RSC Holdings Inc.
Form S-1/A
April 18, 2007

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As filed with the Securities and Exchange Commission on April 18, 2007
Registration No. 333-140644

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

Amendment No. 2 to
Form S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

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

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

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

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

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

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

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

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

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

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

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

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Subject to Completion. Dated April 18, 2007.

Shares

RSC Holdings Inc.

Common Stock

This is an initial public offering of shares of common stock of RSC Holdings Inc., which we refer to in this prospectus as RSC Holdings. RSC Holdings is offering shares to be sold in this offering.

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

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

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

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

We have granted the underwriters a 30-day option to purchase up to an additional shares from us on the same terms and conditions as set forth above if the underwriters sell more than shares of common stock in this offering.

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

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

Robert W. Baird & Co.

Banc of America Securities LLC

CIBC World Markets

Goldman, Sachs & Co.

JPMorgan

Prospectus dated , 2007.

SUMMARY

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

Our Company

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

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

Industry Overview

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

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

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

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

Competitive Strengths

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

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

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

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

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

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

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

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

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

Business Strategy

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

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

leveraging our reputation for superior customer service to increase our customer base;

increasing our market penetration by opening new stores in targeted growth markets to leverage existing infrastructure and customer relationships;

increasing our presence in complementary rental and service offerings to increase same store revenues, margins and return on investment;

continuing to align incentives for local management teams with both profit and growth targets; and

pursuing selected acquisitions in attractive markets, subject to economic conditions.

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

focus on the higher margin rental business;

actively manage the quality, reliability and availability of our fleet and offer superior customer service, which supports our premium pricing strategy;

evaluate each new investment in fleet based on strict return guidelines;

deploy and allocate fleet among our operating regions based on pre-specified return thresholds to optimize utilization; and

use our size and market presence to achieve economies of scale in capital investment.

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

Risk Factors

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

the effect of an economic downturn or other factors resulting in a decline in non-residential construction and capital investment;

increased competition from other companies in our industry and our inability to increase or maintain our prices;

our ability to obtain equipment at competitive prices;

changes in the attitude of our customers toward renting, as compared with purchasing, equipment;

our ability to generate cash and/or incur additional indebtedness to finance equipment purchases; and heavy reliance on centralized information systems.

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

Recent Developments

Expected Results for the Three Months Ended March 31, 2007

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

For the three month period ended March 31, 2007, we estimate total revenues of approximately $405 million, equipment rental revenue of approximately $347 million, net income of approximately $19 million and Adjusted EBITDA of approximately $179 million. Based on these estimates, rental revenues for the three months ended March 31, 2007 increased approximately 15%, or approximately $46 million, from the prior-year quarter ended March 31, 2006 and Adjusted EBITDA increased approximately 16%, or approximately $25 million, compared to the prior-year period. For a discussion of our presentation of Adjusted EBITDA, see footnote 5 to our summary historical and unaudited pro forma financial data beginning on page 10 of this prospectus.

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

	Estimated Three Months Ended March 31, 2007 (in millions) (unaudited)	
Net income	$	19
Depreciation of rental equipment and depreciation and amortization of non-rental		80
Interest expense, net		64
Provision for income taxes		13
EBITDA	$	176
Adjustments:		
Management fees		2
Share-based compensation(a)		1
Other income, net(b)		
Adjusted EBITDA	$	179

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

(b) Reflects currency gain (loss).

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

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Our Principal Stockholders

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

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

Ripplewood Holdings L.L.C.

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

Oak Hill Capital Partners

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

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

The Offering

Common stock offered	shares of common stock, no par value, of RSC Holdings, or our common stock.
Shares of common stock offered by RSC Holdings	
Shares of common stock outstanding after the offering	
Option to purchase additional shares of common stock	The underwriters have a 30-day option to purchase up to shares of our common stock.
Use of proceeds	Our net proceeds from this offering, after deducting underwriting discounts and estimated offering expenses, will be approximately $ million (or $ million if the overallotment option is exercised in full), assuming an offering price equivalent to the midpoint of the range set forth on the cover page of this prospectus. We intend to use the net proceeds of this offering to repay $ of our existing indebtedness with the remainder to be used for general corporate purposes.
Dividend policy	We do not expect to pay dividends on our common stock for the foreseeable future.
Proposed New York Stock Exchange symbol	RRR .

shares of our common stock will be outstanding after this offering.

Risk Factors

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

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Summary Historical And Unaudited Pro Forma Financial Data

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

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

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

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

Income before provisions for income taxes										
Provision for income taxes		66,717		93,600		117,941		66,393		
Net income	$	110,977	$	164,197	$	186,522	$	104,999	$	
Preferred dividends		(15,995)		(15,995)		(7,997)				
Net income available for common stockholders	$	94,982	$	148,202	$	178,525	$	104,999	$	
Weighted average shares outstanding used in computing net income per common share:										
Basic and diluted (2)(3)		2,395		2,395		2,397		2,397		(4)
Net income per common share:										
Basic and diluted (2)(3)	$	39.66	$	61.88	$	74.48	$	43.80	$	(4)
Other financial data:										
EBITDA (5)	$	448,324	$	568,178	$	712,995	$	717,831	$	
Adjusted EBITDA (5)		449,575		571,155		725,581		725,581		
Adjusted EBITDA margin		33.8%		39.1%		43.9%		43.9%		
Depreciation of rental equipment and depreciation and amortization of non-rental equipment		224,964		246,101		292,162		292,162		
Capital expenditures:										
Rental	$	419,900	$	691,858	$	721,258	$	721,258	$	
Non-rental		33,490		4,641		28,592		28,592		
Proceeds from sales of used equipment and non-rental equipment		(215,622)		(233,731)		(207,613)		(207,613)		
Net capital expenditures	$	237,768	$	462,768	$	542,237	$	542,237	$	
Other operational data (unaudited):										
Utilization (6)		67.7%		70.6%		72.0%		72.0%		
Average fleet age (months)		40.0		30.2		25.0		25.0		
Same store rental revenues growth (7)		11.8%		17.6%		18.9%		18.9%		
Employees (8)		4,812		4,938		5,187		5,187		

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

				December 31, 2006
	($ in millions)			
Consolidated Balance Sheet Data:				
Rental equipment, net	$ 1,127	$ 1,421	$ 1,739	$
Total assets	2,422	2,764	3,326	
Debt	1,277	1,247	3,006	
Total liabilities	1,759	1,951	3,761	
Total stockholders equity (deficit)	663	814	(435)	

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

(2) Share amounts reflect a 100 for 1 stock split effected on November 27, 2006. We have also retroactively restated the number of our shares to give effect to the change in outstanding shares as a result of the Recapitalization. This presentation effectively results in a 1 for 3.688 reverse stock split of the common shares for all periods prior to the Recapitalization.

(3) Basic net income per common share has been computed using the weighted average number of shares of common stock outstanding during the period. Diluted net income per common share has been computed using the weighted average number of shares of common stock outstanding during the period, increased to give effect to the offering of any shares of common stock. Additionally, for purposes of calculating basic and diluted net income per common share, net income has been adjusted for preferred stock dividends. There were no potentially dilutive securities outstanding during 2004 and 2005. As of December 31, 2006, there were stock options outstanding to purchase a total of 117,428 shares of our common stock, which are excluded from the calculations of diluted income per common share and pro forma net income per common share as those stock options were anti-dilutive.

(4) Basic and diluted pro forma as adjusted weighted average shares outstanding give effect to the Recapitalization and the issuance of shares sold in this offering.

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

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

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

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

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

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

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

(c) The historical 2006 amount includes Recapitalization expenses of approximately $10.3 million and $0.6 million of management fees. The pro forma amount shown includes annual management fees of $6 million.

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

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

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

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RISK FACTORS

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

Risks Related to Our Business

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

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

- weakness in the economy or the onset of a recession;
- an increase in the cost of construction materials;
- an increase in interest rates;
- adverse weather conditions or natural disasters which may temporarily affect a particular region; or
- terrorism or hostilities involving the United States or Canada.

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

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

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

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

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

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

- changes in demand for our equipment or the prices we charge due to changes in economic conditions, competition or other factors;
- the timing of expenditures for new equipment and the disposal of used equipment;
- changes in the interest rates applicable to our variable rate debt;
- general economic conditions in the markets where we operate;
- the cyclical nature of our customers businesses, particularly those operating in the non-residential construction and industrial sectors;
- price changes in response to competitive factors;
- seasonal rental patterns, with rental activity tending to be lowest in the winter;
- timing of acquisitions and new location openings and related costs;
- labor shortages, work stoppages or other labor difficulties;
- possible unrecorded liabilities of acquired companies;
- our effectiveness in integrating acquired businesses and new locations into our existing operations; and
- possible write-offs or exceptional charges due to changes in applicable accounting standards, impairment of obsolete or damaged equipment or other assets, or the refinancing of our existing debt.

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

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

All of our inventory consists of equipment products that we purchase from various suppliers and manufacturers. We rely on these suppliers and manufacturers to provide us with equipment which we then rent to our customers. We have not entered into any long-term equipment supply arrangements with manufacturers. To the extent we are unable to rely on these suppliers and manufacturers, either due to an adverse change in our relationships with them, or if they significantly raised their costs, or such suppliers or manufacturers simply are unable to supply us with equipment in a timely manner, our business could be adversely affected through higher costs or the resulting potential inability to service our customers. We may experience delays in receiving equipment from some manufacturers due to factors beyond our control, including raw material shortages, and, to the extent that we experience any such delays, our business could be hurt by the resulting inability to service our customers.

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

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

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

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

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

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

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

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

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

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

We rely significantly on available borrowings under our Senior ABL Facilities to purchase equipment. As of December 31, 2006, we had $505 million of available borrowings under the revolving credit portion of our Senior ABL Facilities. If our access to such financing were unavailable, reduced or were to become significantly more expensive for any reason, including, without limitation, due to our inability to meet the coverage ratio or leverage ratio tests in our Senior ABL Facilities or satisfy any other condition in the facilities or due to an increase in interest rates generally, we may not be able to finance new equipment acquisitions on favorable terms, or at all. In addition, if we are unable to generate excess cash from operating activities after servicing our debt due to negative economic or industry trends including, among others, those set forth above under Our business could be hurt by a decline in non-residential construction and industrial activities or a decline in the amount of construction equipment that is rented and We face intense competition that may lead to downward pricing, or an inability to increase prices, which could have a material adverse impact on our results of operations, and we are not able to finance new equipment acquisitions, we may not be able to make necessary equipment rental acquisitions at all.

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

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

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

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

The Sponsors or their affiliates may compete directly against us.

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

ACAB may compete against us in the future.

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

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

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

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

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

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

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

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

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

If we are found liable for any significant claims that are not covered by insurance, our liquidity and operating results could be materially adversely affected. It is possible that our insurance carrier may disclaim coverage for any class action and derivative lawsuits against us. It is also possible that some or all of the insurance that is currently available to us will not be available in the future on economically reasonable terms, or not available at all.

We may be unable to establish and/or maintain an effective system of internal control over financial