UNITED RENTALS INC /DE
Form 10-K
January 27, 2016
Table of Contents

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

FORM 10-K
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015
Commission File Number 1-14387
United Rentals, Inc.
Commission File Number 1-13663
United Rentals (North America), Inc.
(Exact Names of Registrants as Specified in Their Charters)

Delaware	06-1522496
Delaware	86-0933835
(States of Incorporation)	(I.R.S. Employer Identification Nos.)
100 First Stamford Place, Suite 700, Stamford, Connecticut	06902
(Address of Principal Executive Offices)	(Zip Code)

Registrants' Telephone Number, Including Area Code: (203) 622-3131
Securities registered pursuant to Section 12(b) of the Act:

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

Securities registered pursuant to Section 12(g) of the Act: None
Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes þ No o
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No þ
Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No o
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No o

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

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

Large Accelerated Filer þ	Accelerated Filer o	Non-Accelerated Filer o	Smaller Reporting Company o

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

As of June 30, 2015 there were 95,368,939 shares of United Rentals, Inc. common stock outstanding. The aggregate market value of common stock held by non-affiliates (defined as other than directors, executive officers and 10 percent beneficial owners) at June 30, 2015 was approximately $8.30 billion, calculated by using the closing price of the common stock on such date on the New York Stock Exchange of $87.62.

As of January 25, 2016, there were 90,970,229 shares of United Rentals, Inc. common stock outstanding. There is no market for the common stock of United Rentals (North America), Inc., all outstanding shares of which are owned by United Rentals, Inc.

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

Documents incorporated by reference: Portions of United Rentals, Inc.'s Proxy Statement related to the 2016 Annual Meeting of Stockholders, which is expected to be filed with the Securities and Exchange Commission on or before March 21, 2016, are incorporated by reference into Part III of this annual report.

Table of Contents

FORM 10-K REPORT INDEX

Table of Contents

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

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

- the possibility that National Pump[1] or other companies that we have acquired or may acquire, in our specialty business or otherwise, could have undiscovered liabilities or involve other unexpected costs, may strain our management capabilities or may be difficult to integrate;
- the cyclical nature of our business, which is highly sensitive to North American construction and industrial activities; if construction or industrial activity decline, our revenues and, because many of our costs are fixed, our profitability may be adversely affected;
- our significant indebtedness (which totaled $8.2 billion at December 31, 2015) requires us to use a substantial portion of our cash flow for debt service and can constrain our flexibility in responding to unanticipated or adverse business conditions;
- inability to refinance our indebtedness on terms that are favorable to us, or at all;
- incurrence of additional debt, which could exacerbate the risks associated with our current level of indebtedness;
- noncompliance with financial or other covenants in our debt agreements, which could result in our lenders terminating the agreements and requiring us to repay outstanding borrowings;
- restrictive covenants and amount of borrowings permitted in our debt instruments, which can limit our financial and operational flexibility;
- overcapacity of fleet in the equipment rental industry;
- inability to benefit from government spending, including spending associated with infrastructure projects;
- fluctuations in the price of our common stock and inability to complete stock repurchases in the time frame and/or on the terms anticipated;
- rates we charge and time utilization we achieve being less than anticipated;
- inability to manage credit risk adequately or to collect on contracts with a large number of customers;
- inability to access the capital that our businesses or growth plans may require;
- incurrence of impairment charges;
- trends in oil and natural gas could adversely affect the demand for our services and products;
- the fact that our holding company structure requires us to depend in part on distributions from subsidiaries and such distributions could be limited by contractual or legal restrictions;
- increases in our loss reserves to address business operations or other claims and any claims that exceed our established levels of reserves;
- incurrence of additional expenses (including indemnification obligations) and other costs in connection with litigation, regulatory and investigatory matters;
- the outcome or other potential consequences of regulatory matters and commercial litigation;
- shortfalls in our insurance coverage;
- our charter provisions as well as provisions of certain debt agreements and our significant indebtedness may have the effect of making more difficult or otherwise discouraging, delaying or deterring a takeover or other change of control of us;
- turnover in our management team and inability to attract and retain key personnel;
- costs we incur being more than anticipated, and the inability to realize expected savings in the amounts or time frames planned;

- dependence on key suppliers to obtain equipment and other supplies for our business on acceptable terms;
- inability to sell our new or used fleet in the amounts, or at the prices, we expect;
- competition from existing and new competitors;
- risks related to security breaches, cybersecurity attacks and other significant disruptions in our information technology systems;

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1. In April 2014, we acquired assets of the following four entities: National Pump & Compressor, Ltd., Canadian Pump and Compressor Ltd., GulfCo Industrial Equipment, LP and LD Services, LLC (collectively "National Pump").

1

Table of Contents

- the costs of complying with environmental, safety and foreign law and regulations, as well as other risks associated with non-U.S. operations, including currency exchange risk;
- labor disputes, work stoppages or other labor difficulties, which may impact our productivity, and potential enactment of new legislation or other changes in law affecting our labor relations or operations generally;
- increases in our maintenance and replacement costs and/or decreases in the residual value of our equipment; and
- other factors discussed under Item 1A-Risk Factors, and elsewhere in this annual report.

We make no commitment to revise or update any forward-looking statements in order to reflect events or circumstances after the date any such statement is made.

Table of Contents

PART I

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

Unless otherwise indicated, the information under Items 1, 1A and 2 is as of January 1, 2016.

Item 1. Business

United Rentals is the largest equipment rental company in the world, and operates throughout the United States and Canada. The table below presents key information about our business as of and for the years ended December 31, 2015 and 2014. Our business is discussed in more detail below. The data below should be read in conjunction with, and is qualified by reference to, our Management’s Discussion and Analysis and our consolidated financial statements and notes thereto contained

Table of Contents

elsewhere in this report.

	December 31, 2015	2014
PERFORMANCE MEASURES		
Total revenues (in millions)	$5,817	$5,685
Equipment rental revenue percent of total revenues	85%	85%
Year-over-year increase in rental rates	0.5%	4.5%
Year-over-year increase in the volume of equipment on rent	3.2%	9.6%
Time utilization	67.3%	68.8%
Key account percent of equipment rental revenue	64%	64%
National account percent of equipment rental revenue	44%	43%
FLEET		
Fleet original equipment cost (“OEC”) (in billions)	8.73	8.44
Equipment classes	3,300	3,300
Equipment units	430,000	430,000
Fleet age in months	43.1	43.0
Percent of fleet that is current on manufacturer's recommended maintenance	92%	93%
Equipment rental revenue percent by fleet type:		
General construction and industrial equipment	43%	43%
Aerial work platforms	32%	33%
General tools and light equipment	10%	10%
Power and HVAC (heating, ventilating and air conditioning) equipment	6%	6%
Trench safety equipment	5%	5%
Pumps	4%	3%
LOCATIONS/PERSONNEL		
Rental locations	897	881
Approximate number of branches per district	5-10	5-10
Approximate number of districts per region	6-9	4-7
Total employees	12,700	12,500
INDUSTRY		
Estimated market share	11.7%	12.0%
Estimated North American equipment rental industry revenue growth	6%	7%
United Rentals equipment rental revenue growth (1)	2.7%	14.8%
2016 projected North American industry equipment rental revenue growth	6%	-
CUSTOMERS/SUPPLIERS		
Largest customer percent of total revenues	1%	1%
Top 10 customers percent of total revenues	6%	5%
Largest supplier percent of capital expenditures	21%	24%
Top 10 supplier percent of capital expenditures	66%	68%

(1) In April 2014, we acquired National Pump. The results of National Pump's operations have been included in our consolidated financial statements since the acquisition date. National Pump was the second largest specialty pump rental company in North America, and was a leading supplier of pumps for energy and petrochemical customers, with upstream oil and gas customers representing about half of its revenue. 2014 equipment rental revenues grew by 12 percent year-over-year on a pro forma basis (that is, assuming United Rentals and National Pump were combined for the full years 2014 and 2013). For additional information concerning the National Pump acquisition, see note 3 to our consolidated financial statements.

Strategy

2

Table of Contents

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

In 2016, we expect to continue our disciplined focus on increasing our profitability and return on invested capital. In particular, our strategy calls for:

- A consistently superior standard of service to customers, often provided through a single point of contact;
- The further optimization of our customer mix and fleet mix, with a dual objective: to enhance our performance in serving our current customer base, and to focus on the accounts and customer types that are best suited to our strategy for profitable growth. We believe these efforts will lead to even better service of our target accounts, primarily large construction and industrial customers, as well as select local contractors. Our fleet team's analyses are aligned with these objectives to identify trends in equipment categories and define action plans that can generate improved returns;
- The implementation of “Lean” management techniques, including kaizen processes focused on continuous improvement, through a program we call Operation United 2. As of December 31, 2015, we have trained over 3,100 employees, over 70 percent of our district managers and over 60 percent of our branch managers on the Lean kaizen process. We continue to implement this program across our branch network, with the objectives of: reducing the cycle time associated with renting our equipment to customers; improving invoice accuracy and service quality; reducing the elapsed time for equipment pickup and delivery; and improving the effectiveness and efficiency of our repair and maintenance operations. As discussed in note 5 to our consolidated financial statements, in the fourth quarter of 2015, we initiated a restructuring program focused on cost savings throughout the organization partially due to the Lean initiatives not fully generating the anticipated cost savings due to lower than expected rental volume in 2015. The savings generated from Lean initiatives are partially dependent on rental volume, and, though we have not yet achieved the anticipated level of Lean savings, we expect to continue to achieve savings through the Lean initiatives; and
- The continued expansion of our trench, power and pump footprint, as well as our tools offering, and the cross-selling of these services throughout our network. We plan to open at least 14 specialty rental branches/tool hubs in 2016 and continue to invest in specialty rental fleet to further position United Rentals as a single source provider of total jobsite solutions through our extensive product and service resources and technology offerings.

Industry Overview and Economic Outlook

United Rentals serves the following three principal end markets for equipment rental in North America: industrial and other non-construction; commercial (or private non-residential) construction; and residential construction, which includes remodeling. In 2015, based on an analysis of our charge account customers’ Standard Industrial Classification (“SIC”) codes:

- Industrial and other non-construction rentals represented approximately 51 percent of our rental revenue, primarily reflecting rentals to manufacturers, energy companies, chemical companies, paper mills, railroads, shipbuilders, utilities, retailers and infrastructure entities;
- Commercial construction rentals represented approximately 45 percent of our rental revenue, primarily reflecting rentals related to the construction and remodeling of facilities for office space, lodging, healthcare, entertainment and other commercial purposes; and
- Residential rentals represented approximately four percent of our rental revenue, primarily reflecting rentals of equipment for the construction and renovation of homes.

We estimate that, in 2015, North American equipment rental industry revenue grew approximately 6 percent year-over-year. The estimated industry growth reflects growth of approximately 7 percent and 1 percent in the U.S. and Canada, respectively, on a constant currency basis. In 2015, we increased our full year rental revenue by approximately 2.7 percent year-over-year. Excluding the adverse impact from currency, rental revenue would have increased 4.3 percent year-over-year. Our rental revenue performance reflects volume and pricing pressure on our general rental business and our Pump Solutions region associated with upstream oil and gas customers.

In 2016, based on our analyses of industry forecasts and macroeconomic indicators, we expect that the majority of our end markets will continue to recover and drive demand for equipment rental services. Specifically, we expect that

North American industry equipment rental revenue will increase approximately 6 percent. The expected industry growth reflects growth of approximately 7 percent and 1 percent in the U.S. and Canada, respectively, on a constant currency basis.

Competitive Advantages

3

Table of Contents

We believe that we benefit from the following competitive advantages:

Large and Diverse Rental Fleet. Our large and diverse fleet allows us to serve large customers that require substantial quantities and/or wide varieties of equipment. We believe our ability to serve such customers should allow us to improve our performance and enhance our market leadership position.

We manage our rental fleet, which is the largest and most comprehensive in the industry, utilizing a life-cycle approach that focuses on satisfying customer demand and optimizing utilization levels. As part of this life-cycle approach, we closely monitor repair and maintenance expense and can anticipate, based on our extensive experience with a large and diverse fleet, the optimum time to dispose of an asset.

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

National Account Program. Our national account sales force is dedicated to establishing and expanding relationships with large companies, particularly those with a national or multi-regional presence. National accounts are generally defined as customers with potential annual equipment rental spend of at least $500,000 or customers doing business in multiple states. We offer our national account customers the benefits of a consistent level of service across North America, a wide selection of equipment and a single point of contact for all their equipment needs. National accounts are a subset of key accounts, which are our accounts that are managed by a single point of contact. Establishing a single point of contact for our key accounts helps us provide customer service management that is more consistent and satisfactory.

Operating Efficiencies. We benefit from the following operating efficiencies:

- Equipment Sharing Among Branches. Each branch within a region can access equipment located elsewhere in the region. This fleet sharing increases equipment utilization because equipment that is idle at one branch can be marketed and rented through other branches. Additionally, fleet sharing allows us to be more disciplined with our capital spend.
- Customer Care Center. We have a Customer Care Center ("CCC") with locations in Tampa, Florida and Charlotte, North Carolina that handles all telephone calls to our customer service telephone line, 1-800-UR-RENTS. The CCC handles many of the 1-800-UR-RENTS telephone calls without having to route them to individual branches, and allows us to provide a more uniform quality experience to customers, manage fleet sharing more effectively and free up branch employee time.
- Consolidation of Common Functions. We reduce costs through the consolidation of functions that are common to our branches, such as accounts payable, payroll, benefits and risk management, information technology and credit and collection.

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

Our information technology systems are accessible to management, branch and call center personnel. Leveraging information technology to achieve greater efficiencies and improve customer service is a critical element of our strategy. Each branch is equipped with one or more workstations that are electronically linked to our other locations and to our data center. Rental transactions can be entered at these workstations and processed on a real-time basis.

Our information technology systems:

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

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

Table of Contents

Strong Brand Recognition. As the largest equipment rental company in the world, we have strong brand recognition, which helps us attract new customers and build customer loyalty.

Geographic and Customer Diversity. We have 897 rental locations in 49 U.S. states and 10 Canadian provinces and serve customers that range from Fortune 500 companies to small businesses and homeowners. We believe that our geographic and customer diversity provides us with many advantages including:

- enabling us to better serve National Account customers with multiple locations;
- helping us achieve favorable resale prices by allowing us to access used equipment resale markets across North America; and
- reducing our dependence on any particular customer.

Our operations in Canada are subject to the risks normally associated with international operations. These include (i) the need to convert currencies, which could result in a gain or loss depending on fluctuations in exchange rates and (ii) the need to comply with foreign laws and regulations, as well as U.S. laws and regulations applicable to our operations in foreign jurisdictions. For additional financial information regarding our geographic diversity, see note 4 to our consolidated financial statements.

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

Employee Training Programs. We are dedicated to providing training and development opportunities to our employees. In 2015, our employees enhanced their skills through approximately 460,000 hours of training, including safety training, sales and leadership training, equipment-related training from our suppliers and online courses covering a variety of relevant subjects.

Risk Management and Safety Programs. Our risk management department is staffed by experienced professionals directing the procurement of insurance, managing claims made against the Company, and developing loss prevention programs to address workplace safety, driver safety and customer safety. The department’s primary focus is on the protection of our employees and assets, as well as protecting the Company from liability for accidental loss.

Segment Information

We have two reportable segments– i) general rentals and ii) trench, power and pump. Segment financial information is presented in note 4 to our consolidated financial statements.

The general rentals segment includes the rental of construction, aerial and industrial equipment, general tools and light equipment, and related services and activities. The general rentals segment’s customers include construction and industrial companies, manufacturers, utilities, municipalities and homeowners. The general rentals segment comprises nine geographic regions—Industrial (which serves the geographic Gulf region and has a strong industrial presence), Mid-Atlantic, Midwest, Northeast, Pacific West, South-Central, South, Southeast and Western Canada–and operates throughout the United States and Canada. We periodically review the size and geographic scope of our regions, and have occasionally reorganized the regions to create a more balanced and effective structure. In 2015, we reorganized certain of our regions to arrive at the current general rentals' region structure.

The trench, power and pump segment includes the rental of specialty construction products and related services. The trench, power and pump segment is comprised of (i) the Trench Safety region, which rents trench safety equipment such as trench shields, aluminum hydraulic shoring systems, slide rails, crossing plates, construction lasers and line testing equipment for underground work, (ii) the Power and HVAC region, which rents power and HVAC equipment such as portable diesel generators, electrical distribution equipment, and temperature control equipment including heating and cooling equipment, and (iii) the Pump Solutions region, which rents pumps primarily used by energy and petrochemical customers. The trench, power and pump segment’s customers include construction companies involved in infrastructure projects, municipalities and industrial companies. This segment operates throughout the United States and in Canada.

Products and Services

Our principal products and services are described below.

5

Table of Contents

Equipment Rental. We offer for rent approximately 3,300 classes of rental equipment on an hourly, daily, weekly or monthly basis. The types of equipment that we offer include general construction and industrial equipment; aerial work platforms; trench safety equipment; power and HVAC equipment; pumps; and general tools and light equipment.

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

We utilize many channels to sell used equipment: through our national and export sales forces, which can access many resale markets across our network; at auction; through brokers; and directly to manufacturers. We also sell used equipment through our website, which includes an online database of used equipment available for sale.

Sales of New Equipment. We sell equipment such as aerial lifts, reach forklifts, telehandlers, compressors and generators from many leading equipment manufacturers. The type of new equipment that we sell varies by location.

Contractor Supplies Sales. We sell a variety of contractor supplies including construction consumables, tools, small equipment and safety supplies.

Service and Other Revenues. We offer repair and maintenance services and sell parts for equipment that is owned by our customers.

Customers

Our customer base is highly diversified and ranges from Fortune 500 companies to small businesses and homeowners. Our customer base varies by branch and is determined by several factors, including the equipment mix and marketing focus of the particular branch as well as the business composition of the local economy, including construction opportunities with different customers. Our customers include:

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

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

Sales and Marketing

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

Sales Force. Our sales representatives work in our branches and at our customer care center, and are responsible for calling on existing and potential customers as well as assisting our customers in planning for their equipment needs. We have ongoing programs for training our employees in sales and service skills and on strategies for maximizing the value of each transaction.

National Account Program. Our National Account sales force is dedicated to establishing and expanding relationships with large customers, particularly those with a national or multi-regional presence. Our National Account team closely coordinates its efforts with the local sales force in each area.

E-Rentals. Our customers can request equipment online 24 hours a day, seven days a week, by accessing our equipment catalog and used equipment listing, which can be found at www.unitedrentals.com. Our customers can also use our UR Control® application to actively manage their rental process and access real-time reports on their business activity with us.

Total Control®. We utilize a proprietary software application, Total Control®, which provides our key customers with a single in-house software application that enables them to monitor and manage all their equipment needs. This software can be

6

Table of Contents

integrated into the customers' enterprise resource planning system. Total Control® is a unique customer offering that enables us to develop strong, long-term relationships with our larger customers.
Advertising. We promote our business through local and national advertising in various media, including television, trade publications, yellow pages, the Internet, radio and direct mail. We also regularly participate in industry trade shows and conferences and sponsor a variety of local promotional events.

Suppliers

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

Competition

The North American equipment rental industry is highly fragmented and competitive. As the largest equipment rental company in the industry, we estimate that we have an approximate 11.7 percent market share based on 2015 total equipment rental industry revenues as measured by the American Rental Association ("ARA"). Our estimated market share is based on our total 2015 rental revenue calculated using ARA’s constant currency methodology divided by ARA’s forecasted 2015 industry revenue. Our competitors primarily include small, independent businesses with one or two rental locations; regional competitors that operate in one or more states; public companies or divisions of public companies that operate nationally or internationally; and equipment vendors and dealers who both sell and rent equipment directly to customers. We believe we are well positioned to take advantage of this environment because, as a larger company, we have more resources and certain competitive advantages over our smaller competitors. These advantages include greater purchasing power, the ability to provide customers with a broader range of equipment and services, and greater flexibility to transfer equipment among locations in response to, and in anticipation of, customer demand. The fragmented nature of the industry and our relatively small market share, however, may adversely impact our ability to mitigate rental rate pressure.

Environmental and Safety Regulations

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

Employees

Approximately 4,000 of our employees are salaried and approximately 8,700 are hourly. Collective bargaining agreements relating to approximately 79 separate locations cover approximately 850 of our employees. We monitor employee satisfaction through ongoing surveys and consider our relationship with our employees to be good.

Available Information

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

Item 1A. Risk Factors

Our business, results of operations and financial condition are subject to numerous risks and uncertainties. In connection with any investment decision with respect to our securities, you should carefully consider the following risk factors, as well as the other information contained in this report and our other filings with the SEC. Additional risks and uncertainties not

Table of Contents

presently known to us or that we currently deem immaterial may also impair our business operations. Should any of these risks materialize, our business, results of operations, financial condition and future prospects could be negatively impacted, which in turn could affect the trading value of our securities.

Our business is cyclical in nature and the economic downturn that commenced in the latter part of 2008 and continued through 2010, and the resulting decreases in North American construction and industrial activities, adversely affected our revenues and operating results by decreasing the demand for our equipment and the prices that we could charge. An economic slowdown or a decrease in general economic activity could have adverse effects on our revenues and operating results.

Our general rental equipment and trench, power and pump equipment are used in connection with private non-residential construction and industrial activities, which are cyclical in nature. Our industry experienced a decline in construction and industrial activity as a result of the economic downturn that commenced in the latter part of 2008 and continued through 2010. The weakness in our end markets led to a decrease in the demand for our equipment and in the rates we realized. Such decreases adversely affected our operating results by causing our revenues to decline and, because certain of our costs are fixed, our operating margins to be reduced. A slowdown in the economic recovery or worsening of economic conditions, in particular with respect to North American construction and industrial activities, could cause weakness in our end markets and adversely affect our revenues and operating results.

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

- a decrease in expected levels of infrastructure spending;
- a lack of availability of credit;
- an overcapacity of fleet in the equipment rental industry;
- a decrease in the level of exploration, development, production activity and capital spending by oil and natural gas companies;
- an increase in the cost of construction materials;
- an increase in interest rates;
- adverse weather conditions, which may temporarily affect a particular region; or
- terrorism or hostilities involving the United States or Canada.

Our significant indebtedness exposes us to various risks.

At December 31, 2015, our total indebtedness was $8.2 billion. Our substantial indebtedness could adversely affect our business, results of operations and financial condition in a number of ways by, among other things:

- increasing our vulnerability to, and limiting our flexibility to plan for, or react to, adverse economic, industry or competitive developments;
- making it more difficult to pay or refinance our debts as they become due during periods of adverse economic, financial market or industry conditions;
- requiring us to devote a substantial portion of our cash flow to debt service, reducing the funds available for other purposes, including funding working capital, capital expenditures, acquisitions, execution of our growth strategy and other general corporate purposes, or otherwise constraining our financial flexibility;
- restricting our ability to move operating cash flows to Holdings. URNA’s payment capacity is restricted under the covenants in the indentures governing its outstanding indebtedness;
- affecting our ability to obtain additional financing for working capital, acquisitions or other purposes, particularly since substantially all of our tangible assets are subject to security interests relating to existing indebtedness;
- decreasing our profitability or cash flow;
- causing us to be less able to take advantage of significant business opportunities, such as acquisition opportunities, and to react to changes in market or industry conditions;
- causing us to be disadvantaged compared to competitors with less debt and lower debt service requirements;
- resulting in a downgrade in our credit rating or the credit ratings of any of the indebtedness of our subsidiaries, which could increase the cost of further borrowings;
- requiring our debt to become due and payable upon a change in control; and

Table of Contents

- limiting our ability to borrow additional monies in the future to fund working capital, capital expenditures and other general corporate purposes.

A portion of our indebtedness bears interest at variable rates that are linked to changing market interest rates. As a result, an increase in market interest rates would increase our interest expense and our debt service obligations. At December 31, 2015, we had $2.2 billion of indebtedness that bears interest at variable rates. Our variable rate indebtedness currently represents 26 percent of our total indebtedness. See Item 7A—Quantitative and Qualitative Disclosures About Market Risk for additional information related to interest rate risk.

To service our indebtedness, we will require a significant amount of cash and our ability to generate cash depends on many factors beyond our control.

We depend on cash on hand and cash flows from operations to make scheduled debt payments. To a significant extent, our ability to do so is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. We may not be able to generate sufficient cash flow from operations to repay our indebtedness when it becomes due and to meet our other cash needs. If we are unable to service our indebtedness and fund our operations, we will have to adopt an alternative strategy that may include:

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

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

We may not be able to refinance our indebtedness on favorable terms, if at all. Our inability to refinance our indebtedness could materially and adversely affect our liquidity and our ongoing results of operations.

Our ability to refinance indebtedness will depend in part on our operating and financial performance, which, in turn, is subject to prevailing economic conditions and to financial, business, legislative, regulatory and other factors beyond our control. In addition, prevailing interest rates or other factors at the time of refinancing could increase our interest expense. A refinancing of our indebtedness could also require us to comply with more onerous covenants and further restrict our business operations. Our inability to refinance our indebtedness or to do so upon attractive terms could materially and adversely affect our business, prospects, results of operations, financial condition and cash flows, and make us vulnerable to adverse industry and general economic conditions.

We may be able to incur substantially more debt and take other actions that could diminish our ability to make payments on our indebtedness when due, which could further exacerbate the risks associated with our current level of indebtedness.

Despite our indebtedness level, we may be able to incur substantially more indebtedness in the future. We are not fully restricted under the terms of the indentures or agreements governing our current indebtedness from incurring additional debt, securing existing or future debt, recapitalizing our debt or taking a number of other actions, any of which could diminish our ability to make payments on our indebtedness when due and further exacerbate the risks associated with our current level of indebtedness. If new debt is added to our or any of our existing and future subsidiaries' current debt, the related risks that we now face could intensify.

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

The only financial covenant that currently exists under our senior secured asset-based revolving credit facility (“ABL facility”) is the fixed charge coverage ratio. Subject to certain limited exceptions specified in the ABL facility, the fixed charge coverage ratio covenant under the ABL facility will only apply in the future if specified availability under the ABL facility falls below 10 percent of the maximum revolver amount under the ABL facility. When certain conditions are met, cash and cash equivalents and borrowing base collateral in excess of the ABL facility size may be included when calculating specified availability under the ABL facility. Since the March 2015 amendment of the ABL facility through December 31, 2015, specified availability under the ABL facility exceeded the required threshold and, as a result, the maintenance covenant was inapplicable. Under our accounts receivable securitization facility, we are required, among other things, to maintain certain financial tests relating to: (i) the default ratio, (ii) the delinquency ratio, (iii) the dilution ratio and (iv) days sales outstanding. The accounts receivable securitization facility also requires us to comply with the fixed charge coverage ratio under the ABL facility, to the extent the ratio is applicable under the ABL facility. If we are unable to satisfy these or any of the other relevant covenants, the lenders could elect to terminate the ABL facility and/or the accounts receivable securitization facility and require us to repay outstanding borrowings. In such event, unless we are able to refinance the indebtedness coming due and replace the ABL facility, accounts receivable securitization facility and/or the other agreements governing our debt, we would likely not have sufficient liquidity for our business needs and would be forced to adopt an alternative strategy as described above. Even if we adopt an alternative strategy, the strategy may not be successful and we may not have sufficient liquidity to service our debt and fund our operations.

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

In addition to financial covenants, various other covenants in the ABL facility, accounts receivable securitization facility and the other agreements governing our debt impose significant operating and financial restrictions on us and our restricted subsidiaries. Such covenants include, among other things, limitations on: (i) liens; (ii) sale-leaseback transactions; (iii) indebtedness; (iv) mergers, consolidations and acquisitions; (v) sales, transfers and other dispositions of assets; (vi) loans and other investments; (vii) dividends and other distributions, stock repurchases and redemptions and other restricted payments; (viii) dividends, other payments and other matters affecting subsidiaries; (ix) transactions with affiliates; and (x) issuances of preferred stock of certain subsidiaries. Future debt agreements we enter into may include similar provisions.

These restrictions may also make more difficult or discourage a takeover of us, whether favored or opposed by our management and/or our Board of Directors.

Our ability to comply with these covenants may be affected by events beyond our control, and any material deviations from our forecasts could require us to seek waivers or amendments of covenants or alternative sources of financing, or to reduce expenditures. We cannot guarantee that such waivers, amendments or alternative financing could be obtained or, if obtained, would be on terms acceptable to us.

A breach of any of the covenants or restrictions contained in these agreements could result in an event of default. Such a default could allow our debt holders to accelerate repayment of the related debt, as well as any other debt to which a cross-acceleration or cross-default provision applies, and/or to declare all borrowings outstanding under these agreements to be due and payable. If our debt is accelerated, our assets may not be sufficient to repay such debt.

The amount of borrowings permitted under our ABL facility may fluctuate significantly, which may adversely affect our liquidity, results of operations and financial position.

The amount of borrowings permitted at any time under our ABL facility is limited to a periodic borrowing base valuation of the collateral thereunder. As a result, our access to credit under our ABL facility is potentially subject to significant fluctuations depending on the value of the borrowing base of eligible assets as of any measurement date, as well as certain discretionary rights of the agent in respect of the calculation of such borrowing base value. The inability to borrow under our ABL facility may adversely affect our liquidity, results of operations and financial position.

We rely on available borrowings under the ABL facility and the accounts receivable securitization facility for cash to operate our business, which subjects us to market and counterparty risk, some of which is beyond our control.

In addition to cash we generate from our business, our principal existing sources of cash are borrowings available under the ABL facility and the accounts receivable securitization facility. If our access to such financing was unavailable or reduced, or if such financing were to become significantly more expensive for any reason, we may not be able to fund daily operations, which would cause material harm to our business or could affect our ability to operate our business as a going concern. In addition, if certain of our lenders experience difficulties that render them unable to fund future draws on the facilities, we may not be able to access all or a portion of these funds, which could have similar adverse consequences.

Our growth strategies may be unsuccessful if we are unable to identify and complete future acquisitions and successfully integrate acquired businesses or assets.

We have historically achieved a significant portion of our growth through acquisitions. We will continue to consider potential acquisitions on a selective basis, including potential growth opportunities for our trench, power and pump specialty business. From time-to-time we have also approached, or have been approached, to explore consolidation opportunities with other public companies or large privately-held companies. There can be no assurance that we will be able to identify suitable acquisition opportunities in the future, with respect to our specialty business or otherwise, or that we will be able to consummate any such transactions on terms and conditions acceptable to us.

Table of Contents

In addition, it is possible that we will not realize the expected benefits from any completed acquisition, or that our existing operations will be adversely affected as a result of acquisitions. Acquisitions entail certain risks, including:

- unrecorded liabilities of acquired companies and unidentified issues that we fail to discover during our due diligence investigations or that are not subject to indemnification or reimbursement by the seller;
- greater than expected expenses such as the need to obtain additional debt or equity financing for any transaction;
- unfavorable accounting treatment and unexpected increases in taxes;
- adverse effects on our ability to maintain relationships with customers, employees and suppliers;
- inherent risk associated with entering a geographic area or line of business in which we have no or limited experience;
- difficulty in assimilating the operations and personnel of an acquired company within our existing operations, including the consolidation of corporate and administrative functions;
- difficulty in integrating marketing, information technology and other systems;
- difficulty in conforming standards, controls, procedures and policies, business cultures and compensation structures;
- difficulty in identifying and eliminating redundant and underperforming operations and assets;
- loss of key employees of the acquired company;
- operating inefficiencies that have a negative impact on profitability;
- impairment of goodwill or other acquisition-related intangible assets;
- failure to achieve anticipated synergies or receiving an inadequate return of capital; and
- strains on management and other personnel time and resources to evaluate, negotiate and integrate acquisitions.

Our failure to address these risks or other problems encountered in connection with any past or future acquisition could cause us to fail to realize the anticipated benefits of the acquisitions, cause us to incur unanticipated liabilities and harm our business generally. In addition, if we are unable to successfully integrate our acquisitions with our existing business, we may not obtain the advantages that the acquisitions were intended to create, which may materially and adversely affect our business, results of operations, financial condition, cash flows, our ability to introduce new services and products and the market price of our stock.

We would expect to pay for any future acquisitions using cash, capital stock, notes and/or assumption of indebtedness. To the extent that our existing sources of cash are not sufficient, we would expect to need additional debt or equity financing, which involves its own risks, such as the dilutive effect on shares held by our stockholders if we financed acquisitions by issuing convertible debt or equity securities, or the risks associated with debt incurrence.

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

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

Our revenues and operating results may fluctuate from quarter to quarter or over the longer term due to a number of factors, which could adversely affect the trading value of our securities. These factors, in addition to general economic conditions and the factors discussed above under “Cautionary Statement Regarding Forward-Looking Statements”, include, but are not limited to:

- the seasonal rental patterns of our customers, with rental activity tending to be lower in the winter;
- changes in the size of our rental fleet and/or in the rate at which we sell our used equipment;
- an overcapacity of fleet in the equipment rental industry;
- changes in private non-residential construction spending or government funding for infrastructure and other construction projects;
- changes in demand for, or utilization of, our equipment or in the prices we charge due to changes in economic conditions, competition or other factors;

Table of Contents

- commodity price pressures and the resultant increase in the cost of fuel and steel to our equipment suppliers, which can result in increased equipment costs for us;
- other cost fluctuations, such as costs for employee-related compensation and healthcare benefits;
- labor shortages, work stoppages or other labor difficulties;
- potential enactment of new legislation affecting our operations or labor relations;
- completion of acquisitions, divestitures or recapitalizations;
- increases in interest rates and related increases in our interest expense and our debt service obligations;
- the possible need, from time to time, to record goodwill impairment charges or other write-offs or charges due to a variety of occurrences, such as the adoption of new accounting standards, the impairment of assets, rental location divestitures, dislocation in the equity and/or credit markets, consolidations or closings, restructurings, the refinancing of existing indebtedness or the buy-out of equipment leases; and
- currency risks and other risks associated with international operations.

Our common stock price has fluctuated significantly and may continue to do so in the future.

Our common stock price has fluctuated significantly and may continue to do so in the future for a number of reasons, including:

- announcements of developments related to our business;
- market perceptions of any proposed merger or acquisition and the likelihood of our involvement in other merger and acquisition activity;
- variations in our revenues, gross margins, earnings or other financial results from investors' expectations;
- departure of key personnel;
- purchases or sales of large blocks of our stock by institutional investors or transactions by insiders;
- fluctuations in the results of our operations and general conditions in the economy, our market, and the markets served by our customers;
- investor perceptions of the equipment rental industry in general and our Company in particular;
- fluctuations in the prices of oil and natural gas;
- expectations regarding our share repurchase program; and
- the operating and stock performance of comparable companies or related industries.

In addition, prices in the stock market have been volatile over the past few years. In certain cases, the fluctuations have been unrelated to the operating performance of the affected companies. As a result, the price of our common stock could fluctuate in the future without regard to our operating performance.

We cannot guarantee that we will repurchase our common stock pursuant to our recently announced share repurchase program or that our share repurchase program will enhance long-term stockholder value. Share repurchases could also increase the volatility of the price of our common stock and could diminish our cash reserves.

In July 2015, our Board of Directors authorized a share repurchase program. Under the program, we are authorized to repurchase shares of common stock for an aggregate purchase price not to exceed $1 billion, excluding fees, commissions and other ancillary expenses. Currently, we intend to complete the share repurchase program within 18 months of its initiation in November 2015.

Although the Board of Directors has authorized a share repurchase program, the share repurchase program does not obligate the Company to repurchase any specific dollar amount or to acquire any specific number of shares. The timing and amount of repurchases, if any, will depend upon several factors, including market and business conditions, the trading price of the Company's common stock and the nature of other investment opportunities. The repurchase program may be limited, suspended or discontinued at any time without prior notice. In addition, repurchases of our common stock pursuant to our share repurchase program could affect our stock price and increase its volatility. The existence of a share repurchase program could cause our stock price to be higher than it would be in the absence of such a program and could potentially reduce the market liquidity for our stock. Additionally, our share repurchase program could diminish our cash reserves, which may impact our ability to finance future growth and to pursue possible future strategic opportunities and acquisitions. There can be no assurance that any share repurchases will enhance stockholder value because the market price of our common stock may

12

Table of Contents

decline below the levels at which we repurchased shares of stock. Although our share repurchase program is intended to enhance long-term stockholder value, there is no assurance that it will do so and short-term stock price fluctuations could reduce the program's effectiveness.

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 that equipment is the need to deploy their capital elsewhere. This has been particularly true in industries with recent high growth rates such as the construction industry. However, 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 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 would be expected to increase if there was a slowdown in the economic recovery or worsening of economic conditions.

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

If the cash that we generate from our business, together with cash that we may borrow under the ABL facility and accounts receivable securitization facility, is not sufficient to fund our capital requirements, we will require additional debt and/or equity financing. However, we may not succeed in obtaining the requisite additional financing or such financing may include terms that are not satisfactory to us. We may not be able to obtain additional debt financing as a result of prevailing interest rates or other factors, including the presence of covenants or other restrictions under the ABL facility and/or other agreements governing our debt. In the event we seek to obtain equity financing, our stockholders may experience dilution as a result of the issuance of additional equity securities. This dilution may be significant depending upon the amount of equity securities that we issue and the prices at which we issue such securities. If we are unable to obtain sufficient additional capital in the future, we may be unable to fund the capital outlays required for the success of our business, including those relating to purchasing equipment, growth plans and refinancing existing indebtedness.

If we determine that our goodwill has become impaired, we may incur impairment charges, which would negatively impact our operating results.

At December 31, 2015, we had $3.2 billion of goodwill on our consolidated balance sheet. Goodwill represents the excess of cost over the fair value of net assets acquired in business combinations. We assess potential impairment of our goodwill at least annually. Impairment may result from significant changes in the manner of use of the acquired assets, negative industry or economic trends and/or significant underperformance relative to historic or projected operating results. For a discussion of the goodwill impairment testing for our Pump Solutions reporting unit, see "Critical Accounting Policies-Evaluation of Goodwill Impairment" in Part II, Item 7A-Management's Discussion and Analysis of Financial Condition and Results of Operations.

Trends in oil and natural gas prices could adversely affect the level of exploration, development and production activity of certain of our customers and the demand for our services and products.

Demand for our services and products is sensitive to the level of exploration, development and production activity of, and the corresponding capital spending by, oil and natural gas companies, including national oil companies, regional exploration and production providers, and related service providers. The level of exploration, development and production activity is directly affected by trends in oil and natural gas prices, which historically have been volatile and are likely to continue to be volatile.

Prices for oil and natural gas are subject to large fluctuations in response to relatively minor changes in the supply of and demand for oil and natural gas, market uncertainty, and a variety of other economic factors that are beyond our control. Any prolonged reduction in oil and natural gas prices will depress the immediate levels of exploration, development and production activity, which could have an adverse effect on our business, results of operations and financial condition. Even the perception of longer-term lower oil and natural gas prices by oil and natural gas companies and related service providers can similarly reduce or defer major expenditures by these companies and service providers given the long-term nature of many large-scale development projects. Factors affecting the prices of oil and natural gas include:

- the level of supply and demand for oil and natural gas;
- governmental regulations, including the policies of governments regarding the exploration for, and production and development of, oil and natural gas reserves;
- weather conditions and natural disasters;
- worldwide political, military and economic conditions;

Table of Contents

- the level of oil production by non-OPEC countries and the available excess production capacity within OPEC;
- oil refining capacity and shifts in end-customer preferences toward fuel efficiency and the use of natural gas;
- the cost of producing and delivering oil and natural gas; and
- potential acceleration of the development of alternative fuels.

We have a holding company structure and depend in part on distributions from our subsidiaries to pay amounts due on our indebtedness. Certain provisions of law or contractual restrictions could limit distributions from our subsidiaries.

We derive substantially all of our operating income from, and hold substantially all of our assets through, our subsidiaries. The effect of this structure is that we depend in part on the earnings of our subsidiaries, and the payment or other distribution to us of these earnings, to meet our obligations under our outstanding debt. Provisions of law, such as those requiring that dividends be paid only from surplus, could limit the ability of our subsidiaries to make payments or other distributions to us. Furthermore, these subsidiaries could in certain circumstances agree to contractual restrictions on their ability to make distributions.

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

We are in the ordinary course exposed to a variety of claims relating to our business. These claims include those relating to (i) personal injury or property damage involving equipment rented or sold by us, (ii) motor vehicle accidents involving our vehicles and our employees and (iii) employment-related claims. Currently, we carry a broad range of insurance for the protection of our assets and operations. However, such insurance may not fully cover these claims for a number of reasons, including:

- our insurance policies, reflecting a program structure that we believe reflects market conditions for companies our size, are often subject to significant deductibles or self-insured retentions;
- our director and officer liability insurance policy has no deductible for individual non-indemnifiable loss, but is subject to a deductible for company reimbursement coverage;
- we do not currently maintain Company-wide stand-alone coverage for environmental liability (other than legally required coverage), since we believe the cost for such coverage is high relative to the benefit it provides; and
- certain types of claims, such as claims for punitive damages or for damages arising from intentional misconduct, which are often alleged in third party lawsuits, might not be covered by our insurance.

We establish and semi-annually evaluate our loss reserves to address casualty claims, or portions thereof, not covered by our insurance policies. To the extent that we are subject to a higher frequency of claims, are subject to more serious claims or insurance coverage is not available, we could have to significantly increase our reserves, and our liquidity and operating results could be materially and adversely affected. 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 at all.

Our charter provisions, as well as other factors, may affect the likelihood of a takeover or change of control of the Company.

Although our Board elected not to extend our stockholders’ rights plan upon its expiration in September 2011, we still have in place certain charter provisions, such as the inability for stockholders to act by written consent, that may have the effect of deterring hostile takeovers or delaying or preventing changes in control or management of the Company that are not approved by our Board, including transactions in which our stockholders might otherwise receive a premium for their shares over then-current market prices. We are also subject to Section 203 of the Delaware General Corporation Law which, under certain circumstances, restricts the ability of a publicly held Delaware corporation to engage in a business combination, such as a merger or sale of assets, with any stockholder that, together with affiliates, owns 15 percent or more of the corporation’s outstanding voting stock, which similarly could prohibit or delay the accomplishment of a change of control transaction. In addition, under the ABL facility, a change of control (as defined in the credit agreement) constitutes an event of default, entitling our lenders to terminate the ABL facility and require us to repay outstanding borrowings. A change of control (as defined in the applicable agreement) is also a termination event under our accounts receivable securitization facility and generally would require us to offer to repurchase our outstanding senior notes. As a result, the provisions of the agreements governing our debt also may affect the likelihood of a takeover or other change of control.

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

Our success is dependent, in part, on the experience and skills of our management team, and competition in our industry and the business world for top management talent is generally significant. Although we believe we generally have competitive

14

pay packages, we can provide no assurance that our efforts to attract and retain our senior management staff will be successful. Moreover, given the volatility in our stock price, it may be more difficult and expensive to recruit and retain employees, particularly senior management, through grants of stock or stock options. This, in turn, could place greater pressure on the Company to increase the cash component of its compensation packages, which may adversely affect our operating results. If we are unable to fill and keep filled all of our senior management positions, or if we lose the services of any key member of our senior management team and are unable to find a suitable replacement in a timely fashion, we may be challenged to effectively manage our business and execute our strategy.

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

We have been pursuing a strategy of optimizing our field operations in order to improve sales force effectiveness, and to focus our sales force's efforts on increasing revenues from our National Account and other large customers. We are also continuing to pursue our overall cost reduction program, which resulted in substantial cost savings in the past. The extent to which these strategies will achieve our desired efficiencies and goals in 2016 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 strategies in the manner we currently expect, we may not achieve the efficiencies or savings we anticipate, or on the timetable we anticipate, and there may be unforeseen productivity, revenue or other consequences resulting from our strategies that may adversely affect us. Therefore, there can be no guarantee that our strategies will prove effective in achieving the desired level of profitability, margins or returns to stockholders.

We are dependent on our relationships with key suppliers to obtain equipment and other supplies for our business on acceptable terms.

We have achieved significant cost savings through our centralization of equipment and non-equipment purchases. However, as a result, we depend on and are exposed to the credit risk of a group of key suppliers. While we make every effort to evaluate our counterparties prior to entering into long-term and other significant procurement contracts, we cannot predict the impact on our suppliers of the current economic environment and other developments in their respective businesses. Insolvency, financial difficulties or other factors may result in our suppliers not being able to fulfill the terms of their agreements with us. Further, such factors may render suppliers unwilling to extend contracts that provide favorable terms to us, or may force them to seek to renegotiate existing contracts with us. Although we believe we have alternative sources of supply for the equipment and other supplies used in our business, termination of our relationship with any of our key suppliers could have a material adverse effect on our business, financial condition or results of operations in the unlikely event that we were unable to obtain adequate equipment or supplies from other sources in a timely manner or at all.

If our rental fleet ages, our operating costs may increase, we may be unable to pass along such costs, and our earnings may decrease. The costs of new equipment we use in our fleet may increase, requiring us to spend more for replacement equipment or preventing us from procuring equipment on a timely basis.

If our rental equipment ages, the costs of maintaining such equipment, if not replaced within a certain period of time, will likely increase. The costs of maintenance may materially increase in the future and could lead to material adverse effects on our results of operations.

The cost of new equipment for use in our rental fleet could also increase due to increased material costs for our suppliers or other factors beyond our control. Such increases could materially adversely impact our financial condition and results of operations in future periods. Furthermore, changes in customer demand could cause certain of our existing equipment to become obsolete and require us to purchase new equipment at increased costs.

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

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

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

15

Table of Contents

the magnitude of the problem, adversely affect our operating results by limiting our capacity to effectively monitor and control our operations and adjust to changing market conditions. In addition, the security measures we employ to protect our systems may not detect or prevent all attempts to hack our systems, denial-of-service attacks, viruses, malicious software, phishing attacks, security breaches or other attacks and similar disruptions that may jeopardize the security of information stored in or transmitted by the sites, networks and systems that we otherwise maintain. We may not anticipate or combat all types of attacks until after they have already been launched. If any of these breaches of security occur or are anticipated, we could be required to expend additional capital and other resources, including costs to deploy additional personnel and protection technologies, train employees and engage third-party experts and consultants. In addition, because our systems sometimes contain information about individuals and businesses, our failure to appropriately maintain the security of the data we hold, whether as a result of our own error or the malfeasance or errors of others, could violate applicable privacy, data security and other laws and give rise to legal liabilities leading to lower revenues, increased costs and other material adverse effects on our results of operations. Any compromise or breach of our systems could result in adverse publicity, harm our reputation, lead to claims against us and affect our relationships with our customers and employees, any of which could have a material adverse effect on our business.

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

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

We cannot be certain as to the potential financial impact on our business if new adverse environmental conditions are discovered or environmental and safety requirements become more stringent. If we are required to incur environmental compliance or remediation costs that are not currently anticipated, our liquidity and operating results could be materially and adversely affected, depending on the magnitude of such costs.

We have operations throughout the United States, which exposes us to multiple state and local regulations, in addition to federal law and requirements as a government contractor. Changes in applicable law, regulations or requirements, or our material failure to comply with any of them, can increase our costs and have other negative impacts on our business.

Our 775 branch locations in the United States are located in 49 states, which exposes us to a host of different state and local regulations, in addition to federal law and regulatory and contractual requirements we face as a government contractor. These laws and requirements address multiple aspects of our operations, such as worker safety, consumer rights, privacy, employee benefits and more, and there are often different requirements in different jurisdictions. Changes in these requirements, or any material failure by our branches to comply with them, can increase our costs, affect our reputation, limit our business, drain management time and attention and otherwise impact our operations in adverse ways.

Our collective bargaining agreements and our relationship with our union-represented employees could disrupt our ability to serve our customers, lead to higher labor costs or the payment of withdrawal liability.

We currently have approximately 850 employees who are represented by unions and covered by collective bargaining agreements and approximately 11,850 employees who are not represented by unions. Various unions occasionally seek to organize certain of our nonunion employees. Union organizing efforts or collective bargaining negotiations could potentially lead to work stoppages and/or slowdowns or strikes by certain of our employees, which could adversely affect our ability to serve our customers. Further, settlement of actual or threatened labor disputes or an increase in the number of our employees covered by collective bargaining agreements can have unknown effects on our labor costs, productivity and flexibility.

Under the collective bargaining agreements that we have signed, we are obligated to contribute to several multiemployer pension plans on behalf of some of our unionized employees. A multiemployer pension plan is a plan that covers the union-represented workers of various unrelated companies. Under the Employee Retirement Income Security Act, a contributing employer to an underfunded multiemployer plan is liable, generally upon withdrawal from a plan, for its proportionate share of the plan's unfunded vested liability. We currently have no intention of withdrawing from any multiemployer plan. However, there can be no assurance that we will not withdraw from one or more multiemployer plans in the future and be required to pay material amounts of withdrawal liability if one or more of those plans are underfunded at the time of withdrawal.

Table of Contents

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

We believe that one of our competitive advantages is the mobility of our fleet. Accordingly, our business could be adversely affected by limitations on fuel supplies or significant increases in fuel prices that result in higher costs to us for transporting equipment from one branch to another branch. Although we have used, and may continue to use, futures contracts to hedge against fluctuations in fuel prices, a significant or protracted price fluctuation or disruption of fuel supplies could have a material adverse effect on our financial condition and results of operations.

Our rental fleet is subject to residual value risk upon disposition, and may not sell at the prices or in the quantities we expect.

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;
- the supply of used equipment on the market;
- the existence and capacities of different sales outlets;
- the age of the equipment at the time it is sold;
- worldwide and domestic demand for used equipment; and
- general economic conditions.

We include in income from operations the difference between the sales price and the depreciated value of an item of equipment sold. Changes in our assumptions regarding depreciation could change 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 and/or in lesser quantities than we anticipate will have a negative impact on our results of operations and cash flows.

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

Our operations in Canada are subject to the risks normally associated with international operations. These include (i) the need to convert currencies, which could result in a gain or loss depending on fluctuations in exchange rates and (ii) the need to comply with foreign laws and regulations, as well as U.S. laws and regulations applicable to our operations in foreign jurisdictions. See Item 7A—Quantitative and Qualitative Disclosures About Market Risk for additional information related to currency exchange risk.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

As of January 1, 2016, we operated 897 rental locations. 775 of these locations are in the United States and 122 are in Canada. The number of locations in each state or province is shown in the table below, as well as the number of locations that are in our general rentals (GR) and trench, power and pump (TPP) segments.

United States

Alabama (GR 19, TPP 5)
Alaska (GR 2)
Arizona (GR 13, TPP 2)
Arkansas (GR 11, TPP 1)
California (GR 61, TPP 17)
Colorado (GR 12, TPP 3)
Connecticut (GR 6, TPP 2)
Delaware (GR 2, TPP 1)
Florida (GR 25, TPP 12)
Georgia (GR 22, TPP 3)
Idaho (GR 2)
Illinois (GR 15, TPP 3)
Indiana (GR 10, TPP 1)
Iowa (GR 11, TPP 1)
Kansas (GR 12)
Kentucky (GR 9)
Louisiana (GR 26, TPP 10)
Maine (GR 2)
Maryland (GR 10, TPP 4)
Massachusetts (GR 6, TPP 2)
Michigan (GR 4, TPP 1)
Minnesota (GR 8, TPP 1)
Mississippi (GR 12)
Missouri (GR 12, TPP 3)
Montana (GR 1)
Nebraska (GR 4, TPP 1)
Nevada (GR 4, TPP 3)
New Hampshire (GR 1, TPP 1)
New Jersey (GR 8, TPP 4)
New Mexico (GR 10, TPP 1)
New York (GR 13)
North Carolina (GR 21, TPP 6)
North Dakota (GR 6, TPP 3)
Ohio (GR 15, TPP 4)
Oklahoma (GR 23, TPP 4)
Oregon (GR 9, TPP 2)
Pennsylvania (GR 14, TPP 5)
Rhode Island (GR 1)
South Carolina (GR 12, TPP 2)
South Dakota (GR 2)
Tennessee (GR 18, TPP 3)
Texas (GR 95, TPP 25)
Utah (GR 2, TPP 3)
Vermont (GR 1)
Virginia (GR 17, TPP 5)
Washington (GR 18, TPP 5)
West Virginia (GR 5)
Wisconsin (GR 8, TPP 1)
Wyoming (GR 5)

Canada

Alberta (GR 23, TPP 9)
British Columbia (GR 18, TPP 4)
Manitoba (GR 4)
New Brunswick (GR 6, TPP 1)
Newfoundland (GR 6)
Nova Scotia (GR 4)
Ontario (GR 23, TPP 5)
Prince Edward Island (GR 1)
Quebec (GR 7, TPP 1)
Saskatchewan (GR 7, TPP 3)

Our branch locations generally include facilities for displaying equipment and, depending on the location, may include separate areas for equipment service, storage and displaying contractor supplies. We own 107 of our branch locations and lease the other branch locations. We also lease or own other premises used for purposes such as district and regional offices and service centers.

Table of Contents

We have a fleet of approximately 7,900 vehicles. These vehicles are used for delivery, maintenance, management and sales functions. Approximately 53 percent of this fleet is leased and the balance is owned.
Our corporate headquarters are located in Stamford, Connecticut, where we occupy approximately 47,000 square feet under a lease that expires in 2024. Additionally, we maintain other corporate facilities, including in Shelton, Connecticut, where we occupy approximately 12,000 square feet under a lease that expires in 2016, and in Scottsdale, Arizona, where we occupy approximately 20,000 square feet under a lease that expires in 2018. Further, we maintain shared-service facilities in Tampa, Florida, where we occupy approximately 31,000 square feet under a lease that expires in 2020 and in Charlotte, North Carolina, where we occupy approximately 55,000 square feet under a lease that expires in 2025.

Item 3. Legal Proceedings

A description of legal proceedings can be found in note 14 to our consolidated financial statements, included in this report at Item 8—Financial Statements and Supplementary Data, and is incorporated by reference into this Item 3.

Item 4. (Removed and Reserved)

PART II

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

Price Range of Common Stock

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

	High	Low
2015:		
First Quarter	$103.85	$81.25
Second Quarter	105.83	86.88
Third Quarter	87.99	56.66
Fourth Quarter	80.18	57.41
2014:		
First Quarter	$96.51	$74.32
Second Quarter	108.46	85.01
Third Quarter	119.83	103.60
Fourth Quarter	119.35	88.34

As of January 1, 2016, there were 78 holders of record of our common stock. The number of beneficial owners is substantially greater than the number of record holders because a large portion of our common stock is held of record in broker "street names."

Dividend Policy

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

Purchases of Equity Securities by the Issuer

The following table provides information about acquisitions of Holdings' common stock by Holdings during the fourth quarter of 2015:

Table of Contents

Period	Total Number of Shares Purchased		Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)	Maximum Dollar Amount of Shares That May Yet Be Purchased Under the Program (2)
October 1, 2015 to October 31, 2015	7,004	(1)	$ 73.45	—	—
November 1, 2015 to November 30, 2015	481,264	(1)	$ 74.98	473,611	—
December 1, 2015 to December 31, 2015	1,183,845	(1)	$ 71.94	1,181,497	—
Total	1,672,113		$ 72.82	1,655,108	$889,514,940

(1) In October 2015, November 2015 and December 2015, 7,004, 7,653 and 2,348 shares, respectively, were withheld by Holdings to satisfy tax withholding obligations upon the vesting of restricted stock unit awards. These shares were not acquired pursuant to any repurchase plan or program.

(2) On December 1, 2014, our Board authorized a $750 million share repurchase program, which we intended to complete within 18 months of its initiation, and which was completed in October 2015. On July 21, 2015, our Board authorized a new $1 billion share repurchase program which commenced upon completion of the $750 million share repurchase program. We intend to complete the $1 billion program within 18 months of its initiation in November 2015. The shares purchased in the table above include shares purchased under both the $750 million program and the $1 billion program. The remaining amount in the table above pertains to the current $1 billion share repurchase program.

Equity Compensation Plans

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

Table of Contents

Item 6. Selected Financial Data

The following selected financial data reflects the results of operations and balance sheet data as of and for the years ended December 31, 2011 to 2015. On April 30, 2012, we acquired RSC Holdings Inc. ("RSC"). RSC has been included in our results of operations since that date. RSC was one of the largest equipment rental providers in North America and had total revenue of $1.5 billion for 2011. The data below should be read in conjunction with, and is qualified by reference to, our Management's Discussion and Analysis and our consolidated financial statements and notes thereto contained elsewhere in this report.

	Year Ended December 31,				
	2015	2014	2013	2012	2011
	(in millions, except per share data)				
Income statement data:					
Total revenues	$5,817	$5,685	$4,955	$4,117	$2,611
Total cost of revenues	3,337	3,253	2,968	2,530	1,713
Gross profit	2,480	2,432	1,987	1,587	898
Selling, general and administrative expenses	714	758	642	588	407
Merger related costs	(26)	11	9	111	19
Restructuring charge	6	(1)	12	99	19
Non-rental depreciation and amortization	268	273	246	198	57
Operating income	1,518	1,391	1,078	591	396
Interest expense, net	567	555	475	512	228
Interest expense-subordinated convertible debentures	—	—	3	4	7
Other income, net	(12)	(14)	(5)	(13)	(3)
Income before provision for income taxes	963	850	605	88	164
Provision for income taxes	378	310	218	13	63
Net income	585	540	387	75	101
Basic earnings per share	$6.14	$5.54	$4.14	$0.91	$1.62
Diluted earnings per share	$6.07	$5.15	$3.64	$0.79	$1.38

	December 31,				
	2015	2014	2013	2012	2011
	(in millions)				
Balance sheet data:					
Total assets (1)	$12,083	$12,129	$10,876	$10,648	$3,976
Total debt (1)	8,162	7,962	7,078	7,196	2,924
Subordinated convertible debentures	—	—	—	55	55
Stockholders' equity	1,476	1,796	1,828	1,543	64

(1) In 2015, we adopted accounting guidance on the presentation of debt issuance costs. This guidance requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability. Adopting this guidance resulted in reductions to both total assets and total debt, which are presented for all periods above in accordance with this new guidance. In 2015, we also adopted accounting guidance that requires that deferred tax liabilities and assets be classified as non-current in the balance sheet. Adopting this guidance resulted in a reduction to total assets, which are presented for all periods above in accordance with this new guidance.

Table of Contents

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

Executive Overview

United Rentals is the largest equipment rental company in the world. Our customer service network consists of 897 rental locations in the United States and Canada as well as centralized call centers and online capabilities. Although the equipment rental industry is highly fragmented and diverse, we believe that we are well positioned to take advantage of this environment because, as a larger company, we have more extensive resources and certain compelling competitive advantages. These include a fleet of rental equipment with a total original equipment cost ("OEC"), based on the initial consideration paid, of $8.7 billion, and a national branch network that operates in 49 U.S. states and every Canadian province, and serves 99 of the 100 largest metropolitan areas in the United States. In addition, our size gives us greater purchasing power, the ability to provide customers with a broader range of equipment and services, the ability to provide customers with equipment that is more consistently well-maintained and therefore more productive and reliable, and the ability to enhance the earning potential of our assets by transferring equipment among branches to satisfy customer needs.

We offer approximately 3,300 classes of equipment for rent to construction and industrial companies, manufacturers, utilities, municipalities, homeowners, government entities and other customers. Our revenues are derived from the following sources: equipment rentals, sales of rental equipment, sales of new equipment, contractor supplies sales and service and other revenues. In 2015, equipment rental revenues represented 85 percent of our total revenues.

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

In 2016, we expect to continue our disciplined focus on increasing our profitability and return on invested capital. In particular, our strategy calls for:

- A consistently superior standard of service to customers, often provided through a single point of contact;
- The further optimization of our customer mix and fleet mix, with a dual objective: to enhance our performance in serving our current customer base, and to focus on the accounts and customer types that are best suited to our strategy for profitable growth. We believe these efforts will lead to even better service of our target accounts, primarily large construction and industrial customers, as well as select local contractors. Our fleet team's analyses are aligned with these objectives to identify trends in equipment categories and define action plans that can generate improved returns;
- The implementation of "Lean" management techniques, including kaizen processes focused on continuous improvement, through a program we call Operation United 2. As of December 31, 2015, we have trained over 3,100 employees, over 70 percent of our district managers and over 60 percent of our branch managers on the Lean kaizen process. We continue to implement this program across our branch network, with the objectives of: reducing the cycle time associated with renting our equipment to customers; improving invoice accuracy and service quality; reducing the elapsed time for equipment pickup and delivery; and improving the effectiveness and efficiency of our repair and maintenance operations. As discussed in note 5 to our consolidated financial statements, in the fourth quarter of 2015, we initiated a restructuring program focused on cost savings throughout the organization partially due to the Lean initiatives not fully generating the anticipated cost savings due to lower than expected rental volume in 2015. The savings generated from Lean initiatives are partially dependent on rental volume, and, though we have not yet achieved the anticipated level of Lean savings, we expect to continue to achieve savings through the Lean initiatives; and
- The continued expansion of our trench, power and pump footprint, as well as our tools offering, and the cross-selling of these services throughout our network. We plan to open at least 14 specialty rental branches/tool hubs in 2016 and continue to invest in specialty rental fleet to further position United Rentals as a single source provider of total jobsite solutions through our extensive product and service resources and technology offerings.

In 2016, based on our analyses of industry forecasts and macroeconomic indicators, we expect that the majority of our end markets will continue to recover and drive demand for equipment rental services. Specifically, we expect that North American industry equipment rental revenue will increase approximately 6 percent. The expected industry growth reflects growth of approximately 7 percent and 1 percent in the U.S. and Canada, respectively, on a constant currency basis.

In April 2014, we acquired certain assets of the following four entities: National Pump & Compressor, Ltd., Canadian Pump and Compressor Ltd., GulfCo Industrial Equipment, LP and LD Services, LLC (collectively “National Pump”). The results of National Pump's operations have been included in our consolidated financial statements since the acquisition date. National Pump was the second largest specialty pump rental company in North America, and was a leading supplier of pumps

Table of Contents

for energy and petrochemical customers, with upstream oil and gas customers representing about half of its revenue. For additional information concerning the National Pump acquisition, see note 3 to our consolidated financial statements.

We use the American Rental Association criteria for reporting rental rates, time utilization and OEC. For the full year 2015 we achieved:

- A year-over-year increase of 0.5 percent in rental rates;
- A year-over-year increase of 3.2 percent in the volume of OEC on rent;
- Time utilization of 67.3 percent decreased 150 basis points year-over-year. In 2015, time utilization was impacted by volume and pricing pressure on our general rental business and our Pump Solutions region associated with upstream oil and gas customers. Excluding the branches with the most exposure to upstream oil and gas, time utilization decreased 40 basis points year-over-year;
- 64 percent of equipment rental revenue derived from key accounts, which was flat with 2014. Key accounts are each managed by a single point of contact to enhance customer service; and
- An increase of 12 rental locations in our higher margin trench, power and pump (also referred to as "specialty") segment in 2015, comprised of nine locations in the United States and three in Canada.

Financial Overview

In 2015 and 2014, we took a number of positive actions related to our capital structure, and have significantly improved our financial flexibility and liquidity. These actions, which are discussed in note 12 to our consolidated financial statements, include:

- In January 2014, we redeemed all of our 10 1/4 percent Senior Notes.
- In March 2014, we issued $525 aggregate principal amount of 6 1/8 percent Senior Notes as an add on to our existing 6 1/8 percent Senior Notes.
- In March 2014, we issued $850 aggregate principal amount of 5 3/4 percent Senior Notes.
- In April 2014, we redeemed all of our 9 1/4 percent Senior Notes.
- In September 2014 and September 2015, we amended and extended our accounts receivable securitization facility. The September 2015 amendment included an increase in the size of the facility from $550 to $625.
- In March 2015, we issued $1 billion principal amount of 4 5/8 percent Senior Secured Notes.
- In March 2015, we issued $800 principal amount of 5 1/2 percent Senior Notes.
- In March 2015, we amended and extended our ABL facility, and increased the size of the facility to $2.5 billion.
- In April 2015, we redeemed all of our 5 3/4 percent Senior Secured Notes and 8 3/8 percent Senior Subordinated Notes.
- In April 2015, we redeemed $350 principal amount of our 8 1/4 percent Senior Notes.

These actions have improved our financial flexibility and liquidity and positioned us to invest the necessary capital in our business to take advantage of opportunities in the economic recovery. As of December 31, 2015, we had available liquidity of $1.10 billion, including cash of $179.

Net income. Net income and diluted earnings per share for each of the three years in the period ended December 31, 2015 were as follows:

	Year Ended December 31,		
	2015	2014	2013
Net income	$585	$540	$387
Diluted earnings per share	$6.07	$5.15	$3.64

Net income and diluted earnings per share for each of the three years in the period ended December 31, 2015 include the after-tax impacts of the following items:

Table of Contents

	Year Ended December 31,					
	2015		2014		2013	
	Contribution to net income (after-tax)	Impact on diluted earnings per share	Contribution to net income (after-tax)	Impact on diluted earnings per share	Contribution to net income (after-tax)	Impact on diluted earnings per share
Merger related costs (1)	$17	$ 0.17	$(7)	$ (0.06)	$(5)	$ (0.05)
Merger related intangible asset amortization (2)	(111)	(1.15)	(115)	(1.10)	(100)	(0.94)
Impact on depreciation related to acquired RSC fleet and property and equipment (3)	2	0.02	3	0.03	4	0.04
Impact of the fair value mark-up of acquired RSC fleet (4)	(18)	(0.19)	(22)	(0.21)	(27)	(0.25)
Impact on interest expense related to fair value adjustment of acquired RSC indebtedness (5)	2	0.02	3	0.03	4	0.04
Restructuring charge (6)	(4)	(0.04)	1	0.01	(7)	(0.07)
Asset impairment charge (7)	—	—	—	—	(2)	(0.02)
Loss on extinguishment of debt securities, including subordinated convertible debentures, and ABL amendment	(75)	(0.78)	(48)	(0.46)	(2)	(0.02)

(1) This reflects transaction costs associated with the RSC and National Pump acquisitions. The income for the year ended December 31, 2015 reflects a decline in the fair value of the contingent cash consideration component of the National Pump purchase price. For additional information concerning the National Pump acquisition, see note 3 to our consolidated financial statements.
(2) This reflects the amortization of the intangible assets acquired in the RSC and National Pump acquisitions.
(3) This reflects the impact of extending the useful lives of equipment acquired in the RSC acquisition, net of the impact of additional depreciation associated with the fair value mark-up of such equipment.
(4) This reflects additional costs recorded in cost of rental equipment sales associated with the fair value mark-up of rental equipment acquired in the RSC acquisition and subsequently sold.
(5) This reflects a reduction of interest expense associated with the fair value mark-up of debt acquired in the RSC acquisition. See note 12 to our consolidated financial statements for additional detail on the acquired debt.
(6) As discussed in note 5 to our consolidated financial statements, this reflects severance costs and branch closure charges associated with our closed restructuring programs and our current restructuring program.
(7) This charge primarily reflects write-offs of leasehold improvements and other fixed assets in connection with our closed restructuring programs.

In addition to the matters discussed above, our 2015 performance reflects increased gross profit from equipment rentals.

EBITDA GAAP Reconciliations. EBITDA represents the sum of net income, provision for income taxes, interest expense, net, interest expense-subordinated convertible debentures, depreciation of rental equipment and non-rental depreciation and amortization. Adjusted EBITDA represents EBITDA plus the sum of the merger related costs, restructuring charge, stock compensation expense, net, the impact of the fair value mark-up of the acquired RSC fleet,

and the loss on sale of software subsidiary. These items are excluded from adjusted EBITDA internally when evaluating our operating performance and allow investors to make a more meaningful comparison between our core business operating results over different periods of time, as well as with those of other similar companies.
Management believes that EBITDA and adjusted EBITDA, when viewed with the Company's results under U.S. generally accepted accounting principles ("GAAP") and the accompanying reconciliations, provide useful information about operating performance and period-over-period growth, and provide additional information that is useful for evaluating the operating performance of our core business without regard to potential distortions. Additionally, management believes that EBITDA and adjusted EBITDA help investors gain an understanding of the factors and trends affecting our ongoing cash earnings, from which capital investments are made and debt is serviced. However, EBITDA and adjusted EBITDA are not measures of financial performance or liquidity under GAAP and, accordingly, should not be considered as alternatives to net income or cash flow from operating activities as indicators of operating performance or liquidity.
The table below provides a reconciliation between net income and EBITDA and adjusted EBITDA:

Table of Contents

	Year Ended December 31,		
	2015	2014	2013
Net income	$585	$540	$387
Provision for income taxes	378	310	218
Interest expense, net	567	555	475
Interest expense—subordinated convertible debentures	—	—	3
Depreciation of rental equipment	976	921	852
Non-rental depreciation and amortization	268	273	246
EBITDA	2,774	2,599	2,181
Merger related costs (1)	(26)	11	9
Restructuring charge (2)	6	(1)	12
Stock compensation expense, net (3)	49	74	46
Impact of the fair value mark-up of acquired RSC fleet (4)	29	35	44
Loss on sale of software subsidiary	—	—	1
Adjusted EBITDA	$2,832	$2,718	$2,293

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

	Year Ended December 31,		
	2015	2014	2013
Net cash provided by operating activities	$1,995	$1,801	$1,551
Adjustments for items included in net cash provided by operating activities but excluded from the calculation of EBITDA:			
Amortization of deferred financing costs and original issue discounts	(10)	(17)	(21)
Gain on sales of rental equipment	227	229	176
Gain on sales of non-rental equipment	8	11	6
Loss on sale of software subsidiary (5)	—	—	(1)
Merger related costs (1)	26	(11)	(9)
Restructuring charge (2)	(6)	1	(12)
Stock compensation expense, net (3)	(49)	(74)	(46)
Loss on extinguishment of debt securities	(123)	(80)	(1)
Loss on retirement of subordinated convertible debentures	—	—	(2)
Excess tax benefits from share-based payment arrangements	5	—	—
Changes in assets and liabilities	194	182	31
Cash paid for interest, including subordinated convertible debentures	447	457	461
Cash paid for income taxes, net	60	100	48
EBITDA	2,774	2,599	2,181
Add back:			
Merger related costs (1)	(26)	11	9
Restructuring charge (2)	6	(1)	12
Stock compensation expense, net (3)	49	74	46
Impact of the fair value mark-up of acquired RSC fleet (4)	29	35	44
Loss on sale of software subsidiary	—	—	1
Adjusted EBITDA	$2,832	$2,718	$2,293

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(1) This reflects transaction costs associated with the RSC and National Pump acquisitions. The income for the year ended December 31, 2015 reflects a decline in the fair value of the contingent cash consideration component of the

National

25

Pump purchase price. For additional information concerning the National Pump acquisition, see note 3 to our consolidated financial statements.

(2) As discussed in note 5 to our consolidated financial statements, this reflects severance costs and branch closure charges associated with our closed restructuring programs and our current restructuring program.

(3) Represents non-cash, share-based payments associated with the granting of equity instruments.

(4) This reflects additional costs recorded in cost of rental equipment sales associated with the fair value mark-up of rental equipment acquired in the RSC acquisition and subsequently sold.

For the year ended December 31, 2015, EBITDA increased $175, or 6.7 percent, and adjusted EBITDA increased $114, or 4.2 percent. The EBITDA increase primarily reflects increased profit from equipment rentals, decreased selling, general and administrative expense and reduced merger costs associated with a decline in the fair value of the contingent cash consideration component of the National Pump purchase price due to lower than expected financial performance compared to agreed upon financial targets, as discussed in note 11 to our consolidated financial statements. The adjusted EBITDA increase primarily reflects increased profit from equipment rentals. For the year ended December 31, 2015, EBITDA margin increased 200 basis points to 47.7 percent, and adjusted EBITDA margin increased 90 basis points to 48.7 percent. The increase in the EBITDA margin primarily reflects increased margins from equipment rentals, improved selling, general and administrative leverage, and reduced merger costs. The increase in the adjusted EBITDA margin primarily reflects increased margins from equipment rentals and improved selling, general and administrative leverage.

For the year ended December 31, 2014, EBITDA increased $418, or 19.2 percent, and adjusted EBITDA increased $425, or 18.5 percent. The EBITDA and adjusted EBITDA increases include the impact of the National Pump acquisition discussed above. The EBITDA and adjusted EBITDA increases primarily reflect increased profit from equipment rentals and sales of rental equipment, partially offset by increased selling, general and administrative expense. For the year ended December 31, 2014, EBITDA margin increased 170 basis points to 45.7 percent, and adjusted EBITDA margin increased 150 basis points to 47.8 percent. The increases in the EBITDA and adjusted EBITDA margins primarily reflect increased margins from equipment rentals and sales of rental equipment.

Revenues. Revenues for each of the three years in the period ended December 31, 2015 were as follows:

	Year Ended December 31,			Change	
	2015	2014	2013	2015	2014
Equipment rentals*	$4,949	$4,819	$4,196	2.7%	14.8%
Sales of rental equipment	538	544	490	(1.1)%	11.0%
Sales of new equipment	157	149	104	5.4%	43.3%
Contractor supplies sales	79	85	87	(7.1)%	(2.3)%
Service and other revenues	94	88	78	6.8%	12.8%
Total revenues	$5,817				