sections 3 and 4 hereof) and other obligations undertaken by the Company hereunder, Executive agrees that during (i) his employment with the Company, and (ii) the period beginning on the date of termination of employment for any reason and ending twenty-four (24) months after the date of termination of employment (the "Covered Time"), Executive shall not, directly or indirectly (whether through affiliates, relatives, or otherwise), engage (as owner, investor, partner, stockholder, employer, employee, consultant, advisor, director or otherwise) in any Competing Business in any Restricted Area (each as defined below), provided that the provisions of this Section 5.2(a) will not be deemed breached solely because Executive owns less than 5% of the outstanding common stock of a publicly-traded company.

(b) In further consideration of any payment(s) by the Company to Executive of amounts that may hereafter be paid to Executive pursuant to this Agreement (including, without limitation, pursuant to Sections 3 and 4 hereof) and other obligations undertaken by the Company hereunder, Executive agrees that during his employment and the Covered Time, he shall not, directly or indirectly (whether through affiliates, relatives, or otherwise), (i) solicit, encourage or attempt to solicit or encourage any of the employees, agents, consultants or representatives of the Group to terminate his, her, or its relationship with the Company or such affiliate; (ii) solicit, encourage or attempt to solicit or encourage any of the employees, agents, consultants or representatives of the Group to become employees, agents, representatives or consultants of any other person or entity; (iii) solicit or attempt to solicit any customer, vendor, distributor or supplier of the Group in connection with a Competing Business with respect to any product or service being furnished, made, sold, rented or leased by the Company or such affiliate; or (iv) persuade or seek to persuade any customer, vendor, distributor or supplier of the Company or any affiliate to cease to do business or to reduce the amount of business which such customer, vendor, distributor or supplier has customarily done or contemplates doing with the Company or such affiliate,

whether or not the relationship between the Company or its affiliate and such customer, vendor, distributor or supplier was originally established in whole or in part through Executive's efforts. For purposes of this Section 5.2(b) only, during the Covered Time, the terms "customer," "vendor," "distributor" and "supplier" shall mean a customer, vendor, distributor or supplier who has done business with the Group within twelve (12) months preceding the termination of Executive's employment.

(c) Executive understands that the provisions of this Section 5.2 may limit his ability to earn a livelihood in a business similar to the business of the Group but nevertheless agrees and hereby acknowledges that the consideration provided under this Agreement, including any amounts or benefits provided under Sections 3 and 4 hereof and other obligations undertaken by the Company hereunder, is sufficient to justify the restrictions contained in such provisions. In consideration thereof and in light of Executive's education, skills and abilities, which may allow Executive to sufficiently earn a living in other available industries, Executive agrees that he will not assert in any forum that any provisions of this Agreement prevent him from earning a living or otherwise are void or unenforceable or should be held void or unenforceable. Executive further affirms that Executive has had an opportunity to review this provision, as well as this Agreement in its entirety, with counsel of Executive's choosing.

(d) For purposes of this Agreement, "Competing Business" shall mean (i) any business in which the Group is currently engaged, including, but not limited to, renting and selling equipment and merchandise to the commercial and general public, including construction equipment, earthmoving equipment, aerial work platforms, traffic safety equipment, trench safety equipment, pumps, tanks, filtration, power and HVAC equipment, industrial equipment, sanitation equipment, landscaping equipment, home repair equipment, maintenance equipment, contractor supplies, general tools, light equipment and specialty equipment, as well as the buying of companies that engage in such activities, along with the training and computer systems designed, developed and utilized with respect to support any of the foregoing; (ii) any other future business which the Group engages, or has planned to engage, in to a material extent during Executive's employment with the Company; and (iii) any entities such as, but not limited to 1) Aggreko, 2) Ahern Rentals, 3) Caterpillar, 4) CAT Rental, 5) Deere & Co., 6) H & E Equipment, 7) Herc Rentals, 8) Home Depot, 9) Mobile Mini, 10) Sunstate Equipment, 11) Sunbelt Rentals, 12) Synergy Equipment, 13) any company on the "RER 100" list, and 14) any affiliate or dealer of any of the foregoing.

(e) For purposes of this Agreement, "Restricted Area" means (i) the (A) states of: 1) Alabama, 2) Alaska, 3) Arizona, 4) Arkansas, 5) California, 6) Colorado, 7) Connecticut, 8) Delaware, 9) Florida, 10) Georgia, 11) Hawaii, 12) Idaho, 13) Illinois, 14) Indiana, 15) Iowa, 16) Kansas, 17) Kentucky, 18) Louisiana, 19) Maine, 20) Maryland (including the District of Columbia), 21) Massachusetts, 22) Michigan, 23) Minnesota, 24) Mississippi, 25) Missouri, 26) Montana, 27) Nebraska, 28) Nevada, 29) New Hampshire, 30) New Jersey, 31) New Mexico, 32) New York, 33) North Carolina, 34) North Dakota, 35) Ohio, 36) Oklahoma, 37) Oregon, 38) Pennsylvania, 39) Rhode Island, 40) South Carolina, 41) South Dakota, 42) Tennessee, 43) Texas, 44) Utah, 45) Vermont, 46) Virginia, 47) Washington, 48) West Virginia, 49) Wisconsin, and 50) Wyoming; (B) the Canadian Provinces of 1) New Brunswick, 2) Newfoundland and Labrador, 3) Nova Scotia, 4) Ontario, 5) Prince Edward Island, 6) Quebec, 7) Manitoba, 8) Saskatchewan, 9) Alberta, and 10) British Columbia; and (C) the countries of 1) United Kingdom, 2) France, 3) Germany, 4) Netherlands and 5) Poland; (ii) any state in the United States, any province in Canada and any country in Europe in which the Group conducts any business on the date of the determination of whether Executive is engaged in a Competing Business or at any time within twelve (12) months preceding such date; and (iii) the area within a 50 mile radius of any office, branch or facility of the Group (whether foreign or domestic) in which the Group conducts any business on the date of the determination of whether Executive is engaged in a Competing Business or at any time within twelve (12) months preceding such date.

5.3 Proprietary Information. Executive acknowledges that during the course of his employment with the Company he will necessarily have access to and make use of proprietary information and

confidential records of the Group. Executive covenants that he shall not during his employment or at any time thereafter, directly or indirectly, use for his own purpose or for the benefit of any person or entity other than the Company, nor otherwise disclose to any individual or entity, any proprietary information, unless such disclosure is made in the good faith performance of Executive's duties hereunder, has been authorized in writing by the Company, or is otherwise required by law. Executive acknowledges and understands that the term "proprietary information" includes, but is not limited to: (a) the software products, programs, applications, and processes utilized by the Group; (b) the name and/or address of any customer, vendor, distributor or supplier of the Group or any information concerning the transactions or relations of any customer, vendor, distributor or supplier of the Group with the Company or such affiliate or any of its partners, principals, directors, officers or agents; (c) any information concerning any product, technology, or procedure employed by the Group but not generally known to its or their customers, vendors, competitors, distributors or suppliers, or under development by or being tested by the Group but not at the time offered generally to customers, vendors, distributors or suppliers; (d) any information relating to the computer software, computer systems, pricing or marketing methods, sales margins, cost of goods, cost of material, capital structure, operating results, borrowing arrangements or business plans of the Group; (e) any information which is generally regarded as confidential or proprietary in any line of business engaged in by the Group; (f) any business plans, budgets, advertising or marketing plans; (g) any information contained in any of the written or oral policies and procedures or manuals of the Group; (h) any information belonging to customers, vendors, distributors or suppliers of the Group or any other person or entity which the Group has agreed to hold in confidence; (i) any inventions, innovations or improvements covered by this Agreement; (j) information regarding the Company's current employees and their assigned duties and compensation; (k) all written, graphic, electronic, digital, and other material relating to any of the foregoing; and (l) all trade secrets of the Group. Executive acknowledges and understands that information that is not novel or copyrighted or patented or a trade secret may nonetheless be proprietary information. The term "proprietary information" shall not include information that is or becomes generally available to and known by the public through no direct or indirect efforts of Executive or information that is or becomes available to Executive on a non-confidential basis from a source other than the Group or the directors, officers, employees, partners, principals or agents of the Group (other than as a result of a breach of any obligation of confidentiality).

5.4 Confidentiality; Surrender of Records; Nondisclosure.

(a) Executive shall not during his employment or at any time thereafter (irrespective of the circumstances under which Executive's employment by the Company terminates), except as required by law, directly or indirectly publish, make known or in any fashion disclose any confidential records to, or permit any inspection or copying of confidential records by, any individual or entity other than in the course of such individual's or entity's employment or retention by the Company. Upon termination of employment for any reason or request by the Company, Executive shall deliver promptly to the Company all property and records of the Group, including, without limitation, all confidential records. For purposes hereof, "confidential records" means all correspondence, reports, memoranda, files, manuals, books, lists, financial, operating or marketing records, magnetic tape, digital or electronic or other media or equipment of any kind which may be in Executive's possession or under his control or accessible to him which contain any proprietary information. All property and records of the Group (including, without limitation, all confidential records) shall be and remain the sole property of the Company or such affiliate during Executive's employment with the Company and thereafter.

(b) Notwithstanding anything to the contrary in this Agreement or otherwise, nothing shall limit Executive's rights under applicable law to provide truthful information to any governmental entity or to file a charge with or participate in an investigation conducted by any governmental entity. Notwithstanding the foregoing, Executive agrees to waive Executive's right to recover monetary damages in connection with any charge, complaint or lawsuit filed by Executive or anyone else on Executive's behalf (whether involving a governmental entity or not); provided that Executive is not agreeing to waive,

and this Agreement shall not be read as requiring Executive to waive, any right Executive may have to receive an award for information provided to any governmental entity. Executive is hereby notified that the immunity provisions in Section 1833 of title 18 of the United States Code provide that an individual cannot be held criminally or civilly liable under any federal or state trade secret law for any disclosure of a trade secret that is made (1) in confidence to federal, state or local government officials, either directly or indirectly, or to an attorney, and is solely for the purpose of reporting or investigating a suspected violation of the law, (2) under seal in a complaint or other document filed in a lawsuit or other proceeding, or (3) to Executive's attorney in connection with a lawsuit for retaliation for reporting a suspected violation of law (and the trade secret may be used in the court proceedings for such lawsuit) as long as any document containing the trade secret is filed under seal and the trade secret is not disclosed except pursuant to court order.

(c) Executive will not disclose to the Company, use, or induce the Company to use, any proprietary information, trade secrets or confidential business information of others.

5.5 Non-Disparagement. During the term of this Agreement and thereafter, Executive will not, in any manner, directly or indirectly make or publish any statement (orally or in writing) that would libel, slander, disparage, denigrate, ridicule or criticize the Group or any of its employees, officers or directors.

5.6 Inventions and Patents. All inventions, innovations or improvements (including policies, procedures, products, improvements, software, ideas and discoveries, whether patent, copyright, trademark, service mark, trade secret or otherwise) conceived or made by Executive, either alone or jointly with others, in the course of his employment by the Company, belong to the Company. Executive will promptly disclose in writing such inventions, innovations or improvements to the Company and perform all actions reasonably requested by the Company to establish and confirm such ownership by the Company, including, but not limited to, cooperating with and assisting the Company in obtaining patents, copyrights, trademarks, or service marks for the Company in the United States and in foreign countries.

5.7 Enforcement. Executive acknowledges and agrees that, by virtue of his position, his services and access to and use of confidential records and proprietary information, any violation by him of any of the undertakings contained in this Section 5 would cause the Company and/or its affiliates immediate, substantial and irreparable injury for which it or they have no adequate remedy at law. Accordingly, Executive agrees and consents to the entry of an injunction or other equitable relief by a court of competent jurisdiction restraining any violation or threatened violation of any undertaking contained in this Section 5. Executive waives posting by the Group of any bond otherwise necessary to secure such injunction or other equitable relief. Rights and remedies provided for in this Section 5 are cumulative and shall be in addition to rights and remedies otherwise available to the parties hereunder or under any other agreement or applicable law. Executive agrees that his obligations under this Agreement supplement and are in addition to, and shall not supersede, modify or otherwise affect, his obligations under any other agreement between Executive and the Company.

6. Successors; Binding Agreement.

(a) Company's Successors. This Agreement shall inure to the benefit of and be enforceable by, and may be assigned by the Company without Executive's consent to, any purchaser of all or substantially all of the Company's business or assets, any successor to the Company (whether direct or indirect, by purchase, merger, consolidation or otherwise) or any assignee thereof.

(b) Executive's Successors. The parties hereto agree that Executive is obligated under this Agreement to render personal services of a special, unique, unusual, extraordinary and intellectual character, thereby giving this Agreement special value. Executive's rights and obligations under this Agreement shall not be transferable by Executive by assignment or otherwise, and any purported assignment, transfer or delegation thereof shall be void; provided, however, that if Executive shall die, all amounts then payable to Executive hereunder shall be paid in accordance with the terms of this Agreement to such person or persons so appointed in writing by Executive, or otherwise to Executive's legal representatives or Executive's estate.

7. Miscellaneous.

(a) Other Obligations. Executive represents and warrants that neither Executive's employment with the Company nor Executive's performance of Executive's obligations hereunder will conflict with or violate or otherwise are inconsistent with any other obligations, legal or otherwise, which Executive may have. Executive covenants that he shall perform his duties hereunder in a professional manner and not in conflict or violation, or otherwise inconsistent with other obligations legal or otherwise, which Executive may have.

(b) Cooperation. Following termination of employment with the Company for any reason, Executive shall cooperate with the Company, as reasonably requested by the Company, to effect a transition of Executive's responsibilities and to ensure that the Company is aware of all matters being handled by Executive. The Company shall (i) pay Executive a per diem fee based on Executive's Base Salary for work performed in connection with such obligation, provided that Executive shall not be entitled to receive per diem fees in respect of cooperation provided during any period for which Executive is receiving payments pursuant to Section 4 above and further provided that such work shall be approved in advance in writing by the Company and (ii) reimburse Executive's reasonable expenses incurred in connection with such pre-approved work.

(c) Assistance in Proceedings, Etc. Executive shall, during and after his employment, upon reasonable notice, furnish such information and proper assistance to the Company as may reasonably be required by the Company in connection with any legal or quasi-legal proceeding, including any external or internal investigation, involving the Group. The Company shall (i) pay Executive a per diem fee based on Executive's Base Salary (with portions of days being aggregated to form days of eight (8) hours) for material work performed in connection with such obligations (*i.e.*, Executive is required to attend a meeting or spend more than one hour during a day responding to or otherwise participating in telephone, email, or telecopy communications) subsequent to termination of Executive's employment with the Company, provided that (A) such work is approved in advance in writing by the Company, (B) no payments shall be due in connection with assistance provided during any period for which Executive is receiving payments pursuant to Section 4 above and (C) no payments shall be due for any time Executive spends testifying before the U.S. Securities and Exchange Commission or in any proceeding; and (ii) reimburse Executive's reasonable expenses incurred in connection with the foregoing obligations.

(d) Mitigation. Executive shall not be required to mitigate damages or the amount of any payment provided to him under Section 4 of this Agreement by seeking other employment or otherwise, nor shall the amount of any payments provided to Executive under Section 4 be reduced by any compensation earned by Executive as the result of employment by another employer after the termination of Executive's employment or otherwise.

(e) No Right of Set-off. Subject to Section 4(h), the obligation of the Company to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any circumstances, including without limitation, set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against Executive or others.

(f) Protection of Reputation. During Executive's employment with the Company and thereafter, Executive agrees that he will take no action which is intended, or would reasonably be expected, to harm the reputation of the Group or which would reasonably be expected to lead to unwanted or unfavorable publicity to the Group. Nothing herein shall prevent Executive from making any truthful statement in connection with any investigation by the Company or any governmental authority or in any legal proceeding.

(g) Governing Law. This Agreement shall be governed by and construed (both as to validity and performance) and enforced in accordance with the internal laws of the State of Connecticut applicable to agreements made and to be performed wholly within such jurisdiction, without regard to the principles of conflicts of law or where the parties are located at the time a dispute arises.

(h) Arbitration.

(i) General. Executive and the Company specifically, knowingly, and voluntarily agree that they shall use final and binding arbitration to resolve any dispute (an “Arbitrable Dispute”) between Executive, on the one hand, and the Company (or any affiliate of the Company), on the other hand. This arbitration agreement applies to all matters arising out of or related to this Agreement, any other agreement between Executive and the Company, or Executive’s employment with the Company or the termination thereof, including without limitation disputes about the validity, interpretation, or effect of this Agreement, or alleged violations of it, any payments due hereunder and all claims arising out of any alleged discrimination, harassment or retaliation, including, but not limited to, those covered by Title VII of the Civil Rights Act of 1964, as amended, the Age Discrimination in Employment Act of 1967, as amended, and the Americans With Disabilities Act or any other federal, state or local law relating to discrimination in employment, provided, however, that disputes under the Indemnification Agreement shall not be arbitrable pursuant to this provision.

(ii) Injunctive Relief. Notwithstanding anything to the contrary contained herein, the Company and any affiliate of the Company (if applicable) shall have the right to seek injunctive or other equitable relief from a court of competent jurisdiction to enforce Section 5 of this Agreement. For purposes of seeking enforcement of Section 5, the Company and Executive hereby exclusively consent to the jurisdiction of any state court sitting in Fairfield County, Connecticut; any federal court in the District of Connecticut; or any state or federal court sitting in the City, County, and State of New York.

(iii) The Arbitration. Any arbitration pursuant to this Section 7(h) will take place within Fairfield County, Connecticut or within New York, New York, under the auspices of the American Arbitration Association, in accordance with the Employment Arbitration Rules and Mediation Procedures of the American Arbitration Association then in effect, and before a panel of three arbitrators selected in accordance with such rules. Judgment upon the award rendered by the arbitrators will be final and binding on both parties and may be entered in any state court sitting in Fairfield County, Connecticut; any federal court in the District of Connecticut; or any state or federal court sitting in the City, County, and State of New York.

(iv) Fees and Expenses. In any arbitration or action for injunctive relief pursuant to this Agreement except as otherwise required by law, each party shall be responsible for the fees and expenses of its own attorneys and witnesses, and the fees and expenses of the arbitrators shall be divided equally between the Company, on the one hand, and Executive, on the other hand.

(v) Exclusive Forum. Except as permitted by Section 7(h)(ii) hereof, arbitration in the manner described in this Section 7(h) shall be the exclusive forum for any Arbitrable Dispute. Except as permitted by Section 7(h)(ii), should Executive or the Company attempt to resolve an Arbitrable Dispute by any method other than arbitration pursuant to this Section 7(h), the responding party shall be entitled to recover from the initiating party all damages, expenses, and attorneys’ fees incurred as a result of that breach.

(i) Section 409A of the Code.

(i) This Agreement is intended to comply with, or be exempt from, Section 409A of the Code (together with the applicable regulations thereunder, “Section 409A”) with respect to amounts, if any, subject thereto and shall be interpreted, construed and performed consistent with such intent. Each payment under this Agreement shall be designated as a “separate payment” within the meaning of Section 409A. The Company makes no representations regarding the tax implications of the compensation and benefits to be paid to Executive under this Agreement, including, without limit, under Section 409A. Executive further acknowledges that any tax liability incurred by Executive under Section 409A of the Code is solely the responsibility of Executive. In no event may the Executive, directly or indirectly, designate the calendar year of any payment to be made under this Agreement.

(ii) Notwithstanding anything herein to the contrary, if (a) at the time of Executive's "separation from service" (as defined in Treas. Reg. Section 1.409A-1(h)) with the Company other than as a result of death, (b) Executive is a "specified employee" (as defined in Section 409A(a)(2)(B)(i)), (c) one or more of the payments or benefits received or to be received by Executive pursuant to this Agreement would constitute deferred compensation subject to Section 409A, and (d) the deferral of the commencement of any such payments or benefits otherwise payable hereunder as a result of such separation of service is necessary in order to prevent any accelerated or additional tax under Section 409A, then the Company will defer the commencement of the payment of any such payments or benefits hereunder to the extent necessary (without any reduction in such payments or benefits ultimately paid or provided to Executive) until the date that is six (6) months following Executive's separation from service with the Company (or the earliest date as is permitted under Section 409A of the Code). Any payment deferred during such six-month period shall be paid in a lump sum on the day following such six (6)-month period, together with interest at the applicable federal rate pursuant to Section 1274 of the Code. Any remaining payments or benefits shall be made as otherwise scheduled under this Agreement.

(iii) To the extent any reimbursements or in-kind benefits due to Executive under this Agreement constitute deferred compensation under Section 409A of the Code, any such reimbursements or in-kind benefits shall be paid to Executive in a manner consistent with Treas. Reg. Section 1.409A-3(i)(1)(iv).

(j) Entire Agreement. This Agreement (including the plans and agreements referenced in Section 3), together with the terms of any equity grant awarded to Executive prior to the date hereof, contains the entire agreement and understanding between the parties hereto in respect of Executive's employment and supersedes, cancels and annuls any prior or contemporaneous written or oral agreements, understandings, commitments and practices between them respecting Executive's employment, including, but not limited to, the Employment Agreement between Executive and the Company dated as of March 12, 2010.

(k) Amendment. This Agreement may be amended only by a writing which makes express reference to this Agreement as the subject of such amendment and which is signed by Executive and, on behalf of the Company, by its duly authorized officer.

(l) Severability. If any provision of this Agreement or the application of any such provision to any party or circumstances shall be determined by any court of competent jurisdiction or arbitration panel to be invalid or unenforceable to any extent, the remainder of this Agreement, or the application of such provision to such person or circumstances other than those to which it is so determined to be invalid or unenforceable, shall not be affected thereby, and each provision hereof shall be enforced to the fullest extent permitted by law. If any provision of this Agreement, or any part thereof, is held to be invalid or unenforceable because of the scope or duration of or the area covered by such provision, the parties hereto agree that the court or arbitration panel making such determination shall reduce the scope, duration and/or area of such provision (and shall substitute appropriate provisions for any such invalid or unenforceable provisions) in order to make such provision enforceable to the fullest extent permitted by law and/or shall delete specific words and phrases, and such modified provision shall then be enforceable and shall be enforced. The parties hereto recognize that if, in any judicial or arbitral proceeding, a court or arbitration panel shall refuse to enforce any of the separate covenants contained in this Agreement, then that invalid or unenforceable covenant contained in this Agreement shall be deemed eliminated from these provisions to the extent necessary to permit the remaining separate covenants to be enforced. In the event that any court or arbitration panel determines that the time period or the area, or both, are unreasonable and that any of the covenants is to that extent invalid or unenforceable, the parties hereto agree that such covenants will remain in full force and effect, first, for the greatest time period, and second, in the greatest geographical area that would not render them unenforceable, and that the court or arbitration panel may

enforce each provision to the fullest extent enforceable even if such particular provision is not expressly divisible.

(m) Construction. The headings and captions of this Agreement are provided for convenience only and are intended to have no effect in construing or interpreting this Agreement. The language in all parts of this Agreement shall be in all cases construed according to its fair meaning and not strictly for or against the Company or Executive. As used herein, the words “day” or “days” shall mean a calendar day or days.

(n) Nonwaiver. Neither any course of dealing nor any failure or neglect of either party hereto in any instance to exercise any right, power or privilege hereunder or under law shall constitute a waiver of any other right, power or privilege or of the same right, power or privilege in any other instance. All waivers by either party hereto must be contained in a written instrument signed by the party to be charged and, in the case of the Company, by its duly authorized officer.

(o) Notices. Any notice required or permitted hereunder shall be in writing and shall be sufficiently given if personally delivered or if sent by registered or certified mail, postage prepaid, with return receipt requested, addressed: (i) in the case of the Company, to United Rentals, Inc., 100 First Stamford Place - Suite 700, Stamford, CT 06902, attn: Chief Administrative & Legal Officer; and (ii) in the case of Executive, to Executive’s last known address as reflected in the Company’s records, or to such other address as Executive shall designate by written notice to the Company. Any notice given hereunder shall be deemed to have been given at the time of receipt thereof by the person to whom such notice is given if personally delivered, on the date following delivery to an overnight delivery service for next day delivery prior to such service’s deadline for such delivery, or on the date that is three days after the date of mailing if sent by registered or certified mail.

(p) Survival. Cessation or termination of Executive’s employment with the Company shall not result in termination of this Agreement, the Indemnification Agreement or any other equity grant awarded to Executive prior to the date hereof. The respective obligations of Executive and the Company as provided in the Indemnification Agreement, and Sections 4, 5, 6 and 7 of this Agreement shall survive cessation or termination of Executive’s employment hereunder.

(q) Counterparts. This Agreement may be executed digitally, electronically and/or by facsimile, and may be transmitted digitally, electronically, and/or by facsimile, in any number of counterparts, each of which upon execution and delivery shall be considered an original for all purposes; provided, however, all such counterparts shall, together, upon execution and delivery, constitute one and the same instrument.

IN WITNESS WHEREOF, the Company has caused this Agreement to be duly executed on its behalf by an officer thereunto duly authorized and Executive has duly executed this Agreement, all as of the date and year first written above.

UNITED RENTALS, INC.

By: /s/ Craig A. Pintoff

Name: Craig A. Pintoff

Title: EVP - Chief Administrative & Legal Officer

EXECUTIVE:

/s/ Matthew J. Flannery

Matthew J. Flannery

CERTIFICATIONS

I, Matthew J. Flannery, certify that:

1. I have reviewed this quarterly report on Form 10-Q of United Rentals, Inc. and United Rentals (North America), Inc. for the quarterly period ended June 30, 2019;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrants as of, and for, the periods presented in this report;
4. The registrants' other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrants and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrants, including their consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrants' disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrants' internal control over financial reporting that occurred during the registrants' most recent fiscal quarter (the registrants' fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrants' internal control over financial reporting; and
5. The registrants' other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrants' auditors and the audit committee of the registrants' board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrants' ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrants' internal control over financial reporting.

/s/ MATTHEW J. FLANNERY

Matthew J. Flannery
Chief Executive Officer

July 17, 2019

CERTIFICATIONS

I, Jessica T. Graziano, certify that:

1. I have reviewed this quarterly report on Form 10-Q of United Rentals, Inc. and United Rentals (North America), Inc. for the quarterly period ended June 30, 2019;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrants as of, and for, the periods presented in this report;
4. The registrants' other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrants and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrants, including their consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrants' disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrants' internal control over financial reporting that occurred during the registrants' most recent fiscal quarter (the registrants' fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrants' internal control over financial reporting; and
5. The registrants' other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrants' auditors and the audit committee of the registrants' board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrants' ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrants' internal control over financial reporting.

/s/ JESSICA T. GRAZIANO

Jessica T. Graziano
Chief Financial Officer

July 17, 2019

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

In connection with the quarterly report of United Rentals, Inc. and United Rentals (North America), Inc. (the “Companies”) on Form 10-Q for the quarterly period ended June 30, 2019 as filed with the Securities and Exchange Commission (the “Report”), I, Matthew J. Flannery, Chief Executive Officer of the Companies, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

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

/s/ MATTHEW J. FLANNERY

Matthew J. Flannery
Chief Executive Officer

July 17, 2019

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

In connection with the quarterly report of United Rentals, Inc. and United Rentals (North America), Inc. (the “Companies”) on Form 10-Q for the quarterly period ended June 30, 2019 as filed with the Securities and Exchange Commission (the “Report”), I, Jessica T. Graziano, Chief Financial Officer of the Companies, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

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

/s/ JESSICA T. GRAZIANO

Jessica T. Graziano
Chief Financial Officer

July 17, 2019