RYDER SYSTEM INC
Form 424B3
July 30, 2018

Pricing Supplement No. 2
(To prospectus supplement dated March 30, 2018
and prospectus dated March 30, 2018)

Filed pursuant to Rule 424(b)(3)
Registration No. 333-224056
July 30, 2018
CUSIP No. 78355 HKJ7

RYDER SYSTEM, INC.

Medium-Term Notes
(Registered Notes-Fixed Rate)
Due Nine Months or More
from Date of Issue

Trade Date:	July 30, 2018
Principal Amount:	$300,000,000
Public Offering Price:	99.961%
Issue Date:	August 6, 2018 (T+5)
Maturity Date:	June 1, 2021
Interest Rate:	3.500%
Day Count:	30/360
Net Proceeds to Ryder (before expenses):	$299,133,000
Interest Payment Dates:	Semi-annually on June 1 and December 1 of each year, commencing December 1, 2018 and at Maturity.
Underwriters' Discount:	0.250%
Record Dates:	May 15 and November 15
Form:	ý Book Entry o Certificated
Redemption:	o The Notes cannot be redeemed prior to maturity ý The Notes may be redeemed prior to maturity
Optional Redemption:	o No ý Yes

Other Terms

The Notes will be redeemable as a whole at any time or in part from time to time, at our option, at a redemption price equal to the greater of:

(i) 100% of the principal amount of the Notes being redeemed, or

(ii) the sum of the present values of the remaining scheduled payments of principal and interest on the Notes being redeemed (not including any portion of such payments of interest accrued as of the redemption date), discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 12.5 basis points, plus, in either case, any interest accrued but not paid to the date of redemption.

"Treasury Rate" means, with respect to any redemption date for the Notes,
(i) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H. 15" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities," for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the maturity date for the Notes, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue will be determined and the Treasury Rate shall be interpolated or extrapolated from those yields on a straight line basis, rounding to the nearest month), or
(ii) if the release referred to in (i) (or any successor release) is not published during the week preceding the calculation date or does not contain the yields referred to above, the rate per year equal to the semiannual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that redemption date.
The Treasury Rate will be calculated on the third Business Day preceding the redemption date.
"Comparable Treasury Issue" means the United States Treasury security selected by an "Independent Investment Banker" as having a maturity comparable to the remaining term of the Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.
"Independent Investment Banker" means, with respect to any redemption date for the Notes, one of the Reference Treasury Dealers appointed by us.
"Comparable Treasury Price" means with respect to any redemption date for the Notes,
(i) the average of the Reference Treasury Dealer Quotations for the redemption date, after excluding the highest and lowest of those Reference Treasury Dealer Quotations, or
(ii) if the Trustee is given fewer than five Reference Treasury Dealer Quotations, the average of all quotations obtained.
"Reference Treasury Dealer" means, with respect to any redemption date for the Notes, (i) each of Morgan Stanley & Co. LLC and Wells Fargo Securities, LLC and their respective successors, provided, however that if any such firm or such successor, as the case may be, ceases to be a primary U.S. Government securities dealer in the United States (a "Primary Treasury Dealer"), we shall substitute therefor another Primary Treasury Dealer and (ii) one other Primary Treasury Dealer selected by Lloyds Securities Inc., or its successor after consultation with us, (iii) one other Primary Treasury Dealer selected by MUFG Securities Americas Inc., or its successor after consultation with us, and (iv) one other Primary Treasury Dealer selected by U.S. Bancorp Investments, Inc., or its successor after consultation with us.

	"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Trustee by that Reference Treasury Dealer, at 5:00 p.m. on the third Business Day preceding the redemption date. Notice of any redemption will be mailed at least 30 days but no more than 60 days before the redemption date to each holder of Notes to be redeemed. Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the Notes or portions of the Notes called for redemption.
Repayment at Option of Holder:	ý If we experience a Change of Control Triggering Event, we will be required to offer to purchase the Notes from holders as described in the accompanying prospectus supplement under "Offer to Redeem Upon Change of Control Triggering Event."
Discount Note:	o Yes ý No
Total Amount of OID:	N/A
Yield to Maturity:	N/A
Initial Accrual Period OID:	N/A

Joint Book-Running Managers

Lloyds Securities	Morgan Stanley	MUFG	US Bancorp	Wells Fargo Securities

Senior Co-Managers

BNP PARIBAS	Mizuho Securities	RBC Capital Markets	PNC Capital Markets LLC

Co-Managers

BB&T Capital Markets	CastleOak Securities, L.P.	Citigroup	Comerica Securities
COMMERZBANK	Fifth Third Securities	HSBC	Regions Securities LLC

SunTrust Robinson Humphrey

Underwriters Capacity:	o As agent ý As principal
If as principal:	o The Notes are being offered at varying prices relating to prevailing market prices at the time of sale. ý The Notes are being offered at a fixed initial public offering price equal to the Issue Price (as a percentage of Principal Amount).

Legal Opinions

Certain legal matters relating to the offering will be passed upon for us by Sullivan & Cromwell LLP, New York, New York, and, with respect to matters of Florida law, by David M. Beilin, Associate General Counsel of Ryder System, Inc., and for the Underwriters by Mayer Brown LLP, Chicago, Illinois. Mr. Beilin owns shares of common stock of the Company.

In the opinion of David M. Beilin, Associate General Counsel of Ryder System, Inc. (the "Company"), the Notes have been duly authorized by the Company. The foregoing opinion is based in part upon Federal and Florida laws as they are currently compiled and reported on by customary reporting services. It is possible that provisions affecting the foregoing opinion might have been enacted but not reflected in such reporting services. Mr. Beilin is not currently aware of the passage of any such provisions and expresses no opinion as to laws other than the laws of the State of Florida and the Federal laws of the United States of America. In addition, this opinion is subject to customary assumptions about the genuineness of signatures and Mr. Beilin's reliance on certificates as to certain factual matters, all as stated in his opinion filed as Exhibit 5.2 filed with the Registration Statement on Form S-3 filed with the Securities and Exchange Commission (the "SEC") on March 30, 2018.

In the opinion of Sullivan & Cromwell LLP, as counsel to the Company, assuming the Notes have been duly authorized under Florida law, when the Notes have been duly executed, issued and delivered under Florida law and have been executed and authenticated in accordance with the indenture, dated as of October 3, 2003 (the "indenture"), between the Company and Trustee, and issued and sold as contemplated by this Pricing Supplement, the Notes will constitute valid and legally binding obligations of the Company, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles. The foregoing opinion is limited to the Federal laws of the United States and the laws of the State of New York, and counsel is expressing no opinion as to the effect of the laws of any other jurisdiction. In addition, this opinion is subject to customary assumptions about the Trustee's authorization, execution and delivery of the indenture and the genuineness of signatures and such counsel's reliance on the Company and other sources as to certain factual matters, all as stated in counsel's opinion filed as Exhibit 5.1 to the Registration Statement on Form S-3 filed with the SEC on March 30, 2018.

Terms of Notes - Master Global Book-Entry Notes

The Notes will be represented by a global security. Generally, all securities represented by the same global security will have the same terms. Issuers may, however, issue a global security that represents multiple securities of the same kind, such as debt securities, that have different terms and are issued at different times. We call this global security a master global security. We have elected to issue a master global security that represents each series of our Medium-Term Notes and will represent the Notes offered hereby.

Plan of Distribution

Under the terms and subject to the conditions of the Selling Agency Agreement dated March 30, 2018 among the Company and BB&T Capital Markets, a division of BB&T Securities, LLC, BNP Paribas Securities Corp., BNY Mellon Capital Markets, LLC, CastleOak Securities L.P., Citigroup Global Markets Inc., Commerz Markets LLC, Fifth Third Securities, Inc., HSBC Securities (USA) Inc., Lloyds Securities Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Mizuho Securities USA LLC, Morgan Stanley & Co. LLC, MUFG Securities Americas Inc., PNC Capital Markets LLC, RBC Capital Markets, LLC, Regions Securities LLC, SunTrust Robinson Humphrey, Inc., U.S. Bancorp Investments, Inc. and Wells Fargo Securities, LLC, as well as under the terms of the Terms Agreement dated July 30, 2018 among the Company and Lloyds Securities Inc., Morgan Stanley & Co. LLC, MUFG Securities Americas Inc., U.S. Bancorp Investments, Inc. and Wells Fargo Securities, LLC, as representatives of the underwriters named below (collectively, the "Underwriters"), the Underwriters have agreed severally to purchase and the Company has agreed to sell the Notes to the Underwriters in the respective principal amounts set forth below:

Underwriters	Principal Amount
Lloyds Securities Inc.	$ 45,000,000
Morgan Stanley & Co. LLC	45,000,000
MUFG Securities Americas Inc.	45,000,000
U.S. Bancorp Investments, Inc.	45,000,000
Wells Fargo Securities, LLC	45,000,000
BNP Paribas Securities Corp.	11,250,000
Mizuho Securities USA LLC	11,250,000
RBC Capital Markets, LLC	11,250,000
PNC Capital Markets LLC	11,250,000
BB&T Capital Markets, a division of BB&T Securities, LLC	3,334,000
CastleOak Securities, L.P.	3,334,000
Citigroup Global Markets Inc.	3,334,000
Comerica Securities, Inc.	3,333,000
Commerz Markets LLC	3,333,000
Fifth Third Securities, Inc.	3,333,000
HSBC Securities (USA) Inc.	3,333,000
Regions Securities LLC	3,333,000
SunTrust Robinson Humphrey, Inc.	3,333,000
Total	$300,000,000

The Underwriters are committed to take and pay for all of the Notes if any are taken.

The Underwriters have advised the Company that they propose initially to offer part of the Notes directly to the public at the public offering price set forth on the cover page of this Pricing Supplement.

The Underwriters and certain of their affiliates may engage in transactions with and perform investment banking and commercial lending services for the Company and certain of its affiliates from time to time in the ordinary course of business, for which they receive customary fees and expenses.

In addition, in the ordinary course of their business activities, the agents and their affiliates may make or hold a broad array of investments, including acting as counterparties to certain derivative and hedging arrangements, and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. Certain of the agents or their affiliates that have a lending relationship with us routinely hedge their credit exposure to us consistent with their customary risk management policies. Typically, such agents and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Notes offered hereunder. Any such credit default swaps or short positions could adversely affect future trading prices of the Notes offered hereunder. The agents and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Delivery is expected to be made against payment for the Notes on August 6, 2018, which will be the fifth business day following the date hereof (this settlement cycle being referred to as “T+5”). Under Rule 15c6-1 of the Securities Exchange Act of 1934, as amended, trades in the secondary market generally are required to settle in two business days, unless the parties to that trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes prior to the second business day before the delivery of the Notes will be required, by virtue of the fact that the Notes initially will settle in T+5, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement and should consult their own advisors.

ht" style="border-top: 1px solid #000000">
Operating expenses

Selling, general and administrative
107,096 125,983 10.8 9.4 (18,887) (15.0)
Depreciation and amortization non-rental equipment and intangibles
33,672 37,214 3.4 2.8 (3,542) (9.5)
Other operating gains, net
(233) (789) (0.1) 556 n/a

Total operating expenses, net
140,535 162,408 14.1 12.1 (21,873) (13.5)

Operating income
68,194 316,089 6.9 23.6 (247,895) (78.4)
Interest expense, net
130,911 152,399 13.2 11.4 (21,488) (14.1)
Gain on extinguishment of debt, net
(12,489) (1.3) (12,489) n/a
Other expense (income), net
335 (316) 651 n/a

(Loss) income before (benefit) provision for income taxes
(50,563) 164,006 (5.1) 12.3 (214,569) n/a
(Benefit) provision for income taxes
(19,734) 59,235 (2.0) 4.4 (78,969) n/a

Net (loss) income
$(30,829) $104,771 (3.1)% 7.8% $(135,600) n/a

Total revenues decreased $344.6 million, or 25.8% from $1,338.0 million for the nine months ended September 30, 2008 to $993.4 million for the nine months ended September 30, 2009. Equipment rental revenue decreased $366.3 million, or 30.6%, from $1,195.8 million for the nine months ended September 30, 2008 to $829.5 million for the nine months ended September 30, 2009. The decrease in equipment rental revenue is primarily the result of a $282.7 million, or 23.6%, decrease in rental volume and an $83.6 million, or 7.0%, decrease in rental rates.

Sale of merchandise revenues decreased $16.0 million, or 28.5%, from $56.2 million for the nine months ended September 30, 2008 to $40.1 million for the nine months ended September 30, 2009. The decrease is due primarily to a decline in rental volume and an increase in location closures.

Revenues from the sale of used rental equipment increased $37.7 million, or 43.8%, from $86.0 million for the nine months ended September 30, 2008 to $123.8 million for the nine months ended September 30, 2009. During the first nine months of 2009 we continued our initiative to sell used rental equipment, which began in the fourth quarter of 2008, in response to a drop in rental demand that was greater than the normal seasonal decline.

Table of Contents

Cost of equipment rentals, excluding depreciation, decreased $98.3 million, or 18.8%, from $521.8 million for the nine months ended September 30, 2008 to $423.6 million for the nine months ended September 30, 2009, due to a 23.6% decrease in rental volume offset by a $1.2 million increase in costs associated with closed locations and severance costs attributable to a reduction in workforce. Cost of equipment rentals excluding depreciation, as a percentage of equipment rental revenues increased from 43.6% for the nine months ended September 30, 2008 to 51.1% for the nine months ended September 30, 2009. The increase is due primarily to a 7.0% decrease in equipment rental rates and the $1.2 million increase in costs incurred to close underperforming locations and reduce headcount.

Depreciation of rental equipment decreased $21.8 million, or 9.1%, from $239.3 million for the nine months ended September 30, 2008 to $217.5 million for the nine months ended September 30, 2009. The decrease is due to a decline in the net book value of our rental fleet during the first nine months of 2009 as compared with the first nine months of 2008. The decline in the net book value of our rental fleet is attributable to an increase in used equipment sales and a decrease in capital expenditures. As a percent of equipment rental revenues, depreciation of rental equipment increased from 20.0% in the nine months ended September 30, 2008 to 26.2% in the nine months ended September 30, 2009. This increase is due a 30.6% drop in rental equipment revenue in the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2008.

Cost of merchandise sales decreased $10.0 million, or 26.1%, from $38.2 million for the nine months ended September 30, 2008 to $28.2 million for the nine months ended September 30, 2009, which corresponds with the decrease in merchandise sales revenue. Gross margin for merchandise sales decreased from 32.0% for the nine months ended September 30, 2008 to 29.7% for the nine months ended September 30, 2009, due to modest increases in the provisions for inventory shrinkage and obsolescence.

Cost of used rental equipment sales increased $55.3 million, or 91.9%, from $60.2 million for the nine months ended September 30, 2008 to $115.4 million for the nine months ended September 30, 2009. The increase is due primarily to the 43.8% increase in sales of used rental equipment for the nine months ended September 30, 2009. Gross margin for the sale of used rental equipment decreased from 30.1% for the nine months ended September 30, 2008 to 6.7% for the nine months ended September 30, 2009. An increase in the market supply of used equipment available for sale and lower realized retail prices combined with an increase in our use of low margin auction channels contributed to the lower margin.

Selling, general and administrative expenses decreased $18.9 million, or 15.0%, from $126.0 million for the nine months ended September 30, 2008 to $107.1 million for the nine months ended September 30, 2009. The decrease is due primarily to a decrease in sales commissions and to a lesser extent decreases in direct marketing costs, professional fees and sales and administrative salaries expense. Selling, general and administrative expenses increased as a percentage of total revenues from 9.4% for the nine months ended September 30, 2008 to 10.8% for the nine months ended September 30, 2009. The increase as a percentage of revenues is primarily due to an increase in the provision for doubtful accounts of $3.9 million as well as certain fixed costs which remained constant despite a decrease in total revenues.

Depreciation and amortization of non-rental equipment and intangibles decreased $3.5 million, or 9.5%, from $37.2 million for the nine months ended September 30, 2008 to $33.7 million for the nine months ended September 30, 2009. The decrease is due to a reduction in the number of leased vehicles during the nine months ended September 30, 2009 as compared to the nine months ended September 30, 2009. The decrease was also driven by non-rental asset dispositions resulting from location closures occurring during the three months ended December 31, 2008 and the nine months ended September 30, 2009.

Other operating gains, net were $0.2 million for the nine months ended September 30, 2009 as compared to $0.8 million for the nine months ended September 30, 2008. The $0.6 million decrease in the 2009 versus 2008 nine-month period was primarily attributable to leasehold improvement write-offs associated with location closures.

Gain on extinguishment of debt, net was $12.5 million for the nine months ended September 30, 2009 and consists of a $16.2 million gain from the pay-down of our second lien term facility offset by a $3.7 million loss from the extinguishment of our senior ABL term loan. The $16.2 million net gain associated with the second lien facility includes a $20.6 million gain, which represents the difference between carrying value of the second lien debt and the

repurchase price offset by $1.9 million of creditor and third party fees incurred to amend and pay-down the second lien as well as $2.5 million of unamortized deferred financing costs that were expensed. The $3.7 million loss from the extinguishment of our senior ABL term loan includes $1.4 million of creditor fees to amend our ABL facilities credit agreement and $2.3 million of unamortized deferred financing costs that were expensed.

Interest expense, net decreased $21.5 million, or 14.1%, from $152.4 million for the nine months ended September 30, 2008 to $130.9 million for the nine months ended September 30, 2009, primarily due to lower debt levels and interest rates.

The benefit for income taxes was $19.7 million for the nine months ended September 30, 2009 as compared to a provision for income taxes of $59.2 million for the nine months ended September 30, 2008. The benefit for income taxes was due to a pre-tax net loss for the nine months ended September 30, 2009 while the provision for income taxes was due to pre-tax net income for the nine months ended September 30, 2008. The effective tax rate for the nine-month period ending September 30, 2009 and 2008 was 39.0% and 36.1%, respectively. The rate for the 2009 nine-month period differs from the U.S. federal statutory rate due to certain non-deductible permanent items, state income taxes, the $2.4 million discrete income tax benefit relating to the true-up of our deferred tax liabilities from filing our 2008 federal, state and foreign tax returns, and an offsetting expense during the second quarter of 2009 relating to the expiration of share appreciation rights granted by ACAB to certain employees of the Company as well as the imposition of certain state minimum and gross receipts taxes, which are incurred regardless of whether we earn income. The rate for the 2008 nine-month period was impacted by the $3.2 million discrete income tax benefit relating to the true-up of our deferred tax liabilities from filing our 2007 federal, state and foreign tax returns.

Liquidity and Capital Resources

Cash Flows and Liquidity

Our primary source of capital is from cash generated by our rental operations, which includes cash received from the sale of used rental equipment, and secondarily from borrowings available under the revolving portion of our senior ABL revolving facility. Our business is highly capital intensive, requiring significant investments in order to expand our rental fleet during periods of growth and smaller investments required to maintain and replace our rental fleet during times of weakening rental demand.

Cash flows from operating activities as well as the sale of used rental equipment enable us to fund our operations and service our debt obligations including the continued repayment of our senior ABL revolving facility. We continuously monitor utilization of our rental fleet and if warranted we divest excess fleet, which generates additional cash flow. In addition, due to the condition and age of our fleet we have the ability to significantly reduce capital expenditures during difficult economic times, therefore allowing us to redirect this cash towards further debt reduction during these periods. The following table summarizes our sources and uses of cash for the nine months ended September 30, 2008 and 2009:

	Nine Months Ended September 30, 2009	2008
	(in 000s)	
Net cash provided by operating activities	$ 230,217	$ 295,365
Net cash provided by (used in) investing activities	101,297	(185,512)
Net cash used in financing activities	(327,195)	(119,492)
Effect of foreign exchange rates on cash	1,001	(127)
Net increase (decrease) in cash and cash equivalents	$ 5,320	$ (9,766)

As of September 30, 2009, we had cash and cash equivalents of $19.0 million, an increase of $5.3 million from December 31, 2008. Generally, we manage our cash flow by using any excess cash, after considering our working capital and capital expenditure needs, to pay down the outstanding balance of our senior ABL revolving facility.

Operating activities Net cash provided by operating activities during the nine months ended September 30, 2009 consisted of the add-back of non-cash items and other adjustments of $236.0 million and a decrease in operating assets (net of operating liabilities) of $25.0 million offset by a net loss of $30.8 million. The most significant change in operating assets and liabilities was a reduction in accounts receivable resulting in a cash inflow of $73.2 million offset by the settlement of accounts payable resulting in a cash outflow of $60.7 million.

Investing activities Net cash provided by investing activities during the nine months ended September 30, 2009 consisted primarily of proceeds received from the sale of rental and non-rental equipment of $134.3 million. We also received $3.1 million of insurance proceeds from rental equipment and property claims. Capital expenditures of $36.1 million include purchases of rental and non-rental equipment.

The increase in net cash provided by investing activities during the nine months ended September 30, 2009 as compared to the same prior year period is primarily attributable to an increase in proceeds from the sale of used rental equipment and a decrease in capital expenditures for rental equipment. The increase in proceeds during the nine months ended September 30, 2009 was due to our continued efforts to accelerate sales of used rental equipment in response to a drop in rental demand. The quality, age and condition of our fleet reduced our need to replace existing rental equipment during the period. The deceleration in the growth of rental revenue also reduced our need to purchase rental equipment. We intend to continue a reduction in our capital expenditures during the fourth quarter of 2009 as compared to the fourth quarter of 2008.

Financing activities Net cash used in financing activities during the nine months ended September 30, 2009 consists primarily of $277.2 million net payments on our senior ABL revolving facility, $244.4 million of payments to extinguish our senior ABL term loan and $137.1 million of prepayments on our second lien term facility. We also repaid $31.9 million on our other debt obligations and paid $26.4 million of deferred and non-deferred financing costs of which $23.2 million pertains to costs associated with the senior secured notes Offering, the Notes Credit Agreement Amendment and the Extension Credit Agreement Amendment and $2.7 million pertains to costs associated with the Second Lien Amendment and the second lien term facility repurchases. These cash outflows were offset by $389.3 million of proceeds from the senior secured notes Offering.

Indebtedness

We are highly leveraged and a substantial portion of our liquidity needs arise from debt service requirements and from funding our costs of operations and capital expenditures. As of September 30, 2009, we had $2.2 billion of indebtedness outstanding, consisting primarily of $404.0 million under the senior ABL revolving facility, $741.5 million under the second lien term facility, $620.0 million of senior notes and $400.0 million of senior secured notes, net of an unamortized original issue discount of $10.5 million.

As of September 30, 2009, we had an outstanding balance of $404.0 million on our senior ABL revolving facility leaving $647.3 million available for future borrowings. The available borrowings of $647.3 million are net of outstanding letters of credit and the net fair value liability for our interest rate swap agreements before the adjustment for credit-risk. During the nine months ended September 30, 2009, we borrowed $218.0 million under the senior ABL revolving facility and repaid $495.2 million. In addition, we repaid the $244.4 million outstanding balance on the term loan portion of the senior ABL facility.

The senior ABL revolving facility and the second lien term facility contain a number of covenants that, among other things, limit or restrict our ability to incur additional indebtedness; provide guarantees; engage in mergers, acquisitions or dispositions; enter into sale-leaseback transactions; make dividends and other restricted payments; prepay other indebtedness; engage in certain transactions with affiliates; make other investments; change the nature of its business; incur liens; and, with respect to RSC Holdings II, LLC, take actions other than those enumerated; and amend specified debt agreements. The indentures governing the senior notes and the senior secured notes also contain restrictive covenants that, among other things, limit our ability to incur additional debt; pay dividends or distributions on our capital stock or repurchase our capital stock; make certain investments; create liens to secure debt; enter into certain transactions with affiliates; create limitations on the ability of our restricted subsidiaries to make dividends or distributions to their parents; merge or consolidate with another company; and transfer and sell assets. In addition, under the senior ABL revolving facility, upon excess availability falling below $140.0 million, the borrowers will be required to comply with specified financial ratios and tests, including a minimum fixed charge

27

coverage ratio of 1.00 to 1.00 and a maximum leverage ratio as of the last day of any test period during any period set forth in the following table:

Fiscal Quarter Ending	Consolidated Leverage Ratio
September 30, 2009	4.50:1.00
December 31, 2009	4.50:1.00
March 31, 2010 and at all times thereafter	4.25:1.00

Excess availability did not fall below $140.0 million and we were therefore not required to comply with the specified financial ratios and tests as of September 30, 2009. However, if the coverage ratio and leveraged ratio tests had been triggered by a reduction in excess availability under the senior ABL revolving facility as of September 30, 2009, we would have been in compliance with such financial ratios and tests. As of September 30, 2009, our fixed charge coverage ratio was 2.46 to 1.00 and the leverage ratio was 4.33 to 1.00, as calculated in accordance with the credit agreement.

Substantially all of our rental equipment and all our other assets are subject to liens under our senior ABL revolving facility, our second lien term facility and our senior secured notes and none of such assets are available to satisfy the general claims of our creditors.

Outlook

We believe that cash generated from operations, together with amounts available under the senior ABL revolving facility, as amended in July 2009, will be adequate to permit us to meet our debt service obligations, ongoing costs of operations, working capital needs and capital expenditure requirements for at least the next twelve months and the foreseeable future. Our future financial and operating performance, ability to service or refinance our debt and ability to comply with covenants and restrictions contained in our debt agreements will be subject to future economic conditions and to financial, business and other factors, many of which are beyond our control. See Risk Factors in Part II, Item 1A of this Quarterly Report.

In connection with the reduction of capital expenditures noted previously, we expect to generate positive cash flow from operations, net of capital expenditures, for the year ending December 31, 2009. From time to time, we evaluate various alternatives for the use of excess cash generated from our operations including paying down debt, funding acquisitions and repurchasing common stock or debt securities. Assuming certain payment conditions under the Senior ABL revolving facility credit agreement are satisfied, our second lien term facility limits our capacity to repurchase common stock or make optional payments on senior unsecured debt securities. This limitation at September 30, 2009 was $116.8 million, when considering a total basket of $150.0 million, net of $33.2 million of usage. We are also limited to $50.0 million in cash dividends in 2009.

Adjusted EBITDA

As a supplement to the financial statements in this Quarterly Report, which are prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP), we also present Adjusted EBITDA. Adjusted EBITDA is generally consolidated net (loss) income before net interest expense, income taxes and depreciation and amortization and before certain other items, including gain on extinguishment of debt, net, share-based compensation and other (income) expense, net. We present Adjusted EBITDA because we believe the calculation is useful to investors in evaluating our ability to service debt and our financial performance. However, Adjusted EBITDA is not a recognized measure under GAAP, and when analyzing our performance, investors should use Adjusted EBITDA in addition to, and not as an alternative to, net (loss) income or net cash provided by operating activities as defined under GAAP. In addition, all companies do not calculate Adjusted EBITDA in the same manner and therefore our presentation may not be comparable to those presented by other companies. The table below provides a reconciliation between net (loss) income, as determined in accordance with GAAP, and Adjusted EBITDA:

Table of Contents

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
	(in 000s)			
Net (loss) income	$ (5,835)	$ 42,349	$ (30,829)	$ 104,771
Depreciation of rental equipment and depreciation and amortization of non-rental equipment and intangibles	80,865	94,472	251,164	276,545
Interest expense, net	50,666	48,296	130,911	152,399
(Benefit) provision for income taxes	(7,034)	19,325	(19,734)	59,235
EBITDA	$ 118,662	$ 204,442	$ 331,512	$ 592,950
Adjustments:				
Gain on extinguishment of debt, net	(12,489)		(12,489)	
Share-based compensation	1,179	957	3,473	2,797
Other (income) expense, net	(75)	327	335	(316)
Adjusted EBITDA	$ 107,277	$ 205,726	$ 322,831	$ 595,431

Critical Accounting Policies and Estimates

Our discussion and analysis of financial condition and results of operations are based upon our unaudited condensed consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts in the unaudited condensed consolidated financial statements and accompanying notes. Actual results, however, may materially differ from our calculated estimates and this difference would be reported in our current operations. We have made no significant changes to our critical accounting policies and estimates since December 31, 2008.

Recent Accounting Pronouncements

In June 2009, the Financial Accounting Standards Board (the FASB) issued the FASB Accounting Standards Codification (the Codification) as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Rules and interpretative releases of the Securities and Exchange Commission are also sources of authoritative GAAP for SEC registrants. As a result of the Codification, all changes to GAAP originating from the FASB will now be issued in Accounting Standards Updates. These changes and the Codification do not change GAAP. We adopted the changes resulting from the Codification, effective September 30, 2009. Other than the manner in which new accounting guidance is referenced, the adoption of these changes had no impact on our results of operations, financial position or notes to the condensed consolidated financial statements.

In May 2009, the FASB issued changes to accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued, otherwise known as subsequent events . Specifically, these changes set forth the following with regards to subsequent events: (a) the period after the balance sheet date during which management of an entity shall evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements, (b) the circumstances under which an entity shall recognize events or transactions occurring after the balance sheet date in its financial statements and (c) the disclosures that an entity shall make about events or transactions that occurred after the balance sheet date. These changes require entities to recognize in the financial statements, the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including estimates inherent in the process of preparing financial statements. Conversely, entities shall not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date but before financial statements are issued or are available to be issued. Entities shall disclose the date through which subsequent events have been evaluated, as well as whether that date is the date the financial statements were issued or the date the financial statements were available to be issued. Entities shall also disclose the nature and financial effect of nonrecognized subsequent events if such disclosure keeps the financial statements from being misleading.

We adopted these changes effective June 30, 2009. In doing so, we evaluated subsequent events through October 29, 2009, which is the date this Quarterly Report on Form 10-Q was filed with the Securities and Exchange Commission. See Note 11 to the unaudited condensed consolidated financial statements for our disclosures on subsequent events.

In April 2009, the FASB issued changes to fair value disclosures of financial instruments. These changes require disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies as well as in annual financial statements. We adopted the interim disclosure requirements, effective June 30, 2009. See Note 2 of our unaudited condensed consolidated financial statements for interim disclosures on the fair value of our financial instruments.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk associated with changes in interest rates and foreign currency exchange rates.

Interest Rate Risk

We have a significant amount of debt under the senior ABL revolving facility and the second lien term facility with variable rates of interest based generally on adjusted LIBOR, or an alternate interest rate, in each case, plus an applicable margin (or, in the case of Canadian dollar borrowings under the senior ABL revolving facility, variable borrowing costs based generally on bankers acceptance discount rates, plus a stamping fee equal to an applicable margin, or on the Canadian prime rate, plus an applicable margin). Increases in interest rates could therefore significantly increase the associated interest payments that we are required to make on this debt. We have assessed our exposure to changes in interest rates by analyzing the sensitivity to our earnings assuming various changes in market interest rates. Assuming a hypothetical increase of 1% in interest rates on our debt portfolio, as of September 30, 2009, our net interest expense for the nine months ended September 30, 2009 would have increased by an estimated $5.2 million. Excluding the effect of our hedge agreements, for the same period interest expense would have increased $12.3 million assuming a hypothetical increase of 1%.

We entered into four forward-starting interest rate swap agreements in September 2007 under which we exchanged our benchmark floating-rate interest payments for fixed-rate interest payments. The agreements are intended to hedge the benchmark portion of interest associated with a portion of the second lien term facility. Interest on this debt is based on a fluctuating rate of interest measured by reference to a benchmark interest rate, plus a borrowing margin, which was 3.5% for the LIBOR option at September 30, 2009. The agreements cover a combined notional amount of debt totaling $700.0 million, of which $500.0 million is for a five-year period with a weighted average fixed interest rate of 4.66% and $200.0 million is for a three-year period with a weighted average fixed interest rate of 4.57%. The swaps became effective on October 5, 2007 and are settled on a quarterly basis.

We entered into an additional interest rate swap agreement in January 2008, under which we exchanged our benchmark floating-rate interest payment for a fixed-rate interest payment. This agreement is intended to hedge the benchmark portion of interest associated with a portion of the senior ABL revolving facility. Interest on this debt is based on a fluctuating rate of interest measured by reference to a benchmark interest rate, plus a borrowing margin. The borrowing margin on the Extending portion of the outstanding senior ABL revolving facility was 3.5% for the LIBOR option and 2.5% for the Prime option at September 30, 2009. The borrowing margin on the Non-Extending portion of the outstanding senior ABL revolving facility was 1.75% for the LIBOR option and 0.75% for the Prime option at September 30, 2009. This agreement covers a notional amount of debt totaling $250.0 million, for a two-year term at a fixed interest rate of 2.66%. The swap was effective on April 5, 2008 and is settled on a quarterly basis. Including the $700.0 million of the second lien term facility and the $250.0 million of the senior ABL revolving facility that were hedged as of September 30, 2009, 87.2% of our $2.2 billion of debt at September 30, 2009 had fixed rate interest.

Currency Exchange Risk

The functional currency for our Canadian operations is the Canadian dollar. In the nine months ended September 30, 2009 and September 30, 2008, 4.9% and 5.6%, respectively, of our revenues were generated by our Canadian operations. As a result, our future earnings could be affected by fluctuations in the exchange rate between the U.S.

Table of Contents

and Canadian dollars. Based upon the level of our Canadian operations during the nine months ended September 30, 2009, relative to our operations as a whole, a 10% increase in this exchange rate would have reduced net loss by less than $0.3 million for the nine months ended September 30, 2009.

Item 4. Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in company reports filed or submitted under the Securities Exchange Act of 1934, as amended (the Exchange Act) is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Evaluation of Disclosure Controls and Procedures

An evaluation of the effectiveness of our disclosure controls and procedures was performed under the supervision of, and with the participation of, management, including our Chief Executive Officer and Chief Financial Officer, as of the end of the period covered by this Quarterly Report. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective.

Changes in Internal Control Over Financial Reporting

An evaluation of our internal controls over financial reporting was performed under the supervision of, and with the participation of, management, including our Chief Executive Officer and Chief Financial Officer, to determine whether any changes have occurred during the period covered by this Quarterly Report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that no changes in our internal control over financial reporting have occurred during the quarter ended September 30, 2009 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. Other Information

Item 1. Legal Proceedings

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

Litigation is subject to many uncertainties, and the outcome of the individual litigated matters is not predictable with assurance. It is possible that certain of the actions, claims, inquiries or proceedings, including those discussed above, could be decided unfavorably to us or any of our subsidiaries involved. Although we cannot predict with certainty the ultimate resolution of lawsuits, investigations and claims asserted against us, we do not believe that any currently pending legal proceedings to which we are a party will have a material adverse effect on our business, results of operations, cash flows or financial condition.

Item 1A. Risk Factors

In addition to the other information set forth in this Quarterly Report, you should carefully consider the risk factors set forth below, which could materially affect our business, financial condition or future results. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or future results. The risk factors set forth below update and replace those set forth in their entirety in our Form 10-Q for the quarter ended June 30, 2009, filed with the Securities and Exchange Commission on July 30, 2009.

Table of Contents

Risks Relating to Our Business

Our business has been and may continue to be hurt by an economic downturn, a decline in non-residential construction or industrial or non-construction, activities or a decline in the amount of equipment that is rented.

For the three and nine months ended September 30, 2009, our non-residential construction and industrial or non-construction, customers together accounted for approximately 97% of our rental revenues. Weakness in non-residential construction or industrial or non-construction, activity, or a decline in the desirability of renting equipment, may decrease the demand for our equipment or depress the prices we charge for our products and services. In addition, an economic downturn in those regions where we have significant operations could disproportionately harm our financial condition, results of operations and cash flows. We have identified below certain factors which may cause weakness, either temporary or long-term, in the non-residential construction and industrial or non-construction, sectors:

- weakness or a downturn in the overall economy, including the onset of, or prolonged exposure to, a recession;
- reduced access to capital markets for our customers funding of projects due to a weakness or downturn in the overall economy or otherwise;
- an increase in the cost of construction materials;
- an increase in interest rates;
- adverse weather conditions or natural disasters, including an active hurricane season in the Gulf of Mexico region, where we have a large concentration of customers; or
- terrorism or hostilities involving the United States or Canada.

A weakness in the non-residential construction and industrial or non-construction, sectors caused by these or other factors would harm our revenues, financial condition, profitability and cash flows as well as our ability to service debt, and may reduce residual values realized on the disposition of our rental equipment, negatively impacting our borrowing availability.

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

The equipment rental industry is highly competitive and highly fragmented. Many of the markets in which we operate are served by numerous competitors, ranging from national equipment rental companies like ourselves, to smaller multi-regional companies and small, independent businesses with a limited number of locations. Some of our principal competitors are less leveraged than we are, have greater financial resources, may be more geographically diversified, may have greater name recognition than we do and may be better able to withstand adverse market conditions within the industry. We generally compete on the basis of, among other things, quality and breadth of service, expertise, reliability, price and the size, mix and relative attractiveness of our rental equipment fleet, which is significantly affected by the level of our capital expenditures. If we are required to reduce or delay capital expenditures for any reason, including due to restrictions contained in the Senior Credit Facilities, or the indentures governing our Senior Notes or Senior Secured Notes (collectively the Notes), the resulting aging of our rental fleet may cause us to lose our competitive advantage and adversely impact our pricing. In addition, our competitors are competing aggressively on the basis of pricing and may continue to drive prices further down. To the extent that we choose to match our competitors downward pricing, it could harm our results of operations. To the extent that we choose not to match or remain within a reasonable competitive distance from our competitors pricing, it could also harm our results of operations, as we may lose rental volume.

We may also encounter increased competition from existing competitors or new market entrants in the future, which could harm our revenues, financial condition, profitability and cash flows as well as our ability to service debt.

Our revenues and operating results may fluctuate and unexpected or sustained periods of decline have had and may continue to have a material adverse effect on our business, financial condition, results of operations and cash flows.

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

- downturn in the North American economy, including the reduced access to capital markets for our customers funding of projects, any sustained periods of inflation or deflation, and the resulting negative impact it has on the financial strength of our customers;
- changes in demand for our equipment or the prices we charge due to changes in economic conditions, competition or other factors;
- the timing of expenditures for new equipment and the disposal of used equipment, including the ability to effectively and efficiently reduce our fleet size by selling in the open market for used equipment;
- changes in the interest rates applicable to our variable rate debt;
- general economic conditions in the markets where we operate;
- the cyclical nature of our customers businesses, particularly those operating in the non-residential construction and industrial or non-construction, sectors;
- rental rate changes in response to competitive factors;
- our inability to maintain our price levels during long-term periods of economic decline;
- bankruptcy or insolvency of our competitors leading to a larger than expected amount of used equipment in the open market;
- bankruptcy or insolvency of our customers, thereby reducing demand for used rental equipment;
- reduction in the demand for used equipment may result in lower sales prices and volume for used equipment sales;
- aging of our fleet, ultimately resulting in lower sales prices and volume for used equipment sales;
- seasonal rental patterns, with rental activity tending to be lowest in the winter;
- downturn in oil and petrochemical-related sectors from which we derive a large share of our industrial revenue;
- timing of acquisitions of companies and new location openings and related costs;
- labor shortages, work stoppages or other labor difficulties;
- disruptions of fuel supplies or increases in fuel prices;
- possible unrecorded liabilities of acquired companies;
- our effectiveness in integrating acquired businesses and new locations into our existing operations; and

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

Table of Contents

One or a number of these factors could harm our revenues, financial condition, profitability and cash flows, as well as our ability to service debt, and may reduce residual values realized on the disposition of our rental equipment, negatively impacting our borrowing availability.

The non-residential construction market is currently experiencing a downturn which, if sustained, could harm our business, liquidity and results of operations.

Our business derives a material portion of its revenues from customers in the non-residential construction market and the general slowdown and volatility of the United States economy is having an adverse effect on this business. The non-residential construction industry is expected to continue to decline in 2009 and 2010, as office vacancy rates continue to increase, rental costs decrease, the availability of financing continues to be limited and clarity on the strength of the economy remains uncertain. From time to time, our business that serves the non-residential construction industry has also been adversely affected in various parts of the country by declines in non-residential construction starts due to, among other things, changes in tax laws affecting the real estate industry, high interest rates and reduced level of residential construction activity. Continued weakness in the U.S. economy and general uncertainty about current economic conditions will continue to pose a risk to our business as participants in this industry may postpone spending in response to tighter credit, negative financial news and/or declines in income or asset values, which would have a continued material negative effect on the demand for our products.

Our reliance on available borrowings under the Senior ABL Revolving Facility and cash from operating activities is necessary to operate our business and subjects us to a number of risks, many of which are beyond our control.

Our Senior ABL Term Facility was repaid and terminated effective July 1, 2009. However, we rely significantly on available borrowings under the Senior ABL Revolving Facility to operate our business. As of September 30, 2009, we had $647.3 million of available borrowings under the Senior ABL Revolving Facility. The amount of available borrowings under the Senior ABL Revolving Facility is determined by a formula, subject to maximum borrowings, that includes several factors, most significant of which is the orderly liquidation value (OLV), of our rental fleet. The OLV of our fleet is calculated by a third party and reflects the average of prices paid for used rental equipment at retail and auction. If our OLV were to decrease significantly, or if our access to such financing were unavailable, reduced, or were to become significantly more expensive for any reason, including, without limitation, due to our inability to meet the coverage ratio or leverage ratio tests in the Senior ABL Revolving Facility or to satisfy any other condition in the facilities or due to an increase in interest rates generally, we may not be able to fund daily operations which may cause material harm to our business, which could affect our ability to operate our business as a going concern.

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

The effects of the recent global economic crisis have had and may continue to have a negative impact on our revenue, operating results, or financial condition.

The recent global economic crisis has caused disruptions and extreme volatility in global financial markets and increased rates of default and bankruptcy, and has reduced demand for equipment rental. These macroeconomic developments have had and could continue to have a negative impact on our revenue, profitability, financial condition and liquidity in a number of ways, such as reduced global used equipment demands which in turn could have a negative impact on the OLV for our rental fleet. Additionally, current or potential customers may delay or decrease equipment rentals or may delay paying us or be unable to pay us for prior equipment rentals and services. Also, if the banking system or the financial markets continue to deteriorate or remain volatile, the funding for and realization of capital projects may continue to decrease, which may continue to impact the demand for our rental equipment and services.

Table of Contents

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

All of our rental equipment consists of products that we purchase from various suppliers and manufacturers, and over the last several years, we have reduced the number of suppliers from which we purchase rental equipment to two suppliers for almost all major equipment categories that we offer for rent. We rely on these suppliers and manufacturers to provide us with equipment which we then rent to our customers. We have not entered into any long-term equipment supply arrangements with manufacturers. To the extent we are unable to rely on these suppliers and manufacturers, due to an adverse change in our relationships with them, if they fail to continue operating as a going concern, if they significantly raised their costs, or such suppliers or manufacturers simply are unable to supply us with equipment in a timely manner, our business could be adversely affected through higher costs or the resulting potential inability to service our customers. We may experience delays in receiving equipment from some manufacturers due to factors beyond our control, including raw material shortages, and, to the extent that we experience any such delays, our business could be hurt by the resulting inability to service our customers. In addition, the payment terms we have negotiated with the suppliers that provide us with the majority of our equipment may not be available to us at a later time.

If we are unable to collect on contracts with customers, our operating results would be adversely affected.

One of the reasons some of our customers find it more attractive to rent equipment than own equipment is the need to deploy their capital elsewhere. This has been particularly true in industries with high growth rates such as the non-residential construction industry. Some of our customers may have liquidity issues and ultimately may not be able to fulfill the terms of their rental agreements with us. If we are unable to manage credit risk issues adequately, or if a large number of customers should have financial difficulties at the same time, our credit losses could increase above historical levels and our operating results would be adversely affected. Further, delinquencies and credit losses generally can be expected to increase during economic slowdowns or recessions.

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

As our fleet of rental equipment ages, the cost of maintaining such equipment, if not replaced within a certain period of time, will likely increase. As of September 30, 2009, the average age of our rental equipment fleet was approximately 38 months, up 22.6%, from 31 months at September 30, 2008. The increase in 2009 resulted from reductions in capital expenditures toward new rental fleet. The costs of maintenance may materially increase in the future. Any material increase in such costs could have a material adverse affect on our revenues, profitability and financial condition.

Our operational and cost reduction measures may not generate the improvements and efficiencies we expect.

We have responded to the economic slowdown by employing a number of operational measures. The extent to which these strategies will achieve the desired efficiencies and goals in 2009 and beyond is uncertain, as their success depends on a number of factors, some of which are beyond our control. Even if we carry out these measures in the manner we currently expect, we may not achieve the efficiencies or savings we anticipate, or on the timetable we anticipate. There may be unforeseen productivity, revenue or other consequences resulting from our strategies that will adversely affect us. Therefore, there can be no guarantee that our strategies will prove effective in achieving desired profitability or margins.

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

The cost of new equipment used in our rental fleet could increase, primarily due to increased material costs, including increases in the cost of steel, which is a primary material used in most of the equipment we use, and increases in the cost of fuel, which is used in the manufacturing process and in delivering equipment to us. Such increases could materially adversely impact our financial condition and results of operations in future periods. In addition, based on changing demands of customers, the types of equipment we rent to our customers may become obsolete resulting in a negative impact to our financial condition based on the increased capital expenditures required to replace the obsolete equipment, and our potential inability to sell the obsolete equipment in the used equipment market.

An impairment of our goodwill could have a material non-cash adverse impact on our results of operations.

We review goodwill for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable and at least annually. We have performed our annual impairment tests for goodwill during the fourth quarter of 2008 and based on our analyses, there was no goodwill impairment recognized during the year ended December 31, 2008. If during 2009, market conditions continue to deteriorate and our outlook deteriorates from the projections we used in the 2008 goodwill impairment test, we may have goodwill impairment during 2009. If such further economic deterioration occurs, we may be required to record charges for goodwill impairments in the future, which could have a material adverse impact on our results of operations and financial condition.

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

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

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

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

Any failure of Atlas to indemnify us against and defend us from certain claims in accordance with the terms of the recapitalization agreement could have a material adverse effect on us.

Pursuant to the recapitalization agreement and subject to certain limitations set forth therein, Atlas has agreed to indemnify RSC Holdings and its subsidiaries against and defend us from all losses, including costs and reasonable expenses, resulting from certain claims related to the recapitalization, our business and our former businesses including, without limitation: claims alleging exposure to silica and asbestos; the transfer of certain businesses owned by RSC Holdings but not acquired in connection with the recapitalization; certain employee-related matters; any activities, operations or business conducted by RSC Holdings or any of its affiliates other than our business; and certain tax matters. Atlas indemnity for claims related to alleged exposure to silica entitles us to coverage for one-half of all silica related losses until the aggregate amount of such losses equals $10 million and to coverage for such losses in excess of $10 million until the aggregate amount of such losses equals $35 million. Atlas general indemnity for breach of representations and warranties related to our business covers aggregate losses in excess of $33 million, excluding any individual loss of less than $75,000, and the maximum we can recover is 20% of the recapitalization purchase price set forth in the recapitalization agreement, as adjusted in accordance with the recapitalization agreement. Furthermore, Atlas may not have sufficient assets, income and access to financing to enable them to satisfy their indemnification obligations under the recapitalization agreement or to continue to honor

those obligations. If Atlas does not satisfy or otherwise honor their obligations, we may be forced to bear the losses described above. Any failure by Atlas to perform these obligations could harm our business. Please see Item 1. Business Organizational Overview in our 2008 Form 10-K for a description of the Recapitalization Agreement and the Recapitalization.

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

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

Oak Hill or their affiliates may compete directly against us.

Corporate opportunities may arise in the area of potential competitive business activities that may be attractive to us as well as to Oak Hill or their affiliates, including through potential acquisitions by Oak Hill or their affiliates of competing businesses. Any competition could intensify if an affiliate or subsidiary of Oak Hill were to enter into or acquire a business similar to our equipment rental operations. Oak Hill and their affiliates may be inclined to direct relevant corporate opportunities to entities which they control individually rather than to us. In addition, our amended and restated certificate of incorporation provides that Oak Hill is under no obligation to communicate or offer any corporate opportunity to us, even if such opportunity might reasonably have been expected to be of interest to us or our subsidiaries.

If we acquire any businesses in the future, they could prove difficult to integrate, disrupt our business, or have an adverse effect on our results of operations.

We intend to pursue growth primarily through internal growth, but from time to time we may consider opportunistic acquisitions, which may be significant. Any future acquisition would involve numerous risks including, without limitation:

- potential disruption of our ongoing business and distraction of management;
- difficulty integrating the acquired business; and
- exposure to unknown liabilities.

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

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

One of the most important factors in our ability to profitably execute our business plan is our ability to attract, develop and retain qualified personnel, including our Chief Executive Officer and operational management. Our success in attracting and retaining qualified people is dependent on the resources available in individual geographic areas and the impact on the labor supply due to general economic conditions as well as our ability to provide a competitive compensation package, including the implementation of adequate drivers of retention and rewards based on performance, and work environment. The departure of any key personnel and our inability to enforce non-competition agreements could have a negative impact on our business.

The impairment of financial institutions may adversely affect us.

We have exposure to counterparties with which we execute transactions, including U.S. and foreign commercial banks, insurance companies, investment banks, investment funds and other financial institutions, some of which may be exposed to bankruptcy, liquidity, default or similar risks, especially in connection with recent financial market turmoil. Many of these transactions could expose us to risk in the event of the bankruptcy, receivership, default or similar event involving a counterparty. For example, as of September 30, 2009, we had $647.3 million of available borrowings under the Senior ABL Revolving Facility. If any of the lenders that are parties to the Senior ABL revolving facility experience difficulties that render them unable to fund future draws on the facility, we may not be able to access all or a portion of these funds. The inability to make future draws on the Senior ABL revolving facility could have a material adverse effect on our liquidity which could negatively affect our business, results of operations or ability to maintain the overall quality of our rental fleet.

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

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

If we are found liable for any significant claims that are not covered by insurance, our liquidity and operating results could be materially adversely affected. It is possible that our insurance carrier may disclaim coverage for any class action and derivative lawsuits against us. It is also possible that some or all of the insurance that is currently available to us will not be available in the future on economically reasonable terms or not available at all. In addition, whether we are covered by insurance or not, certain claims may have the potential for negative publicity surrounding such claims, which could adversely affect our business and lead to lower revenues, as well as additional similar claims being filed.

We may be unable to maintain an effective system of internal control over financial reporting and comply with Section 404 of the Sarbanes-Oxley Act of 2002 and other related provisions of the U.S. securities laws.

We are required to file certain reports, including annual and quarterly periodic reports, under the Exchange Act. The Securities and Exchange Commission, as required by Section 404 of the Sarbanes-Oxley Act of 2002, adopted rules requiring every reporting company to include a management report on such company s internal control over financial reporting in its annual report, which contains management s assessment of the effectiveness of the company s internal control over financial reporting. An independent registered public accounting firm must report on the effectiveness of our internal control over financial reporting. Compliance with the reporting obligations under the U.S. securities laws places additional burdens on our management, operational and financial resources and systems. To the extent that we are unable to maintain effective internal control over financial reporting and/or disclosure controls and procedures, we may be unable to produce reliable financial reports and/or public disclosure, detect and prevent fraud and comply with the reporting obligations under the U.S. securities laws, on a timely basis. Any such failure could harm our business. In addition, failure to maintain effective internal control over financial reporting and/or disclosure controls and procedures could result in the loss of investor confidence in the reliability of our financial statements and public disclosure and a loss of customers, which in turn could harm our business.

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

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

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

In addition, as climate change issues have become more prevalent, federal, state and local governments, as well as foreign governments, have begun to respond to these issues with increased legislation and regulations. Such legislation and regulations could negatively affect us, our suppliers and our customers. This may cause us to incur additional direct costs in complying with any new environmental legislation or regulations, as well as increased indirect costs resulting from our suppliers, customers, or both incurring additional compliance costs that could get passed through to us.

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

Our costs of doing business could increase as a result of changes in U.S. federal, state or local regulations.

Our operations are principally affected by various statutes, regulations and laws in the U.S. states and Canadian provinces in which we operate. While we are not engaged in a regulated industry, we are subject to various laws applicable to businesses generally, including laws affecting land usage, zoning, transportation, labor and employment practices, competition, immigration and other matters. In addition, we may be indirectly exposed to changes in regulations which affect our customers. Changes in U.S. federal, state or local regulations governing our business could increase our costs of doing business. Moreover, changes to U.S. federal, state and local tax regulations could increase our costs of doing business. We cannot provide assurance that we will not incur material costs or liabilities in connection with regulatory requirements. We cannot predict whether future developments in law and regulations concerning our businesses will affect our business financial condition and results of operations in a negative manner.

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

Our ability to compete effectively depends in part upon protection of our rights in trademarks, copyrights and other intellectual property rights we own or license, including proprietary software. Our use of contractual provisions, confidentiality procedures and agreements, and trademark, copyright, unfair competition, trade secret and other laws to protect our intellectual property and other proprietary rights may not be adequate. Litigation may be necessary to enforce our intellectual property rights and protect our proprietary information, or to defend against claims by third parties that our services or our use of intellectual property infringe their intellectual property rights. Any litigation or claims brought by or against us could result in substantial costs and diversion of our resources. A successful claim of trademark, copyright or other intellectual property infringement against us could prevent us from providing services, which could harm our business, financial condition or results of operations. In addition, a breakdown in our internal policies and procedures may lead to an unintentional disclosure of our proprietary, confidential or material non-public information, which could in turn harm our business, financial condition or results of operations.

Certain existing stockholders of RSC Holdings have significant control over our company and large ownership positions that could be sold, transferred or distributed.

Table of Contents

Ripplewood, Oak Hill, ACF and RSC Holdings are parties to an Amended and Restated Stockholders Agreement dated May 29, 2007, as amended further by that certain Amendment No. 1 dated August 24, 2009 (the Stockholders Agreement), pursuant to which Oak Hill currently has the right to nominate four members of RSC Holdings Board of Directors and Oak Hill, Ripplewood, and ACF may exercise control over matters requiring stockholder approval and our policy and affairs. As of September 30, 2009, Ripplewood, Oak Hill, and ACF beneficially owned approximately 51.97% of the outstanding shares of RSC Holdings common stock, which results in RSC Holdings being a closely controlled company under New York Stock Exchange rules and regulations. Due to the Stockholders Agreement Oak Hill has significant influence over: (1) the election of RSC Holdings Board of Directors; (2) the approval or disapproval of any other matters requiring stockholder approval; and (3) the affairs, policy and direction of our business. The interests of RSC Holdings existing stockholders may conflict with the interests of other security holders. In addition, actual or possible sales, transfers or distributions of substantial amounts of the common stock of RSC Holdings by Ripplewood, Oak Hill, or ACF, or the perception of the forgoing by investors, may cause the trading price of our common stock to decline and could adversely affect our ability to obtain financing in the future.

We face risks related to changes in our ownership.

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

Risks Related to our Indebtedness

We have substantial debt, which could adversely affect our financial condition, our ability to obtain financing in the future and our ability to react to changes in our business and make payments on our indebtedness.

We have a substantial amount of debt. As of September 30, 2009, we had $2,248.1 million of debt outstanding.

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

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

Table of Contents

Any of the foregoing impacts of our substantial indebtedness could harm our business, financial condition and results of operations.

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

We and our subsidiaries may be able to incur substantial additional indebtedness in the future. The terms of the instruments governing our indebtedness do not prohibit us or fully prohibit us or our subsidiaries from doing so. As of September 30, 2009, our Senior Credit Facilities provided us commitments for additional aggregate borrowings of approximately $647.3 million subject to, among other things, our maintenance of a sufficient borrowing base under such facilities. Both the Senior ABL Revolving Facility and the Second Lien Term Facility permit additional borrowings beyond the committed financing under these facilities under certain circumstances. If new indebtedness is added to our current debt levels, the related risks that we now face would increase. In addition, the instruments governing our indebtedness do not prevent us or our subsidiaries from incurring obligations that do not constitute indebtedness.

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

Our Senior Credit Facilities contain covenants that, among other things, restrict our ability to:

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

In addition, under the Senior ABL revolving facility, upon excess availability falling below $100 million we are subject to additional reporting requirements. Upon excess availability falling below $140 million, pursuant to the Extension Credit Agreement Amendment, we will come under close supervision by our lenders and we will then be subject to financial covenants, including covenants that will obligate us to maintain (1) a specified leverage ratio of 4.50 to 1.00 in 2009 and 4.25 to 1.00 thereafter and (2) a specified fixed charge coverage ratio of 1.00 to 1.00. Our ability to comply with these covenants in future periods and our available borrowing capacity under the Senior ABL revolving facility will depend on our ongoing financial and operating performance, which in turn will be subject to economic conditions and to financial, market and competitive factors, many of which are beyond our control. Our ability to comply with these covenants in future periods will also depend substantially on the pricing of our products and services, our success at implementing cost reduction initiatives and our ability to successfully implement our overall business strategy.

Each of the Notes Indentures also contains restrictive covenants that, among other things, limit our ability and the ability of our restricted subsidiaries to:

- incur additional debt;
- pay dividends or distributions on their capital stock or repurchase their capital stock;
- make certain investments;
- create liens on their assets to secure debt;
- enter into certain transactions with affiliates;
- create limitations on the ability of the restricted subsidiaries to make dividends or distributions to their respective parents;
- merge or consolidate with another company; and
- transfer and sell assets.

These covenants could have a material adverse effect on our business by limiting our ability to take advantage of financing, merger and acquisition or other corporate opportunities and to fund our operations. Also, although the Notes Indentures limit our ability to make restricted payments, these restrictions are subject to significant exceptions and qualifications.

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

We may not be able to generate sufficient cash to make payments on all of our debt, and our ability to refinance all or a portion of our debt or obtain additional financing depends on many factors beyond our control. As a result, we may be forced to take other actions to satisfy our obligations under such indebtedness, which may not be successful.

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

Table of Contents

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

Indebtedness under the Senior Credit Facilities and the Senior Secured Notes are secured by a lien on substantially all our assets, including pledges of substantially all of the assets of RSC Holdings III, LLC, which consist primarily of the capital stock of RSC Equipment Rental, Inc. and, in the case of the Senior Credit Facilities pledges of substantially all of the assets of RSC Holdings II, LLC, which consist primarily of the capital stock of RSC Holdings III, LLC. The Senior Notes are unsecured and therefore do not have the benefit of such collateral. Accordingly, if an event of default were to occur under the Senior Credit Facilities or the Senior Secured Notes, the senior secured lenders under such facilities or the holders of the Senior Secured Notes would have a prior right to our assets, to the exclusion of our general creditors, including the holders of our Senior Notes. In that event, our assets would first be used to repay in full all indebtedness and other obligations secured by them (including all amounts outstanding under our Senior Credit Facilities and the Senior Secured Notes), resulting in all or a portion of our assets being unavailable to satisfy the claims of our unsecured indebtedness.

As of September 30, 2009, substantially all of our consolidated assets, including our equipment rental fleet, had been pledged for the benefit of the lenders under our Senior Credit Facilities and the holders of the Senior Secured Notes. As a result, the lenders under these facilities and the holders of the Senior Secured Notes would have a prior claim on such assets in the event of our bankruptcy, insolvency, liquidation or reorganization, and we may not have sufficient funds to pay all of our creditors and holders of our unsecured indebtedness may receive less, ratably, than the holders of our secured debt, and may not be fully paid, or may not be paid at all, even when other creditors receive full payment for their claims. In that event, holders of our equity securities would not be entitled to receive any of our assets or the proceeds therefrom.

In addition, the pledge of these assets and other restrictions may limit our flexibility in raising capital for other purposes. Because substantially all of our assets are pledged under these financing arrangements, our ability to incur additional secured indebtedness or to sell or dispose of assets to raise capital may be impaired, which could have an adverse effect on our financial flexibility.

An increase in interest rates would increase the cost of servicing our indebtedness and could reduce our profitability.

Indebtedness we have and may incur under the Senior Credit Facilities bears interest at variable rates. As a result, an increase in interest rates, whether because of an increase in market interest rates or an increase in our own cost of borrowing, would increase the cost of servicing our indebtedness and could materially reduce our profitability. In addition, the Extension Credit Agreement Amendment increased the interest rates applicable to the extended portion of the Senior ABL Revolving Facility. In addition, recent turmoil in the credit markets has reduced the availability of debt financing, which may result in increases in the interest rates and borrowing spreads at which lenders are willing to make future debt financing available to us. The impact of such an increase would be more significant than it would be for some other companies because of our substantial indebtedness.

Risks Related to our Common Stock and Market and Economic Factors

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

Sales, transfers, or distributions of substantial amounts of our common stock, or the possibility of such by Ripplewood, Oak Hill, ACF, directors, or executive officers or other large stock holders, may adversely affect the price of our common stock and impede our ability to raise capital through the issuance of equity securities. As of September 30, 2009, Ripplewood, Oak Hill, and ACF owned collectively 51.97% of our common stock. Because of our public float and average volume, any sales, transfers or distributions, by any one of or a combination of Ripplewood, Oak Hill, and ACF or the perception of the forgoing by investors, may cause the trading price of our common stock to decline.

On August 24, 2009, Ripplewood, which held approximately 34% of the outstanding shares of common stock of RSC Holdings through its investment funds, distributed approximately 26.6 million shares of common stock of RSC

43

Table of Contents

Holdings to Ripplewood s indirect limited partners (the Distribution), while Ripplewood retained approximately 8.2 million shares. In addition, Amendment No. 1 to that certain Amended and Restated Stockholders Agreement provides that the 8.2 million shares of common stock of RSC Holdings held by entities affiliated with Ripplewood that were not included in the Distribution will be subject to a lock-up agreement for 90 days following the date of the Distribution and any sales of such shares thereafter (even if subsequently distributed to the limited partners of such entities) will be subject to the volume limitations of Rule 144(e)(1) under the Securities Act of 1933, as amended. When less than 4.0 million of the shares of common stock of RSC Holdings not included in the Distribution are held by entities affiliated with Ripplewood or their limited partners, then such entities and limited partners will no longer be bound by the terms of the Amended and Restated Stockholders Agreement and such shares will no longer be subject to volume limitations of Rule 144(e)(1) under the Securities Act of 1933, as amended.

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

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

Our operating and financial performance in any given period might not meet the guidance we have provided to the public.

We provide public guidance on our expected operating and financial results for future periods. Although we believe that this guidance provides investors and analysts with a better understanding of management s expectations for the future, and is useful to our stockholders and potential stockholders, such guidance is comprised of forward-looking statements subject to the risks and uncertainties described in this report and in our other public filings and public statements. Actual results may differ from the projected guidance. If in the future, our operating or financial results for a particular period do not meet our guidance or the expectations of investment analysts, or if we reduce our guidance for future periods, the market price of our common stock could significantly decline.

Fluctuations in the stock market, as well as general economic and market conditions may impact our operations, sales, financial results and market price of our common stock.

The market price of our common stock has been and may continue to be subject to significant fluctuations in response to operating results and other factors including, but not limited to:

- general economic changes, including rising interest rates, increased fuel costs and other energy costs; increased labor and healthcare costs, and increased levels of unemployment;
- variations in quarterly operating results;
- changes in the strategy and actions taken by our competitors, including pricing changes;
- securities analysts elections to discontinue coverage of our common stock, changes in financial estimates by analysts or a downgrade of our stock or our sector by analysts;
- announcements by us or our competitors of significant contracts, acquisitions, strategic partnerships, joint ventures or capital commitments;

- loss of a large customer or supplier;
- future sales of our common stock;
- investor perceptions of us and the equipment rental industry;
- our ability to successfully integrate acquisitions and consolidations; and
- national or regional catastrophes or circumstances and natural disasters, hostilities and acts of terrorism.

These broad market and industry factors may materially reduce the market price of our common stock, regardless of our operating performance. In addition, the stock market in recent years has experienced price and volume fluctuations that often have been unrelated or disproportionate to the operating performance of companies. These fluctuations, as well as general economic and market conditions, including but not limited to those listed above, may depress the market price of our common stock.

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

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

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

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

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

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

Not applicable.

Item 3. Defaults Upon Senior Securities

Not applicable.

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

None.

Item 5. Other Information

On August 24, 2009, Ripplewood, which held approximately 34% of the outstanding shares of common stock of RSC Holdings through its investment funds, distributed approximately 26.6 million shares of common stock of RSC Holdings to Ripplewood s indirect limited partners (the Distribution), while Ripplewood retained approximately 8.2 million shares. Simultaneous with the Distribution, Ripplewood and Oak Hill entered into Amendment No. 1 to that certain Amended and Restated Stockholders Agreement (Amendment No. 1), whereby Ripplewood s four representatives on the Board of Directors resigned, and the Board of Directors of RSC Holdings and RSC Equipment Rental was reduced to eight members.

In addition, Amendment No. 1 provides that the 8.2 million shares of common stock of RSC Holdings held by entities affiliated with Ripplewood that were not included in the Distribution will be subject to a lock-up agreement for 90 days following the date of the Distribution and any sales of such shares thereafter (even if subsequently distributed to the limited partners of such entities) will be subject to the volume limitations of Rule 144(e)(1) under the Securities Act of 1933, as amended. When less than 4.0 million of the shares of common stock of RSC Holdings not included in the Distribution are held by entities affiliated with Ripplewood or their limited partners, then such entities and limited partners will no longer be bound by the terms of the Amended and Restated Stockholders Agreement and such shares will no longer be subject to volume limitations of Rule 144(e)(1) under the Securities Act of 1933, as amended.

Table of Contents

Item 6. Exhibits
Exhibits and Financial Statement Schedules

Exhibit Number	Description
4.1(1)	Indenture, dated as of July 1, 2009, by and among RSC Equipment Rental, Inc., RSC Holdings III, LLC, Wells Fargo Bank, National Association, as Trustee, and Deutsche Bank AG, New York Branch, as Note Collateral Agent
4.2(1)	First Amendment to Intercreditor Agreement, dated as of July 1, 2009, by and among RSC Holdings II, LLC, RSC Holdings III, LLC, RSC Equipment Rental, Inc., each other grantor from time to time party thereto, Deutsche Bank AG, New York Branch, as U.S. collateral agent under the First-Lien Loan Documents (as defined therein)
4.3(1)	First Lien Intercreditor Agreement, dated as of July 1, 2009, by and among RSC Holdings III, LLC, RSC Equipment Rental, Inc., Deutsche Bank AG, New York Branch, as U.S. collateral agent under the Senior Loan Documents (as defined therein) and as collateral agent under the First Lien Last Out Note Documents (as defined therein)
4.4(1)	Collateral Agreement, dated as of July 1, 2009, by and between RSC Equipment Rental, Inc., RSC Holdings III, LLC, certain domestic subsidiaries of RSC Holdings III, LLC that may become party thereto from time to time and Deutsche Bank AG, New York Branch, as Note Collateral Agent
4.7.1(2)	Amendment No. 1 to Amended and Restated Stockholders Agreement, dated August 24, 2009
10.1(1)	First Amendment to Credit Agreement, dated as of June 26, 2009, by and among RSC Holdings II, LLC, RSC Holdings III, LLC, RSC Equipment Rental, Inc., RSC Equipment Rental of Canada Ltd., Deutsche Bank AG, New York Branch, as U.S. administrative agent, Deutsche Bank AG, Canada Branch, as Canadian administrative agent, and the other financial institutions party thereto from time to time
10.2(3)	Second Amendment to Credit Agreement, dated as of July 30, 2009, by and among RSC Holdings II, LLC, RSC Holdings III, LLC, RSC Equipment Rental, Inc., RSC Equipment Rental of Canada Ltd., Deutsche Bank AG, New York Branch, as U.S. administrative agent, Deutsche Bank AG, Canada Branch, as Canadian administrative agent, and the other financial institutions party thereto from time to time
10.3(4)	First Amendment to Second-Lien Term Loan Credit Agreement, dated as of August 21, 2009, by and among RSC Holdings II, LLC, RSC Holdings III, LLC, RSC Equipment Rental, Inc., Deutsche Bank AG, New York Branch, as administrative agent, and the other financial institutions party thereto
31.1	Certification of Chief Executive Officer as required by Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended
31.2	Certification of Chief Financial Officer as required by Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended
32.1	Certifications of Chief Executive Officer and Chief Financial Officer as required by Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended

(1) Incorporated by reference to the like numbered exhibit to RSC Holdings Inc. Current Report on Form 8-K, dated June 26, 2009 and filed with the Securities and Exchange Commission on July 2, 2009 (file no. 001-33485).

(2) Incorporated by reference to the like numbered exhibit to RSC Holdings Inc. Current Report on Form 8-K, dated August 24, 2009 and filed with the Securities and Exchange Commission on August 24, 2009 (file no. 001-33485).

(3) Incorporated by reference to Exhibit 10.1 to RSC Holdings Inc. Current Report on Form 8-K, dated July 30, 2009 and filed with the Securities and Exchange Commission on July 31, 2009 (file no. 001-33485).

(4)

Incorporated by reference to Exhibit 10.1 to RSC Holdings Inc. Current Report on Form 8-K, dated August 21, 2009 and filed with the Securities and Exchange Commission on August 24, 2009 (file no. 001-33485).

SIGNATURES

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

RSC Holdings Inc.

Signature	Title	Date
/s/ Erik Olsson Erik Olsson	President and Director (Principal Executive Officer)	October 29, 2009
/s/ David Mathieson David Mathieson	Chief Financial Officer (Principal Financial and Principal Accounting Officer)	October 29, 2009

48

Table of Contents

EXHIBIT INDEX

Exhibit Number	Description
4.1(1)	Indenture, dated as of July 1, 2009, by and among RSC Equipment Rental, Inc., RSC Holdings III, LLC, Wells Fargo Bank, National Association, as Trustee, and Deutsche Bank AG, New York Branch, as Note Collateral Agent
4.2(1)	First Amendment to Intercreditor Agreement, dated as of July 1, 2009, by and among RSC Holdings II, LLC, RSC Holdings III, LLC, RSC Equipment Rental, Inc., each other grantor from time to time party thereto, Deutsche Bank AG, New York Branch, as U.S. collateral agent under the First-Lien Loan Documents (as defined therein)
4.3(1)	First Lien Intercreditor Agreement, dated as of July 1, 2009, by and among RSC Holdings III, LLC, RSC Equipment Rental, Inc., Deutsche Bank AG, New York Branch, as U.S. collateral agent under the Senior Loan Documents (as defined therein) and as collateral agent under the First Lien Last Out Note Documents (as defined therein)
4.4(1)	Collateral Agreement, dated as of July 1, 2009, by and between RSC Equipment Rental, Inc., RSC Holdings III, LLC, certain domestic subsidiaries of RSC Holdings III, LLC that may become party thereto from time to time and Deutsche Bank AG, New York Branch, as Note Collateral Agent
4.7.1(2)	Amendment No. 1 to Amended and Restated Stockholders Agreement, dated August 24, 2009
10.1(1)	First Amendment to Credit Agreement, dated as of June 26, 2009, by and among RSC Holdings II, LLC, RSC Holdings III, LLC, RSC Equipment Rental, Inc., RSC Equipment Rental of Canada Ltd., Deutsche Bank AG, New York Branch, as U.S. administrative agent, Deutsche Bank AG, Canada Branch, as Canadian administrative agent, and the other financial institutions party thereto from time to time
10.2(3)	Second Amendment to Credit Agreement, dated as of July 30, 2009, by and among RSC Holdings II, LLC, RSC Holdings III, LLC, RSC Equipment Rental, Inc., RSC Equipment Rental of Canada Ltd., Deutsche Bank AG, New York Branch, as U.S. administrative agent, Deutsche Bank AG, Canada Branch, as Canadian administrative agent, and the other financial institutions party thereto from time to time
10.3(4)	First Amendment to Second-Lien Term Loan Credit Agreement, dated as of August 21, 2009, by and among RSC Holdings II, LLC, RSC Holdings III, LLC, RSC Equipment Rental, Inc., Deutsche Bank AG, New York Branch, as administrative agent, and the other financial institutions party thereto
31.1	Certification of Chief Executive Officer as required by Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended
31.2	Certification of Chief Financial Officer as required by Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended
32.1	Certifications of Chief Executive Officer and Chief Financial Officer as required by Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended

(1)

Incorporated by reference to the like numbered exhibit to RSC Holdings Inc. Current Report on Form 8-K, dated June 26, 2009 and filed with the Securities and Exchange Commission on July 2, 2009 (file no. 001-33485).

(2) Incorporated by reference to the like numbered exhibit to RSC Holdings Inc. Current Report on Form 8-K, dated August 24, 2009 and filed with the Securities and Exchange Commission on August 24, 2009 (file no. 001-33485).

(3) Incorporated by reference to Exhibit 10.1 to RSC Holdings Inc. Current Report on Form 8-K, dated July 30, 2009 and filed with the Securities and Exchange Commission on July 31, 2009 (file no. 001-33485).

(4)

Incorporated by reference to Exhibit 10.1 to RSC Holdings Inc. Current Report on Form 8-K, dated August 21, 2009 and filed with the Securities and Exchange Commission on August 24, 2009 (file no. 001-33485).

49