UNITED RENTALS INC /DE

FORM 10-K
(Annual Report)

Filed 3/29/1999 For Period Ending 12/31/1998

Address	FOUR GREENWICH OFFICE PARK
	GREENWICH, Connecticut 06830
Telephone	203-622-3131
CIK	0001067701
Industry	Rental & Leasing
Sector	Services
Fiscal Year	12/31

Generated by EDGAR Online Pro
http://pro.edgar-online.com

EDGAR Online

Contact EDGAR Online
Customer Service: 203-852-5666
Corporate Sales: 212-457-8200

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

FOR ANNUAL AND TRANSITION REPORTS PURSUANT TO SECTIONS 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1998.

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

For the transition period from to

Commission File Number 1-14387

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	06-1493538
State or Other Jurisdiction of Incorporation or Organization	(I.R.S. Employer Identification Nos.)
Four Greenwich Office Park, Greenwich, Connecticut	06083
(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 whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

[X] Yes [ ] No

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. [ ]

As of March 22, 1999, there were 70,788,238 shares of United Rentals, Inc. common stock outstanding. The aggregate market value of such common stock held by non-affiliates of the registrant at March 22, 1999 was approximately $1.1 billion. Such aggregate market value was calculated by using the closing price of such common stock as of such date on the New York Stock Exchange ($27.13). 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.

Documents incorporated by reference: Certain sections of the Proxy Statement of United Rentals, Inc. to be filed pursuant to Regulation 14A under the Securities Exchange Act of 1934 within 120 days of the registrant's fiscal year are incorporated by reference into Part III of this Form 10-K.

This combined 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.

FORM 10-K REPORT INDEX

10-K Part and Item No.		Page No.
PART I		
Item 1	Business	1
Item 2	Properties	15
Item 3	Legal Proceedings	16
Item 4	Submission of Matters to a Vote of Security Holders	16
PART II		
Item 5	Market for the Registrant's Common Equity and Related Stockholder Matters	16
Item 6	Selected Financial Data	18
Item 7	Management's Discussion and Analysis of Financial Condition and Results of Operations	19
Item 7A	Quantitative and Qualitative Disclosures About Market Risk	30
Item 8	Financial Statements and Supplementary Data	31
Item 9	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	73
PART III		
Item 10	Directors and Executive Officers of the Registrant	73
Item 11	Executive and Director Compensation	73
Item 12	Security Ownership of Certain Beneficial Owners and Management	73
Item 13	Certain Relationships and Related Transactions	73
PART IV		
Item 14	Exhibits, Financial Statement Schedules, and Reports on Form 8-K	73

United Rentals, Inc. ("Holdings") is principally a holding company and primarily conducts its operations through its wholly owned subsidiary, United Rentals (North America), Inc. ("URI"), and subsidiaries of URI. URI was incorporated in August 1997, initially capitalized in September 1997 and commenced equipment rental operations in October 1997. Holdings was incorporated in July 1998 and became the parent company of URI on August 5, 1998, in connection with a reorganization of URI's corporate structure that was effected in order to facilitate certain financings. As part of such reorganization, the outstanding common stock of URI was converted, on a share for share basis, into common stock of Holdings and the common stock of Holdings commenced trading on the New York Stock Exchange instead of the common stock of URI. Prior to such reorganization, the name of United Rentals (North America), Inc. was United Rentals, Inc. Unless otherwise indicated or the context otherwise clearly requires, (i) the terms "United Rentals" and the "Company" refer collectively to URI and its subsidiaries, with respect to periods prior to such reorganization, and to Holdings and its subsidiaries, with respect to periods thereafter, and (ii) the term "Common Stock" refers to the common stock or URI, with respect to periods prior to such reorganization, and to the common stock of Holdings, with respect to periods thereafter.

Certain statements contained in this Report are forward-looking in nature. Such statements can be identified by the use of forward-looking terminology such as "believes," "expects," "may" "will," "should," or "anticipates" or the negative thereof or comparable terminology, or by discussions of strategy. You are cautioned that our business and operations are subject to a variety of risks and uncertainties and, consequently, our actual results may materially differ from those projected by any forward-looking statements. Certain of such risks and uncertainties are discussed below under Item 1--"Business--Factors that May Influence Future Results and Accuracy of Forward-Looking Statements." 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.

PART I

All pro forma operating and financial data contained under Item 1 and Item 2 with respect to the year ended December 31, 1998 gives effect to all acquisitions completed by the Company (through March 22, 1999) after the beginning of the period and the financing of such acquisitions, as if all such transactions had occurred at the beginning of the period. Unless otherwise indicated, the information under Item 1 and Item 2 is as of March 22, 1999.

Item 1. Business

General

United Rentals is the largest equipment rental company in North America with 453 branch locations in 39 states, Canada and Mexico. We offer for rent over 600 different types of equipment on a daily, weekly or monthly basis and serve customers that include construction industry participants, industrial companies and homeowners. We also sell used rental equipment, act as a dealer for many types of new equipment, and sell related merchandise and parts. In the past year, we have served over 900,000 customers.

We have one of the most comprehensive and newest equipment rental fleets in the industry. The types of rental equipment that we offer include a broad range of light to heavy construction and industrial equipment, such as backhoes, aerial lifts, skid-steer loaders, forklifts, compressors, pumps and generators, as well as a variety of smaller tools and equipment. Our equipment fleet has an original purchase price of approximately $2.2 billion and a weighted average age of approximately 26 months (based on original purchase price).

We began operations in October 1997 and have grown through a combination of internal growth and the acquisition of 103 companies. Our completed acquisitions include our merger with U.S. Rentals in September 1998. At the time of the merger, U.S. Rentals was the second largest equipment rental company in the United States based on 1997 rental revenues.

Competitive Advantages

We believe that we benefit from the following competitive advantages:

Full Range of Rental Equipment. We have one of the largest and most comprehensive equipment rental fleets in the industry, enabling us to:

. attract customers by providing the benefit of "one-stop" shopping;

. serve a diverse customer base, which reduces our dependence on any particular customer or group of customers;

. serve large customers that require assurance that substantial quantities of different types of equipment will be available as required on a continuing basis; and

. minimize lost sales due to equipment being unavailable.

Operating Efficiencies. We generally group our branches into clusters of 10 to 30 locations that are in the same area. Our management information system enables each branch to track equipment at any other branch and to access all available equipment within a cluster. We believe that our cluster strategy produces significant operating efficiencies by enabling us to:

. market the equipment within a cluster through multiple branches, rather than a single branch, which increases our equipment utilization rate;

. cross-market the equipment specialities of different branches within each cluster, which increases revenues without increasing marketing expenses; and

. reduce costs by centralizing common functions such as payroll, credit and collection, and certain equipment delivery.

Significant Purchasing Power. We have significant purchasing power because of our volume purchases. As a result, we can generally buy new equipment and related merchandise and parts at prices that are significantly lower than prices paid by smaller companies. We can also buy many other products and services--such as insurance, telephone and fuel--at attractive rates.

Management Information System. We have a modern management information system which facilitates rapid and informed decision-making and enables us to respond quickly to changing market conditions. The system provides management with a wide range of real time operating and financial data, including reports on inventory, receivables, customers, vendors, fleet utilization and price and sales trends. The system also enables branch personnel to search for needed equipment throughout a geographic region, determine its closest location and arrange for delivery to a customer's work site. The system includes software developed by our Wynne Systems subsidiary, which is the leading provider of proprietary software for use by equipment rental companies in managing and operating multiple branch locations. We have an in-house staff of 35 management information specialists that supports our system and extends it to new locations.

Customer Diversity. Our customer base is highly diversified and ranges from Fortune 100 companies to small contractors and homeowners. We estimate that our top ten customers accounted for approximately 4% of our pro forma revenues during 1998.

Geographic Diversity. We have branches in 39 states, Canada and Mexico. We believe that our geographic diversity should reduce the impact that fluctuations in regional economic conditions have on our overall financial performance. Our geographic diversity and large network of branch locations also give us the ability to serve national accounts and access used equipment re-sale markets across the country.

Experienced Senior Management. Our senior management combines executives who have extensive operating experience in the equipment rental industry with executives who have proven track records in other industries. Our senior management includes former officers of United Waste Systems, Inc., which was a publicly-traded solid waste management company that successfully executed a growth strategy combining a disciplined acquisition program, the integration and optimization of acquired facilities, and internal growth. Our senior management also includes former executives of U.S. Rentals who have extensive experience in the equipment rental industry.

Strong and Motivated Branch Management. Each of our branches has a full- time branch manager who is supervised by one of our 35 district managers and eight regional vice presidents. We believe that our branch and district managers, who average over 20 years of experience in the equipment rental industry, are among the most knowledgeable and experienced in the industry. We encourage entrepreneurship at the branch level by giving branch managers a high degree of autonomy relating to day-to-day operations. For example, each branch manager is empowered to make decisions--within budgetary guidelines-- concerning staffing, pricing and equipment purchasing. We also promote entrepreneurship at the branch level, as well as equipment sharing among branches, through our profit sharing program which directly ties the compensation of branch personnel to their branch's financial performance and equipment utilization rates. We balance the autonomy that we grant branch managers with systems through which senior management closely tracks branch performance. We also share information across branches so that each branch can measure its operating performance relative to other branches and benefit from the best practices developed throughout our organization.

Professional Acquisition Team. Our 25-person acquisition team works full- time on identifying and evaluating acquisition candidates and executing our acquisition program. The core of this group consists of seasoned acquisition professionals--most of whom were members of the acquisition team at United Waste Systems, where they completed over 200 acquisitions. The team also includes former owners of businesses that we acquired, who have extensive industry experience and contacts with potential acquisition candidates.

Growth Strategy

Our plan for future growth includes the following key elements.

Continue Strong Internal Growth. We are seeking to sustain our strong internal growth by:

. expanding and modernizing our equipment fleet;

. increasing the cross-marketing of our equipment specialties at different locations;

. increasing our advertising--which becomes increasingly cost-effective as we grow because the benefit is spread over a larger number of branches;

. expanding our national accounts program--which dedicates a portion of our sales force to establishing and expanding our relationships with large customers that have a national or multi-regional presence; and

. increasing our rentals to industrial companies by developing a comprehensive marketing program specifically aimed at this sector.

Execute Disciplined Acquisition Program. We intend to continue our disciplined acquisition program. We generally seek to acquire multiple locations within the regions that we enter, with the goal of creating clusters of locations that can share various resources, including equipment, marketing resources, back office functions, and certain equipment delivery. We are seeking to acquire companies of varying sizes, including relatively large companies to serve as platforms for new regional clusters and smaller companies to complement existing or anticipated locations. In considering whether to buy a company, we evaluate a number of factors, including purchase price, anticipated impact on earnings, the quality of the target's rental equipment and management, the opportunities to improve operating margins and increase internal growth at the target, the economic prospects of the region in which the target is located, the potential for additional acquisitions in the region, and the competitive landscape in the target's markets.

Open New Rental Locations. Because most of the businesses that we acquired grew through developing start-up rental locations, many of our managers have substantial experience in this area. We intend to leverage this experience by selectively opening new rental locations in attractive markets where there are no suitable acquisition targets available or where the economics of a start-up location are more attractive than buying an existing business.

Increase Cost Savings. We work to reduce costs by efficiently integrating new and existing operations, eliminating duplicative costs, centralizing common functions, consolidating locations that serve the same areas, and using our purchasing power to negotiate discounts from suppliers.

Continue to Emphasize Management Systems and Controls. We intend to further strengthen our management systems and controls, which currently include:

. a 12-person internal audit department that is responsible for ensuring that we have adequate financial, operating, and management information controls throughout our organization;

. a team of 25 regional and district controllers that monitors each branch for compliance with financial and accounting procedures established at corporate headquarters; and

. a 32-person risk management and safety department that is responsible for: (1) developing and implementing safety programs and procedures,

(2) developing our customer and employee training programs and (3) investigating and managing any claims that may be asserted against us.

Industry Background

Industry Size and Growth

We estimate that the U.S. equipment rental industry (including used and new equipment sales by rental companies) generates annual revenues in excess of $20 billion. The combined equipment rental revenues of the 100 largest equipment rental companies have increased at an estimated compound annual rate of approximately 23% from 1992 through 1997 (based upon 1992 revenues and 1997 pro forma revenues, giving effect to certain acquisitions completed after the beginning of 1997, reported by the Rental Equipment Register, an industry trade publication). In addition to reflecting general economic growth, we believe that the growth in the equipment rental industry reflects the following trends:

Recognition of Advantages of Renting. Equipment users are increasingly recognizing the many advantages that equipment rental may offer compared with ownership. They recognize that by renting they can: (1) avoid the large capital investment required for equipment purchases, (2) reduce storage and maintenance costs, (3) supplement the equipment that they own and thereby increase the range and number of jobs that they can work on,
(4) access a

broad selection of equipment and select the equipment best suited for each particular job, (5) obtain equipment as needed and minimize the costs associated with idle equipment, and (6) access the latest technology without investing in new equipment. These advantages frequently allow equipment users to reduce their overall costs by renting, rather than buying, the equipment they need.

Increase in Rentals by Contractors. There has been a fundamental shift in the way contractors meet their equipment needs. While contractors have historically used rental equipment on a temporary basis--to provide for peak period capacity, meet specific job requirements or replace broken equipment--many contractors are now also using rental equipment on an ongoing basis to meet their long-term equipment requirements.

Although growth in the equipment rental industry has to date been largely driven by the increase in rentals by the construction industry, we believe that other equipment users may increasingly contribute to future industry growth. For example, many industrial companies require equipment for operating, repairing, maintaining and upgrading their facilities, and renting this equipment is often more cost-effective than purchasing because typically this equipment is not used full-time. We believe that the cost and other advantages of renting, together with the general trend toward the corporate outsourcing of non-core competencies, may increasingly lead industrial companies to rent equipment. We also believe that these same considerations may lead others equipment users--such as municipalities, government agencies and utilities--to increasingly rent equipment. Because the penetration of these markets by the equipment rental industry is very low in comparison to its penetration of the construction market, we believe there is significant potential for additional growth in these markets.

Industry Fragmentation

The equipment rental industry is highly fragmented. It consists of a small number of multi-location regional or national operators and a large number of relatively small, independent businesses that serve discrete local markets. This fragmentation is reflected in the following data:

. in 1997, there were only 10 equipment rental companies that had equipment rental revenues in excess of $100 million and approximately 100 equipment rental companies that had equipment rental revenues between $5 million and $100 million (based upon rental revenues for 1997 as reported by the Rental Equipment Register, an industry trade publication);

. we estimate that there are more than 20,000 companies with annual equipment rental revenues of less than $5 million; and

. we estimate that the 100 largest equipment rental companies combined have less than a 30% share of the market.

We believe that the fragmented nature of the industry presents substantial consolidation and growth opportunities for companies with access to capital and the ability to implement a disciplined acquisition program. We also believe that our management team's extensive experience in acquiring and effectively integrating acquisition targets should enable us to capitalize on these opportunities.

Acquisitions

We have completed 103 acquisitions to date (through March 22, 1999), including our merger with U.S. Rentals that was completed in September 1998. At the time of the merger, U.S. Rentals was the second largest equipment rental company in the United States based on 1997 rental revenues.

We believe that there will continue to be a large number of attractive acquisition opportunities in the equipment rental industry due to the highly fragmented nature of the industry, the capital constraints facing many small and mid-sized equipment rental companies looking to expand and modernize, and the desire of many long-time owners for liquidity. We have an experienced acquisition team of 25 professionals dedicated to identifying and evaluating acquisition candidates and executing our acquisition program. The team includes seasoned acquisition professionals with extensive acquisition, operating and financial experience. The team also includes former owners of businesses that we acquired, who have extensive equipment rental industry experience and contacts with potential acquisition candidates.

Start-up Locations

Because most of the businesses that we acquired grew through developing start-up rental locations, many of our managers have substantial experience in this area. We intend to leverage this experience by selectively opening new rental locations in attractive markets where there are no suitable acquisition targets available or where the economics of a start-up location are more favorable than buying an existing business.

Products and Services

We offer for rent a wide variety of equipment to customers that include construction industry participants, industrial companies, homeowners and others. We also sell used equipment, act as a dealer for many types of new equipment, and sell related merchandise and parts. In addition, our Wynne Systems subsidiary develops and markets software for use by equipment rental companies in managing and operating multiple branch locations. For financial information concerning our industry segment and foreign and domestic operations, see Note 15 of the Notes to the Consolidated Financial Statements of the Company included elsewhere in this Report.

Equipment Rental

We offer for rent a broad range of light to heavy construction and industrial equipment and general tools and equipment. Customers may rent equipment by the hour, day, week or month. The following are examples of the types of equipment that we offer for rent:

Construction and Industrial: aerial lifts (such as boom and scissor lifts), air compressors, backhoes, ditching equipment, earth moving equipment, forklifts, generators, pumps and skid-steer loaders.

General Tools and Equipment: garden and landscaping equipment, hand tools, high-pressure washers, paint sprayers, power tools and roto-tillers.

We believe that our rental fleet is one of the newest, most comprehensive and well maintained in the industry. As of March 22, 1999, our rental fleet had an original purchase price of approximately $2.2 billion and a weighted average age (based on original purchase price) of approximately 26 months. We estimate that (based on original purchase price) construction and industrial equipment represents approximately 95% of our rental equipment and that general tools and equipment represents approximately 5%. We also estimate that each of the following categories represents more than 12% of our rental equipment: (i) aerial lift equipment (represents approximately 23%), (ii) earth moving equipment (represents approximately 17%) and (iii) forklifts (represents approximately 13%). We vary our equipment mix from branch to branch in response to local market conditions and customer requirements. Most of our branches offer a general mix of equipment, while some specialize in specific equipment categories such as aerial lift equipment.

We seek to maintain the quality of our fleet by regularly investing in new equipment and selling used equipment. We also devote substantial efforts to preventive maintenance and believe that we have one of the most advanced preventive maintenance programs in the equipment rental industry. This program increases the reliability, extends the life, and enhances the resale value of our equipment.

Used Equipment Sales

We routinely sell used rental equipment and are generally able to achieve favorable prices due to our preventive maintenance program and our national sales force that can access many resale markets across North America. In addition, the incentives created by our profit sharing program motivate our branch managers to carefully consider the best time for selling equipment in view of maintenance costs, rental demand patterns and resale prices.

We principally sell used equipment through our sales force. We also sell our used equipment to used equipment dealers and through public auctions. In addition, we sometimes trade in used equipment to our vendors when we buy new equipment.

New Equipment Sales

We are a dealer for many leading tool and equipment manufacturers. These include Genie Industries, Inc., Grove Worldwide, JLG Industries, Inc., and Snorkel (aerial lifts); Ingersoll-Rand Co., Inc. (air compressors, tools, pumps); Kubota (earthmoving equipment); Trak International (loaders and forklifts); Multiquip, Inc. (compaction equipment and compressors); Stihl, Inc. (chain saws and power cut-off saws); Edco Manufacturing (surfacing equipment); and Wacker (compaction equipment). Typically, dealership agreements do not have a specific term and may be terminated at any time. The types of new equipment that we sell varies by branch.

Related Merchandise, Parts and Other Services

At most of our locations, we sell equipment parts and a variety of supplies and merchandise that may be used with our rental equipment, such as saw blades, fasteners, drill bits, hard hats, gloves and other safety equipment. At certain of our branches, we also offer maintenance services for equipment that is owned by our customers.

Operations of Our Wynne Systems Subsidiary

Our Wynne Systems subsidiary develops and markets software for use by equipment rental companies in managing and operating multiple branch locations. Eight of the ten largest equipment rental companies, including United Rentals, use software developed by Wynne Systems.

Customers

We estimate that on a pro forma basis we rented equipment to approximately 940,000 customers in 1998. Our customer base is highly diversified and ranges from Fortune 100 companies to small contractors and homeowners. We estimate that (1) no single customer accounted for more than 0.5% of our pro forma revenues during 1998 and (2) our top 10 customers accounted for approximately 4% of our pro forma revenues in 1998.

Our customer base varies widely by branch and is determined by several factors, including the equipment mix and marketing focus of the particular branch and the business composition of the local economy. We classify our customer base into the following general categories:

. construction industry participants--such as construction companies, contractors and subcontractors--that require equipment for commercial and residential construction projects;

. industrial companies--such as manufacturers, chemical companies, paper mills and utilities--that require equipment for plant maintenance, upgrades, expansion and construction; and

. homeowners and other individuals.

We estimate that on a pro forma basis (1) construction industry participants and industrial companies combined accounted for 90% of our revenues in 1998 and (2) homeowners and others accounted for 10% of such revenues.

Sales and Marketing

We are establishing a distinct corporate identity throughout North America. In promoting our corporate identity, we emphasize the benefits that United Rentals seeks to offer its customers, including:

. a comprehensive selection of equipment that is available when required by the customer;

. on-time equipment delivery and pick-up;

. equipment that is well-maintained and reliable;

. rapid repair or replacement of equipment when required;

. instructions and training for equipment usage and safety; and

. experienced and knowledgeable sales personnel available to assist customers.

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

Sales Force. We market our products and services though our own sales force which consists of approximately 947 in-store customer service representatives and 739 field-based salespeople. Our field-based sales force calls on contractors' offices and job sites and industrial facilities and assists our customers in planning for their equipment needs. We provide our sales force with extensive training. Supplier representatives also frequently visit our facilities and train our personnel on the operating features and maintenance requirements of new equipment.

We have established a national accounts program. Under this program, a portion of our sales force is assigned to calling on the corporate headquarters of our large customers, particularly those with a national or multi-regional presence. The goal of this program is to expand existing business relationships with these customers to include additional facilities and construction sites. The efforts of our national accounts sales force supplement the efforts of our branch-based sales personnel, who deal directly with the management of the local facilities of these customers.

Internet Site. We have an Internet web site (www.unitedrentals.com) that describes our locations, products and services, and used equipment available for sale. The site allows visitors to search for a particular type of used equipment and obtain detailed information about each item of used equipment available for sale.

Advertising. We promote our business through advertising in various media, including trade publications, yellow pages, billboards and direct mail. We also regularly participate in industry trade shows and conferences.

Branch Management

We currently operate 453 branch locations. Each branch has a full-time branch manager who is responsible for the day-to-day operations of the branch. In addition, each branch is staffed with

additional personnel which, depending on the specific needs of the location, may include an assistant manager, sales personnel, back office clerks, truck drivers, and mechanics. We believe that our branch managers, who average over 20 years of experience in the equipment rental industry, are among the most knowledgeable and experienced in the industry.

We encourage entrepreneurship at the branch level by giving branch managers a high degree of autonomy with respect to day-to-day operations. For example, each branch manager is empowered to make decisions--within budgetary guidelines--concerning staffing, pricing and equipment purchases. We also promote entrepreneurship at the branch level, as well as equipment sharing among our branches, through a profit sharing program that directly ties the compensation of branch personnel to their branch's financial performance and equipment utilization rates.

We balance the autonomy that we grant to our branch managers with extensive systems and procedures through which senior management closely tracks branch performance. In addition, we share information across branches so that each branch can measure its operating performance relative to other branches and benefit from the best practices developed throughout our organization. Important elements of the systems and procedures that we use to manage our branches include:

. our eight regional vice presidents and 35 district managers supervise our branch managers--with each branch manager reporting to a district manager and each district manager reporting to a regional vice president;

. all levels of management can obtain a wide range of branch-level operating data on a real-time basis through our management information system;

. on a monthly basis (1) each branch manager meets with his or her district manager and thoroughly reviews the operation of his or her branch and (2) a detailed operating report for each branch is provided to senior management;

. each district manager generally meets with a member of senior management on a quarterly basis to review in detail the operations of the branches within his or her district;

. our 12-person internal audit department is engaged full-time in ensuring that we have adequate financial, operating and information technology controls throughout our organization; and

. our team of 25 regional and district controllers monitor each branch for compliance with financial and accounting procedures established at corporate headquarters.

We encourage cooperation among our branches. In furtherance of this objective, we have established procedures and policies to facilitate the sharing of equipment and other resources among the branches in the same cluster. In addition, we have guidelines that are intended to eliminate competition among branches for the same customers.

Purchasing

We have significant purchasing power because of our volume purchases. As a result, we can generally buy new equipment and related merchandise and parts at prices that are significantly lower than prices paid by smaller companies. We can also buy many other products and services--such as insurance, telephone and fuel--at attractive rates. We believe that our purchasing power will continue to increase as we expand and further consolidate purchasing.

We estimate that on a pro forma basis our largest supplier accounted for approximately 15% of our equipment purchases in 1998, and that our top 10 largest suppliers accounted for approximately 60% our equipment purchases during that period. We believe that we have sufficient alternative sources of supply for the equipment that we purchase in each of our principal product categories.

Management Information System

We have a modern management information system designed to facilitate rapid and informed decision-making and enable us to respond quickly to changing market conditions. Each branch at which the system is operational is equipped with a workstation that is electronically linked to each of our other locations and to our centralized databases. All rental transactions are entered at these workstations and processed on a real-time basis through a centralized AS400 system located at corporate headquarters. Personnel at each location are able to access the system 24 hours a day in order to determine equipment availability, monitor business activity on a real-time basis, and obtain a wide range of operating and financial data. The data available through the system includes: (1) inventory reports, (2) accounts receivable information, (3) customer and vendor information, (4) sales by store, region, equipment category or customer, (5) fleet utilization by individual asset or asset class and (6) financial results by store or region. The system also enables branch personnel to search for needed equipment throughout their district, determine the closest location of such equipment and arrange for delivery to a customer's work site.

Our management information system is supported by our in-house group of 35 management information specialists. This group operates a support desk to assist branch personnel in the day-to-day use of the system; trains our branch personnel, either at the branch or at one of our four training centers; provides hardware and technology support; and extends the system to newly acquired locations.

It generally takes us three to five weeks to extend our management information system to newly acquired locations (but may take longer in the case of very large acquisitions). We have extended the system to all of the locations that we acquired in the U.S. Rentals merger.

Risk and Safety Management

We place great emphasis on risk reduction and safety and believe that we have one of the most comprehensive risk management and safety programs in the industry. We have a separate department, which includes 32 experienced professionals, that is responsible for: (1) developing and implementing safety programs and procedures, (2) developing our employer and customer training programs and (3) investigating and managing any claims that may be asserted against us.

We are among the few equipment rental companies that have on staff personnel who are certified by the National Safety Council (a government sponsored agency) to provide training in the use of equipment. In 1997, our equipment training program received the National Safety Council Chairman's Award--granted for effectively promoting safety within a business organization.

Competition

The equipment rental industry is highly fragmented and competitive. Our competitors primarily include: small, independent businesses with one or two rental locations; regional competitors which 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 believe that, in general, large companies enjoy significant competitive advantages compared to smaller operators, including greater purchasing power, a lower cost of capital, the ability to provide customers with a broader range of equipment and services and with newer and better maintained equipment, and greater flexibility to transfer equipment among locations in response to customer demand.

Environmental and Safety Regulations

There are numerous federal, state and local laws and regulations governing environmental protection and occupational health and safety. These include laws and regulations that govern wastewater discharges, the use, treatment, storage and disposal of solid and hazardous wastes and

materials, air quality and the remediation of contamination associated with the release of hazardous substances. Under these laws, an owner or lessee of real estate may be liable for, among other things, (1) the costs of removal or remediation of hazardous or toxic substances located on, in, or emanating from, the real estate, as well as related costs of investigation and property damage and substantial penalties, and (2) environmental contamination at facilities where its waste is or has been disposed. These laws often impose liability whether or not the owner or lessee knew of the presence of the hazardous or toxic substances and whether or not the owner or lessee was responsible for these substances. Our activities that are or may be affected by these laws include our use of hazardous materials to clean and maintain equipment and our disposal of solid and hazardous waste and wastewater from equipment washing. We also dispense petroleum products from underground and above-ground storage tanks located at certain rental locations, and at times we must remove or upgrade tanks to comply with applicable laws. Furthermore, we have acquired or lease certain locations which have or may have been contaminated by leakage from underground tanks or other sources and are in the process of assessing the nature of the required remediation. Based on the conditions currently known to us, we believe that any unreserved environmental remediation and compliance costs required with respect to those conditions will not have a material adverse effect on our business. However, we cannot be certain that we will not identify adverse environmental conditions that are not currently known to us, that all potential releases from underground storage tanks removed in the past have been identified, or that environmental and safety requirements will not become more stringent or be interpreted and applied more stringently in the future. If we are required to incur environmental compliance or remediation costs that are not currently anticipated by us, our business could be adversely affected depending on the magnitude of the cost.

Employees

We have 8,501 employees. These include 271 corporate and regional management employees, 6,544 operational employees and 1,686 sales people. Of these employees, 2,162 are salaried personnel and 6,339 are hourly personnel. Collective bargaining agreements relating to 23 separate locations cover approximately 310 of our employees. We consider our labor relations to be good.

Factors that May Influence Future Results and Accuracy of Forward-Looking Statements

The Company, in an effort to help keep its stockholders and the public informed about the Company's operations, may from time to time issue certain statements, either in writing or orally, that contain or may contain forward- looking information. Such statements can be identified by the use of forward- looking terminology such as "believes," "expects," "may," "will," "should," or "anticipates" or the negative thereof or comparable terminology, or by discussions of strategy. You are cautioned that our business and operations are subject to a variety of risks and uncertainties and, consequently, our actual results may materially differ from those projected by any forward-looking statements. Certain of such risks and uncertainties are discussed below. 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.

Sensitivity to Changes in Construction and Industrial Activities

Our equipment is principally used in connection with construction and industrial activities. Consequently, a downturn in construction or industrial activity may lead to a decrease in demand for our equipment, which could adversely affect our business. We have identified below certain of the factors which may cause such a downturn, either temporarily or long-term:

. a general slow-down of the economy;

. an increase in interest rates; or

. adverse weather conditions which may temporarily affect a particular region.

Acquired Companies Not Historically Operated as a Combined Business

The businesses that we acquired have been in existence an average of 29 years and some have been in existence for more than 50 years. However, these businesses were not historically managed or operated as a single business. Although we believe that we can successfully manage and operate the acquired businesses as a single business, we cannot be certain of this.

Limited Operating History

We commenced equipment rental operations in October 1997 and have grown through a combination of internal growth and the acquisition of 103 companies (through March 22, 1999), including a merger in September 1998 with U.S. Rentals. Due to the relatively recent commencement of our operations, we have only a limited history upon which you can base an assessment of our business and prospects.

Risks Relating to Growth Strategy

Key elements of our growth strategy are to continue to expand through a combination of internal growth, a disciplined acquisition program and the opening of new rental locations. We have identified below some of the risks relating to our growth strategy:

Availability of Acquisition Targets and Sites for Start-Up Locations. We may encounter substantial competition in our efforts to acquire additional rental companies and sites for start-up locations. Such competition could have the effect of increasing the prices that we will have to pay in order to acquire such businesses and sites. We cannot guarantee that any additional businesses or sites that we may wish to acquire will be available to us on terms that are acceptable to us.

Need to Integrate New Operations. Our ability to realize the expected benefits from completed and future acquisitions depends, in large part, on our ability to integrate the new operations with our existing operations in a timely and effective manner. Accordingly, we devote substantial efforts to the integration of new operations. We cannot, however, guarantee that these efforts will always be successful. In addition, under certain circumstances, these efforts could adversely affect our existing operations.

Debt Covenants. Certain of the agreements governing our outstanding indebtedness provide that we may not make acquisitions unless certain financial conditions are satisfied or the consent of the lenders is obtained. Our ability to grow through acquisitions may be constrained as a result of these provisions.

Certain Risks Related to Start-Up Locations. We expect that start-up locations may initially have a negative impact on our results of operations and margins for a number of reasons, including that (1) we will incur significant start-up expenses in connection with establishing each start-up location and
(2) it will generally take some time following the commencement of operations for a start-up location to become profitable. Although we believe that start- ups can generate long-term growth, we cannot guarantee that any start-up location will become profitable within any specific time period, if at all.

Dependence on Additional Capital to Finance Growth

We will require substantial capital in order to execute our growth strategy. We will require capital for, among other purposes, completing acquisitions, establishing new rental locations, and acquiring rental equipment. If the cash that we generate from our business, together with cash that we may borrow under our credit facility, is not sufficient to fund our capital requirements, we will

require additional debt and/or equity financing. We cannot, however, be certain that any additional financing will be available or, if available, will be available on terms that are satisfactory to us. If we are unable to obtain sufficient additional capital in the future, our ability to implement our growth strategy could be limited.

Possible Undiscovered Liabilities of Acquired Companies

Prior to making an acquisition, we seek to assess the liabilities of the target company that we will become responsible for as a result of the acquisition. Nevertheless, we may fail to discover certain of such liabilities. We seek to reduce our risk relating to these possible hidden liabilities by generally obtaining the agreement of the seller to reimburse us in the event that we discover any material hidden liabilities. However, this type of agreement, if obtained, may not fully protect us against hidden liabilities because (1) the seller's obligation to reimburse us is generally limited in duration and/or amount and (2) the seller may not have sufficient financial resources to reimburse us. Furthermore, when we acquire a public company (such as when we acquired U.S. Rentals) there is no seller from which to obtain this type of agreement.

Dependence on Management

We are highly dependent upon our senior management team. Consequently, our business could be adversely affected in the event that we lose the services of any member of senior management. Furthermore, if we lose the services of certain members of senior management, it is an event of default under the agreements governing our credit facility and certain of our other indebtedness, unless we appoint replacement officers satisfactory to the lenders within 30 days. We do not maintain "key man" life insurance with respect to members of senior management.

Competition

The equipment rental industry is highly fragmented and competitive. Our competitors primarily include small, independent businesses with one or two rental locations; regional competitors which 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 companies. In addition, certain equipment manufacturers may commence (or increase their existing efforts relating to) renting and selling equipment directly to our customers.

Quarterly Fluctuations of Operating Results

We expect that our revenues and operating results may fluctuate from quarter to quarter due to a number of factors, including:

. seasonal rental patterns of our customers--with rental activity tending to be lower in the winter;

. changes in general economic conditions in our markets, including changes in construction and industrial activities;

. the timing of acquisitions, new location openings, and related expenditures;

. the effect of the integration of acquired businesses and start-up locations;

. the timing of expenditures for new equipment and the disposition of used equipment; and

. price changes in response to competitive factors.

Liability and Insurance

We are exposed to various possible claims relating to our business. These include claims relating to (1) personal injury or death caused by equipment rented or sold by us, (2) motor vehicle accidents involving our delivery and service personnel and (3) employment related claims. We carry a broad range of insurance for the protection of our assets and operations. However, such insurance may not fully protect us for a number of reasons, including:

. our coverage is subject to a deductible of $0.5 million and limited to a maximum of $97 million per occurrence;

. we do not maintain coverage for environmental liability, since we believe that the cost for such coverage is high relative to the benefit that 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 cannot be certain that insurance will continue to be available to us on economically reasonable terms, if at all.

Environmental and Safety Regulations

There are numerous federal, state and local laws and regulations governing environmental protection and occupational health and safety matters. These include laws and regulations that govern wastewater discharges, the use, treatment, storage and disposal of solid and hazardous wastes and materials, air quality and the remediation of contamination associated with the release of hazardous substances. Under these laws, an owner or lessee of real estate may be liable for, among other things, (1) the costs of removal or remediation of hazardous or toxic substances located on, in, or emanating from, the real estate, as well as related costs of investigation and property damage and substantial penalties, and (2) environmental contamination at facilities where its waste is or has been disposed. These laws often impose liability whether or not the owner or lessee knew of the presence of the hazardous or toxic substances and whether or not the owner or lessee was responsible for these substances. Our activities that are or may be affected by these laws include our use of hazardous materials to clean and maintain equipment and our disposal of solid and hazardous waste and wastewater from equipment washing. We also dispense petroleum products from underground and above-ground storage tanks located at certain rental locations, and at times we must remove or upgrade tanks to comply with applicable laws. Furthermore, we have acquired or lease certain locations which have or may have been contaminated by leakage from underground tanks or other sources and are in the process of assessing the nature of the required remediation. Based on the conditions currently known to us, we believe that any unreserved environmental remediation and compliance costs required with respect to those conditions will not have a material adverse effect on our business. However, we cannot be certain that we will not identify adverse environmental conditions that are not currently known to us, that all potential releases from underground storage tanks removed in the past have been identified, or that environmental and safety requirements will not become more stringent or be interpreted and applied more stringently in the future. If we are required to incur environmental compliance or remediation costs that are not currently anticipated by us, our business could be adversely affected depending on the magnitude of the cost.

Risks Related to International Operations

Our operations outside the United States are subject to risks normally associated with international operations. These include the need to convert currencies, which could result in a gain or loss depending on fluctuations in exchange rates, and the need to comply with foreign laws.

Year 2000 Issues

Our software vendors have informed us that our recently-installed management information system is year 2000 compliant. We have, therefore, not developed any contingency plans relating to year 2000 issues and have not budgeted any funds for year 2000 issues. Although we believe that our system is year 2000 compliant, unanticipated year 2000 problems may arise which, depending on the nature and magnitude of the problem, could adversely affect our business. Furthermore, year 2000 problems involving third parties may have a negative impact on our customers or suppliers, the general economy or on the ability of businesses generally to receive essential services (such as telecommunications, banking services, etc.). Any such problem could adversely affect our business. We are unable at this time to assess the possible impact on our business of year 2000 problems involving any third party.

Restrictive Covenants

The agreements governing our existing long-term indebtedness contain, and future agreements governing our long-term indebtedness may also contain, certain restrictive financial and operating covenants which affect, and in many respects significantly limit or prohibit, among other things, our ability to incur indebtedness, make prepayments of certain indebtedness, make investments, create liens, make acquisitions, sell assets and engage in mergers and consolidations. These covenants may significantly limit our operating and financial flexibility.

Item 2. Properties

We currently operate 453 branch locations. Of these locations, 388 are in the United States, 64 are in Canada and one is in Mexico. The number of locations in each state or province is shown below:

United States

. Alabama (12)	. Kentucky (8)	. North Carolina (17)
. Arizona (4)	. Louisiana (3)	. Ohio (3)
. Arkansas (3)	. Maryland (18)	. Oklahoma (2)
. California (83)	. Massachusetts (2)	. Oregon (23)
. Colorado (9)	. Michigan (5)	. Pennsylvania (6)
. Connecticut (7)	. Minnesota (5)	. Rhode Island (3)
. Delaware (4)	. Missouri (2)	. South Carolina (9)
. Florida (18)	. Nebraska (1)	. Tennessee (5)
. Georgia (3)	. Nevada (11)	. Texas (32)
. Idaho (2)	. New Hampshire (1)	. Utah (8)
. Indiana (8)	. New Jersey (6)	. Virginia (12)
. Illinois (6)	. New Mexico (2)	. Washington (33)
. Kansas (2)	. New York (9)	. Wisconsin (1)

Canada	Mexico
. Alberta (2)	. Nuevo Leon (1)
. British Columbia (13)	
. Newfoundland (8)	
. Ontario (31)	
. Quebec (10)	

Our branch locations generally include facilities for displaying equipment and, depending on the location, may include separate equipment service areas and storage areas.

We own 78 of our rental locations and lease the other locations. Our leases provide for varying terms and include 25 leases that are on a month-to-month basis and 31 leases that provide for a remaining term of less than one year and do not provide a renewal option. We are currently negotiating renewals for most of the leases that provide for a remaining term of less than one year. Certain of our leases were entered into (or assumed) in connection with acquisitions and most of the lessors under these leases are former owners of businesses that we acquired.

We maintain a fleet of vehicles that is used for delivery, maintenance and sales functions. We own a portion of this fleet and lease a portion. The fleet includes approximately 9,748 vehicles.

Our corporate headquarters are located in Greenwich, Connecticut, where we occupy approximately 27,000 square feet under (1) a lease for approximately 15,000 square feet that extends until 2001 (subject to extension rights) and
(2) a lease for approximately 12,000 square feet that extends until 2003.

Item 3. Legal Proceedings

The Company is party to various litigation matters, in most cases involving ordinary and routine claims incidental to our business. The Company cannot estimate with certainty its ultimate legal and financial liability with respect to such pending litigation matters. However, the Company believes, based on its examination of such matters, that the Company's ultimate liability will not have a material adverse effect on its financial position, results of operations or cash flows.

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

During the fourth quarter of 1998, no matter was submitted to a vote of the security holders of the Company.

PART II

Item 5. Market For Registrant's Common Equity and Related Stockholder Matters

Price Range of Common Stock

The Company's Common Stock commenced trading on the New York Stock Exchange on December 18, 1997 under the symbol "URI." The following table sets forth, for the periods indicated, the high and low sales prices for the Common Stock, as reported by the New York Stock Exchange.

	High	Low
1997:		
Fourth Quarter (from December 18, 1997)	$19.31	$14.38
1998:		
First Quarter	27.38	17.25
Second Quarter	42.00	24.13
Third Quarter	48.00	18.12
Fourth Quarter	33.75	10.56
1999:		
First Quarter (through March 22, 1999)	35.69	26.44

As of March 22, 1999, there were approximately 281 holders of record of the Common Stock. The Company believes that the number of beneficial owners is substantially greater than the number of record holders, because a large portion of the Common Stock is held of record in broker "street names."

Dividend Policy

The Company intends to retain all earnings for the foreseeable future for use in the operation and expansion of its business and, accordingly, the Company currently has no plans to pay dividends on its Common Stock. The payment of any future dividends will be determined by the Board of Directors in light of conditions then existing, including the Company's earnings, financial condition and capital requirements, restrictions in financing agreements, business conditions and other factors. Under the terms of certain agreements governing the Company's outstanding indebtedness, the Company is prohibited or restricted from paying dividends on its Common Stock. In addition, under Delaware law, the Company is prohibited from paying any dividends unless it has capital surplus or net profits available for this purpose. See Item 7-- "Management's Discussion and Analysis of Financial Condition and Results of Operations--Certain Information Concerning the Credit Facility and Other Indebtedness."

Sales of Unregistered Securities During the Fourth Quarter of 1998

Set forth below is a listing of all sales by the Company of unregistered equity securities during 1998, excluding sales that were previously reported on a Quarterly Report on Form 10-Q. Unless otherwise indicated (i) such sales were exempt from registration under the Securities Act of 1933, as amended (the "Act"), pursuant to Section 4(2) of the Act, as they were transactions not involving a public offering and (ii) the sales were made by the Company without the assistance of any underwriters.

1. In August 1998, a subsidiary trust of Holdings sold for cash $300 million of 6 1/2% Convertible Quarterly Income Preferred Securities. The initial purchasers of these securities were Goldman, Sachs & Co.; BT Alex. Brown, Deutsche Bank Securities; Donaldson, Lufkin & Jenrette; Merrill Lynch & Co.; and Salomon Smith Barney. The initial purchasers reoffered the securities in reliance on Rule 144A under the Act. For additional information concerning this offering, see Item 7-- "Managements' Discussion and Analysis of Financial Condition and Results of Operations--Certain Information Concerning Preferred Securities."

2. In October 1998, the Company issued 1,578 shares of Common Stock to an executive officer pursuant to an employment agreement.

3. In October and December 1998, the Company issued, in connection with two acquisitions, 15,259 shares of Common Stock as part of the consideration for such acquisitions.

4. In November and December 1998, the Company issued, in connection with two acquisitions, (i) a convertible note in the principal amount of $1,200,000 which provides for a conversion price of $28.56 per share and (ii) a convertible note in the principal amount of $1,000,000 which provides for a conversion price of $22.25 per share.

Item 6. Selected Financial Data

The data presented below with respect to the Company should be read in conjunction with the Consolidated Financial Statements and related Notes thereto of the Company included elsewhere in this Report and Item 7-- "Management's Discussion and Analysis of Financial Condition and Results of Operations."

During the periods presented below, the Company completed certain acquisitions that were accounted for as poolings-of-interests (including a merger in September 1998 with U.S. Rentals) and others that were accounted for as purchases. The selected financial data presented below has been restated for all periods presented to include the accounts of the businesses acquired in transactions accounted for as poolings-of-interests (excluding one such transaction which was not material) as if the Company and these businesses acquired were combined for all periods presented. The accounts of businesses acquired in transactions accounted for as purchases are included from their respective acquisition dates. In view of the fact that the Company's operating results for the periods presented below were impacted by acquisitions that were accounted for as purchases, the Company believes that its results of operations for the years presented are not directly comparable. See Note 3 of the Notes to the Consolidated Financial Statements of the Company included elsewhere in this Report.

	Year Ended December 31,				
	1994	1995	1996	1997	1998
	(dollars in thousands, except per share data)				
Income statement data:					
Total revenues	$222,326	$ 283,432	$354,478	$489,838	$1,220,282
Total cost of operations	153,769	194,234	241,445	340,546	796,834
Gross profit	68,557	89,198	113,033	149,292	423,448
Selling, general and administrative expenses	34,948	39,707	54,721	70,835	195,620
Merger-related expenses					47,178
Non-rental depreciation and amortization	5,107	6,916	9,387	13,424	35,248
Termination cost of deferred compensation agreements				20,290	
Operating income	28,502	42,575	48,925	44,743	145,402
Interest expense	6,245	7,490	11,278	11,847	64,157
Preferred dividends of a subsidiary trust					7,854
Other (income) expense, net	(3,768)	1,304	(499)	(2,021)	(4,906)
Income before provision for income taxes and extraordinary items	26,025	33,781	38,146	34,917	78,297
Provision for income taxes	523	484	420	29,508	43,499
Income before extraordinary items	25,502	33,297	37,726	5,409	34,798
Extraordinary items, net (1)				1,511	21,337
Net income	$ 25,502	$ 33,297	$ 37,726	$ 3,898	$ 13,461
Pro forma provision for income taxes before extraordinary items (2)	$ 10,637	$ 13,715	$ 15,487	$ 14,176	$ 44,386
Pro forma income before extraordinary items (2)	15,388	20,066	22,659	20,741	33,911
Basic earnings before extraordinary items per share	$ 1.28	$ 1.47	$ 1.67	$ 0.12	$ 0.53
Diluted earnings before extraordinary items per share	$ 1.28	$ 1.47	$ 1.67	$ 0.11	$ 0.48
Basic earnings per share (3)	$ 1.28	$ 1.47	$ 1.67	$ 0.08	$ 0.20
Diluted earnings per share (3)	$ 1.28	$ 1.47	$ 1.67	$ 0.08	$ 0.18
Other financial data:					
EBITDA (4)	$ 73,446	$ 101,438	$123,606	$160,554	$ 403,738
Depreciation and amortization	44,944	58,863	74,681	95,521	211,158

	December 31,				
	1994	1995	1996	1997	1998
	(dollars in thousands)				
Dividends on common stock.....					
Balance sheet data:					
Cash and cash equivalents.....	$ 2,956	$ 3,728	$ 2,906	$ 72,411	$ 20,410
Rental equipment, net...	136,731	182,082	235,055	461,026	1,143,006
Total assets.....	233,359	297,994	381,228	826,010	2,634,663
Total debt.....	107,284	131,771	214,337	264,573	1,314,574
Company-obligated mandatorily redeemable convertible preferred securities of a subsidiary trust..					300,000
Stockholders' equity....	77,600	104,392	105,420	446,388	726,230

(1) The Company recorded an extraordinary item (net of income taxes) of $1.5 million in 1997 and an extraordinary item (net of income taxes) of $21.3 million in 1998. Such charge in 1997 resulted from the prepayment of certain debt by U.S. Rentals. Such charge in 1998 resulted from the early extinguishment of certain debt and primarily reflected prepayment penalties on certain debt of U.S. Rentals.
(2) U.S. Rentals was taxed as a Subchapter S Corporation until its initial public offering in February 1997, and another company acquired in a pooling-of-interests transaction was taxed as a Subchapter S Corporation until being acquired by the Company in 1998. In general, the income or loss of a Subchapter S Corporation is passed through to its owners rather than being subjected to taxes at the entity level. Pro forma provision for income taxes before extraordinary items and pro forma income before extraordinary items reflect a provision for income taxes as if all such companies were liable for federal and state income taxes as taxable corporate entities for all periods presented.
(3) The Company's earnings during 1997 were impacted by $20.3 million of expenses relating to the termination of certain deferred compensation expenses in connection with U.S. Rentals' initial public offering, a $7.5 million charge to recognize deferred tax liabilities of U.S. Rentals and an extraordinary item (net of income taxes) of $1.5 million. The Company's earnings during 1998 were impacted by merger-related expenses of $47.2 million ($33.2 million net of taxes), a $4.8 million charge to recognize deferred tax liabilities of a company acquired in a pooling-of-interests transaction and an extraordinary item (net of income taxes) of $21.3 million. Excluding such amounts, (i) basic earnings per share for the years ended 1997 and 1998 would have been $0.70 and $1.10, respectively, and (ii) diluted earnings per share for the years ended 1997 and 1998 would have been $0.66 and $1.00, respectively.
(4) EBITDA is defined as net income (excluding (i) non-operating income and expense, (ii) a $20.3 million non-recurring charge incurred by U.S. Rentals in 1997 arising from the termination of deferred compensation agreements with certain executives and (iii) $47.2 million in merger-related expenses in 1998 related to the three acquisitions accounted for as poolings-of- interests, including the merger with U.S. Rentals) plus interest expense, income taxes and depreciation and amortization. EBITDA data is presented to provide additional information concerning the Company's ability to meet its future debt service obligations and capital expenditure and working capital requirements. However, EBITDA is not a measure of financial performance under generally accepted accounting principles. Accordingly, EBITDA should not be considered an alternative to net income or cash flows as indicators of the Company's operating performance or liquidity.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with the Consolidated Financial Statements and related Notes thereto included elsewhere in this Report. Certain of the statements contained in such discussion are forward looking in nature. Such statements can be identified by the use of forward-looking terminology such as "believes," "expects," "may," "will," "should," or "anticipates" or the negative thereof or comparable terminology, or by discussions of strategy. You are cautioned that our business and operations are subject to a variety of risks and uncertainties and, consequently, our actual results may materially differ from those projected by any forward-looking statements. Certain of these factors are discussed under Item 1--"Business--Factors that May Influence Future Results and Accuracy of Forward-Looking Statements." 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.

Introduction

The Company commenced equipment rental operations in October 1997 and has completed 103 acquisitions (through March 22, 1999), including the merger with U.S. Rentals (the "U.S. Rentals Merger") which was completed in September 1998.

Three of the acquisitions completed by the Company (including the U.S. Rentals Merger) were accounted for as "poolings-of-interests," and the Company's financial statements have been restated to include the accounts of two of the companies acquired in such transactions (but were not restated for one that was not material, which has been combined with the Company effective July 1, 1998). See Note 3 to the Notes to the Consolidated Financial Statements of the Company included elsewhere in this Report. As a result of such restatement, the Company's financial statements include historical financial information of these two acquired companies for periods that precede the date on which the Company commenced its own operations.

The other 100 acquisitions completed by the Company were accounted for as "purchases". The results of operations of the businesses acquired in these acquisitions are included in the Company's financial statements only from their respective dates of acquisition. In view of the fact that the Company's operating results for 1996, 1997 and 1998 were impacted by acquisitions that were accounted for as purchases, the Company believes that the results of its operations for such periods are not directly comparable.

General

The Company primarily derives revenues from the following sources: (i) equipment rental (including additional fees that may be charged for equipment delivery, fuel, repair of rental equipment, and damage waivers), (ii) the sale of rental equipment, (iii) the sale of new equipment, and (iv) the sale of related merchandise and parts.

Cost of operations consists primarily of depreciation costs associated with rental equipment, the cost of repairing and maintaining rental equipment, the cost of rental and new equipment sold, personnel costs, occupancy costs and supplies.

The Company records rental equipment expenditures at cost and depreciates equipment using the straight-line method over the estimated useful life (which ranges from 2 to 10 years), after giving effect to an estimated salvage value of 0% to 10% of cost.

Selling, general and administrative expenses primarily include sales commissions, advertising and marketing expenses, management salaries, and clerical and administrative overhead.

Non-rental depreciation and amortization includes (i) depreciation expense associated with equipment that is not offered for rent (such as vehicles, computers and office equipment) and amortization expense associated with leasehold improvements and (ii) the amortization of intangible assets. The Company's intangible assets include goodwill, which represents the excess of the purchase price of acquired companies over the estimated fair market value of the net assets acquired.

Results of Operations

Years ended December 31, 1998 and 1997

Revenues. Total revenues for 1998 were $1,220.3 million, representing an increase of 149.1% over total revenues in 1997 of $489.8 million. The Company's revenues in 1998 and 1997 were attributable to: (i) equipment rental ($895.5 million, or 73.4% of revenues, in 1998 compared to

$388.2 million, or 79.2% of revenues, in 1997), (ii) sales of rental equipment ($119.6 million, or 9.8% of revenues, in 1998 compared to $41.4 million, or 8.5% of revenues, in 1997) and (iii) sales of new equipment, merchandise and other revenues ($205.2 million, or 16.8% of revenues, in 1998 compared to $60.3 million, or 12.3% of revenues, in 1997).

The 149.1% increase in total revenues in 1998 reflected (i) increased revenues at locations open more than one year (which accounted for approximately 36.2 percentage points) and (ii) new rental locations acquired through acquisitions and the opening of start-up locations (which accounted for approximately 112.9 percentage points). The increase in revenues at locations open more than one year primarily reflected (a) an increase in the volume of rental transactions, (b) expansion of the product lines offered by the Company for sale, (c) an increase in the sale of related merchandise and parts which was driven by the increase in equipment rental and sales transactions and (d) an increase in the sale of used equipment in order to maintain the quality of the Company's rental fleet.

Gross Profit. Gross profit increased to $423.4 million in 1998 from $149.3 million in 1997. This increase in gross profit was primarily attributable to the increase in revenues described above. The Company's gross profit margin by source of revenue in 1998 and 1997 was: (i) equipment rental (36.3% in 1998 and 30.0% in 1997), (ii) sales of rental equipment (44.7% in 1998 and 50.6% in 1997) and (iii) sales of new equipment, merchandise and other revenues (22.0% in 1998 and 19.6% in 1997). The increase in the gross profit margin from rental revenues in 1998 was primarily attributable to greater equipment utilization rates and to economies of scale. The decrease in the gross profit margin from the sales of rental equipment in 1998 primarily reflected (i) a shift in mix towards more late-model used equipment, which generally generates lower gross profit margins than somewhat older equipment, and (ii) the sale of certain equipment items which were acquired through acquisitions and which were not in optimal condition for sale due to age, usage or other factors. The increase in the gross profit margin from sales of new equipment, merchandise and other revenue in 1998 primarily reflected the benefits of greater purchasing power and a shift in the sales mix to higher margin items.

Selling, General and Administrative Expenses. Selling, general and administrative expenses ("SG&A") were $195.6 million, or 16.0% of total revenues, during 1998 and $70.8 million, or 14.5% of total revenues, during 1997. The increase in SG&A as a percentage of revenues in 1998 primarily reflected the additional expenses for senior management and corporate overhead that the Company began incurring in the third quarter of 1997 as it built the management team and infrastructure required to support its growth strategy.

Merger-related Expenses. The Company incurred merger-related expenses in 1998 of $47.2 million ($33.2 million after-tax) in connection with three acquisitions completed by the Company in 1998 that were accounted for as poolings-of-interests. These expenses consisted of: (i) $18.5 million for investment banking, legal, accounting services and other merger costs, (ii) $14.5 million of expenses relating to the closing of duplicate facilities,
(iii) $8.2 million for employee severance and related matters, (iv) $2.1 million for the write down of the computer systems acquired through the U.S. Rentals Merger and one of the other acquisitions accounted for as a pooling-of- interests and (v) $3.9 million in other expenses.

Non-rental Depreciation and Amortization. Non-rental depreciation and amortization was $35.2 million, or 2.9% of total revenues, in 1998 and $13.4 million, or 2.7% of total revenues, in 1997. The increase in the dollar amount of non-rental depreciation and amortization in 1998 primarily reflected the amortization of goodwill attributable to the acquisitions completed at the end of 1997 and in 1998.

Termination Cost of Deferred Compensation Agreements. The Company's results for 1997 were impacted by $20.3 million of expenses for "termination cost of deferred compensation agreements." These expenses reflect one-time expenses that were incurred by U.S. Rentals in connection with the termination of certain deferred incentive compensation agreements in connection with U.S. Rentals' initial public offering in February 1997.

Interest Expense. Interest expense increased to $64.2 million in 1998 from $11.8 million in 1997. This increase primarily reflected the fact that the Company's indebtedness significantly increased in 1998, primarily to fund acquisitions.

Preferred Dividends of a Subsidiary Trust. During 1998, preferred dividends of a subsidiary trust of United Rentals were $7.9 million. These dividends relate to the preferred securities issued in August 1998 by such subsidiary trust. See "--Certain Information Concerning Preferred Securities."

Other (Income) Expense. Other income was $4.9 million in 1998 compared with $2.0 million in 1997. The increase in other income in 1998 primarily reflected gain realized in 1998 from the disposition of certain business lines that were acquired as part of acquisitions but did not fit with the Company's strategy.

Income Taxes. Income taxes increased to $43.5 million, or an effective rate of 55.6%, in 1998 from $29.5 million, or an effective rate of 84.5%, in 1997. During 1998, the Company's high effective tax rate reflected (i) the non- deductibility of $7.4 million for income tax purposes of certain merger related expenses and (ii) a $4.8 million charge to recognize deferred tax liabilities of an acquired business, which was a Subchapter S Corporation prior to being acquired by the Company. During 1997, the Company's high effective tax rate reflected (i) a $7.5 million charge to recognize deferred tax liabilities of U.S. Rentals, which was a Subchapter S Corporation prior to its initial public offering, and (ii) the non-deductibility of $7.5 million for income tax purposes of certain losses that were incurred by U.S. Rentals prior to a recapitalization effected in connection with its initial public offering.

Extraordinary Items. The Company recorded an extraordinary charge of $35.6 million ($21.3 million net of taxes) in 1998 and an extraordinary charge of $2.5 million ($1.5 million net of taxes) in 1997. This charge in 1998 was incurred in connection with the early extinguishment of certain debt and primarily reflected prepayment penalties on certain debt of U.S. Rentals. This charge in 1997 was incurred by U.S. Rentals in connection with the prepayment of certain debt.

Years Ended December 31, 1997 and 1996

Revenues. Total revenues for 1997 were $489.8 million, representing an increase of 38.2% over total revenues in 1996 of $354.5 million. The Company's revenues in 1997 and 1996 were attributable to: (i) equipment rental ($388.2 million, or 79.2% of revenues in 1997, compared to $295.3 million, or 83.3% of revenues, in 1996), (ii) sales of rental equipment ($41.4 million, or 8.5% of revenues, in 1997 compared to $25.5 million, or 7.2% of revenues, in 1996) and
(iii) sales of new equipment, merchandise and other revenues ($60.3 million, or 12.3% of revenues, in 1997 compared to $33.7 million, or 9.5% of revenues, in 1996).

The 38.2% increase in total revenues in 1997 reflected (i) increased revenues at locations open more than one year (which accounted for approximately 24.8 percentage points) and (ii) new rental locations acquired through acquisitions and the opening of start-up locations (which accounted for approximately 13.4 percentage points). The increase in such revenues at locations open more than one year primarily reflected (a) an increase in customer demand for rental equipment and for new and used equipment offered for sale, (b) expansion of the product lines offered by the Company for sale, (c) an increase in the sale of related merchandise and parts which was driven by the increase in equipment rental and sales transactions and (d) an increase in sales efforts relating to used equipment.

Gross Profit. Gross profit increased to $149.3 million in 1997 from $113.0 million in 1996. This increase in gross profit was primarily attributable to the increase in revenues described above. The Company's gross profit margin by source of revenue was: (i) equipment rental (30.0% in 1997 and 31.2% in 1996),
(ii) sales of rental equipment (50.6% in 1997 and 58.6% in 1996) and (iii) sales

of new equipment, merchandise and other revenues (19.6% in 1997 and 18.1% in 1996). The decrease in the gross profit margin from rental revenues in 1997 primarily reflected the fact that the Company in 1997 incurred expenses in connection with expanding its rental fleet and opening new rental locations. The increase in the gross profit margin from sales of new equipment, merchandise and other revenues in 1997 primarily reflected a shift in sales mix to higher margin items.

Selling, General and Administrative Expenses. SG&A increased to $70.8 million in 1997 from $54.7 million in 1996, but as a percentage of revenues decreased to 14.5% in 1997 from 15.4% in 1996. This decrease in SG&A as a percentage of revenues in 1997 primarily reflected (i) increased operating efficiencies and (ii) certain economies of scale related to the increase in revenue described above.

Non-rental Depreciation and Amortization. Non-rental depreciation and amortization was $13.4 million, or 2.7% of total revenues in 1997, and $9.4 million, or 2.6% of total revenues, in 1996. The increase in the dollar amount of non-rental depreciation and amortization in 1997 primarily reflected increases in (i) depreciation expense attributable to equipment not offered for rent, (ii) depreciation expense associated with rental facility locations and
(iii) amortization expense relating to leaseholds.

Termination Cost of Deferred Compensation Agreements. The Company's results for 1997 were impacted by $20.3 million of expenses for "termination cost of deferred compensation agreements." These expenses reflect one-time expenses that were incurred by U.S. Rentals in connection with the termination of certain deferred incentive compensation agreements in connection with its initial public offering.

Interest Expense. Interest expense increased to $11.8 million in 1997 from $11.3 million in 1996. This increase was primarily the result of an increase in related party interest expense, offset by a decrease in interest as a result of lower average debt outstanding during 1997 due to repayment of certain debt with proceeds from U.S. Rentals' initial public offering.

Other (Income) Expense. Other income was $2.0 million in 1997 compared with $0.5 million in 1996. The increase in other income in 1997 primarily reflected increased interest income in 1997 as a result of higher cash balances resulting from the financing transactions completed during 1997.

Income Taxes. Income taxes were $29.5 million, or an effective rate of 84.5%, in 1997 and $0.4 million, or an effective rate of 1.1%, in 1996. The Company's low effective tax rate in 1996 reflected the fact that (i) U.S. Rentals was taxed as a Subchapter S Corporation for federal and state purposes until its initial public offering in February 1997 and (ii) Rental Tools (another company that United Rentals acquired in a transaction that was accounted for as a pooling-of-interests) was taxed as a Subchapter S Corporation for federal and state purposes until it was acquired by the Company in 1998. The Company's high effective tax rate in 1997 primarily reflected (i) a $7.5 million charge to recognize deferred tax liabilities of U.S. Rentals and
(ii) the non-deductibility of $7.5 million for income tax purposes of certain losses that were incurred by U.S. Rentals prior to a recapitalization effected in connection with its initial public offering.

Extraordinary Item. The Company recorded an extraordinary charge of $2.5 million ($1.5 million net of taxes) during 1997. This charge was incurred by U.S. Rentals in connection with the prepayment of certain debt.

Liquidity and Capital Resources

General

Since commencing operations in October 1997, the Company has funded its cash requirements from a combination of cash generated from operations, the sale of rental equipment, borrowings

under a revolving credit facility and the proceeds of other financing transactions. These other financing transactions included (i) the sale of Common Stock and warrants in private placements for aggregate consideration of $54.7 million, (ii) the sale of Common Stock in public offerings in December 1997 and March 1998 for aggregate consideration of $307.0 million (after deducting underwriting discounts and offering expenses), (iii) the sale of $200 million aggregate principal amount of 9 1/2% senior subordinated notes (the "9 1/2% Notes") in May 1998 for aggregate consideration of $193.0 million (after deducting the initial purchasers' discount and offering expenses), (iv) a $250 million term loan (the "Term Loan") obtained in July 1998, (v) the issuance by a subsidiary trust of Holdings of preferred securities (the "Trust Preferred Securities") in August 1998 which resulted in the Company receiving net proceeds of $290.0 million, (vi) the sale of $205 million aggregate principal amount of 8.80% senior subordinated notes (the "8.80% Notes") in August 1998 for aggregate consideration of $196.0 million (after deducting the initial purchaser's discount and offering expenses), (vii) the sale of $300 million aggregate principal amount of 9 1/4% Senior Subordinated Notes ("9 1/4% Notes") in December 1998 for aggregate consideration of $292.1 million (after deducting the initial purchaser's discount and estimated offering expenses), (viii) the sale of 300,000 shares of Series A Perpetual Convertible Preferred Stock in January 1999 for aggregate consideration of $287.0 million (after deducting issuance fees and expenses), (ix) the sale of Common Stock in a public offering in March 1999 for the aggregate consideration of $64.8 million (after deducting underwriting discounts and estimated offering expenses) and (x) the sale of $250 million aggregate principal amount of 9% Senior Subordinated Notes ("9% Notes") in March 1999 for aggregate consideration of $245.0 million (after deducting the initial purchasers' discount and estimated offering expenses). For additional information concerning certain of the financings described above, see "--Certain Information Concerning the Credit Facility and Other Indebtedness" and "--Certain Information Concerning Preferred Securities."

During 1998, the Company (i) generated cash from operations of approximately $216.1 million, (ii) generated cash from the sale of rental equipment of approximately $119.6 million and (iii) had net cash from financing activities of approximately $1,082.1 million. The Company used cash during this period principally to (i) pay consideration for acquisitions (approximately $911.8 million), (ii) repay indebtedness in connection with the U.S. Rentals Merger and the acquisition of Rental Tools (approximately $450.3 million), (iii) purchase rental equipment (approximately $479.5 million) and (iv) purchase other property and equipment (approximately $84.6 million). These cash expenditures were the principal reason for the decrease in cash at December 31, 1998 compared with December 31, 1997.

In September 1998, URI obtained a new $762.5 million revolving credit facility (the "Credit Facility") from a group of financial institutions. This facility replaced the credit facility that had previously been used by URI. For additional information concerning the Credit Facility, see "--Certain Information Concerning the Credit Facility and Other Indebtedness."

Certain Balance Sheet Changes

The acquisitions and the equipment purchases made by the Company in 1998 (and the financing of such acquisitions and purchases) were the principal reasons for the increase in the following items at December 31, 1998 compared with December 31, 1997: accounts receivable, inventory, rental equipment, property and equipment, intangible assets, accounts payable, debt, and accrued expenses and other liabilities.

The increase in prepaid expenses and other assets at December 31, 1998 compared with December 31, 1997 primarily reflects (i) an increase in prepaid expenses relating to the Company's operations and (ii) certain direct costs relating to potential acquisitions that were capitalized.

The Company-obligated manditorily redeemable convertible preferred securities of a subsidiary trust at December 31, 1998, reflects the issuance of Trust Preferred Securities in August 1998 as described under "--Certain Information Concerning Preferred Securities."

The increase in stockholders' equity at December 31, 1998 compared with December 31, 1997, primarily reflects (i) the sale of 8,625,000 shares of Common Stock in a public offering in March 1998 for aggregate consideration of $207.4 million (after deducting underwriting discounts and offering expenses) and (ii) the issuance of an aggregate of 2,188,255 shares of Common Stock and warrants during the year ended December 31, 1998, primarily as consideration for acquisitions.

Cash Requirements Related to Operations

The Company's principal existing sources of cash are (i) borrowings available under the Credit Facility ($760.5 million available as of March 23, 1999), (ii) cash generated from operations and (iii) the remaining net proceeds from the sale by the Company of its 9% Notes in March 1999 (approximately $125.0 million as of March 23, 1999).

The Company expects that its principal needs for cash relating to its existing operations over the next 12 months will be to fund (i) operating activities and working capital, (ii) the purchase of rental equipment and inventory of items offered for sale and (iii) debt service. The Company plans to fund such cash requirements relating to its existing operations from its existing sources of cash described above.

The Company estimates that equipment expenditures over the next 12 months will be approximately $475.0 million for the existing operations of the Company. These expenditures are comprised of approximately $255.0 million of expenditures in order to maintain the average age of the Company's rental fleet and $220.0 million of discretionary expenditures to increase the size of the Company's rental fleet. The Company expects that it will fund such expenditures from a combination of approximately $190.0 million of proceeds expected to be generated from the sale of used equipment, cash generated from operations and, if required, borrowings available under the Credit Facility. In addition, the Company expects that it will be required to make equipment expenditures in connection with new acquisitions. The Company cannot quantify at this time the amount of equipment expenditures that will be required in connection with new acquisitions.

Principal elements of the Company's strategy include continued expansion through a disciplined acquisition program and the opening of new rental locations. The Company expects to pay for future acquisitions using cash, capital stock, notes and/or assumption of indebtedness. To the extent that the Company's existing sources of cash described above are not sufficient to fund such future acquisitions, the Company will require additional financing and, consequently, the Company's indebtedness may increase as the Company implements its growth strategy. There can be no assurance, however, that any additional financing will be available or, if available, will be on terms satisfactory to the Company.

Based upon the terms of the Company's currently outstanding indebtedness, the Company is scheduled to repay approximately $14.3 million during 1999. In addition, the Company may be required at any time to repay a $21.5 million demand note that the Company assumed in connection with the U.S. Rentals Merger.

Relationship Between Holdings and URI

Holdings is principally a holding company and primarily conducts its operations through its wholly owned subsidiary URI and subsidiaries of URI. Holdings provides certain services to URI in connection with its operations. These services principally include: (i) senior management services,

(ii) finance related services and support, (iii) information technology systems and support and (iv) acquisition related services. In addition, Holdings leases certain equipment and real property that are made available for use by URI and its subsidiaries. URI has made, and expects to continue to make, certain payments to Holdings in respect of the services provided by Holdings to the Company. The expenses relating to URI's payments to Holdings are reflected on URI's financial statements as selling, general and administrative expenses. In addition, although not legally obligated to do so, URI has in the past, and expects that it will in the future, make distributions to Holdings to, among other things, enable Holdings to pay dividends on the Trust Preferred Securities (as described under "--Certain Information Concerning Preferred Securities").

The Trust Preferred Securities are the obligation of a subsidiary trust of Holdings and are not the obligation of URI. As a result, the dividends payable on these securities are reflected as an expense on the consolidated financial statements of Holdings, but are not reflected as an expense on the consolidated financial statements of URI. This is the principal reason why the net income reported on the consolidated financial statements of URI is higher than the net income reported on the consolidated financial statements of Holdings.

Year 2000 Compliance

The Company has been informed by its software vendors that the Company's new management information system is year 2000 compliant. The Company has, therefore, not developed any contingency plans relating to year 2000 issues and has not budgeted any funds for year 2000 issues. Although the Company believes that its system is year 2000 compliant, there can be no assurance that unanticipated year 2000 problems will not arise which, depending on the nature and magnitude of the problem, could have a material adverse effect on the Company's business and financial condition. Furthermore, year 2000 problems involving third parties may have a negative impact on the Company's customers or suppliers, the general economy or on the ability of businesses generally to receive essential services (such as telecommunications, banking services, etc.). Any such problem could have a material adverse effect on the Company's business and financial condition. The Company is unable at this time to assess the possible impact on its business of year 2000 problems involving any third party.

Certain Information Concerning the Credit Facility and Other Indebtedness

Credit Facility. In September 1998, URI obtained a new $762.5 million revolving Credit Facility from a group of financial institutions. This facility replaced the credit facility that had previously been used by URI. Set forth below is certain information concerning the terms of the Credit Facility.

The Credit Facility enables URI to borrow up to $762.5 million on a revolving basis and permits a Canadian subsidiary of URI (the "Canadian Subsidiary") to directly borrow up to $40.0 million under the Credit Facility (provided that the aggregate borrowings of URI and the Canadian Subsidiary do not exceed $762.5 million). Up to $25.0 million of the Credit Facility is available in the form of letters of credit. The agreement governing the Credit Facility requires that the aggregate commitment shall be reduced on the last day of each calendar quarter, beginning September 30, 2001 and continuing through June 30, 2003, by an amount equal to $19.1 million. The Credit Facility terminates on September 26, 2003, at which time all outstanding indebtedness is due. As of March 23, 1999, no amount of indebtedness was outstanding under the Credit Facility (not including undrawn outstanding letters of credit in the amount of $2.0 million).

Borrowings by URI under the Credit Facility accrue interest at URI's option, at either (a) the Base Rate (which is equal to the greater of (i) the Federal Funds Rate plus 0.5% or (ii) Bank of America's reference rate) or (b) the Eurodollar Rate (which for borrowings by URI is equal to Bank of

America's reserve adjusted eurodollar rate) plus a margin ranging from 0.825% to 1.500% per annum. Borrowings by the Canadian Subsidiary under the Credit Facility accrue interest, at such subsidiary's option, at either (x) the Prime Rate (which is equal to Bank of America Canada's prime rate), (y) the BA Rate (which is equal to Bank of America Canada's BA Rate) plus a margin ranging from 0.825% to 1.500% per annum or (z) the Eurodollar Rate (which for borrowing by the Canadian Subsidiary is equal to Bank of America Canada's reserve adjusted Eurodollar Rate) plus a margin ranging from 0.825% to 1.500% per annum. If at any time an event of default (as defined in the agreement governing the Credit Facility) exists, the interest rate applicable to each loan will increase by 2% per annum. The Company is also required to pay the banks an annual facility fee equal to 0.375% of the banks' $762.5 million aggregate lending commitment under the Credit Facility (which fee may be reduced to 0.300% for periods during which the Company maintains a specified funded debt to cash flow ratio).

The obligations of URI under the Credit Facility are (i) secured by substantially all of its assets, the stock of its United States subsidiaries and a portion of the stock of URI's Canadian subsidiaries and (ii) guaranteed by Holdings and secured by the stock of URI. The obligations of the Canadian Subsidiary under the Credit Facility are guaranteed by URI and secured by substantially all of the assets of the Canadian Subsidiary and the stock of the subsidiaries of the Canadian Subsidiary.

The Credit Facility contains certain covenants that require the Company to, among other things, satisfy certain financial tests relating to: (a) maximum leverage, (b) the ratio of senior debt to cash flow, (c) minimum interest coverage ratio, (d) the ratio of funded debt to cash flow, and (e) the ratio of senior debt to tangible assets. The agreements governing the Credit Facility also contain various other covenants that restrict the Company's ability to, among other things, (i) incur additional indebtedness, (ii) permit liens to attach to its assets, (iii) pay dividends or make other restricted payments on its common stock and certain other securities and (iv) make acquisitions unless certain financial conditions are satisfied. In addition, the agreement governing the Credit Facility (a) requires the Company to maintain certain financial ratios and (b) provides that failure by any two of Messrs. Jacobs, Milne, Nolan and Miner to continue to hold executive positions with the Company for a period of 30 consecutive days constitutes an event of default unless replacement officers satisfactory to the lenders are appointed.

Term Loan. In July 1998, URI obtained a $250 million term loan from a group of financial institutions. The term loan matures on June 30, 2005. Prior to maturity, quarterly installments of principal in the amount of $625,000 are due on the last day of each calendar quarter, commencing September 30, 1999. The amount due at maturity is $235,625,000. The term loan accrues interest, at the Company's option, at either (a) the Base Rate (as defined above with respect to the Credit Facility) plus a margin ranging from 0% to 0.5% per annum, or (b) the Eurodollar Rate (as defined above with respect to the Credit Facility for borrowings by the Company) plus a margin ranging from 1.875% to 2.375% per annum. The Term Loan is secured pari passu with the Credit Facility. The agreement governing the Term Loan contains restrictive covenants substantially similar to those provided under the Credit Facility.

9 1/2% Senior Subordinated Notes. In May 1998, URI issued $200 million aggregate principal amount of 9 1/2% Notes which are due June 1, 2008. The 9 1/2% Notes are unsecured. URI may, at its option, redeem the 9 1/2% Notes on or after June 1, 2003 at specified redemption prices which range from 104.75% in 2003 to 100.00% in 2006 and thereafter. In addition, on or prior to June 1, 2001, URI may, at its option, use the proceeds of a public equity offering to redeem up to 35% of the outstanding 9 1/2% Notes, at a redemption price of 109.5%. The indenture governing the 9 1/2% Notes contains certain restrictive covenants, including (i) limitations on additional indebtedness, (ii) limitations on restricted payments, (iii) limitations on liens, (iv) limitations on dividends and other payment restrictions, (v) limitations on preferred stock of certain subsidiaries, (vi) limitations on

transactions with affiliates, (vii) limitations on the disposition of proceeds of asset sales and (viii) limitations on the ability of the Company to consolidate, merge or sell all or substantially all of its assets.

8.80% Senior Subordinated Notes. In August 1998, URI issued $205 million aggregate principal amount of 8.80% Notes which are due August 15, 2008. The 8.80% Notes are unsecured. URI may, at its option, redeem the 8.80% Notes on or after August 15, 2003 at specified redemption prices which range from 104.40% in 2003 to 100.00% in 2006 and thereafter. In addition, on or prior to August 15, 2001, URI may, at its option, use the proceeds of a public equity offering to redeem up to 35% of the outstanding 8.80% Notes, at a redemption price of 108.8%. The indenture governing the 8.80% Notes contains restrictions substantially similar to those applicable to the 9 1/2% Notes.

9 1/4% Senior Subordinated Notes. In December 1998, URI issued $300 million aggregate principal amount of 9 1/4% Notes which are due January 15, 2009. The 9 1/4% Notes are unsecured. URI may, at its option, redeem the 9 1/4% Notes on or after January 15, 2004 at specified redemption prices which range from 104.625% in 2004 to 100.00% in 2007 and thereafter. In addition, on or prior to January 15, 2002, URI may, at its option, use the proceeds of a public equity offering to redeem up to 35% of the outstanding 9 1/4% Notes, at a redemption price of 109.25%. The indenture governing the 9 1/4% Notes contains restrictions substantially similar to those applicable to the 9 1/2% Notes.

9% Senior Subordinated Notes. In March 1999, URI issued $250 million aggregate principal amount of 9% Notes which are due April 1, 2009. The 9% Notes are unsecured. URI may, at its option, redeem the 9% Notes on or after April 1, 2004 at specified redemption prices which range from 104.50% in 2004 to 100.00% in 2007 and thereafter. In addition, on or prior to April 1, 2002, URI may, at its option, use the proceeds of a public equity offering to redeem up to 35% of the outstanding 9% Notes, at a redemption price of 109.00%. The indenture governing the 9% Notes contains restrictions substantially similar to those applicable to the 9 1/2% Notes.

Certain Information Concerning Preferred Securities

Trust Preferred Securities

In August 1998, a subsidiary trust (the "Trust") of Holdings sold $300 million of 6 1/2% Convertible Quarterly Income Preferred Securities (the "Trust Preferred Securities"). The net proceeds from the sale of the Trust Preferred Securities were approximately $290 million. The Trust used such proceeds to purchase convertible subordinated debentures from Holdings which resulted in Holdings receiving all of the proceeds from the sale of the Trust Preferred Securities. Holdings in turn contributed the net proceeds from the sale of the Trust Preferred Securities to its wholly owned subsidiary URI. The Trust Preferred Securities are convertible into common stock of Holdings at a conversion price equivalent to $43.63 per share.

Series A Perpetual Convertible Preferred Stock

In January 1999, Holdings sold 300,000 shares of its Series A Perpetual Convertible Preferred Stock ("Series A Preferred") to Apollo Investment Fund IV, L.P. and Apollo Overseas Partners IV, L.P. The net proceeds from the sale of the Series A Preferred were approximately $287.0 million. Holdings contributed such net proceeds to URI.

Fluctuations in Operating Results

The Company expects that its revenues and operating results may fluctuate from quarter to quarter due to a number of factors, including: seasonal rental patterns of the Company's customers (with rental activity tending to be lower in the winter); changes in general economic conditions in the

Company's markets; the timing of acquisitions and the opening of start-up locations and related costs; the effect of the integration of acquired businesses and start-up locations; the timing of expenditures for new equipment and the disposition of used equipment; and price changes in response to competitive factors.

The Company is continually involved in the investigation and evaluation of potential acquisitions. In accordance with generally accepted accounting principles, the Company capitalizes certain direct out-of-pocket expenditures (such as legal and accounting fees) relating to potential or pending acquisitions. Indirect acquisition costs, such as executive salaries, general corporate overhead, public affairs and other corporate services, are expensed as incurred. The Company's policy is to charge against earnings any capitalized expenditures relating to any potential or pending acquisition that the Company determines will not be consummated. There can be no assurance that the Company in future periods will not be required to incur a charge against earnings in accordance with such policy, which charge, depending upon the magnitude thereof, could adversely affect the Company's results of operations.

The Company will be required to incur significant start-up expenses in connection with establishing each start-up location. Such expenses may include, among others, pre-opening expenses related to setting up the facility, and expenses in connection with training employees, installing information systems and marketing. The Company expects that, in general, start-up locations will initially operate at a loss or at less than normalized profit levels. Consequently, the opening of a start-up location may negatively impact the Company's margins until the location achieves normalized profitability.

There may be a lag between the time that the Company purchases new equipment and begins to incur the related depreciation and interest expenses and the time that the equipment begins to generate revenues at normalized rates. As a result, the purchase of new equipment, particularly equipment purchased in connection with expanding and diversifying the Company's rental equipment, may periodically reduce margins.

General Economic Conditions and Inflation

The Company's operating results may be adversely affected by (i) changes in general economic conditions, including changes in construction and industrial activity, or increases in interest rates, or (ii) adverse weather conditions that may temporarily decrease construction and industrial activity in a particular geographic area. Although the Company cannot accurately anticipate the effect of inflation on its operations, the Company believes that inflation has not had, and is not likely in the foreseeable future to have, a material impact on its results of operations.

Recently Issued Accounting Standards

For the year ended December 31, 1998, the Company adopted SFAS No. 130, "Reporting Comprehensive Income". SFAS No. 130 establishes standards for reporting and display of comprehensive income and its components in primary financial statements. SFAS No. 130 requires the Company's foreign currency translation adjustments to be included in other comprehensive income. The adoption of SFAS No. 130 had no impact on the Company's net income or shareholders' equity.

Effective January 1, 1998, the Company adopted SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information". SFAS No. 131 establishes a new method by which companies will report operating segment information. This method is based on the manner in which management organizes the segments within a company for making operating decisions and assessing performance. SFAS No. 131 also establishes standards for related disclosures about

products and services, geographic areas and major customers. The Company had included the required disclosures in the notes to its financial statements included elsewhere herein.

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities". SFAS No. 133 establishes a new model for accounting for derivatives and hedging activities. The Company will adopt SFAS No. 133 beginning January 1, 2000. The adoption of SFAS No. 133 is not expected to have a material effect on the Company's consolidated financial position or results of operations.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Our exposure to market risk primarily consists of interest rate risk associated with our variable rate debt and foreign currency exchange rate risk primarily associated with our Canadian operations. We do not use, nor have we historically used, derivative financial instruments to manage or reduce market risk.

Interest Rate Risk. All borrowings under our $762.5 million Credit Facility bear interest at a variable rate of interest. The outstanding indebtedness under the Credit Facility was $305.0 million as of December 31, 1998. Our other variable rate debt primarily consists of the $250 million Term Loan and a $21.5 million demand note. The interest rates applicable to our variable rate debt as of December 31, 1998 were (i) 6.25% for the Credit Facility, (ii) 7.25% for the Term Loan and (iii) 6.5% for the demand note. The interest rates applicable to our variable rate debt have remained relatively stable over the past year. Based upon the amount of variable debt that we had outstanding as of December 31, 1998 (approximately $582.8 million in the aggregate), our net income would decrease by approximately $3.5 million for each one percentage point increase in the interest rates applicable to our variable rate debt. The amount of our variable rate indebtedness may fluctuate significantly as a result of changes in the amount of indebtedness outstanding under the Credit Facility from time to time. For additional information concerning the terms of our variable rate debt, see Note 8 of the Notes to the Consolidated Financial Statements included elsewhere herein.

Currency Exchange Risk. The functional currency for our Canadian operations is the Canadian dollar. As a result, our future earnings could be affected by fluctuations in the exchange rate between the U.S. and Canadian dollars. Based upon the current level of our Canadian operations, a 10% change in this exchange rate would not have a material impact on our earnings.

Item 8. Financial Statements and Supplementary Data

INDEX TO FINANCIAL STATEMENTS

	Page
(1) Consolidated Financial Statements:	
Report of Independent Auditors	32
United Rentals, Inc. Consolidated Balance Sheets--December 31, 1998 and 1997	33
United Rentals, Inc. Consolidated Statements of Operations for the years ended December 31, 1998, 1997 and 1996	34
United Rentals, Inc. Consolidated Statements of Stockholders' Equity for the years ended December 31, 1998, 1997 and 1996	35
United Rentals, Inc. Consolidated Statements of Cash Flows for the years ended December 31, 1998, 1997 and 1996	36
Notes to Consolidated Financial Statements	38
Report of Independent Auditors	57
United Rentals (North America), Inc. Consolidated Balance Sheets--December 31, 1998 and 1997	58
United Rentals (North America), Inc. Consolidated Statements of Operations for the years ended December 31, 1998, 1997 and 1996	59
United Rentals (North America), Inc. Consolidated Statements of Stockholder's Equity for the years ended December 31, 1998, 1997 and 1996	60
United Rentals (North America), Inc. Consolidated Statements of Cash Flows for the years ended December 31, 1998, 1997 and 1996	61
Notes to Consolidated Financial Statements	62
(2) Financial Statement Schedules:	
Report of Independent Auditors on Financial Statement Schedules	67
Schedule I Condensed Financial Information of the Registrant	68
Schedule II Valuation and Qualifying Accounts	72

Schedules other than those listed are omitted as they are not applicable or the required or equivalent information has been included in the financial statements or notes thereto.

REPORT OF INDEPENDENT AUDITORS

Board of Directors
United Rentals, Inc.

We have audited the accompanying consolidated balance sheets of United Rentals, Inc. as of December 31, 1998 and 1997 and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1998. These consolidated financial statements are the responsibility of the management of United Rentals, Inc. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of United Rentals, Inc. at December 31, 1998 and 1997, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 1998 in conformity with generally accepted accounting principles.

/s/ Ernst & Young LLP

MetroPark, New Jersey
February 17, 1999,
except for Note 17, as
to which the date is
February 26, 1999

UNITED RENTALS, INC.

CONSOLIDATED BALANCE SHEETS

	December 31	
	1998	1997
	(In thousands, except share data)	
Assets		
Cash and cash equivalents	$ 20,410	$ 72,411
Accounts receivable, net of allowance for doubtful accounts of $41,201 and $11,085 at 1998 and 1997, respectively	233,282	82,592
Inventory	70,994	21,778
Prepaid expenses and other assets	59,395	16,287
Rental equipment, net	1,143,006	461,026
Property and equipment, net	185,511	98,268
Intangible assets, net of accumulated amortization of $14,520 and $568 at 1998 and 1997, respectively	922,065	73,648
	$2,634,663	$826,010
Liabilities and Stockholders' Equity		
Liabilities:		
Accounts payable	$ 121,940	$ 41,392
Debt	1,314,574	264,573
Deferred taxes	43,560	24,395
Accrued expenses and other liabilities	128,359	49,262
Total liabilities	1,608,433	379,622
Commitments and contingencies		
Company-obligated manditorily redeemable convertible preferred securities of a subsidiary trust	300,000	
Stockholders' equity:		
Preferred stock--$.01 par value, 5,000,000 shares authorized, No shares issued and outstanding		
Common stock--$.01 par value, 500,000,000 shares authorized in 1998 and 75,000,000 in 1997, 68,427,999 shares issued and outstanding in 1998 and 56,239,375 in 1997	684	562
Additional paid-in capital	689,018	401,758
Retained earnings	36,809	44,068
Accumulated other comprehensive income	(281)	
Total stockholders' equity	726,230	446,388
	$2,634,663	$826,010

See accompanying notes.

UNITED RENTALS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31		
	1998	1997	1996
	(in thousands, except per share amounts)		
Revenues:			
Equipment rentals	$ 895,466	$388,181	$ 295,308
Sales of rental equipment	119,620	41,406	25,518
Sales of new equipment, merchandise and other revenues	205,196	60,251	33,652
Total revenues	1,220,282	489,838	354,478
Cost of revenues:			
Cost of equipment rentals, excluding depreciation	394,750	189,578	138,018
Depreciation of rental equipment	175,910	82,097	65,294
Cost of rental equipment sales	66,136	20,455	10,570
Cost of new equipment and merchandise sales and other operating costs	160,038	48,416	27,563
Total cost of revenues	796,834	340,546	241,445
Gross profit	423,448	149,292	113,033
Selling, general and administrative expenses	195,620	70,835	54,721
Merger-related expenses	47,178		
Non-rental depreciation and amortization	35,248	13,424	9,387
Termination cost of deferred compensation agreements		20,290	
Operating income	145,402	44,743	48,925
Interest expense	64,157	11,847	11,278
Preferred dividends of a subsidiary trust	7,854		
Other (income) expense, net	(4,906)	(2,021)	(499)
Income before provision for income taxes and extraordinary items	78,297	34,917	38,146
Provision for income taxes	43,499	29,508	420
Income before extraordinary items	34,798	5,409	37,726
Extraordinary items, net of tax benefit of $14,255 in 1998 and $995 in 1997	21,337	1,511	
Net income	$ 13,461	$ 3,898	$ 37,726
Basic earnings before extraordinary items per share	$ 0.53	$ 0.12	$ 1.67
Diluted earnings before extraordinary items per share	$ 0.48	$ 0.11	$ 1.67
Basic earnings per share	$ 0.20	$ 0.08	$ 1.67
Diluted earnings per share	$ 0.18	$ 0.08	$ 1.67
Unaudited pro forma data (Note 9):			
Historical income before income taxes and extraordinary items	$ 78,297	$ 34,917	$ 38,146
Pro forma income tax expense	44,386	14,176	15,487
Pro forma income before extraordinary items	$ 33,911	$ 20,741	$ 22,659
Pro forma basic income before extraordinary items per share	$ 0.51	$ 0.44	$ 1.00

Pro forma diluted income before extraordinary items per share	$ 0.46	$ 0.42	$ 1.00

See accompanying notes.

UNITED RENTALS, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock					
	Number of Shares	Amount	Additional Paid-in Capital	Retained Earnings	Comprehensive Income	Accumulated Other Comprehensive Income
	(In thousands, except share amounts)					
Balance, December 31, 1995	22,661,994	$227	$ 13,383	$ 90,719		
Subchapter S distributions of a pooled entity				(36,530)		
Treasury stock purchase	(25,229)		(105)			
Net income				37,726	$37,726	
Balance, December 31, 1996	22,636,765	227	13,278	91,915		
Issuance of common stock and warrants	33,602,610	335	343,797			
Distribution of non-operating assets, net			(4,219)			
Reclassification of Subchapter S accumulated earnings to paid-in capital			48,902	(48,902)		
Subchapter S distributions of a pooled entity				(2,843)		
Net income				3,898	$ 3,898	
Balance, December 31, 1997	56,239,375	562	401,758	44,068		
Comprehensive income:						
Net income				13,461	$13,461	
Other comprehensive income:						
Foreign currency translation adjustments					(281)	$(281)
Comprehensive income					$13,180	
Issuance of common stock and warrants	10,813,255	108	267,214			
Conversion of convertible notes	30,947		461			
Cancellation of common stock	(137,600)	(1)	1			
Reclassification of Subchapter S accumulated earnings to paid-in-capital			18,979	(18,979)		
Pooling-of-interests	1,456,997	15	(14)	1,795		
Exercise of common stock options	25,025		619			
Subchapter S distributions of a pooled entity				(3,536)		
Balance, December 31, 1998	68,427,999	$684	$689,018	$ 36,809		$(281)

See accompanying notes.

UNITED RENTALS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31		
	1998	1997	1996
	(In thousands)		
Cash Flows From Operating Activities:			
Net income	$ 13,461	$ 3,898	$ 37,726
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	211,158	95,521	74,681
Amortization of original issue discount and deferred financing fees	1,153		
Gain on sale of rental equipment	(53,484)	(20,951)	(14,948)
Gain on sales of businesses	(4,189)		
Write down of assets held for sale	4,040		
Non-cash interest, net		201	
Extraordinary items	35,592	2,506	
Deferred taxes	27,345	25,075	
Changes in operating assets and liabilities:			
Accounts receivable	(53,368)	(19,837)	(8,271)
Inventory	(6,392)	(3,785)	(1,148)
Prepaid expenses and other assets	(3,526)	(9,821)	(2,219)
Accounts payable	39,251	11,704	(7,966)
Accrued expenses and other liabilities	5,088	8,618	8,116
Net cash provided by operating activities	216,129	93,129	85,971
Cash Flows From Investing Activities:			
Purchases of rental equipment	(479,534)	(268,548)	(116,021)
Purchases of property and equipment	(84,617)	(53,653)	(27,269)
Proceeds from sales of rental equipment	119,620	41,406	25,518
Proceeds from sales of businesses	10,640		
Collection of notes receivable		122	2,537
Purchase of other companies	(911,837)	(115,528)	(15,033)
Payment of contingent purchase price	(3,956)		
In-process acquisition costs	(241)	(129)	
Net cash used in investing activities	(1,349,925)	(396,330)	(130,268)
Cash Flows From Financing Activities:			
Proceeds from issuance of common stock, net of issuance costs	207,005	340,738	
Proceeds from debt	2,363,637	308,858	131,053
Payments on debt	(1,785,667)	(271,418)	(50,713)
Proceeds from sale-leaseback	35,000		
Proceeds from the issuance of redeemable convertible preferred securities	300,000		
Payment of financing costs	(34,982)	(1,631)	(230)
Proceeds from the exercise of common stock options	619		
Subchapter S distributions of a pooled entity	(3,536)	(2,843)	(36,530)
Purchase of treasury stock			(105)
Cash retained by Predecessor in connection with Recapitalization		(998)	
Net cash provided by financing activities	1,082,076	372,706	43,475
Effect of foreign exchange rates	(281)		
Net increase (decrease) in cash and cash equivalents	(52,001)	69,505	(822)
Cash and cash equivalents at beginning of year	72,411	2,906	3,728
Cash and cash equivalents at end of year	$ 20,410	$ 72,411	$ 2,906

See accompanying notes.

UNITED RENTALS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS--(Continued)

	Year Ended December 31		
	1998	1997	1996
	(In thousands)		
Supplemental disclosure of cash flow information:			
Cash paid for interest	$ 43,157	$ 13,090	$13,766
Cash paid for taxes	$ 10,224	$ 11,487	$ 399
Deferred compensation and bonus payments through issuance of common stock		$ 486	
Net assets retained by Predecessor in connection with Recapitalization		$ 3,221	
Supplemental schedule of non-cash investing and financing activities			
During the year ended December 31, 1998, convertible notes in the original principal amount of $500 were converted into 31 shares of common stock			
The Company acquired the net assets and assumed certain liabilities of other companies as follows:			
Assets, net of cash acquired	$1,501,467	$162,954	$15,033
Liabilities assumed	(518,861)	(43,301)	
Less:			
Amounts paid in common stock and warrants	(60,304)	(3,825)	
Amounts paid through issuance of debt	(10,465)	(300)	
Net cash paid	$ 911,837	$115,528	$15,033

See accompanying notes.

1. Organization and Basis of Presentation

United Rentals, Inc. is principally a holding company ("Holdings") and conducts its operations primarily through its wholly owned subsidiary United Rentals (North America), Inc. ("URI") and subsidiaries of URI. URI was incorporated in August 1997, initially capitalized in September 1997 and commenced equipment rental operations in October 1997. Holdings was incorporated in July 1998 and became the parent of URI on August 5, 1998, pursuant to the reorganization of the legal structure of URI described in Note 10. Prior to such reorganization, the name of URI was United Rentals, Inc. References herein to the "Company" refer to Holdings and its subsidiaries, with respect to periods following the reorganization, and to URI and its subsidiaries, with respect to periods prior to the reorganization. As a result of the reorganization, Holdings' primary asset is its sole ownership of all issued and outstanding shares of common stock of URI. URI's various credit agreements and debt instruments place restrictions on its ability to transfer funds to its shareholder.

The Company rents a broad array of equipment to a diverse customer base that includes construction industry participants, industrial companies, homeowners and others in the United States, Canada and Mexico. The Company also engages in related activities such as selling rental equipment, acting as a distributor for certain new equipment and selling related merchandise and parts. The nature of the Company's business is such that short-term obligations are typically met by cash flow generated from long-term assets. Consequently, consistent with industry practice, the accompanying balance sheets are presented on an unclassified basis.

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, giving retroactive effect for the reorganization for all periods presented. All significant intercompany accounts and transactions have been eliminated. The accompanying consolidated financial statements for the years ended December 31, 1997 and 1996 include the accounts of certain acquisitions completed in 1998 that were accounted for as poolings-of-interests, as described in Note 3.

2. Summary of Significant Accounting Policies

Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less when purchased to be cash equivalents.

Inventory

Inventory consists of equipment, tools, parts, fuel and related supply items. Inventory is stated at the lower of cost or market. Cost is determined on either a weighted average or first-in, first-out method.

Rental Equipment

Rental equipment is recorded at cost and depreciated over the estimated useful lives of the equipment generally using the straight-line method. The range of useful lives estimated by management for rental equipment is two to ten years. Rental equipment is depreciated to a salvage value of zero to ten percent of cost. Rental equipment having a cost of $0.5 or less is expensed at the time of purchase. Ordinary maintenance and repair costs are charged to operations as incurred.

Property and Equipment

Property and equipment are recorded at cost and depreciated over their estimated useful lives using the straight-line method. The range of useful lives estimated by management for property and equipment is two to thirty-nine years. Ordinary maintenance and repair costs are charged to operations as incurred. Leasehold improvements are amortized using the straight-line method over their estimated useful lives or the remaining life of the lease, whichever is shorter.

Intangible Assets

Intangible assets consist of the excess of cost over the value of identifiable net assets of businesses acquired and are being amortized on a straight-line basis over forty years.

Long-Lived Assets

Long-lived assets are recorded at the lower of amortized cost or fair value. As part of an ongoing review of the valuation of long-lived assets, management assesses the carrying value of such assets if facts and circumstances suggest they may be impaired. If this review indicates that the carrying value of these assets may not be recoverable, as determined by a nondiscounted cash flow analysis over the remaining useful life, the carrying value would be reduced to its estimated fair value. There have been no material impairments recognized in these financial statements.

Fair Value of Financial Instruments

The carrying amounts reported in the balance sheets for accounts receivable, accounts payable, accrued expenses and other liabilities approximate fair value due to the immediate to short-term maturity of these financial instruments. The fair values of the Credit Facility, other lines of credit, the Term Loan and the demand note to stockholder are determined using current interest rates for similar instruments as of December 31, 1998 and 1997 and approximate the carrying value of these financial instruments due to the fact that the underlying instruments include provisions to adjust interest rates to approximate fair market value. The estimated fair value of the Company's other financial instruments at December 31, 1998 and 1997 are based upon available market information and are as follows:

	1998		1997	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Redeemable convertible preferred securities...	$300,000	$289,128		
Senior subordinated notes.....	700,153	705,425		
Seller notes.....	10,465	10,465		
Other debt.....	27,456	27,456	$6,360	$6,360

Revenue Recognition

Revenue related to the sale of equipment and merchandise is recognized at the point of sale. Revenue related to rental equipment is recognized over the contract term.

Advertising Expense

The Company advertises primarily through trade publications and yellow pages. Advertising costs are expensed as incurred and totaled $13,540, $6,866 and $4,487 for the years ended December 31, 1998, 1997 and 1996, respectively.

Income Taxes

The Company uses the liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on the differences between financial statement and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. Recognition of deferred tax assets is limited to amounts considered by management to be more likely than not realized in future periods.

U.S. Rentals, Inc. ("U.S. Rentals") (prior to February 20, 1997) and Rental Tools and Equipment Co. ("Rental Tools") (prior to August 24, 1998) elected to be treated as Subchapter S Corporations (See Note 9).

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash investments and accounts receivable. The Company maintains cash and cash equivalents with high quality financial institutions.

Concentration of credit risk with respect to accounts receivable are limited because a large number of geographically diverse customers make up the Company's customer base. No single customer represents greater than 10% of total accounts receivable. The Company controls credit risk through credit approvals, credit limits, and monitoring procedures.

Stock-Based Compensation

The Company accounts for its stock based compensation arrangements under the provisions of Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees". Since stock options are granted by the Company with exercise prices at or greater than the fair value of the shares at the date of grant, no compensation expense is recognized.

Computation of Earnings Per Share

Earnings per share is calculated under the provisions of Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings Per Share". Common stock issued for consideration below the initial public offering price ("IPO price") of $13.50 per share at which shares were sold in the Company's initial public offering (the "IPO"), and stock options and warrants granted with exercise prices below the IPO price per share during the twelve months preceding the date of the initial filing of the registration statement for the IPO are included in the calculation of common equivalent shares at the IPO price per share.

Related Party Transactions

As disclosed in these financial statements, the Company has participated in certain transactions with related parties. In the opinion of management, all transactions with related parties have been conducted on terms which are fair and equitable.

Insurance

The Company is insured for general liability, workers' compensation, and group medical claims up to a specified claim and aggregate amounts (subject to a deductible of $500). Insured losses subject to this deductible are accrued based upon the aggregate liability for reported claims incurred and an estimated liability for claims incurred but not reported. These liabilities are not discounted.

Impact of Recently Issued Accounting Standards

For the year ended December 31, 1998, the Company adopted SFAS No. 130, "Reporting Comprehensive Income". SFAS No. 130 establishes standards for reporting and display of comprehensive income and its components in primary financial statements. SFAS No. 130 requires the Company's foreign currency translation adjustments to be included in other comprehensive income. The adoption of SFAS No. 130 had no impact on the Company's net income or shareholders' equity.

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities". SFAS No. 133 establishes a new model for accounting for derivatives and hedging activities. The Company is required to adopt SFAS No. 133 beginning January 1, 2000. The adoption of SFAS No. 133 is not expected to have a material effect on the Company's consolidated financial position or results of operations.

Reclassifications

Certain prior year balances have been reclassified to conform to the 1998 presentation.

3. Acquisitions

During the year ended December 31, 1998, the Company completed 84 acquisitions. Three of such acquisitions were accounted for as poolings-of- interests (the "Pooling Transactions") and 81 were accounted for as purchases.

Acquisitions Accounted for as Poolings-of-Interests

On August 24, 1998, the Company issued 2,744,368 shares of its common stock for all of the outstanding shares of common stock of Rental Tools. This transaction was accounted for as a pooling-of-interests and, accordingly, the 1997 and 1996 consolidated financial statements were previously restated to include the accounts of Rental Tools.

On September 24, 1998, the Company issued 1,456,997 shares of its common stock for all of the outstanding shares of common stock of Wynne Systems, Inc. ("Wynne"). This transaction was accounted for as a pooling-of-interests; however, this transaction was not material to the Company's consolidated operations and financial position and, therefore, the Company's financial statements have not been restated for this transaction but have been combined beginning July 1, 1998.

On September 29, 1998, a merger (the "Merger") of United Rentals, Inc. and U.S. Rentals was completed. The Merger was effected by having a wholly owned subsidiary of United Rentals, Inc.

merge with and into U.S. Rentals. Following the Merger, United Rentals, Inc. contributed the capital stock of U.S. Rentals to URI, a wholly owned subsidiary of United Rentals, Inc. Pursuant to the Merger, each outstanding share of common stock of U.S. Rentals was converted into the right to receive 0.9625 of a share of common stock of United Rentals, Inc. An aggregate of approximately 29.6 million shares of United Rentals, Inc. common stock were issued in the Merger in exchange for the outstanding shares of U.S. Rentals common stock. The Merger was accounted for as a pooling-of-interests and, accordingly, the 1997 and 1996 consolidated financial statements were previously restated to include the accounts of U.S. Rentals.

The table below shows the separate revenue and net income (loss) of the Company prior to the above mergers ("United"), U.S. Rentals and Rental Tools for periods prior to combination:

	United	U.S. Rentals	Rental Tools	Combined
For the nine months ended September 30, 1998:				
Revenues	$311,919	$451,101	$41,242	$804,262
Net income (loss)	(53,178)	43,670	4,695	(4,813)
For the year ended December 31, 1997:				
Revenues	10,633	430,443	48,762	489,838
Net income (loss)	34	4,830	(966)	3,898
For the year ended December 31, 1996:				
Revenues		306,118	48,360	354,478
Net income		33,084	4,642	37,726

Acquisitions Accounted for as Purchases

The acquisitions completed during the years ended December 31, 1998, 1997 and 1996 include 81, 15 and 2 acquisitions, respectively, that were accounted for as purchases. The results of operations of the businesses acquired in these acquisitions have been included in the Company's results of operations from their respective acquisition dates.

In January 1998 the Company purchased the outstanding stock and certain assets of (i) Access Rentals, Inc. and Affiliate, (ii) the BNR Group of Companies and (iii) Mission Valley Rentals, Inc. The aggregate initial consideration paid by the Company for these three acquisitions that were accounted for as purchases was $88,674 and consisted of approximately $81,433 in cash and 370,231 shares of common stock and warrants to purchase an aggregate of 30,000 shares of the Company's common stock. In addition, the Company repaid or assumed outstanding indebtedness of these three companies acquired in the aggregate amount of $64,011.

Also during 1998, the Company purchased the outstanding stock and certain assets of (i) Power Rental Co., Inc., in June (ii) Equipment Supply Co., Inc. and Affiliates in June and (iii) McClinch Inc. and Subsidiaries and McClinch Equipment Services, Inc. in September. The aggregate initial consideration paid by the Company for these three acquisitions that were accounted for as purchases was $298,401 and consisted of approximately $277,969 in cash and 496,063 shares of common stock. In addition, the Company repaid or assumed outstanding indebtedness of these three companies acquired in the aggregate amount of $155,414.

The aggregate initial consideration paid by the Company for other 1998 acquisitions that were accounted for as purchases was $550,437 and consisted of approximately $507,326 in cash and 1,083,997 shares of common stock, and seller notes of $10,465. In addition, the Company repaid or assumed outstanding indebtedness of the other companies acquired in 1998 in the aggregate amount of $211,837.

In October 1997, the Company purchased the outstanding stock of (i) A&A Tool Rentals and Sales, Inc., (ii) Bronco High-Lift, Inc., (iii) Coran Enterprises, Inc., (iv) J&J Rental Services, Inc., (v) Mercer Equipment Company and (vi) Rent-It Center, Inc. The aggregate consideration paid for these acquisitions was $56,965 in cash with the exception of two acquisitions. One acquisition included a $300 convertible note and the consideration for another acquisition was paid through the issuance of 318,712 shares of the Company's common stock. These shares were subject to adjustment so that their value will equal $3,800 based upon the average daily closing price of the Company's common stock during the 60 day period beginning December 18, 1997. In accordance with such provision, 137,600 shares of common stock issued by the Company in connection with such acquisition were canceled. In addition, the Company repaid or assumed outstanding indebtedness of the 1997 companies acquired in the aggregate amount of $43,301.

The aggregate initial consideration paid by the Company for other 1997 acquisitions was $66,820 in cash.

The aggregate initial consideration paid by the Company for the 1996 acquisitions was $15,033 in cash.

The Company has agreed, through December 31, 1998 in connection with 14 acquisitions to pay to former owners additional amounts based upon specified future revenues and/or new store openings. Such amounts are limited (i) in the case of 13 of the acquisitions, to a specified maximum amount which varies from $300 to $10,000 (with the average being $1,786) and (ii) in the case of one acquisition, to an amount based upon the performance of a single store.

The purchase prices for all acquisitions accounted for as purchases have been allocated to the assets acquired and liabilities assumed based on their respective fair values at their respective acquisition dates. However, the Company has not completed its valuation of all of its purchases and, accordingly, the purchase price allocations are subject to change when additional information concerning asset and liability valuations are completed. Contingent purchase price is capitalized when earned and amortized over the remaining life of the related asset.

The following table summarizes, on an unaudited pro forma basis, the combined results of operations of the Company for the years ended December 31, 1998 and 1997 as though each acquisition described above was made on January 1, for each of the periods.

	1998	1997
Revenues	$1,550,744	$1,306,406
Net income	51,963	53,264
Basic earnings per share	$ 0.76	$ 0.78
Diluted earnings per share	$ 0.69	$ 0.75

The unaudited pro forma results are based upon certain assumptions and estimates which are subject to change. These results are not necessarily indicative of the actual results of operations that might have occurred, nor are they necessarily indicative of expected results in the future.

Merger-Related Expenses and Extraordinary Items

The results of operations for the year ended December 31, 1998, include pre-tax expenses related to the three Pooling Transactions totaling approximately $47,200 ($33,200 after-tax), consisting of (i) $18,500 for investment banking, legal, accounting services and other merger costs, (ii) $14,500 of expenses relating to the closing of duplicate facilities, (iii) $8,200 for employee

severance and related matters, (iv) $2,100 for the write down of computer systems acquired through the U.S. Rentals merger and one of the other acquisitions accounted for as a pooling-of-interests and (v) $3,900 in other expenses.

The Company recorded pre-tax extraordinary items of $35,592 ($21,337 after- tax) in 1998 and $2,506 ($1,511 after tax) in 1997. The charge in 1998 related to the early extinguishment of debt primarily related to the Merger with U.S. Rentals. The charge in 1997 resulted from the prepayment of certain debt by U.S. Rentals.

4. Related Party Transactions

On February 20, 1997, U.S. Rentals completed a recapitalization upon completing its initial public offering whereby it exchanged 20,748,975 shares of its common stock for all the operating assets and liabilities of its predecessor (the "Recapitalization"). The predecessor retained only non- operating assets and liabilities, including $25,700 of notes receivable from an affiliate and $24,400 of notes payable to related parties. In conjunction with the Recapitalization, certain deferred compensation agreements totaling $20,290 were terminated and expensed. Unless otherwise indicated, U.S. Rentals also refers to the Predecessor prior to the Recapitalization.

Prior to the Recapitalization, the Company earned interest income from the affiliate of $555 and $3,420 for the years ended December 31, 1997 and 1996, respectively, and the accompanying financial statements include principal adjustments in notes receivable and other income in the amounts of $146 and $572 for the years ended December 31, 1997 and 1996, respectively. The accompanying financial statements include related party interest expense of $1,311, $1,245 and $3,078 for the years ended December 31, 1998, 1997 and 1996 respectively (See Note 8 for related party note to stockholder).

5. Rental Equipment

Rental equipment consists of the following:

	December 31	
	1998	1997
Rental equipment	$1,490,572	$ 718,960
Less accumulated depreciation	(347,566)	(257,934)
Rental equipment, net	$1,143,006	$ 461,026

6. Property and Equipment

Property and equipment consist of the following:

	December 31	
	1998	1997
Land	$ 36,855	$ 24,102
Buildings	61,851	34,474
Transportation equipment	81,168	52,407
Machinery and equipment	21,545	7,751
Furniture and fixtures	26,820	9,521
Leasehold improvements	18,578	17,846
	246,817	146,101
Less accumulated depreciation and amortization	(61,306)	(47,833)
Property and equipment, net	$185,511	$ 98,268

7. Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities consist of the following:

	December 31	
	1998	1997
Accrued profit sharing	$ 31,536	$12,844
Accrued insurance	20,553	11,665
Accrued interest	21,934	924
Other	54,336	23,829
	$128,359	$49,262

8. Debt

Debt and note payable to related party consists of the following:

	December 31	
	1998	1997
Credit Facility, interest payable at 6.25% at December 31, 1998	$ 305,000	
Term Loan, interest payable at 7.25% at December 31, 1998	250,000	
Senior Subordinated Notes, interest payable semi-annually, (9 1/2% at December 31, 1998)	200,000	
Senior Subordinated Notes, interest payable semi-annually, (8.80% at December 31, 1998)	200,153	
Senior Subordinated Notes, interest payable semi-annually, (9 1/4% at December 31, 1998)	300,000	
Seller notes, interest payable at various rates ranging from 6.5% to 8.5% at December 31, 1998, due through 2003	10,465	
Other debt, interest payable at various rates ranging from 6.1% to 10.6% at December 31, 1998 and 1997, due through 2005	27,456	$ 6,360
Demand note to stockholder, interest payable monthly at a rate indexed to the Company's revolving line of credit (6.5% and 5.90% at December 31, 1998 and 1997, respectively)	21,500	17,000
U.S. Rentals' revolving line of credit, interest payable monthly at various rates ranging from 6.03% to 6.34% at December 31, 1997		203,000
Rental Tools' revolving line of credit, interest payable monthly at various rates ranging from 7.58% to 8.50% at December 31, 1997		38,213
	$1,314,574	$264,573

Credit Facility. The Credit Facility enables URI to borrow up to $762,500 on a revolving basis and permits a Canadian subsidiary of URI (the "Canadian Subsidiary") to directly borrow up to $40,000 under the Credit Facility (provided that the aggregate borrowings of URI and the Canadian Subsidiary do not exceed $762,500). Up to $25,000 of the Credit Facility is available in the form of letters of credit. The agreement governing the Credit Facility requires that the aggregate commitment shall be reduced on the last day of each calendar quarter, beginning September 30, 2001 and

continuing through June 30, 2003, by an amount equal to $19,100. The Credit Facility terminates on September 26, 2003, at which time all outstanding indebtedness is due.

Borrowings by URI under the Credit Facility accrue interest at URI's option, at either (a) the Base Rate (which is equal to the greater of (i) the Federal Funds Rate plus 0.5% or (ii) Bank of America's reference rate) or (b) the Eurodollar Rate (which for borrowings by URI is equal to Bank of America's reserve adjusted eurodollar rate) plus a margin ranging from 0.825% to 1.500% per annum. Borrowings by the Canadian Subsidiary under the Credit Facility accrue interest, at such subsidiary's option, at either (x) the Prime Rate (which is equal to Bank of America Canada's prime rate), (y) the BA Rate (which is equal to Bank of America Canada's BA Rate) plus a margin ranging from 0.825% to 1.500% per annum or (z) the Eurodollar Rate (which for borrowing by the Canadian Subsidiary is equal to Bank of America Canada's reserve adjusted Eurodollar Rate) plus a margin ranging from 0.825% to 1.500% per annum. If at any time an event of default (as defined in the agreement governing the Credit Facility) exists, the interest rate applicable to each loan will increase by 2% per annum. The Company is also required to pay the banks an annual facility fee equal to 0.375% of the banks' $762,500 aggregate lending commitment under the Credit Facility (which fee may be reduced to 0.300% for periods during which the Company maintains a specified funded debt to cash flow ratio).

The obligations of URI under the Credit Facility are (i) secured by substantially all of its assets, the stock of its United States subsidiaries and a portion of the stock of URI's Canadian subsidiaries and (ii) guaranteed by Holdings and secured by the stock of URI. The obligations of the Canadian Subsidiary under the Credit Facility are guaranteed by URI and secured by substantially all of the assets of the Canadian Subsidiary and the stock of the subsidiaries of the Canadian Subsidiary.

The Credit Facility contains certain covenants that require the Company to, among other things, satisfy certain financial tests relating to: (a) maximum leverage, (b) the ratio of senior debt to cash flow, (c) minimum interest coverage ratio, (d) the ratio of funded debt to cash flow, and (e) the ratio of senior debt to tangible assets. The agreements governing the Credit Facility also contain various other covenants that restrict the Company's ability to, among other things, (i) incur additional indebtedness, (ii) permit liens to attach to its assets, (iii) pay dividends or make other restricted payments on its common stock and certain other securities and (iv) make acquisitions unless certain financial conditions are satisfied. In addition, the agreement governing the Credit Facility (a) requires the Company to maintain certain financial ratios and (b) provides that failure by any two of certain of the Company's executive officers to continue to hold executive positions with the Company for a period of 30 consecutive days constitutes an event of default unless replacement officers satisfactory to the lenders are appointed.

The revolving lines of credit of U.S. Rentals and Rental Tools were repaid and terminated at the time of acquisition by the Company.

Term Loan. URI obtained a $250,000 term loan (the "Term Loan") from a group of financial institutions. The term loan matures on June 30, 2005. Prior to maturity, quarterly installments of principal in the amount of $625 are due on the last day of each calendar quarter, commencing September 30, 1999. The amount due at maturity is $235,625. The term loan accrues interest, at the Company's option, at either (a) the Base Rate (as defined above with respect to the Credit Facility) plus a margin ranging from 0% to 0.5% per annum, or (b) the Eurodollar Rate (as defined above with respect to the Credit Facility for borrowings by the Company) plus a margin ranging from 1.875% to

2.375% per annum. The Term Loan is secured pari passu with the Credit Facility. The agreement governing the Term Loan contains restrictive covenants substantially similar to those provided under the Credit Facility.

9 1/2% Senior Subordinated Notes. URI issued $200,000 aggregate principal amount of 9 1/2% senior subordinated notes, (the "9 1/2 Notes") which are due June 1, 2008. The 9 1/2% Notes are unsecured. URI may, at its option, redeem the 9 1/2% Notes on or after June 1, 2003 at specified redemption prices which range from 104.75% in 2003 to 100.00% in 2006 and thereafter. In addition, on or prior to June 1, 2001, URI may, at its option, use the proceeds of a public equity offering to redeem up to 35% of the outstanding 9 1/2% Notes, at a redemption price of 109.5%. The indenture governing the 9 1/2% Notes contains certain restrictive covenants, including (i) limitations on additional indebtedness, (ii) limitations on restricted payments, (iii) limitations on liens, (iv) limitations on dividends and other payment restrictions, (v) limitations on preferred stock of certain subsidiaries, (vi) limitations on transactions with affiliates, (vii) limitations on the disposition of proceeds of asset sales and (viii) limitations on the ability of the Company to consolidate, merge or sell all or substantially all of its assets.

8.80% Senior Subordinated Notes. URI issued $205,000 aggregate principal amount of 8.80% senior subordinated notes, (the "8.80% Notes") which are due August 15, 2008. The 8.80% Notes are unsecured. URI may, at its option, redeem the 8.80% Notes on or after August 15, 2003 at specified redemption prices which range from 104.40% in 2003 to 100.00% in 2006 and thereafter. In addition, on or prior to August 15, 2001, URI may, at its option, use the proceeds of a public equity offering to redeem up to 35% of the outstanding 8.80% Notes, at a redemption price of 108.8%. The indenture governing the 8.80% Notes contains restrictions substantially similar to those applicable to the 9 1/2% Notes.

9 1/4% Senior Subordinated Notes. URI issued $300,000 aggregate principal amount of 9 1/4% senior subordinated notes, the ("9 1/4% Notes") which are due January 15, 2009. The 9 1/4% Notes are unsecured. URI may, at its option, redeem the 9 1/4% Notes on or after January 15, 2004 at specified redemption prices which range from 104.625% in 2004 to 100.00% in 2007 and thereafter. In addition, on or prior to January 15, 2002, URI may, at its option, use the proceeds of a public equity offering to redeem up to 35% of the outstanding 9 1/4% Notes, at a redemption price of 109.25%. The indenture governing the 9 1/4% Notes contains restrictions substantially similar to those applicable to the 9 1/2% Notes.

Maturities of the Company's debt for each of the next five years at December 31, 1998 are as follows:

1999	$ 35,827
2000	11,521
2001	11,154
2002	5,486
2003	310,299
Thereafter	940,287

9. Income Taxes

The provision for historical federal and state income taxes is as follows:

	Year ended December 31		
	1998	1997	1996
Historical:			
Domestic federal:			
Current	$ 14,291	$ 3,765	
Deferred	21,047	14,276	
Deferred tax recorded upon Recapitalization		6,141	
	35,338	24,182	
Domestic state:			
Current	1,067	668	$ 420
Deferred	7,020	3,279	
Deferred tax recorded upon Recapitalization		1,379	
	8,087	5,326	420
Total domestic	43,425	29,508	420
Foreign federal:			
Current	519		
Deferred	(492)		
	27		
Foreign provincial:			
Current	277		
Deferred	(230)		
	47		
Total foreign	74		
	$ 43,499	$ 29,508	$ 420

A reconciliation of the provision for income taxes and the amount computed by applying the statutory federal income tax rate of 35% to income before provision for income taxes is as follows:

	Year ended December 31	
	1998	1997
Computed tax rate at statutory tax rate	$27,404	$12,221
State income taxes, net of federal tax benefit	4,177	1,716
Cumulative deferred taxes recorded upon Recapitalization		7,520
Loss prior to Recapitalization excluded from taxable income		7,543
Non-deductible expenses	7,400	
Provision for deferred taxes of Subchapter S Corporation at time of pooling	4,750	
Other	(232)	508
	$43,499	$29,508

The components of deferred income tax assets (liabilities) are as follows:

	December 31	
	1998	1997
Property and equipment	$(115,355)	$(36,290)
Intangibles	(7,044)	(633)
Reserves	28,468	11,291
Net operating loss carryforward	38,102	314
Other	12,269	923
	$ (43,560)	$(24,395)

U.S. Rentals was taxed as a Subchapter S Corporation until its initial public offering in February 1997, and Rental Tools was taxed as a Subchapter S Corporation until being acquired by the Company. In general, the income or loss of a Subchapter S Corporation is passed through to its stockholders rather than being subjected to taxes at the corporate level. Pro forma net income reflects a provision for income taxes on a pro forma basis for all periods presented as if all such companies were liable for federal and state income taxes as taxable corporate entities for all periods presented.

The Company has net operating loss carryforwards ("NOL's") of $90,000 for federal income tax purposes that expire through 2018.

10. Holding Company Reorganization

URI was formerly named United Rentals, Inc. On August 5, 1998, a reorganization was effected pursuant to which (i) URI became a wholly owned subsidiary of Holdings, a newly formed holding company, (ii) the name of URI was changed from United Rentals, Inc. to United Rentals (North America), Inc.,
(iii) the name of the new holding company became United Rentals, Inc., (iv) the outstanding common stock of URI was automatically converted, on a share-for- share basis, into common stock of Holdings and (v) the common stock of Holdings commenced trading on the New York Stock Exchange under the symbol "URI" instead of the common stock of URI. The purpose of the reorganization was to facilitate certain financings. The business operations of the Company did not change as a result of the new legal structure. The stockholders of Holdings have the same rights, privileges and interests with respect to Holdings as they had with respect to URI immediately prior to the reorganization.

11. Company-Obligated Mandatorily Redeemable Convertible Preferred Securities of a Subsidiary Trust

A subsidiary trust (the "Trust") of Holdings issued and sold in a private offering (the "Preferred Securities Offering") $300,000 of 30 year, 6 1/2% Convertible Quarterly Income Preferred Securities (the "Preferred Securities"). The net proceeds from the Preferred Securities Offering were approximately $290,000. The Trust used the proceeds from the Preferred Securities Offering to purchase 6 1/2% convertible subordinated debentures due 2028, the ("Debentures") from Holdings which resulted in Holdings receiving all of the net proceeds of the Preferred Securities Offering. Holdings in turn contributed the net proceeds of the Preferred Securities Offering to URI. The Preferred Securities are non-voting securities, carry a liquidation value of $50 per security and are

convertible into the Company's common stock at an initial rate of 1.146 shares per security (equivalent to an initial conversion price of $43.63 per share). They are convertible at any time at the holders' option and are redeemable, at the Company's option, after three years, subject to certain conditions.

Holders of the Preferred Securities are entitled to preferential cumulative cash distributions from the Trust at an annual rate of 6 1/2% of the liquidation value, accruing from the original issue date and payable quarterly in arrears beginning February 1, 1999. The distribution rate and dates correspond to the interest rate and payments dates on the Debentures. Holdings may defer interest payments on the Debentures for up to twenty consecutive quarters, but not beyond the maturity date of the Debentures. If interest payments on the Debentures are deferred, so are the payments on the Preferred Securities. Under this circumstance, Holdings will be prohibited from paying dividends on any of its capital stock or making payments with respect to its debt that rank pari passu with or junior to the Debentures.

Holdings has executed a guarantee with regard to payment of the Preferred Securities to the extent that the Trust has sufficient funds to make the required payments.

12. Capital Stock

At a special meeting of stockholders held on September 29, 1998, the shareholders approved an amendment to the Company's Certificate of Incorporation increasing the number of authorized shares of common stock from 75,000,000 to 500,000,000.

As of December 31, 1998 there are outstanding warrants to purchase an aggregate of 6,539,329 shares of common stock. The weighted average exercise price of the warrants is $10.18 per share. All warrants are currently exercisable and may be exercised at any time through 2008.

The Company's Board of Directors has the authority to designate 5,000,000 shares of $.01 par value preferred stock in series, to establish as to each series the designation and number of shares to be issued and the rights, preferences, privileges and restrictions of the shares of each series, and to determine the voting powers, if any, of such shares. At December 31, 1998, the Company's Board of Directors had not designated any shares.

1997 Stock Option Plan. The Company's 1997 Stock Option Plan provides for the granting of options to purchase not more than an aggregate of 5,000,000 shares of common stock. Some or all of such options may be "incentive stock options" within the meaning of the Internal Revenue Code. All officers, directors and employees of the Company and other persons who perform services on behalf of the Company are eligible to participate in this plan. Each option granted pursuant to this plan must provide for an exercise price per share that is at least equal to the fair market value per share of common stock on the date of grant. No options may be granted under this plan after August 31, 2007. As of December 31, 1998 and 1997, options to purchase an aggregate of 4,859,875 shares and 904,583 shares of common stock, respectively, were outstanding under this plan. The exercise price of each option, the period during which each option may be exercised and other terms and conditions of each option are determined by the Board of Directors (or by a committee appointed by the Board of Directors).

1998 Stock Option Plan. The Company's 1998 Stock Option Plan provides for the granting of options to purchase not more than an aggregate of 4,200,000 shares of common stock. Some or all of the options issued under the 1998 Stock Option Plan may be "incentive stock options" within the

meaning of the Internal Revenue Code. All officers and directors of the Company and its subsidiaries are eligible to participate in the 1998 Stock Option Plan. Each option granted pursuant to the 1998 Stock Option Plan must provide for an exercise price per share that is at least equal to the fair market value per share of common stock on the date of grant. No options may be granted under the 1998 Stock Option Plan after August 20, 2008. As of December 31, 1998, options to purchase an aggregate of 3,980,000 shares of common stock were outstanding pursuant to this plan to executive officers and directors. The exercise price of each option, the period during which each option may be exercised and other terms and conditions of each option are determined by the Board of Directors (or by a committee appointed by the Board of Directors).

1998 Supplemental Stock Option Plan. The Company has adopted a stock option plan pursuant to which options, for up to an aggregate of 2,750,000 shares of common stock, may be granted to employees who are not officers or directors and to consultants and independent contractors who perform services for the Company or its subsidiaries. As of December 31, 1998, options to purchase an aggregate of 1,194,400 shares were outstanding pursuant to this plan. The exercise price of each option, the period during which each option may be exercised and other terms and conditions of each option are determined by the Board of Directors (or by a committee appointed by the Board of Directors).

1997 Performance Award Plan. Effective February 20, 1997, U.S. Rentals adopted the 1997 Performance Award Plan under which stock options and other awards could be granted to key employees and directors at prices and terms established by U.S. Rentals at the date of grant. Options to purchase an aggregate of 3,921,116 shares of common stock were outstanding at December 31, 1997. The options vest ratably over periods ranging from five to ten years and expire in 2007. As a result of the Merger, all outstanding options to purchase shares of U.S. Rentals common stock became fully vested and were converted into options to purchase the Company's common stock.

A summary of the transactions within the Company's stock option plans follows:

	Shares	Weighted Average Exercise Price
Outstanding at January 1, 1997		
Granted	4,825,699	$19.52
Exercised		
Canceled		
Outstanding at December 31, 1997	4,825,699	19.52
Granted	9,453,718	19.78
Exercised	(43,313)	20.78
Canceled	(191,290)	22.94
Outstanding at December 31, 1998	14,044,814	$19.60
Exercisable at December 31, 1998	4,787,474	$20.64

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Amount Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Amount Exercisable	Weighted Average Exercise Price
$10.00 - $15.00	4,561,791	9.6 years	$12.31	295,775	$12.10
15.01 - 20.00	180,844	9.2 years	19.32	87,347	19.28
20.01 - 25.00	8,028,836	8.8 years	21.61	4,309,992	21.06
25.01 - 30.00	295,276	9.4 years	26.10	52,127	26.13
30.01 - 50.00	978,067	9.5 years	35.19	42,233	33.50
	14,044,814	9.1 years	19.60	4,787,474	20.64

The Company applies APB Opinion No. 25, "Accounting for Stock Issued to Employees" in accounting for stock-based employee compensation arrangements whereby no compensation cost related to stock options is deducted in determining net income. Had compensation cost for the Company's stock option plans been determined pursuant to SFAS No. 123, "Accounting for Stock-Based Compensation", the Company's net income and earnings per share would have differed. The Black-Scholes option pricing model estimates fair value of options using subjective assumptions which can materially affect fair value estimates and, therefore, does not necessarily provide a single measure of fair value of options. Using the Black-Scholes option pricing model and a risk-free interest rate average of 4.6% in 1998 and ranging from 5.8% to 6.61% in 1997, a volatility factor for the market price of the Company's common stock of 85% in 1998 and 32% in 1997 and a weighted-average expected life of options of approximately three years in 1998 and three to five years in 1997, the Company's net income (loss), basic earnings (loss) per share and diluted earnings (loss) per share would have been $(13,372), $(0.20) and $(0.20), respectively for the year ended December 31, 1998 and, after giving affect to the Recapitalization, would have been $17,055, $0.37 and $0.35, respectively for the year ended December 31, 1997. For purposes of these pro forma disclosures, the estimated fair value of options is amortized over the options' vesting period. Since the number of options granted and their fair value may vary significantly from year to year, the pro forma compensation expense in future years may be materially different.

At December 31, 1998 there are 6,539,329 shares of common stock reserved for the exercise of warrants, 15,687,244 shares of common stock reserved for issuance pursuant to options granted, and that may be granted in the future, under the Company's stock option plans, 6,875,580 shares of common stock reserved for the issuance of outstanding preferred securities of a subsidiary trust and 86,961 shares of common stock reserved for the conversion of convertible debt.

13. Earnings Per Share

The following table sets forth the computation of historical basic and diluted earnings per share:

	Year Ended December 31		
	1998	1997	1996
Numerator:			
Income before extraordinary items	$ 34,798	$ 5,409	$ 37,726
Denominator:			
Denominator for basic earnings per share-weighted-average shares	66,225,492	46,660,955	22,654,599
Effect of dilutive securities:			
Employee stock options	2,641,194	743,597	
Warrants	4,208,434	1,644,445	
Denominator for dilutive earnings per share- adjusted weighted-average shares	73,075,120	49,048,997	22,654,599
Earnings per equivalent share-basic:			
Income before extraordinary items	$ 0.53	$ 0.12	$ 1.67
Extraordinary items, net	0.33	0.04	
Net income	$ 0.20	$ 0.08	$ 1.67
Earnings per equivalent share-diluted:			
Income before extraordinary items	$ 0.48	$ 0.11	$ 1.67
Extraordinary items, net	0.30	0.03	
Net income	$ 0.18	$ 0.08	$ 1.67

14. Commitments and Contingencies

Operating Leases

The Company leases rental equipment, real estate and certain office equipment under operating leases. Certain real estate leases require the Company to pay maintenance, insurance, taxes and certain other expenses in addition to the stated rentals. Future minimum lease payments, by year and in the aggregate, for noncancellable operating leases with initial or remaining terms of one year or more are as follows at December 31, 1998:

	Real Estate Leases	Rental and Other Equipment Leases
1999	$ 17,516	$11,380
2000	15,713	8,846
2001	14,028	5,538
2002	12,808	3,452
2003	9,711	3,014
Thereafter	32,269	2,794
	$102,045	$35,024

The Company was the seller-lessee in a sales-leaseback transaction during 1998 where it sold rental equipment for proceeds of $35,000. The Company will lease back the rental equipment over a five year period beginning December 1998 and recognized a deferred gain on the sale of approximately $600. The future payments under the lease are included in the table above.

Rent expense under non-cancelable operating leases totaled $20,501, $6,367 and $4,151 for the years ended December 31, 1998, 1997 and 1996, respectively.

Employee Benefit Plan

The Company currently sponsors one defined contribution 401(k) retirement plan which is subject to the provisions of ERISA. Under the plan, the Company matches a minimum of 50% of the participants contributions up to a specified amount. Company contributions to the plan were $1,001, $358 and $316 for the years ended December 31, 1998, 1997 and 1996, respectively.

Legal Matters

The Company is party to legal proceedings and potential claims arising in the ordinary course of its business. In the opinion of management, the Company has adequate legal defenses, reserves, or insurance coverage with respect to these matters so that the ultimate resolution will not have a material adverse effect on the Company's financial position, results of operations, or cash flows. The Company has accrued $16,168 and $9,563 at December 31, 1998 and 1997, respectively, to cover the uninsured portion of possible costs arising from these pending claims and other potential unasserted claims.

Environmental Matters

The Company and its operations are subject to various laws and related regulations governing environmental matters. Under such laws, an owner or lessee of real estate may be liable for the costs of removal or remediation of certain hazardous or toxic substances located on or in, or emanating from, such property, as well as investigation of property damage. The Company incurs ongoing expenses associated with the removal of underground storage tanks and the performance of appropriate remediation at certain of its locations. The Company believes that such removal and remediation will not have a material adverse effect on the Company's financial position, results of operations, or cash flows.

15. Segment Information

Effective January 1, 1998, the Company adopted SFAS No. 131, "Disclosure about Segments of an Enterprise and Related Information". SFAS No. 131 establishes a new method by which companies will report operating segment information. This method is based upon the manner in which management organizes the segments within a company for making operating decisions and assessing performance. SFAS No. 131 also establishes standards for related disclosures about products and services, geographic areas and major customers.

The Company operates in one industry segment consisting of the rental and sales of equipment and related merchandise and parts. The Company's operations are managed as one segment, or strategic unit, because it offers similar products and services in similar markets and the factors determining strategic decisions are comparable for all products and services.

The Company operates in the United States, Canada and Mexico. Revenues are attributable to countries based upon the location of the customers. Geographic area information for the years ended December 31, 1998, 1997 and 1996 is as follows:

	Year ended December 31		
	1998	1997	1996
Revenues from external customers			
Domestic	$1,166,471	$489,838	$354,478
Foreign	53,811		
Total revenues from external customers	$1,220,282	$489,838	$354,478
Rental equipment, net			
Domestic	$1,089,132	$461,026	$235,055
Foreign	53,874		
Total consolidated rental equipment, net	$1,143,006	$461,026	$235,055
Property and equipment, net			
Domestic	$ 179,777	$ 98,268	$ 56,443
Foreign	5,734		
Total consolidated property and equipment, net	$ 185,511	$ 98,268	$ 56,443
Intangible assets, net			
Domestic	$ 867,090	$ 73,648	$ 1,035
Foreign	54,975		
Total consolidated intangible assets, net	$ 922,065	$ 73,648	$ 1,035

16. Quarterly Financial Information (Unaudited)

Selected Financial Data

The following table of quarterly financial information has been prepared from unaudited financial statements of the Company, and reflects adjustments which are, in the opinion of management, necessary for a fair presentation of the interim periods presented.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
For the year ended December 31, 1998:				
Total revenues	$171,141	$254,047	$379,074	$416,020
Gross profit	47,911	87,422	138,717	149,398
Income (loss) before extraordinary item	6,704	19,976	(10,156)	18,274
Extraordinary item			21,337	
Net income (loss)	6,704	19,976	(31,493)	18,274
Basic earnings (loss) before extraordinary item per share	$ 0.11	$ 0.30	$ (0.15)	$ 0.26
Diluted earnings (loss) before extraordinary item per share	0.11	0.27	(0.13)	0.24
For the year ended December 31, 1997:				
Total revenues	90,409	108,395	129,020	162,014
Gross profit	22,025	32,515	45,464	49,288
Income (loss) before extraordinary item	(24,165)	8,062	11,258	10,254
Extraordinary item	1,511			
Net income (loss)	(25,676)	8,062	11,258	10,254
Basic earnings (loss) before extraordinary item per share	$ (0.58)	$ 0.17	$ 0.24	$ 0.21
Diluted earnings (loss) before extraordinary item per share	(0.56)	0.16	0.23	0.20

The data relating to the first and second quarters of 1998 above differ from the amounts as shown in the Company's Form 10-Q filings for the periods ended March 31, 1998 and June 30, 1998, respectively, because of the mergers with U.S. Rentals and Rental Tools. These mergers were accounted for as poolings-of-interests. Thus the Company's financial statements for the quarters prior to the mergers were restated to include the accounts of U.S. Rentals and Rental Tools.

17. Subsequent Events

Subsequent to December 31, 1998 and through February 26, 1999, the Company completed the acquisitions of 11 equipment rental companies and the aggregate consideration paid by the Company for the acquisitions was $53,803 and consisted of approximately $49,408 in cash and $4,395 in seller notes. The Company funded the cash consideration for these acquisitions with cash on hand and borrowings under the Credit Facility.

In January 1999, the Company sold 300,000 shares of its Series A Perpetual Convertible Preferred Stock ("Series A Preferred"). The net proceeds from the sale of the Series A Preferred were approximately $287.0 million. The Series A Preferred is convertible into 12,000,000 shares of the Company's common stock at $25 per share.

REPORT OF INDEPENDENT AUDITORS

Board of Directors
United Rentals, Inc. (Parent Company of United Rentals (North America), Inc.)

We have audited the accompanying consolidated balance sheets of United Rentals (North America), Inc. as of December 31, 1998 and 1997 and the related consolidated statements of operations, stockholder's equity, and cash flows for each of the three years in the period ended December 31, 1998. These consolidated financial statements are the responsibility of the management of United Rentals (North America), Inc. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of United Rentals (North America), Inc. at December 31, 1998 and 1997, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 1998 in conformity with generally accepted accounting principles.

/s/ Ernst & Young LLP

MetroPark, New Jersey
February 17, 1999

UNITED RENTALS (NORTH AMERICA), INC.

CONSOLIDATED BALANCE SHEETS

	December 31	
	1998	1997
	(In thousands, except share data)	
Assets		
Cash and cash equivalents	$ 20,410	$ 72,411
Accounts receivable, net of allowance for doubtful accounts of $41,201 and $11,085 at 1998 and 1997, respectively	233,282	82,592
Inventory	70,994	21,778
Prepaid expenses and other assets	43,176	16,287
Rental equipment, net	1,143,006	461,026
Property and equipment, net	170,537	98,268
Intangible assets, net of accumulated amortization of $14,520 and $568 at 1998 and 1997, respectively	922,065	73,648
	$2,603,470	$826,010
Liabilities and Stockholder's Equity		
Liabilities:		
Accounts payable	$ 108,426	$ 41,392
Debt	1,314,574	264,573
Deferred taxes	43,560	24,395
Accrued expenses and other liabilities	115,558	49,262
Total liabilities	1,582,118	379,622
Commitments and contingencies		
Stockholder's equity:		
Common stock--$.01 par value, 3,000 shares authorized, 1,000 shares issued and outstanding		
Additional paid-in capital	984,345	402,320
Retained earnings	37,288	44,068
Accumulated other comprehensive income	(281)	
Total stockholder's equity	1,021,352	446,388
	$2,603,470	$826,010

See accompanying notes.

UNITED RENTALS (NORTH AMERICA), INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31		
	1998	1997	1996
	(In thousands)		
Revenues:			
Equipment rentals	$ 895,466	$388,181	$295,308
Sales of rental equipment	119,620	41,406	25,518
Sales of new equipment, merchandise and other revenues	205,196	60,251	33,652
Total revenues	1,220,282	489,838	354,478
Cost of revenues:			
Cost of equipment rentals, excluding depreciation	394,750	189,578	138,018
Depreciation of rental equipment	175,910	82,097	65,294
Cost of rental equipment sales	66,136	20,455	10,570
Cost of new equipment and merchandise sales and other operating costs	160,038	48,416	27,563
Total cost of revenues	796,834	340,546	241,445
Gross profit	423,448	149,292	113,033
Selling, general and administrative expenses	195,620	70,835	54,721
Merger-related expenses	47,178		
Non-rental depreciation and amortization	34,684	13,424	9,387
Termination cost of deferred compensation agreements		20,290	
Operating income	145,966	44,743	48,925
Interest expense	64,157	11,847	11,278
Other (income) expense, net	(5,097)	(2,021)	(499)
Income before provision for income taxes and extraordinary items	86,906	34,917	38,146
Provision for income taxes	46,971	29,508	420
Income before extraordinary items	39,935	5,409	37,726
Extraordinary items, net of tax benefit of $14,255 and $995, in 1998 and 1997, respectively	21,337	1,511	
Net income	$ 18,598	$ 3,898	$ 37,726
Unaudited pro forma data:			
Historical income before income taxes and extraordinary items	$ 86,906	$ 34,917	$ 38,146
Pro forma income tax expense	47,858	14,176	15,487
Pro forma income before extraordinary items	$ 39,048	$ 20,741	$ 22,659

See accompanying notes.

UNITED RENTALS (NORTH AMERICA), INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDER'S EQUITY

	Common Stock		Additional			Accumulated
	Number of Shares	Amount	Paid-in Capital	Retained Earnings	Comprehensive Income	Other Comprehensive Income
	(In thousands except share amounts)					
Balance, December 31, 1995	1,000		$ 13,610	$ 90,719		
Subchapter S distributions of a pooled entity				(36,530)		
Treasury stock purchase			(105)			
Net income				37,726	$37,726	
Balance, December 31, 1996	1,000		13,505	91,915		
Contributed capital from Parent			157,696			
Issuance of common stock			186,436			
Distribution of non-operating assets, net			(4,219)			
Reclassification of Subchapter S accumulated earnings to capital from Parent			48,902	(48,902)		
Subchapter S distributions of a pooled entity				(2,843)		
Net income				3,898	$ 3,898	
Balance, December 31, 1997	1,000		402,320	44,068		
Comprehensive Income:						
Net income				18,598	$18,598	
Other comprehensive income:						
Foreign currency translation adjustments					(281)	$(281)
Comprehensive income					$18,317	
Contributed capital from Parent			563,045			
Reclassification of Subchapter S accumulated earnings to capital from Parent			18,979	(18,979)		
Pooling-of-interests			1	1,795		
Subchapter S distributions of a pooled entity				(3,536)		
Dividend distribution to Parent				(4,658)		
Balance, December 31, 1998	1,000		$984,345	$ 37,288		$(281)

See accompanying notes.

UNITED RENTALS (NORTH AMERICA), INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31		
	1998	1997	1996
	(In thousands)		
Cash flows from operating activities:			
Net income	$ 18,598	$ 3,898	$ 37,726
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	210,594	95,521	74,681
Amortization of original issue discount and deferred financing fees	1,153		
Gain on sale of rental equipment	(53,484)	(20,951)	(14,948)
Gain on sale of businesses	(4,189)		
Write down of assets held for sale	4,040		
Non-cash interest, net		201	
Extraordinary items	35,592	2,506	
Deferred taxes	27,345	25,075	
Changes in operating assets and liabilities:			
Accounts receivable	(53,368)	(19,837)	(8,271)
Inventory	(6,392)	(3,785)	(1,148)
Prepaid expenses and other assets	12,693	(9,821)	(2,219)
Accounts payable	25,737	11,704	(7,966)
Accrued expenses and other liabilities	(7,713)	8,618	8,116
Net cash provided by operating activities	210,606	93,129	85,971
Cash flows from investing activities:			
Purchases of rental equipment	(479,534)	(268,548)	(116,021)
Purchases of property and equipment	(69,643)	(53,653)	(27,269)
Proceeds from sales of rental equipment	119,620	41,406	25,518
Proceeds from sale of businesses	10,640		
Collection of notes receivable		122	2,537
Purchase of other companies	(911,837)	(115,528)	(15,033)
Payment of contingent purchase price	(3,956)		
In-process acquisition costs		(129)	
Net cash used in investing activities	(1,334,710)	(396,330)	(130,268)
Cash flows from financing activities:			
Proceeds from issuance of common stock, net of issuance costs		186,436	
Capital contribution by Parent	492,590	154,302	
Proceeds from debt	2,363,637	308,858	131,053
Payments on debt	(1,785,667)	(271,418)	(50,713)
Proceeds from sale-leaseback	35,000		
Purchase of treasury stock			(105)
Cash retained by Predecessor in connection with Recapitalization		(998)	
Dividend distribution to Parent	(4,658)		
Subchapter S distributions of a pooled entity	(3,536)	(2,843)	(36,530)
Payment of debt financing costs	(24,982)	(1,631)	(230)
Net cash provided by financing activities	1,072,384	372,706	43,475
Effect of foreign exchange rates	(281)		
Net increase (decrease) in cash and cash equivalents	(52,001)	69,505	(822)
Cash and cash equivalents at beginning of year	72,411	2,906	3,728
Cash and cash equivalents at end of year	$ 20,410	$ 72,411	$ 2,906
Supplemental disclosure of cash flow information:			
Cash paid for interest	$ 43,157	$ 13,090	$ 13,766
Cash paid for taxes	$ 10,224	$ 11,487	$ 399
Deferred compensation and bonus payments through issuance of common stock		$ 486	
Net assets retained by Predecessor in connection with Recapitalization		$ 3,221	
Supplemental schedule of non cash investing and financing activities:			
The Company acquired the net assets and assumed certain liabilities of other			

companies as follows:			
Assets, net of cash acquired	$ 1,501,467	$ 162,954	$ 15,033
Liabilities assumed	(518,861)	(43,301)	
Less:			
Amounts paid in common stock and warrants of the Parent	(60,304)	(3,825)	
Amounts paid through issuance of debt	(10,465)	(300)	
Net cash paid	$ 911,837	$ 115,528	$ 15,033

See accompanying notes.

UNITED RENTALS (NORTH AMERICA), INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands)

1. Basis of Presentation

United Rentals (North America), Inc., ("URI") and subsidiaries is a wholly owned subsidiary of United Rentals, Inc., which is principally a holding company ("Holdings" or "Parent"). URI was incorporated in August 1997, initially capitalized in September 1997 and commenced equipment rental operations in October 1997. Holdings was incorporated in July 1998 and became the parent of URI on August 5, 1998, pursuant to the reorganization of the legal structure of URI. Prior to such reorganization, the name of URI was United Rentals, Inc. References herein to the "Company" refer to URI and its subsidiaries. As a result of the reorganization all periods presented have been adjusted to reflect the Company's capitalization of 1,000 shares of common stock as if it occurred at the beginning of the period.

Certain footnotes are not provided for the accompanying financial statements as the information in Notes 1 through 10, 12 and 14 through 17 to the consolidated financial statements of United Rentals, Inc. included elsewhere in this Report is substantially equivalent to that required for the consolidated financial statements of URI and its subsidiaries. Earnings per share data is not provided for the operating results of URI and subsidiaries, as they are wholly owned subsidiaries of Holdings. URI's various credit agreements and debt instruments place restrictions on its ability to transfer funds to its shareholder.

Holdings provides certain services to URI in connection with its operations. These services principally include: (i) senior management services,

(ii) finance related services and support, (iii) information technology systems and support and (iv) acquisition related services. In addition, Holdings leases certain equipment and real property that are made available for use by URI and its subsidiaries. URI has made, and expects to continue to make, certain payments to Holdings in respect of the services provided by Holdings to the Company. The expenses relating to URI's payments to Holdings are reflected on URI's financial statements as selling, general and administrative expenses. In addition, although not legally obligated to do so, URI has in the past, and expects that it will in the future, make distributions to Holdings for, among other things, enabling Holdings to pay dividends on its preferred securities.

2. Capital Stock and Contributions

At December 31, 1998, the Company has authorized 3,000 shares of its $0.01 par value common stock of which 1,000 shares are issued and outstanding. All of the issued and outstanding common shares are owned by its Parent.

Pursuant to the reorganization described in Note 1, the net proceeds from the Company's initial public offering completed in December 1997 and the public offering completed in March 1998 have been reflected as Contributed Capital from the Parent in the accompanying statement of stockholder's equity. In addition, Holdings contributed the net proceeds from the issuance of redeemable convertible preferred securities in August 1998 to URI.

3. Condensed Consolidating Financial Information of Guarantor Subsidiaries

Certain indebtedness of URI is guaranteed by URI's United States subsidiaries (the "guarantor subsidiaries") but is not guaranteed by URI's foreign subsidiaries (the "non-guarantor subsidiaries"). The guarantor subsidiaries are all wholly-owned and the guarantees are made on a joint and several basis and are full and unconditional (subject to subordination provisions and subject to a standard limitation which provides that the maximum amount guaranteed by each guarantor will not exceed the maximum amount that can be guaranteed without making the guarantee void under fraudulent

conveyance laws). All expenses incurred by URI, have been charged by URI to its guarantor and non-guarantor subsidiaries. Separate consolidated financial statements of the guarantor subsidiaries have not been presented because management believes that such information would not be material to investors. However, condensed consolidating financial information as of and for the year ended December 31, 1998, are presented. The condensed consolidating financial information as of and for the years ended December 31, 1997 and 1996 have been omitted since the non-guarantors subsidiaries came into existence during 1998. The condensed consolidating financial information of URI and its subsidiaries are as follows:

CONDENSED CONSOLIDATING BALANCE SHEET

December 31, 1998

	URI	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated Total
			(In thousands)		
Assets					
Cash and cash equivalents	$ 1,774	$ 16,257	$ 2,379		$ 20,410
Accounts receivable, net		218,285	14,997		233,282
Intercompany receivable (payable)	898,641	(820,958)	(77,683)		
Inventory		65,401	5,593		70,994
Prepaid expenses and other assets	30,963	10,816	1,397		43,176
Rental equipment, net		1,099,539	43,467		1,143,006
Property and equipment, net		165,803	4,734		170,537
Investment in subsidiaries	1,390,706			$(1,390,706)	
Intangible assets, net	29	867,061	54,975		922,065
	$2,322,113	$1,622,204	$ 49,859	$(1,390,706)	$2,603,470
Liabilities And Stockholder's Equity					
Liabilities:					
Accounts payable	$ 3,250	$ 98,680	$ 6,496		$ 108,426
Debt	1,286,118	23,976	4,480		1,314,574
Deferred taxes		43,560			43,560
Accrued expenses and other liabilities	30,535	82,112	2,911		115,558
Total liabilities	1,319,903	248,328	13,887		1,582,118
Commitments and contingencies					
Stockholder's equity:					
Common stock					
Additional paid-in capital	964,922	1,338,576	34,265	$(1,353,418)	984,345
Retained earnings	37,288	35,300	1,988	(37,288)	37,288
Accumulated other comprehensive income			(281)		(281)
Total stockholder's equity	1,002,210	1,373,876	35,972	(1,390,706)	1,021,352
	$2,322,113	$1,622,204	$ 49,859	$(1,390,706)	$2,603,470

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
For the Year Ended December 31, 1998

	URI	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated Total
			(In thousands)		
Revenues:					
Equipment rentals		$ 863,331	$32,135		$ 895,466
Sales of rental equipment		114,731	4,889		119,620
Sales of new equipment, merchandise and other revenues		190,009	15,187		205,196
Total revenues		1,168,071	52,211		1,220,282
Cost of revenues:					
Cost of equipment rentals, excluding depreciation		380,992	13,758		394,750
Depreciation of rental equipment		171,412	4,498		175,910
Cost of rental equipment sales		63,391	2,745		66,136
Cost of new equipment and merchandise sales and other operating costs		148,086	11,952		160,038
Total cost of revenues		763,881	32,953		796,834
Gross profit		404,190	19,258		423,448
Selling, general and administrative expenses		186,604	9,016		195,620
Merger-related expenses		47,178			47,178
Non-rental depreciation and amortization		33,451	1,233		34,684
Operating income		136,957	9,009		145,966
Interest expense		57,199	6,958		64,157
Other(income)expense, net		(5,086)	(11)		(5,097)
Income before provision for income taxes and extraordinary item		84,844	2,062		86,906
Provision for income taxes		46,897	74		46,971
Income before extraordinary item and equity in net earnings of subsidiaries		37,947	1,988		39,935
Extraordinary item, net		21,337			21,337
Income before equity in net earnings of subsidiaries		16,610	1,988	$(18,598)	
Equity in net earnings of subsidiaries	$18,598				18,598
Net income	$18,598	$ 16,610	$ 1,988	$(18,598)	$ 18,598

CONDENSED CONSOLIDATING CASH FLOW INFORMATION
For the Year Ended December 31, 1998

	URI	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated Total
			(In thousands)		
Net cash provided by (used in) operating activities	$ (457,413)	$659,246	$ 8,773		$ 210,606
Cash Flows From Investing Activities:					
Purchase of rental equipment		(465,634)	(13,900)		(479,534)
Purchase of property and equipment		(68,593)	(1,050)		(69,643)
Proceeds from sales of rental equipment		114,731	4,889		119,620
Proceeds from sale of businesses		10,640			10,640
Payment of contingent purchase price		(2,800)	(1,156)		(3,956)
Purchase of other companies	(899,327)	(12,510)			(911,837)
Net cash used in investing activities	(899,327)	(424,166)	(11,217)		(1,334,710)
Cash Flows from Financing Activities:					
Dividend distribution to Parent	(4,658)				(4,658)
Proceeds from debt	2,325,586	10,187	27,864		2,363,637
Repayment of debt	(1,532,222)	(230,685)	(22,760)		(1,785,667)
Proceeds from sale-leaseback	35,000				35,000
Payment of debt financing costs	(24,982)				(24,982)
Capital contribution by parent	492,590				492,590
Distribution to stockholders		(3,536)			(3,536)
Net cash provided by (used in) financing activities	1,291,314	(224,034)	5,104		1,072,384
Effect of foreign exchange rates			(281)		(281)
Net increase (decrease) in cash and cash equivalents	(65,426)	11,046	2,379		(52,001)
Cash and cash equivalents at beginning of period	67,200	5,211			72,411
Cash and cash equivalents at end of period	$ 1,774	$ 16,257	$ 2,379		$ 20,410

CONDENSED CONSOLIDATING CASH FLOW INFORMATION

For The Year Ended December 31, 1998

	URI	Guarantor Subsidiaries	Non-guarantor Subsidiaries	Eliminations	Consolidated Total
			(In thousands)		
Supplemental disclosure of cash flow information:					
Cash paid for Interest..	$ 31,743	$11,098	$ 316		$ 43,157
Cash paid for income taxes.....		$ 8,034	$2,190		$ 10,224
Supplemental disclosure of non-cash investing and financing activities:					
The Company acquired the net assets and assumed certain liabilities of other companies as follows:					
Assets, net of cash acquired.....	$1,488,957	$12,510			$1,501,467
Liabilities assumed....	(518,861)				(518,861)
Less:					
Amounts paid in common stock and warrants of Parent.....	(60,304)				(60,304)
Amounts paid through issuance of debt.....	(10,465)				(10,465)
Net cash paid.....	$ 899,327	$12,510			$ 911,837

REPORT OF INDEPENDENT AUDITORS ON FINANCIAL STATEMENT SCHEDULES

Board of Directors
United Rentals, Inc.

We have audited the consolidated financial statements of United Rentals, Inc. as of December 31, 1998 and 1997, and for each of the three years in the period ended December 31, 1998, and have issued our report thereon dated February 17, 1999, except for Note 17 as to which the date is February 26, 1999 included elsewhere in this Form 10-K. Our audits also included the financial statement schedules listed in Item 14(a)(2). These schedules are the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits.

In our opinion, the financial statement schedules referred to above, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly in all material respects the information set forth therein.

/s/ Ernst & Young LLP

MetroPark, New Jersey
February 17, 1999

SCHEDULE I--CONDENSED FINANCIAL INFORMATION OF REGISTRANT

UNITED RENTALS, INC.

CONDENSED BALANCE SHEET

December 31, 1998
(In thousands)

Assets	
Property and equipment, net	$ 14,974
Investment in and advances to subsidiaries	1,035,960
	$1,050,934
Liabilities and Stockholders' Equity	
Liabilities:	
Accounts payable	$ 13,514
Debt	300,000
Accrued expenses and other liabilities	11,190
Total liabilities	324,704
Commitments and contingencies	
Stockholders' equity:	
Common stock	684
Additional paid-in capital	689,018
Retained earnings	36,528
Total stockholders' equity	726,230
	$1,050,934

See accompanying notes.

SCHEDULE I--CONDENSED FINANCIAL INFORMATION OF REGISTRANT

UNITED RENTALS, INC.

CONDENSED STATEMENT OF OPERATIONS
For the Year Ended December 31, 1998
(In thousands)

Non-rental depreciation and amortization	$ 561
Operating loss	(561)
Interest expense	7,854
Loss before benefit for income taxes	(8,415)
Benefit for income taxes	3,472
Net loss before equity in earnings of subsidiaries	(4,943)
Equity in earnings of subsidiaries	18,404
Net income	$13,461

See accompanying notes.

SCHEDULE I--CONDENSED FINANCIAL INFORMATION OF REGISTRANT

UNITED RENTALS, INC.

CONDENSED CASH FLOW INFORMATION
For the Year Ended December 31, 1998
(In thousands)

Net cash provided by operating activities	$ (4,157)
Cash Flows from Investing Activities:	
Purchase of property and equipment	(15,535)
Capital contributed to subsidiary	(492,590)
Net cash used in investing activities	(508,125)
Cash Flows from Financing Activities:	
Proceeds from issuance of common stock and warrants, net of issuance costs	207,005
Proceeds from debt	300,000
Proceeds from the exercise of stock options	619
Proceeds from dividends from subsidiary	4,658
Net cash provided by financing activities	512,282
Net increase in cash and cash equivalents	
Cash and cash equivalents at beginning of period	--
Cash and cash equivalents at end of period	$

See accompanying notes.

SCHEDULE I--CONDENSED FINANCIAL INFORMATION OF REGISTRANT

UNITED RENTALS, INC.

NOTES TO CONDENSED FINANCIAL STATEMENTS
December 31, 1998

1. Basis of Presentation

United Rentals, Inc. is principally a holding company ("Holdings") and conducts its operations primarily through its wholly owned subsidiary United Rentals (North America), Inc. ("URI") and subsidiaries. In the parent company- only financial statements, Holdings, investment in subsidiaries is stated at cost plus equity in undistributed earnings of subsidiaries since the date of acquisition. Holdings share of net income of its unconsolidated subsidiaries is included in consolidated income using the equity method. The parent company- only financial statements should be read in conjunction with the Company's consolidated financial statements.

2. Debt

See Note 11 to the Consolidated Financial Statements for information concerning the debt.

3. Guarantee

See Note 11 to the Consolidated Financial Statements for information concerning the guarantee.

SCHEDULE II--VALUATION AND QUALIFYING ACCOUNTS

UNITED RENTALS, INC.
(In thousands)

Description	Balance at Beginning of Period	Additions: Charged to Costs and Expenses	Additions: Other	Deductions	Balance at End of Period
Year ended December 31, 1998:					
Allowance for doubtful accounts	$11,085	$22,530	$19,079(a)	$11,493(c)	$41,201
Reserve for inventory obsolescence and shrinkage	620	3,254	6,068(b)	654(d)	9,288
Insurance reserves	11,665	16,456		7,568(e)	20,553
Year ended December 31, 1997:					
Allowance for doubtful accounts	7,346	9,646	1,226(a)	7,133(c)	11,085
Reserve for inventory obsolescence and shrinkage	245	375			620
Insurance reserves	14,002	5,756		8,093(e)	11,665
Year ended December 31, 1996:					
Allowance for doubtful accounts	6,444	4,755	191(a)	4,044(c)	7,346
Reserve for inventory obsolescence and shrinkage	177	68			245
Insurance reserves	7,731	9,737		3,466(e)	14,002

(a) Represents allowance for doubtful accounts assumed through acquisitions.
(b) Represents reserve for inventory obsolescence and shrinkage assumed through acquisitions.
(c) Represents write-offs of accounts, net of recoveries.
(d) Represents write-offs of inventory items.
(e) Represents payments.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

PART III

Item 10. Directors and Executive Officers of the Registrant

The information set forth under the captions "Election of Directors" and "Compliance with Section 11(A) of the Securities Exchange Act of 1934" in the Company's definitive Proxy Statement for its 1999 Annual Meeting of Stockholders, to be filed pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, prior to April 30, 1999 (the "1999 Proxy Statement"), is incorporated herein by reference.

Item 11. Executive and Director Compensation

The information set forth under the captions "Executive and Director Compensation" and "Compensation Committee Interlocks and Insider Participation" in the 1999 Proxy Statement is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The information set forth under the caption "Security Ownership of Certain Beneficial Owners and Management" in the 1999 Proxy Statement is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions

The information set forth under the caption "Security Ownership of Certain Beneficial Owners and Management" in the 1999 Proxy Statement is incorporated herein by reference.

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a)(1) Consolidated Financial Statements:

Report of Independent Auditors

United Rentals, Inc. Consolidated Balance Sheets--December 31, 1998 and 1997

United Rentals, Inc. Consolidated Statements of Operations for the years ended December 31, 1998, 1997 and 1996

United Rentals, Inc. Consolidated Statements of Stockholders' Equity for the years ended December 31, 1998, 1997 and 1996

United Rentals, Inc. Consolidated Statements of Cash Flows for the years ended December 31, 1998, 1997 and 1996

Notes to Consolidated Financial Statements

Report of Independent Auditors

United Rentals (North America), Inc. Consolidated Balance Sheets--December 31, 1998 and 1997

United Rentals (North America), Inc. Consolidated Statements of Operations for the years ended December 31, 1998, 1997 and 1996

United Rentals (North America), Inc. Consolidated Statements of Stockholder's Equity for the years ended December 31, 1998, 1997 and 1996

United Rentals (North America), Inc. Consolidated Statements of Cash Flows for the years ended December 31, 1998, 1997 and 1996

Notes to Consolidated Financial Statements

(a)(2) Financial Statement Schedules:

Report of Independent Auditors on Financial Statement Schedules
Schedule I Condensed Financial Information of Registrant
Schedule II Valuation and Qualifying Accounts

Schedules other than those listed are omitted as they are not applicable or the required or equivalent information has been included in the financial statements or notes thereto.

(a)(3) Exhibits

Exhibit Number	Description of Exhibit
2(a)	Amended and Restated Agreement and Plan of Merger dated as of August 31, 1998, among United Rentals, Inc., UR Acquisition Corporation and U.S. Rentals, Inc. (incorporated by reference to Exhibit 2 of United Rentals, Inc. Registration Statement on Form S-4, Registration No. 333-63171)
3(a)	Amended and Restated Certificate of Incorporation of United Rentals, Inc., in effect as of the date hereof (incorporated by reference to exhibit 3.1 of United Rentals, Inc. Report on Form 10-Q for the quarter ended June 30, 1998)
3(b)	Certificate of Amendment to the United Rentals, Inc. Certificate of Incorporation dated September 29, 1998 (incorporated by reference to Exhibit 4.2 to the United Rentals, Inc. Registration Statement on Form S-3, No. 333-70151)
3(c)	By-laws of United Rentals, Inc., in effect as of the date hereof (incorporated by reference to exhibit 3.2 of United Rentals, Inc. Report on Form 10-Q for the quarter ended June 30, 1998)
3(d)	Form of Certificate of Designation for Series A Perpetual Convertible Preferred Stock (incorporated by reference to Exhibit 4(k) to the United Rentals, Inc. Registration Statement on Form S-3, No. 333-64463)
3(e)	Amended and Restated Certificate of Incorporation of United Rentals (North America), Inc., in effect as of the date hereof (incorporated by reference to Exhibit 3.3 of the United Rentals (North America), Inc. Report on Form 10-Q for the quarter ended June 30, 1998)
3(f)	By-laws of United Rentals (North America), Inc., in effect as of the date hereof (incorporated by reference to Exhibit 3.4 of the United Rentals (North America), Inc. Report on Form 10-Q for the quarter ended June 30, 1998)
4(a)	Form of certificate representing United Rentals, Inc. Common Stock (incorporated by reference to Exhibit 4 of United Rentals, Inc. Registration Statement on Form S-1, Registration No. 333-39117)
4(b)	Certificate of Trust of United Rentals Trust I (incorporated by reference to Exhibit 4(a) of the United Rentals, Inc. Registration Statement on Form S-1, Registration No. 333-64463)
4(c)	Amended and Restated Trust Agreement dated August 5, 1998 among United Rentals, Inc., The Bank of New York, as Property Trustee, The Bank of New York (Delaware), as Delaware Trustee, and the Administrative Trustees named therein (incorporated by reference to Exhibit 10(ii) of United Rentals, Inc. Registration Statement on Form S-4, Registration No. 333-63171)
4(d)	Indenture dated August 5, 1998 by and between United Rentals, Inc. and The Bank of New York, as Trustee (incorporated by reference to Exhibit 10(hh) of United Rentals, Inc. Registration Statement on Form S-4, Registration No. 333-63171)
4(e)	Guarantee Agreement dated August 5, 1998 between United Rentals, Inc. and The Bank of New York (incorporated by reference to Exhibit 10(jj) of United Rentals, Inc. Registration Statement on Form S-4, Registration No. 333-63171)
4(f)	Form of Certificate representing 6 1/2% Convertible Quarterly Income Preferred Securities (incorporated by reference to Exhibit 4(e) of the United Rentals, Inc. Registration Statement on Form S-1, Registration No. 333-64463)
4(g)	Form of Certificate representing 6 1/2% Convertible Subordinated Debentures (incorporated by reference to Exhibit 4(f) of the United Rentals, Inc. Registration Statement on Form S-1, Registration No. 333-64463)

Exhibit Number	Description of Exhibit
4(h)	Indenture dated May 22, 1998, among United Rentals (North America), Inc., the Guarantors named therein and State Street Bank and Trust Company, as trustee (incorporated by reference to Exhibit 4(a) of the Registration Statement on Form S-4 filed by United Rentals (North America), Inc., Registration No. 333-60467)
4(i)	Notes Registration Rights Agreement dated as of May 22, 1998, among United Rentals (North America), Inc., the subsidiaries of United Rentals (North America), Inc. named therein, Merrill Lynch & Co. and the other initial purchasers named therein (incorporated by reference to Exhibit 4(b) of the Registration Statement on Form S-4 filed by United Rentals (North America), Inc., Registration No. 333-60467)
4(j)	Registration Rights Agreement dated August 5, 1998 between United Rentals (North America), Inc., United Rentals, Inc., United Rentals Trust I, Goldman, Sachs & Co. and the other purchasers named therein (incorporated by reference to Exhibit 10(kk) of United Rentals, Inc. Registration Statement on Form S-4, Registration No. 333-63171)
4(k)	Indenture dated August 12, 1998, among United Rentals (North America), Inc., the Guarantors named therein and State Street Bank and Trust Company, as trustee (incorporated by reference to Exhibit 10(bb) of United Rentals, Inc. Registration Statement on Form S-4, Registration No. 333-63171)
4(l)	Notes Registration Rights Agreement dated as of August 12, 1998, among United Rentals (North America), Inc., the subsidiaries of United Rentals, Inc. named therein, and Merrill Lynch & Co. (incorporated by reference to Exhibit 10(cc) of United Rentals, Inc. Registration Statement on Form S-4, Registration No. 333-63171)
4(m)	Form of Registration Rights Agreement with certain affiliates of U.S. Rentals (incorporated by reference to Exhibit 10(gg) of United Rentals, Inc. Registration Statement on Form S-4, Registration No. 333-63171)
4(n)	Indenture dated December 15, 1998, among United Rentals (North America), Inc., the Guarantors named therein and State Street Bank and Trust Company, as trustee (incorporated by reference to Exhibit 4(a) to the United Rentals (North America), Inc. Registration Statement on Form S-3, No. 333-74275)
4(o)	Notes Registration Rights Agreement dated as of December 15, 1998 among United Rentals (North America), Inc., the subsidiaries of United Rentals (North America), Inc. named therein, and Goldman, Sachs & Co. (incorporated by reference to Exhibit 4(b) to the United Rentals (North America), Inc. Registration Statement on Form S-3, No. 333-74275)
4(p)*	Registration Rights Agreement relating to Series A Perpetual Convertible Preferred Stock, dated as of December 21, 1998 among United Rentals, Inc., Bradley S. Jacobs, Apollo Investment Fund IV, L.P. and Apollo Overseas Partners IV, L.P.
4(q)*	Indenture dated March 23, 1999 among United Rentals (North America), Inc., the Guarantors named therein and The Bank of New York, as trustee
4(r)*	Notes Registration Rights Agreement dated as of March 23, 1999 among United Rentals (North America), Inc., the subsidiaries of United Rentals (North America), Inc. named therein, and the initial purchasers named therein.

Exhibit Number	Description of Exhibit
10(a)	The following agreements (i) Second Amended and Restated Credit Agreement dated as of March 30, 1998, between United Rentals (North America), Inc., various financial institutions, Bank of America Canada, as Canadian agent, and Bank of America National Trust and Savings Association, as U.S. agent (incorporated by reference to Exhibit 10.1 to United Rentals, Inc. Report on Form 10-Q for the quarterly period ended March 31, 1998), (ii) Third Amended and Restated Credit Agreement dated as of May 12, 1998, between United Rentals (North America), Inc., various financial institutions, Bank of America Canada, as Canadian agent, and Bank of America National Trust and Savings Association, as U.S. agent (incorporated by reference to Exhibit 10(a)(ii) to the Registration Statement on Form S-4 filed by United Rentals (North America), Inc., Registration No. 333-60467) and (iii) First Amendment to Third Amended and Restated Credit Agreement dated as of July 10, 1998 (incorporated by reference to Exhibit 10(a)(iii) to the Registration Statement on Form S-4 filed by United Rentals (North America), Inc., Registration No. 333-60467)
10(b)	Credit Agreement dated as of September 29, 1998, between United Rentals (North America), Inc., various financial institutions, Bank of America Canada, as Canadian agent, and Bank of America National Trust, as U.S. Agent (incorporated by reference to exhibit 10.2 of United Rentals, Inc. Report on From 10-Q for the quarter ended September 30, 1998).
10(c)	Term Loan Agreement dated as of July 10, 1998 among United Rentals (North America), Inc., various financial institutions and Bank of America National Trust and Savings Association, as Agent (incorporated by reference to Exhibit 10(dd) of the Registration Statement on Form S-4 filed by United Rentals (North America), Inc., Registration No. 333-60467)
10(d)	First Amendment to the Term Loan Agreement dated as of September 29, 1998 among United Rentals (North America), Inc., various financial institutions and Bank of America National Trust and Savings Association, as Agent (incorporated by reference to exhibit 10.3 of United Rentals, Inc. Report on From 10-Q for the quarter ended September 30, 1998).
10(e)	Form of Warrant Agreement (incorporated by reference to exhibit 10(c) of United Rentals, Inc. Registration Statement on Form S-1, Registration No. 333-39117)(1)++
10(f)	Form of Indemnification Agreement for Officers and Directors (incorporated by reference to exhibit 10(f) of United Rentals, Inc. Registration Statement on Form S-1, Registration No. 333-39117)++
10(g)	1997 Stock Option Plan (incorporated by reference to exhibit 10(b) of United Rentals, Inc. Registration Statement on Form S-1, Registration No. 333-39117)++
10(h)	1998 Stock Option Plan of United Rentals, Inc. (incorporated by reference to Exhibit 99.1 to United Rentals, Inc. Registration Statement on Form S-4, Registration No. 333-63171)++
10(i)	1998 Supplemental Stock Option Plan of United Rentals, Inc. (incorporated by reference to Exhibit 4.6 to the United Rentals, Inc. Registration Statement on Form S-8, No. 333-70345)
10(j)	Employment Agreement with Bradley S. Jacobs, dated as of September 19, 1997 (incorporated by reference to exhibit 10(g) of United Rentals, Inc. Registration Statement on Form S-1, Registration No. 333-39117)++
10(k)	Employment Agreement with John N. Milne, dated as of September 19, 1997 (incorporated by reference to exhibit 10(h) of United Rentals, Inc. Registration Statement on Form S-1, Registration No. 333-39117)++
10(l)	Employment Agreement with Michael J. Nolan, dated as of October 14, 1997 (incorporated by reference to exhibit 10(i) of United Rentals, Inc. Registration Statement on Form S-1, Registration No. 333-39117)++
10(m)	Employment Agreement with Robert P. Miner, dated as of October 10, 1997 (incorporated by reference to exhibit 10(j) of United Rentals, Inc. Registration Statement on Form S-1, Registration No. 333-39117)++

Exhibit Number	Description of Exhibit
10(n)	Subscription Agreement dated November 14, 1997, from Wayland R. Hicks (incorporated by reference to exhibit 10(r) of United Rentals, Inc. Registration Statement on Form S-1, Registration No. 333-39117)++
10(o)	Agreement dated November 14, 1997, with Wayland R. Hicks (incorporated by reference to exhibit 10(s) of United Rentals, Inc. Registration Statement on Form S-1, Registration No. 333-39117)++
10(p)	Form of Employment Agreement with William Berry (incorporated by reference to Exhibit 10(ee) of United Rentals, Inc. Registration Statement on Form S-4, Registration No. 333-63171)++
10(q)	Form of Employment Agreement with John McKinney (incorporated by reference to Exhibit 10(ff) of United Rentals, Inc. Registration Statement on Form S-4, Registration No. 333-63171)++
10(r)	Form of Private Placement Purchase Agreement entered into by certain officers in connection with purchasing shares and warrants from United Rentals, Inc., together with the form of Amendment No. 1 thereto (the Private Placement Purchase Agreement is incorporated by reference to exhibit 10(d) of United Rentals, Inc. Registration Statement on Form S-1, Registration No. 333-39117; and Amendment No. 1 is incorporated by reference to Exhibit 10.2 to United Rentals, Inc. Report on Form 10-Q for the quarterly period ended March 31, 1998)(2)++
10(s)	Form of Subscription Agreement for September 1997 Private Placement (incorporated by reference to exhibit 10(e) of United Rentals, Inc. Registration Statement on Form S-1, Registration No. 333-39117)(3)
10(t)	Form of U.S. Purchase Agreement for the public offering completed by United Rentals, Inc. on March 11, 1998 (incorporated by reference to Exhibit 1(a) to United Rentals, Inc. Registration Statement on Form S-1, Registration No. 333-45605)
10(u)	Form of International Repurchase Agreement for the public offering completed by United Rentals, Inc. on March 11, 1998 (incorporated by reference to Exhibit 1(b) to United Rentals, Inc. Registration Statement on Form S-1, Registration No. 333-45605)
10(v)	Form of U.S. Purchase Agreement for United Rentals, Inc. initial public offering (incorporated by reference to Exhibit 1(a) to United Rentals, Inc. Registration Statement on Form S-1, Registration No. 333-39117)
10(w)	Form of International Purchase Agreement for United Rentals, Inc. initial public offering (incorporated by reference to Exhibit 1(b) to United Rentals, Inc. Registration Statement on Form S-1, Registration No. 333-39117)
10(x)	Purchase Agreement dated July 30, 1998 relating to the initial sale by United Rentals Trust I of $300 million aggregate principal amount of 6 1/2% Convertible Quarterly Income Preferred Securities convertible into common stock of United Rentals, Inc. (incorporated by reference to Exhibit 10(hh) of Amendment No. 1 to the Registration Statement on Form S-4 filed by United Rentals (North America), Inc., Registration No. 333-60467)
10(y)*	Preferred Stock Purchase Agreement dated December 21, 1998 between United Rentals, Inc., Apollo Investment Fund IV, L.P. and Apollo Overseas Partners IV, L.P.
10(z)	Form of U.S. Underwriting Agreement for the public offering completed on March 9, 1999 (incorporated by reference to Exhibit 1(a) to the United Rentals, Inc. Registration Statement on Form S-3, No. 333-71775)
10(aa)	Purchase Agreement dated May 19, 1998 relating to the initial sale by United Rentals (North America), Inc. of $200 million aggregate principal amount of 9 1/2% Senior Subordinated Notes due 2008 (incorporated by reference to Exhibit 10(bb) of the Registration Statement on Form S-4 filed by United Rentals (North America), Inc., Registration No. 333-60467)

Exhibit Number	Description of Exhibit
10(bb)	Purchase Agreement dated August 7, 1998 relating to the initial sale by United Rentals (North America), Inc. of $205 million aggregate principal amount of 8.80% Senior Subordinated Notes due 2008 (incorporated by reference to Exhibit 10(mm) of Amendment No. 1 to the Registration Statement on Form S-4 filed by United Rentals (North America), Inc., Registration No. 333-60467)
10(cc)*	Purchase Agreement dated December 8, 1998 relating to the initial sale by United Rentals (North America), Inc. of $300 million aggregate principal amount of 9 1/4% Senior Subordinated Notes due 2009+
10(dd)*	Purchase Agreement dated March 16, 1999 relating to the initial sale by United Rentals (North America), Inc. of $250 million aggregate principal amount of 9% Senior Subordinated Notes due 2009
10(ee)	Purchase Agreement, dated as of January 22, 1998, with United Rentals of Canada, Inc., Access Rentals, Inc., Reinhart Leasing, LLC and the Stockholders of Access Rentals, Inc., (incorporated by reference to Exhibit 10(t) to United Rentals, Inc. Registration Statement on Form S-1, Registration No. 333-45605)+
10(ff)	Stock Purchase Agreement, dated as of January 22, 1998, with United Rentals of Canada, Inc. and BNR Equipment Limited and Affiliates (incorporated by reference to Exhibit 10(v) to United Rentals, Inc. Registration Statement on Form S-1, Registration No. 333-45605)+
10(gg)	Stock Purchase Agreement, dated as of June 9, 1998, with the shareholders of Power Rental Co., Inc. (incorporated by reference to Exhibit 10 to United Rentals, Inc. Report on Form 8-K dated June 18, 1998)+
10(hh)	Agreement among United Rentals (North America), Inc., United Rentals of New Jersey, Inc., HR Merger Corp., SMSV Acquisition Corp., Equipment Supply Company, Inc., High Reach Co., Inc., Space Maker of Va., Inc. and the Stockholders of Rylan, Inc., High Reach Co., Inc. and Space Maker Systems of Va., Inc., dated as of June 30, 1998 (incorporated by reference to Exhibit 10(cc) of the Registration Statement on Form S-4 filed by United Rentals (North America), Inc., Registration No. 333-60467)+
10(ii)	Share Purchase Agreement dated July 30, 1998 among United Rentals (North America), Inc. and the parties listed therein for all of the outstanding shares of McClinch Equipment Services, Inc. (incorporated by reference to Exhibit 10(ll) of United Rentals, Inc. Registration Statement on Form S-4, Registration No. 333-63171)
10(jj)	Share Purchase Agreement dated July 30, 1998 among United Rentals (North America), Inc. and the parties listed therein for all of the outstanding shares of McClinch, Inc. (incorporated by reference to Exhibit 10(dd) of United Rentals, Inc. Registration Statement on Form S-4, Registration No. 333-63171)
21*	Subsidiaries of United Rentals, Inc.
23*	Consent of Ernst & Young LLP
27*	Financial Data Schedule
27.1*	Financial Data Schedule

*Filed herewith.
+ Filed without exhibits and schedules (to be provided supplementally upon request of the Commission).
++ This document is a management contract or compensatory plan or arrangement.

(1) United Rentals, Inc. issued a warrant in this form to the following officers and other employees of United Rentals, Inc. (or in certain cases to an entity controlled by such officer) for the number of shares indicated: Bradley S. Jacobs (5,000,000); John N. Milne (714,286); Michael J. Nolan (285,715); Robert P. Miner (142,857); Sandra E. Welwood (50,000); Joseph J. Kondrup, Jr. (50,000); Kai E. Nyby (50,000); and Richard A. Volonino (50,000).
(2) Each officer or other employee of United Rentals, Inc. who purchased securities of United Rentals, Inc. prior to December 18, 1997, other than Messrs. Jacobs and Hicks, entered into a Private Placement Purchase Agreement in this form (modified, in the case of Messrs. Barker and Imig, to reflect the fact that said officers did not purchase warrants) with respect to the shares of Common Stock and warrants purchased by such individual from United Rentals, Inc. United Rentals, Inc. entered into Amendment No. 1 with each of Mr. Milne, Mr. Nolan and Mr. Miner.
(3) Each purchaser of shares of Common Stock in United Rentals, Inc.'s September 1997 private placement entered into a Subscription Agreement in this form with respect to the shares purchased.

(b) Reports on Form 8-K

(1) Form 8-K dated October 9, 1998 (earliest event reported September 29, 1998); Items 2 and 7 were reported. The Form 8-K includes (a) the financial statements of U.S. Rentals, Inc., and (b) pro forma consolidated financial statements of the Company.
(2) Form 8-K dated December 11, 1998 (earliest event reported December 11, 1998); Item 5 was reported. The Form 8-K includes restated financial statements of United Rentals (North America), Inc. to reflect two acquisitions that were accounted for as poolings-of-interests for financial accounting purposes.
(3) Form 8-K dated December 15, 1998 (earliest event reported December 15, 1998); Item 5 was reported. The Form 8-K includes restated financial statements of United Rentals, Inc. to reflect two acquisitions that were accounted for as poolings-of-interests for financial accounting purposes.
(4) Form 8-K dated December 24, 1998 (earliest event reported December 23, 1998); Item 5 was reported. The Form 8-K includes financial statements for certain acquisitions completed by the Company that were accounted for as purchases for financial accounting purposes.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

UNITED RENTALS, INC.

Date: March 26, 1999

By: /s/ Michael J. Nolan
Michael J. Nolan
Chief Financial Officer

UNITED RENTALS (NORTH AMERICA), INC.

Date: March 26, 1999

By: /s/ Michael J. Nolan
Michael J. Nolan
Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrants and in the capacities and on the dates indicated:

Signatures	*Title*	*Date*
/s/ Bradley S. Jacobs *Bradley S. Jacobs*	*Chairman of the Boardof Directors and Chief Executive Officer (Principal Executive Officer)*	*March 26, 1999*
/s/ Wayland R. Hicks *Wayland R. Hicks*	*Director*	*March 26, 1999*
/s/ John N. Milne *John N. Milne*	*Director*	*March 26, 1999*
/s/ William F. Berry *William F. Berry*	*Director*	*March 26, 1999*
/s/ John S. McKinney *John S. McKinney*	*Director*	*March 26, 1999*
/s/ Leon D. Black *Leon D. Black*	*Director*	*March 26, 1999*
/s/ Richard D. Colburn *Richard D. Colburn*	*Director*	*March 26, 1999*
/s/ Ronald M. DeFeo *Ronald M. DeFeo*	*Director*	*March 26, 1999*
/s/ Michael S. Gross *Michael S. Gross*	*Director*	*March 26, 1999*

Signatures	Title	Date
/s/ Richard J. Heckmann Richard J. Heckmann	Director	March 26, 1999
/s/ Gerald Tsai, Jr. Gerald Tsai, Jr.	Director	March 26, 1999
/s/ Christian M. Weyer Christian M. Weyer	Director	March 26, 1999
/s/ Michael J. Nolan Michael J. Nolan	Chief Financial Officer (Principal Financial Officer)	March 26, 1999
/s/ John S. McKinney John S. McKinney	Vice President, Finance (Principal Accounting Officer)	March 26, 1999

Exhibit 4(p)

UNITED RENTALS, INC.

REGISTRATION RIGHTS AGREEMENT

Dated December 21, 1998

TABLE OF CONTENTS

Section Page

1. Introduction..... 1

2. Registration under Securities Act, etc..... 1

2.1 Registration on Request..... 1

(a) Request..... 1
(b) Registration Statement Form..... 2
(c) Expenses..... 3
(d) Effective Registration Statement..... 3
(e) Selection of Underwriters..... 3
(f) Priority in Requested Registrations..... 4

2.2 Incidental Registration..... 4

(a) Right to Include Registrable Securities.... 4
(b) Priority in Incidental Registrations..... 5

2.3 Registration Procedures..... 6

2.4 Underwritten Offerings..... 12

(a) Requested Underwritten Offerings..... 12
(b) Incidental Underwritten Offerings..... 13
(c) Holdback Agreements..... 13
(d) Participation in Underwritten Offerings.... 15

2.5 Preparation; Reasonable Investigation..... 15

2.6 Indemnification..... 16

(a) Indemnification by the Company..... 16
(b) Indemnification by the Sellers..... 17
(c) Notices of Claims, etc..... 17
(d) Other Indemnification..... 18

(e) Contribution..... 18

2.7 Suspension of Registration..... 20

2.8 Other Agreements..... 21

3. Tag-Along Rights..... 21

3.1 Transfer of Common Stock..... 21

(a) Underwritten Offerings..... 21
(b) Other Offerings..... 22
(c) Notices..... 25
(d) 25
(e) 25
(f) 25

3.2 Priority in Registrations..... 25

4. Definitions..... 26

5. Rules 144 and 144A..... 29

6. Amendments and Waivers..... 30

7. Nominees for Beneficial Owners..... 30

8. Notices..... 30

9. Assignment..... 31

10. Descriptive Headings..... 31

11. Governing Law..... 31

12. Counterparts..... 31

13. Entire Agreement..... 31

14. Submission to Jurisdiction..... 32

15. Severability..... 32

REGISTRATION RIGHTS AGREEMENT

REGISTRATION RIGHTS AGREEMENT, dated as of December 21, 1998, among United Rentals, Inc., a Delaware corporation (the "Company"), Bradley S. Jacobs and the other undersigned parties hereto (the "Holders").

1. Introduction. The Company is a party to the Stock Purchase Agreement (the "Stock Purchase Agreement"), dated December 21, 1998, with the Holders, pursuant to which the Company has agreed, among other things, to issue 300,000 shares of its Series A Perpetual Convertible Preferred Stock, par value $.01 per share (the "Preferred Stock"), to the Holders. Pursuant to the terms of the Certificate of Designation with respect to the Preferred Stock (the "Certificate of Designation"), the Preferred Stock is convertible into shares of the Company's common stock, par value $.01 per share (the "Common Stock"). This Agreement shall become effective upon the issuance of the Preferred Stock to the Holders pursuant to the Stock Purchase Agreement. Certain capitalized terms used in this Agreement are defined in section 3 hereof; references to sections shall be to sections of this Agreement.

2. Registration under Securities Act, etc.

2.1 Registration on Request.

(a) Request. At any time or from time to time after the 90th day following the issuance of the Preferred Stock pursuant to the Stock Purchase Agreement, upon the written request of one or more Initiating Holders, requesting that the Company effect the registration under the Securities Act of all or part of such Initiating Holders' Registrable Securities and specifying the intended method of disposition thereof, the Company will promptly give written notice of such requested registration to all registered holders of Registrable Securities, and thereupon the Company will, subject to the terms of this Agreement, use its best efforts to effect the registration under the Securities Act of:

(i) the Registrable Securities which the Company has been so requested to register by such Initiating Holders for disposition

in accordance with the intended method of disposition stated in such request;

(ii) all other Registrable Securities the holders of which shall have made a written request to the Company for registration thereof within 15 days after the giving of such written notice by the Company (which request shall specify the intended method of disposition of such Registrable Securities); and

(iii) all shares of Common Stock which the Company or other holders of the Company's Common Stock having registration rights may elect to register in connection with the offering of Registrable Securities pursuant to this section 2.1,

all to the extent requisite to permit the disposition (in accordance with the intended methods thereof as aforesaid) of the Registrable Securities and the additional shares of Common Stock, if any so to be registered; provided, that the Company shall not be required to effect any registration pursuant to this section 2.1 (x) on more than three separate occasions and (y) unless the Holders have requested to sell at least 2 million shares of Registrable Securities or shares of Registrable Securities to be sold have a fair market value (based upon the closing price of such Registrable Securities quoted on the securities exchange or over-the-counter quotation system on which such Registrable Securities are listed or quoted, as the case may be, on the trading day immediately preceding any request pursuant to this section 2.1) of at least $50 million; provided, however, the Company shall be required, if so requested, to effect one additional registration pursuant to this Section 2.1 subsequent to the third anniversary of the issuance of the Preferred Stock to the Holders by the Company which request may be made by Apollo or its Affiliates, whether or not an Initiating Holder, and will not be subject to the volume or fair market value limitations set forth in clause (y) above.

(b) Registration Statement Form. Registrations under this section 2.1 shall be on such appropriate registration form of the Commission as shall permit the disposition of such Registrable Securities in accordance with the intended method or methods of disposition specified in their request for such registration and as shall be permitted under the Securities Act; provided, that such form shall not indicate that the securities to be registered thereunder are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act.

(c) Expenses. The Company will pay all Registration Expenses in connection with any registration requested pursuant to this section 2.1 by any Initiating Holders. All other expenses (including underwriting discounts and commissions and transfer taxes, if any) in connection with each other registration requested under this section 2.1 shall be allocated pro rata among all Persons on whose behalf securities of the Company are included in such registration, on the basis of the respective amounts of the securities then being registered on their behalf.

(d) Effective Registration Statement. A registration requested pursuant to this section 2.1 shall not be deemed to have been effected (i)

unless a registration statement with respect thereto has become effective, provided that a registration which does not become effective after the Company has filed a registration statement with respect thereto solely by reason of the refusal to proceed of the Initiating Holders (other than a refusal to proceed based upon the written advice of counsel relating to a matter with respect to the Company) shall be deemed to have been effected by the Company at the request of such Initiating Holders unless the Initiating Holders shall have elected to pay all Registration Expenses in connection with such registration, (ii) if,

after it has become effective, such registration becomes subject to any stop order, injunction or other order or requirement of the Commission or other governmental agency or court for any reason, other than by reason of some act or omission by such Initiating Holders with respect thereto, (iii) if the conditions to closing specified in the purchase agreement or underwriting agreement entered into in connection with such registration are not satisfied, other than by reason of some act or omission by such Initiating Holders or (iv)

if the sale of the securities is not consummated due to the lack of agreement between the Initiating Holders and the underwriters with respect to the underwriting discount on the securities to be sold.

(e) Selection of Underwriters. If a requested registration pursuant to this section 2.1 involves an underwritten offering, the managing or lead underwriter shall be selected by the Company and shall be reasonably acceptable to the holders of at least a majority (by number of shares) of the Registrable Securities as to which registration has been requested, which shall not unreasonably withhold its acceptance of any such underwriters, and any co- managing and co-lead underwriters shall be selected by the Company.

(f) Priority in Requested Registration . If a requested registration pursuant to this section 2.1 involves an underwritten offering, and the managing underwriter shall advise the Company in writing (with a copy to each holder of Registrable Securities requesting registration) that, in its opinion, the number of securities requested to be included in such registration (including Common Stock of the Company or other Persons which are not Registrable Securities) exceeds the number which can be sold in such offering within a price range acceptable to the holders of a majority of the Registrable Securities requested to be included in such registration, the Company will include in such registration, to the extent of the number which the Company is so advised can be sold in such offering, (i) first, Registrable Securities requested to be

included in such registration by the holder or holders of Registrable Securities, pro rata among such holders requesting such registration on the

basis of the number of such securities requested to be included by such holders, (ii) second, Common Stock the Company proposes to sell and (iii) third, Common Stock of the Company held by other Persons having registration rights proposed to be included in such registration by the holders thereof. Notwithstanding the foregoing, (A) in connection with the first requested registration pursuant to this section 2.1 in any twelve month period, the Company shall in all events be entitled to register and sell up to 25% of the total number of shares of Common Stock to be registered and (B) in connection with any subsequent requested registration pursuant to this section 2.1 in such twelve month period, the Company shall in all events be entitled to register and sell up to 50% of the total number of shares of Common Stock to be registered; provided that if the Company registers and sells in excess of 33.3% of the total number of shares of Common Stock to be registered, the request for registration pursuant to this section 2.1 shall not be deemed to have been effected.

2.2 Incidental Registration.

(a) Right to Include Registrable Securities. If the Company at any time after the 90 day following the issuance of the Preferred Stock pursuant to the Stock Purchase Agreement proposes to register any of its securities under the Securities Act (other than by a registration on Form S-4 or any successor form, Form S-8, or any successor form thereto, relating to a stock option plan, stock purchase plan, managing directors' plan, savings or similar plan and other than pursuant to section 2.1), whether or not for sale for its own account, it will each such time give prompt written notice to all holders of Registrable Securities of its intention to do so and of such holders' rights under this section 2.2. Upon the written request of any such holder made within 10

Business Days after the receipt of any such notice (which request shall specify the number of Registrable Securities intended to be disposed of by such holder and the intended method of disposition thereof), the Company will, subject to the terms of this Agreement, use its best efforts to effect the registration under the Securities Act of all Registrable Securities which the Company has been so requested to register by the holders thereof, to the extent requisite to permit the disposition (in accordance with the intended methods thereof as aforesaid) of the Registrable Securities so to be registered, by inclusion of such Registrable Securities in the registration statement which covers the securities which the Company proposes to register, provided that if, at any time after giving written notice of its intention to register any securities and prior to the effective date of the registration statement filed in connection with such registration, the Company shall determine for any reason either not to register or to delay registration of such securities, the Company may, at its election, give written notice of such determination to each holder of Registrable Securities and, thereupon, (i) in the case of a determination not to

register, shall be relieved of its obligation to register any Registrable Securities in connection with such registration (but not from its obligation to pay the Registration Expenses in connection therewith), without prejudice, however, to the rights of any holder or holders of Registrable Securities entitled to do so to request that such registration be effected as a registration under section 2.1, and (ii) in the case of a determination to

delay registering, shall be permitted to delay registering any Registrable Securities, for the same period as the delay in registering such other securities. No registration effected under this section 2.2 shall relieve the Company of its obligation to effect any registration upon request under section 2.1, nor shall any such registration hereunder be deemed to have been effected pursuant to section 2.1. The Company will pay all Registration Expenses in connection with each registration of Registrable Securities requested pursuant to this section 2.2.

(b) Priority in Incidental Registrations. If the Company at any time proposes to register any of its securities under the Securities Act as contemplated by this section 2.2 and such securities are to be distributed by or through one or more underwriters, the Company will, if requested by any holder of Registrable Securities use its best efforts to arrange for such underwriters to include all the Registrable Securities to be offered and sold by such holder among the securities to be distributed by such underwriters, provide that if the managing underwriter of such underwritten offering shall inform the holders of the Registrable Securities requesting such registration and the holders of any Common Stock of the Company which shall have exercised, in respect of such underwritten offering, registration rights comparable to the rights under this section 2.2, by

letter of its belief that inclusion in such underwritten distribution of all or a specified number of such Registrable Securities or of such other securities of the Company so requested to be included would interfere with the successful marketing of the securities so being registered (other than such Registrable Securities and other Common Stock of the Company so requested to be included) by the underwriters (such writing to state the basis of such belief and the approximate number of such Registrable Securities and shares of Common Stock so requested to be included which may be included in such underwritten offering without such effect), then the Company may, upon written notice to all holders of such Registrable Securities and of such other shares of Common Stock of the Company so requested to be included, exclude pro rata from such underwritten offering (if and to the extent stated by such managing underwriter to be necessary to eliminate such effect) the number of such Registrable Securities and shares of such other Common Stock so requested to be included the registration of which shall have been requested by each holder of Registrable Securities and by the holders of such other Common Stock so that the resultant aggregate number of such Registrable Securities and of such other shares of Common Stock so requested to be included which are included in such underwritten offering shall be equal to the approximate number of shares stated in such managing underwriter's letter.

2.3 Registration Procedures. If and whenever the Company is required to use its best efforts to effect the registration of any Registrable Securities under the Securities Act as provided in sections 2.1 and 2.2, the Company shall, as expeditiously as possible:

(i) prepare and (in the case of a registration pursuant to section 2.1, such filing to be made within 45 days after the initial request of one or more Initiating Holders of Registrable Securities or in any event as soon thereafter as possible) file with the Commission the requisite registration statement to effect such registration (including such audited financial statements as may be required by the Securities Act or the rules and regulations promulgated thereunder) and thereafter use its best efforts to cause such registration statement to become and remain effective, provided however that the Company may discontinue any registration of its securities which are not Registrable Securities (and, under the circumstances specified in section 2.2(a), its securities which are Registrable Securities) at any time prior to the effective date of the registration statement relating thereto, provided further that before filing such registration statement or any amendments thereto, the Company will furnish to the

counsel selected by the holders of Registrable Securities which are to be included in such registration copies of all such documents proposed to be filed, which documents will be subject to the review, but not the prior approval, of such counsel;

(ii) prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective and to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement until the earlier of such time as all of such securities have been disposed of in accordance with the intended methods of disposition by the seller or sellers thereof set forth in such registration statement or (i) in the case of a registration pursuant to section 2.1, the expiration of 180 days after such registration statement becomes effective, or (ii) in the case of a registration pursuant to section 2.2, the expiration of 90 days after such registration statement becomes effective;

(iii) furnish to each seller of Registrable Securities covered by such registration statement and each underwriter, if any, of the securities being sold by such seller such number of conformed copies of such registration statement and of each such amendment and supplement thereto (in each case including all exhibits), such number of copies of the prospectus contained in such registration statement (including each preliminary prospectus and any summary prospectus) and any other prospectus filed under Rule 424 under the Securities Act, in conformity with the requirements of the Securities Act, and such other documents, as such seller and underwriter, if any, may reasonably request;

(iv) use its best efforts to register or qualify all Registrable Securities and other securities covered by such registration statement under such other securities laws or blue sky laws of such jurisdictions as any seller thereof and any underwriter of the securities being sold by such seller shall reasonably request, to keep such registrations or qualifications in effect for so long as such registration statement remains in effect, and take any other action which may be reasonably necessary or advisable to enable such seller and underwriter to consummate the disposition in such jurisdictions of the securities owned by such seller, except that the Company shall not for any such purpose be required to qualify general-

ally to do business as a foreign corporation in any jurisdiction wherein it would not but for the requirements of this subdivision (iv) be obligated to be so qualified, to subject itself to taxation in any such jurisdiction or to consent to general service of process in any such jurisdiction;

(v) use its best efforts to cause all Registrable Securities covered by such registration statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the seller or sellers thereof to consummate the disposition of such Registrable Securities;

(vi) furnish to each seller of Registrable Securities a signed counterpart, addressed to such seller and the underwriters, if any, of:

(x) an opinion of counsel for the Company, dated the effective date of such registration statement (or, if such registration includes an underwritten public offering, an opinion dated the date of the closing under the underwriting agreement), reasonably satisfactory in form and substance to such seller, and

(y) a "comfort" letter (or, in the case of any such Person which does not satisfy the conditions for receipt of a "comfort" letter specified in Statement on Auditing Standards No. 72, an "agreed upon procedures" letter), dated the effective date of such registration statement (and, if such registration includes an underwritten public offering, a letter of like kind dated the date of the closing under the underwriting agreement), signed by the independent public accountants who have certified the Company's financial statements included in such registration statement, covering substantially the same matters with respect to such registration statement (and the prospectus included therein) and, with respect to events subsequent to the date of such financial statements, as are customarily covered in opinions of issuer's counsel and in accountants' letters delivered to the underwrit-

ers in underwritten public offerings of securities (with, in the case of an "agreed upon procedures" letter, such modifications or deletions as may be required under Statement on Auditing Standards No. 35) and, in the case of the accountants' letter, such other financial matters, and, in the case of the legal opinion, such other legal matters, as such seller (or the underwriters, if any) may reasonably request;

(vii) notify the holders of Registrable Securities and the managing underwriter or underwriters, if any, promptly and confirm such advice in writing promptly thereafter:

(a) when the registration statement, the prospectus or any prospectus supplement related thereto or post-effective amendment to the registration statement has been filed, and, with respect to the registration statement or any post-effective amendment thereto, when the same has become effective;

(b) of any request by the Commission for amendments or supplements to the registration statement or the prospectus or for additional information;

(c) of the issuance by the Commission of any stop order suspending the effectiveness of the registration statement or the initiation of any proceedings by any Person for that purpose;

(d) if at any time the representations and warranties of the Company made as contemplated by section 2.4 below cease to be true and correct;

(e) of the receipt by the Company of any notification with respect to the suspension of the qualification of any Registrable Securities for sale under the securities or blue sky laws of any jurisdiction or the initiation or threat of any proceeding for such purpose; and

(viii) notify each seller of Registrable Securities covered by such registration statement, at any time when a prospectus

relating thereto is required to be delivered under the Securities Act, upon the discovery that, or upon the happening of any event as a result of which, the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made, and at the request of any such seller promptly prepare and furnish to such seller and each underwriter, if any, a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of such securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made;

(ix) make every reasonable effort to obtain the withdrawal of any order suspending the effectiveness of the registration statement at the earliest possible moment;

(x) otherwise use its best efforts to comply with all applicable rules and regulations of the Commission, and make available to its security holders, as soon as reasonably practicable, an earnings statement covering the period of at least twelve months, but not more than eighteen months, beginning with the first full calendar month after the effective date of such registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder, and will furnish to each such seller at least five business days prior to the filing thereof a copy of any amendment or supplement to such registration statement or prospectus and shall not file any thereof to which any such seller shall have reasonably objected on the grounds that such amendment or supplement does not comply in all material respects with the requirements of the Securities Act or of the rules or regulations thereunder;

(xi) subject to the provisions of section 2.5, make available for inspection by a representative or representatives of the holders of Registrable Securities to be included in such registration statement, any underwriter participating in any disposition pursuant to the registration statement and any attorney or accountant retained by such selling holders or underwriter (each, an "Inspector"), all financial and other records, pertinent

corporate documents and properties of the Company (the "Records"), and cause the Company's officers, directors and employees to supply all information reasonably requested by any such Inspector in connection with such registration in order to permit a reasonable investigation within the meaning of Section II of the Securities Act;

(xii) provide and cause to be maintained a transfer agent and registrar for all Registrable Securities covered by such registration statement from and after a date not later than the effective date of such registration statement;

(xiii) enter into such agreements and take such other actions as sellers of such Registrable Securities holding 51 % of the shares so to be sold or any underwriter shall reasonably request in order to expedite or facilitate the disposition of such Registrable Securities, including, without limitation, causing members of senior management of the Company to participate in customary "road-show" activities;

(xiv) use its best efforts to list all Registrable Securities covered by such registration statement on any securities exchange on which any of the securities of the same class as the Registrable Securities are then listed; and

(xv) use its best efforts to provide a CUSIP number for the Registrable Securities, not later than the effective date of the registration statement.

The Company may require each seller of Registrable Securities as to which any registration is being effected to furnish the Company such information regarding such seller and the distribution of such securities as the Company may from time to time reasonably request in writing.

The Company will not file any registration statement or amendment thereto or any prospectus or any supplement thereto (including such documents incorporated by reference and proposed to be filed after the initial filing of the registration statement) to which the holders of at least a majority of the Registrable Securities covered by such registration statement or the underwriter or underwriters, if any, shall reasonably object, provided that the Company may file such document in a form required by law or upon the advice of its counsel.

Each holder of Registrable Securities agrees by acquisition of such Registrable Securities that, upon receipt of any notice from the Company of the occurrence of any event of the kind described in subdivision (viii) of this section 2.3, such holder will forthwith discontinue such holder's disposition of Registrable Securities pursuant to the registration statement relating to such Registrable Securities until such holder's receipt of the copies of the supplemented or amended prospectus contemplated by subdivision (viii) of this section 2.3 and, if so directed by the Company, will deliver to the Company (at the Company's expense) all copies, other than permanent file copies, then in such holder's possession of the prospectus relating to such Registrable Securities current at the time of receipt of such notice. In the event the Company shall give any such notice, the period mentioned in paragraph (ii) of this section 2.3 shall be extended by the length of the period from and including the date when each seller of any Registrable Securities covered by such registration statement shall have received such notice to the date on which each such seller has received the copies of the supplemented or amended prospectus contemplated by paragraph (viii) of this section 2.3.

If any such registration statement refers to any holder of Registrable Securities by name or otherwise as the holder of any securities of the Company, then such holder shall have the right to require (i) the insertion therein of

language, in form and substance satisfactory to such holder, to the effect that the holding by such holder of such securities is not to be construed as a recommendation by such holder of the investment quality of the Company's securities covered thereby and that such holding does not imply that such holder will assist in meeting any future financial requirements of the Company, or
(ii) in the event that such reference to such holder by name or otherwise is

not required by the Securities Act or any similar federal statute then in force and a written opinion from counsel to the holder to such effect is delivered to the Company, the deletion of the reference to such holder.

2.4 Underwritten Offerings.

(a) Requested Underwritten Offerings. If requested by the underwriters for any underwritten offering by holders of Registrable Securities pursuant to a registration requested under section 2.1, the Company will enter into an underwriting agreement with such underwriters for such offering, such agreement to be satisfactory in substance and form to the Company, each such holder and the underwriters, and to contain such representations and warranties by the Company and such other terms as are generally prevailing in agreements of this

type, including, without limitation, indemnities at least as broad as those provided in section 2.6. The holders of the Registrable Securities will cooperate with the Company in the negotiation of the underwriting agreement and will give consideration to the reasonable suggestions of the Company regarding the form thereof, provided that nothing herein contained shall diminish the foregoing obligations of the Company. The holders of Registrable Securities to be distributed by such underwriters shall be parties to such underwriting agreement and may, at their option, require that any or all of the representations and warranties by, and the other agreements on the part of, the Company to and for the benefit of such underwriters shall also be made to and for the benefit of such holders of Registrable Securities and that any or all of the conditions precedent to the obligations of such underwriters under such underwriting agreement be conditions precedent to the obligations of such holders of Registrable Securities. Any such holder of Registrable Securities shall not be required to make any representations or warranties to or agreements with the Company or the underwriters other than representations and warranties or agreements regarding such holder, such holder's Registrable Securities and such holder's intended method of distribution and any other representation required by law.

(b) Incidental Underwritten Offerings. The holders of Registrable Securities to be distributed by such underwriters shall be parties to the underwriting agreement between the Company and such underwriters and may, at their option, require that any or all of the representations and warranties by, and the other agreements on the part of, the Company to and for the benefit of such underwriters shall also be made to and for the benefit of such holders of Registrable Securities and that any or all of the conditions precedent to the obligations of such underwriters under such underwriting agreement be conditions precedent to the obligations of such holders of Registrable Securities. Any such holder of Registrable Securities shall not be required to make any representations or warranties to or agreements with the Company or the underwriters other than representations, warranties or agreements regarding such holder, such holder's Registrable Securities and such holder's intended method of distribution and any other representation required by law.

(c) Holdback Agreements.

(i) So long as a holder of Registrable Securities and its Affiliates own Common Stock and/or Preferred Stock convertible into Common Stock exceeding 5 % of the Common Stock of the Company

outstanding (including Common Stock issuable upon conversion of the Preferred Stock) or such holder has designated a member of the board of directors of the Company pursuant to paragraph 6(ii) of the Certificate of Designation which director continues to serve on such board, such holder of Registrable Securities agrees, by acquisition of such Registrable Securities, (x) if so required by the managing underwriter, not to sell, make any short sale of, loan, grant any option for the purchase of, effect any public sale or distribution of or otherwise dispose of any Common Stock or Registrable Securities not to be sold in an underwritten offering pursuant to section 2.1 or 2.2, during the 30 days prior to the anticipated consummation of such underwritten offering and 90 days after the applicable underwritten registration pursuant to section 2.1 or 2.2 has become effective, except as part of such underwritten registration and (y) in connection with any acquisition by or merger with the Company which is accounted for under generally accepted accounting principles as a pooling of interest, upon the request of the Company, not to sell, make any short sale of, loan, grant any option for the purchase of, effect any public sale or distribution of or otherwise dispose of any Common Stock or Registrable Securities, for the period commencing 30 days before the effective date of such acquisition or merger until the publication of the Company's financial results covering a period of at least 30 days following such acquisition or merger which is sufficient in accordance with Accounting Series Release No. 135, or such shorter period if consistent with the requirements for pooling of interests accounting treatment. Notwithstanding clause (x) of the foregoing sentence and subject to clause (y), during any period described above, each holder of Registrable Securities subject to the foregoing sentence shall be entitled to sell securities in a private sale so long as the purchaser of such securities agrees to be bound by the restrictions set forth above to the same extent as the seller for the remainder of the applicable period.

(ii) The Company agrees if so required by the managing underwriter (x) not to sell, make any short sale of, loan, grant any option

for the purchase of, effect any public sale or distribution of or otherwise dispose of its equity securities or securities convertible into or exchangeable or exercisable for any of such securities during the 30 days prior to and the 90 days after any underwritten registration pursuant to section 2.1 has become effective, except as part of such underwritten registration and except in connection with (A) a merger or acquisition by the Company in which securities of the Company are issued directly to

shareholders of the target entity or sellers of assets in exchange for shares of such target entity or such assets or (B) a stock option plan, stock purchase plan, managing directors' plan, savings or similar plan, or an acquisition of a business, merger or exchange of stock for stock, provide that no such agreement pursuant to this clause (x) shall prevent the Company from fulfilling its obligations pursuant to section 2.1 or 2.2, subject to the provisions of section 2.7 and (y) to use its reasonable best efforts to cause each director and executive officer of the Company and any holder (other than the Holders) of its equity securities or any securities convertible into or exchangeable or exercisable for any of such equity securities, in each case purchased from the Company at any time after the date of this Agreement (other than in a public offering and other than securities issued to employees who are not directors or executive officers of the Company pursuant to an employee benefit plan or similar arrangement) to agree not to sell, make any short sale of, loan, grant any option for the purchase of, effect any public sale or distribution of or otherwise dispose of such securities during such period, it being understood that no action is required by the Company pursuant to this clause (y) until the managing underwriter requests.

(d) Participation in Underwritten Offerings. No Person (other than the Company, which will be subject to and governed by the other terms and provisions of this Agreement) may participate in any underwritten offering hereunder unless such Person (i) agrees to sell such Person's securities on the basis provided in any underwriting arrangements approved, subject to the terms and conditions hereof, by the holders of a majority of Registrable Securities to be included in such underwritten offering and (ii) completes and executes all questionnaires,

indemnities, underwriting agreements and other documents (other than powers of attorney) required under the terms of such underwriting arrangements. Notwithstanding the foregoing, no underwriting agreement (or other agreement in connection with such offering) shall require any holder of Registrable Securities to make any representations or warranties to or agreements with the Company or the underwriters other than representations and warranties or agreements regarding such holder, such holder's Registrable Securities and such holder's intended method of distribution and any other representation required by law.

2.5 Preparation: Reasonable Investigation. In connection with the preparation and filing of each registration statement under the Securities Act pursuant to this Agreement, the Company will give the holders of Registrable

Securities registered under such registration statement, their underwriters, if any, and their respective counsel and accountants, the opportunity to participate in the preparation of such registration statement, each prospectus included therein or filed with the Commission, and each amendment thereof or supplement thereto, and will give each of them such access to its books and records (collectively, the "Records") and such opportunities to discuss the business of the Company with its officers and the independent public accountants who have certified its financial statements as shall be necessary, in the opinion of such holders' and such underwriters' respective counsel, to conduct a reasonable investigation within the meaning of the Securities Act; provided, that Records which the Company determines, in good faith, to be confidential and which it notifies such holder, underwriter, counsel or accountant are confidential shall not be disclosed by such Person (other than to any holder of Registrable Securities) unless (a) such Records have become generally available to the public or (b) the disclosure of such Records may be necessary or, in the case of clause (z) below, appropriate (x) in compliance with any law, rule, regulation or order applicable to any such holder, underwriter, counsel or accountant, (y) in response to any subpoena or other legal process or (z) in connection with any litigation to which such holder, underwriter, counsel or accountant is a party, and such Person shall sign an agreement to such effect that shall be customary in form and reasonably acceptable to the Company.

2.6 Indemnification.

(a) Indemnification by the Company. In the event of any registration of any securities of the Company under the Securities Act pursuant to this Agreement, the Company will, and hereby does agree to, indemnify and hold harmless in the case of any registration statement filed pursuant to section 2.1 or 2.2, the holder of any Registrable Securities covered by such registration statement, its directors and officers, each Person, if any, who controls such holder within the meaning of the Securities Act, against any losses, claims, damages or liabilities, joint or several, to which such holder or any such director or officer or controlling person may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any registration statement under which such securities were registered under the Securities Act, any preliminary prospectus, final prospectus or summary prospectus contained therein, or any amendment or supplement thereto, or any omission or alleged omission to state therein a material fact required to be stated

therein or necessary to make the statements therein, in the case of any preliminary prospectus, final prospectus or summary prospectus, in light of the circumstances under which they were made, not misleading, and the Company will reimburse such holder and each such director, officer, and controlling person for any legal or any other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, liability, action or proceeding, provided that the Company shall not be liable in any such case to the extent that any such loss, claim, damage, liability (or action or proceeding in respect thereof) or expense arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in such registration statement, any such preliminary prospectus, final prospectus, summary prospectus, amendment or supplement in reliance upon and in conformity with written information furnished to the Company by or on behalf of such holder specifically for use therein. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such holder or any such director, officer, underwriter or controlling person and shall survive the transfer of such securities by such holder.

(b) Indemnification by the Sellers. As a condition to including any Registrable Securities in any registration statement filed pursuant to section 2.3, the Company shall have received from each seller of Registrable Securities a written undertaking satisfactory to it from the prospective seller of such Registrable Securities, to indemnify and hold harmless (in the same manner and to the same extent as set forth in subdivision (a) of this section 2.6) the Company, each director of the Company, each officer of the Company and each other person, if any, who controls the Company within the meaning of the Securities Act, with respect to any statement or alleged statement in or omission or alleged omission from such registration statement, any preliminary prospectus, final prospectus or summary prospectus contained therein, or any amendment or supplement thereto, if such statement or alleged statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company by or on behalf of such seller specifically stating that it is for use in the preparation of such registration statement, preliminary prospectus, final prospectus, summary prospectus, amendment or supplement. Any such indemnity shall remain in full force and effect, regardless of any investigation made by or on behalf of the Company or any such director, officer or controlling person and shall survive the transfer of such securities by such seller.

(c) Notices of Claims, etc. Promptly after receipt by an indemnified party of notice of the commencement of any action or proceeding

involving a claim referred to in the preceding subdivisions of this section 2.6, such indemnified party will, if a claim in respect thereof is to be made against an indemnifying party, give written notice to the latter of the commencement of such action, provided that the failure of any indemnified party to give notice as provided herein shall not relieve the indemnifying party of its obligations under the preceding subdivisions of this section 2.6, except to the extent that the indemnifying party is actually prejudiced by such failure to give notice. In case any such action is brought against an indemnified party, unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties may exist in respect of such claim, the indemnifying party shall be entitled to participate in and to assume the defense thereof, jointly with any other indemnifying party similarly notified, to the extent that the indemnifying party may wish, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party for any legal or other expenses subsequently incurred by the latter in connection with the defense thereof. No indemnifying party shall, without the consent of the indemnified party, consent to entry of any judgment or enter into any settlement of any such action which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation. No indemnified party shall consent to entry of any judgment or enter into any settlement of any such action the defense of which has been assumed by an indemnifying party without the consent of such indemnifying party.

(d) Other Indemnification. Indemnification similar to that specified in the preceding subdivisions of this section 2.6 (with appropriate modifications) shall be given by the Company and each seller of Registrable Securities with respect to any required registration or other qualification of securities under any Federal or state law or regulation of any governmental authority, other than the Securities Act.

(e) Contribution. If the indemnification provided for in the preceding subdivisions of this section 2.6 is unavailable to an indemnified party in respect of any expense, loss, claim, damage or liability referred to therein, then each indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such expense, loss, claim, damage or liability (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and

the holder or other Person, as the case may be, on the other from the distribution of the Registrable Securities or (ii) if the allocation provided by

clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company on the one hand and of the holder or other Person, as the case may be, on the other in connection with the statements or omissions which resulted in such expense, loss, damage or liability, as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the holder or other Person, as the case may be, on the other in connection with the distribution of the Registrable Securities shall be deemed to be in the same proportion as the total net proceeds received by the Company from the initial sale of the Registrable Securities by the Company to the purchasers pursuant to the Stock Purchase Agreement bear to the gain, if any, realized by the selling holder or the underwriting discounts and commissions received by the underwriter, as the case may be. The relative fault of the Company on the one hand and of the holder or other Person, as the case may be, on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission to state a material fact relates to information supplied by the Company, by the holder or by the other Person and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission, provided that the foregoing contribution agreement shall not inure to the benefit of any indemnified party if indemnification would be unavailable to such indemnified party by reason of the provisions contained in the first sentence of subdivision (a) of this section 2.6, and in no event shall the obligation of any indemnifying party to contribute under this subdivision (e) exceed the amount that such indemnifying party would have been obligated to pay by way of indemnification if the indemnification provided for under subdivisions (a) or (b) of this section 2.6 had been available under the circumstances.

The Company and the holders of Registrable Securities agree that it would not be just and equitable if contribution pursuant to this subdivision (e) were determined by pro rata allocation (even if the holders and any underwriters were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an indemnified party as a result of the losses, claims, damages and liabilities referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth in the preceding sentence and subdivision (c) of this section 2.6, any legal or other

expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim.

Notwithstanding the provisions of this subdivision (e), no holder of Registrable Securities or underwriter shall be required to contribute any amount in excess of the amount by which (i) in the case of any such holder, the net proceeds received by such holder from the sale of Registrable Securities or (ii) in the case of an underwriter, the total price at which the Registrable Securities purchased by it and distributed to the public were offered to the public exceeds, in any such case, the amount of any damages that such holder or underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11 (f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

2.7 Suspension of Registration. Notwithstanding anything to the contrary contained herein, the Company will not be required to file any registration statement pursuant to section 2. 1 (a) or furnish any supplement to a prospectus pursuant to section 2.3(viii) during any of the following periods:
(i) 30 days prior to the anticipated consummation of a public offering by the Company of its securities and 90 days subsequent to the consummation of such public offering where, in the good faith judgment of the managing underwriter or underwriters thereof, such filing or furnishing of such supplement would have an adverse effect on such offering, (ii) if such filing or furnishing of such supplement is prohibited by applicable law, (iii) if the filing of such registration statement or furnishing of such supplement would require the Company to disclose a material financing, acquisition or other corporate development, and the proper officers of the Company shall have determined in good faith that such disclosure is not in the best interest of the Company or
(iv) during the period described in section 2.4(c)(ii), provided that the Company may not delay the filing of any registration statement or furnishing of such supplement pursuant to this section 2.7 for more than an aggregate of 135 days in any twelve-month period; and provided, further, that any such delay pursuant to this section 2.7 shall not in the aggregate exceed 135 days in any twelve-month period. Notwithstanding the foregoing, in the case of a public offering by any holder of the Company's capital stock (the "Selling Holder") pursuant to rights granted by the Company to such holder similar to section 2.1, no delay in the filing of a registration statement or the furnishing of a supplement pursuant to clause (i) of the immediately preceding sentence shall be for a time period longer than any similar time period for delay imposed on such

Selling Holder pursuant to the agreement with the Company granting such Selling Holder registration rights. Upon the expiration of the period described in clause (iii) of the first sentence of this section 2.7, the Company shall give prompt notice to all holders of Registrable Securities and shall promptly file any registration statement requested to be filed pursuant to 2.1(a) and furnish any prospectus supplement required to be furnished pursuant to section 2.3(viii).

2.8 Other Agreements. The Company shall not enter into any agreement or instrument which would conflict with or result in a breach or violation of any of the terms or provisions of this Agreement. In addition, the Company shall not enter into any agreement or instrument with any Person (other than Apollo or its Affiliates) which grant such Person rights similar to those in section 2.1 unless such agreement permits the holders of Registrable Securities to exercise their rights pursuant to section 2.2 hereof in connection with any registration statement filed pursuant to which such Person will sell securities of the Company.

3. Tag-Along Rights.

3.1 Transfer of Common Stock. (a) Underwritten Offerings. In connection with any proposed underwritten sale which is to be registered with the Commission under the Securities Act (an "Underwritten Sale") of Common Stock, or rights, options, warrants or other securities convertible into or exchangeable into Common Stock, Beneficially Owned by Jacobs prior to the fifth anniversary of the date of the issuance of the Preferred Stock, no later than ten (10) Business Days prior to the filing of the registration statement relating to such sale, Jacobs shall provide written notice of such proposed sale to Apollo and any Affiliate of Apollo that then Beneficially Owns any shares of Preferred Stock or Common Stock of the Company. During such five-year period, Jacobs shall afford Apollo and any such Affiliate of Apollo, the opportunity to participate proportionately in such Underwritten Sale (based upon, with respect to Apollo and its Affiliates, the Beneficial Ownership of Registrable Securities as of the date of issuance of the Preferred Stock (including any shares of Common Stock issuable upon conversion of the Preferred Stock) and, with respect to Jacobs, 16.7 million shares (subject to customary anti-dilution adjustments including, but not limited to, stock dividends, stock subdivisions, stock combinations, reorganizations, recapitalizations and reclassifications ("Anti- Dilution Adjustments")) of Common Stock Beneficially Owned on the date hereof or currently or hereafter issuable upon exercise of options or warrants held on the date hereof, in each case less any of such shares of

Common Stock or Preferred Stock sold subsequent to the date hereof) by selling Registrable Securities for the same consideration and otherwise on the same terms as the sale by Jacobs.

(b) Other Offerings:

(i) Certain Definitions.

(1) The term "Jacobs Options" means rights, options or warrants or other securities which are Beneficially Owned on the date hereof by Jacobs and which are exercisable for, convertible into or exchangeable for shares of Common Stock.

(2) The term "Excess Option Shares" means at any time the amount by which (x) the number (subject to Anti-Dilution Adjustments) of shares of Common Stock issuable or issued on exercise, conversion or exchange of Jacobs Options, which Jacobs shall then propose to sell or shall have sold since the date hereof in private sales, public sales or otherwise, exceeds (y) 2,500,000 (subject to Anti-Dilution Adjustments).

(3) The term "Excess Common Shares" means at any time the amount by which (x) the number (subject to Anti-Dilution Adjustments) of shares of Common Stock which Jacobs shall then propose to sell or shall have sold since the date hereof in private sales, public sales or otherwise, but excluding any shares acquired upon exercise of Jacobs Options, exceeds (y) 5,000,000 (subject to Anti- Dilution Adjustments).

(4) The term " 144 Exempt Shares" means as of any date, that number of shares of Common Stock which Jacobs could then sell under the volume limitations of Rule 144, without taking into account in calculating such volume limitation any sales by Jacobs within the preceding 90 days only if Apollo shall theretofore have had the right to participate in such sale under section 3.1(a) or 3.1(b) and without regard as to whether or not any proposed sale by Jacobs is in fact being made under Rule 144. Notwithstanding the foregoing, the number of 144 Exempt Shares shall be zero so long as Apollo and its Affiliates shall have sold an aggre-

gate of less than 7,000,000 shares (subject to Anti-Dilution Adjustments) of Common Stock to Persons which at the time of the sale are not Affiliates of Apollo in private sales, public sales or otherwise.

(ii) Tag-Along. Prior to the fifth anniversary of the issuance of the Preferred Stock, in connection with any proposed sale by Jacobs (other than an Underwritten Sale or a sale of 144 Exempt Shares which will be free from resale restrictions under the Securities Act subsequent to such sale) of any Excess Option Shares or any Excess Common Shares (each such sale, a "Covered Sale"), Jacobs shall, as soon as practicable, but in any event no later than three (3) or earlier than fifteen (15) Business Days prior to the trade date of such Covered Sale, provide written notice of such proposed Covered Sale to Apollo and any Affiliate of Apollo that then Beneficially Owns shares of Preferred Stock or Common Stock of the Company. During such five-year period, Jacobs shall afford Apollo and any Affiliate of Apollo the opportunity to participate in each Covered Sale by selling two shares of Registrable Securities for every three shares of Excess Common Shares or Excess Option Shares to be sold in such Covered Sale for the same consideration and otherwise on the same terms as the sale by Jacobs; provided, however, if the number of Excess Common Shares or Excess Option Shares exceeds by any amount (the "Over 50% Amount") 50% of the total number of shares of Common Stock and Common Stock issuable upon exchange of Jacobs Options to be sold by all Persons (including, without limitation, Jacobs and Apollo) in such Covered Sale, then Jacobs shall afford Apollo and its Affiliates the opportunity to further participate in such Covered Sale by selling one share of Registrable Securities for every one share of Excess Common Shares or Excess Option Shares which is included in the Over-50% Amount. To participate in any Covered Sale, except as provided below, Apollo or its Affiliates must provide written notice to Jacobs, by facsimile or other- wise, no later than three (3) Business Days after the day Jacobs provides notice to Apollo and such Affiliate of such Covered Sale pursuant to this paragraph.

Notwithstanding the foregoing requirement that Jacobs provide three (3) Business Days prior notice of any Covered Sale, Jacobs shall be required to give such notice of a Covered Sale pursuant to an unsolicited bid which is reasonable in the circumstances (an "Expedited Notice"), provided, that if such notice is given less than one Business Day before the

sale, then such notice shall be given to Apollo no more than one hour after receipt of such bid and not less than 30 minutes before the expiration of such bid. Apollo and its Affiliates shall give notice to Jacobs of their binding intention to participate in such sale a reasonable time after receipt of such Expedited Notice, provided that notice from Apollo and its Affiliates shall be deemed to be reasonable if given to Jacobs not later than the later of 30 minutes after receipt of such notice or 30 minutes prior to the expiration of the bid. If, for example, Jacobs receives an unsolicited bid at 1 p.m. which expires at 4 p.m. on the same day, he must give notice no later than 2 p.m. in order for such notice to be deemed reasonable. If he receives a bid at 1 p.m. which expires at 1:30 p.m., he must give immediate notice to Apollo if he intends to accept such bid, in order for such notice to be deemed reasonable. A bid shall be considered solicited only if it is responsive to an explicit request for a bid from Jacobs. A bid which is responsive to an explicit request of Jacobs shall nevertheless be deemed unsolicited if Jacobs provided Apollo notice of such request immediately after making such request and such bid is received no earlier than the day after such request and no later than seven days after such request. A notice under this paragraph shall be given by telephone or in person to the person or persons designated from time to time by Apollo, who shall initially be Michael Gross, Andy Africk or John Hannan, or such other persons who may be designated in writing hereafter; provided that if Jacobs has used his best efforts to telephone Apollos' designees at the numbers provided to him for that purpose and has been unable to reach them, he will be deemed to have given the required notice if he has left messages for each of such persons and has sent a fax outlining the terms of the sale to the fax numbers provided by Apollo for such purpose.

In addition, prior to the fifth anniversary of the issuance of the Preferred Stock, Apollo may at any time provide to Jacobs a notice (a "Sale Notice") in writing as to its intention to participate in any Covered Sale until the earlier of (i) 30 days from the date of such notice or (ii) receipt by Jacobs a written cancellation or amendment of such notice, for a price equal to or greater than the price specified in the Sale Notice and for a number of shares or a percentage of shares equal to that set forth in such Sale Notice. In the event of a Covered Sale entered into by Jacobs during the period covered by such Sale Notice in a manner consistent with the terms of the Sale Notice, if Jacobs is unable to give actual notice of the Covered Sale because of his inability to speak to one of the persons designated by Apollo, he shall include

the Apollo shares in such Covered Sale to the extent indicated in the Sale Notice.

(c) Notices. Unless otherwise specified herein, notices given by Jacobs pursuant to section 3.1(a) and 3.1(b) shall be given by facsimile transmission to each of (i) Michael D. Weiner at (310) 201-4166, (ii) Michael Gross and Andrew Africk at (212) 261-4071 and (iii) Vincent Pisano and Seth Pearlstein at (212) 735-2000, or in each case such other facsimile number or to the attention of such other Person as Apollo shall have furnished to Jacobs.

(d) Notwithstanding any other provisions of this Agreement, the rights of Apollo and its Affiliates under this Section 3.1 shall be transferable or assignable only to Affiliates of Apollo.

(e) Jacobs will not grant to any Person (other than Apollo or any of its Affiliates) rights similar to those contained in section 3.1(b) which rights become effective before the rights granted to Apollo and its Affiliates due to lesser thresholds than those contained in the parenthetical of the first sentence of section 3.1(b).

(f) The rights granted Apollo and its Affiliates pursuant to section 3.1(b) shall not apply to any sale or gift by Jacobs to a member of his family or to any trust whose principal beneficiaries are Jacobs or members of his family or to any gift to a charitable organization. The obligations of Jacobs under this section shall not transfer to any Person to whom Jacobs transfer securities other than an Affiliate of Jacobs, a member of Jacob's family or any trust whose principal beneficiaries are Jacobs or members of his family.

3.2 Priority in Registrations. In the event that, in connection with an underwritten offering in which Jacobs is to sell securities of the Company, the managing underwriter shall advise Jacobs and Apollo in writing that, in its opinion, the number of securities requested to be included in such offering exceeds the number which can be sold in such offering without interfering with the successful marketing of the securities so being registered, the number of shares to be sold may be reduced to such number stated in the letter of the managing underwriter which can be sold without interfering with the successful marketing of such securities. In such circumstances, notwithstanding section 2.2(b) or the terms of the Registration Rights Agreement, dated as of September 29, 1998 between the Company, Jacobs and the other parties signatory thereto, the number of shares

Beneficially Owned by each of Apollo, its Affiliates and Jacobs to be sold shall be reduced by the same percentage.

4. Definitions. As used herein, unless the context otherwise requires, the following terms have the following respective meanings:

Affiliate: With respect to any entity, any other entity directly or indirectly controlling or controlled by, or under direct or indirect common control with, such specified entity. For purposes of this definition, the term "control" means (i) the power to direct the management and policies of an entity, directly or through one or more intermediaries, whether through the ownership of voting securities, by contract or otherwise or (ii) without limiting the foregoing, the beneficial ownership of 50% or more of the voting power of the voting common equity of such entity (on a fully diluted basis).

Apollo: Apollo Investment Fund IV, L.P., Apollo Overseas Partners IV, L.P. and their Affiliates, collectively.

Beneficial Ownership or Beneficially Owned: With respect to any person, any securities with respect to which such person is deemed to have "beneficial ownership" as defined in rule 13d-3 under the Securities Exchange Act of 1934, as amended. For purposes of this Agreement only, any holder of Preferred Stock shall be deemed to be the beneficial owner of any shares of Common Stock of the Company issuable upon conversion of such Preferred Stock.

Business Day: Any day except a Saturday, Sunday or nationally recognized holiday in the State of New York, United States of America.

Commission: The Securities and Exchange Commission or any other Federal agency at the time administering the Securities Act.

Common Stock: As defined in section 1.

Company: As defined in the introductory paragraph of this Agreement.

Exchange Act: The Securities Exchange Act of 1934, or any similar Federal statute, and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time. Reference to a particular section of the Securities Exchange Act of 1934 shall include a reference to the comparable section, if any, of any such similar Federal statute.

Holder: As defined in the introductory paragraph of this Agreement.

Holder's Counsel: A single counsel (if any) designated by the holders of not less than 25 % of the aggregate principal amount of the Registrable Securities to be sold pursuant to section 2.1 or 2.2; provided, however, that if more than one counsel is so designated, the Holder's Counsel shall be the designee of the holders that are holding the greater percentage of the Registrable Securities.

Initiating Holders: Any holder or holders of Registrable Securities holding at least 35 % of the Registrable Securities (in each case by number of shares at the time issued and outstanding), and initiating a request pursuant to section 2.1 for the registration of all or part of such holder's or holders' Registrable Securities.

Jacobs: Bradley S. Jacobs.

Person: A corporation, an association, a partnership, an organization, business, an individual, a governmental or political subdivision thereof or a governmental agency.

Preferred Stock: As defined in section 1.

Registrable Securities: The Common Stock or any other securities issuable upon conversion of the Preferred Stock issued pursuant to the Stock Purchase Agreement and any securities issued or issuable with respect to any such Common Stock by way of stock dividend or stock split or in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization or otherwise which the holders thereof are entitled to receive. As to any particular Registrable Securities, once issued such securities shall

cease to be Registrable Securities when (a) a registration statement

with respect to the sale of such securities shall have become effective under the Securities Act and such securities shall have been disposed of in accordance with such registration statement, (b) they shall have been

distributed to the public pursuant to Rule 144 (or any successor provision) under the Securities Act, (c) they shall have been otherwise

transferred, new certificates for them not bearing a legend restricting further transfer shall have been delivered by the Company and subsequent disposition of them shall not require registration or qualification of them under the Securities Act or any similar state law then in force, or (d) they shall have ceased to be outstanding.

Registration Expenses: All expenses incident to the Company's performance of or compliance with section 2, including, without limitation, (a) all Commission and any NASD registration and filing fees and expenses, (b) all fees and expenses in connection with the registration or qualification of the Registrable Securities for offering and sale under the State securities and blue sky laws and, in the case of an underwritten offering, determination of their eligibility for investment under the laws of such jurisdictions as the managing underwriter or underwriters may designate, including reasonable fees and disbursements, if any, of counsel for the underwriters in connection with such registrations or qualifications and determination, (c) all expenses relating to the preparation, printing, distribution and reproduction of the registration statement required to be filed hereunder, each prospectus included therein or prepared for distribution pursuant hereto, each amendment or supplement to the foregoing, the expenses of preparing the Registrable Securities for delivery and the expenses of printing or producing any underwriting agreement(s) among underwriters and "Blue Sky" or legal investment memoranda, any selling agreements and all other documents in connection with the offering, sale or delivery of Registrable Securities to be disposed of, (d) messenger, telephone and delivery expenses of the Company, (e) fees and expenses of any transfer agent and registrar with respect to the Registrable Securities and any escrow agent or custodian, (f) internal expenses of the Company (including, without limitation, all salaries and expenses of the Company's officers and employees performing legal or accounting

duties), (g) fees, disbursements and expenses of counsel and independent certified public accountants of the Company (including the expenses of any opinions or "cold comfort" letters required by or incident to such performance and compliance), (h) fees, disbursements and expenses of any "qualified independent underwriter" engaged for acting in such capacity,
(i) fees, expenses and disbursements of any other persons retained by the Company, including special experts retained by the Company in connection with such registration, (k) all fees and expenses incurred in connection with the qualification of the shares of Common Stock constituting Registrable Securities for quotation on the Nasdaq National Market, any over-the-counter market, or the listing of such shares on any securities exchange and (1) in the case of an underwritten offering, the reasonable fees, disbursements and expenses of a single counsel retained by the Holders to represent them in connection with such offering (the selection of such counsel by such Holders to be made in the same manner as is provided in the definition of the terms "Holders' Counsel').

Securities Act: The Securities Act of 1933, or any similar Federal statute, and the rules and regulations of the Commission thereunder, all as of the same shall be in effect at the time. References to a particular section of the Securities Act of 1933 shall include a reference to the comparable section, if any, of any such similar Federal statute.

Stock Purchase Aueement: As defined in section 1.

5. Rules 144 and 144A. The Company shall timely file the reports required to be filed by it under the Securities Act and the Exchange Act (including but not limited to the reports under sections 13 and 15(d) of the Exchange Act referred to in subparagraph (c) of Rule 144 adopted by the Commission under the Securities Act) and the rules and regulations adopted by the Commission thereunder (or, if the Company is not required to file such reports, will, upon the request of any holder of Registrable Securities, make publicly available other information) and will take such further action as any holder of Registrable Securities or any broker facilitating such sale may reasonably request, all to the extent (i) required from time to time to enable such holder to sell Registrable Securities without registration under the Securities Act within the limitation of the exemptions

provided by (a) Rule 144 under the Securities Act, as such Rule may be amended

from time to time, or (b) any similar rule or regulation hereafter adopted by

the Commission. The Company shall also provide such information and otherwise use all reasonable commercial efforts to cooperate with any holder of Registrable Securities in connection with any other sale by such holder pursuant to another exemption under the Securities Act, in each case to the extent such information or other action by the Company may be necessary to effect such sale pursuant to the applicable exemption. Upon the request of any holder of Registrable Securities, the Company will deliver to such holder any information to be delivered or filed in connection with the requirements of this Section 5.

6. Amendments and Waivers. This Agreement may be amended and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if the Company shall have obtained the written consent to such amendment, action or omission to act, of the holder or holders of 50% or more of the shares of Registrable Securities and, in the case of any such amendment, action or omission to act in respect of the first sentence of Section 5, the written consent of each holder affected thereby. Each holder of any Registrable Securities at the time or thereafter outstanding shall be bound by any consent authorized by this section 6, whether or not such Registrable Securities shall have been marked to indicate such consent.

7. Nominees for Beneficial Owners. In the event that any Registrable Securities are held by a nominee for the beneficial owner thereof, the beneficial owner thereof may, at its election, be treated as the holder of such Registrable Securities for purposes of any request or other action by any holder or holders of Registrable Securities pursuant to this Agreement or any determination of any number or percentage of shares of Registrable Securities held by any holder or holders of Registrable Securities contemplated by this Agreement. If the beneficial owner of any Registrable Securities so elects, the Company may require assurances reasonably satisfactory to it of such owner's beneficial ownership of such Registrable Securities.

8. Notices. Except as otherwise provided in this Agreement, all notices, requests and other communications to any Person provided for hereunder shall be in writing and shall be given to such Person (a) in the case of a party hereto

other than the Company, addressed to such party in the manner set forth in the applicable Stock Purchase Agreement or at such other address as such party shall have furnished to the Company in writing, or (b) in the case of any other

holder of Registrable Securities, at the address that such holder shall have furnished to the Company in writing, or, until any such other holder so furnishes to the Company an address, then to and at the address of the last holder of such Registrable Securities who has furnished an address to the Company, or (c) in the case of the Company or Jacobs, at Four Greenwich Office

Park, Greenwich, Connecticut 06830 to the attention of its Chief Executive Officer, with a copy to Oscar D. Folger at 521 Fifth Avenue, 24' floor, New York, New York 10175, or at such other address, or to the attention of such other officer, as the Company shall have furnished to each holder of Registrable Securities at the time outstanding. Each such notice, request or other communication shall be effective 01 if given by mail, 72 hours after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid or Cii) if given by any other means (including, without limitation, by air courier), when delivered at the address specified above, provided that any such notice, request or communication to any holder of Registrable Securities shall not be effective until received.

9. Assignment. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns. In addition, the provisions of this Agreement which are for the benefit of the parties hereto other than the Company shall also be for the benefit of and enforceable by any subsequent holder of any Registrable Securities that acknowledges such assignment in writing and agrees to the terms hereof.

10. Descriptive Headings. The descriptive headings of the several sections and paragraphs of this Agreement are inserted for reference only and shall not limit or otherwise affect the meaning hereof.

11. GOVERNING LAW. THIS AGREEMENT SHALL BE CONSTRUED AND ENFORCED IN **ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAWS OF THE STATE OF NEW YORK WITHOUT REFERENCE TO THE PRINCIPLES OF CONFLICTS OF LAWS.**

12. Counterparts. This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed anbriginal, but all such counterparts shall together constitute one and the same instrument.

13. Entire Agreement. This Agreement embodies the entire agreement and understanding between the Company and each other party hereto relating to

the subject matter hereof and supersedes all prior agreements and understandings relating to such subject matter.

14. SUBMISSION TO JURISDICTION. ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR OF THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK, AND, BY EXECUTION AND DELIVERY OF THIS AGREEMENT, THE COMPANY HEREBY ACCEPTS FOR ITSELF AND IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, THE JURISDICTION OF THE AFORESAID COURTS AND APPELLATE COURTS FROM ANY THEREOF. THE COMPANY HEREBY IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OUT OF ANY OF THE AFOREMENTIONED COURTS IN ANY ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF TO THE COMPANY BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, RETURN RECEIPT REQUESTED, TO THE COMPANY AT ITS ADDRESS SPECIFIED IN SECTION 7. THE PARTIES HERETO HEREBY IRREVOCABLY WAIVE TRIAL BY JURY, AND THE COMPANY HEREBY IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING, WITHOUT LIMITATION, ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY SUCH ACTION OR PROCEEDING IN SUCH RESPECTIVE JURISDICTIONS.

15. Severabili1y. If any provision of this Agreement, or the application of such provisions to any Person or circumstance, shall be held invalid, the remainder of this Agreement, or the application of such provision to Persons or circumstances other than those to which it is held invalid, shall not be affected thereby.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

UNITED RENTALS, INC.

By: /s/ Brad Jacobs

Name: Brad Jacobs

Title: CEO

APOLLO INVESTMENT FUND IV, L.P.

By: Apollo Advisors, IV, L.P.,
its general partner

By:

Name:

Title:

APOLLO OVERSEAS PARTNERS IV, L.P.

By: Apollo Advisors, IV, L.P.,
its general partner

By: Apollo Capital Management IV,
Inc., its general partner

By:

Name:

Title:

/s/ Bradley S. Jacobs

Bradley S. Jacobs

EXHIBIT 4(q)

INDENTURE, dated as of March 23, 1999, between United Rentals (North America), Inc., a corporation duly organized and existing under the laws of the State of Delaware (herein called the "Company"), having its principal office at Four Greenwich Office Park, Greenwich, Connecticut 06830, the Subsidiaries of the Company named in Schedule A (herein called the "Guarantors") and The Bank of New York, a New York banking corporation having its principal corporate trust office at 101 Barclay Street, New York, New York 10286, as trustee (herein called the "Trustee").

RECITALS OF THE COMPANY

The Company has duly authorized the creation of an issue of 9% Senior Subordinated Notes due 2009 (the "Securities") of substantially the tenor and amount hereinafter set forth, and to provide therefor the Company has duly authorized the execution and delivery of this Indenture.

Each Guarantor desires to make the Guaranty provided herein and has duly authorized the execution and delivery of this Indenture.

All things necessary to make the Securities, when executed by the Company, authenticated and delivered hereunder and duly issued by the Company, and each Guaranty, when executed and delivered hereunder by each Guarantor, the valid obligations of the Company and each Guarantor, and to make this Indenture a valid agreement of the Company and each Guarantor, in accordance with their and its terms, have been done.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Securities by the Holders (as defined herein) thereof, it is mutually covenanted and agreed, for the equal and proportionate benefit of all Holders of the Securities, as follows:

ARTICLE I

Definitions and Other Provisions
of General Application

SECTION I.1 Definitions.

For all purposes of this Indenture, except as otherwise expressly provided or unless the context otherwise requires:

(1) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular;

(2) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein;

(3) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with GAAP (whether or not such is indicated herein);

(4) unless the context otherwise requires, any reference to an "Article" or a "Section" refers to an Article or Section, as the case may be, of this Indenture;

(5) the words "herein," "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision; and

(6) each reference herein to a rule or form of the Commission shall mean such rule or form and any rule or form successor thereto, in each case as amended from time to time.

Whenever this Indenture requires that a particular ratio or amount be calculated with respect to a specified period after giving effect to certain transactions or events on a pro forma basis, such calculation shall be made as if the transactions or events occurred on the first day of such period, unless otherwise specified.

"8.80% Notes" means the $205 million aggregate principal amount of 8.80% Senior Subordinated Notes due

2008 issued by the Company under the indenture, dated as of August 12, 1998, among the Company, as issuer, its United States subsidiaries, as guarantors, and State Street Bank and Trust Company, as trustee.

"9 1/2% Notes" means the $200 million aggregate principal amount of 9 1/2% Senior Subordinated Notes due 2008 issued by the Company under the indenture, dated as of May 22, 1998, among the Company, as issuer, its United States subsidiaries, as guarantors, and State Street Bank and Trust Company, as trustee.

"9 1/4% Notes" means the $300 million aggregate principal amount of 9 1/4% Senior Subordinated Notes due 2009 issued by the Company under the indenture, dated as of December 15, 1998, among the Company, as issuer, its United States subsidiaries, as guarantors, and State Street Bank and Trust Company, as trustee.

"Acquired Indebtedness" means Indebtedness of a Person (a) assumed in connection with an Asset Acquisition from such Person or (b) existing at the time such Person becomes a Subsidiary of any other Person and not incurred in connection with, or in contemplation of, such Asset Acquisition or such Person becoming a Subsidiary.

"Act," when used with respect to any Holder, has the meaning specified

in Section 1.4.

"Affiliate" means, with respect to any specified Person, (i) any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person, (ii) any other Person that owns, directly or indirectly, 10% or more of such specified Person's Capital Stock, (iii) any officer or director of (A) any such specified Person, (B) any Subsidiary of such specified Person or (C) any Person described in clauses (i) or (ii) above.

"Asset Acquisition" means (a) an Investment by the Company or any Restricted Subsidiary of the Company in any other Person pursuant to which such Person shall become a Restricted Subsidiary of the Company or any Restricted Subsidiary of the Company, or shall be merged with or into the Company or

any Restricted Subsidiary of the Company, or (b) the acquisition by the Company or any Restricted Subsidiary of the Company of the assets of any Person which constitute all or substantially all of the assets of such Person, any division or line of business of such Person or any other properties or assets of such Person other than in the ordinary course of business.

"Asset Sale" means any sale, issuance, conveyance, transfer, lease or other disposition by the Company or any Restricted Subsidiary of the Company to any Person other than the Company or a Restricted Subsidiary of the Company, of
(a) any Capital Stock of any Restricted Subsidiary of the Company; (b) all or substantially all of the properties and assets of any division or line of business of the Company or any Restricted Subsidiary of the Company; or (c) any other properties or assets of the Company or any Restricted Subsidiary of the Company, other than (i) sales of obsolete, damaged or used equipment or other equipment or inventory sales in the ordinary course of business, (ii) sales of assets in one or a series of related transactions for an aggregate consideration of less than $1,000,000, (iii) sales of Permitted Investments, and (iv) sales of accounts receivable for financing purposes. For the purposes of this definition, the term "Asset Sale" shall not include any sale, issuance, conveyance, transfer, lease or other disposition of properties or assets that is governed by the provisions of Article VIII.

"Asset Sale Offer" has the meaning specified in Section 10.14.

"Asset Sale Offer Price" has the meaning specified in Section 10.14.

"Asset Sale Purchase Date" has the meaning specified in Section 10.14.

"Authenticating Agent" means any Person authorized by the Trustee pursuant to Section 6.14 hereof to act on behalf of the Trustee to authenticate Securities.

"Average Life to Stated Maturity" means, with respect to any Indebtedness, as at any date of determination, the quotient obtained by dividing (i) the sum of the products of (a) the number of years from such date to the date or dates of each successive scheduled principal payment (including, without limitation, any sink-

ing fund requirements) of such Indebtedness and (b) the amount of each such principal payment by (ii) the sum of all such principal payments.

"Board of Directors" means the board of directors of a company or its equivalent, including managers of a limited liability company, general partners of a partnership or trustees of a business trust, or any duly authorized committee thereof.

"Board Resolution" means a copy of a resolution certified by the Secretary or an Assistant Secretary of a company to have been duly adopted by the Board of Directors of such company and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"Business Day" means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in the Borough of Manhattan, The City of New York are authorized or obligated by law or executive order to close.

"Capital Stock" means, with respect to any Person, any and all shares, interests, participations, rights in or other equivalents (however designated) of such Person's capital stock or equity participations, and any rights (other than debt securities convertible into capital stock), warrants or options exchangeable for or convertible into such capital stock and, including, without limitation, with respect to partnerships, limited liability companies or business trusts, ownership interests (whether general or limited) and any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, such partnerships, limited liability companies or business trusts.

"Capitalized Lease Obligation" means any obligation under a lease of (or other agreement conveying the right to use) any property (whether real, personal or mixed) that is required to be classified and accounted for as a capital lease obligation under GAAP, and, for the purpose of this Indenture, the amount of such obligation at any date shall be the capitalized amount thereof at such date, determined in accordance with GAAP.

"Cash Equivalents" means, at any time, (a) any evidence of Indebtedness, maturing not more than one year after such time, issued or guaranteed by the United States Government or any agency thereof, (b) commercial paper, maturing not more than one year from the date of issue, or corporate demand notes, in each case rated at least A-1 by S&P or P-1 by Moody's, (c) any certificate of deposit (or time deposits represented by such certificates of deposit) or bankers' acceptance, maturing not more than one year after such time, or overnight Federal Funds transactions that are issued or sold by a commercial banking institution that is a member of the Federal Reserve System and has a combined capital and surplus and undivided profits of not less than $500,000,000, (d) any repurchase agreement entered into with any commercial banking institution of the stature referred to in clause (c) which (i) is secured by a fully perfected security interest in any obligation of the type described in any of clauses (a) through (c) and (ii) has a market value at the time such repurchase agreement is entered into of not less than 100% of the repurchase obligation of such commercial banking institution thereunder, and (e) investments in short term asset management accounts managed by any bank party to the Credit Facility or the Term Loan which are invested in indebtedness of any state or municipality of the United States or of the District of Columbia and which are rated under one of the two highest ratings then obtainable from S&P or by Moody's or investments of the types described in clauses (a) through (d) above, and (f) investments in funds investing primarily in investments of the types described in clauses (a) through (e) above.

"Cedel" means Cedel Bank, societe anonyme.

"Change of Control" means the occurrence of any of the following events: (a) any "person" or "group" (as such terms are used in Sections 13 (d) and 14(d) of the Exchange Act), excluding Permitted Holders, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a person shall be deemed to have "beneficial ownership" of all securities that such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 50% of the total Voting Stock of the Company or Holdings; provided, however, that a "Change of Con-

trol" shall not be deemed to have occurred under this subclause (a) unless the Permitted Holders do not have the right or ability by voting power, contract or otherwise to elect or designate for election a majority of the Board of Directors of the Company or Holdings; (b) the Company or Holdings consolidates with, or merges with or into, another Person or sells, assigns, conveys, transfers, leases or otherwise disposes of all or substantially all of its assets to any Person, or any Person consolidates with, or merges with or into, the Company (or Holdings), in any such event pursuant to a transaction in which the outstanding Voting Stock of the Company or Holdings is converted into or exchanged for cash, securities or other property, other than any such transaction where (i) the outstanding Voting Stock of the Company or Holdings is converted into or exchanged for Voting Stock (other than Redeemable Capital Stock) of the surviving or transferee corporation and (ii) immediately after such transaction no "person" or "group" (as such terms are used in Section 13(d) and 14(d) of the Exchange Act), excluding Permitted Holders, is the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that a person shall be deemed to have "beneficial ownership" of all securities that such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 50% of the total Voting Stock of the surviving or transferee corporation;

(c) during any consecutive two-year period, individuals who at the beginning of such period constituted the Board of Directors of the Company or Holdings (together with any new directors whose election by such Board of Directors or whose nomination for election by the stockholders of the Company or Holdings was approved by a vote of 66-2/3% of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Directors of the Company or Holdings then in office; or

(d) the Company is liquidated or dissolved or adopts a plan of liquidation.

"Change of Control Offer" has the meaning specified in Section 10.13.

"Change of Control Purchase Date" has the meaning specified in Section 10.13.

"Change of Control Purchase Price" has the meaning specified in Section 10.13.

"Code" means the Internal Revenue Code of 1986, as amended from time

to time, and the rules and regulations thereunder.

"Commission" means the Securities and Exchange Commission, as from time to time constituted, created under the Exchange Act, or, if at any time after the execution of this instrument such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties at such time.

"Common Stock" means the common stock, par value $.01 per share, of **Holdings.**

"Company" means the Person named as the "Company" in the first paragraph of this instrument until a successor Person shall have become such pursuant to the applicable provisions of this Indenture and thereafter "Company" shall mean such successor Person.

"Company Request" or "Company Order" means a written request or order signed in the name of the Company by its Chairman of the Board, its Chief Executive Officer, its Chief Financial Officer, its President or a Vice President, and by its Treasurer, an Assistant Treasurer, its Secretary or an Assistant Secretary, and delivered to the Trustee or Paying Agent, as applicable.

"Consolidated Cash Flow Available for Fixed Charges" means, with respect to any Person for any period, (i) the sum of, without duplication, the amounts for such period, taken as a single accounting period, of (a) Consolidated Net Income, (b) Consolidated Non-cash Charges, (c) Consolidated Interest Expense, (d) Consolidated Income Tax Expense (other than income tax expense (either positive or negative) attributable to extraordinary gains or losses), (e) one-third of Consolidated Rental Payments, and (f) if any Asset Sale or Asset Acquisition shall have occurred since the first day of any four quarter period for which "Consolidated Cash Flow Available for Fixed Charges" is being calculated (including to the date of calculation) (A) the cost of any compensation, remuneration or other benefit paid or

provided to any employee, consultant, Affiliate or equity owner of the entity involved in any such Asset Acquisition to the extent such costs are eliminated or reduced (or public announcement has been made of the intent to eliminate or reduce such costs) prior to the date of such calculation and not replaced and (B) the amount of any reduction in general, administrative or overhead costs of the entity involved in any such Asset Acquisition or Asset Sale, to the extent such amounts under clauses (A) and (B) would be permitted to be eliminated in a pro forma income statement prepared in accordance with Rule 11-02 of Regulation S-X, less (ii)(x) non-cash items increasing Consolidated Net Income and (y) all cash payments during such period relating to non-cash charges that were added back in determining Consolidated Cash Flow Available for Fixed Charges in the most recent Four Quarter Period (as defined in the definition of "Consolidated Fixed Charge Coverage Ratio").

"Consolidated Fixed Charge Coverage Ratio" means, with respect to any Person, the ratio of the aggregate amount of Consolidated Cash Flow Available for Fixed Charges of such Person for the four full fiscal quarters, treated as one period, for which financial information in respect thereof is available immediately preceding the date of the transaction (the "Transaction Date") giving rise to the need to calculate the Consolidated Fixed Charge Coverage Ratio (such four full fiscal quarter period being referred to herein as the "Four

Quarter Period") to the aggregate amount of Consolidated Fixed Charges of such Person for the Four Quarter Period. In calculating "Consolidated Fixed Charges" for purposes of determining the denominator (but not the numerator) of this "Consolidated Fixed Charge Coverage Ratio," (i) interest on outstanding Indebtedness determined on a fluctuating basis as of the Transaction Date and which will continue to be so determined thereafter shall be deemed to have accrued at a fixed rate per annum equal to the rate of interest on such Indebtedness in effect on the Transaction Date; and (ii) if interest on any Indebtedness actually incurred on the Transaction Date may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rates, then the interest rate in effect on the Transaction Date will be deemed to have been in effect during the Four Quarter Period. If such Person or any of its Restricted Subsidiaries directly or indirectly guarantees Indebtedness of a third Person, the above clause shall give effect to the incurrence of such guaranteed Indebtedness as if such Person or such Subsidiary had directly incurred or otherwise assumed such guaranteed Indebtedness.

"Consolidated Fixed Charges" means, with respect to any Person for any period, the sum of, without duplication, the amounts for such period of (i) Consolidated Interest Expense, (ii) the aggregate amount of dividends and other distributions paid or accrued during such period in respect of Redeemable Capital Stock of such Person and its Restricted Subsidiaries on a consolidated basis and (iii) one-third of Consolidated Rental Payments.

"Consolidated Income Tax Expense" means, with respect to any Person for any period, the provision for federal, state, local and foreign income taxes of such Person and its Restricted Subsidiaries for such period as determined on a consolidated basis in accordance with GAAP.

"Consolidated Interest Expense" means, with respect to any Person for any period, without duplication, the sum of (i) the interest expense of such Person and its Restricted Subsidiaries for such period as determined on a consolidated basis in accordance with GAAP, including, without limitation, (a) any amortization of debt discount, (b) the net cost under Interest Rate Protection Obligations (including any amortization of discounts), (c) the interest portion of any deferred payment obligation, (d) all commissions, discounts and other fees and charges owed with respect to letters of credit, bankers' acceptance financing or similar facilities and (e) all accrued interest and (ii) the interest component of Capitalized Lease Obligations paid, accrued and/or scheduled to be paid or accrued by such Person and its Restricted Subsidiaries during such period as determined on a consolidated basis in accordance with GAAP.

"Consolidated Net Income" means, with respect to any Person, for any period, the consolidated net income (or loss) of such Person and its Restricted Subsidiaries for such period as determined in accordance

with GAAP, adjusted, to the extent included in calculating such net income, by excluding, without duplication, (i) all extraordinary gains or losses (net of fees and expenses relating to the transaction giving rise thereto), (ii) the portion of net income of such Person and its Restricted Subsidiaries allocable to minority interests in unconsolidated Persons or to Investments in Unrestricted Subsidiaries to the extent that cash dividends or distributions have not actually been received by such Person or one of its Restricted Subsidiaries, (iii) net income (or loss) of any Person combined with such Person or one of its Restricted Subsidiaries on a "pooling of interests" basis attributable to any period prior to the date of combination, (iv) gains or losses in respect of any Asset Sales by such Person or one of its Restricted Subsidiaries (net of fees and expenses relating to the transaction giving rise thereto), on an after-tax basis, (v) the net income of any Restricted Subsidiary of such Person to the extent that the declaration of dividends or similar distributions by that Restricted Subsidiary of that income is not at the time permitted, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulations applicable to that Restricted Subsidiary or its stockholders and (vi) any gain or loss realized as a result of the cumulative effect of a change in accounting principles.

"Consolidated Non-cash Charges" means, with respect to any Person for any period, the aggregate depreciation, amortization (including amortization of goodwill and other intangibles) and other non-cash expenses of such Person and its Restricted Subsidiaries reducing Consolidated Net Income of such Person and its Restricted Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP (excluding any such charges constituting an extraordinary item or loss).

"Consolidated Rental Payments" of any Person means, for any period, the aggregate rental obligations of such Person and its Restricted Subsidiaries (not including taxes, insurance, maintenance and similar expenses that the lessee is obligated to pay under the terms of the relevant leases), determined on a consolidated basis in accordance with GAAP, payable in respect of such period (net of income from subleases thereof,

not including taxes, insurance, maintenance and similar expenses that the sublessee is obligated to pay under the terms of such sublease), whether or not such obligations are reflected as liabilities or commitments on a consolidated balance sheet of such Person and its Restricted Subsidiaries or in the notes thereto, excluding, however, in any event, (i) that portion of Consolidated Interest Expense of such Person representing payments by such Person or any of its Restricted Subsidiaries in respect of Capitalized Lease Obligations (net of payments to such Person or any of its Restricted Subsidiaries under subleases qualifying as capitalized lease subleases to the extent that such payments would be deducted in determining Consolidated Interest Expense) and (ii) the aggregate amount of amortization of obligations of such Person and its Restricted Subsidiaries in respect of such Capitalized Lease Obligations for such period (net of payments to such Person or any of its Restricted Subsidiaries and subleases qualifying as capitalized lease subleases to the extent that such payments could be deducted in determining such amortization amount).

"control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Corporate Trust Office" means the office of the Trustee at which at any particular time its corporate trust business shall be administered, which address as of the date of this Indenture is located at 101 Barclay Street, Floor 21 West, New York, New York 10286 Attention: Corporate Trust Trustee Administration.

"corporation" means (except in the definition of "Subsidiary") a corporation, association, company, joint-stock company or business trust.

"Covenant Defeasance" has the meaning specified in Section 12.3.

"Credit Facility" means the Credit Agreement dated as of September 29, 1998, among the Company, Holdings, United Rentals of Canada, Inc., various financial institutions, Bank of America Canada, as Canadian Agent, and Bank of America National Trust and Savings Associa-

tion, as U.S. Agent, including any notes, guarantees, collateral documents, instruments and agreements executed in connection therewith, and in each case as amended (including any amendment and restatement thereof), modified, renewed, refunded, replaced or refinanced from time to time, including any agreement extending the maturity of, refinancing, replacing or otherwise restructuring (including increasing the amount of available borrowings thereunder or adding Subsidiaries of the Company as additional borrowers or guarantors thereunder) all or any portion of the Indebtedness under such agreement or any successor or replacement agreement and whether by the same or any other agents, lender or group of lenders.

"Default" means any event that is, or after notice or passage of time, or both, would be, an Event of Default.

"Defeasance" has the meaning specified in Section 12.2.

"Depositary" means The Depository Trust Company, or its successor.

"Designated Guarantor Senior Indebtedness" means, with respect to a Guarantor, amounts owing by such Guarantor under the Credit Facility or the Term Loan and guarantees by such Guarantor of Designated Senior Indebtedness.

"Designated Senior Indebtedness" means (i) all Indebtedness under the Credit Facility and the Term Loan and (ii) any other issue of Senior Indebtedness which (a) at the time of the determination is equal to or greater than $25,000,000 in aggregate principal amount and (b) is specifically designated by the Company in the instrument evidencing such Senior Indebtedness as "Designated Senior Indebtedness."

"Disinterested Member of the Board of Directors of the Company" means, with respect to any transaction or series of transactions, a member of the Board of Directors of the Company other than a member who has any material direct or indirect financial interest in or with respect to such transaction or series of transactions or who is an Affiliate, officer, director or an employee of any Person (other than the Company or Hold-

ings) who has any direct or indirect financial interest in or with respect to such transaction or series of transactions.

"Distribution Compliance Period" has the meaning set forth in Section 3.14.

"Euroclear" means Morgan Guaranty Trust Company of New York, Brussels Office, as operator of the Euroclear System.

"Event of Default" has the meaning specified in Section 5.1.

"Excess Proceeds" has the meaning specified in Section 10.14.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Exchange Securities" has the meaning specified in the form of the **Security in Exhibit A.**

"Expiration Date" shall have the meaning set forth in the definition of "Offer to Purchase."

"Fair Market Value" means, with respect to any asset, the price which could be negotiated in an arm's- length free market transaction, for cash, between a willing seller and a willing buyer, neither of which is under pressure or compulsion to complete the transaction. Fair Market Value shall be determined by the Board of Directors of the Company in good faith.

"Federal Bankruptcy Code" means Title 11, U.S. Code.

"GAAP" means generally accepted accounting principles set forth in the

opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as may be approved by a significant segment of the accounting profession of the United States of America, which are applicable at the date of the Indenture.

"Global Securities" means one or more Regulation S Global Securities and 144A Global Securities.

"guarantee" means, as applied to any obligation, (i) a guarantee (other than by endorsement of negotiable instruments for collection in the ordinary course of business), direct or indirect, in any manner, of any part or all of such obligation and (ii) an agreement, direct or indirect, contingent or otherwise, the practical effect of which is to assure in any way the payment or performance (or payment of damages in the event of nonperformance) of all or any part of such obligation, including, without limiting the foregoing, the payment of amounts available to be drawn down under letters of credit of another Person. The term "guarantee" used as a verb has a corresponding meaning. The term "guarantor" shall mean any Person providing a guarantee of any obligation.

"Guarantor Senior Indebtedness" of a Guarantor means the principal of, premium, if any, and interest on any Indebtedness of such Guarantor, whether outstanding on the Issue Date or thereafter created, incurred or assumed, unless, in the case of any particular Indebtedness, the instrument creating or evidencing the same or pursuant to which the same is outstanding expressly provides that such Indebtedness shall not be senior in right of payment to the Notes or such Guarantor's Guaranty. Without limiting the generality of the foregoing, (x) "Guarantor Senior Indebtedness" shall include the principal of, premium, if any, and interest on all obligations of every nature of such Guarantor from time to time owed to the lenders under the Credit Facility and the Term Loan, including, without limitation, principal of and interest on, and all fees, indemnities and expenses payable under the Credit Facility and the Term Loan, and (y) in the case of Designated Senior Indebtedness, "Guarantor Senior Indebtedness" shall include interest accruing thereon subsequent to the occurrence of any Event of Default specified in clause (7) or (8) of Section 5.1 relating to such Guarantor, whether or not the claim for such interest is allowed under any applicable bankruptcy laws. Notwithstanding the foregoing, "Guarantor Senior Indebtedness" shall not include (a) Indebtedness evidenced by the Notes or the Guarantees, (b) Indebtedness that is expressly subordinate or junior in right of payment to any Indebtedness of such Guarantor, including the Guarantor's guarantee of the

9 1/4% Notes, the 9 1/2% Notes and the 8.80% Notes, (c) Indebtedness which, when incurred and without respect to any election under Section 1111(b) of Title 11, United States Code, is without recourse to such Guarantor, (d) Indebtedness which is represented by Redeemable Capital Stock, (e) Indebtedness for goods, materials or services purchased in the ordinary course of business or Indebtedness consisting of trade payables or other current liabilities (other than any current liabilities owing under the Credit Facility, or the current portion of any long-term Indebtedness (including the Term Loan) which would constitute Guarantor Senior Indebtedness but for the operation of this clause (e)), (f) Indebtedness of or amounts owed by such Guarantor for compensation to employees or for services rendered to such Guarantor, (g) any liability for federal, state, local or other taxes owed or owing by such Guarantor, (h) Indebtedness of such Guarantor to the Company or a Subsidiary of the Company or any other Affiliate of the Company or any of such Affiliate's Subsidiaries, (i) that portion of any Indebtedness which is incurred by such Guarantor in violation of this Indenture and (j) amounts owing under leases.

"Guarantor Subordinated Indebtedness" means, with respect to a Guarantor, indebtedness and other obligations of such Guarantor which are expressly subordinated in right of payment to such Guarantor's Guaranty.

"Guaranty" means each guaranty of the Securities contained in Article XIII given by each Guarantor.

"Guaranty Obligations" means, with respect to each Guarantor, the obligations of such Guarantor under Article XIII.

"Holder" means a Person in whose name a Security is registered in the **Security Register.**

"Holdings" means United Rentals, Inc., a corporation duly organized and existing under the laws of the State of Delaware.

"Indebtedness" means, with respect to any Person, without duplication,
(a) all liabilities of such Person for borrowed money or for the deferred purchase price of property or services, excluding any trade

payables and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such Person in connection with any letters of credit, banker's acceptance or other similar credit transaction, (b) all obligations of such Person evidenced by bonds, notes, debentures or other similar instruments, (c) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade accounts payable arising in the ordinary course of business, (d) all Capitalized Lease Obligations of such Person, (e) all Indebtedness referred to in the preceding clauses of other Persons and all dividends of other Persons, the payment of which is secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien upon property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured), (f) all guarantees of Indebtedness referred to in this definition by such Person, (g) all Redeemable Capital Stock of such Person valued at the greater of its voluntary or involuntary maximum fixed repurchase price plus accrued dividends, (h) all obligations under or in respect of Interest Rate Protection Obligations of such Person, and (i) any amendment, supplement, modification, deferral, renewal, extension, refinancing or refunding of any liability of the types referred to in clauses (a) through (h) above; provided, however, that Indebtedness shall not include (i) any holdback or escrow of the purchase price of property, services, businesses or assets or (ii) any contingent payment obligations incurred in connection with the acquisition of assets or business, which are contingent on the performance of the assets or businesses so acquired. For purposes hereof, the "maximum fixed repurchase price" of any Redeemable Capital Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Redeemable Capital Stock as if such Redeemable Capital Stock were purchased on any date on which Indebtedness shall be required to

be determined pursuant hereto, and if such price is based upon, or measured by, the fair market value of such Redeemable Capital Stock, such fair market value shall be approved in good faith by the Board of Directors of the issuer of such Redeemable Capital Stock. In the case of Indebtedness of other Persons, the payment of which is secured by a Lien on property owned by a Person as referred to in clause (e) above, the amount of the Indebtedness of such Person attributable to such Lien at any date shall be the lesser of the Fair Market Value at such date of any asset subject to such Lien and the amount of the Indebtedness secured.

"Indenture" means this instrument as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof, including, for all purposes of this instrument and any such supplemental indenture, the provisions of the Trust Indenture Act that are deemed to be a part of and govern this instrument and any such supplemental indenture, respectively.

"Initial Purchasers" means Goldman, Sachs & Co., Donaldson Lufkin & **Jenrette Securities Corporation and NationsBanc Montgomery Securities LLC.**

"Initial Securities" means the 9% Senior Subordinated Notes due 2009, **Series A, of the Company.**

"Interest Payment Date" means the Stated Maturity of an installment of interest on the Securities.

"Interest Rate Protection Agreement" means, with respect to any Person, any arrangement with any other Person whereby, directly or indirectly, such Person is entitled to receive from time to time periodic payments calculated by applying either a floating or a fixed rate of interest on a stated notional amount in exchange for periodic payments made by such Person calculated by applying a fixed or a floating rate of interest on the same notional amount and shall include, without limitation, interest rate swaps, caps, floors, collars and similar agreements.

"Interest Rate Protection Obligations" means the obligations of any Person pursuant to any Interest Rate Protection Agreements.

"Investment" means, with respect to any Person, any direct or indirect loan or other extension of credit (including, without limitation, a guarantee) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition by such Person of any Capital Stock, bonds, notes, debentures or other securities or evidences of Indebtedness issued by, any other Person.

"Issue Date" means the original date of issuance of the Initial **Securities.**

"Lien" means any mortgage, charge, pledge, lien (statutory or other),

security interest, hypothecation, assignment for security, claim, or preference or priority or other encumbrance upon or with respect to any property of any kind. A Person shall be deemed to own subject to a Lien any property which such Person has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement.

"Maturity Date" means April 1, 2009.

"Moody's" means Moody's Investors Service, Inc. and its successors.

"Net Cash Proceeds" means, with respect to any Asset Sale, the proceeds thereof in the form of cash or Cash Equivalents including payments in respect of deferred payment obligations when received in the form of cash or Cash Equivalents (except to the extent that such obligations are financed or sold with recourse to the Company or any Restricted Subsidiary of the Company) net of (i) brokerage commissions and other fees and expenses (including, without limitation, fees and expenses of legal counsel and investment bankers, recording fees, transfer fees and appraisers' fees) related to such Asset Sale, (ii) provisions for all taxes payable as a result of such Asset Sale, (iii) amounts required to be paid to any Person (other than the Company or any Restricted Subsidiary of the Company) owning a beneficial interest in the assets subject to the Asset Sale, (iv) payments made to retire Indebtedness where payment of such Indebtedness is secured by the assets or properties the subject of such Asset Sale, and (v) appropriate

amounts to be provided by the Company or any Restricted Subsidiary of the Company, as the case may be, as a reserve required in accordance with GAAP against any liabilities associated with such Asset Sale and retained by the Company or any Restricted Subsidiary of the Company, as the case may be, after such Asset Sale, including, without limitation, pension and other post- employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as reflected in an Officer's Certificate delivered to the Trustee.

"Non-U.S. Person" means a Person that is not a U.S. Person as such term is defined in Regulation S.

"Notice of Default" means a written notice of the kind specified in Section 5.2.

"Offer" means a Change of Control Offer or an Asset Sale Offer.

"Offer to Purchase" means an Offer sent by or on behalf of the Company by first-class mail, postage prepaid, to each Holder of Securities at its address appearing in the register for the Securities on the date of the Offer offering to purchase up to the principal amount of Securities specified in such Offer at the purchase price specified in such Offer (as determined pursuant to this Indenture). Unless otherwise provided in Section 10.13 or 10.14 or otherwise required by applicable law, the Offer shall specify an expiration date (the "Expiration Date") of the Offer to Purchase, which shall be not less than 20 Business Days nor more than 60 days after the date of such Offer (or such later date as may be necessary for the Company to comply with the Exchange Act), and a settlement date (the "Purchase Date") for purchase of Securities to occur no later than five Business Days after the Expiration Date. The Company shall notify the Trustee at least 15 Business Days (or such shorter period as is acceptable to the Trustee) prior to the mailing of the Offer of the Company's obligation to make an Offer to Purchase, and the Offer shall be mailed by the Company or, at the Company's request, by the Trustee in the name and at the expense of the Company. The Offer shall contain all the information required by applicable law to be included therein. The Offer shall contain all instructions and materials nec-

essary to enable such Holders to tender Securities pursuant to the Offer to Purchase. The Offer shall also state:

(1) the Section of this Indenture pursuant to which the Offer to Purchase is being made;

(2) the Expiration Date and the Purchase Date;

(3) the purchase price to be paid by the Company for each $1,000 aggregate principal amount of Securities accepted for payment (as specified pursuant to this Indenture) (the "Purchase Price"); and the amount of accrued and unpaid interest to be paid;

(4) that the Holder may tender all or any portion of the Securities registered in the name of such Holder and that any portion of a Security tendered must be tendered in an integral multiple of $1,000 principal amount;

(5) the place or places where Securities are to be surrendered for tender pursuant to the Offer to Purchase;
(6) that interest on any Security not tendered or tendered but not purchased by the Company pursuant to the Offer to Purchase will continue to accrue;

(7) that on the Purchase Date the Purchase Price will become due and payable upon each Security being accepted for payment pursuant to the Offer to Purchase and that interest thereon shall cease to accrue on and after the Purchase Date;

(8) that each Holder electing to tender all or any portion of a Security pursuant to the Offer to Purchase will be required to surrender such Security at the place or places specified in the Offer prior to the close of business on the Expiration Date (such Security being, if the Company or the Trustee so requires, duly endorsed by, or accompanied by a written instrument of transfer in form satis-

factory to the Company and the Trustee duly executed by the Holder thereof or his attorney duly authorized in writing);

(9) that Holders will be entitled to withdraw all or any portion of Securities tendered if the Company (or its Paying Agent) receives, not later than the close of business on the fifth Business Day next preceding the Expiration Date, a facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Security the Holder tendered, the certificate number of the Security the Holder tendered and a statement that such Holder is withdrawing all or a portion of his tender;

(10) that (a) if Securities purchasable at an aggregate Purchase Price less than or equal to the Purchase Amount are duly tendered and not withdrawn pursuant to the Offer to Purchase, the Company shall purchase all such Securities and (b) if Securities purchasable at an aggregate Purchase Price in excess of the Purchase Amount are tendered and not withdrawn pursuant to the Offer to Purchase, the Company shall purchase Securities on a pro rata basis based on the Purchase Price therefor or such other method as the Trustee shall deem fair and appropriate (subject in each case to applicable rules of the Depositary and any securities exchange upon which the Securities may then be listed), with such adjustments as may be deemed appropriate so that only Securities in denominations of $1,000 principal face amount or integral multiples thereof shall be purchased; notwithstanding the foregoing, if the Company is required to commence an Asset Sale Offer at any time when securities of the Company ranking pari passu in right of payment with the Securities are outstanding and the terms of such securities provide that a similar offer must be made with respect to such other securities, then the Asset Sale Offer for the Securities shall be made concurrently with such other offers and securities of each issue will be accepted on a

pro rata basis in proportion to the aggregate principal amount of securities of each issue which the holders thereof elect to have purchased; and

(11) that in the case of a Holder whose Security is purchased only in part, the Company shall execute and the Trustee shall authenticate and deliver to the Holder of such Security without service charge, a new Security or Securities, of any authorized denomination as requested by such Holder, in an aggregate principal amount equal to and in exchange for the unpurchased portion of the Security so tendered.

An Offer to Purchase shall be governed by and effected in accordance with the provisions of this Indenture pertaining to the type of Offer to which it relates.

"Offering Circular" means the Offering Circular dated March 16, 1999 pursuant to which the Securities were offered, and any supplement thereto.

"Officer's Certificate" means a certificate signed by the Chairman of the Board, the Chief Executive Officer, the President or a Vice President, the Chief Financial Officer, the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary, of the Company, and delivered to the Trustee. One of the officers signing an Officer's Certificate given pursuant to Section 10.20 shall be the principal executive, financial or accounting officer of the Company.

"144A Global Security" means a permanent global security in registered form representing the aggregate principal amount of Securities sold in reliance on Rule 144A under the Securities Act.

"Opinion of Counsel" means a written opinion of counsel, who may be counsel for the Company, and who shall be reasonably acceptable to the Trustee.

"Outstanding," when used with respect to Securities, means, as of the date of determination, all Securities theretofore authenticated and delivered under this Indenture, except:

(i) Securities theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(ii) Securities for whose payment or redemption money in the necessary amount has been theretofore deposited with the Trustee or any Paying Agent (other than the Company) in trust or set aside and segregated in trust by the Company (if the Company shall act as its own Paying Agent) for the Holders of such Securities; provided that, if such Securities are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made;

(iii) Securities which have been paid pursuant to Section 3.6 or in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture, other than any such Securities in respect of which there shall have been presented to the Trustee proof satisfactory to it that such Securities are held by a bona fide purchaser in whose hands such Securities are valid obligations of the Company; and

(iv) Securities as to which Defeasance has been effected pursuant to
Section 12.2;

provided, however, that in determining whether the Holders of the requisite principal amount of the Outstanding Securities have given, made or taken any request, demand, authorization, direction, notice, consent, waiver or other action hereunder as of any date, Securities owned by the Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor shall be disregarded and deemed not to be Outstanding (it being understood that Securities to be acquired by the Company pursuant to an Offer or other offer to purchase shall not be deemed to be owned by the Company until legal title to such Securities passes to the Company), except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent, waiver or other action, only Securities which a

Responsible Officer of the Trustee actually knows to be so owned shall be so disregarded. Securities so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Securities and that the pledgee is not the Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor.

"Paying Agent" means any Person authorized by the Company to pay the principal of (and premium, if any) or interest on any Securities on behalf of the Company.

"Permitted Holder" means (i) Holdings and (ii) Bradley S. Jacobs, John N. Milne, Michael J. Nolan and their respective Affiliates, and trusts established for the benefit of a Permitted Holder or members of his immediate family.

"Permitted Indebtedness" means, without duplication:

(a) Indebtedness of the Company and the Guarantors evidenced by up to $250,000,000 principal amount of the Securities and the Guarantees, respectively;

(b) Indebtedness of the Company and Restricted Subsidiaries under (i) the Credit Facility in an aggregate principal amount at any one time outstanding not to exceed the greater of (x) $850,000,000 or (y) 100% of Tangible Assets, less, in either case, any amounts permanently repaid in accordance with Section 10.14 and (ii) the Term Loan in an aggregate amount not to exceed $250,000,000, less the amount of any repayments of the Term Loan;

(c) Indebtedness of the Company or any Restricted Subsidiary outstanding on the Issue Date, including the 93% Notes, the 92% Notes, the 8.80% Notes and the respective guarantees thereof;

(d) Indebtedness of the Company or any Restricted Subsidiary of the Company incurred in respect of performance bonds, bankers' acceptances and letters of credit in the ordinary course of

business, including Indebtedness evidenced by letters of credit issued in the ordinary course of business consistent with past practice to support the insurance or self-insurance obligations of the Company or any of its Restricted Subsidiaries (including to secure workers' compensation and other similar insurance coverages), in the aggregate amount not to exceed $10,000,000 at any time; but excluding letters of credit issued in respect of or to secure money borrowed;

(e) (i) Interest Rate Protection Obligations of the Company covering Indebtedness of the Company and (ii) Interest Rate Protection Obligations of any Restricted Subsidiary covering Permitted Indebtedness of such Restricted Subsidiary provided that, in the case of either clause (i) or (ii), (x) any Indebtedness to which any such Interest Rate Protection Obligations correspond bears interest at fluctuating interest rates and is otherwise permitted to be incurred under Section 10.8 and (y) the notional principal amount of any such Interest Rate Protection Obligations that exceeds the principal amount of the Indebtedness to which such Interest Rate Protection Obligations relate shall not constitute Permitted Indebtedness;

(f) Indebtedness of a Restricted Subsidiary owed to and held by the Company or another Restricted Subsidiary, except that (i) any transfer of such Indebtedness by the Company or a Restricted Subsidiary (other than to the Company or another Restricted Subsidiary) and (ii) the sale, transfer or other disposition by the Company or any Restricted Subsidiary of the Company of Capital Stock of a Restricted Subsidiary (other than to the Company or a Restricted Subsidiary) which is owed Indebtedness of another Restricted Subsidiary shall, in each case, be an incurrence of Indebtedness by such Restricted Subsidiary subject to the other provisions hereof;

(g) Indebtedness of the Company owed to and held by a Restricted Subsidiary which is unsecured and subordinated in right of payment to the payment and performance of the obligations of the Company under this Indenture and the Securities, except that (i) any transfer of such Indebtedness by the

Restricted Subsidiary (other than to another Restricted Subsidiary) and
(ii) the sale, transfer or other disposition by the Company or any Restricted Subsidiary of the Company (other than to the Company or a Restricted Subsidiary) of Capital Stock of a Restricted Subsidiary which is owed Indebtedness of the Company shall, in each case, be an incurrence of Indebtedness by the Company, subject to the other provisions hereof;

(h) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business; provided, however, that such Indebtedness is extinguished within five Business Days of incurrence;

(i) Indebtedness of the Company or any Restricted Subsidiary under equipment purchase or lines of credit or for Capitalized Lease Obligations not to exceed $25,000,000 in aggregate principal amount outstanding at any time;

(j) Indebtedness of the Company or any Restricted Subsidiary, in addition to that described in clauses (a) through (i) of this definition, in an aggregate principal amount outstanding at any time not to exceed $15,000,000;

(k) (i) Indebtedness of the Company the proceeds of which are used solely to refinance (whether by amendment, renewal, extension or refunding) Indebtedness of the Company or any of its Restricted Subsidiaries and (ii) Indebtedness of any Restricted Subsidiary of the Company the proceeds of which are used solely to refinance (whether by amendment, renewal, extension or refunding) Indebtedness of such Restricted Subsidiary, provided, however, that (x) the principal amount of Indebtedness incurred pursuant to this clause (k) (or, if such Indebtedness provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the maturity thereof, the original issue price of such Indebtedness) shall not exceed the sum of the principal amount of Indebtedness so refinanced, plus the

amount of any premium required to be paid in connection with such refinancing pursuant to the terms of such Indebtedness or the amount of any premium reasonably determined by the Company as necessary to accomplish such refinancing by means of a tender offer or privately negotiated purchase, plus the amount of expenses in connection therewith, and (y) in the case of Indebtedness incurred by the Company pursuant to this clause
(k) to refinance Subordinated Indebtedness, such Indebtedness (A) has no scheduled principal payment prior to the 91st day after the Maturity Date, (B) has an Average Life to Stated Maturity greater than the remaining Average Life to Stated Maturity of the Securities and (C) is subordinated to the Securities in the same manner and to the same extent that the Subordinated Indebtedness being refinanced is subordinated to the Securities;

(l) Indebtedness arising from agreements of the Company or any Restricted Subsidiary providing for indemnification, adjustment or holdback of purchase price or similar obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business, assets or a Subsidiary, other than guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or Subsidiary for the purpose of financing such acquisition; and

(m) guarantees by the Company or a Restricted Subsidiary of Indebtedness that was permitted to be incurred under this Indenture.

"Permitted Investments" means any of the following: (i) Investments in the Company or in a Restricted Subsidiary; (ii) Investments in another Person, if as a result of such Investment (A) such other Person becomes a Restricted Subsidiary or (B) such other Person is merged or consolidated with or into, or transfers or conveys all or substantially all of its assets to, the Company or a Restricted Subsidiary; (iii) Investments representing Capital Stock or obligations issued to the Company or a Restricted Subsidiary in settlement of claims against any other Person by reason of a composition or readjustment of debt or a reorganization of any debtor of the Company or such Restricted Subsidiary; (iv) Investments in Interest Rate Protection Agreements

on commercially reasonable terms entered into by the Company or any of its Subsidiaries in the ordinary course of business in connection with the operations of the business of the Company or its Restricted Subsidiaries to hedge against fluctuations in interest rates on its outstanding Indebtedness;
(v) Investments in the Securities; (vi) Investments in Cash Equivalents; (vii) Investments acquired by the Company or any Restricted Subsidiary in connection with an Asset Sale permitted under Section 10.14 to the extent such Investments are non-cash proceeds as permitted under Section 10.14; (viii) advances to employees or officers of the Company in the ordinary course of business; (ix) any Investment to the extent that the consideration therefor is Capital Stock (other than Redeemable Capital Stock) of the Company and (x) other Investments not to exceed $5,000,000 at any time outstanding.

"Permitted Liens" means the following types of Liens:
(a) any Lien existing as of the Issue Date;

(b) Liens securing Senior Indebtedness;

(c) any Lien securing Acquired Indebtedness created prior to (and not created in connection with, or in contemplation of) the incurrence of such Indebtedness by the Company or any Restricted Subsidiary, if such Lien does not attach to any property or assets of the Company or any Restricted Subsidiary other than the property or assets subject to the Lien prior to such incurrence;

(d) Liens in favor of the Company or a Restricted Subsidiary;

(e) Liens on and pledges of the Capital Stock of any Unrestricted Subsidiary securing any Indebtedness of such Unrestricted Subsidiary;

(f) Liens for taxes, assessments or governmental charges or claims either
(i) not delinquent or (ii) contested in good faith by appropriate proceedings and as to which the Company or its Restricted Subsidiaries shall have set aside on its books such reserves as may be required pursuant to GAAP;

(g) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, suppliers, materialmen, repairmen and other Liens imposed by law incurred in the ordinary course of business for sums not yet delinquent or being contested in good faith, if such reserve or other appropriate provision, if any, as shall be required by GAAP shall have been made in respect thereof;

(h) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security, or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, performance and return-of-money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money);

(i) judgment Liens not giving rise to an Event of Default so long as such Lien is adequately bonded and any appropriate legal proceedings which may have been duly initiated for the review of such judgment shall not have been finally terminated or the period within which such proceedings may be initiated shall not have expired;

(j) easements, rights-of-way, zoning restrictions and other similar charges or encumbrances in respect of real property not interfering in any material respect with the ordinary conduct of the business of the Company or any of its Restricted Subsidiaries;

(k) any interest or title of a lessor under any Capitalized Lease Obligation or operating lease;

(l) purchase money Liens to finance property or assets of the Company or any Restricted Subsidiary of the Company acquired in the ordinary course of business; provided, however, that (i) the related purchase money Indebtedness shall not be secured by any property or assets of the Company or any Subsidiary of the Company other than the property and assets so acquired and (ii) the Lien securing such Indebtedness shall be created within 90 days of such acquisition;

(m) Liens securing reimbursement obligations with respect to commercial letters of credit which encumber documents and other property relating to such letters of credit and products and proceeds thereof;

(n) Liens securing refinancing Indebtedness permitted under clause (k) of the definition of "Permitted Indebtedness", provided such Liens do not exceed the Liens replaced in connection with such refinanced Indebtedness;

(o) Liens incurred in the ordinary course of business by the Company or any Restricted Subsidiary with respect to obligations that do not exceed $5,000,000 at any time outstanding;

(p) Liens encumbering deposits made to secure obligations arising from statutory, regulatory, contractual, or warranty requirements of the Company or any of its Restricted Subsidiaries, including rights of offset and set-off;

(q) Liens securing Interest Rate Protection Obligations which Interest Rate Protection Obligations relate to Indebtedness that is secured by Liens otherwise permitted under this Indenture; and

(r) Liens created in favor of the Trustee pursuant to Section 6.7 hereof.

"Person" means any individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Preferred Stock," as applied to any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or distributions, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

"Private Placement Legend" shall mean the legend initially set forth on the Securities in the form set forth on Exhibit A-1.

"Public Equity Offering" means an underwritten public offering of Common Stock pursuant to a registration statement filed with the Commission in accordance with the Securities Act.

"Purchase Amount" means, with respect to an Offer to Purchase, the maximum aggregate amount payable by the Company for Securities under the terms of such Offer to Purchase, if such Offer to Purchase were accepted in respect of all Securities.

"Purchase Date" shall have the meaning set forth in the definition of "Offer to Purchase."

"Qualified Equity Interest" in a Person means any interest in Capital **Stock of such Person, other than Redeemable Capital Stock.**

"Qualified Institutional Buyer" or "QIB" has the meaning specified in **Rule 144A under the Securities Act.**

"Record Expiration Date" has the meaning specified in Section 1.4.

"Redeemable Capital Stock" means any class or series of Capital Stock that, either by its terms, by the terms of any security into which it is convertible or exchangeable or by contract or otherwise, is or upon the happening of an event or passage of time would be, required to be redeemed prior to the Maturity Date or is redeemable at the option of the holder thereof at any time prior to the Maturity Date, or is convertible into or exchangeable for debt securities at any time prior to the Maturity Date; provided that Capital Stock will not constitute Redeemable Capital Stock solely because the holders thereof have the right to require the Company to repurchase or redeem such Capital Stock upon the occurrence of a Change of Control or an Asset Sale.

"Redemption Date," when used with respect to any Security to be redeemed, means the date fixed for such redemption by or pursuant to this Indenture.

"Redemption Price," when used with respect to any Security to be redeemed, means the price at which it is to be redeemed pursuant to this Indenture.

"Registrable Securities" has the meaning set forth in the Registration **Rights Agreement.**

"Registration Rights Agreement" means the Notes Registration Rights Agreement dated as of March 23, 1999 by and among the Company, the Guarantors and the Initial Purchasers, as the same may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"Regular Record Date" for the interest payable on any Interest Payment Date means the March 15 or September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"Regulation S" means Regulation S under the Securities Act.

"Regulation S Global Security" means a permanent global Security in registered form representing the aggregate principal amount of Securities sold in reliance on Regulation S under the Securities Act.

"Replacement Assets" has the meaning specified in Section 10.14.

"Required Filing Dates" has the meaning specified in Section 10.19.

"Responsible Officer," when used with respect to the Trustee, means any officer within the Corporate Trust Office, including, any vice president, any assistant vice president, any assistant secretary, any assistant treasurer, or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Restricted Payments" has the meaning specified in Section 10.9.

"Restricted Security" means a Security that constitutes a "restricted security" within the meaning of Rule 144(a)(3) under the Securities Act;

provided, however, that the Trustee shall be entitled to request and conclusively rely on an opinion of counsel with respect to whether any Security constitutes a Restricted Security.

"Restricted Subsidiary" means any Subsidiary of the Company that is not an Unrestricted Subsidiary.

"Revocation" has the meaning set forth in Section 10.18.

"Rule 144A" means Rule 144A under the Securities Act.

"S&P" means Standard & Poor's Ratings Group, and its successors.

"Securities" means securities designated in the first paragraph of the **RECITALS OF THE COMPANY.**

"Securities Act" means the Securities Act of 1933 and any statute successor thereto, in each case as amended from time to time.

"Security Register" and "Security Registrar" have the respective meanings specified in Section 3.5.

"Senior Indebtedness" means the principal of, premium, if any, and interest on any Indebtedness of the Company, whether outstanding on the Issue Date or thereafter created, incurred or assumed, unless, in the case of any particular Indebtedness, the instrument creating or evidencing the same or pursuant to which the same is outstanding expressly provides that such Indebtedness shall not be senior in right of payment to the Securities. Without limiting the generality of the foregoing, (x) "Senior Indebtedness" shall include the principal of, premium, if any, and interest on all obligations of every nature of the Company from time to time owed to the lenders under the Credit Facility and the Term Loan, including, without limitation, principal of and interest on, and all fees, indemnities and expenses payable under the Credit Facility and the Term Loan and (y) in the case of Designated Senior Indebtedness, "Senior Indebtedness" shall include interest accruing thereon subse-

quent to the occurrence of any Event of Default specified in clause (7) or (8) under Section 5.1, whether or not the claim for such interest is allowed under any applicable bankruptcy law. Notwithstanding the foregoing, "Senior Indebtedness" shall not include (a) Indebtedness evidenced by the Securities, (b) Indebtedness that is expressly subordinate or junior in right of payment to any Indebtedness of the Company, including the Company's 93% Notes, 92% Notes and 8.80% Notes, (c) Indebtedness which, when incurred and without respect to any election under Section 1111(b) of Title 11, United States Code, is without recourse to the Company, (d) Indebtedness which is represented by Redeemable Capital Stock, (e) Indebtedness for goods, materials or services purchased in the ordinary course of business or Indebtedness consisting of trade payables or other current liabilities (other than any current liabilities owing under the Credit Facility, or the current portion of any long-term Indebtedness (including the Term Loan) which would constitute Senior Indebtedness but for the operation of this clause (e)), (f) Indebtedness of or amounts owed by the Company for compensation to employees or for services rendered to the Company, (g) any liability for federal, state, local or other taxes owed or owing by the Company, (h) Indebtedness of the Company to a Subsidiary of the Company or any other Affiliate of the Company or any of such Affiliate's Subsidiaries, (i) that portion of any Indebtedness which is incurred by the Company in violation of this Indenture and (j) amounts owing under leases.

"Significant Subsidiary" of any Person means, as of any date of determination, a Restricted Subsidiary of such Person which would be a significant subsidiary of such Person as of such date as determined in accordance with the definition in Rule 1-02(w) of Article I of Regulation S-X promulgated by the Commission and as in effect on the date of this Indenture.

"Special Record Date" for the payment of any Defaulted Interest means a date fixed by the Trustee pursuant to Section 3.7.

"Stated Maturity" means, when used with respect to any Security or any installment of interest thereon, the date specified in such Security as the fixed date on which the principal of such Security or such installment of interest is due and payable, and when used with re-

spect to any other Indebtedness, means the date specified in the instrument governing such Indebtedness as the fixed date on which the principal of such Indebtedness, or any installment of interest thereon, is due and payable.

"Subordinated Indebtedness" means, with respect to the Company, Indebtedness of the Company which is expressly subordinated in right of payment to the Securities.

"Subsidiary" means, with respect to any Person, (i) a corporation a majority of whose Voting Stock is at the time, directly or indirectly, owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries thereof and (ii) any other Person (other than a corporation), including, without limitation, a partnership, limited liability company, business trust or joint venture, in which such Person, one or more Subsidiaries thereof or such Person and one or more Subsidiaries thereof, directly or indirectly, at the date of determination thereof, has at least majority ownership interest entitled to vote in the election of directors, managers or trustees thereof (or other Person performing similar functions). For purposes of this definition, any directors' qualifying shares or investments by foreign nationals mandated by applicable law shall be disregarded in determining the ownership of a Subsidiary.

"Tangible Assets" means all assets of the Company and its Subsidiaries, excluding all Intangible Assets. For purposes of the foregoing, "Intangible Assets" means goodwill, patents, trade names, trade marks, copyrights, franchises, organization expenses and any other assets properly classified as intangible assets in accordance with GAAP.

"Term Loan" means the Term Loan Agreement, dated as of July 10, 1998, as amended on September 29, 1998, among the Company, various financial institutions and Bank of America National Trust and Savings Association, as agent, including any notes, guarantees, collateral documents, instruments and agreements executed in connection therewith, and in each case as amended (including any amendment and restatement thereof), modified, renewed, refunded, replaced or refinanced from time to time, including any agreement extending the maturity of,

refinancing, replacing or otherwise restructuring (including increasing the amount of available borrowings thereunder or adding additional guarantors thereunder) all or any portion of the Indebtedness under such agreement or any successor or replacement agreement and whether by the same or any other agent, lender or group of lenders.

"Trust Indenture Act" means the Trust Indenture Act of 1939 as in force at the date as of which this instrument was executed; provided, however, that in the event the Trust Indenture Act of 1939 is amended after such date, "Trust Indenture Act" means, to the extent required by any such amendment, the Trust Indenture Act of 1939 as so amended.

"Trustee" means the Person named as the "Trustee" in the first paragraph of this instrument until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Trustee" shall mean such successor Trustee.

"Unrestricted Securities" means one or more Securities in the form set forth in Exhibit A-2, including, without limitation, the Exchange Securities, that do not and are not required to bear the Private Placement Legend.

"Unrestricted Subsidiary" means each Subsidiary of the Company designated as such pursuant to and in compliance with Section 10.18.

"U.S. Government Obligation" has the meaning specified in Section 12.4.

"Vice President," when used with respect to the Company or the Trustee, means any vice president, whether or not designated by a number or a word or words added before or after the title "vice president."

"Voting Stock" means any class or classes of Capital Stock pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the board of directors, managers or trustees of any Person (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

"Wholly-Owned Restricted Subsidiary" means any Restricted Subsidiary of the Company of which 100% of the outstanding Capital Stock is owned by the Company or another Wholly-Owned Restricted Subsidiary of the Company. For purposes of this definition, any directors' qualifying shares or investments by foreign nationals mandated by applicable law shall be disregarded in determining the ownership of a Subsidiary.

SECTION I.2 Compliance Certificates and Opinions.

Upon any application or request by the Company or a Guarantor to the Trustee to take any action under any provision of this Indenture, the Company or the Guarantor shall furnish to the Trustee such certificates and opinions as may be required under the Trust Indenture Act. Each such certificate or opinion shall be given in the form of an Officer's Certificate, if to be given by an officer of the Company or a Guarantor, or an Opinion of Counsel, if to be given by counsel, and shall comply with the requirements of the Trust Indenture Act and any other requirement set forth in this Indenture.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include

(i) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;

(ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(iii) a statement that, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(iv) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

SECTION I.3 Form of Documents Delivered to Trustee.

In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Company or a Guarantor may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or opinion of counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company or a Guarantor stating that the information with respect to such factual matters is in the possession of the Company or such Guarantor, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

SECTION I.4 Acts of Holders; Record Dates.

Any request, demand, authorization, direction, notice, consent, waiver or other action provided or permitted by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such

instrument or instruments are delivered to the Trustee and, where it is hereby expressly required, to the Company or a Guarantor, as applicable. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 6.1) conclusive in favor of the Trustee and the Company, if made in the manner provided in this Section.

The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by a signer acting in a capacity other than his individual capacity, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner which the Trustee deems sufficient.

The ownership of Securities shall be proved by the Security Register.

Any request, demand, authorization, direction, notice, consent, waiver or other Act of the Holder of any Security shall bind every future Holder of the same Security and the Holder of every Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee, the Company or a Guarantor in reliance thereon, whether or not notation of such action is made upon such Security.

The Company may set any day as a record date for the purpose of determining the Holders of Outstanding Securities entitled to give or take any request, demand, authorization, direction, notice, consent, waiver or other action provided or permitted by this Indenture to be given or taken by Holders of Securities, provided that the Company may not set a record date for, and the provisions of this paragraph shall not apply with re-

spect to, the giving or making of any notice, declaration, request or direction referred to in the next paragraph. If any record date is set pursuant to this paragraph, the Holders of Outstanding Securities on such record date, and no other Holders, shall be entitled to take the relevant action, whether or not such Holders remain Holders after such record date; provided that no such action shall be effective hereunder unless taken on or prior to the applicable Record Expiration Date by Holders of the requisite principal amount of Outstanding Securities on such record date. Nothing in this paragraph shall prevent the Company from setting a new record date for any action for which a record date has previously been set pursuant to this paragraph (whereupon the record date previously set shall automatically and with no action by any Person be cancelled and of no effect), nor shall anything in this paragraph be construed to render ineffective any action taken pursuant to or in accordance with any other provision of this Indenture by Holders of the requisite principal amount of Outstanding Securities on the date such action is taken. Promptly after any record date is set pursuant to this paragraph, the Company, at its own expense, shall cause notice of such record date, the proposed action by Holders and the applicable Record Expiration Date to be given to the Trustee in writing and to each Holder of Securities in the manner set forth in Section 1.6.

The Trustee may but need not set any day as a record date for the purpose of determining the Holders of Outstanding Securities entitled to join in the giving or making of (i) any Notice of Default, (ii) any declaration of acceleration referred to in Section 5.2, (iii) any request to institute proceedings referred to in Section 5.7(ii) or (iv) any direction referred to in
Section 5.12. If any record date is set pursuant to this paragraph, the Holders of Outstanding Securities on such record date, and no other Holders, shall be entitled to join in such notice, declaration, request or direction, whether or not such Holders remain Holders after such record date; provided that no such action shall be effective hereunder unless taken on or prior to the applicable Record Expiration Date by Holders of the requisite principal amount of Outstanding Securities on such record date. Nothing in this paragraph shall be construed to prevent the Trustee from setting a new record date for any action (whereupon the record date

previously set shall automatically and without any action by any Person be cancelled and of no effect), nor shall anything in this paragraph be construed to render ineffective any action taken pursuant to or in accordance with any other provision of this Indenture by Holders of the requisite principal amount of Outstanding Securities on the date such action is taken. Promptly after any record date is set pursuant to this paragraph, the Trustee, at the Company's expense, shall cause notice of such record date, the matter(s) to be submitted for potential action by Holders and the applicable Record Expiration Date to be given to the Company in writing and to each Holder of Securities in the manner set forth in Section 1.6.

With respect to any record date set pursuant to this Section, the party hereto that sets such record date may designate any day as the "Record Expiration Date" and from time to time may change the Record Expiration Date to any earlier or later day, provided that no such change shall be effective unless notice of the proposed new Record Expiration Date is given to the other party hereto in writing, and to each Holder of Securities in the manner set forth in
Section 1.6, on or before the existing Record Expiration Date. If a Record Expiration Date is not designated with respect to any record date set pursuant to this Section, the party hereto that set such record date shall be deemed to have initially designated the 180th day after such record date as the Record Expiration Date with respect thereto, subject to its right to change the Record Expiration Date as provided in this paragraph. Notwithstanding the foregoing, no Record Expiration Date shall be later than the 180th day after the applicable record date.

Without limiting the foregoing, a Holder entitled hereunder to take any action hereunder with regard to any particular Security may do so with regard to all or any part of the principal amount of such Security or by one or more duly appointed agents each of which may do so pursuant to such appointment with regard to all or any part of such principal amount.

SECTION I.5 Notices to Trustee,
the Company or a Guarantor.

Any request, demand, authorization, direction, notice, consent, waiver or Act of Holders or other docu-

ment provided or permitted by this Indenture to be made upon, given or furnished to, or filed with,

(i) the Trustee by any Holder or by the Company or a Guarantor shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing and mailed, first-class postage prepaid, to or with the Trustee at its Corporate Trust Office, Attention: Corporate Trust Trustee Administration,

(ii) the Company or a Guarantor by the Trustee or by any Holder shall be sufficient for every purpose hereunder (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to the Company or such Guarantor addressed to it at the address of the Company's principal office specified in the first paragraph of this instrument, or at any other address previously furnished in writing to the Trustee by the Company.

SECTION I.6 Notice to Holders; Waiver.

Where this Indenture provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each Holder affected by such event, at his address as it appears in the Security Register, not later than the latest date (if any), and not earlier than the earliest date (if any), prescribed for the giving of such notice. In any case where notice to Holders is given by mail, neither the failure to mail or receive such notice, nor any defect in any such notice, to any particular Holder shall affect the sufficiency or validity of such notice. Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In case by reason of the suspension of regular mail service or by reason of any other cause it shall be

impracticable to give such notice by mail, then such notification as shall be made with the approval of the Trustee shall constitute a sufficient notification for every purpose hereunder.

SECTION I.7 Conflict with Trust Indenture Act.

If any provision hereof limits, qualifies or conflicts with a provision of the Trust Indenture Act that is required under the Trust Indenture Act to be part of and govern this Indenture, such provision of the Trust Indenture Act shall control. If any provision of this Indenture modifies or excludes any provision of the Trust Indenture Act that may be so modified or excluded, such provision shall be deemed to be so modified or excluded, as the case may be.

SECTION I.8 Effect of Headings and Table of Contents.

The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION I.9 Successors and Assigns.

Without limiting Articles VIII and XIII hereof, all covenants and agreements in this Indenture by each of the Company or the Guarantors shall bind their respective successors and assigns, whether so expressed or not.

SECTION I.10 Separability Clause.

In case any provision in this Indenture or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION I.11 Benefits of Indenture.

Nothing in this Indenture or in the Securities, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder and the Holders of Securities, any benefit or any legal or equitable right, remedy or claim under this Indenture.

SECTION I.12 Governing Law.

This Indenture and the Securities shall be governed by and construed in accordance with the laws of the State of New York, without regard to the conflicts of laws principles thereof.

SECTION I.13 Legal Holidays.

In any case where any Interest Payment Date, Redemption Date, Purchase Date or Stated Maturity of any Security shall not be a Business Day, then
(notwithstanding any other provision of this Indenture or of the Securities)
payment of interest or principal (and premium, if any) need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect (including with respect to the accrual of interest) as if made on the Interest Payment Date, Redemption Date or Purchase Date, or at the Stated Maturity.

ARTICLE II

Security Forms

SECTION II.1 Forms Generally.

The Securities and the Trustee's certificates of authentication shall be in substantially the forms set forth or referenced in Exhibit A-1 and Exhibit A- 2 annexed hereto, with such appropriate insertions, omissions, substitutions and

other variations as are required or permitted by this Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange or the Depositary or as may, consistently herewith, be determined by the officers executing such Securities, as evidenced by their execution thereof.

ARTICLE III

The Securities

SECTION III.1 Title and Terms.

The aggregate principal amount of Securities which may be authenticated and delivered under this

Indenture is limited to $250,000,000 principal amount of Initial Securities and up to $250,000,000 principal amount of Securities exchanged therefor in accordance with the Registration Rights Agreement, except for Securities authenticated and delivered upon registration or transfer of, or in exchange for, or in lieu of, other Securities pursuant to Section 3.4, 3.5, 3.6, 9.6 or 11.8 or in connection with an Offer pursuant to Sections 10.13 or 10.14.

The Securities shall be known and designated as the "9% Senior Subordinated Notes due 2009" of the Company. Their Stated Maturity for payment of principal shall be April 1, 2009. Interest on the Securities shall accrue at the rate of 9.00% per annum and shall be payable semi-annually on each April 1 and October 1, commencing October 1, 1999, to the Holders of record of Securities at the close of business on March 15 and September 15, respectively, immediately preceding such Interest Payment Date. Interest on the Securities will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the Issue Date of such Securities. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

The principal of (and premium, if any) and interest on the Securities shall be payable at the office or agency of the Trustee in the Borough of Manhattan, The City of New York or such other office maintained by the Trustee for such purpose and at any other office or agency maintained by the Company for such purpose; provided, however, that, at the option of the Company, payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register.

The Company may be required to make a Change of Control Offer as provided in Section 10.13, or an Asset Sale Offer as provided in Section 10.14.

The Securities shall be redeemable as provided in Article XI and the Securities.

The Securities shall be subject to Defeasance and/or Covenant Defeasance as provided in Article XII.

SECTION III.2 Denominations.

The Securities shall be issuable only in registered form without coupons and only in denominations of $1,000 principal amount and any integral multiple thereof.

SECTION III.3 Execution, Authentication, Delivery and Dating.

The Initial Securities and the Trustee's certificate of authentication shall be substantially in the form of Exhibit A-1 hereto. The Exchange Securities and the Trustee's certificate of authentication shall be substantially in the form of Exhibit A-2 hereto.

The terms and provisions contained in the Securities annexed hereto as

Exhibits A-1 and A-2 shall constitute, and are hereby expressly made, a part of this Indenture and, to the extent applicable, the Company and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby.

Securities offered and sold in reliance on Rule 144A and Securities offered and sold in reliance on Regulation S shall be issued initially in the form of one or more Global Securities, substantially in the form set forth in Exhibit A-1, deposited with the Trustee, as custodian for the Depositary, duly executed by the Company and authenticated by the Trustee as hereinafter provided and shall bear the legend set forth in Exhibit B. The aggregate principal amount of the Global Securities may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for the Depositary, as hereinafter provided.

All Securities shall remain in the form of a Global Security, except as provided herein.

The Securities shall be executed on behalf of the Company by its Chairman of the Board, its Chief Executive Officer, its President or one of its Vice Presidents, or its Chief Financial Officer, attested by its Secretary or one of its Assistant Secretaries. The signature of any of these officers on the Securities may be manual or facsimile.

Securities bearing the manual or facsimile signatures of individuals who were at any time the proper

officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices at the date of such Securities.

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Securities executed by the Company to the Trustee for authentication, together with a Company Order for the authentication and delivery of such Securities; and the Trustee in accordance with such Company Order shall authenticate and deliver such Securities as in this Indenture provided and not otherwise.

Each Security shall be dated the date of its authentication.

No Security shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Security a certificate of authentication substantially in the form provided for herein executed by the Trustee by manual signature, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder.

SECTION III.4 Temporary Securities.

Pending the preparation of definitive Securities, the Company may execute, and upon Company Order the Trustee shall authenticate and deliver, temporary Securities which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Securities in lieu of which they are issued and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Securities may determine, as evidenced by their execution of such Securities.

If temporary Securities are issued, the Company will cause definitive Securities to be prepared without unreasonable delay. After the preparation of definitive Securities, the temporary Securities shall be exchangeable for definitive Securities upon surrender of the temporary Securities at any office or agency of the

Company designated pursuant to Section 10.2, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Securities, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a like principal amount of definitive Securities of authorized denominations and of a like tenor. Until so exchanged, the temporary Securities shall in all respects be entitled to the same benefits under this Indenture as definitive Securities.

SECTION III.5 Registration, Registration of Transfer and Exchange.

The Company shall cause to be kept at the Corporate Trust Office of the Trustee a register (the register maintained in such office and in any other office or agency designated pursuant to Section 10.2 being herein sometimes collectively referred to as the "Security Register") in which, subject to such reasonable regulations as the Company may prescribe, the Company shall provide for the registration of Securities and of transfers of Securities. The Trustee is hereby appointed the initial "Security Registrar" for the purpose of registering Securities and transfers of Securities as herein provided.

Subject to Sections 3.13 and 3.14 of this Indenture, upon surrender for registration of transfer of any Security at an office or agency of the Company designated pursuant to Section 10.2 for such purpose, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one more or more new Securities of any authorized denominations and of a like aggregate principal amount and tenor.

At the option of the Holder, Securities may be exchanged for other Securities of any authorized denominations and of a like aggregate principal amount and tenor, upon surrender of the Securities to be exchanged at such office or agency. Whenever any Securities are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Securities which the Holder making the exchange is entitled to receive.

All Securities issued upon any registration of transfer or exchange of Securities shall be the valid

obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Securities surrendered upon such registration of transfer or exchange.

Every Security presented or surrendered for registration of transfer or for exchange shall (if so required by the Company or the Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by the Holder thereof or his attorney duly authorized in writing.

No service charge shall be made for any registration of transfer or exchange of Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Securities, other than exchanges pursuant to Section 3.4, 9.6 or 11.8 or in accordance with any Change of Control Offer pursuant to Section 10.13 or any Asset Sale Offer pursuant to
Section 10.14, and in any such case not involving any transfer.

The Company shall not be required (i) to issue, register the transfer of or exchange any Security during a period beginning at the opening of business 15 days before the day of the mailing of a notice of redemption of Securities selected for redemption under Section 11.5 and ending at the close of business on the day of such mailing, (ii) to register the transfer of or exchange any Security so selected for redemption in whole or in part, except the unredeemed portion of any Security being redeemed in part or (iii) to register the transfer of any Securities other than Securities having a principal amount of $1,000 or integral multiples thereof.

SECTION III.6 Mutilated, Destroyed,
Lost and Stolen Securities.

If any mutilated Security is surrendered to the Trustee, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a new Security of like tenor and principal amount and bearing a number not contemporaneously outstanding.

If there shall be delivered to the Company and the Trustee (i) evidence to their satisfaction of the

destruction, loss or theft of any Security and (ii) such security or indemnity as may be required by them to save each of them and any agent of each of them harmless, then, in the absence of notice to the Company or the Trustee that such Security has been acquired by a bona fide purchaser, the Company shall execute, and upon its request the Trustee shall authenticate and deliver, in lieu of any such destroyed, lost or stolen Security, a new Security of like tenor and principal amount and bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Security has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Security, pay such Security.

Upon the issuance of any new Security under this Section, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every new Security issued pursuant to this Section in lieu of any destroyed, lost or stolen Security shall constitute an original additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Security shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities.

SECTION III.7 Payment of Interest; Rights Preserved.

Interest on any Security which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Security (or one or more predecessor securities) is registered at the close of business on the Regular Record Date for such interest payment.

Any interest on any Security which is payable, but is not punctually paid or duly provided for, on any

Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Holder on the relevant Regular Record Date by virtue of having been such Holder, and such Defaulted Interest may be paid by the Company, at its election in each case, as provided in clause (1) or (2) below:

(1) The Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Securities (or their respective predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Security and the date of the proposed payment, and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this clause provided. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 15 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be given to each Holder in the manner specified in Section 1.6, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been so mailed, such Defaulted Interest shall be paid to the Persons in whose names the Securities (or their respective predecessor Securities) are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the following clause (2).

(2) The Company may make payment of any Defaulted Interest in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this Clause, such manner of payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section, each Security delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

SECTION III.8 Persons Deemed Owners.

Prior to due presentment of a Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name such Security is registered as the owner of such Security for the purpose of receiving payment of principal of (and premium, if any) and (subject to Section 3.7) interest on such Security and for all other purposes whatsoever, whether or not such Security be overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary.

SECTION III.9 Cancellation.

All Securities surrendered for payment, redemption, registration of transfer or exchange or tendered and accepted pursuant to any Change of Control Offer pursuant to Section 10.13 or any Asset Sale Offer pursuant to Section 10.14 shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee and shall be promptly cancelled by it. The Company may at any time deliver to the Trustee for cancellation any Securities previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever, and all Securities so delivered shall be promptly cancelled by the Trustee. No Securities shall be authenticated in lieu of or in exchange for any Securities cancelled as provided in this Section, except as expressly permitted by this Indenture. All cancelled

Securities held by the Trustee shall be disposed of by the Trustee in its customary manner.

SECTION III.10 Computation of Interest.

Interest on the Securities shall be computed on the basis of a 360-day year comprised of twelve 30-day months.

SECTION III.11 CUSIP and CINS Numbers.

The Company in issuing the Securities may use "CUSIP" and "CINS" numbers (if then generally in use), and, if so, the Trustee shall use the CUSIP or CINS numbers in notices of redemption or repurchase as a convenience to Holders;

provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Securities or as contained in any notice of a redemption or repurchase and that reliance may be placed only on the other identification numbers printed on the Securities, and any such redemption or repurchase shall not be affected by any defect in or omission of such numbers. The Company shall promptly notify the Trustee of any change in the CUSIP or CINS numbers.

SECTION III.12 Deposits of Monies.

Except to the extent payment of interest is made by the Company's check pursuant to Section 3.1, prior to 11:00 a.m. New York City time on each Interest Payment Date, Redemption Date, Stated Maturity, and Purchase Date, the Company shall deposit with the Paying Agent in immediately available funds money sufficient to make cash payments, if any, due on such Interest Payment Date, Redemption Date, Stated Maturity and Purchase Date, as the case may be, in a timely manner which permits the Paying Agent to remit payment to the Holders on such Interest Payment Date, Redemption Date, Stated Maturity, and Purchase Date, as the case may be.

SECTION III.13 Book-Entry Provisions
for Global Securities.

(a) The Global Securities initially shall (i) be registered in the name of the Depositary or the nominee of such Depositary, (ii) be delivered to the Trustee as custodian for such Depositary and

(iii) bear legends as set forth in Exhibit B hereto.

Members of, or participants in, the Depositary ("Agent Members") shall have no rights under this Indenture with respect to any Global Security held on their behalf by the Depositary, or the Trustee as its custodian, or under any Global Security, and the Depositary may be treated by the Company, the Trustee and any agent of the Company or the Trustee as the absolute owner of the Global Securities for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee or any agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by the Depositary or impair, as between the Depositary and its Agent Members, the operation of customary practices governing the exercise of the rights of a Holder of any Security.

(b) Interests of beneficial owners in a Global Security may be transferred in accordance with the applicable rules and procedures of the Depositary and the provisions of Section 3.14. Transfer of Global Securities shall be limited to transfers in whole, but not in part, to the Depositary, its successors or their respective nominees. Interests of beneficial owners in the Global Securities may not be transferred or exchanged for physical securities, except that physical securities shall be transferred to all beneficial owners in exchange for their beneficial interests in Global Securities if (i) the Depositary notifies the Company that it is unwilling or unable to continue as Depositary for any Global Security, or that it will cease to be a "Clearing Agency" under the Exchange Act, and in either case a successor Depositary is not appointed by the Company within 90 days of such notice or (ii) an Event of Default has occurred and is continuing and the Security Registrar has received a written request from the Depositary to issue physical securities.

(c) The Holder of any Global Security may grant proxies and otherwise authorize any Person, including Agent Members and Persons that may hold interests through Agent Members, to take any action

which a Holder is entitled to take under this Indenture or the Securities.

SECTION III.14 Special Transfer Provisions.

(a) Transfers to Non-U.S. Persons. The following additional provisions shall apply with respect to the registration of any proposed transfer of and the transfer of the beneficial interest in an Initial Security to any Non-U.S. Person:

(i) the Security Registrar shall register the transfer of any Initial Security, whether or not such Security bears the Private Placement Legend, and a transfer of the beneficial interest in an Initial Security may be made if (x) the requested transfer is after the second anniversary of the Issue Date; provided, however, that neither the Company nor any Affiliate of the Company has held any beneficial interest in such Security, or portion thereof, at any time on or prior to the second anniversary of the Issue Date and such transfer can otherwise be lawfully made under the Securities Act without registering such Initial Security thereunder or (y) the proposed transferor has delivered to the Security Registrar a certificate substantially in the form of Exhibit C hereto; and

(ii) if the proposed transferor is an Agent Member seeking to transfer an interest in a 144A Global Security, upon receipt by the Security Registrar of (x) written instructions given in accordance with the Depositary's and the Security Registrar's procedures and (y) the appropriate certificate, if any, required by paragraph (i) above, the Security Registrar shall register the transfer and reflect on its books and records the date and (A) a decrease in the principal amount of the 144A Global Security from which such interests are to be transferred in an amount equal to the principal amount of the Securities to be transferred and (B) an increase in the principal amount of the Regulation S Global Security in an amount equal to the principal amount of the Global Security to be transferred.

(b) Transfers to QIBs. The following provisions shall apply with respect to the registration of any proposed transfer of, and the transfer of the beneficial interest in, an Initial Security to a QIB (excluding Non- U.S. Persons):

(i) the Security Registrar shall register the transfer of any Initial Security, whether or not such Security bears the Private Placement Legend, and the transfer of the beneficial interest in an Initial Security may be made if (x) the requested transfer is after the second anniversary of the Issue Date; provided, however, that neither the Company nor any Affiliate of the Company has held any beneficial interest in such Security, or portion thereof, at any time on or prior to the second anniversary of the Issue Date and such transfer can otherwise be lawfully made under the Securities Act without registering such Initial Security thereunder or (y) such transfer is being made by a proposed transferor who has checked the box provided for on the form of Security stating, or has otherwise advised the Company and the Security Registrar in writing, that the sale has been made in compliance with the provisions of Rule 144A to a transferee who has signed the certification provided for on the form of Security stating, or has otherwise advised the Company and the Security Registrar in writing, that it is purchasing the Security for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a QIB within the meaning of Rule 144A, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as it has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon its foregoing representations in order to claim the exemption from registration provided by Rule 144A; and

(ii) if the proposed transferor is an Agent Member seeking to transfer an interest in a Regulation S Global Security, upon receipt by the Security Registrar of written instructions given in accordance with the Depositary's and the Secu-

rity Registrar's procedures, the Security Registrar shall register the transfer and reflect on its books and records the date and (A) a decrease in the principal amount of the Regulation S Global Security from which interests are to be transferred in an amount equal to the principal amount of the Securities to be transferred and (B) an increase in the principal amount of the 144A Global Security in an amount equal to the principal amount of the Global Security to be transferred.

Notwithstanding the other provisions of this Section 3.14, until the 41st day after the Issue Date (the "Distribution Compliance Period"), an owner of a beneficial interest in the Regulation S Global Security may not transfer such interest to a transferee that is a U.S. Person or for the account or benefit of a U.S. Person within the meaning of Rule 902(o) of the Securities Act. Subject to the other provisions of this Section 3.14 (b), during the Distribution Compliance Period, all beneficial interests in the Regulation S Global Security shall be transferred only through Cedel or Euroclear, either directly if the transferor and transferee are participants in such systems, or indirectly through organizations that are participants therein.

(c) Private Placement Legend. Upon the registration of transfer, exchange or replacement of Securities not bearing the Private Placement Legend, the Security Registrar shall deliver Securities that do not bear the Private Placement Legend. Upon the registration of transfer, exchange or replacement of Securities bearing the Private Placement Legend, the Security Registrar shall deliver only Securities that bear the Private Placement Legend unless (i) the circumstances contemplated by paragraph
(a)(i)(x) or (b)(i)(x) of this Section 3.14 exists, (ii) there is delivered to the Security Registrar an opinion of counsel reasonably satisfactory to the Company and the Trustee to the effect that neither such legend nor the related restrictions on transfer are required in order to maintain compliance with the provisions of the Securities Act or (iii) such Security has

been sold pursuant to an effective registration statement under the Securities Act.

(d) Other Transfers. If a Holder proposes to transfer a Security constituting a Restricted Security pursuant to any exemption from the registration requirements of the Securities Act other than as provided for by Section 3.14(a), (b) and (c), the Security Registrar shall only register such transfer or exchange if such transferor delivers an opinion of counsel satisfactory to the Company and the Security Registrar that such transfer is in compliance with the Securities Act and the terms of this Indenture.

(e) General. By its acceptance of any Security bearing the Private Placement Legend and by its ownership of a beneficial interest therein, each Holder of such a Security and each owner of a beneficial interest therein acknowledges the restrictions on transfer of such Security and of beneficial interests therein set forth in this Indenture and in the Private Placement Legend and agrees that it will transfer such Security and beneficial interests therein only as provided in this Indenture.

The Security Registrar shall retain copies of all letters, notices and other written communications received pursuant to Section 3.13 or this Section
3.14. The Company shall have the right to inspect and make copies of all such letters, notices or other written communications at any reasonable time upon the giving of reasonable prior written notice to the Security Registrar.

ARTICLE IV

Satisfaction and Discharge

SECTION IV.1 Satisfaction and Discharge of Indenture.

This Indenture shall cease to be of further effect (except as to any surviving rights of registration of transfer or exchange of Securities herein expressly provided for), and the Trustee, on demand of and at the expense of the Company, shall execute proper

instruments acknowledging satisfaction and discharge of this Indenture, when

(1) either

(A) all Securities theretofore authenticated and delivered (other than
(i) Securities which have been destroyed, lost or stolen and which have been replaced or repaid as provided in Section 3.6 and (ii) Securities for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust, as provided in Section 10.3) have been delivered to the Trustee for cancellation; or

(B) all such Securities not theretofore delivered to the Trustee for cancellation (other than Securities which have been destroyed, lost or stolen and which have been replaced or repaid as provided in Section 3.6),

(i) have become due and payable, or

(ii) will become due and payable at their Stated Maturity within one year, or

(iii) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company,

and the Company, in the case of (i), (ii) or (iii) above, has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust for the purpose an amount sufficient to pay and discharge the entire Indebtedness on such Securities not theretofore delivered to the Trustee for cancellation, for principal (and premium, if any) and interest on the Securities to the date of such deposit (in the case of Securities which have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be, together with irrevocable instructions from the Company directing the Trustee to

apply such funds to the payment thereof at maturity or redemption, as the case may be;

(2) the Company has paid or caused to be paid all other sums payable hereunder by the Company or the Guarantors; and

(3) the Company has delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture pursuant to this Article IV, the obligations of the Company to the Trustee under Section 6.7, the obligations of the Company to any Authenticating Agent under Section 6.14 and, if money shall have been deposited with the Trustee pursuant to subclause (B) of clause (1) of this Section, the obligations of the Trustee under Section 4.2 and the last paragraph of Section 10.3 shall survive.

SECTION IV.2 Application of Trust Money.

Subject to the provisions of the last paragraph of Section 10.3, all money deposited with the Trustee pursuant to Section 4.1 shall be held in trust and applied by it, in accordance with the provisions of the Securities and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal (and premium, if any) and interest for whose payment such money has been deposited with the Trustee.

ARTICLE V

Remedies

SECTION V.1 Events of Default.

"Event of Default," wherever used herein, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court

or any order, rule or regulation of any administrative or governmental body):

(1) default in the payment of the principal of or premium, if any, when due and payable, on any of the Securities (at Stated Maturity, upon optional redemption, required purchase or otherwise); or

(2) default in the payment of an installment of interest on any of the Securities, when due and payable, for 30 days; or

(3) default in the performance, or breach, of any covenant or agreement of the Company under this Indenture (other than a default in the performance or breach of a covenant or agreement which is specifically dealt with in clauses (1), (2) or (4)) and such default or breach shall continue for a period of 30 days after written notice has been given, by certified mail, (x) to the Company by the Trustee or (y) to the Company and the Trustee by the holders of at least 25% in aggregate principal amount of the Outstanding Securities; or

(4) (a) there shall be a default in the performance or breach of the provisions of Section 8.1 with respect to the Company; (b) the Company shall have failed to make or consummate an Asset Sale Offer in accordance with the provisions of Section 10.14; or (c) the Company shall have failed to make or consummate a Change of Control Offer in accordance with the provisions of Section 10.13; or

(5) default or defaults under one or more agreements, instruments, mortgages, bonds, debentures or other evidences of Indebtedness under which the Company or any Restricted Subsidiary of the Company then has outstanding Indebtedness in excess of $15,000,000, individually or in the aggregate, and either (a) such Indebtedness is already due and payable in full or (b) such default or defaults have resulted in the acceleration of the maturity of such Indebtedness; or

(6) one or more judgments, orders or decrees of any court or regulatory or administrative agency of competent jurisdiction for the payment of money in excess of $15,000,000, either individually or in the aggregate, shall be entered against the Company

or any Restricted Subsidiary of the Company or any of their respective properties and shall not be discharged and there shall have been a period of 60 days after the date on which any period for appeal has expired and during which a stay of enforcement of such judgment, order or decree, shall not be in effect; or

(7) the entry of a decree or order by a court having jurisdiction in the premises (A) for relief in respect of the Company or any Significant Subsidiary in an involuntary case or proceeding under the Federal Bankruptcy Code or any other federal, state or foreign bankruptcy, insolvency, reorganization or similar law or (B) adjudging the Company or any Significant Subsidiary bankrupt or insolvent, or seeking reorganization, arrangement, adjustment or composition of or in respect of the Company or any Significant Subsidiary under the Federal Bankruptcy Code or any other similar federal, state or foreign law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Company or any Significant Subsidiary or of any substantial part of any of their properties, or ordering the winding up or liquidation of any of their affairs, and the continuance of any such decree or order unstayed and in effect for a period of 60 consecutive days; or

(8) the institution by the Company or any Significant Subsidiary of a voluntary case or proceeding under the Federal Bankruptcy Code or any other similar federal, state or foreign law or any other case or proceedings to be adjudicated a bankrupt or insolvent, or the consent by the Company or any Significant Subsidiary to the entry of a decree or order for relief in respect of the Company or any Significant Subsidiary in any involuntary case or proceeding under the Federal Bankruptcy Code or any other similar federal, state or foreign law or to the institution of bankruptcy or insolvency proceedings against the Company or any Significant Subsidiary, or the filing by the Company or any Significant Subsidiary of a petition or answer or consent seeking reorganization or relief under the Federal Bankruptcy Code or any other similar federal, state or foreign law, or the consent by it to

the filing of any such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee or sequestrator (or other similar official) of any of the Company or any Significant Subsidiary or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due or the taking of corporate action by the Company or any Significant Subsidiary in furtherance of any such action; or

(9) any of the Guarantees ceases to be in full force and effect or any of the Guarantees is declared to be null and void and unenforceable or any of the Guarantees is found to be invalid or any of the Guarantors denies its liability under its Guaranty (other than by reason of release of a Guarantor in accordance with the terms of this Indenture).

SECTION V.2 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default (other than those covered by clause (7) or (8) of Section 5.1 with respect to the Company) shall occur and be continuing, the Trustee, by notice to the Company and the representatives of the holders of Designated Senior Indebtedness, or the Holders of at least 25% in aggregate principal amount of the Securities then Outstanding, by notice to the Trustee, the Company and the representatives of the holders of Designated Senior Indebtedness, may declare the principal of, premium, if any, and accrued and unpaid interest, if any, on all of the Outstanding Securities due and payable immediately, upon which declaration, all amounts payable in respect of the Securities shall be due and payable as of the date which is five business days after the giving of such notice to representatives of the holders of Designated Senior Indebtedness. If an Event of Default specified in clause (7) or (8) of
Section 5.1 with respect to the Company or a Significant Subsidiary occurs and is continuing, then the principal of, premium, if any, and accrued and unpaid interest, if any, on all the Outstanding Securities shall ipso facto become and be immediately due and payable without any

declaration or other act on the part of the Trustee or any Holder of Securities.

After a declaration of acceleration under the Indenture, but before a judgment or decree for payment of the money due has been obtained by the Trustee, the Holders of a majority in aggregate principal amount of the Outstanding Securities, by written notice to the Company and the Trustee, may rescind such declaration if

(1) the Company or any Guarantor has paid or deposited with the Trustee a sum sufficient to pay

(A) all sums paid or advanced by the Trustee under this Indenture and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel,

(B) all overdue interest on all Securities,

(C) the principal of and premium, if any, on any Securities which have become due otherwise than by such declaration of acceleration and interest thereon at the rate borne by the Securities, and

(D) to the extent that payment of such interest is lawful, interest upon overdue interest and overdue principal at the rate set forth in the Securities which has become due otherwise than by such declaration of acceleration;

(2) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction; and

(3) all Events of Default, other than the non-payment of principal of, premium, if any, and interest on the Securities that have become due solely by such declaration of acceleration, have been cured or waived.

No such rescission shall affect any subsequent default or impair any right consequent thereto.

SECTION V.3 Collection of Indebtedness and Suits for Enforcement by Trustee.

The Company and each Guarantor covenants that if

(i) default is made in the payment of any interest on any Security when such interest becomes due and payable and such default continues for a period of 30 days, or

(ii) default is made in the payment of the principal of (or premium, if any, on) any Security on the due date for payment thereof, including, with respect to any Security required to have been purchased pursuant to a Change of Control Offer or an Asset Sale Offer made by the Company, at the Purchase Date thereof,

the Company or such Guarantor will, upon demand of the Trustee, pay to it, for the benefit of the Holders of such Securities, the whole amount then due and payable on such Securities for principal (and premium, if any) and interest, and, to the extent that payment of such interest shall be legally enforceable, interest on any overdue principal (and premium, if any) and on any overdue interest, at the rate provided by the Securities, and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

In addition to the rights and powers set forth in Section 317(a) of the Trust Indenture Act, the Trustee shall be entitled to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and of the Holders of the Securities allowed in any judicial proceeding relative to the Company, any Guarantor or any other obligor upon the Securities, its creditors, or its property, and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute the same after the deduction of its charges and expenses; and any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized by each of the Holders to make such payments to the Trustee, and, in the event that the Trustee shall consent to the making of

such payments directly to the Holders, to pay to the Trustee any amount due it for compensation and expenses, including counsel fees incurred by it up to the date of such distribution.

If an Event of Default occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

SECTION V.4 Trustee May File Proofs of Claim.

In case of any judicial proceeding relative to the Company, a Guarantor (or any other obligor upon the Securities), its property or its creditors, the Trustee shall be entitled and empowered, by intervention in such proceeding or otherwise, to take any and all actions authorized under the Trust Indenture Act in order to have claims of the Holders and the Trustee allowed in any such proceeding. In particular, the Trustee shall be authorized to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same; and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under
Section 6.7.

No provision of this Indenture shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding; provided, however, that the Trustee may, on behalf of the Holders, vote for the election of a trustee in bankrupt-

cy or similar official and be a member of a creditors' or other similar committee.

SECTION V.5 Trustee May Enforce Claims Without Possession of Securities.

All rights of action and claims under this Indenture or the Securities may be prosecuted and enforced by the Trustee without the possession of any of the Securities or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, distributions and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Securities in respect of which such judgment has been recovered.

SECTION V.6 Application of Money Collected.

Any money collected by the Trustee pursuant to this Article shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest, upon presentation of the Securities and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

FIRST: To the payment of all amounts due the Trustee under
Section 6.7;

SECOND: To the payment of the amounts then due and unpaid for principal of (and premium, if any) and interest on the Securities in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Securities for principal (and premium, if any) and interest, respectively;

THIRD: To the payment of any and all other amounts due under the Indenture, the Securities or the Guarantees; and

FOURTH: To the Company (or such other Person as a court of competent jurisdiction may direct).

SECTION V.7 Limitation on Suits.

Subject to Section 5.8, no Holder of any Security shall have any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless

(i) such Holder has previously given written notice to the Trustee of a continuing Event of Default;

(ii) the Holders of not less than 25% in principal amount of the Outstanding Securities shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(iii) such Holder or Holders have offered to the Trustee indemnity reasonably satisfactory to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request;

(iv) the Trustee for 45 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(v) no direction inconsistent with such written request has been given to the Trustee during such 45-day period by the Holders of a majority in principal amount of the Outstanding Securities;

it being understood and intended that no one or more Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture to affect, disturb or prejudice the rights of any other Holders, or to obtain or to seek to obtain priority or preference over any other Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all the Holders.

SECTION V.8 Unconditional Right of Holders to Receive Principal, Premium and Interest.

Notwithstanding any other provision in this Indenture, the Holder of any Security shall have the right, which is absolute and unconditional, to receive payment of the principal of (and premium, if any) and (subject to
Section 3.7) interest on such Security on the respective Stated Maturities expressed in such Security (or, in the case of redemption, on the Redemption Date or in the case of a Change of Control Offer or an Asset Sale Offer made by the Company and required to be accepted as to such Security, on the relevant Purchase Date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

SECTION V.9 Restoration of Rights and Remedies.

If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case, subject to any determination in such proceeding, the Company, each Guarantor, the Trustee and the Holders shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted, subject to the determination in such proceeding.

SECTION V.10 Rights and Remedies Cumulative.

Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities in the last paragraph of Section 3.6, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION V.11 Delay or Omission Not Waiver.

No delay or omission of the Trustee or of any Holder of any Security to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

SECTION V.12 Control by Holders.

The Holders of a majority in principal amount of the Outstanding Securities shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee, provided that

(i) such direction shall not be in conflict with any rule of law or with this Indenture, and

(ii) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction.

SECTION V.13 Waiver of Past Defaults.

The Holders of not less than a majority in principal amount of the Outstanding Securities may on behalf of the Holders of all the Securities waive any past default hereunder and its consequences, except a default

(i) in the payment of the principal of (or premium, if any) or interest on any Security (including any Security which is required to have been purchased pursuant to a Change of Control Offer or an Asset Sale Offer which has been made by the Company), or

(ii) in respect of a covenant or provision hereof which under Article IX cannot be modified or amended without the consent of the Holder of each Outstanding Security affected.

Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of

this Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

SECTION V.14 Undertaking for Costs.

In any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, a court may require any party litigant in such suit to file an undertaking to pay the costs of such suit (including reasonable counsel fees and expenses), and may assess costs against any such party litigant, in the manner and to the extent provided in the Trust Indenture Act; provided, that neither this Section nor the Trust Indenture Act shall be deemed to authorize any court to require such an undertaking or to make such an assessment in any suit instituted by the Company or a Guarantor, in any suit instituted by the Trustee, in any suit instituted by any Holder or group of Holders, holding in the aggregate more than 10% in principal amount of the Outstanding Securities, or in any suit instituted by any Holder for the enforcement of the payment of the principal of (or premium, if any) or interest on any Security on or after the Stated Maturity expressed in such Security (or, in the case of redemption, on or after the Redemption Date or, in the case of a Change of Control Offer or an Asset Sale Offer, made by the Company and required to be accepted as to such Security, on the applicable Purchase Date, as the case may be).

SECTION V.15 Waiver of Stay or Extension Laws.

The Company and each Guarantor covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any usury, stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Company and each Guarantor (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE VI

The Trustee

SECTION VI.1 Certain Duties and Responsibilities.

(a) Except during the continuance of an Event of Default,

(i) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by the provisions hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture but need not verify the contents thereof.

(b) In case an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent Person would exercise or use under the circumstances in the conduct of such Person's own affairs.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent misconduct, except that no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers under this Indenture, unless the Trustee has received security and indemnity

satisfactory to it against any loss, liability or expense. The Trustee shall not be liable for any error of judgment unless it is proved that the Trustee was negligent in the performance of its duties hereunder.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section 6.1.

SECTION VI.2 Notice of Defaults.

Within 90 days after the occurrence of any Default, the Trustee shall transmit by mail to all Holders, as their names and addresses appear in the Security Register, notice of such Default hereunder known to the Trustee, unless such Default shall have been cured or waived; provided, however, that, except in the case of a Default in the payment of the principal of, premium, if any, or interest on any Security, the Trustee shall be protected in withholding such notice if and so long as a trust committee of Responsible Officers of the Trustee in good faith determines that the withholding of such notice is in the interest of the Holders.

SECTION VI.3 Certain Rights of Trustee.

Subject to the provisions of Section 6.1:

(a) the Trustee may conclusively rely as to the truth of the statements and correctness of the opinions expressed therein and shall be fully protected in acting or refraining from acting upon any resolution, Officer's Certificate, certificate of auditors or any other certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request or direction of the Company mentioned herein shall be sufficiently evidenced by a Company Request or Company Order and any resolution of the Board of Directors of the Company may

be sufficiently evidenced by a Board Resolution of the Company;

(c) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate;

(d) the Trustee may consult with counsel of its selection and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(e) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders shall have offered to the Trustee security or indemnity reasonably satisfactory to the Trustee against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(f) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled (subject to reasonable confidentiality arrangements as may be proposed by the Company or any Guarantor) to make reasonable examination (upon prior notice and during regular business hours) of the books, records and premises of the Company or a Guarantor, personally or by agent or attorney;

(g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder

either directly or by or through agents or attorneys or custodians or nominees and the Trustee shall not be responsible for the supervision of, or any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder;

(h) the Trustee shall not be liable for any action taken, suffered, or omitted to be taken by it in good faith and reasonably believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;

(i) in the event that the Trustee is also acting as Authenticating Agent, Paying Agent or Security Registrar hereunder, the rights and protections afforded to the Trustee pursuant to this Article VI shall also be afforded to such Authenticating Agent, Paying Agent and Security Registrar; and

(j) the Trustee shall not be deemed to have notice of any Default or Event of Default unless a Responsible Officer of the Trustee has actual knowledge thereof or unless written notice of any event which is in fact such a default is received by the Trustee at the Corporate Trust Office of the Trustee, and such notice references the Securities and this Indenture.

SECTION VI.4 Not Responsible for Recitals or Issuance of Securities.

The recitals contained herein and in the Securities, except the Trustee's certificates of authentication, shall be taken as the statements of the Company, and the Trustee or any Authenticating Agent assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Securities. The Trustee shall not be accountable for the use or application by the Company of Securities or the proceeds thereof.

SECTION VI.5 May Hold Securities.

The Trustee, any Authenticating Agent, any Paying Agent, any Security Registrar or any other agent of the Company or any Guarantor, in its individual or

any other capacity, may become the owner or pledgee of Securities and, subject to Sections 6.8 and 6.13, may otherwise deal with the Company or a Guarantor with the same rights it would have if it were not Trustee, Authenticating Agent, Paying Agent, Security Registrar or such other agent.

SECTION VI.6 Money Held in Trust.

Money held by the Trustee in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee shall be under no liability for interest on any money received by it hereunder except as otherwise agreed in writing with the Company.

SECTION VI.7 Compensation and Reimbursement.

The Company agrees

(1) to pay to the Trustee from time to time such compensation as the Company and the Trustee shall from time to time agree in writing for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(2) except as otherwise expressly provided herein, to promptly reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to its negligence or bad faith; and

(3) to indemnify the Trustee, its directors, officers, agents and employees for, and to hold them harmless against, any and all loss, damage, claim, liability or expense incurred without negligence or bad faith on its part, including taxes (other than taxes based upon, measured by or determined by the revenue or income of the Trustee), arising out of or in connection with the acceptance or administration of this trust, including the

costs and expenses of defending itself against any claim (whether asserted by the Company, a Holder or any other Person) or liability in connection with the exercise or performance of any of its powers or duties hereunder.

The Trustee shall have a lien prior to the Securities as to all property and funds held by it hereunder for any amount owing to it pursuant to this Section 6.7, except with respect to funds held in trust for the benefit of the Holders of particular Securities.

When the Trustee incurs expenses or renders services in connection with an Event of Default specified in Section 5.1(7) or Section 5.1(8), the expenses (including the reasonable charges and expenses of its counsel) and the compensation for the services are intended to constitute expenses of administration under any applicable federal or state bankruptcy, insolvency or other similar law.

The provisions of this Section shall survive any termination of this Indenture.

SECTION VI.8 Conflicting Interests.

If the Trustee has or shall acquire a conflicting interest within the meaning of the Trust Indenture Act, the Trustee shall either eliminate such interest or resign, to the extent and in the manner provided by, and subject to the provisions of, the Trust Indenture Act and this Indenture.

SECTION VI.9 Corporate Trustee Required; Eligibility.

There shall at all times be a Trustee hereunder which shall be a Person that is eligible pursuant to the Trust Indenture Act to act as such and has, or is a wholly-owned subsidiary of a bank holding company that has, a combined capital

and surplus of at least $50,000,000 and a Corporate Trust Office in the Borough of Manhattan, The City of New York. If such Person publishes reports of condition at least annually, pursuant to law or to the requirements of a Federal or State supervising or examining authority, then for the purposes of this
Section and to the extent permitted by the Trust Indenture Act, the combined capital and surplus of such Person shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

SECTION VI.10 Resignation and Removal;
Appointment of Successor.

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee in accordance with the applicable requirements of Section 6.11.

(b) The Trustee may resign at any time by giving written notice thereof to the Company. If an instrument of acceptance by a successor Trustee in accordance with the applicable requirements of Section 6.11 shall not have been delivered to the Company and the resigning Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition, at the expense of the Company, any court of competent jurisdiction for the appointment of a successor Trustee.

(c) The Trustee may be removed at any time by Act of the Holders of a majority in principal amount of the Outstanding Securities, delivered to the Trustee and to the Company. If an instrument of acceptance by a successor Trustee in accordance with the applicable requirements of Section 6.11 shall not have been delivered to the Company and the Trustee being removed within 30 days after the giving of such notice of removal, the Trustee being removed may petition, at the expense of the Company, any court of competent jurisdiction for the appointment of a successor Trustee.

(d) If at any time:

(i) the Trustee shall fail to comply with Section 6.8 after written request therefor by the Company or by any Holder who has been a bona fide Holder of a Security for at least six months, or

(ii) the Trustee shall cease to be eligible under Section 6.9 and shall fail to resign after written request therefor by the Company, any Guarantor or by any such Holder, or

(iii) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (A) the Company or any Guarantor, in each case by a Board Resolution, may remove the Trustee, or (B) subject to Section 5.14, any Holder who has been a bona fide Holder of a Security for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of Trustee for any cause, the Company, by a Board Resolution, shall promptly appoint a successor Trustee. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee shall be appointed by Act of the Holders of a majority in principal amount of the Outstanding Securities delivered to the Company and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment in accordance with the applicable requirements of Section 6.11, become the successor Trustee and supersede the successor Trustee appointed by the Company. If no successor Trustee shall have been so appointed by the Company or the Holders and accepted appointment in accordance with the applicable requirements of Section 6.11, any Holder who has been a bona fide Holder of a Security for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor Trustee.

(f) The Company shall give notice of each resignation and each removal of the Trustee and each appointment of a successor Trustee to all Holders in the manner provided in Section 1.6. Each notice shall include the name of the successor Trustee and the address of its Corporate Trust Office.

(g) The resignation or removal of the Trustee pursuant to this
Section 6.10 shall not affect the obligation of the Company to indemnify the Trustee pursuant to Section 6.7(3) in connection with the exercise or performance by the Trustee prior to its resignation or removal of any of its powers or duties hereunder.

(h) No Trustee under this Indenture shall be liable for any action or omission of any successor Trustee.

SECTION VI.11 Acceptance of Appointment by Successor.

Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on request of the Company or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder. Upon request of any such successor Trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

SECTION VI.12 Merger, Conversion, Consolidation

or Succession to Business.

Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Securities shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated with the same effect as if such successor Trustee had itself authenticated such Securities.

SECTION VI.13 Preferential Collection of Claims Against the Company or a Guarantor.

If and when the Trustee shall be or become a creditor of the Company or a Guarantor (or any other obligor upon the Securities), the Trustee shall be subject to the provisions of the Trust Indenture Act regarding the collection of claims against the Company or such Guarantor (or any such other obligor).

SECTION VI.14 Appointment of Authenticating Agent.

The Trustee may appoint an Authenticating Agent or Agents which shall be authorized to act on behalf of the Trustee to authenticate Securities issued upon original issue and upon exchange, registration of transfer or partial redemption or partial purchase or pursuant to Section 3.6, and Securities so authenticated shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes as if authenticated by the Trustee hereunder. Wherever reference is made in this Indenture to the authentication and delivery of Securities by the Trustee or the Trustee's certificate of authentication, such reference shall be deemed to include authentication and delivery on behalf of the Trustee by an Authenticating Agent and a certificate of authentication executed on behalf of the Trustee by an Authenticating Agent. Each Authenticating Agent

shall be acceptable to the Company and shall at all times be a corporation organized and doing business under the laws of the United States of America, any State thereof or the District of Columbia, authorized under such laws to act as Authenticating Agent, having a combined capital and surplus of not less than $50,000,000 and subject to supervision or examination by federal or state authority. If such Authenticating Agent publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such Authenticating Agent shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time an Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, such Authenticating Agent shall resign immediately in the manner and with the effect specified in this Section.

Any corporation into which an Authenticating Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which such Authenticating Agent shall be a party, or any corporation succeeding to all or substantially all of the corporate agency or corporate trust business of an Authenticating Agent, shall continue to be an Authenticating Agent, provided such corporation shall be otherwise eligible under this Section, without the execution or filing of any paper or any further act on the part of the Trustee or the Authenticating Agent.

An Authenticating Agent may resign at any time by giving written notice thereof to the Trustee and to the Company. The Trustee may at any time terminate the agency of an Authenticating Agent by giving written notice thereof to such Authenticating Agent and to the Company. Upon receiving such a notice of resignation or upon such a termination, or in case at any time such Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, the Trustee may appoint a successor Authenticating Agent which shall be acceptable to the Company and shall give notice of such appointment in the manner provided in Section 1.6, to all Holders as their names and addresses appear in the Security Register. Any successor Authenticating Agent upon acceptance of its appointment hereunder shall

become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as if originally named as an Authenticating Agent. No successor Authenticating Agent shall be appointed unless eligible under the provisions of this Section.

The Company agrees to pay to each Authenticating Agent from time to time reasonable compensation for its services under this Section.

If an appointment is made pursuant to this Section, the Securities may have endorsed thereon, in addition to the Trustee's certificate of authentication, an alternative certificate of authentication in the following form:

This is one of the Securities described in the within-mentioned Indenture.

Dated:

The Bank of New York,

As Trustee

By:_____
As Authenticating Agent

By:_____
Authorized Signatory

ARTICLE VII

Holders' Lists and Reports by Trustee and Company

SECTION VII.1 Company to Furnish Trustee Names and Addresses of Holders.

The Company will furnish or cause to be furnished to the Trustee a list of the names and addresses of the Holders in such form as the Trustee may reasonably request in writing, within 30 days after the receipt by the Company of any such request, as of a date not more than 15 days prior to the time such list is furnished; excluding from any such list names and ad-

dresses received by the Trustee in its capacity as Security Registrar.

SECTION VII.2 Preservation of Information; Communications to Holders.

(a) The Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of Holders contained in the most recent list furnished to the Trustee as provided in Section 7.1 and the names and addresses of Holders received by the Trustee in its capacity as Security Registrar, if so acting.

(b) The rights of Holders to communicate with other Holders with respect to their rights under this Indenture or under the Securities, and the corresponding rights and duties of the Trustee, shall be as provided by the Trust Indenture Act.

(c) Every Holder of Securities, by receiving and holding the same, agrees with the Company and the Trustee that neither the Company, any Guarantor nor the Trustee nor any agent of either of them shall be held accountable by reason of any disclosure of information as to the names and addresses of Holders made pursuant to the Trust Indenture Act.

SECTION VII.3 Reports by Trustee.

(a) Within 60 days after July 15 of each year commencing July 15, 1999, the Trustee shall transmit to Holders such reports concerning the Trustee and its actions under this Indenture to the extent required pursuant to the Trust Indenture Act at the times and in the manner provided pursuant thereto.

(b) A copy of each such report shall, at the time of such transmission to Holders, be filed by the Trustee with each stock exchange upon which the Securities are listed, with the Commission and with the Company. The Company will promptly notify the Trustee when the Securities are listed on any stock exchange and of any delisting thereof.

SECTION VII.4 Reports by Company.

The Company shall file with the Trustee and the Commission, and transmit to Holders, such information, documents and other reports, and such summaries thereof, as may be required pursuant to the Trust Indenture Act at the times and in the manner provided pursuant to the Trust Indenture Act; provided that any such information, documents or reports required to be filed with the

Commission pursuant to Section 13 or 15(d) of the Exchange Act shall be filed with the Trustee within 15 days after the same is so required to be filed with the Commission.

Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officer's Certificates).

ARTICLE VIII

Consolidation, Merger, Conveyance, Transfer or Lease

SECTION VIII.1 Company May Consolidate,
Etc. Only on Certain Terms.

(A) The Company will not, in any transaction or series of transactions, merge or consolidate with or into, or sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all of its properties and assets as an entirety to, any Person or Persons, and (B) the Company will not permit any of its Restricted Subsidiaries to enter into any such transaction or series of transactions if such transaction or series of transactions, in the aggregate, would result in a sale, assignment, conveyance, transfer, lease or other disposition of all or substantially all of the properties and assets of the Company or the Company and its Restricted Subsidiaries, taken as a whole, to any other Person or Persons, unless, in each of cases (A) and (B), at the time and after giving effect thereto:

(1) either:

(x) if the transaction or transactions is a merger or consolidation, the Company, or such

Restricted Subsidiary, as the case may be, shall be the surviving Person of such merger or consolidation, or

(y) the Person formed by such consolidation or into which the Company, or such Restricted Subsidiary, as the case may be, is merged or to which the properties and assets of the Company or such Restricted Subsidiary, as the case may be, substantially as an entirety, are transferred (any such surviving Person or transferee Person being the "Surviving Entity") shall be a corporation organized and existing under the laws of the United States of America, any state thereof or the District of Columbia and shall expressly assume by a supplemental indenture executed and delivered to the Trustee, in form satisfactory to the Trustee, all the obligations of the Company or such Restricted Subsidiary, as the case may be, under the Securities, this Indenture and the Registration Rights Agreement and this Indenture, the Securities, the Guarantees and the Registration Rights Agreement shall remain in full force and effect;

(2) immediately after giving effect to such transaction or series of transactions on a pro forma basis (including, without limitation, any Indebtedness incurred or anticipated to be incurred in connection with or in respect of such transaction or series of transactions), no Default or Event of Default shall have occurred and be continuing; and

(3) except in the case of any merger of the Company with any wholly-owned Subsidiary of the Company or any merger of a wholly owned Restricted Subsidiary of the Company with and into a Guarantor or merger of Guarantors (and in each case, with no other Persons), the Company or the Surviving Entity, as the case may be, after giving effect to such transaction or series of transactions on a pro forma basis (including, without limitation, any Indebtedness incurred or anticipated to be incurred in connection with or in respect of such transaction or series of transactions), could incur $1.00 of additional Indebtedness (other than Permitted

Indebtedness) under Section 10.8 (assuming a market rate of interest with respect to such additional Indebtedness).

In connection with any consolidation, merger, transfer, lease, assignment or other disposition contemplated by the foregoing provisions of this Section 8.1, the Company shall deliver, or cause to be delivered, to the Trustee, in form and substance reasonably satisfactory to the Trustee, an Officer's Certificate and an Opinion of Counsel, each stating that such consolidation, merger, transfer, lease, assignment, or other disposition and the supplemental indenture in respect thereof (required under clause (1)(y) of this
Section 8.1) comply with the requirements of this Indenture. Each such Officer's Certificate shall set forth the manner of determination of the ability to incur Indebtedness in accordance with clause (3) of this Section 8.1.

SECTION VIII.2 Successor Substituted.

Except as otherwise provided by Section 13.5, upon any consolidation or merger, or any sale, assignment, conveyance, transfer, lease or disposition of all or substantially all of the properties and assets of the Company in accordance with Section 8.1, the successor Person formed by such consolidation or into which the Company or a Restricted Subsidiary, as the case may be, is merged or the successor Person to which such sale, assignment, conveyance, transfer, lease or disposition is made shall succeed to, and be substituted for, and may exercise every right and power of the Company under the Securities, this Indenture and/or the Registration Rights Agreement, as applicable, with the same effect as if such successor had been named as the Company in the Securities, this Indenture and/or in the Registration Rights Agreement, as the case may be and, except in the case of a lease, the Company, or such Restricted Subsidiary, as the case may be, shall be released and discharged from its obligations thereunder.

For all purposes of this Indenture and the Securities (including the provisions of this Article VIII and Sections 10.8, 10.9 and 10.12), Subsidiaries of any Surviving Entity shall, upon consummation of such transaction or series of related transactions, become Restricted Subsidiaries unless and until designated

Unrestricted Subsidiaries pursuant to and in accordance with Section 10.18 and all Indebtedness, and all Liens on property or assets, of the Company, and the Restricted Subsidiaries, as the case may be, in existence immediately prior to such transaction or series of related transactions will be deemed to have been incurred upon consummation of such transaction or series of related transactions.

ARTICLE IX

Amendments; Waivers; Supplemental Indentures

SECTION IX.1 Amendments, Waivers and Supplemental Indentures Without Consent of Holders.

Without the consent of any Holders, the Company and each Guarantor, when authorized by Board Resolutions, and the Trustee, at any time and from time to time, may together amend, waive or supplement this Indenture, for any of the following purposes:

(i) to evidence the succession of another Person to the Company or a Guarantor and the assumption by any such successor of the covenants of the Company or such Guarantor herein and in the Securities or such Guarantor's Guaranty and to evidence the assumption of obligations under this Indenture and a Guaranty pursuant to Section 10.17; or

(ii) to add to the covenants of the Company or a Guarantor for the benefit of the Holders, or to surrender any right or power herein conferred upon the Company or a Guarantor; or

(iii) to secure the Securities pursuant to the requirements of Section 10.12 or otherwise; or

(iv) to comply with any requirements of the Commission in order to effect or maintain the qualification of this Indenture under the Trust Indenture Act; or

(v) to cure any ambiguity, to correct or supplement any provision herein which may be defective or inconsistent with any other provision herein, or

to make any other provisions with respect to matters or questions arising under this Indenture which shall not be inconsistent with the provisions of this Indenture,

provided that (a) such amendment, waiver or supplement does not adversely affect the rights of any Holder of Securities and (b) the Company shall have delivered to the Trustee an Opinion of Counsel stating that such action pursuant to clauses (i), (ii), (iii), (iv) or (v) above is permitted by this Indenture. The Trustee shall not be obligated to enter into any such amendment or supplemental indenture that adversely affects its own rights, duties or immunities under this Indenture or otherwise.

SECTION IX.2 Modifications, Amendments and Supplemental Indentures with Consent of Holders.

With the consent of the Holders of not less than a majority in principal amount of the Outstanding Securities, by Act of said Holders delivered to the Company and the Trustee, the Company and the Guarantors, when authorized by Board Resolutions, and the Trustee may together modify, amend or supplement this Indenture for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the Holders under this Indenture; provided, however, that no such modification, amendment or supplemental indenture shall, without the consent of the Holder of each Outstanding Security affected thereby,

(i) reduce the principal amount of, extend the Stated Maturity of or alter the redemption provisions of, the Securities,

(ii) change the currency in which any Securities or any premium or the interest thereon is payable,

(iii) reduce the percentage in principal amount of Outstanding Securities that must consent to an amendment, supplement or waiver or consent to take any action under this Indenture or the Securities or any Guaranty,

(iv) impair the right to institute suit for the enforcement of any payment on or with respect to the Securities or any Guaranty,

(v) waive a default in payment with respect to the Securities or any Guaranty,

(vi) amend, change or modify the obligation of the Company to make and consummate a Change of Control Offer in the event of a Change of Control or make and consummate an Asset Sale Offer with respect to any Asset Sale or modify any of the provisions or definitions with respect thereto,

(vii) reduce or change the rate or time for payment of interest on the Securities, or

(viii) modify or change any provision of this Indenture affecting the ranking of the Securities or any Guaranty in a manner adverse to the Holders of the Securities.

It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed amendment or supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

The Trustee shall join with the Company and each Guarantor in the execution of such amended or supplemental indenture unless such amended or supplemental indenture affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion but shall not be obligated to enter into such amendment or supplemental indenture.

In addition, no modification, amendment or supplement to the provisions of Article XIV which is adverse to the interests of the lenders under the Credit Facility or the Term Loan shall be made without the consent of the representatives of such lenders.

SECTION IX.3 Execution of Supplemental Indentures.

In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modifications thereby of the

trusts created by this Indenture, the Trustee shall be entitled to receive, and (subject to Section 6.1) shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise; provided that the Trustee shall enter into and execute all other supplemental indentures which satisfy all applicable conditions under this Article IX.

SECTION IX.4 Effect of Supplemental Indentures.

Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Securities theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

SECTION IX.5 Conformity with Trust Indenture Act.

Every supplemental indenture executed pursuant to this Article shall conform to the requirements of the Trust Indenture Act as then in effect.

SECTION IX.6 Reference in Securities
to Supplemental Indentures.

Securities authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture, provided that any failure by the Trustee to make such notation shall not affect the validity of the matter provided for in such supplemental indenture or any Security or Guaranty hereunder. If the Company shall so determine, new Securities or Guarantees so modified as to conform, in the opinion of the Trustee, the Guarantors and the Company, to any such supplemental indenture may be prepared and executed by the Company or Guarantor and authenticated and delivered by the Trustee in exchange for Outstanding Securities.

SECTION IX.7 Waiver of Certain Covenants.

The Company may omit in any particular instance to comply with any covenant or condition set forth in Section 8.1, provided pursuant to Section 9.1(ii) and set forth in Sections 10.4 to 10.12 and 10.15 to 10.18, inclusive, if before the time for such compliance the Holders of at least a majority in principal amount of the Outstanding Securities shall, by Act of such Holders, either waive such compliance in such instance or generally waive compliance with such covenant or condition, but no such waiver shall extend to or affect such covenant or condition except to the extent so expressly waived, and, until such waiver shall become effective, the obligations of the Company and the duties of the Trustee in respect of any such covenant or condition shall remain in full force and effect; provided, however, with respect to an Offer as to which an Offer to Purchase has been mailed, no such waiver may be made or shall be effective against any Holder tendering Securities pursuant to such Offer, and the Company may not omit to comply with the terms of such Offer as to such Holder.

SECTION IX.8 No Liability for Certain Persons.

No director, officer, employee, or stockholder of Holdings or the Company, nor any director, officer or employee of any Guarantor, as such, shall have any liability for any obligations of the Company or any Guarantor under the Securities, the Guarantees or this Indenture based on or by reason of such obligations or their creation. Each Holder by accepting a Security waives and releases all such liability. The foregoing waiver and release is an integral part of the consideration for the issuance of the Securities and the Guarantees.

ARTICLE X

Covenants

SECTION X.1 Payment of Principal,
Premium and Interest.

The Company shall duly and punctually pay the principal of (and premium, if any) and interest on the

Securities in accordance with the terms of the Securities and this Indenture.

SECTION X.2 Maintenance of Office or Agency.

The Company shall maintain in the Borough of Manhattan, The City of New York, an office or agency where Securities may be presented or surrendered for payment, where Securities may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Company or any Guarantor in respect of the Securities, the Guarantees and this Indenture may be served. The Company shall give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at a Corporate Trust Office of the Trustee, and the Company hereby appoints the Trustee as its agent to receive all such presentations, surrenders, notices and demands. In the event any such notice or demands are so made or served on the Trustee, the Trustee shall promptly forward copies thereof to the Company.

The Company may also from time to time designate one or more other offices or agencies (in or outside the Borough of Manhattan, The City of New York) where the Securities may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in the Borough of Manhattan, The City of New York, for such purposes. The Company shall give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

SECTION X.3 Money for Security Payments to be Held in Trust.

If the Company shall at any time act as its own Paying Agent, it will, on or before each due date of the principal of (and premium, if any) or interest on any of the Securities, segregate and hold in trust for the benefit of the Persons entitled thereto a sum suffi-

cient to pay the principal (and premium, if any) or interest so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided and will promptly notify the Trustee of its action or failure so to act.

Whenever the Company shall have one or more Paying Agents, the Company will, prior to 11:00 a.m. New York City time on each due date of the principal of (and premium, if any) or interest on any Securities, deposit with a Paying Agent a sum sufficient to pay the principal (and premium, if any) or interest so becoming due, such sum to be held as provided by the Trust Indenture Act, and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee of its action or failure so to act.

The Company shall cause each Paying Agent other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will: (i) comply with the provisions of the Trust Indenture Act applicable to it as Paying Agent and (ii) during the continuance of any default by the Company (or any other obligor upon the Securities) in the making of any payment in respect of the Securities, upon the written request of the Trustee, forthwith pay to the Trustee all sums held in trust by such Paying Agent as such.

The Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Company Order direct any Paying Agent to pay, to the Trustee all sums held in trust by such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by such Paying Agent; and, upon such payment by any Paying Agent (other than the Company) to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of (and premium, if any) or interest on any Security and remaining unclaimed for two years after such principal (and premium, if any) or interest has become due and payable shall be paid to the

Company on Company Request, or (if then held by the Company) shall be discharged from such trust; and the Holder of such Security shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in a newspaper published in the English language, customarily published on each Business Day and of general circulation in The City of New York, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Company.

SECTION X.4 Existence; Activities.

Subject to Article VIII, the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect its existence, rights (charter and statutory) and material franchises; provided, however, that the Company shall not be required to preserve any such right or franchise if the Board of Directors of the Company in good faith shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and that the loss thereof is not disadvantageous in any material respect to the Holders.

SECTION X.5 Maintenance of Properties.

The Company shall cause all material properties used in the conduct of its business or the business of any Restricted Subsidiary to be maintained and kept in good condition, repair and working order (regular wear and tear excepted), all as in the judgment of the Company may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times; provided, however, that nothing in this Section shall prevent the Company from disposing of any asset (subject to compliance with Section 10.14) or from discontinuing the operation or maintenance of any of such material properties if such discontinuance is, as determined by the Company in good

faith, desirable in the conduct of its business or the business of any Restricted Subsidiary and not disadvantageous in any material respect to the Holders.

SECTION X.6 Payment of Taxes and Other Claims.

The Company shall pay or discharge or cause to be paid or discharged, before the same shall become delinquent, (1) all taxes, assessments and governmental charges levied or imposed upon the Company or any of its Restricted Subsidiaries or upon the income, profits or property of the Company or any of its Restricted Subsidiaries, and (2) all lawful material claims for labor, materials and supplies which, if unpaid, might by law become a lien upon property of the Company or any of its Restricted Subsidiaries; provided, however, that the Company shall not be required to pay or discharge or cause to be paid or discharged any such tax, assessment, charge or claim whose amount, applicability or validity is being contested in good faith by appropriate proceedings.

SECTION X.7 Maintenance of Insurance.

The Company shall, and shall cause its Restricted Subsidiaries to, keep at all times all of their material properties which are of an insurable nature insured against loss or damage with insurers believed by the Company to be responsible to the extent that property of similar character is usually so insured by corporations similarly situated and owning like properties in accordance with good business practice. The Company shall, and shall cause its Restricted Subsidiaries to, use the proceeds from any such insurance policy to repair, replace or otherwise restore all material properties to which such proceeds relate, provided, however, that the Company shall not be required to repair, replace or otherwise restore any such material property if the Company in good faith determines that such inaction is desirable in the conduct of the business of the Company or any Restricted Subsidiary and not disadvantageous in any material respect to the Holders.

SECTION X.8 Limitation on Indebtedness.

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or in

any manner become directly or indirectly liable, contingently or otherwise (in each case, to "incur"), for the payment of any Indebtedness (including any Acquired Indebtedness) other than Permitted Indebtedness; provided, however, that (i) the Company and any Guarantor will be permitted to incur Indebtedness (including Acquired Indebtedness), and (ii) a Restricted Subsidiary will be permitted to incur Acquired Indebtedness, if in each case, after giving pro forma effect to (1) the incurrence of such Indebtedness and (if applicable) the application of the net proceeds therefrom, including to refinance other Indebtedness, as if such Indebtedness were incurred at the beginning of the four full fiscal quarters immediately preceding such incurrence, taken as one period;
(2) the incurrence, repayment or retirement of any other Indebtedness by the Company and its Restricted Subsidiaries since the first day of such four-quarter period as if such Indebtedness was incurred, repaid or retired at the beginning of such four-quarter period (except that, in making such computation, the amount of Indebtedness under any revolving credit facility shall be computed based upon the average daily balance of such Indebtedness during such four-quarter period); and (3) any Asset Sale or Asset Acquisition occurring since the first day of such four-quarter period (including to the date of calculation) as if such acquisition or disposition occurred at the beginning of such four-quarter period, the Consolidated Fixed Charge Coverage Ratio of the Company is at least 2:1.

SECTION X.9 Limitation on Restricted Payments.

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly:

(a) declare or pay any dividend or make any other distribution or payment on or in respect of Capital Stock of the Company or any of its Restricted Subsidiaries or make any payment to the direct or indirect holders (in their capacities as such) of Capital Stock of the Company or any of its Restricted Subsidiaries (other than dividends or distributions payable solely in Capital Stock of the Company (other than Redeemable Capital Stock) or in options, warrants or other rights to purchase Capital Stock of the Company (other than Redeemable

Capital Stock)) (other than the declaration or payment of dividends or other distributions to the extent declared or paid to the Company or any Restricted Subsidiary);

(b) purchase, redeem, defease or otherwise acquire or retire for value any Capital Stock of the Company or any of its Restricted Subsidiaries or any options, warrants, or other rights to purchase any such Capital Stock (other than any securities owned by the Company or a Restricted Subsidiary);

(c) make any principal payment on, or purchase, defease, repurchase, redeem or otherwise acquire or retire for value, prior to any scheduled maturity, scheduled repayment, scheduled sinking fund payment or other Stated Maturity, any Subordinated Indebtedness (other than any such Subordinated Indebtedness owned by the Company or a Restricted Subsidiary); or

(d) make any Investment (other than any Permitted Investment) in any Person,

(such payments or Investments described in the preceding clauses (a), (b),
(c) and (d) are collectively referred to as "Restricted Payments"), unless, after giving effect to the proposed Restricted Payment (the amount of any such Restricted Payment, if other than cash, shall be the Fair Market Value of the asset(s) proposed to be transferred by the Company or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment), (A) no Default or Event of Default shall have occurred and be continuing, (B) immediately after giving effect to such Restricted Payment, the Company would be able to incur $1.00 of additional Indebtedness (other than Permitted Indebtedness) (assuming a market rate of interest with respect to such additional Indebtedness) and (C) the aggregate amount of all Restricted Payments declared or made from and after the Issue Date would not exceed the sum of:

(1) 50% of the aggregate Consolidated Net Income of the Company accrued on a cumulative basis during the period beginning on May 22, 1998 and

ending on the last day of the fiscal quarter of the Company immediately preceding the date of such proposed Restricted Payment (or, if such aggregate cumulative Consolidated Net Income of the Company for such period shall be a deficit, minus 100% of such deficit);

(2) the aggregate net cash proceeds received by the Company as capital contributions to the Company after May 22, 1998 and which constitute shareholders' equity of the Company in accordance with GAAP;

(3) the aggregate net cash proceeds received by the Company from the issuance or sale of Capital Stock (excluding Redeemable Capital Stock) of the Company to any Person (other than to a Subsidiary of the Company) after May 22, 1998;

(4) the aggregate net cash proceeds received by the Company from any Person (other than a Subsidiary of the Company) upon the exercise of any options, warrants or rights to purchase shares of Capital Stock (other than Redeemable Capital Stock) of the Company after May 22, 1998;

(5) the aggregate net cash proceeds received after May 22, 1998 by the Company from any Person (other than a Subsidiary of the Company) for debt securities that have been converted or exchanged into or for Capital Stock of the Company (other than Redeemable Capital Stock) (to the extent such debt securities were originally sold for cash) plus the aggregate amount of cash received by the Company (other than from a Subsidiary of the Company) in connection with such conversion or exchange;

(6) in the case of the disposition or repayment of any Investment constituting a Restricted Payment after May 22, 1998, an amount equal to the lesser of the return of capital with respect to such Investment and the initial amount of such Investment, in either case, less the cost of the disposition of such Investment; and

(7) so long as the Designation (as defined in Section 10.18) thereof was treated as a Restricted Payment made after May 22, 1998, with respect to any Unrestricted Subsidiary that has been

redesignated as a Restricted Subsidiary after the Issue Date in accordance with Section 10.18 below, the Fair Market Value of the Company's interest in such Subsidiary, provided that such amount shall not in any case exceed the Designation Amount (as defined in Section 10.18) with respect to such Restricted Subsidiary upon its Designation,

minus:

the Designation Amount (measured as of the date of Designation) with respect to any Restricted Subsidiary of the Company which has been designated as an Unrestricted Subsidiary after May 22, 1998 in accordance with Section 10.18 below.

For purposes of the preceding clause (C)(4), the value of the aggregate net proceeds received by the Company upon the issuance of Capital Stock upon the exercise of options, warrants or rights will be the net cash proceeds received upon the issuance of such options, warrants or rights plus the incremental amount received by the Company upon the exercise thereof.

None of the foregoing provisions shall prohibit, so long, in the case of clauses (ii), (iii), (v), (vi) and (vii) below, as there is no Default or Event of Default continuing, (i) the payment of any dividend or distribution within 60 days after the date of its declaration, if at the date of declaration such payment would be permitted by the first paragraph of this covenant; (ii) the redemption, repurchase or other acquisition or retirement of any shares of any class of Capital Stock of the Company in exchange for, or out of the net cash proceeds of, a substantially concurrent issue and sale of other shares of Capital Stock of the Company (other than Redeemable Capital Stock) to any Person (other than to a Subsidiary of the Company); provided, however, that such net cash proceeds are excluded from clause (C) of the first paragraph of this covenant; (iii) any redemption, repurchase or other acquisition or retirement of Subordinated Indebtedness by exchange for, or out of the net cash proceeds of, a substantially concurrent issue and sale of (1) Capital Stock (other than Redeemable Capital Stock) of the Company to any Person (other than to a Subsidiary of the Company); provided, however, that any such net cash proceeds are excluded from clause (C)

of the first paragraph of this covenant; or (2) Indebtedness of the Company so long as such Indebtedness is Subordinated Indebtedness which (w) has no scheduled principal payment prior to the 91st day after the Maturity Date, (x) has an Average Life to Stated Maturity greater than the remaining Average Life to Stated Maturity of the Securities and (y) is subordinated to the Securities in the same manner and to the same extent as the Subordinated Indebtedness so purchased, exchanged, redeemed, acquired or retired; (iv) Investments constituting Restricted Payments made as a result of the receipt of non-cash consideration from any Asset Sale or other sale of assets or property made pursuant to and in compliance with this Indenture; (v) payments to purchase Capital Stock of the Company or Holdings from officers of the Company, pursuant to agreements in effect as of the Issue Date, in an amount not to exceed $15,000,000 in the aggregate; (vi) payments (other than those covered by clause
(v)) to purchase Capital Stock of the Company or Holdings from management or employees of the Company or any of its Subsidiaries, or their authorized representatives, upon the death, disability or termination of employment of such employees, in aggregate amounts under this clause (vi) not to exceed $1,000,000 in any fiscal year of the Company,(vii) payments to Holdings in an amount sufficient to permit it to make scheduled payments of interest on its 62% Convertible Subordinated Debentures due August 1, 2028, issued to United Rentals Trust I, (viii) payments to Holdings in an amount sufficient to enable Holdings to pay (1) its taxes, legal, accounting, payroll, benefits and corporate overhead expenses (including Commission, stock exchange and transfer agency fees and expenses), and expenses of United Rentals Trust I payable by Holdings pursuant to the terms of the trust agreement governing such trust, (2) trade, lease, payroll, benefits and other obligations in respect of goods to be delivered to, services (including management and consulting services) performed for and properties used by, the Company and its Restricted Subsidiaries, (3) the purchase price for Investments in other Persons, provided that promptly following such Investment either (x) such other Person either becomes a Restricted Subsidiary or is merged or consolidated with, or transfers or conveys all or substantially all of its assets to, the Company or a Restricted Subsidiary, or (y) such Investment would otherwise be permitted under this Indenture if made by the

Company and such Investment is contributed or transferred by Holdings to the Company or a Restricted Subsidiary and (4) reasonable and customary incidental expenses (other than the expenses described in the preceding clause (1)) not to exceed $500,000 in any fiscal year of the Company and (ix) the payment of any dividend or distribution by a Restricted Subsidiary to the holders of its Capital Stock on a pro rata basis. Any payments made pursuant to clauses (i),
(v), (vi) or (vii) of this paragraph shall be taken into account in calculating the amount of Restricted Payments made from and after May 22, 1998.

SECTION X.10 Limitation on Preferred Stock of Restricted Subsidiaries.

The Company shall not permit any Restricted Subsidiary to issue any Preferred Stock other than Preferred Stock issued to the Company or a wholly- owned Restricted Subsidiary. The Company shall not sell, transfer or otherwise dispose of Preferred Stock issued by a Restricted Subsidiary of the Company or permit a Restricted Subsidiary to sell, transfer or otherwise dispose of Preferred Stock issued by a wholly-owned Restricted Subsidiary, other than to the Company or a Restricted Subsidiary. Notwithstanding the foregoing, nothing in this covenant shall prohibit Preferred Stock (other than Redeemable Capital Stock) issued by a Person prior to the time (A) such Person becomes a Restricted Subsidiary of the Company, (B) such Person merges with or into a Restricted Subsidiary of the Company or (C) a Restricted Subsidiary of the Company merges with or into such Person; provided, that such Preferred Stock was not issued or incurred by such Person in anticipation of a transaction contemplated by subclause (A), (B), or (C) above.

SECTION X.11 Limitation on Transactions with Affiliates.

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into any transaction or series of related transactions (including, without limitation, the sale, transfer, disposition, purchase, exchange or lease of assets, property or services) with, or for the benefit of, any of its Affiliates (other than Restricted Subsidiaries), except (a) on terms that are no less favor-

able to the Company or such Subsidiary, as the case may be, than those which could have been obtained in a comparable transaction at such time from Persons who are not Affiliates of the Company, (b) with respect to a transaction or series of related transactions involving aggregate payments or value equal to or greater than $2,000,000 the Company shall have delivered an Officer's Certificate to the Trustee certifying that such transaction or transactions comply with the preceding clause (a), and (c) with respect to a transaction or series of related transactions involving aggregate payments or value equal to or greater than $5,000,000, such transaction or transactions shall have been approved by a majority of the Disinterested Members of the Board of Directors of the Company.

Notwithstanding the foregoing, the restrictions set forth in this covenant shall not apply to (i) transactions with or among the Company and the Restricted Subsidiaries of the Company, (ii) customary directors' fees, indemnification and similar arrangements, consulting fees, employee salaries, bonuses or employment agreements, compensation or employee benefit arrangements and incentive arrangements with any officer, director or employee of the Company or any Restricted Subsidiary entered into in the ordinary course of business,
(iii) any dividends made in compliance with Section 10.9, (iv) loans and advances to officers, directors and employees of the Company or any Restricted Subsidiary for travel, entertainment, moving and other relocation expenses, in each case made in the ordinary course of business, (v) the incurrence of intercompany Indebtedness which constitutes Permitted Indebtedness, (vi) transactions pursuant to agreements in effect on the Issue Date, (vii) the purchase of equipment for its Fair Market Value from Terex Corporation or its Affiliates in the ordinary course of business of each of Terex Corporation and the Company and (viii) transactions described in, or permitted by, clauses (vii) and (viii) of the final paragraph of Section 10.9.

SECTION X.12 Limitation on Liens.

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, create, incur, assume or suffer to exist any Liens of any kind against or upon any of its property or assets, or any proceeds therefrom, unless the Securities are equally and ratably

secured (except that Liens securing Subordinated Indebtedness shall be expressly subordinate to Liens securing the Securities to the same extent such Subordinated Indebtedness is subordinate to the Securities), except for (a) Liens securing Senior Indebtedness or Guarantor Senior Indebtedness; (b) Liens securing the Securities; (c) Liens in favor of the Company on assets of any Subsidiary of the Company; (d) Liens securing Indebtedness which is incurred to refinance Indebtedness which has been secured by a Lien permitted under the Indenture and which has been incurred in accordance with the provisions of this Indenture; provided, however, that such Liens do not extend to or cover any property or assets of the Company or any its Restricted Subsidiaries not securing the Indebtedness so refinanced; and (e) Permitted Liens.

SECTION X.13 Change of Control.

On or before the 30th day after the date of the occurrence of a Change of Control (the "Change of Control Date"), the Company shall make an Offer to Purchase (a "Change of Control Offer") on a Business Day not more than 60 nor less than 30 days following the occurrence of the Change of Control, (the "Change of Control Purchase Date") all of the then Outstanding Securities tendered at a purchase price (the "Change of Control Purchase Price") equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, thereon to the Change of Control Purchase Date. The Company shall be required to purchase all Securities tendered into the Change of Control Offer and not withdrawn.

On the Change of Control Purchase Date, the Company shall (i) accept for payment Securities or portions thereof (not less than $1,000 principal amount and integral multiples thereof) tendered pursuant to the Change of Control Offer, (ii) deposit with the Paying Agent money, in immediately available funds, sufficient to pay the purchase price of all Securities or portions thereof so tendered and accepted and (iii) deliver to the Trustee the Securities so accepted together with an Officer's Certificate setting forth the Securities or portions thereof tendered to and accepted for payment by the Company. The Paying Agent shall promptly mail or deliver to the Holders of Securities so accepted payment in an amount equal to the purchase price, and the Trust-

ee shall promptly authenticate and make available for delivery to such Holders a new Security of like tenor equal in principal amount to any unpurchased portion of the Security surrendered. Any Securities not so accepted shall be promptly mailed or delivered by the Company to the Holder thereof. The Company shall publicly announce the results of the Change of Control Offer not later than the third Business Day following the Change of Control Purchase Date.

The Company shall not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements applicable to a Change of Control Offer made by the Company and purchases all Securities validly tendered and not withdrawn under such Change of Control Offer.

The Company shall comply with Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder, to the extent such laws or regulations are applicable, in the event that a Change of Control occurs and the Company is required to purchase Securities as described above.

SECTION X.14 Disposition of Proceeds of Asset Sales.

The Company will not, and will not permit any of its Restricted Subsidiaries to, make any Asset Sale unless (a) the Company or such Restricted Subsidiary, as the case may be, receives consideration at the time of such Asset Sale at least equal to the Fair Market Value of the shares or assets sold or otherwise disposed of and (b) at least 75% of such consideration consists of cash or Cash Equivalents or Replacement Assets; provided, however, that (i) the amount of any liabilities (as shown on the most recent balance sheet of the Company or such Restricted Subsidiary) of the Company or such Restricted Subsidiary that are assumed by the transferee of such assets and (ii) any securities, notes or other obligations received by the Company or such Restricted Subsidiary from such transferee that are converted within 30 days into cash or Cash Equivalents (to the extent of the cash or Cash Equivalents received) shall be deemed to be cash for the purposes of this provision;

provided further, that the 75% limitation referred to in clause (b) will not apply to any Asset Sale in which the

cash or Cash Equivalent portion of the consideration received therefrom, determined in accordance with the foregoing provision, is equal to or greater than what the after-tax proceeds would have been had such Asset Sale complied with the aforementioned 75% limitation. To the extent that the Net Cash Proceeds of any Asset Sale are not required to be applied to repay, and permanently reduce the commitments under, Senior Indebtedness of the Company, or are not so applied, the Company or such Restricted Subsidiary, as the case may be, may apply the Net Cash Proceeds from such Asset Sale, within 360 days of such Asset Sale, to an investment in properties and assets that replace the properties and assets that were the subject of such Asset Sale or in properties and assets that are used or useful in the business of the Company and its Restricted Subsidiaries conducted at such time or in businesses reasonably related thereto or in Capital Stock of a Person, the principal portion of whose assets consist of such property or assets ("Replacement Assets"). Any Net Cash Proceeds from any Asset Sale that are neither used to repay, and permanently reduce the commitments under, Senior Indebtedness of the Company, nor invested in Replacement Assets within such 360-day period constitute "Excess Proceeds" subject to disposition as provided below.

When the aggregate amount of Excess Proceeds equals or exceeds $10,000,000, the Company shall make an offer to purchase (an "Asset Sale Offer"), from all holders of the Securities, an aggregate principal amount of Securities equal to such Excess Proceeds, at a price in cash equal to 100% of the outstanding principal amount thereof plus accrued and unpaid interest, if any, thereon to the Purchase Date (the "Asset Sale Offer Price"). To the extent that the aggregate principal amount of Securities tendered pursuant to an Asset Sale Offer is less than the Excess Proceeds, the Company may use such deficiency for general corporate purposes. The Securities shall be purchased by the Company, at the option of the Holder thereof, in whole or in part in integral multiples of $1,000, on a date that is not earlier than 30 days and not later than 60 days from the date the notice is given to Holders, or such later date as may be necessary for the Company to comply with the requirements under the Exchange Act. If Securities purchasable at an aggregate Purchase Price in excess of the Purchase Amount are tendered and not withdrawn pursuant to the Asset Sale Offer to Purchase, the Company shall purchase

Securities on a pro rata basis, based on the Purchase Price therefor, or such other method as the Trustee shall deem fair and appropriate (subject in each case to applicable rules of the Depositary and any securities exchange upon which the Securities may then be listed), with such adjustments as may be deemed appropriate so that only Securities in denominations of $1,000 principal face amount or integral multiples thereof shall be purchased. Notwithstanding the foregoing, if the Company is required to commence an Asset Sale Offer at any time when securities of the Company ranking pari passu in right of payment with the Securities are outstanding and the terms of such securities provide that a similar offer must be made with respect to such other securities, then the Asset Sale Offer for the Securities shall be made concurrently with such other offers and securities of each issue will be accepted on a pro rata basis in proportion to the aggregate principal amount of securities of each issue which the holders thereof elect to have purchased. Any Asset Sale Offer will be made only to the extent permitted under, and subject to prior compliance with, the terms of agreements governing Senior Indebtedness. Upon completion of such Asset Sale Offer, the amount of Excess Proceeds shall be reset to zero.

On the Asset Sale Offer Purchase Date, the Company shall (i) accept for payment (subject to pro ration as described in the Offer to Purchase) Securities or portions thereof tendered pursuant to the Asset Sale Offer, (ii) deposit with the Paying Agent money, in immediately available funds, sufficient to pay the purchase price of all Securities or portions thereof so tendered and accepted and (iii) deliver to the Trustee the Securities so accepted together with an Officer's Certificate setting forth the Securities or portions thereof tendered to and accepted for payment by the Company. The Paying Agent shall promptly mail or deliver to the Holders of Securities so accepted payment in an amount equal to the purchase price, and the Trustee shall promptly authenticate and make available for delivery to such Holders a new Security of like tenor equal in principal amount to any unpurchased portion of the Security surrendered. Any Securities not so accepted shall be promptly mailed or delivered by the Company to the Holder thereof. The Company shall publicly announce the results of the Asset Sale Offer not later

than the third business Day following the Asset Sale Offer Purchase Date.

Whenever the aggregate amount of Excess Proceeds received by the Company and its Restricted Subsidiaries exceeds $10,000,000, such Excess Proceeds shall, prior to the purchase of Securities, be set aside by the Company or such Restricted Subsidiary, as the case may be, in a separate account pending
(i) deposit with the Paying Agent of the amount required to purchase the Securities tendered in an Asset Sale Offer or (ii) delivery by the Company of the Asset Sale Offer Price to the Holders of the Securities validly tendered and not withdrawn pursuant to an Asset Sale Offer. Such Excess Proceeds may be invested in Cash Equivalents, as directed by the Company, having a maturity date which is not later than the earliest possible date for purchase of Securities pursuant to the Asset Sale Offer. The Company will be entitled to any interest or dividends accrued, earned or paid on such Cash Equivalents.

The Company shall comply with Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder, to the extent such laws and regulations are applicable, in the event that an Asset Sale occurs and the Company is required to purchase Securities as described above.

SECTION X.15 Limitation on Dividends and Other Payment Restrictions Affecting Restricted Subsidiaries.

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary of the Company to (a) pay dividends, in cash or otherwise, or make any other distributions on or in respect of its Capital Stock or any other interest or participation in, or measured by, its profits, (b) pay any Indebtedness owed to the Company or any other Restricted Subsidiary of the Company, (c) make loans or advances to the Company or any other Restricted Subsidiary of the Company, (d) transfer any of its properties or assets to the Company or any other Restricted Subsidiary of the Company or
(e) guarantee any Indebtedness of the Company or any other Restricted Subsidiary of the Company, except

for such encumbrances or restrictions existing under or by reason of (i) applicable law or any applicable rule, regulation or order, (ii) customary non- assignment provisions of any contract or any lease governing a leasehold interest of the Company or any Restricted Subsidiary of the Company, (iii) customary restrictions on transfers of property subject to a Lien permitted under this Indenture, (iv) the Credit Facility and the Term Loan, as in effect on the Issue Date, (v) any agreement or other instrument of a Person acquired by the Company or any Restricted Subsidiary of the Company in existence at the time of such acquisition (but not created in contemplation thereof), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired, (vi) an agreement entered into for the sale or disposition of Capital Stock or assets of a Restricted Subsidiary or an agreement entered into for the sale of specified assets (in either case, so long as such encumbrance or restriction, by its terms, terminates on the earlier of the termination of such agreement or the consummation of such agreement and so long as such restriction applies only to the Capital Stock or assets to be sold),
(vii) any agreement in effect on the Issue Date, (viii) this Indenture and the Guarantees, (ix) the indentures governing the 93% Notes, the 92% Notes and the 8.80% Notes and (x) any agreement that amends, extends, refinances, renews or replaces any agreement described in the foregoing clauses, provided that the terms and conditions of any such agreement are not materially less favorable to the Holders of the Securities with respect to such dividend and payment restrictions than those under or pursuant to the agreement amended, extended, refinanced, renewed or replaced.

SECTION X.16 Limitation on Issuance of Subordinated Indebtedness.

The Company shall not, directly or indirectly, incur any Indebtedness (including Acquired Indebtedness) that is subordinate in right of payment to any Indebtedness of the Company and senior in right of payment to the Securities.

SECTION X.17 Additional Subsidiary Guarantees.

If the Company or any of its Restricted Subsidiaries acquires, creates or designates another United States Restricted Subsidiary, then such newly acquired, created or designated Restricted Subsidiary shall, within 30 days after the date of its acquisition, creation or designation, whichever is later,
(i) execute and deliver to the Trustee a supplemental indenture in form reasonably satisfactory to the Trustee pursuant to which such Subsidiary shall unconditionally guarantee all of the Company's obligations under the Securities and this Indenture on the terms set forth in this Indenture and (ii) deliver to the Trustee an opinion of counsel that such supplemental indenture has been duly authorized, executed and delivered by such Subsidiary and constitutes a legal, valid, binding and enforceable obligation of such Subsidiary, subject to normal exceptions, provided that if such Subsidiary (a) is not incorporated or organized in the State of New York or the State of Delaware and (b) is not a significant Subsidiary (as defined in Rule 1-02(w) of Regulation S-X under the Securities Act, provided, however, that this determination shall be made by reference to the most recent pro forma consolidated financial statements of the Company filed under the Exchange Act, as permitted by Rule 3-05(b)(3) of Regulation S-X), of the Company, such opinion of counsel may assume due authorization, execution and delivery of such supplemental indenture. Thereafter, such Subsidiary shall be a Guarantor for all purposes of this Indenture.

SECTION X.18 Limitations on Designation of Unrestricted Subsidiaries.

(a) The Company may designate after the Issue Date any Restricted Subsidiary as an "Unrestricted Subsidiary" under this Indenture (a "Designation") only if:

(i) no Default shall have occurred and be continuing at the time of or after giving effect to such Designation;

(ii) the Company would be permitted to make an Investment (other than a Permitted Investment, except a Permitted Investment covered by clause (x) of the definition thereof) at the time of Designation (assuming the effectiveness of such Designation) pursuant to the

first paragraph of Section 10.9 in an amount (the "Designation Amount") equal to the Fair Market Value of the Company's interest in such Subsidiary on such date calculated in accordance with GAAP; and

(iii) the Company would be permitted under this Indenture to incur $1.00 of additional Indebtedness (other than Permitted Indebtedness) pursuant to Section 10.8 at the time of such Designation (assuming the effectiveness of such Designation).

In the event of any such Designation, the Company shall be deemed to have made an Investment constituting a Restricted Payment pursuant to Section 10.9 for all purposes of this Indenture in the Designation Amount.

The Company shall not, and shall not cause or permit any Restricted Subsidiary to, at any time (x) provide credit support for or subject any of its property or assets (other than the Capital Stock of any Unrestricted Subsidiary) to the satisfaction of, any Indebtedness of any Unrestricted Subsidiary (including any undertaking, agreement or instrument evidencing such Indebtedness), (y) be directly or indirectly liable for any Indebtedness of any Unrestricted Subsidiary or (z) be directly or indirectly liable for any Indebtedness which provides that the holder thereof may (upon notice, lapse of time or both) declare a default thereon or cause the payment thereof to be accelerated or payable prior to its final scheduled maturity upon the occurrence of a default with respect to any Indebtedness of any Unrestricted Subsidiary (including any right to take enforcement action against such Unrestricted Subsidiary), except any non-recourse guarantee given solely to support the pledge by the Company or any Restricted Subsidiary of the Capital Stock of an Unrestricted Subsidiary. All Subsidiaries of Unrestricted Subsidiaries shall automatically be deemed to be Unrestricted Subsidiaries.

(b) The Company may revoke any Designation of a Subsidiary as an Unrestricted Subsidiary (a "Revocation") if:

(i) no Default shall have occurred and be continuing at the time of and after giving effect to such Revocation, and

(ii) all Liens and Indebtedness of such Unrestricted Subsidiary outstanding immediately following such Revocation would, if incurred at such time by a Restricted Subsidiary, have been permitted to be incurred for all purposes of this Indenture.

(c) In the event the Company or a Restricted Subsidiary makes any Investment in any Person which was not previously a Subsidiary and such Person thereby becomes a Subsidiary, such Person shall automatically be an Unrestricted Subsidiary and the Company may designate such Subsidiary as a Restricted Subsidiary only if it meets the foregoing requirements of clauses (i) and (ii) of paragraph (b).

(d) All Designations and Revocations must be evidenced by Board Resolutions of the Company delivered to the Trustee certifying compliance with the foregoing provisions.

SECTION X.19 Provision of Financial Information.

For so long as the Securities are outstanding, whether or not the Company is subject to Section 13(a) or 15(d) of the Exchange Act, or any successor provision thereto, the Company shall file with the Commission (if permitted by Commission practice and applicable law and regulations) the annual reports, quarterly reports and other documents which the Company would have been required to file with the Commission pursuant to such Section 13(a) or 15(d) or any successor provision thereto if the Company were so subject, such documents to be filed with the Commission on or prior to the respective dates (the "Required Filing Dates") by which the Company would have been required so to file such documents if the Company were so subject. If, notwithstanding the preceding sentence, filing such documents by the Company with the Commission is not permitted by Commission practice or applicable law or regulations, the Company will transmit (or cause to be transmitted) by mail to the Trustee and all holders of the Securities, as their names and addresses appear in the Securities Register,

copies of such documents within 15 days after the Required Filing Date. In addition, for so long as any Securities remain outstanding, the Company will furnish to the Holders of Securities and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act, and, to any beneficial holder of Securities, if not obtainable from the Commission, information of the type that would be filed with the Commission pursuant to the foregoing provisions upon the request of any such Holder.

SECTION X.20 Statement by Officers as to Default; Compliance Certificates.

(a) The Company shall deliver to the Trustee, prior to March 31 in each year commencing March 31, 1999, an Officer's Certificate, stating whether or not to the best knowledge of the signers thereof the Company is in default in the performance and observance of any of the terms, provisions and conditions of this Indenture (without regard to any period of grace or requirement of notice provided hereunder), and if the Company shall be in default, specifying all such defaults and the nature and status thereof of which he may have knowledge.

(b) The Company shall deliver to the Trustee, as soon as possible and in any event within five days after the Company becomes aware of the occurrence of a Default or an Event of Default, an Officer's Certificate setting forth the details of such Default or Event of Default, and the action which the Company proposes to take with respect thereto.

ARTICLE XI

Redemption of Securities

SECTION XI.1 Right of Redemption.

The Securities may be redeemed at the election of the Company, in the amounts, at the times, at the Redemption Prices (together with any applicable accrued and unpaid interest to the Redemption Date), and subject to the conditions specified in the form of Security and hereinafter set forth.

SECTION XI.2 Applicability of Article.

Redemption of Securities at the election of the Company, as permitted by this Indenture and the provisions of the Securities, shall be made in accordance with such provisions and this Article.

SECTION XI.3 Election to Redeem; Notice to Trustee.

The election of the Company to redeem any Securities pursuant to
Section 11.1 shall be evidenced by a Board Resolution. In the event of any redemption at the election of the Company pursuant to Section 11.1, the Company shall notify the Trustee, in case of a redemption of less than all the Securities, at least 60 days, and in the case of a redemption of all the Securities, at least 40 days, prior to the Redemption Date fixed by the Company (in each case, unless a shorter notice shall be satisfactory to the Trustee)of such Redemption Date and of the principal amount of Securities to be redeemed.

SECTION XI.4 Selection by Trustee of
Securities to Be Redeemed.

In the event that less than all of the Securities are to be redeemed at any time, selection of such Securities for redemption will be made by the Trustee in compliance with the requirements of the principal national securities exchange, if any, on which the Securities are listed or, if the Securities are not then listed on a national securities exchange, on a pro rata basis, by lot or by such method as the Trustee shall deem fair and appropriate (subject to the rules of the Depositary); provided, however, that Securities shall only be redeemable in amounts of $1,000 or an integral multiple of $1,000.

The Trustee shall promptly notify the Company and each Security Registrar in writing of the Securities selected for redemption and, in the case of any Securities selected for partial redemption, the principal amount thereof to be redeemed.

For all purposes of this Indenture and of the Securities, unless the context otherwise requires, all provisions relating to the redemption of Securities

shall relate, in the case of any Securities redeemed or to be redeemed only in part, to the portion of the principal amount of such Securities which has been or is to be redeemed.

SECTION XI.5 Notice of Redemption.

Notice of redemption shall be given by first class mail, postage prepaid, mailed not less than 30 nor more than 60 days prior to the Redemption Date, to each Holder of Securities to be redeemed, at his address appearing in the Security Register.

All notices of redemption shall identify the Securities to be redeemed (including, if used, CUSIP or CINS numbers) and shall state:

(i) the Redemption Date,

(ii) the Redemption Price,

(iii) if less than all the Outstanding Securities are to be redeemed, the identification (and, in the case of partial redemption, the principal amounts) of the particular Securities to be redeemed,

(iv) that on the Redemption Date the Redemption Price will become due and payable upon each such Security to be redeemed and that interest thereon will cease to accrue on and after such Redemption Date,

(v) the place or places where such Securities are to be surrendered for payment of the Redemption Price, and

(vi) if the redemption is being made pursuant to the provisions of the Securities regarding a Public Equity Offering, a brief description of the transaction or transactions giving rise to such redemption, the nature and amount of Qualified Equity Interests sold in such transaction or transactions, the aggregate purchase price thereof and the net cash proceeds therefrom available for such redemption, the date or dates on which such transaction or transactions were completed and the per-

centage of the aggregate principal amount of Outstanding Securities being redeemed.

Notice of redemption of Securities to be redeemed at the election of the Company shall be given by the Company or, at the Company's request, by the Trustee in the name and at the expense of the Company and shall be irrevocable.

SECTION XI.6 Deposit of Redemption Price.

Prior to any Redemption Date, the Company shall deposit with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in Section 10.3) an amount of money sufficient to pay the Redemption Price of, and (except if the Redemption Date shall be an Interest Payment Date) any applicable accrued interest on, all the Securities which are to be redeemed on that date.

SECTION XI.7 Securities Payable on Redemption Date.

Notice of redemption having been given as aforesaid, the Securities so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Company shall default in the payment of the Redemption Price and any applicable accrued interest) such Securities shall not bear interest. Upon surrender of any such Security for redemption in accordance with said notice, such Security shall be paid by the Company at the Redemption Price, together with any applicable accrued and unpaid interest to the Redemption Date; provided, however, that installments of interest whose Stated Maturity is on or prior to the Redemption Date shall be payable to the Holders of such Securities, or one or more predecessor securities, registered as such at the close of business on the relevant record dates according to their terms and the provisions of Section 3.7.

If any Security called for redemption in accordance with the election of the Company made pursuant to Section 11.1 shall not be so paid upon surrender thereof for redemption, the principal (and premium, if any) shall, until paid, bear interest from the Redemption Date at the rate provided by the Security.

SECTION XI.8 Securities Redeemed in Part.

Any Security which is to be redeemed only in part shall be surrendered at an office or agency of the Company designated for that purpose pursuant to
Section 10.2 (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or his attorney duly authorized in writing), and the Company shall execute, and the Trustee shall authenticate and deliver to the Holder of such Security without service charge, a new Security or Securities, of any authorized denomination as requested by such Holder, in aggregate principal amount at Stated Maturity equal to and in exchange for the unredeemed portion of the principal amount at Stated Maturity of the Security so surrendered.

ARTICLE XII

Defeasance and Covenant Defeasance

SECTION XII.1 Company's Option to Effect Defeasance or Covenant Defeasance.

The Company may elect, at its option at any time, to have Section 12.2 or Section 12.3 applied to the Outstanding Securities (as a whole and not in part) upon compliance with the conditions set forth below in this Article. Any such election shall be evidenced by a Board Resolution.

SECTION XII.2 Defeasance and Discharge.

Upon the Company's exercise of its option to have this Section applied to the Outstanding Securities (as a whole and not in part), the Company shall be deemed to have been discharged from its obligations with respect to such Securities as provided in this Section on and after the date the conditions set forth in Section 12.4 are satisfied (hereinafter called "Defeasance"). For this purpose, such Defeasance means that the Company shall be deemed to have paid and discharged the entire Indebtedness represented by such Securities and to have satisfied all its other obligations under such Securities and this Indenture insofar as such Secu-

rities are concerned (and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging the same), subject to the following which shall survive until otherwise terminated or discharged hereunder: (1) the rights of Holders of Outstanding Securities to receive, solely from the trust fund described in Section 12.4 and as more fully set forth in such Section, payments in respect of the principal of, premium, if any, and interest on such Securities when payments are due, (2) the Company's obligations with respect to such Securities under Sections 3.4, 3.5, 3.6, 10.2 and 10.3, (3) the rights, powers, trusts, duties and immunities of the Trustee hereunder and (4) this Article. Subject to compliance with this Article, the Company may exercise its option to have this Section applied to the Outstanding Securities (as a whole and not in part) notwithstanding the prior exercise of its option to have
Section 12.3 applied to such Securities.

SECTION XII.3 Covenant Defeasance.

Upon the Company's exercise of its option to have this Section applied to the Outstanding Securities (as a whole and not in part), (i) the Company shall be released from its obligations under Section 8.1(3), Sections 10.5 through 10.19, inclusive, and any covenant provided pursuant to Section 9.1(ii) and the Guarantors shall be released from their obligations under Article XIII and the Guarantees (ii) the occurrence of any event specified in Sections 5.1(3) and 5.1(4) (with respect to Section 8.1(3) and any of Sections 10.5 through 10.19, inclusive, and any such covenants provided pursuant to Section 9.1(ii)), shall be deemed not to be or result in an Event of Default, in each case with respect to such Securities as provided in this Section on and after the date the conditions set forth in Section 12.4 are satisfied (hereinafter called "Covenant Defeasance"). For this purpose, such Covenant Defeasance means that, with respect to such Securities, the Company may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such specified Section (to the extent so specified in the case of Section 5.1(3) or 5.1(4)), whether directly or indirectly, by reason of any reference elsewhere herein to any such Section or by reason of any reference in any such Section to any other provision herein or in any other document, but the remainder of this Indenture and such Securities shall be unaffected thereby.

SECTION XII.4 Conditions to Defeasance
or Covenant Defeasance.

The following shall be the conditions to the application of Section 12.2 or Section 12.3 to the Outstanding Securities:

(1) The Company shall irrevocably have deposited or caused to be deposited with the Trustee (or another trustee which satisfies the requirements contemplated by Section 6.9 and agrees to comply with the provisions of this Article applicable to it) as trust funds in trust for the purpose of making the following payments, specifically pledged as security for, and dedicated solely to, the benefits of the Holders of such Securities, (A) money in an amount, or (B) U.S. Government Obligations which through the scheduled payment of principal and interest in respect thereof in accordance with their terms will provide, not later than one day before the due date of any payment, money in an amount, or (C) a combination thereof, in each case sufficient, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay and discharge, and which shall be applied by the Trustee (or any such other qualifying trustee) to pay and discharge, the principal of, premium, if any, and any installment of interest on such Securities on the respective Stated Maturities or Redemption Date thereof, in accordance with the terms of this Indenture and such Securities. As used herein, "U.S. Government

Obligation" means (x) any security which is (i) a direct obligation of the United States of America for the payment of which the full faith and credit of the United States of America is pledged or (ii) an obligation of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case (i) or (ii), is not callable or redeemable at the option of the issuer thereof, and (y) any depositary receipt issued by a bank (as defined in Section 3(a) (2) of the Securities Act) as custodian with respect to any U.S. Government Obligation which is specified in clause (x) above and held by such bank for the account of the holder of such depositary receipt, or with respect to any specific payment of principal of or interest on any U.S. Government Obligation which is so specified and held, provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depositary receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of principal or interest evidenced by such depositary receipt.

(2) In the event of an election to have Section 12.2 apply to the Outstanding Securities, the Company shall have delivered to the Trustee an Opinion of Counsel stating that (A) the Company has received from, or there has been published by, the Internal Revenue Service a ruling or (B) since the date of this instrument, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such opinion shall confirm that, the Holders of such Securities will not recognize gain or loss for federal income tax purposes as a result of the deposit, Defeasance and discharge to be effected with respect to such Securities and will be subject to Federal income tax on the same amount, in the same manner and at the same times as would be the case if such deposit, Defeasance and discharge were not to occur.

(3) In the event of an election to have Section 12.3 apply to the Outstanding Securities, the Company shall have delivered to the Trustee an Opinion of Counsel to the effect that the Holders of such Securities will not recognize gain or loss for federal income tax purposes as a result of the deposit and Covenant Defeasance to be effected with respect to such Securities and will be subject to federal income tax on the same amount, in the same manner and at the same times as would be the case if such deposit and Covenant Defeasance were not to occur.

(4) No Default or Event of Default with respect to the Outstanding Securities shall have occurred and be continuing at the time of such depos-

it (excluding a Default or Event of Default due to a breach of Section 10.8 or 10.12 which arises due to the borrowing of funds applied to such deposit).

(5) Such Defeasance or Covenant Defeasance shall not cause the Trustee to have a conflicting interest with respect to any securities of the Company or any Guarantor.

(6) Such Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under, any other material agreement or instrument to which the Company or any Subsidiary is a party or by which it is bound (excluding a Default or Event of Default due to a breach of Section 10.8 or 10.12 which arises due to the borrowing of funds applied to such deposit).

(7) The Company shall have delivered to the Trustee an Opinion of Counsel (which opinion may be subject to customary assumptions and exceptions) to the effect that after the 91st day following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally.

(8) The Company shall have delivered to the Trustee an Officer's Certificate stating that the deposit was not made by the Company with the intent of preferring the Holders of the Securities over the other creditors of the Company or any Guarantor with the intent of defeating, hindering, delaying or defrauding creditors of the Company or any Guarantor or others.

(9) No event or condition shall exist that would prevent the Company from making payments of the principal of, premium, if any, and interest on the Securities on the date of such deposit or at any time ending on the 91st day after the date of such deposit.

(10) The Company shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent under this Indenture to either Defeasance or Cove-

nant Defeasance, as the case may be, have been complied with.

SECTION XII.5 Deposited Money and U.S. Government Obligations to Be Held in Trust; Miscellaneous Provisions.

Subject to the provisions of the last paragraph of Section 10.3, all money and U.S. Government Obligations (including the proceeds thereof) deposited with the Trustee or other qualifying trustee (solely for purposes of this Section and Section 12.6, the Trustee and any such other trustee are referred to collectively as the "Trustee") pursuant to Section 12.4 in respect of the Outstanding Securities shall be held in trust and applied by the Trustee, in accordance with the provisions of such Securities and this Indenture, to the payment, either directly or through any such Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Holders of such Securities, of all sums due and to become due thereon in respect of principal and any premium and interest, but money so held in trust need not be segregated from other funds except to the extent required by law.

The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the U.S. Government Obligations deposited pursuant to Section 12.4 or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of Outstanding Securities.

Anything in this Article to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time upon Company Request any money or U.S. Government Obligations held by it as provided in Section 12.4 which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, are in excess of the amount thereof which would then be required to be deposited to effect the Defeasance or Covenant Defeasance, as the case may be, with respect to the Outstanding Securities.

SECTION XII.6 Reinstatement.

If the Trustee or the Paying Agent is unable to apply any money in accordance with this Article with respect to any Securities by reason of any order or judgment of any court or governmental authority enjoining, restraining, or otherwise prohibiting such application, then the obligations under this Indenture, such Securities and the Guarantees from which the Company and the Guarantors have been discharged or released pursuant to Section 12.2 or 12.3 shall be revived and reinstated as though no deposit had occurred pursuant to this Article with respect to such Securities, until such time as the Trustee or Paying Agent is permitted to apply all money held in trust pursuant to Section 12.5 with respect to such Securities in accordance with this Article; provided, however, that if the Company makes any payment of principal of or any premium or interest on any such Security following such reinstatement of its obligations, the Company shall be subrogated to the rights (if any) of the Holders of such Securities to receive such payment from the money so held in trust.

ARTICLE XIII

Guaranty

SECTION XIII.1 Guaranty.

Each Guarantor hereby unconditionally and irrevocably guarantees on a senior subordinated basis, jointly and severally, to each Holder and to the Trustee and its successors and assigns (a) the full and prompt payment (within applicable grace periods) of principal of and interest on the Securities when due, whether at maturity, by acceleration, by redemption or otherwise, and all other monetary obligations of the Company under this Indenture and the Securities and (b) the full and prompt performance within applicable grace periods of all other obligations of the Company under this Indenture and the Securities (all the foregoing being hereinafter collectively called the "Guaranty Obligations"). Each Guarantor further agrees that the Guaranty Obligations may be extended or renewed, in whole or in part, without notice or further assent from such Guarantor, and that such Guarantor will remain bound under this Article XIII notwithstanding any extension or renewal of any Guaranty Obligation.

To the extent that any Guarantor shall be required to pay any amounts on account of the Securities pursuant to a Guaranty in excess of an amount calculated as the product of (i) the aggregate amount payable by the Guarantors on account of the Securities pursuant to the Guarantees times (ii) the proportion (expressed as a fraction) that such Guarantor's net assets (determined in accordance with GAAP) at the date enforcement of the Guarantees is sought bears to the aggregate net assets (determined in accordance with GAAP) of all Guarantors at such date, then such Guarantor shall be reimbursed by the other Guarantors for the amount of such excess, pro rata, based upon the respective net assets (determined in accordance with GAAP) of such other Guarantors at the date enforcement of the Guarantees is sought. This paragraph is intended only to define the relative rights of Guarantors as among themselves, and nothing set forth in this paragraph is intended to or shall impair the joint and several obligations of the Guarantors under their respective Guarantees.

The Guarantors shall have the right to seek contribution from any non- paying Guarantor so long as the exercise of such right does not impair the rights of the Holders under any Guaranty.

Each Guarantor waives presentation to, demand of payment from and protest to the Company of any of the Guaranty Obligations and also waives notice of protest for nonpayment. Each Guarantor waives notice of any default under the Securities or the Guaranty Obligations. The obligations of each Guarantor hereunder shall not be affected by (a) the failure of any Holder or the Trustee to assert any claim or demand or to enforce any right or remedy against the Company or any other Person under this Indenture, the Securities or any other agreement or otherwise; (b) any extension or renewal of any thereof; (c) any rescission, waiver, amendment or modification of any of the terms or provisions of this Indenture, the Securities or any other agreement; (d) the release of any security held by any Holder or the Trustee for the Guaranty Obligations or any of them; (e) the failure of any Holder or Trustee to exercise any right or remedy against any other guarantor of the Guaranty Obligations; or (f) any change in the ownership of any Guarantor (subject to Section 13.5).

Each Guarantor further agrees that its Guaranty herein constitutes a guaranty of payment, performance and compliance when due (and not a guaranty of collection) and waives any right to require that any resort be had by any Holder or the Trustee to any security held for payment of the Guaranty Obligations.

To the fullest extent permitted by law, the obligations of each Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason, including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense of setoff, counterclaim, recoupment or termination whatsoever or by reason of the invalidity, illegality or unenforceability of the Guaranty Obligations or otherwise. Without limiting the generality of the foregoing, to the fullest extent permitted by law, the obligations of each Guarantor herein shall not be discharged or impaired or otherwise affected by the failure of any Holder or the Trustee to assert any claim or demand or to enforce any remedy under this Indenture, the Securities or any other agreement, by any waiver or modification of any thereof, by any default, failure or delay, wilful or otherwise, in the performance of the Guaranty Obligations, or by any other act or thing or omission or delay to do any other act or thing which may or might in any manner or to any extent vary the risk of such Guarantor or would otherwise operate as a discharge of each Guarantor as a matter of law or equity.

Each Guarantor further agrees that its Guaranty herein shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of principal of or interest on any Guaranty Obligation is rescinded or must otherwise be restored by any Holder or the Trustee upon the bankruptcy or reorganization of the Company or otherwise.

In furtherance of the foregoing and not in limitation of any other right which any Holder or the Trustee has at law or in equity against each Guarantor by virtue hereof, upon the failure of the Company to pay the principal of or interest on any Guaranty Obligation when and as the same shall become due, whether at maturity, by acceleration, by redemption or otherwise (within appli-

cable grace periods), or to perform or comply with any other Guaranty Obligation (within applicable grace periods), each Guarantor hereby promises to and shall, upon receipt of written demand by the Trustee, forthwith pay, or cause to be paid, in cash, to the Holders or the Trustee an amount equal to the sum of (i) the unpaid principal amount of such Guaranty Obligations, (ii) accrued and unpaid interest on such Guaranty Obligations (but only to the extent not prohibited by law) and (iii) all other monetary Guaranty Obligations of the Company to the Holders and the Trustee.

Each Guarantor agrees that it shall not be entitled to any right of subrogation in relation to the Holders in respect of any Guaranty Obligations guarantied hereby until payment in full of all Guaranty Obligations. Each Guarantor further agrees that, as between the Guarantors, on the one hand, and the Holders and the Trustee, on the other hand, (x) the maturity of the Guaranty Obligations guarantied hereby may be accelerated as provided in Article V for the purposes of its Guaranty herein, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the Guaranty Obligations guaranteed hereby, and (y) in the event of any declaration of acceleration of such Guaranty Obligations as provided in Article V, such Guaranty Obligations (whether or not due and payable) shall forthwith become due and payable by each Guarantor for the purposes of this Section.

Each Guarantor also agrees to pay any and all costs and expenses (including reasonable attorneys' fees and expenses) incurred by the Trustee or any Holder in enforcing any rights under this Section.

SECTION XIII.2 Limitation on Liability.

Any term or provision of this Indenture to the contrary notwithstanding, the maximum aggregate amount of the obligations guaranteed hereunder by each Guarantor shall not exceed the maximum amount that can be hereby guaranteed without rendering this Indenture, as it relates to such Guarantor, voidable under applicable federal or state law relating to fraudulent conveyance or fraudulent transfer.

SECTION XIII.3 Execution and Delivery of Guarantees.

The Guarantees to be endorsed on the Securities shall be in the form set forth in Exhibit D. Each

of the Guarantors hereby agrees to execute its Guaranty in such form, to be endorsed on each Security authenticated and delivered by the Trustee.

Each Guaranty shall be executed on behalf of each respective Guarantor by any one of such Guarantor's Chairman of the Board, Vice Chairman of the Board, President, Chief Financial Officer, or Vice Presidents. The signature of any or all of these officers on the Guaranty may be manual or facsimile.

A Guaranty bearing the manual or facsimile signatures of individuals who were at any time the proper officers of a Guarantor shall bind such Guarantor, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of the Security on which such Guaranty is endorsed or did not hold such offices at the date of such Guaranty.

Each Guaranty shall be registered, transferred, exchanged and cancelled, and shall be held in definitive or global form, in the same manner and together with, the Security to which it relates, in accordance with Article III.

The delivery of any Security by the Trustee, after the authentication thereof hereunder, shall constitute due delivery of the Guaranty endorsed thereon on behalf of the Guarantors. Each of the Guarantors hereby jointly and severally agrees that its Guaranty set forth in Section 13.1 shall remain in full force and effect notwithstanding any failure to endorse a Guaranty on any Security.

SECTION XIII.4 Guarantors May Consolidate, Etc., on Certain Terms.

Nothing contained in this Indenture or in any of the Securities or any Guaranty shall prevent any consolidation or merger of a Guarantor with or into the Company or a Guarantor or the merger of a wholly owned Restricted Subsidiary of the Company with and into a Guarantor or shall prevent any sale or conveyance of the assets of a Guarantor as an entirety or substantially as an entirety or the Capital Stock of a Guarantor to the Company or a Guarantor.

SECTION XIII.5 Release of Guarantors.

Upon the consummation of any transaction (whether involving a sale or other disposition of securities, a merger, or otherwise, including any Asset Sale) whereby any Guarantor ceases to be a Subsidiary of the Company and which transaction is otherwise in compliance with the provisions of this Indenture, such Guarantor shall automatically be released from all obligations under its Guaranty endorsed on the Securities and under this Article XIII without need for any further act or the execution or delivery of any document; and upon delivery by the Company to the Trustee of an Officer's Certificate to the effect that such consolidation, merger, sale or conveyance was made in accordance with the provisions hereof, the Trustee shall execute any documents reasonably required in order to evidence the release of such Guarantor from its obligations under its Guaranty endorsed on the Securities and under this Article XIII.

SECTION XIII.6 Successors and Assigns.

This Article XIII shall be binding upon each Guarantor and its successors and assigns and shall inure to the benefit of the successors and assigns of the Trustee and the Holders and, in the event of any transfer or assignment of rights by any Holder or the Trustee, the rights and privileges conferred upon that party in this Indenture and in the Securities shall automatically extend to and be vested in such transferee or assignee, all subject to the terms and conditions of this Indenture.

SECTION XIII.7 No Waiver, etc.

Neither a failure nor a delay on the part of either the Trustee or the Holders in exercising any right, power or privilege under this Article XIII shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise of any right, power or privilege. The rights, remedies and benefits of the Trustee and the Holders herein expressly specified are cumulative and not exclusive of any other rights, remedies or benefits which either may have under this Article XIII at law, in equity, by statute or otherwise.

SECTION XIII.8 Modification, etc.

No modification, amendment or waiver of any provision of this Article, nor the consent to any departure by a Guarantor therefrom, shall in any event be effective unless the same shall be in writing and signed by the Trustee, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on a Guarantor in any case shall entitle such Guarantor or any other guarantor to any other or further notice or demand in the same, similar or other circumstances.

SECTION XIII.9 Subordination of Guarantees.

The obligations of each Guarantor pursuant to its Guaranty and this Article XIII shall be (a) junior and subordinated in right of payment to the prior payment in full in cash of all Guarantor Senior Indebtedness of such Guarantor and (b) senior in right of payment to all existing and future Guarantor Subordinated Indebtedness of such Guarantor, in each case on the same basis as the Securities and the obligations of the Company hereunder are junior and subordinated to all Senior Indebtedness and senior in right of payment to all Subordinated Indebtedness. For the purposes of this Section 13.9, Article XIV shall apply to the obligations of each Guarantor under its Guaranty, this Article XIII and the other provisions of this Indenture as if references therein to the Company, the Securities, Senior Indebtedness, Subordinated Indebtedness and Designated Senior Indebtedness were references to such Guarantor, such Guarantor's Guaranty, Guarantor Senior Indebtedness, Guarantor Subordinated Indebtedness and Designated Guarantor Senior Indebtedness, respectively.

ARTICLE XIV

Subordination

SECTION XIV.1 Securities Subordinate to Senior Indebtedness and Senior to Subordinated Indebtedness.

The Company covenants and agrees, and each Holder of a Security, by his acceptance thereof, likewise covenants and agrees that, to the extent and in the

manner hereinafter set forth in this Article XIV, the Indebtedness evidenced by the Securities is hereby expressly made subordinate in right of payment to the prior payment in full in cash of all Senior Indebtedness and senior in right of payment to all existing and future Subordinated Indebtedness of the Company.

SECTION XIV.2 Payment Over of Proceeds
Upon Dissolution, Etc.

In the event of any insolvency or bankruptcy case or proceeding, or any receivership, liquidation, reorganization or other similar case or proceeding in connection therewith, relating to the Company or its assets, or any liquidation, dissolution or other winding-up of the Company, whether voluntary or involuntary, or any assignment for the benefit of creditors or other marshalling of assets or liabilities of the Company, all Senior Indebtedness (including, in the case of Designated Senior Indebtedness, any interest accruing subsequent to the filing of a petition for bankruptcy(regardless of whether such interest is an allowed claim in the bankruptcy proceeding)) must be paid in full in cash before any payment(other than payments in the form of Qualified Equity Interests or other securities the payment of which is subordinated, at least to the same extent as the Securities, to the payment of all Senior Indebtedness which may at the time be outstanding and other than payments from a trust created pursuant to Article XII) is made on account of the principal of, premium, if any, or interest on the Securities.

SECTION XIV.3 No Payment When Designated Senior Indebtedness in Default.

During the continuance of any default in the payment of principal, or premium, if any, or interest on any Senior Indebtedness, when the same becomes due, and after receipt by the Trustee and the Company from representatives of holders of such Senior Indebtedness of written notice of such default, no direct or indirect payment (other than payments from trusts previously created pursuant to Article XII) by or on behalf of the Company of any kind or character (other than Qualified Equity Interests or other securities the payment of which is subordinated, at least to the same extent as the Securities, to the payment of all Senior Indebtedness which may at the time be outstanding) may be made

on account of the principal of, premium, if any, or interest on, or the purchase, redemption or other acquisition of, the Securities unless and until such default has been cured or waived or has ceased to exist or such Senior Indebtedness shall have been discharged or paid in full in cash, after which the Company shall resume making any and all required payments in respect of the Securities, including any missed payments.

In addition, during the continuance of any other default with respect to any Designated Senior Indebtedness that permits, or would permit with the passage of time or the giving of notice or both, the maturity thereof to be accelerated (a "Non-payment Default") and upon the earlier to occur of (a) receipt by the Trustee and the Company from the representatives of holders of such Designated Senior Indebtedness of a written notice of such Non-payment Default or (b) if such Non-payment Default results from the acceleration of the maturity of the Securities, the date of such acceleration, no payment (other than payments from trusts previously created pursuant to Article XII) of any kind or character (excluding Qualified Equity Interests or subordinated securities) may be made by the Company on account of the principal of, premium, if any, or interest on, or the purchase, redemption, or other acquisition of, the Securities for the period specified below (the "Payment Blockage Period").

The Payment Blockage Period shall commence upon the receipt of notice of a Non-payment Default by the Trustee and the Company from the representatives of holders of Designated Senior Indebtedness or the date of the acceleration referred to in clause (b) of the preceding paragraph, as the case may be, and shall end on the earliest to occur of the following events: (i) 179 days have elapsed since the receipt of such notice or the date of the acceleration referred to in clause (b) of the preceding paragraph (provided the maturity of such Designated Senior Indebtedness shall not theretofore have been accelerated), (ii) such default is cured or waived or ceases to exist or such Designated Senior Indebtedness is discharged or paid in full in cash, or (iii) such Payment Blockage Period shall have been terminated by written notice to the Company or the Trustee from the representatives of holders of Designated Senior Indebtedness initiating such Payment Blockage Period, after which the Company shall promptly resume making any

and all required payments in respect of the Securities, including any missed payments. Only one Payment Blockage Period with respect to the Securities may be commenced within any 360 consecutive day period. No Non-payment Default with respect to Designated Senior Indebtedness that existed or was continuing on the date of the commencement of any Payment Blockage Period shall be, or can be, made the basis for the commencement of a second Payment Blockage Period, whether or not within a period of 360 consecutive days, unless such default has been cured or waived for a period of not less than 90 consecutive days. In no event shall a Payment Blockage Period extend beyond 179 days from the date of the receipt by the Trustee of the notice or the date of the acceleration initiating such Payment Blockage Period and there must be a 180 consecutive day period in any 360 day period during which no Payment Blockage Period is in effect.

SECTION XIV.4 Subrogation to Rights of
Holders of Senior Indebtedness.

Subject to the payment in full in cash of all Senior Indebtedness, the Holders of the Securities shall be subrogated to the extent of the payments or distributions made to the holders of such Senior Indebtedness pursuant to the provisions of this Article XIV to the rights of the holders of such Senior Indebtedness to receive payments and distributions of cash, property and securities applicable to the Senior Indebtedness until the principal of, premium, if any, and interest on the Securities shall be paid in full. For purposes of such subrogation, no payments or distributions to the holders of the Senior Indebtedness of any cash, property or securities to which the Holders of the Securities or the Trustee would be entitled except for the provisions of this Article XIV, and no payments over pursuant to the provisions of this Article XIV to the holders of Senior Indebtedness by Holders of the Securities or the Trustee, shall, as among the Company, its creditors other than holders of Senior Indebtedness and the Holders of the Securities, be deemed to be a payment or distribution by the Company to or on account of the Senior Indebtedness.

SECTION XIV.5 Provisions Solely to Define Relative Rights.

The provisions of this Article XIV are and are intended solely for the purpose of defining the relative rights of the Holders of the Securities on the one hand and the holders of Senior Indebtedness on the other hand. Nothing contained in this Article XIV or elsewhere in this Indenture or in the Securities is intended to or shall (a) impair, as among the Company, its creditors other than holders of Senior Indebtedness and the Holders of the Securities, the obligation of the Company, which is absolute and unconditional, to pay to the Holders of the Securities the principal of, premium, if any and interest on the Securities as and when the same shall become due and payable in accordance with their terms; (b) affect the relative rights against the Company of the Holders of the Securities and creditors of the Company other than the holders of Senior Indebtedness; or (c) prevent the Trustee or the Holder of any Securities from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article XIV of the holders of Senior Indebtedness to receive cash, property and securities otherwise payable or deliverable to the Trustee or such Holder.

SECTION XIV.6 Trustee to Effectuate Subordination.

Each Holder of a Security by its acceptance thereof authorizes and directs the Trustee on its behalf to take such action as may be necessary or appropriate to effectuate the subordination provided in this Article XIV and appoints the Trustee its attorney-in-fact for any and all such purposes.

SECTION XIV.7 No Waiver of Subordination Provisions.

No right of any present or future holder of any Senior Indebtedness to enforce subordination as herein provided shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Company or by any act or failure to act, in good faith, by any such holder, or by any non-compliance by the Company with the terms, provisions and covenants of this Indenture, regardless of any knowledge thereof any such holder may have or be otherwise charged with.

Without in any way limiting the generality of the foregoing paragraph, the holders of Senior Indebted-

ness may, at any time and from time to time, without the consent of or notice to the Trustee or the Holders of the Securities, without incurring responsibility to the Holders of the Securities and without impairing or releasing the subordination provided in this Article XIV or the obligations hereunder of the Holders of the Securities to the holders of Senior Indebtedness, do any one or more of the following: (i) change the manner, place or terms of payment or extend the time of payment of, or renew or alter, Senior Indebtedness, or otherwise amend or supplement in any manner Senior Indebtedness or any instrument evidencing the same or any agreement under which Senior Indebtedness is outstanding; (ii) sell, exchange, release or otherwise deal with any property pledged, mortgaged or otherwise securing Senior Indebtedness; (iii) release any Person liable in any manner for the collection of Senior Indebtedness; and (iv) exercise or refrain from exercising any rights against the Company and any other Person.

SECTION XIV.8 Notice to Trustee.

The Company shall give prompt written notice to the Trustee of any fact known to the Company which would prohibit the making of any payment to or by the Trustee in respect of the Securities. Notwithstanding the provisions of this Article XIV or any other provision of this Indenture, the Trustee shall not be charged with knowledge of the existence of any facts which would prohibit the making of any payment to or by the Trustee in respect of the Securities, unless and until the Trustee shall have received written notice thereof from the Company or a holder of Senior Indebtedness or from any trustee therefor; and, prior to the receipt of any such written notice, the Trustee, subject to the provisions of Section 6.1, shall be entitled in all respects to assume that no such facts exist; provided, however, that if the Trustee shall not have received at its Corporate Trust Office the notice provided for in this Section at least three Business Days prior to the date upon which by the terms hereof any money may become payable for any purpose (including, without limitation, the payment in cash of the principal of, premium, if any or interest on any Security), then, anything herein contained to the contrary notwithstanding, the Trustee shall have full power and authority to receive such money and to apply the same to the purpose for which such money was received and shall not be affected by any

notice to the contrary which may be received by it within three Business Days prior to such date.

SECTION XIV.9 Reliance on Judicial Order or Certificate of Liquidating Agent.

Upon any payment or distribution of assets of the Company referred to in this Article XIV, the Trustee, subject to the provisions of Section 6.1, and the Holders of the Securities shall be entitled to rely upon any order or decree entered by any court of competent jurisdiction in which such insolvency, bankruptcy, receivership, liquidation, reorganization, dissolution, winding up or similar case or proceeding is pending, or a certificate of the trustee in bankruptcy, receiver, liquidating trustee, custodian, assignee for the benefit of creditors, agent or other Person making such payment or distribution, delivered to the Trustee or to the Holders of Securities, for the purpose of ascertaining the Persons entitled to participate in such payment or distribution, the holders of Senior Indebtedness and other Indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distri-buted thereon and all other facts pertinent thereto or to this Article XIV.

SECTION XIV.10 Trustee Not Fiduciary for Holders of Senior Indebtedness.

The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Indebtedness and shall not be liable to any such holders if it shall in good faith mistakenly pay over or distribute to Holders of Securities or to the Company or to any other Person cash, property or securities to which any holders of Senior Indebtedness shall be entitled by virtue of this Article XIV or otherwise, except in the case of gross negligence or wilful misconduct on the part of the Trustee.

With respect to the holders of Senior Indebtedness, the Trustee undertakes to perform or to observe only such of its covenants or obligations as are specifically set forth in this Article and no implied covenants or obligations with respect to holders of Senior Indebtedness shall be read into this Indenture against the Trustee.

SECTION XIV.11 Rights of Trustee as Holder of Senior Indebtedness; Preserva- tion of Trustee's Rights.

The Trustee in its individual capacity shall be entitled to all the rights set forth in this Article XIV with respect to any Senior Indebtedness which may at any time be held by it, to the same extent as any other holder of Senior Indebtedness, and nothing in this Indenture shall deprive the Trustee of any of its rights as such holder.

Nothing in this Article XIV shall apply to claims of, or payments to, the Trustee or its agent or counsel under or pursuant to Section 6.7.

SECTION XIV.12 Article Applicable to Paying Agents.

In case at any time any Paying Agent other than the Trustee shall have been appointed by the Company and be then acting hereunder, the term "Trustee" as used in this Article XIV shall in such case (unless the context otherwise requires) be construed as extending to and including such Paying Agent within its meaning as fully for all intents and purposes as if such Paying Agent were named in this Article XIV in addition to or in place of the Trustee; provided, however, that Section 14.11 shall not apply to the Company or any Affiliate of the Company if it or such Affiliate acts as Paying Agent.

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the day and year first above written.

UNITED RENTALS (NORTH AMERICA), INC.

By:_____
Name: Michael J. Nolan
Title: Chief Financial Officer

THE BANK OF NEW YORK,
AS TRUSTEE

By:_____
Name:
Title:

GUARANTORS:

A&A TOOL RENTALS & SALES, INC.
ACG, INC.
ADCO EQUIPMENT, INC.
ARROW EQUIPMENT COMPANY
BAKERSFIELD COMPACTION EQUIPMENT
BLAST ABRASIVES AND EQUIPMENT CORP.
BNR EQUIPMENT, INC.
CHURCHMAN EQUIPMENT CO.
CORAN ENTERPRISES, INCORPORATED
DEALERS SERVICE COMPANY
EMPIRE EQUIPMENT RENTAL AND READY MIX, INC.
FORTE, INC.
GRAND VALLEY EQUIPMENT CO.
HIGH REACH CO., INC.
INDEPENDENT SCISSOR LIFTS, INC.
JBK, INC.
KUBOTA OF GRAND RAPIDS, INC.
LIFT, INC.
MADISON EQUIPMENT SALES AND RENTAL, INC.
MARK EQUIPMENT, INC.
MERCER EQUIPMENT COMPANY
MISCO RENTS, INC.
MISSION VALLEY RENTALS, INC.
PALMER EQUIPMENT COMPANY, INC.

PAUL E. CARLSON, INC.
POWERS RENTALS & SALES, INC.
RENTALS TOOLS & EQUIPMENT CO.
INTERNATIONAL, INC.
RENTALS UNLIMITED, INCORPORATED
ROSEDALE EQUIPMENT RENTAL, INC.
SPACE MAKER SYSTEMS OF VA., INC.
THOESEN EQUIPMENT INC.
TOOL CENTER OF TEXAS, INC.
TOOL SHED OF GREENFIELD, INC.
TOOL SHED OF INDIANAPOLIS, INC.
TRENCH SAFETY EQUIPMENT CORP.
UNITED EQUIPMENT RENTAL OF HOUSTON, INC.
UNITED RENTALS, INC.
UNITED RENTALS AERIAL EQUIPMENT, INC.
UNITED RENTALS OF COLORADO, INC.
UNITED RENTALS OF KENTUCKY, INC.
UNITED RENTALS OF NEVADA, INC.
UNITED RENTALS OF NEW ENGLAND, INC.
UNITED RENTALS OF SOUTHERN CALIFORNIA, INC.
UNITED RENTALS OF UTAH, INC.
UNITED RENTALS NORTHWEST, INC.
U.S. RENTALS, INC.
CALIFORNIA EQUIPMENT RENTAL CO.
WESTSIDE RENTALS, INC
W-W RENTALS, INC.
WYNNE SYSTEMS, INC.

By:_____
Name: Michael J. Nolan
Title: Vice President and
Secretary

Attest:

Schedule A

UNITED RENTALS (NORTH AMERICA), INC.

Except as otherwise indicated, 100% of the voting stock of each of the Subsidiaries listed below is owned by its parent.

Name of Subsidiary	State of Incorporation
A&A Tool Rentals & Sales, Inc.	California
ACG, Inc.	Indiana
Adco Equipment, Inc.	California
Arrow Equipment Corporation	Illinois
Bakersfield Compaction Equipment	California
Blast Abrasives and Equipment Corp.	Indiana
BNR Equipment, Inc.	New York
Churchman Equipment Co.	Indiana
Coran Enterprises, Incorporated (d/b/a A-1Rents)	California
Dealers Service Company	New Jersey
Empire Equipment Rental & Ready Mix, Inc.	California
Forte, Inc.	Washington
Grand Valley Equipment Co.	Michigan
High Reach Co., Inc.	Pennsylvania
Independent Scissor Lifts, Inc.	California
JBK, Inc.	Ohio
Kubota of Grand Rapids, Inc.	Michigan
Lift, Inc.	Maryland
Madison Equipment Sales and Rental, Inc.	Alabama
Mark Equipment, Inc.	Alabama
Mercer Equipment Company	North Carolina
Misco Rents, Inc.	Indiana
Mission Valley Rentals, Inc.	California
Palmer Equipment Company, Inc.	Michigan
Paul E. Carlson, Inc.	Minnesota
Powers Rentals & Sales, Inc.	California
Rentals Tools & Equipment Co. International, Inc.	Maryland
Rentals Unlimited, Incorporated	Rhode Island
Rosedale Equipment Rental, Inc.	California
Space Maker Systems of Va., Inc.	Virginia
Thoesen Equipment Inc.	Illinois
Tool Center of Texas, Inc.	Texas
Tool Shed of Greenfield, Inc.	Indiana

Name of Subsidiary	State of Incorporation
Tool Shed of Indianapolis, Inc.	Indiana
Trench Safety Equipment Corp.	Arizona
United Equipment Rental of Houston, Inc. (formerly J&J Rentals Services Inc.)	Texas
United Rentals, Inc.	Washington
United Rentals Aerial Equipment, Inc. (formerly United Rentals of New Jersey, Inc.)	Delaware
United Rentals of Colorado, Inc. (formerly Santa Fe Supply & Rental, Inc.)	Colorado
United Rentals of Kentucky, Inc.	Kentucky
United Rentals of Nevada, Inc. (formerly Nevada High Reach, Inc.)	Nevada
United Rentals of New England, Inc.	New York
United Rentals of Southern California, Inc. (d/b/a Able Equipment) (formerly Rental Equipment, Inc.)	California
United Rentals of Utah, Inc.	Utah
United Rentals Northwest, Inc. (formerly High Reach, Inc.)	Oregon
U.S. Rentals, Inc.	Delaware
California Equipment Rental Co.	California
Westside Rental, Inc.	Tennessee
W-W Rentals, Inc.	Tennessee
Wynne Systems, Inc.	California

EXHIBIT A-1

[FORM OF SECURITY]

THE NOTES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "SECURITIES ACT") AND MAY NOT BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A)(1) TO A PERSON WHO SUCH PURCHASER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT ACQUIRING FOR ITS OWN ACCOUNT OR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION COMPLYING WITH RULE 144A, (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE) OR (4) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS. THE COMPANY, THE TRUSTEE, THE TRANSFER AGENT AND THE REGISTRAR SHALL HAVE THE RIGHT PRIOR TO ANY SUCH OFFER, SALE, PLEDGE OR TRANSFER TO REQUIRE THAT A CERTIFICATION OR TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY BE COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE.

United Rentals(North America), Inc.

9% Senior Subordinated Note due 2009, Series A

No. _____ $____ ____
CUSIP NO.

United Rentals (North America),Inc., a corporation duly organized and existing under the laws of the State of Delaware (herein called the "Company," which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to _____ or registered assigns, the principal sum of _____ Dollars on April 1, 2009 and to pay interest thereon from March 23, 1999 or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually in arrears on April 1 and October 1 in each year, commencing October 1, 1999 at the rate of 9.00% per annum, until the principal hereof is paid or duly provided for, provided that any principal and premium, and any such installment of interest, which is overdue shall bear interest at the rate of 9.00% per annum (to the extent that the payment of such interest shall be legally enforceable), from the dates such amounts are due until they are

paid or duly provided for. The interest so payable and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security (or one or more predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be the March 15 and September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security (or one or more predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of securities not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture.

Payment of the principal of (and premium, if any) and interest on this Security will be made at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, The City of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that, at the option of the Company, payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed and attested.

Attest: United Rentals (North America), Inc.

_____ By:_____
Title: Title:

Trustee's Certificate of Authentication

This is one of the Securities referred to in the within-mentioned Indenture.

The Bank of New York,
as Trustee

Dated: By:_____
Authorized Signatory

This Security is one of a duly authorized issue of Securities of the

Company designated as 9% Senior Subordinated Notes due 2009, Series A (herein called the "Initial Securities"), limited in aggregate principal amount at Stated Maturity to $250,000,000 issued and to be issued under an Indenture, dated as of March 23, 1999 (herein called the "Indenture," which term shall have the meaning assigned to it in such instrument), among the Company, the guarantors named therein and The Bank of New York, as Trustee (herein called the "Trustee," which term includes any successor trustee under the Indenture), and reference is hereby made to the Indenture for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. The Securities include the Initial Securities and the Exchange Securities referred to below, issued in exchange for the Initial Securities pursuant to the Registration Rights Agreement. The Initial Securities and the Exchange Securities are treated as a single class of securities under the Indenture.

The terms of the Securities include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (15 U.S.C. " 7aaa - 77bbbb (the "TIA"), as in effect on the date of the Indenture. Notwithstanding anything to the contrary herein, the Securities are subject to all such terms, and Holders of Securities are referred to the Indenture and the TIA for a statement of such terms.

This Security is redeemable at the option of the Company, in whole or in part, at any time on or after April 1, 2004, at the Redemption Prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest, if any, thereon to the Redemption Date, if redeemed during the 12-month period beginning April 1 of the years indicated below:

Year	Redemption Price
2004	104.500%
2005	103.000%
2006	101.500%
2007 and thereafter	100.000%

In addition, at any time, or from time to time, on or prior to April 1, 2002, the Company may, at its option, use the net cash proceeds of one or more Public Equity Offerings to redeem up to an aggregate of 35% of the principal amount of the

Securities originally issued, at a redemption price equal to 109.000% of the principal amount thereof plus accrued and unpaid interest, if any, thereon to the Redemption Date; provided that at least 65% of the originally issued principal amount of Securities remains outstanding immediately after the occurrence of such redemption. In order to effect the foregoing redemption with the proceeds of any Public Equity Offering, the Company shall send a redemption notice to the Trustee not later than 90 days after the consummation of any such Public Equity Offering.

The Securities are not subject to any sinking fund.

The Indenture provides that the Company is obligated (a) upon the occurrence of a Change in Control to make an offer to purchase all outstanding Securities at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, thereon to the date of purchase and
(b) to make an offer to purchase Securities with a portion of the net cash proceeds of certain sales or other dispositions of assets (not applied as specified in the Indenture within the periods set forth therein) at a purchase price equal to 100% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of purchase.

In the event of redemption or purchase of this Security in part only pursuant to a Change of Control Offer or an Asset Sale Offer, a new Security or Securities for the unredeemed or unpurchased portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof.

The Indenture contains provisions for defeasance at any time of the entire indebtedness of this Security or of certain restrictive covenants and Events of Default with respect to this Security, in each case upon compliance with certain conditions set forth in the Indenture.

If an Event of Default shall occur and be continuing, there may be declared due and payable the principal of, premium, if any, and accrued and unpaid interest, if any, on all of the outstanding Securities, in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority in aggregate principal amount of the Securities at the time Outstanding. The Indenture also contains provisions permitting the Holders of specified percentages in aggregate principal amount of the Securities at the time Outstanding, on behalf of the Holders of all the Securities, to waive compliance

by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

As provided in and subject to the provisions of the Indenture, the Holder of this Security shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder, unless such Holder shall have previously given the Trustee written notice of a continuing Event of Default with respect to the Securities, the Holders of not less than 25% in principal amount of the Securities at the time Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default as Trustee and offered the Trustee indemnity reasonably satisfactory to the Trustee and the Trustee shall not have received from the Holders of a majority in principal amount of Securities at the time Outstanding a direction inconsistent with such request, and shall have failed to institute any such proceeding for 45 days after receipt of such notice, request and offer of indemnity. The foregoing shall not apply to certain suits described in the Indenture, including any suit instituted by the Holder of this Security for the enforcement of any payment of principal hereof or any premium or interest hereon on or after the respective due dates expressed herein (or, in the case of redemption, on or after the Redemption Date or, in the case of any purchase of this Security required to be made pursuant to a Change of Control Offer or an Asset Sale Offer, on or after the relevant Purchase Date).

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of (and premium, if any) and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Company in the Borough of Manhattan, The City of New York, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities, of authorized denominations and for the same aggregate

principal amount, will be issued to the designated transferee or transferees.

This Security is issuable only in registered form without coupons in denominations of $1,000 and any integral multiple thereof. As provided in the Indenture and subject to certain limitations therein set forth, Securities are exchangeable for a like aggregate principal amount of Securities of like tenor of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

Pursuant to the Registration Rights Agreement by and among the Company and the Initial Purchasers, the Company will be obligated to consummate an exchange offer pursuant to which the Holder of this Security shall have the right to exchange this Security for 9% Senior Subordinated Notes due 2009, Series B, of the Company (herein called the "Exchange Securities"), which have been registered under the Securities Act, in like principal amount and having identical terms as the Initial Securities (other than as set forth in this paragraph). The Holders of Initial Securities shall be entitled to receive certain additional interest payments in the event such exchange offer is not consummated and upon certain other conditions, all pursuant to and in accordance with the terms of the Registration Rights Agreement. Such additional interest will constitute liquidated damages and will be the exclusive monetary remedy available to the Holder of this Security in respect of a Registration Default (as defined in the Registration Rights Agreement), but without prejudice to any non-monetary remedies otherwise available to such Holder, whether pursuant to the Registration Rights Agreement or otherwise.

Interest on this Security shall be computed on the basis of a 360-day year comprised of twelve 30-day months.

The obligations of the Company under the Indenture and this Security are expressly subordinated to all Senior Indebtedness and senior in right of payment to all Subordinated Indebtedness, in each case to the extent set forth in Article

XIV of the Indenture, and reference is hereby made to such Indenture for the precise terms of such subordination.

As provided in the Indenture and subject to certain limitations therein set forth, the obligations of the Company under the Indenture and this Security are Guaranteed pursuant to Guarantees endorsed hereon as provided in the Indenture. Each Holder, by holding this Security, agrees to all of the terms and provisions of said Guarantees. The Indenture provides that each Guarantor shall be released from its Guaranty upon compliance with certain conditions.

All terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

The Indenture and this Security shall be governed by and construed in accordance with the laws of the State of New York, without regard to the conflicts of laws principles thereof.

ASSIGNMENT FORM

If you, the Holder, want to assign this Security, fill in the form below and have your signature guaranteed:

I (or we) assign and transfer this Security to

(Insert assignee's social security or tax ID number)

(Print or type assignee's name, address and zip code) and irrevocably appoint

agent to transfer this Security on the books of the Company. The agent may substitute another to act for such agent.

In connection with any transfer of this Security occurring prior to the date which is the earlier of (i) the date of the declaration by the Commission of the effectiveness of a registration settlement under the Securities Act of 1933, as amended (the "Securities Act"), covering resales of this Security (which effectiveness shall not have been suspended or terminated at the date of the transfer) and (ii) the date two years (or such shorter period of time as permitted by Rule 144(k) under the Securities Act or any successor provision thereunder) after the later of the original issuance date appearing on the face of this Security (or any predecessor thereto) or the last date on which the Company or any affiliate of the Company was the owner of this Security (or any predecessor thereto), the undersigned confirms that it has not utilized any general solicitation or general advertising in connection with the transfer and that:

[Check One]

[ ] (a) this Security is being transferred in compliance with the exemption from registration under the Securities Act provided by Rule 144A thereunder.

[ ] (b) this Security is being transferred other than in accordance with (a) above and documents, and a transferor certificate substantially in the form of Exhibit C to the Indenture in the case of a

transfer pursuant to Regulation S, are being furnished which comply with the conditions of transfer set forth in this Security and the Indenture.

If none of the foregoing boxes is checked and, in the case of (b) above, if the appropriate document is not attached or otherwise furnished to the Trustee, the Trustee or Security Registrar shall not be obliged to register this Security in the name of any Person other than the Holder hereof unless and until the conditions to any such transfer of registration set forth herein and in Section 3.14 of the Indenture shall have been satisfied.

Date: _____ Your Signature:_____ (Sign exactly as your name appears on the other side of this Security)

By:_____ NOTICE: To be executed by an executive officer

Signature Guarantee: _____

TO BE COMPLETED BY PURCHASER IF (a) ABOVE IS CHECKED

The undersigned represents and warrants that it is purchasing this Security for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as the undersigned has requested pursuant to Rule 144A (including the information specified in Rule 144A(d)(4)) or has determined not to request such information and that it is aware that the transferor is relying upon the undersigned's foregoing representations in order to claim the exemption from registration provided by Rule 144A.

Dated:_____ _____ NOTICE: To be executed by an executive officer

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Security purchased in its entirety by the Company pursuant to Section 10.13 or 10.14 of the Indenture, check the applicable box:

Section 10.13 [ ]

Section 10.14 [ ]

If you want to elect to have only a part of the principal amount of this Security purchased by the Company pursuant to Section 10.13 or 10.14 of the Indenture, state the portion of such amount: $_____

Dated: Your Signature:_____
(Sign exactly as name appears on the other side of this Security)

Signature Guarantee:
(Signature must be guaranteed by a financial institution that is a member of the Securities Transfer Agent Medallion Program ("STAMP"), the Stock Exchange Medallion Program ("SEMP"), the New York Stock Exchange, Inc. Medallion Signature Program ("MSP") or such other signature guarantee program as may be determined by the Security Registrar in addition to, or in substitution for, STAMP, SEMP or MSP, all in accordance with the Securities Exchange Act of 1934, as amended.)

EXHIBIT A-2

United Rentals(North America), Inc.

9% Senior Subordinated Note due 2009, Series B

No. _____ $
CUSIP NO.

United Rentals (North America), Inc., a corporation duly organized and existing under the laws of the State of Delaware (herein called the "Company," which term includes any successor Person under the Indenture hereinafter referred to), for value received, hereby promises to pay to _____ or registered assigns, the principal sum of _____ Dollars on April 1, 2009 and to pay interest thereon from March 23, 1999 or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually in arrears on April 1 and October 1 in each year, commencing October 1, 1999 at the rate of 9.00% per annum, until the principal hereof is paid or duly provided for, provided that any principal and premium, and any such installment of interest, which is overdue shall bear interest at the rate of 9.00% per annum (to the extent that the payment of such interest shall be legally enforceable), from the dates such amounts are due until they are paid or duly provided for. The interest so payable and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security (or one or more predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be the March 15 and September 15 (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security (or one or more predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of securities not less than 10 days prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture.

Payment of the principal of (and premium, if any) and interest on this Security will be made at the office or agency of the Company maintained for that purpose in the Borough of

Manhattan, The City of New York, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that, at the option of the Company, payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed and attested.

Attest: United Rentals (North America), Inc.

_____ By: _____

Title: Title:

Trustee's Certificate of Authentication

This is one of the Securities referred to in the within-mentioned Indenture.

The Bank of New York, as Trustee

Dated: By: _____ Authorized Signatory

Form of Reverse of Security

This Security is one of a duly authorized issue of Securities of the Company designated as 9% Senior Subordinated Notes due 2009, Series B (herein called the "Exchange Securities"), limited in aggregate principal amount at Stated Maturity to $250,000,000 issued and to be issued under an Indenture, dated as of March 23, 1999 (herein called the "Indenture," which term shall have the meaning assigned to it in such instrument), among the Company, the guarantors named therein and The Bank of New York, as Trustee (herein called the "Trustee," which term includes any successor trustee under the Indenture), and reference is hereby made to the Indenture for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. The Securities include the Initial Securities and the Exchange Securities, issued in exchange for the Initial Securities pursuant to the Registration Rights Agreement. The Initial Securities and the Exchange Securities are treated as a single class of securities under the Indenture.

The terms of the Securities include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939 (15 U.S.C. " 7aaa - 77bbbb (the "TIA")), as in effect on the date of the Indenture. Notwithstanding anything to the contrary herein, the Securities are subject to all such terms, and Holders of Securities are referred to the Indenture and the TIA for a statement of such terms.

This Security is redeemable at the option of the Company, in whole or in part, at any time on or after April 1, 2004, at the Redemption Prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest, if any, thereon to the Redemption Date, if redeemed during the 12-month period beginning April 1 of the years indicated below:

Year	Price
2004	104.500%
2005	103.000%
2006	101.500%
2007 and thereafter	100.000%

In addition, at any time, or from time to time, on or prior to April 1, 2002, the Company may, at its option, use the net cash proceeds of one or more Public Equity Offerings to redeem up to an aggregate of 35% of the principal amount of the Securities originally issued, at a redemption price equal to

109.00% of the principal amount thereof plus accrued and unpaid interest, if any, thereon to the Redemption Date; provided that at least 65% of the originally issued principal amount of Securities remains outstanding immediately after the occurrence of such redemption. In order to effect the foregoing redemption with the proceeds of any Public Equity Offering, the Company shall send the redemption notice not later than 90 days after the consummation of any such Public Equity Offering.

The Securities are not subject to any sinking fund.

The Indenture provides that the Company is obligated (a) upon the occurrence of a Change in Control to make an offer to purchase all outstanding Securities at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, thereon to the date of purchase and
(b) to make an offer to purchase Securities with a portion of the net cash proceeds of certain sales or other dispositions of assets (not applied as specified in the Indenture within the periods set forth therein) at a purchase price equal to 100% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of purchase.

In the event of redemption or purchase of this Security in part only pursuant to a Change of Control Offer or an Asset Sale Offer, a new Security or Securities for the unredeemed or unpurchased portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof.

The Indenture contains provisions for defeasance at any time of the entire indebtedness of this Security or of certain restrictive covenants and Events of Default with respect to this Security, in each case upon compliance with certain conditions set forth in the Indenture.

If an Event of Default shall occur and be continuing, there may be declared due and payable the principal of, premium, if any, and accrued and unpaid interest, if any, on all of the outstanding Securities, in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority in aggregate principal amount of the Securities at the time Outstanding. The Indenture also contains provisions permitting the Holders of specified percentages in aggregate principal amount of the Securities at the time Outstanding, on behalf of the Holders of all the Securities, to waive compliance by the Company with certain provisions of the Indenture and

certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

As provided in and subject to the provisions of the Indenture, the Holder of this Security shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder, unless such Holder shall have previously given the Trustee written notice of a continuing Event of Default with respect to the Securities, the Holders of not less than 25% in principal amount of the Securities at the time Outstanding shall have made written request to the Trustee to institute proceedings in respect of such Event of Default as Trustee and offered the Trustee indemnity reasonably satisfactory to the Trustee and the Trustee shall not have received from the Holders of a majority in principal amount of Securities at the time Outstanding a direction inconsistent with such request, and shall have failed to institute any such proceeding for 15 days after receipt of such notice, request and offer of indemnity. The foregoing shall not apply to certain suits described in the Indenture, including any suit instituted by the Holder of this Security for the enforcement of any payment of principal hereof or any premium or interest hereon on or after the respective due dates expressed herein (or, in the case of redemption, on or after the Redemption Date or, in the case of any purchase of this Security required to be made pursuant to a Change of Control Offer or an Asset Sale Offer, on or after the relevant Purchase Date).

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of (and premium, if any) and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

The obligations of the Company under the Indenture and this Security are expressly subordinated to all Senior Indebtedness, in each case to the extent set forth in Article XIV of the Indenture, and reference is hereby made to such Indenture for the precise terms of such subordination.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the office or agency of the Company in the Borough of Manhattan, The City of New York,

duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

This Security is issuable only in registered form without coupons in denominations of $1,000 and any integral multiple thereof. As provided in the Indenture and subject to certain limitations therein set forth, Securities are exchangeable for a like aggregate principal amount of Securities of like tenor of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Prior to due presentment of this Security for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

Interest on this Security shall be computed on the basis of a 360-day year comprised of twelve 30-day months.

As provided in the Indenture and subject to certain limitations therein set forth, the obligations of the Company under the Indenture and this Security are Guaranteed pursuant to Guarantees endorsed hereon as provided in the Indenture. Each Holder, by holding this Security, agrees to all of the terms and provisions of said Guarantees. The Indenture provides that each Guarantor shall be released from its Guaranty upon compliance with certain conditions.

All terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

The Indenture and this Security shall be governed by and construed in accordance with the laws of the State of New York, without regard to the conflicts of laws principles thereof.

ASSIGNMENT FORM

If you, the Holder, want to assign this Security, fill in the form below and have your signature guaranteed:

I (or we) assign and transfer this Security to

_____

(Insert assignee's social security or tax ID number)

_____

_____

_____

(Print or type assignee's name, address and zip code) and irrevocably appoint

_____

agent to transfer this Security on the books of the Company. The agent may substitute another to act for such agent.

Date: _____ Your Signature:_____ (Sign exactly as your name appears on the other side of this Security)

By:_____ NOTICE: To be executed by an executive officer

Signature Guarantee:_____

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Security purchased in its entirety by the Company pursuant to Section 10.13 or 10.14 of the Indenture, check the applicable box:

Section 10.13 [ ]

Section 10.14 [ ]

If you want to elect to have only a part of the principal amount of this Security purchased by the Company pursuant to Section 10.13 or 10.14 of the Indenture, state the portion of such amount: $_____

Dated: Your Signature:_____
(Sign exactly as name appears on the other side of this Security)

Signature Guarantee: _____
(Signature must be guaranteed by a financial institution that is a member of the Securities Transfer Agent Medallion Program ("STAMP"), the Stock Exchange Medallion Program ("SEMP"), the New York Stock Exchange, Inc. Medallion Signature Program ("MSP") or such other signature guarantee program as may be determined by the Security Registrar in addition to, or in substitution for, STAMP, SEMP or MSP, all in accordance with the Securities Exchange Act of 1934, as amended.)

EXHIBIT B

FORM OF LEGEND FOR BOOK-ENTRY SECURITIES

Any Global Security authenticated and delivered hereunder shall bear a legend (which would be in addition to any other legends required in the case of a Restricted Security) in substantially the following form:

THIS SECURITY IS A GLOBAL SECURITY WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE OF A DEPOSITARY OR A SUCCESSOR DEPOSITARY. THIS SECURITY IS NOT EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITARY OR ITS NOMINEE EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE, AND NO TRANSFER OF THIS SECURITY (OTHER THAN A TRANSFER OF THIS SECURITY AS A WHOLE BY THE Depositary TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY) MAY BE REGISTERED EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

EXHIBIT C

Form of Certificate To Be Delivered in Connection with Transfers Pursuant to Regulation S

The Bank of New York
101 Barclay Street
New York, New York
Attention: Corporate Trust Trustee Administration

Re: United Rentals (North America), Inc. (the "Company") - 9% Senior Subordinated Notes due 2009 (the "Securities")

Ladies and Gentlemen:

In connection with our proposed sale of _____ aggregate principal amount of the Securities, we confirm that such sale has been effected pursuant to and in accordance with Regulation S under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and, accordingly, we represent that:

(1) the offer of the Securities was not made to a Person in the United States;

(2) either (a) at the time the buy offer was originated, the transferee was outside the United States or we and any Person acting on our behalf reasonably believed that the transferee was outside the United States, or (b) the transaction was executed in, on or through the facilities of a designated offshore securities market described in Rule 902(a) of Regulation S and neither we nor any Person acting on our behalf knows that the transaction has been pre-arranged with a buyer in the United States;

(3) no directed selling efforts have been made in the United States in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S, as applicable;

(4) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act;

(5) we have advised the transferee of the transfer restrictions applicable to the Securities;

(6) if the circumstances set forth in rule 904(c) under the Securities Act are applicable, we have complied with the additional conditions therein, including (if

applicable) sending a confirmation or other notice stating that the Securities may be offered and sold during the distribution compliance period specified in Rule 903(c)(2) or (3), as applicable, only in accordance with the provisions of Regulation S; pursuant to registration of the Securities under the Securities Act; or pursuant to another available exemption from the registration requirements under the Securities Act; and

(7) if the sale is made during a distribution compliance period and the provisions of Rule 903(c)(3) are applicable thereto, we confirm that such sale has been made in accordance with such provisions.

You and the Company are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby. Terms used in this certificate have the meanings set forth in Regulation S.

Very truly yours,

[Name of Transferor]

By: _____ Authorized Signature

EXHIBIT D

[FORM OF NOTATION ON SECURITY RELATING TO GUARANTY]

GUARANTY

_____, a _____ corporation (the "Guarantor," which term includes any successor under the Indenture (the "Indenture") referred to in the Security upon which this notation is endorsed), hereby unconditionally and irrevocably guarantees on a senior subordinated basis, jointly and severally with each other Guarantor of the Securities, to each Holder and to the Trustee and its successors and assigns (a) the full and prompt payment (within applicable grace periods) of principal of and interest on the Securities when due, whether at maturity, by acceleration, by redemption or otherwise, and all other monetary obligations of the Company under the Indenture and the Securities and (b) the full and prompt performance within applicable grace periods of all other obligations of the Company under the Indenture and the Securities, subject to certain limitations set forth in the Indenture, (all the foregoing being hereinafter collectively called the "Guaranty Obligations"). The Guarantor further agrees that the Guaranty Obligations may be extended or renewed, in whole or in part, without notice or further assent from such Guarantor, and that such Guarantor will remain bound under Article XIII of the Indenture notwithstanding any extension or renewal of any Guaranty Obligation. Capitalized terms used herein have the meanings assigned to them in the Indenture unless otherwise indicated.

Subject to the terms of the Indenture, this Guaranty shall be binding upon the Guarantor and its successors and assigns and shall inure to the benefit of the successors and assigns of the Trustee and the Holders and, in the event of any transfer or assignment of rights by any Holder or the Trustee, the rights and privileges herein conferred upon that party shall automatically extend to and be vested in such transferee or assignee, all subject to the terms and conditions hereof.

This Guaranty shall not be valid or obligatory for any purpose until the certificate of authentication on the Security upon which this Guaranty is noted shall have been executed by the Trustee under the Indenture by the signature of one of its authorized signatories.

The obligations of the Guarantor to the Holders of Securities and to the Trustee pursuant to this Guaranty and the Indenture are expressly subordinated to all Guarantor Senior Indebtedness and senior in right of payment to all Guarantor

Subordinated Indebtedness, in each case to the extent set forth in Section 13.9 and Article XIV of the Indenture, and reference is hereby made to such Indenture for the precise terms of such subordination.

Notwithstanding any other provision of the Indenture or this Guaranty, under the Indenture and this Guaranty the maximum aggregate amount of the obligations guaranteed by the Guarantor shall not exceed the maximum amount that can be guaranteed without rendering the Indenture or this Guaranty, as it relates to such Guarantor, voidable under applicable federal or state law relating to fraudulent conveyance or fraudulent transfer. This Guaranty shall be governed by the internal laws of the State of New York, without regard to conflict of laws provisions thereof.

[Name of Guarantor]

By: _____
Name:
Title:

UNITED RENTALS (NORTH AMERICA), INC.

as the Company

and

THE SUBSIDIARIES NAMED HEREIN

as Guarantors

to

THE BANK OF NEW YORK

as Trustee

Indenture

Dated as of March 23, 1999

$250,000,000

9% Senior Subordinated Notes due 2009, Series A

$250,000,000

9% Senior Subordinated Notes due 2009, Series B

CROSS REFERENCE TABLE/1/

Trust Indenture Act Section	Indenture Section
310(a)(1)	6.9
310(a)(2)	6.9
310(a)(3)	N.A/2/
310(a)(4)	N.A.
310(a)(5)	N.A.
310(b)	6.8; 6.10
310(c)	N.A.
311(a)	6.13
311(b)	6.13
311(c)	N.A.
312(a)	7.1; 7.2
312(b)	7.2
312(c)	7.2
313(a)	7.3
313(b)	7.3
313(c)	1.6
313(d)	7.3
314(a)	7.4
314(b)	N.A.

1. Note: This Cross Reference Table shall not, for any purpose, be deemed part of this Indenture.

2. Not Applicable.

Trust Indenture Act Section	Indenture Section
314(c)(1)	1.2
314(c)(2)	1.2
314(c)(3)	N.A.
314(d)	N.A.
314(e)	1.2
314(f)	N.A.
315(a)	6.1
315(b)	6.2
315(c)	6.1
315(d)	6.1
315(e)	5.14
316(a)(1)(A)	5.12
316(a)(1)(B)	5.13
316(a)(2)	N.A.
316(a)(last sentence)	1.1/3/
316(b)	5.7; 5.8
316(c)	1.4
317(a)(1)	5.3
317(a)(2)	5.4
317(b)	10.3
317(a)	1.7

---

3. Definition of "Outstanding."

TABLE OF CONTENTS

Page

ARTICLE I Definitions and Other Provisions of General Application

SECTION 1.1 Definitions..... 2
8.80% Notes..... 3
9 1/2% Notes..... 3
9 1/4% Notes..... 3
Acquired Indebtedness..... 3
Act..... 3
Affiliate..... 3
Asset Acquisition..... 3
Asset Sale..... 4
Asset Sale Offer..... 4
Asset Sale Offer Price..... 4
Asset Sale Purchase Date..... 4
Authenticating Agent..... 4
Average Life to Stated Maturity..... 5
Board of Directors..... 5
Board Resolution..... 5
Business Day..... 5
Capital Stock..... 5
Capitalized Lease Obligation..... 5
Cash Equivalents..... 6
Cedel..... 6
Change of Control..... 6
Change of Control Offer..... 8
Change of Control Purchase Date..... 8
Change of Control Purchase Price..... 8
Code..... 8
Commission..... 8
Common Stock..... 8
Company..... 8
Company Request..... 8
Company Order..... 8
Consolidated Cash Flow Available for Fixed Charges..... 8
Consolidated Fixed Charge Coverage Ratio..... 9
Consolidated Fixed Charges..... 10

Note: This table of contents shall not, for any prupose, be deemed to be a part of the Indenture.

Consolidated Income Tax Expense..... 10
Consolidated Interest Expense..... 10
Consolidated Net Income..... 11
Consolidated Non-cash Charges..... 11
Consolidated Rental Payments..... 12
control..... 12
Corporate Trust Office..... 12
corporation..... 13
Covenant Defeasance..... 13
Default..... 13
Defeasance..... 13
Depositary..... 13
Designated Guarantor Senior Indebtedness..... 13
Designated Senior Indebtedness..... 13
Disinterested Member of the Board of Directors
of the Company..... 14
Distribution Compliance Period..... 14
Euroclear..... 14
Event of Default..... 14
Excess Proceeds..... 14
Exchange Act..... 14
Exchange Securities..... 14
Expiration Date..... 14
Fair Market Value..... 14
Federal Bankruptcy Code..... 15
GAAP..... 15
Global Securities..... 15
guarantee..... 15
Guarantor Senior Indebtedness..... 15
Guarantor Subordinated Indebtedness..... 16
Guaranty..... 16
Guaranty Obligations..... 17
Holder..... 17
Holdings..... 17
Indebtedness..... 17
Indenture..... 18
Initial Purchasers..... 18
Initial Securities..... 18
Interest Payment Date..... 19
Interest Rate Protection Agreement..... 19
Interest Rate Protection Obligations..... 19
Investment..... 19

Note: This table of contents shall not, for any purpose, be deemed to be a part of the Indenture.

Issue Date..... 19
Lien..... 19
Maturity Date..... 19
Moody's..... 19
Net Cash Proceeds..... 19
Non-U.S. Person..... 20
Notice of Default..... 20
Offer..... 20
Offer to Purchase..... 20
Offering Circular..... 23
Officer's Certificate..... 23
144A Global Security..... 24
Opinion of Counsel..... 24
Outstanding..... 24
Paying Agent..... 25
Permitted Holder..... 25
Permitted Indebtedness..... 25
Permitted Investments..... 29
Permitted Liens..... 29
Person..... 32
Preferred Stock..... 32
Private Placement Legend..... 32
Public Equity Offering..... 32
Purchase Amount..... 32
Purchase Date..... 32
Qualified Equity Interest..... 33
Qualified Institutional Buyer..... 33
QIB..... 33
Record Expiration Date..... 33
Redeemable Capital Stock..... 33
Redemption Date..... 33
Redemption Price..... 33
Registrable Securities..... 33
Registration Rights Agreement..... 33
Regular Record Date..... 33
Regulation S..... 34
Regulation S Global Security..... 34
Replacement Assets..... 34
Required Filing Dates..... 34
Responsible Officer..... 34
Restricted Payments..... 34
Restricted Security..... 34

Note: This table of contents shall not, for any purpose, be deemed to be a part of the Indenture.

Restricted Subsidiary..... 34
Revocation..... 34
Rule 144A..... 34
S&P..... 35
Securities..... 35
Securities Act..... 35
Security Register..... 35
Security Registrar..... 35
Senior Indebtedness..... 35
Significant Subsidiary..... 36
Special Record Date..... 36
Stated Maturity..... 36
Subordinated Indebtedness..... 36
Subsidiary..... 36
Tangible Assets..... 37
Term Loan..... 37
Trust Indenture Act..... 37
Trustee..... 38
Unrestricted Securities..... 38
Unrestricted Subsidiary..... 38
U.S. Government Obligation..... 38
Vice President..... 38
Voting Stock..... 38
Wholly-Owned Restricted Subsidiary..... 38

SECTION 1.2 Compliance Certificates and Opinions..... 39
SECTION 1.3 Form of Documents Delivered to Trustee..... 39
SECTION 1.4 Acts of Holders; Record Dates..... 40
SECTION 1.5 Notices to Trustee, the Company or a Guarantor..... 43
SECTION 1.6 Notice to Holders; Waiver..... 44
SECTION 1.7 Conflict with Trust Indenture Act..... 45
SECTION 1.8 Effect of Headings and Table of Contents 45
SECTION 1.9 Successors and Assigns..... 45
SECTION 1.10 Separability Clause..... 45
SECTION 1.11 Benefits of Indenture..... 45
SECTION 1.12 Governing Law..... 45
SECTION 1.13 Legal Holidays..... 46

Note: This table of contents shall not, for any purpose, be deemed to be a part of the Indenture.

ARTICLE IISecurity Forms

SECTION 2.1 Forms Generally..... 46

ARTICLE IIIThe Securities

SECTION 3.1 Title and Terms..... 46
SECTION 3.2 Denominations..... 48
SECTION 3.3 Execution, Authentication, Delivery and Dating..... 48
SECTION 3.4 Temporary Securities..... 49
SECTION 3.5 Registration, Registration of Transfer and Exchange..... 50
SECTION 3.6 Mutilated, Destroyed, Lost and Stolen Securities..... 51
SECTION 3.7 Payment of Interest; Rights Preserved..... 52
SECTION 3.8 Persons Deemed Owners..... 54
SECTION 3.9 Cancellation..... 54
SECTION 3.10 Computation of Interest..... 55
SECTION 3.11 CUSIP and CINS Numbers..... 55
SECTION 3.12 Deposits of Monies..... 55
SECTION 3.13 Book-Entry Provisions for Global Securities..... 56
SECTION 3.14 Special Transfer Provisions..... 57

ARTICLE IVSatisfaction and Discharge

SECTION 4.1 Satisfaction and Discharge of Indenture..... 61
SECTION 4.2 Application of Trust Money..... 62

ARTICLE VRemedies

SECTION 5.1 Events of Default..... 63
SECTION 5.2 Acceleration of Maturity; Rescission and Annulment..... 65

Note: This table of contents shall not, for any purpose, be deemed to be a part of the Indenture.

SECTION 5.3 Collection of Indebtedness and Suits for Enforcement by Trustee..... 67
SECTION 5.4 Trustee May File Proofs of Claim..... 68
SECTION 5.5 Trustee May Enforce Claims Without Possession of Securities..... 69
SECTION 5.6 Application of Money Collected..... 69
SECTION 5.7 Limitation on Suits..... 70
SECTION 5.8 Unconditional Right of Holders to Receive Principal, Premium and Interest..... 71
SECTION 5.9 Restoration of Rights and Remedies..... 71
SECTION 5.10 Rights and Remedies Cumulative..... 72
SECTION 5.11 Delay or Omission Not Waiver..... 72
SECTION 5.12 Control by Holders..... 72
SECTION 5.13 Waiver of Past Defaults..... 73
SECTION 5.14 Undertaking for Costs..... 73
SECTION 5.15 Waiver of Stay or Extension Laws..... 74

ARTICLE VIThe Trustee

SECTION 6.1 Certain Duties and Responsibilities..... 74
SECTION 6.2 Notice of Defaults..... 75
SECTION 6.3 Certain Rights of Trustee..... 76
SECTION 6.4 Not Responsible for Recitals or Issuance of Securities..... 78
SECTION 6.5 May Hold Securities..... 78
SECTION 6.6 Money Held in Trust..... 78
SECTION 6.7 Compensation and Reimbursement..... 79
SECTION 6.8 Conflicting Interests..... 80
SECTION 6.9 Corporate Trustee Required; Eligibility..... 80
SECTION 6.10 Resignation and Removal; Appointment of Successor..... 80
SECTION 6.11 Acceptance of Appointment by Successor..... 83
SECTION 6.12 Merger, Conversion, Consolidation or Succession to Business..... 83
SECTION 6.13 Preferential Collection of Claims Against the Company..... 84
SECTION 6.14 Appointment of Authenticating Agent..... 84

Note: This table of contents shall not, for any purpose, be deemed to be a part of the Indenture.

ARTICLE VIIHolders' Lists and Reports by Trustee and Company

SECTION 7.1 Company to Furnish Trustee Names and Addresses of Holders..... 86
SECTION 7.2 Preservation of Information; Communications to Holders..... 86
SECTION 7.3 Reports by Trustee..... 87
SECTION 7.4 Reports by Company..... 87

ARTICLE VIIIConsolidation, Merger, Conveyance, Transfer or Lease

SECTION 8.1 Company May Consolidate, Etc. Only on Certain Terms..... 88
SECTION 8.2 Successor Substituted..... 90

ARTICLE IXAmendments; Waivers; Supplemental Indentures

SECTION 9.1 Amendments, Waivers and Supplemental Indentures Without Consent of Holders..... 91
SECTION 9.2 Modifications, Amendments and Supplemental Indentures with Consent of Holders..... 92
SECTION 9.3 Execution of Supplemental Indentures..... 93
SECTION 9.4 Effect of Supplemental Indentures..... 94
SECTION 9.5 Conformity with Trust Indenture Act..... 94
SECTION 9.6 Reference in Securities to Supplemental Indentures..... 94
SECTION 9.7 Waiver of Certain Covenants..... 94
SECTION 9.8 No Liability for Certain Persons..... 95

ARTICLE XCovenants

SECTION 10.1 Payment of Principal, Premium and Interest..... 95
SECTION 10.2 Maintenance of Office or Agency..... 96
SECTION 10.3 Money for Security Payments to be Held in Trust..... 96
SECTION 10.4 Existence; Activities..... 98

Note: This table of contents shall not, for any purpose, be deemed to be a part of the Indenture.

SECTION 10.5 Maintenance of Properties..... 98
SECTION 10.6 Payment of Taxes and Other Claims..... 99
SECTION 10.7 Maintenance of Insurance..... 99
SECTION 10.8 Limitation on Indebtedness..... 99
SECTION 10.9 Limitation on Restricted Payments.....100
SECTION 10.10 Limitation on Preferred Stock of Restricted Subsidiaries.....105
SECTION 10.11 Limitation on Transactions with Affiliates.....105
SECTION 10.12 Limitation on Liens.....107
SECTION 10.13 Change of Control.....107
SECTION 10.14 Disposition of Proceeds of Asset Sales.....108
SECTION 10.15 Limitation on Dividends and Other Payment Restrictions Affecting Restricted Subsidiaries.....111
SECTION 10.16 Limitation on Issuance of Subordinated Indebtedness.....113
SECTION 10.17 Additional Subsidiary Guarantees.....113
SECTION 10.18 Limitations on Designation of Unrestricted Subsidiaries.....114
SECTION 10.19 Provision of Financial Information.....116
SECTION 10.20 Statement by Officers as to Default; Compliance Certificates.....116

ARTICLE XIRedemption of Securities

SECTION 11.1 Right of Redemption.....117
SECTION 11.2 Applicability of Article.....117
SECTION 11.3 Election to Redeem; Notice to Trustee.....117
SECTION 11.4 Selection by Trustee of Securities to Be Redeemed.....118
SECTION 11.5 Notice of Redemption.....118
SECTION 11.6 Deposit of Redemption Price.....119
SECTION 11.7 Securities Payable on Redemption Date.....120
SECTION 11.8 Securities Redeemed in Part.....120

Note: This table of contents shall not, for any purpose, be deemed to be a part of the Indenture.

ARTICLE XIIDefeasance and Covenant Defeasance

SECTION 12.1 Company's Option to Effect Defeasance or Covenant Defeasance..... 121
SECTION 12.2 Defeasance and Discharge..... 121
SECTION 12.3 Covenant Defeasance..... 122
SECTION 12.4 Conditions to Defeasance or Covenant Defeasance..... 122
SECTION 12.5 Deposited Money and U.S. Government Obligations to Be Held in Trust; Miscellaneous Provisions..... 125
SECTION 12.6 Reinstatement..... 126

ARTICLE XIIIGuaranty

SECTION 13.1 Guaranty..... 127
SECTION 13.2 Limitation on Liability..... 130
SECTION 13.3 Execution and Delivery of Guarantees..... 130
SECTION 13.4 Guarantors May Consolidate, Etc., on Certain Terms..... 131
SECTION 13.5 Release of Guarantors..... 131
SECTION 13.6 Successors and Assigns..... 132
SECTION 13.7 No Waiver, etc..... 132
SECTION 13.8 Modification, etc..... 132
SECTION 13.9 Subordination of Guarantees..... 133

ARTICLE XIVSubordination

SECTION 14.1 Securities Subordinate to Senior Indebtedness and Senior to Subordinated Indebtedness..... 133
SECTION 14.2 Payment Over of Proceeds Upon Dissolution, Etc..... 134
SECTION 14.3 No Payment When Designated Senior Indebtedness in Default..... 134
SECTION 14.4 Subrogation to Rights of Holders of Senior Indebtedness..... 136

Note: This table of contents shall not, for any purpose, be deemed to be a part of the Indenture.

SECTION 14.5 Provisions Solely to Define

Relative Rights.....136
SECTION 14.6 Trustee to Effectuate Subordination.....137
SECTION 14.7 No Waiver of Subordination Provisions.....137
SECTION 14.8 Notice to Trustee.....138
SECTION 14.9 Reliance on Judicial Order or
Certificate of Liquidating Agent.....139
SECTION 14.10 Trustee Not Fiduciary for Holders of
Senior Indebtedness.....139
SECTION 14.11 Rights of Trustee as Holder of
Senior Indebtedness; Preservation of
Trustee's Rights.....140
SECTION 14.12 Article Applicable to Paying Agents.....140

Note: This table of contents shall not, for any purpose, be deemed to be a part of the Indenture.

Note: This table of contents shall not, for any purpose, be deemed to be a part of the Indenture.

Note: This table of contents shall not, for any purpose, be deemed to be a part of the Indenture.

Note: This table of contents shall not, for any purpose, be deemed to be a part of the Indenture.

Note: This table of contents shall not, for any purpose, be deemed to be a part of the Indenture.

Note: This table of contents shall not, for any purpose, be deemed to be a part of the Indenture.

Note: This table of contents shall not, for any purpose, be deemed to be a part of the Indenture.

Note: This table of contents shall not, for any purpose, be deemed to be a part of the Indenture.

Note: This table of contents shall not, for any purpose, be deemed to be a part of the Indenture.

		Page
Schedule A	The Guranators	
Exhibit A-1	Form of Series A Security	
Exhibit A-2	Form of Series B Security	
Exhibit B	Global Securiites Legend	
Exhibit C	Transfer Letter	
Exhibit D	Form of Notation on Security Relating to Guraranty	

Note: This table of contents shall not, for any purpose, be deemed to be a part of the Indenture.

EXHIBIT 4(r)

NOTES REGISTRATION RIGHTS AGREEMENT

THIS NOTES REGISTRATION RIGHTS AGREEMENT (the "Agreement") is made and entered into as of March 23, 1999, by and among UNITED RENTALS (NORTH AMERICA), INC., a Delaware corporation (the "Company"), the subsidiaries named in the Schedule hereto (the "Guarantors") and GOLDMAN, SACHS & CO., DONALDSON, LUFKIN & **JENRETTE SECURITIES CORPORATION and NATIONSBANC MONTGOMERY SECURITIES LLC**
(collectively, the "Initial Purchasers").

This Agreement is made pursuant to the Purchase Agreement dated March 16, 1999 between the Company and the Initial Purchasers (the "Purchase Agreement"), with respect to the issue and sale by the Company and the purchase by the Initial Purchasers of $250,000,000 aggregate principal amount of the Company's 9% Senior Subordinated Notes due 2009, Series A in respect of which the Guarantors have provided guarantees (together with such guarantees, the

"Notes"). In order to induce the Initial Purchasers to enter into the Purchase Agreement, the Company has agreed to provide to the Initial Purchasers and its direct and indirect transferees and assigns the registration rights set forth in this Agreement. The execution and delivery of this Agreement is a condition to the closing under the Purchase Agreement.

In consideration of the foregoing, the parties hereto agree as follows:

1. Definitions . As used in this Agreement, the following capitalized defined terms shall have the following meanings:

"1933 Act" shall mean the Securities Act of 1933, as amended from time to time, and the rules and regulations of the SEC promulgated thereunder.

"1934 Act" shall mean the Securities Exchange Act of 1934, as amended from time to time, and the rules and regulations of the SEC promulgated thereunder.

"Broker Prospectus Period" shall have the meaning set forth in Section 3(f)(C).

"Broker Shelf Registration Statement" shall have the meaning set forth

in Section 3(f)(E).

"Depositary" shall mean The Depository Trust Company, or any other depositary appointed by the Company; provided, however, that any such depositary must have an address in the Borough of Manhattan, in the City of New York.

"Exchange Notes" shall mean 9% Senior Subordinated Notes due 2009, Series B of the Company, including the guarantees thereof, containing terms identical to the

respective Notes (except that (i) interest on the Exchange Notes shall accrue from the last date on which interest was paid on the Notes or, if no such interest has been paid, from March 23, 1999, (ii) the transfer restrictions thereon shall be eliminated and (iii) certain provisions relating to payment of additional interest shall be eliminated) to be issued under the Indenture and offered to Holders in exchange for Transfer Restricted Notes pursuant to the Exchange Offer.

"Exchange Offer" shall mean the exchange offer by the Company of Exchange Notes for Transfer Restricted Notes pursuant to Section 2(a) and the other provisions of this Agreement.

"Exchange Offer Registration" shall mean a registration under the 1933 Act effected pursuant to Section 2(a) hereof.

"Exchange Offer Registration Statement" shall mean an exchange offer registration statement on Form S-4 (or, if applicable, on another appropriate form), and all amendments and supplements to such registration statement, in each case including the Prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

"Exchange Period" shall have the meaning set forth in Section 2(a).

"Holders" shall mean the Initial Purchasers, for so long as they own any Transfer Restricted Notes, and theirs successors, assigns and direct and indirect transferees who become registered owners of Transfer Restricted Notes under the Indenture.

"Holders' Counsel" shall mean an external United States counsel and external local counsel designated by the underwriters (or if an offering is not underwritten, by the Majority Holders) to represent them in connection with a Shelf Registration Statement or Broker Shelf Registration Statement.

"Indenture" shall mean the Indenture relating to the Notes dated as of March 23, 1999, among the Company, the subsidiaries of the Company listed therein and, The Bank of New York, as trustee (the "Trustee"), and as the same may be amended from time to time in accordance with the terms thereof.

"Initial Purchasers" shall have the meaning set forth in the preamble of this Agreement.

"Majority Holders" shall mean the Holders of a majority of the aggregate principal amount of Transfer Restricted Notes outstanding; provided that (a) whenever the consent or approval of Holders of a specified percentage of Transfer Restricted Notes is required hereunder, Transfer Restricted Notes held by the Company or any of its

affiliates (as such term is defined in Rule 405 under the 1933 Act) shall be disregarded in determining whether such consent or approval was given by the Holders of such required percentage or amount and (b) whenever the consent or approval of the Majority Holders is required in relation to the filing of a Broker Shelf Registration Statement, Holders (other than Participating Broker Dealers holding Notes registered thereunder) shall be disregarded in determining whether such consent or approval was given by Holders of such required percentage or amount.

"Original Issue Date" shall mean the date of original issuance of the

Notes.

"Participating Broker-Dealer" shall have the meaning set forth in Section 3(f).

"Person" shall mean any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Prospectus" shall mean the prospectus included in a Registration Statement, including any preliminary prospectus, and any such prospectus as amended or supplemented by any prospectus supplement, including a prospectus supplement with respect to the terms of the offering of any portion of the Transfer Restricted Notes covered by a Shelf Registration Statement or a Broker Shelf Registration Statement, and by all other amendments and supplements to a prospectus, including post-effective amendments, and in each case including all material incorporated by reference therein.

"Purchase Agreement" shall have the meaning set forth in the preamble of this Agreement.

"Registration Default" shall have the meaning set forth in Section 2(e).

"Registration Expenses" shall mean any and all expenses incident to performance of or compliance by the Company with this Agreement, including without limitation: (i) all SEC, stock exchange or National Association of Securities Dealers, Inc. ("NASD") registration and filing fees, (ii) all fees and expenses incurred in connection with compliance with state or other securities or blue sky laws and compliance with the rules of the NASD (including, without limitation, in the case of an underwritten offering the reasonable fees and disbursements of Holders' Counsel in connection with state or other securities or blue sky qualification of any of the Exchange Notes or Transfer Restricted Notes), (iii) all expenses (including without limitation all word processing, duplicating and printing expenses, messenger and delivery expenses) of any Persons in preparing, printing and distributing any Registration Statement, any Prospectus, any amendments or supplements thereto, any underwriting agreements, securities sales agreements, certificates representing the Exchange Notes and other documents relating to the performance of and compliance with this Agreement, (iv) all rating agency fees, (v) all

fees and expenses incurred in connection with the listing, if any, of any of the Transfer Restricted Notes on any securities exchange or exchanges,
(vi) all fees and disbursements relating to the qualification of the Indenture under applicable securities laws, (vii) the reasonable fees and disbursements of counsel for the Company and of the independent public accountants of the Company and of any other experts retained by the Company, including the expenses of any special audits or "cold comfort" letters required by or incident to such performance and compliance,
(viii) premiums and other costs of policies of insurance maintained by the Company against liabilities arising out of the public offering of the Transfer Restricted Notes being registered, (ix) the fees and expenses of a "qualified independent underwriter" as defined by Conduct Rule 2720 of the NASD, if required by the NASD rules, in connection with the offering of the Exchange Notes or Transfer Restricted Notes in an underwritten offering,
(x) the reasonable fees and expenses of the Trustee, including its counsel, and any escrow agent or custodian. Notwithstanding the foregoing, the holders of the Exchange Notes or Transfer Restricted Notes being registered shall pay all agency or brokerage fees and commissions and underwriting discounts and commissions attributable to the sale of such Exchange Notes or Transfer Restricted Notes and the fees and disbursements of any counsel or other advisors or experts retained by such holders (severally or jointly) (excluding advisors or other experts retained by the Company, as aforesaid); provided, however, that in the case of a Shelf Registration Statement under Section 2(b) hereof or a Broker Shelf Registration Statement under Section 3(f) hereof, the Majority Holders may, in each case, if they so elect, select Holders' Counsel to represent them (which may be counsel to the Initial Purchasers), in which event Registration Expenses shall include the reasonable fees and disbursements of such counsel up to a maximum of $80,000 (including fees paid pursuant to clause
(ii) above).

"Registration Statement" shall mean any registration statement of the Company which covers any of the Exchange Notes or Transfer Restricted Notes pursuant to the provisions of this Agreement, and all amendments and supplements to any such Registration Statement, including post-effective amendments, in each case including the Prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

"SEC" shall mean the Securities and Exchange Commission.

"Shelf Registration" shall mean a registration effected pursuant to Section 2(b) hereof.

"Shelf Registration Statement" shall mean a "shelf" registration statement of the Company pursuant to the provisions of Section 2(b) of this Agreement which covers all of the Transfer Restricted Notes on an appropriate form under Rule 415 under the 1933 Act, or any similar rule that may be adopted by the SEC, and all amendments and supplements to such registration statement, including post-effective amendments, in each

case including the Prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

"Transfer Restricted Notes" shall mean each Note until (i) the date on which such Note has been exchanged by a person (other than a Participating Broker-Dealer) for an Exchange Note in the Exchange Offer, (ii) following the exchange by a Participating Broker-Dealer in the Exchange Offer of a Note for an Exchange Note, the date on which such Exchange Note is sold to a purchaser who receives from such Participating Broker-Dealer on or prior to the date of such sale a copy of the Prospectus contained in the Exchange Offer Registration Statement,(iii) the date on which such Note has been effectively registered under the 1933 Act and disposed of in accordance with the Shelf Registration Statement or the Broker Shelf Registration Statement, (iv) the date on which such Note is eligible for distribution to the public pursuant to Rule 144(k) under the 1933 Act (or any similar provision then in force, but not Rule 144A under the 1933 Act), (v) the date on which such Note shall have been otherwise transferred by the Holder thereof and a new Note not bearing a legend restricting further transfer shall have been delivered by the Company and subsequent disposition of such Note shall not require registration or qualification under the 1933 Act or any similar state law then in force or (vi) such Note ceases to be outstanding.

"Trustee" shall mean the Trustee under the Indenture.

2. Registration Under the 1933 Act . (a) Exchange Offer
Registration. To the extent not prohibited by any applicable law or applicable interpretation of the staff of the SEC, the Company shall (A) file an Exchange Offer Registration Statement with the SEC within 90 days after the Original Issue Date covering the offer by the Company to the Holders to exchange Exchange Notes for all of their Transfer Restricted Notes, (B) use its best efforts to cause such Exchange Offer Registration Statement to be declared effective under the 1933 Act within 150 days after the Original Issue Date, (C) commence the Exchange Offer promptly after the Exchange Offer Registration Statement is declared effective by the SEC and keep the Exchange Offer open for acceptance for the Exchange Period, (D) use its best efforts to issue, promptly after the end of the Exchange Period, Exchange Notes in exchange for all Transfer Restricted Notes that have been properly tendered for exchange during the Exchange Period and (E) use its best efforts to maintain the effectiveness of the Exchange Offer Registration Statement during the Exchange Period and thereafter until such time as the Company has issued Exchange Notes in exchange for all Transfer Restricted Notes that have been properly tendered for exchange during the Exchange Period. Upon the effectiveness of the Exchange Offer Registration Statement, the Company shall promptly commence the Exchange Offer, it being the objective of such Exchange Offer to enable each Holder (other than Participating Broker-Dealers) eligible and electing to exchange Transfer Restricted Notes for Exchange Notes (assuming that such Holder is not an affiliate of the Company within the meaning of Rule 405 under the 1933 Act, acquires the Exchange Notes in the ordinary course of such Holder's business and has no arrangements or understandings with any person to participate in the

Exchange Offer for the purpose of distributing the Exchange Notes) to trade such Exchange Notes from and after their receipt without any limitations or restrictions under the 1933 Act and without material restrictions under the securities laws of a substantial proportion of the several states of the United States. For the purposes of this Agreement, the Exchange Offer will be deemed consummated if the Company makes the Exchange Offer, the Exchange Offer remains open for a period (the "Exchange Period") of at least 20 business days after the date notice thereof is mailed to the Holders (or such longer period as may be required by law), and the Company issues Exchange Notes in respect of all Notes that are properly tendered during the Exchange Period.

In connection with the Exchange Offer, the Company shall:

(i) mail to each Holder a copy of the Prospectus forming part of the Exchange Offer Registration Statement, together with an appropriate letter of transmittal and related documents;

(ii) keep the Exchange Offer open for the Exchange Period;

(iii) use the services of the Depositary for the Exchange Offer with respect to Notes evidenced by global certificates;

(iv) permit Holders to withdraw tendered Transfer Restricted Notes at any time prior to the close of business, New York City time, on the last business day on which the Exchange Offer shall remain open, by sending to the institution specified in the notice, a telegram, telex, facsimile transmission or letter setting forth the name of such Holder, the principal amount of Transfer Restricted Notes delivered for exchange, and a statement that such Holder is withdrawing its election to have such Notes exchanged; and

(v) otherwise comply with all applicable laws relating to the Exchange Offer.

Promptly after the close of the Exchange Offer, the Company shall use its best efforts to:

(i) accept for exchange Transfer Restricted Notes duly tendered and not validly withdrawn pursuant to the Exchange Offer in accordance with the terms of the Exchange Offer Registration Statement and the letter of transmittal which is an exhibit thereto;

(ii) deliver, or cause to be delivered, to the Trustee for cancellation all Transfer Restricted Notes so accepted for exchange by the Company; and

(iii) cause the Trustee promptly to authenticate and deliver Exchange Notes to each Holder of Transfer Restricted Notes equal in principal amount to the principal amount of the Transfer Restricted Notes of such Holder so accepted for exchange.

The Exchange Offer shall not be subject to any conditions, other than
(i) that the Exchange Offer, or the making of any exchange by a Holder, does not violate applicable law or any applicable interpretation of the staff of the SEC and (ii) the tendering of Transfer Restricted Notes in accordance with the Exchange Offer. Each Holder of Transfer Restricted Notes who wishes to exchange such Transfer Restricted Notes for Exchange Notes in the Exchange Offer shall have represented that (i) it is not an affiliate (as defined in Rule 405 under the 1933 Act) of the Company, (ii) any Exchange Notes to be received by it were acquired in the ordinary course of its business and, (iii) it has no arrangement with any person to participate in the distribution (within the meaning of the 1933 Act) of the Exchange Notes (except that a Participating Broker Dealer shall not be required to make the representation provided by this clause (iii)). In addition each such Holder shall be required to make such other representations as may be reasonably necessary under applicable SEC rules, regulations or interpretations to render the use of Form S-4 or another appropriate form under the 1933 Act available. To the extent permitted by law and ascertainable by the Company, the Company shall inform the Initial Purchasers of the names and addresses of the Holders to whom the Exchange Offer is made, and the Initial Purchasers shall have the right to contact such Holders and otherwise facilitate the tender of Transfer Restricted Notes in the Exchange Offer. Notwithstanding anything to the contrary contained herein, it is understood and agreed that no Holder may exchange in the Exchange Offer any Transfer Restricted Notes, to the extent such Holder is not permitted to do so by applicable law or SEC policy.

(b) Shelf Registration . If (i) the Company is not permitted to file the Exchange Offer Registration Statement or to consummate the Exchange Offer because the Exchange Offer is not permitted by applicable law or SEC policy; (ii) for any other reason, the Exchange Offer is not consummated (as defined in Section 2(a)) within 180 days after the Original Issue Date; (iii) any Holder of Notes notifies the Company prior to the 20th day following consummation of the Exchange Offer that (a) due to a change in law or SEC policy such Holder is not entitled to participate in the Exchange Offer, (b) due to a change in law or SEC policy such Holder may not resell the Exchange Notes acquired by it in the Exchange Offer to the public without delivering a prospectus and the prospectus contained in the Exchange Offer Registration Statement is not appropriate or available for such resales by such Holder or (c) such Holder is a broker-dealer and owns Notes acquired directly from the Company or an affiliate of the Company; or (iv) the Holders of a majority in aggregate principal amount of the Notes are not eligible to participate in the Exchange Offer and to receive Exchange Notes that they may resell to the public without restriction under the 1933 Act and without restriction under applicable blue sky or state securities laws, the Company shall, at its cost:

(A) use its best efforts to file with the SEC, on or prior to the 90th day following the occurrence of any event specified in clauses (i) through (iv) above, a Shelf

Registration Statement relating to the offer and sale of the Transfer Restricted Notes by the Holders from time to time in accordance with the methods of distribution elected by the Majority Holders of such Transfer Restricted Notes and set forth in such Shelf Registration Statement, and use its best efforts to cause such Shelf Registration Statement to be declared effective under the Securities Act within 150 days after such filing obligation arises, provided that if the obligation to file the Shelf Registration Statement arises because the Exchange Offer has not been consummated within 180 days after the Original Issue Date, then the Company will use its best efforts to file the Shelf Registration Statement on or prior to the 30th day after such filing obligation arises, provided further that, with respect to Exchange Notes received by a broker-dealer in exchange for any securities that were acquired by such broker-dealer as a result of market making or other trading activities, the Company may, if permitted by current interpretations by the SEC's staff, file a post- effective amendment to the Exchange Offer Registration Statement containing the information required by Regulation S-K Items 507 and/or 508, as applicable, in satisfaction of its obligations under this paragraph (A) solely with respect to broker-dealers who acquired their Notes as a result of market making or other trading activities, and any such Exchange Offer Registration Statement, as so amended, shall be referred to herein as, and governed by the provisions herein applicable to, a Shelf Registration Statement. In the event that the Company is required to file a Shelf Registration Statement, upon notice from any Holder not eligible to participate in the Exchange Offer pursuant to clause (iii) above or pursuant to clause (iv) above, the Company shall file and use its best efforts to have declared effective by the SEC both an Exchange Offer Registration Statement pursuant to Section 2(a) with respect to all Transfer Restricted Notes that are eligible to participate in the Exchange Offer and a Shelf Registration Statement (which may be a combined Registration Statement with the Exchange Offer Registration Statement) with respect to offers and sales of Transfer Restricted Notes held by such Holder after completion of the Exchange Offer;

(B) use its best efforts to keep the Shelf Registration Statement continuously effective in order to permit the Prospectus forming part thereof to be usable by Holders for a period of two years after its effective date (or until one year after the effective date of the Shelf Registration Statement if such Shelf Registration Statement is filed pursuant to clause (iv) above) or such shorter period which will terminate when all of the Transfer Restricted Notes covered by the Shelf Registration Statement have been sold pursuant to the Shelf Registration Statement; and

(C) notwithstanding any other provisions hereof, use its best efforts to ensure that (i) any Shelf Registration Statement and any amendment thereto and any Prospectus forming a part thereof and any supplement thereto complies in all material respects with the 1933 Act and the rules and regulations thereunder, (ii) any Shelf Registration Statement and any amendment thereto does not, when it becomes effective, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and (iii) any

Prospectus forming part of any Shelf Registration Statement, and any supplement to such Prospectus (as amended or supplemented from time to time), does not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

The Company further agrees, if necessary, to supplement or amend the Shelf Registration Statement if reasonably requested by the Majority Holders with respect to information relating to the Holders and otherwise as required by
Section 3(b) below, to use its best efforts to cause any such amendment to become effective and such Shelf Registration to become usable as soon as reasonably practicable thereafter and to furnish to the Holders of Transfer Restricted Notes copies of any such supplement or amendment promptly after its being used or filed with the SEC.

(c) Expenses. Subject to Section 4(c) hereof, the Company shall pay all Registration Expenses in connection with the registration pursuant to Section 2(a) and 2(b) and any registration of a Broker Shelf Registration Statement pursuant to Section 3(f)(E). In the case of any Shelf Registration Statement or Broker Shelf Registration Statement, the Majority Holders may, in each case, if they so elect, select Holders' Counsel to represent them (which may be counsel to the Initial Purchasers), in which event Registration Expenses shall include the reasonable fees and disbursements of such counsel up to a maximum of $80,000. Each Holder shall pay all expenses of its counsel other than as set forth in the preceding sentence, underwriting discounts and commissions and transfer taxes, if any, relating to the sale or disposition of such Holder's Transfer Restricted Notes pursuant to the Shelf Registration Statement or Broker Shelf Registration Statement.

(d) Effective Registration Statement. (i) The Company will be deemed not to have used its best efforts to cause a Registration Statement to become, or to remain, effective during the requisite periods set forth herein if the Company takes any action that could reasonably be expected to result in any such Registration Statement not being declared effective or in the Holders of Transfer Restricted Notes covered thereby not being able to exchange or offer and sell such Transfer Restricted Notes during that period unless (A) such action is required by applicable law or (B) such action is taken by the Company in good faith and for valid business reasons (but not including avoidance of the Company's obligations hereunder), including a material corporate transaction, so long as the Company promptly complies with the requirements of Section 3(k) hereof, if applicable.

(ii) An Exchange Offer Registration Statement pursuant to Section 2(a) hereof, a Shelf Registration Statement pursuant to Section 2(b) or a Broker Shelf Registration Statement pursuant to Section 3(f)(E) hereof will not be deemed to have become effective unless it has been declared effective by the SEC; provided, however, that if, after it has been declared effective, the offering of Transfer Restricted Notes pursuant to a Registration Statement is interfered with by any stop order, injunction or other order or requirement of the SEC or any

other governmental agency or court, such Registration Statement will be deemed not to have been effective during the period of such interference, until the offering of Transfer Restricted Notes pursuant to such Registration Statement may legally resume.

(iii) Subject to and without limiting the Company's obligations to pay additional interest as provided in Section 2(e) and subject to Section 2(d) hereof, the Company may suspend the availability of a Shelf Registration Statement or Broker Shelf Registration Statement or, only during the Broker Prospectus Period, an Exchange Offer Registration Statement, and the use of the related Prospectus, as provided in Section 3(e)(v) and the penultimate paragraph of Section 3 hereof, if any event shall occur as a result of which it shall be necessary, in the good faith determination of the Company, to amend the Shelf Registration Statement or Broker Shelf Registration Statement or Exchange Offer Registration Statement or amend or supplement any prospectus or prospectus supplement thereunder in order that each such document not include any untrue statement of fact or omit to state a material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made. If the Company shall so suspend the availability of a Shelf Registration Statement or Broker Shelf Registration Statement or Exchange Offer Registration Statement as aforesaid or if the Company shall give any notice to suspend the disposition of Transfer Restricted Notes pursuant to a Shelf Registration Statement or Broker Shelf Registration Statement or the disposition of Exchange Notes by Participating Broker-Dealers pursuant to the Exchange Offer Registration Statement as a result of the happening of any event or the discovery of any facts, each of the kind described in Section 3(e)(v) hereof, the Company shall be deemed to have used its best efforts to keep such Registration Statement effective during such period of suspension; provided that the Company shall use its best efforts to file and have declared effective (if an amendment) as soon as practicable an amendment or supplement to such Registration Statement and shall extend the period during which such Registration Statement shall be maintained effective pursuant to this Agreement by the number of days during the period from and including the date of the giving of such notice to and including the date when the Holders shall have received copies of the supplemented or amended Prospectus necessary to resume such dispositions. The Company may delay the filing of any such amendment or supplement pursuant to this paragraph if the Company in good faith has a valid business reason for such delay; provided, however, that any delay pursuant to this sentence shall not exceed 60 days in any period of 365 days. Notwithstanding the foregoing, if, pursuant to this paragraph, a Shelf Registration Statement or Broker Shelf Registration Statement or Exchange Offer Registration Statement is suspended or otherwise not usable in connection with resales of Notes covered thereby (or, in the case of the Exchange Offer Registration Statement, resales of Exchange Notes by Participating Broker- Dealers) for a period exceeding 60 days in the aggregate, whether or not consecutive, a Registration Default shall be deemed to have occurred under paragraph (iv) or (v), as the case may be, of the definition thereof in Section 2(e) hereof (whether or not any other Registration Default has occurred), and in all such events, the Company will be required to pay additional interest as provided in Section 2(e) hereof.

(e) Accrual and Payment of Additional Interest. For purposes of this Section 2(e), the "Specified Notes" means the Notes (not including the Exchange Notes); provided, however, that the Specified Notes mean the Exchange Notes with respect to (a) any Registration Default that arises pursuant to clause (i) or (ii) of the definition of such term and relates solely to the Broker Shelf Registration Statement and (b) any Registration Default that arises solely pursuant to clauses (v) or (vi) of the definition of such term. In the event that a Registration Default exists, then the Company shall pay additional interest on the Specified Notes (in addition to the interest otherwise due on the Notes) in cash on each Interest Payment Date (as defined in the Indenture) in an amount equal to one-quarter of one percent (0.25%) per annum of the principal amount of the Specified Notes, with respect to the first 90-day period (or portion thereof) following such Registration Default. The amount of such additional interest will increase by an additional one-quarter of one percent (0.25%) to a maximum of one percent (1.0%) per annum for each subsequent 90-day period (or portion thereof) until each such Registration Default has been cured. A "Registration Default" will exist (subject to the following sentence) if (i) the Company fails to file any of the registration statements required by this Agreement on or prior to the date specified for such filing, (ii) any of such registration statements is not declared effective by the SEC on or prior to the date specified for such effectiveness, (iii) the Exchange Offer is required to be consummated under this Agreement and is not consummated within 180 days after the Original Issue Date, (iv) the Shelf Registration Statement is declared effective but thereafter, during the period for which the Company is required to maintain the effectiveness of such registration statement, it ceases to be effective or usable in connection with the resale of the Notes covered by such registration statement for a period of 60 days, whether or not consecutive, (v) the Exchange Offer Registration Statement is declared effective but thereafter, during the Broker Prospectus Period, it ceases to be effective (or the Company restricts the use of the prospectus included therein) for a period of 60 days, whether or not consecutive, or (vi) the Broker Shelf Registration Statement is declared effective but thereafter, during the period for which the Company is required to maintain the effectiveness of such registration statement, it ceases to be effective or usable in connection with the resale of the Exchange Notes covered by such registration statement for a period of 60 days, whether or not consecutive. Notwithstanding the foregoing, (a) any Registration Default specified in clause (i), (ii) or (iii) of the preceding sentence that relates to the Exchange Offer Registration Statement or the Exchange Offer shall be deemed cured at such time as the Shelf Registration Statement is declared effective by the SEC and (b) any Registration Default specified in clause (v) of the preceding sentence shall be deemed cured at such time as the Broker Shelf Registration Statement is declared effective by the SEC. Following the cure of all Registration Defaults the accrual of additional interest on the Specified Notes will cease and the interest rate will revert to the original rate; provided, however, that if, after any such additional interest ceases to accrue, a different event specified in clause (i), (ii), (iii), (iv), (v) or (vi) of the definition of Registration Default above occurs, such additional interest shall begin to accrue again pursuant to the foregoing provisions.

The Company shall notify the Trustee within five business days after the occurrence of each event specified in clause (i), (ii), (iii), (iv), (v) or (vi) of the definition of

Registration Default above. The Company shall pay the additional interest due on the Specified Notes by depositing with the Trustee, in trust, for the benefit of the Holders thereof, by 12:00 noon, New York City time, on or before the applicable semi-annual Interest Payment Date for the Specified Notes, immediately available funds in sums sufficient to pay the additional interest then due. The additional interest amount due shall be payable on each Interest Payment Date to the record Holder of Specified Notes entitled to receive the interest payment to be made on such date as set forth in the Indenture. Additional interest pursuant to this Section 2(e) constitutes liquidated damages with respect to Registration Defaults and shall be the exclusive monetary remedy available to the Holders and/or the Initial Purchasers with respect to any Registration Default.

(f) Specific Enforcement. Without limiting the remedies available to the Initial Purchasers and the Holders, the Company acknowledges that any failure by it to comply with its obligations under Sections 2(a), 2(b) or 3(f) hereof may result in material irreparable injury to the Initial Purchasers or the Holders for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of any such failure, any Initial Purchaser or any Holder may obtain such relief as may be required to specifically enforce the Company's obligations under Sections 2(a), 2(b) or 3(f).

3. Registration Procedures. In connection with the obligations of the Company with respect to the Registration Statements pursuant to Sections 2(a) and 2(b) hereof, the Company shall:

(a) prepare and file with the SEC a Registration Statement, within the time period specified in Section 2, on the appropriate form under the 1933 Act, which form (i) shall be selected by the Company, (ii) shall, in the case of a Shelf Registration, be available for the sale of the Transfer Restricted Notes by the selling Holders thereof and (iii) shall comply as to form in all material respects with the requirements of the applicable form and include or incorporate by reference all financial statements required by the SEC to be filed therewith and use its best efforts to cause such Registration Statement to become effective and remain effective in accordance with Section 2 hereof;

(b) prepare and file with the SEC such amendments and post-effective amendments to each Registration Statement as may be necessary under applicable law to keep such Registration Statement effective for the applicable period; cause each Prospectus to be supplemented by any required prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 under the 1933 Act; and in the case of a Shelf Registration Statement or Broker Shelf Registration Statement comply with the provisions of the 1933 Act with respect to the disposition of all securities covered by each Registration Statement during the applicable period in accordance with the intended method or methods of distribution by the selling Holders thereof;

(c) in the case of a Shelf Registration, (i) notify each Holder of Transfer Restricted Notes, at least five business days prior to filing, that a Shelf Registration Statement with respect to the Transfer Restricted Notes is being filed and advising such Holders that the distribution of Transfer Restricted Notes will be made in accordance with the method elected by the Majority Holders; provided that this clause (i) shall not apply with respect to regular filings of any document or report under the Exchange Act, at any time following the effectiveness of the applicable Registration Statement hereunder, where such filing is made as part of the Company's periodic disclosure obligations under Sections 13 and 15 of the Exchange Act; and (ii) furnish to each Holder of Transfer Restricted Notes, to counsel for the Initial Purchasers, to counsel for the Holders and to each underwriter of an underwritten offering of Transfer Restricted Notes, if any, without charge, as many copies of each Prospectus, including each preliminary Prospectus, and any amendment or supplement thereto and such other documents as such Holder or underwriter may reasonably request, including financial statements and schedules and, if the Holder so requests, all exhibits (including those incorporated by reference) in order to facilitate the public sale or other disposition of the Transfer Restricted Notes; and (iii) subject to the penultimate paragraph of this
Section 3, hereby consent to the use of the Prospectus, including each preliminary Prospectus, or any amendment or supplement thereto by each of the selling Holders of Transfer Restricted Notes in connection with the offering and sale of the Transfer Restricted Notes covered by the Prospectus or any amendment or supplement thereto;

(d) use its reasonable best efforts to register or qualify the Transfer Restricted Notes under all applicable state securities or "blue sky" laws of such jurisdictions as any Holder of Transfer Restricted Notes covered by a Registration Statement and each underwriter of an underwritten offering of Transfer Restricted Notes shall reasonably request by the time the Registration Statement is declared effective by the SEC, to cooperate with the Holders in connection with any filings required to be made with the NASD and do any and all other acts and things which may be reasonably necessary or advisable to enable such Holder to consummate the disposition in each such jurisdiction of such Transfer Restricted Notes owned by such Holder; provided, however, that the Company shall not be required to (i) qualify as a foreign corporation or as a dealer in securities in any jurisdiction where it would not otherwise be required to qualify but for this Section 3(d) or (ii) take any action which would subject it to general service of process or taxation in any such jurisdiction if it is not then so subject;

(e) in the case of a Shelf Registration, notify each Holder of Transfer Restricted Notes and counsel for such Holders promptly and, if requested by such Holder or counsel, confirm such advice in writing promptly (i) when a Registration Statement has become effective and when any post-effective amendments and supplements thereto become effective, provided that this clause (i) shall not apply with respect to regular filings of any document or report under the Exchange Act, at any time following the effectiveness of the applicable Registration Statement hereunder, where such filing is

made as part of the Company's periodic disclosure obligations under Sections 13 and 15 of the Exchange Act; (ii) of any request by the SEC or any state securities authority for post-effective amendments and supplements to a Registration Statement and Prospectus or for additional information after the Registration Statement has become effective, (iii) of the issuance by the SEC or any state securities authority of any stop order suspending the effectiveness of a Registration Statement or the initiation of any proceedings for that purpose, (iv) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Transfer Restricted Notes for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose, (v) of the happening of any event or the discovery of any facts during the period a Shelf Registration Statement is effective (including as contemplated in Section 2(d)(iii) hereof) which makes any statement made in such Registration Statement or the related Prospectus untrue in any material respect or which requires the making of any changes in such Registration Statement or Prospectus in order to make the statements therein not misleading and (vi) of any determination by the Company that a post-effective amendment to a Registration Statement would be appropriate;

(f) (A) in the case of the Exchange Offer, (i) include in the Exchange Offer Registration Statement a "Plan of Distribution" section covering the use of the Prospectus included in the Exchange Offer Registration Statement by broker-dealers who have exchanged their Transfer Restricted Notes for Exchange Notes for the resale of such Exchange Notes,
(ii) furnish to each broker-dealer who desires to participate in the Exchange Offer, without charge, as many copies of each Prospectus included in the Exchange Offer Registration Statement, including any preliminary Prospectus, and any amendment or supplement thereto, as such broker-dealer may reasonably request, (iii) include in the Exchange Offer Registration Statement a statement that any broker-dealer who holds Transfer Restricted Notes acquired for its own account as a result of market-making activities or other trading activities (a "Participating Broker-Dealer"), and who receives Exchange Notes for Transfer Restricted Notes pursuant to the Exchange Offer, may be a statutory underwriter and must deliver a prospectus meeting the requirements of the 1933 Act in connection with any resale of such Exchange Notes, (iv) subject to Section 2(d)(iii) and the penultimate paragraph of Section 3, hereby consent to the use of the Prospectus forming part of the Exchange Offer Registration Statement or any amendment or supplement thereto, by any broker-dealer in connection with the sale or transfer of the Exchange Notes covered by the Prospectus or any amendment or supplement thereto, and (v) include in the transmittal letter or similar documentation to be executed by an exchange offeree in order to participate in the Exchange Offer the following provision:

"If the undersigned is not a broker-dealer, the undersigned represents that it is not engaged in, and does not intend to engage in, a distribution of Exchange Notes. If the undersigned is a broker-dealer that will receive Exchange Notes for its own account in exchange for Transfer

Restricted Notes, it represents that the Transfer Restricted Notes to be exchanged for Exchange Notes were acquired by it as a result of market-making activities or other trading activities and acknowledges that it will deliver a prospectus meeting the requirements of the 1933 Act in connection with any resale of such Exchange Notes pursuant to the Exchange Offer; however, by so acknowledging and by delivering a prospectus, the undersigned will not be deemed to admit that it is an "underwriter" within the meaning of the 1933 Act;"

(B) to the extent any Participating Broker-Dealer participates in the Exchange Offer, the Company shall use its best efforts to cause to be delivered at the request of an entity representing the Participating Broker-Dealers (which entity shall be an Initial Purchaser, unless they elect not to act as such representative) a "cold comfort" letter with respect to the Prospectus in the form existing on the last date for which exchanges are accepted pursuant to the Exchange Offer and with respect to each subsequent amendment or supplement, if any, effected during the period specified in clause (C) below; and

(C) to the extent any Participating Broker-Dealer participates in the Exchange Offer, the Company shall use its best efforts to maintain the effectiveness of the Exchange Offer Registration Statement and to make available a prospectus meeting the requirements of the 1933 Act to any Participating Broker-Dealer for use in connection with any resale of any Exchange Notes acquired in the Exchange Offer (subject to the penultimate paragraph of Section 3). The obligation of the Company to maintain the effectiveness of the Exchange Offer Registration Statement and make such prospectus available will commence on the day that the Exchange Offer is consummated and continue in effect for a 30-day period (the "Broker Prospectus Period"); provided, however, that, if for any day during such period the Company restricts the use of such Exchange Offer Registration Statement or prospectus, the Broker Prospectus Period shall be extended on a day-for-day basis;

(D) the Company shall not be required to amend or supplement the Prospectus contained in the Exchange Offer Registration Statement as would otherwise be contemplated by Section 3(b) hereof, or take any other action as a result of this Section 3(f), for any period following expiration of the Broker Prospectus Period (as such period may be extended hereunder) and Participating Broker-Dealers shall not be authorized by the Company to, and shall not, deliver such Prospectus after such period in connection with resales contemplated by this Section 3; and

(E) If at the end of the Broker Prospectus Period any Participating Broker-Dealer that received Exchange Notes pursuant to the Exchange Offer continues to hold any such Exchange Notes, the Company will, if any such Participating Broker-Dealer so requests within 60 days after the end of the Broker Prospectus Period, file with the SEC a shelf registration statement (a "Broker Shelf Registration Statement") to cover the resale of such Exchange Notes by Participating Broker-Dealers; provided, however, that (i) the

Company may in lieu of filing such registration statement extend the Broker Prospectus Period by 60 days and (ii) the Company will not be required to file such registration statement until such time as the Company becomes eligible to use a Form S-3 for such registration statement. If the Company is obligated to file a Broker Shelf Registration Statement, the Company will (i) file the Broker Shelf Registration Statement within 30 days of the date the request for such registration statement is first made in accordance with this clause (E) and (ii) use its best efforts to have the Broker Shelf Registration Statement declared effective by the SEC on or prior to the 90th day following the date the request for such registration statement is first made in accordance with this clause (E). The Company will be required to use its best efforts to keep the Broker Shelf Registration Statement continuously effective, supplemented and amended for a 60-day period; provided, however, that, if on any day during such period such registration statement is not usable in connection with the resale of the Exchange Notes covered thereby, such period shall be extended on a day- for-day basis. In connection with the Broker Shelf Registration Statement, the Company shall, in addition to its other obligations hereunder, comply with the obligations contained in Section 2(b)(C), the ultimate paragraph of Section 2(b), Sections 2(c) and (d) and Sections 3, 4 and 5 hereof with respect to the Broker Shelf Registration Statement as if references to Shelf Registration, Shelf Registration Statement and Holders (or Majority Holders) therein were also a reference to the Broker Shelf Registration Statement, the registration pursuant to this clause (E) and the Participating Broker-Dealers (or a majority thereof), respectively.

(g) (A) in the case of an Exchange Offer, furnish counsel for the Initial Purchasers and (B) in the case of a Shelf Registration, furnish Holders' Counsel with copies of any request by the SEC or any state securities authority for amendments or supplements to a Registration Statement and Prospectus or for additional information;

(h) make every reasonable effort to obtain the withdrawal of any order suspending the effectiveness of a Registration Statement at the earliest possible moment and provide immediate notice to each Holder of the withdrawal of any such order;

(i) in the case of a Shelf Registration, furnish to each Holder of Transfer Restricted Notes, without charge, at least one conformed copy of each Registration Statement and any post-effective amendment thereto (without documents incorporated therein by reference or exhibits thereto, unless requested);

(j) in the case of a Shelf Registration, cooperate with the selling Holders of Transfer Restricted Notes to facilitate the timely preparation and delivery of certificates representing Transfer Restricted Notes to be sold and not bearing any restrictive legends; and cause such Transfer Restricted Notes to be in such denominations (consistent with the provisions of the Indenture) in a form eligible for deposit with the Depositary and registered in such names as the selling Holders or the underwriters, if any, may

reasonably request in writing at least one business day prior to the closing of any sale of Transfer Restricted Notes;

(k) in the case of a Shelf Registration, upon the occurrence of any event or the discovery of any facts, each as contemplated by Section 3(e)(v) hereof, use their best efforts to prepare a supplement or post- effective amendment to a Registration Statement or the related Prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered to the purchasers of the Transfer Restricted Notes, such Prospectus will not contain at the time of such delivery any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The Company agrees to notify each Holder to suspend use of the Prospectus as promptly as practicable after the occurrence of such an event, and each Holder hereby agrees to suspend use of the Prospectus until the Company has amended or supplemented the Prospectus to correct such misstatement or omission. At such time as such public disclosure is otherwise made or the Company determines that such disclosure is not necessary, in each case to correct any misstatement of a material fact or to include any omitted material fact, the Company agrees promptly to notify each Holder of such determination and to furnish each Holder such numbers of copies of the Prospectus, as amended or supplemented, as such Holder may reasonably request;

(l) obtain CUSIP numbers for all Exchange Notes, or Transfer Restricted Notes, as the case may be, not later than the effective date of a Registration Statement, and provide the Trustee with printed certificates for the Exchange Notes in a form eligible for deposit with the Depositary;

(m) (i) cause the Indenture to be qualified under the Trust Indenture Act of 1939, as amended (the "TIA"), in connection with the registration of

the Exchange Notes, or Transfer Restricted Notes, as the case may be, (ii) cooperate with the Trustee and the Holders to effect such changes to the Indenture as may be required for the Indenture to be so qualified in accordance with the terms of the TIA and (iii) execute, and use its best efforts to cause the Trustee to execute, all documents as may be required to effect such changes, and all other forms and documents required to be filed with the SEC to enable the Indenture to be so qualified in a timely manner;

(n) subject to Section 4(c), in the case of a Shelf Registration, take the following actions and take all other customary and appropriate actions (including those reasonably requested by the holders of a majority in principal amount of the Transfer Restricted Notes being sold) in order to expedite or facilitate the disposition of such Transfer Restricted Notes and in such connection:

(i) If requested by Holders' Counsel, make such representations and warranties to the Holders of such Transfer Restricted Notes in form, substance

and scope as are customarily made in connection with shelf registrations of the type contemplated by this Agreement (such representations and warranties to be agreed upon by the Holders' Counsel and the Company, such agreement not to be unreasonably withheld); provided, however, that in the case of an underwritten offering the Company shall make such representations and warranties to the Holders of such Transfer Restricted Notes and the underwriters in form, substance and scope as are customarily made by issuers in connection with primary underwritten offerings of debt securities comparable to the Notes (such representations and warranties to be agreed upon by the Holders' Counsel, the underwriters and the Company, such agreement not to be unreasonably withheld);

(ii) If requested by Holders' Counsel, obtain (at all times such opinions are customarily obtained) opinions of counsel to the Company and updates thereof addressed to each selling Holder covering the matters in form, substance and scope customarily covered in opinions delivered in connection with shelf registrations of the type contemplated by this Agreement (such opinions to be agreed upon by Holders' Counsel and the Company, such agreement not to be unreasonably withheld); provided, however, that in the case of an underwritten offering such opinions shall also be addressed to the underwriters and also cover the matters customarily covered in opinions delivered by issuers in connection with primary underwritten offerings of debt securities comparable to the Notes (such additional opinions to be agreed upon by the underwriters and the Company, such agreement not to be unreasonably withheld);

(iii) If requested by Holders' Counsel, obtain (at all times such letters are customarily obtained) "cold comfort" letters and updates thereof from the independent certified public accountants to the Company and to any other entity for which financial statements or other financial information or schedules are included in the Registration Statement, each addressed to the selling Holders of Transfer Restricted Notes, such letters to be in customary form and covering matters of the type customarily covered in "cold comfort" letters delivered to selling security holders in connection with shelf registrations of the type contemplated by this Agreement (such letters to be agreed upon by Holders' Counsel and such accountants, such agreement not to be unreasonably withheld); provided, however, that in the case of an underwritten offering such letters shall also be addressed to the underwriters and cover the matters customarily covered in "comfort letters" delivered by issuers in connection with primary underwritten offerings of debt securities comparable to the Notes (such letters to be agreed upon by the underwriters and such accountants, such agreement not to be unreasonably withheld);

(iv) if requested by the Majority Holders, enter into a securities sales agreement with the Holders and an agent of the Holders providing for, among

other things, the appointment of such agent for the selling Holders for the purpose of soliciting purchases of Transfer Restricted Notes, which agreement shall be in form, substance and scope customary for similar offerings;

(v) if an underwriting agreement is entered into in the case of an underwritten offering, cause the same to set forth indemnification provisions and procedures substantially equivalent to the indemnification provisions and procedures set forth in Section 5 hereof with respect to the underwriters and all other parties to be indemnified pursuant to Section 5 hereof;

(vi) deliver such documents and certificates as may be reasonably requested and as are customarily delivered in similar offerings; and

(vii) in the case of an underwritten offering, enter into customary agreements required in connection therewith (including a customary underwriting agreement).

The above shall be done at (i) the effectiveness of such Registration Statement (and, if appropriate, each post-effective amendment thereto) and

(ii) each closing under any underwriting or similar agreement as and to the extent required thereunder. In the case of any underwritten offering, the Company shall provide written notice to the Holders of all Transfer Restricted Notes of such underwritten offering at least 30 days prior to the filing of a prospectus supplement for such underwritten offering. Such notice shall (x) offer each such Holder the right to participate in such underwritten offering, (y) specify a date, which shall be no earlier than 10 days following the date of such notice, by which such Holder must inform the Company of its intent to participate in such underwritten offering and
(z) include the instructions such Holder must follow in order to participate in such underwritten offering;

(o) For a reasonable period prior to the filing of a Shelf Registration Statement and prior to the execution of any underwriting or similar agreement make available for inspection by Holders' Counsel and any underwriters participating in an underwritten offering pursuant to a Shelf Registration Statement and not more than one accounting firm retained by the Majority Holders or underwriters, all financial and other records, pertinent corporate documents and properties of the Company reasonably requested by any such Persons, and cause the respective officers, directors, employees, and any other agents of the Company to supply all information reasonably requested by any such Persons, in connection with a Registration Statement; provided that any such records, documents, properties and such information that is designated in writing by the Company, in good faith, as confidential at the time of delivery of such records, documents, properties or information shall be kept confidential by any such Persons and shall be used only in connection with such Registration Statement, unless disclosure thereof is made in connection with a court proceeding or required by law, or such

information has become available (not in violation of this agreement) to the public generally or through a third party without an accompanying obligation of confidentiality, and the Company shall be entitled to request that such Persons sign a confidentiality agreement to the foregoing effect;

(p) (i) in the case of an Exchange Offer, a reasonable time prior to the filing of any Exchange Offer Registration Statement, any Prospectus forming a part thereof, any amendment to an Exchange Offer Registration Statement or amendment or supplement to a Prospectus, provide copies of such document to the Initial Purchasers, and make such changes in any such document prior to the filing thereof as the Initial Purchasers or their counsel may reasonably request and is agreed to by the Company (such agreement not to be unreasonably withheld); (ii) in the case of a Shelf Registration, a reasonable time prior to filing any Shelf Registration Statement, any Prospectus forming a part thereof, any amendment to such Shelf Registration Statement or amendment or supplement to such Prospectus, other than amendments comprising regular filings of any document or report under the Exchange Act, at any time following the effectiveness of the applicable Registration Statement hereunder, where such filing is made as part of the Company's periodic disclosure obligations under Sections 13 and 15 of the Exchange Act, provide copies of such document to Holders' Counsel, to the Initial Purchasers, and to the underwriter or underwriters of an underwritten offering of Transfer Restricted Notes, if any, and make such changes in any such document prior to the filing thereof as counsel to the Initial Purchasers, Holders' Counsel or any underwriter may request and is agreed to by the Company (such agreement not to be unreasonably withheld); and (iii) cause the representatives of the Company to be available for discussion of such document as shall be reasonably requested by Holders' Counsel, the Initial Purchasers on behalf of such Holders or any underwriter, and shall not at any time make any filing of any such document of which Holders' Counsel, the Initial Purchasers or any underwriter shall not have previously been advised and furnished a copy or to which such Holders, the Initial Purchasers on behalf of such Holders, their counsel or any underwriter shall reasonably object within a reasonable time period;

(q) in the case of a Shelf Registration, use its best efforts to cause all Transfer Restricted Notes to be listed on any securities exchange on which similar debt securities issued by the Company are then listed if requested by the Majority Holders or by the underwriter or underwriters of an underwritten offering of Transfer Restricted Notes, if any;

(r) otherwise use its best efforts to comply with all applicable rules and regulations of the SEC and make available to its security holders, as soon as reasonably practicable (but not until the end of the first full fiscal quarter following effectiveness), an earnings statement covering at least 12 months which shall satisfy the provisions of Section 11(a) of the 1933 Act and Rule 158 thereunder; and

(s) cooperate and assist in any filings required to be made with the NASD and in the performance of any due diligence investigation by any underwriter and its counsel.

In the case of a Shelf Registration Statement, the Company may (as a condition to such Holder's participation in the Shelf Registration) require each Holder of Transfer Restricted Notes to furnish to the Company such information regarding such Holder (and if such Holder is not the beneficial owner, the beneficial owner) and the proposed distribution by such Holder (and if such Holder is not the beneficial owner, the beneficial owner) of such Transfer Restricted Notes as the Company may from time to time reasonably request in writing.

In the case of a Shelf Registration Statement or the filing of a Broker Shelf Registration Statement or, during the Broker Prospectus Period only, in the case of an Exchange Offer Registration Statement, each Holder agrees that, upon receipt of any notice from the Company of the happening of any event or the discovery of any facts, each of the kind described in Section 3(e)(ii)-(vii) hereof, such Holder will forthwith discontinue disposition of Transfer Restricted Notes pursuant to such Registration Statement until such Holder's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 3(k) hereof, and, if so directed by the Company, such Holder will deliver to the Company (at the Company's expense) all copies in its possession, other than permanent file copies then in such Holder's possession, of the Prospectus covering such Transfer Restricted Notes current at the time of receipt of such notice. Each Holder agrees to keep confidential the cause of any such notice of suspension or other information provided to them by the Company with respect thereto or any other event which would materially adversely affect the Company.

If any such Registration Statement refers to any Holder by name or otherwise as the holder of any securities of the Company, then such Holder shall have the right to require (i) the insertion therein of language, in form and

substance satisfactory to such Holder, to the effect that the holding by such Holder of such securities is not to be construed as a recommendation by such Holder of the investment quality of the Company's securities covered thereby and that such holding does not imply that such Holder will assist in meeting any future financial requirements of the Company, or (ii) in the event that such

reference to such Holder by name or otherwise is not required by the Securities Act or any similar federal statute then in force, the deletion of the reference to such Holder.

4. Underwritten Registrations. (a) If any of the Transfer Restricted Notes covered by any Shelf Registration are to be sold in an underwritten offering, the investment banker or investment bankers and manager or managers that will manage the offering will be selected by the Majority Holders of such Transfer Restricted Notes included in such offering, provided such banker or manager is acceptable to the Company, acting reasonably.

(b) No Holder of Transfer Restricted Notes may participate in any underwritten registration hereunder unless such Holder (a) agrees to sell such Holder's Transfer Restricted Notes on the basis provided in any underwriting arrangements approved by the Persons entitled

hereunder to approve such arrangements and (b) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents required under the terms of such underwriting arrangements.

(c) Notwithstanding anything to the contrary contained herein, (i) the Company shall not be required to cooperate with an underwritten offering unless a request for an underwritten offering is made by holders of 33-1/3% of Transfer Restricted Notes outstanding, (ii) the Company shall not be obligated to cooperate with more than one underwritten offering pursuant to this Agreement, (iii) upon receipt of a request to prepare and file an amendment or supplement to a Registration Statement and Prospectus in connection with an underwritten offering, the Company may delay the filing of any such amendment or supplement for up to 120 days if the Company in good faith has a valid business reason for such delay provided that nothing in this clause (iii) limits the Company's obligations under Section 2(d)(iii), and (iv) the Company shall not be required to pay more than an aggregate of $200,000 of Registration Expenses, in addition to internal expenses of the Company (including, without limitation, salaries of officers and employees performing legal and accounting duties) in connection with any such underwritten offering.

5. Indemnification and Contribution. (a) Each of the Company and the Guarantors, jointly and severally, agrees to indemnify and hold harmless the Initial Purchasers, each Holder, including Participating Broker-Dealers, each underwriter who participates in an offering of Transfer Restricted Notes, their respective affiliates, and their respective directors, officers, employees, agents and each Person, if any, who controls any of such parties within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement (or any amendment thereto) pursuant to which Exchange Notes or Transfer Restricted Notes were registered under the 1933 Act, including all documents incorporated therein by reference, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or arising out of any untrue statement or alleged untrue statement of a material fact contained in any Prospectus (or any amendment or supplement thereto) or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever, in each case, based upon any such untrue statement or omission, or any such alleged untrue statement or omission; provided that

(subject to Section 5(d) below) any such settlement is effected with the written consent of the Company; and

(iii) against any and all expenses whatsoever, as incurred (including the reasonable fees and disbursements of one counsel chosen by any indemnified party), reasonably incurred in investigating, preparing or defending against any litigation, or any investigation or proceeding by any court or governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under subparagraph (i) or (ii) of this Section 5(a);

provided, however, that this indemnity agreement does not apply to any loss, liability, claim, damage or expense to the extent (i) arising out of an untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company by the Initial Purchasers, any Holder, including Participating Broker-Dealers, or any underwriter expressly for use in the Registration Statement (or any amendment thereto) or the Prospectus (or any amendment or supplement thereto) or (B) resulting from the use of the Prospectus during a period when the use of the Prospectus has been suspended in accordance with Section 2(d)(iii), Section 3(e)(v) and the penultimate paragraph of Section 3 hereof, provided, in each case, that Holders received prior notice of such suspension.

(b) In the case of a Shelf Registration or Broker Shelf Registration Statement, each Holder agrees, severally and not jointly, to indemnify and hold harmless the Company, the Initial Purchasers, each underwriter who participates in an offering of Transfer Restricted Notes and the other selling Holders and each of their respective directors and officers (including each officer of the Company who signed the Registration Statement) and each Person, if any, who controls the Company, the Initial Purchasers, any underwriter or any other selling Holder within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act, against any and all loss, liability, claim, damage and expense described in the indemnity contained in Section 5(a) hereof, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto) or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with written information furnished to the Company by such Holder expressly for use in the Registration Statement (or any amendment thereto), or the Prospectus (or any amendment or supplement thereto); provided, however, that no such Holder shall be liable for any claims hereunder in excess of the amount of net proceeds received by such Holder from the sale of Transfer Restricted Notes pursuant to such Shelf Registration Statement.

(c) In case any action shall be commenced involving any Person in respect of which indemnity may be sought pursuant to either paragraph (a) or (b) above, such Person (the "indemnified party") shall give notice as promptly as reasonably practicable to each Person against whom such indemnity may be sought (the "indemnifying party"), but failure to so notify an indemnifying party shall not relieve such indemnifying party from any liability hereunder to

the extent it is not materially prejudiced as a result thereof and in any event shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. In the case of parties indemnified pursuant to Section 5(a) above, counsel to the indemnified parties shall (subject to the following sentence) be selected by Goldman, Sachs & Co., and, in the case of parties indemnified pursuant to Section 5(b) above, counsel to the indemnified parties shall be selected by the Company. In case any such action is brought against any indemnified party, and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof with counsel satisfactory to such indemnified party; provided, that if the defendants in any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there may be one or more legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party, the indemnifying party shall not have the right to direct the defense of such action on behalf of such indemnified party or parties and such indemnified party or parties shall have the right to select separate counsel to defend such action on behalf of such indemnified party or parties. In no event shall the indemnifying parties be liable for fees and expenses of more than one counsel (in addition to any local counsel) separate from their own counsel for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances; after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof and approval by such indemnified party of counsel appointed to defend such action, the indemnifying party will not be liable to such indemnified party under this Section 5 for any legal or other expenses, other than reasonable costs of investigation, subsequently incurred by such indemnified party in connection with the defense thereof, unless (i) the indemnified party shall have employed separate counsel in accordance with the provisos to the preceding sentence (it being understood, however, that in connection with such action the indemnifying party shall not be liable for the expenses of more than one separate counsel (in addition to local counsel) in any one action or separate but substantially similar actions in the same jurisdiction arising out of the same general allegations or circumstances, designated by Goldman, Sachs & Co. in the case of paragraph (a) of this Section 5, representing the indemnified parties under such paragraph (a) who are parties to such action or actions) or (ii) the indemnifying party does not promptly retain counsel satisfactory to the indemnified party or (iii) the indemnifying party has authorized the employment of counsel for the indemnified party at the expense of the indemnifying party. The indemnifying party will not be liable for the costs and expenses of any settlement of such action effected by such indemnified party without the consent of the indemnifying party.

No indemnifying party shall, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding, by any governmental agency or body, commenced or threatened, or any claim whatsoever in respect of which indemnification or contribution could be sought under this Section 5 (whether or not the indemnified parties are actual or potential parties thereto), unless such settlement, compromise or consent (i) includes an unconditional

release of each indemnified party from all liability arising out of such litigation, investigation, proceeding or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) If at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel, such indemnifying party agrees that it shall be liable for any settlement of the nature contemplated by Section 5(a)(ii) hereof effected without its written consent if (i) such settlement is entered into more than 45 days after receipt by such indemnifying party of the aforesaid request, (ii) such indemnifying party shall have received notice of the terms of such settlement at least 30 days prior to such settlement being entered into and
(iii) such indemnifying party shall not have reimbursed such indemnified party in accordance with such request prior to the date of such settlement.

(e) If the indemnification provided for in any of the indemnity provisions set forth in this Section 5 is for any reason unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, liabilities, claims, damages or expenses referred to therein, then each indemnifying party shall contribute to the aggregate amount of such losses, liabilities, claims, damages and expenses incurred by such indemnified party, as incurred, in such proportion as is appropriate to reflect the relative fault of such indemnifying party or parties on the one hand, and such indemnified party or parties on the other hand, in connection with the statements or omissions which resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations. The relative fault of such indemnifying party or parties on the one hand, and such indemnified party or parties on the other hand shall be determined by reference to, among other things, whether any such untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by such indemnifying party or parties or such indemnified party or parties and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company, the Guarantors, the Initial Purchasers and the Holders of the Transfer Restricted Notes agree that it would not be just and equitable if contribution pursuant to this Section 5 were determined by pro rata allocation (even if the Holders were treated as one entity, for such purpose) or by another method of allocation which does not take account of the equitable considerations referred to above in
Section 5. The aggregate amount of losses, liabilities, claims, damages and expenses incurred by an indemnified party and referred to above in this Section 5 shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue or alleged untrue statement or omission or alleged omission. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 5, each Person, if any, who controls any Initial Purchaser or Holder within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as such Initial Purchaser or Holder, and each director of the Company, each officer of the Company

who signed the Registration Statement, and each Person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as the Company.
Notwithstanding the provisions of this Section 5(e), no Holder shall be required to contribute any amount in excess of the amount by which the net proceeds received by such Holder from the sale of Transfer Restricted Notes exceeds the amount of any damages that such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission.

6. Miscellaneous. (a) Rule 144 and Rule 144A. For so long as the Company is subject to the reporting requirements of Section 13 or 15(d) of the 1934 Act, the Company covenants that it will file the reports required to be filed by it under Section 13(a) or 15(d) of the 1934 Act and the rules and regulations adopted by the SEC thereunder, and that if it ceases to be so required to file such reports, it will upon the request of any Holder of Transfer Restricted Notes (i) make publicly available such information as is necessary to permit sales pursuant to Rule 144 under the 1933 Act, (ii) deliver such information to a prospective purchaser as is necessary to permit sales pursuant to Rule 144A under the 1933 Act and take such further action as any Holder of Transfer Restricted Notes may reasonably request, and (iii) take such further action that is reasonable in the circumstances, in each case, to the extent required from time to time to enable such Holder to sell its Transfer Restricted Notes without registration under the 1933 Act within the limitation of the exemptions provided by (x) Rule 144 under the 1933 Act, as such Rule may be amended from time to time, (y) Rule 144A under the 1933 Act, as such Rule may be amended from time to time, or (z) any similar rules or regulations hereafter adopted by the SEC. Upon the written request of any Holder of Transfer Restricted Notes, the Company will deliver to such Holder a written statement as to whether it has complied with such requirements.

(b) No Inconsistent Agreements. The Company has not entered into nor will it on or after the date of this Agreement enter into any agreement which is inconsistent with the rights granted to the Holders of Transfer Restricted Notes in this Agreement or otherwise conflicts with the provisions hereof. The rights granted to the Holders hereunder do not in any way conflict with and are not inconsistent with the rights granted to the holders of the Company's other issued and outstanding securities under any such agreements.

(c) Amendments and Waivers. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given unless the Company has obtained the written consent of Holders of at least a majority in aggregate principal amount of the outstanding Transfer Restricted Notes affected by such amendment, modification, supplement, waiver or departure; provided, however, that no amendment, modification, supplement or waiver or consent to any departure from the provisions of Section 5 hereof shall be effective as against any Holder of Transfer Restricted Notes unless consented to in writing by such Holder.

(d) Notices. All notices and other communications provided for or permitted hereunder shall be made in writing by hand-delivery, registered first- class mail, telecopier, or any courier guaranteeing overnight delivery (i) if to a Holder (other than an Initial Purchaser), at the most current address set forth on the records of the Registrar under the Indenture, (ii) if to an Initial Purchaser, at the most current address given by such Initial Purchaser to the Company by means of a notice given in accordance with the provisions of this Section 6(d), which address initially is the address set forth in the Purchase Agreement; and (iii) if to the Company, initially at the address set forth in the Purchase Agreement and thereafter at such other address, notice of which is given in accordance with the provisions of this Section 6(d).

All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five business days after being deposited in the mail, postage prepaid, if mailed; when receipt is acknowledged, if telecopied; and on the next business day if timely delivered to an air courier guaranteeing overnight delivery.

(e) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors, assigns and transferees of each of the parties, including, without limitation and without the need for an express assignment, subsequent Holders; provided that nothing herein shall be deemed to permit any assignment, transfer or other disposition of Transfer Restricted Notes in violation of the terms hereof or of the Purchase Agreement or the Indenture. If any transferee of any Holder shall acquire Transfer Restricted Notes, in any manner, whether by operation of law or otherwise, such Transfer Restricted Notes shall be held subject to all of the terms of this Agreement, and by taking and holding such Transfer Restricted Notes, such Person shall be conclusively deemed to have agreed to be bound by and to perform all of the terms and provisions of this Agreement, including the restrictions on resale set forth in this Agreement and, if applicable, the Purchase Agreement, and such Person shall be entitled to receive the benefits hereof.

(f) Third Party Beneficiary. The Holders shall be third party beneficiaries to the agreements made hereunder between the Company on the one hand, and the Initial Purchasers, on the other hand, and shall have the right to enforce such agreements directly to the extent it deems such enforcement necessary or advisable to protect its rights or the rights of Holders hereunder.

(g) Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(h) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(i) GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND **CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.**

(j) Entire Agreement. This Agreement embodies the entire agreement and understanding between the Company and each other party hereto relating to the subject matter hereof and supersedes all prior agreements and understandings relating to such subject matter.

(k) Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

[signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

UNITED RENTALS (NORTH AMERICA), INC.

By_____
Name: Michael J. Nolan
Title: Chief Financial Officer

GUARANTORS:

A&A TOOL RENTALS & SALES, INC.

ACG, INC.
ADCO EQUIPMENT, INC.
ARROW EQUIPMENT COMPANY
BAKERSFIELD COMPACTION EQUIPMENT
BLAST ABRASIVES AND EQUIPMENT CORP.
BNR EQUIPMENT, INC.
CHURCHMAN EQUIPMENT CO.
CORAN ENTERPRISES, INCORPORATED
DEALERS SERVICE COMPANY
EMPIRE EQUIPMENT RENTAL & READY MIX,INC.
FORTE, INC.
GRAND VALLEY EQUIPMENT CO.
HIGH REACH CO., INC.
INDEPENDENT SCISSOR LIFTS, INC.
JBK, INC.
KUBOTA OF GRAND RAPIDS, INC.
MADISON EQUIPMENT SALES AND RENTAL, INC.
MARK EQUIPMENT, INC.
MERCER EQUIPMENT COMPANY
MISCO RENTS, INC.
MISSION VALLEY RENTALS, INC.
PALMER EQUIPMENT COMPANY, INC.
PAUL E. CARLSON, INC.
POWERS RENTALS & SALES, INC.
RENTALS TOOLS & EQUIPMENT CO.
INTERNATIONAL, INC.
RENTALS UNLIMITED, INCORPORATED
ROSEDALE EQUIPMENT RENTAL, INC.
SPACE MAKER SYSTEMS OF VA., INC.
THOESEN EQUIPMENT INC.
TOOL CENTER OF TEXAS, INC.
TOOL SHED OF GREENFIELD, INC.
TOOL SHED OF INDIANAPOLIS, INC.

TRENCH SAFETY EQUIPMENT CORP.
UNITED EQUIPMENT RENTAL OF HOUSTON, INC.
UNITED RENTALS, INC.
UNITED RENTALS AERIAL EQUIPMENT, INC.
UNITED RENTALS OF COLORADO, INC.
UNITED RENTALS OF KENTUCKY, INC.
UNITED RENTALS OF NEVADA, INC.
UNITED RENTALS OF NEW ENGLAND, INC.
UNITED RENTALS OF SOUTHERN CALIFORNIA, INC.
UNITED RENTALS OF UTAH, INC.
UNITED RENTALS NORTHWEST, INC.
U.S. RENTALS, INC.
CALIFORNIA EQUIPMENT RENTAL CO.
WESTSIDE RENTALS, INC.
W-W RENTALS, INC.
WYNNE SYSTEMS, INC.

By:_____ Name: Michael J. Nolan Title: Vice President and Secretary

Confirmed and accepted as of
the date first above written:

GOLDMAN, SACHS & CO.
DONALDSON, LUFKIN & JENRETTE
SECURITIES CORPORATION
NATIONSBANC MONTGOMERY SECURITIES LLC

By: GOLDMAN, SACHS & CO.

By:_____
Authorized Signatory

UNITED RENTALS (NORTH AMERICA), INC.

Except as otherwise indicated, 100% of the voting stock of each of the Subsidiaries listed below is owned by its parent.

Name of Subsidiary	State of Incorporation
A&A Tool Rentals & Sales, Inc.	California
ACG, Inc.	Indiana
Adco Equipment, Inc.	California
Arrow Equipment Corporation	Illinois
Bakersfield Compaction Equipment	California
Blast Abrasives and Equipment Corp.	Indiana
BNR Equipment, Inc.	New York
Churchman Equipment Co.	Indiana
Coran Enterprises, Incorporated (d/b/a A-1Rents)	California
Dealers Service Company	New Jersey
Empire Equipment Rental & Ready Mix, Inc.	California
Forte, Inc.	Washington
Grand Valley Equipment Co.	Michigan
High Reach Co., Inc.	Pennsylvania
Independent Scissor Lifts, Inc.	California
JBK, Inc.	Ohio
Kubota of Grand Rapids, Inc.	Michigan
Madison Equipment Sales and Rental, Inc.	Alabama
Mark Equipment, Inc.	Alabama
Mercer Equipment Company	North Carolina
Misco Rents, Inc.	Indiana
Mission Valley Rentals, Inc.	California
Palmer Equipment Company, Inc.	Michigan
Paul E. Carlson, Inc.	Minnesota
Powers Rentals & Sales, Inc.	California
Rentals Tools & Equipment Co. International, Inc.	Maryland
Rentals Unlimited, Incorporated	Rhode Island
Rosedale Equipment Rental, Inc.	California
Space Maker Systems of Va., Inc.	Virginia
Thoesen Equipment Inc.	Illinois

Name of Subsidiary	State of Incorporation
Tool Center of Texas, Inc.	Texas
Tool Shed of Greenfield, Inc.	Indiana
Tool Shed of Indianapolis, Inc.	Indiana
Trench Safety Equipment Corp.	Arizona
United Equipment Rental of Houston, Inc. (formerly J&J Rentals Services Inc.)	Texas
United Rentals, Inc.	Washington
United Rentals Aerial Equipment, Inc. (formerly United Rentals of New Jersey, Inc.)	Delaware
United Rentals of Colorado, Inc. (formerly Santa Fe Supply & Rental, Inc.)	Colorado
United Rentals of Kentucky, Inc.	Kentucky
United Rentals of Nevada, Inc. (formerly Nevada High Reach, Inc.)	Nevada
United Rentals of New England, Inc.	New York
United Rentals of Southern California, Inc. (d/b/a Able Equipment) (formerly Rental Equipment, Inc.)	California
United Rentals of Utah, Inc.	Utah
United Rentals Northwest, Inc. (formerly High Reach, Inc.)	Oregon
U.S. Rentals, Inc.	Delaware
California Equipment Rental Co.	California
Westside Rentals, Inc.	Tennessee
W-W Rentals, Inc.	Tennessee
Wynne Systems, Inc.	California

NOTES REGISTRATION RIGHTS AGREEMENT

Dated as of March 23, 1999

among

United Rentals (North America), Inc.
Company

and

The Subsidiaries Named in the Schedule hereto

Guarantors

and

Goldman, Sachs & Co.,

Donaldson, Lufkin & Jenrette Securities Corporation and NationsBanc Montgomery Securities LLC

Initial Purchasers

Table of Contents

		Page
1.	Definitions	1
	1933 Act	1
	1934 Act	1
	Broker Prospectus Period	1
	Broker Shelf Registration Statement	1
	Depositary	1
	Exchange Notes	1
	Exchange Offer	2
	Exchange Offer Registration	2
	Exchange Offer Registration Statement	2
	Exchange Period	2
	Holders	2
	Holders' Counsel	2
	Indenture	2
	Initial Purchasers	2
	Majority Holders	2
	Original Issue Date	3
	Participating Broker-Dealer	3
	Person	3
	Prospectus	3
	Purchase Agreement	3
	Registration Default	3
	Registration Expenses	3
	Registration Statement	4
	SEC	4
	Shelf Registration	4
	Shelf Registration Statement	4
	Transfer Restricted Notes	5
	Trustee	5
2.	Registration Under the 1933 Act	5
	(a) Exchange Offer Registration	5
	(b) Shelf Registration	7
	(c) Expenses	9
	(d) Effective Registration Statement	9

(e) Accrual and Payment of Additional Interest 11
(f) Specific Enforcement..... 12

3. Registration Procedures..... 12

4. Underwritten Registrations..... 21

5. Indemnification and Contribution..... 22

6. Miscellaneous..... 26
(a) Rule 144 and Rule 144A..... 26
(b) No Inconsistent Agreements..... 26
(c) Amendments and Waivers..... 26
(d) Notices..... 27
(e) Successors and Assigns..... 27
(f) Third Party Beneficiary..... 27
(g) Counterparts..... 27
(h) Headings..... 28
(i) GOVERNING LAW..... 28
(j) Entire Agreement..... 28
(k) Severability..... 28

EXHIBIT 10(y)

UNITED RENTALS, INC.

SERIES A PERPETUAL CONVERTIBLE PREFERRED STOCK,
$.01 Par Value

PREFERRED STOCK PURCHASE AGREEMENT

December 21, 1998

TABLE OF CONTENTS

		Page
1.	Authorization of Stock	2
2.	Sale and Purchase of Stock	2
3.	Closing; Payment of Purchase Price	3
4.	Conditions to Closing	3
	4.1 Representations and Warranties	4
	4.2 Performance; No Default	4
	4.3 Compliance Certificates	4
	4.4 Opinion of Counsel	4
	4.5 Certificate of Designation	4
	4.6 Registration Rights Agreement	4
	4.7 [omitted]	4
	4.8 [omitted]	4
	4.9 No Actions Pending	5
	4.10 Compliance with Securities Laws	5
	4.11 Proceedings and Documents	5
	4.12 Reservation of Common Stock	5
	4.13 Payment of Fees and Expenses	5
	4.14 HSR Act	5
5.	Representations and Warranties	5
	5.1 Organization, Standing, etc	6
	5.2 Subsidiaries	6
	5.3 Qualification	6
	5.4 Business; Financial Statements	6
	5.5 Changes, etc	7
	5.6 Capital Stock and Related Matters	7
	5.7 Tax Returns and Payments	8
	5.8 Indebtedness of the Company	8
	5.9 Title to Properties, Liens	9
	5.10 Litigation, etc	9
	5.11 Compliance with Other Instruments, etc	9
	5.12 Governmental Consents, etc	10

5.13 Offering of Securities..... 11
5.14 Certain Fees..... 11
5.15 Investment Company Act..... 11
5.16 Disclosure..... 11
5.17 Enforceability..... 12
5.18 [omitted]..... 12
5.19 Integration..... 12
5.20 Manipulation..... 12
5.21 Acquired Companies..... 12
5.22 Intellectual Property..... 12
5.23 Government Licenses..... 13
5.24 Environmental Laws..... 13
5.25 Insurance..... 14
5.26 Internal Controls..... 14
5.27 ERISA..... 14
5.28 Year 2000 Compliance..... 15

6. Investment Representations..... 15
6.1 Acquisition for Own Account..... 15
6.2 Ability to Protect Own Interests..... 15
6.3 Accredited Investor..... 16
6.4 Access to Information..... 16
6.5 No Brokers..... 16
6.6 Compliance with Laws..... 16

7. Affirmative Covenants..... 16
7.1 Exchange Act and Securities Act Filings..... 16
7.2 Certificates; Other Information..... 17
7.3 [omitted]..... 17
7.4 [omitted]..... 17
7.5 Inspection of Property; Books and Records; Discussions..... 17
7.6 Notices..... 17
7.7 Reservation of Common Stock..... 18
7.8 Availability of Information..... 18
7.9 Public Announcements..... 18

8. Registration, Transfer and Substitution of Certificates for Stock..... 18
8.1 Stock Register; Ownership of Stock..... 18
8.2 Replacement of Certificates..... 19

8.3 Restrictive Legends..... 19
8.4 Notice of Proposed Transfer; Opinions of Counsel..... 20
8.5 Termination of Restrictions..... 21

9. Definitions..... 21
9.1 Certain Defined Terms..... 21
9.2 Accounting Terms..... 25
9.3 Other Provisions Regarding Definitions..... 25

10. Expenses, etc..... 25

11. Survival of Representations and Warranties and Indemnification; Certain Limitations..... 26

12. Amendments and Waivers..... 26

13. Notices, etc..... 26

14. Indemnification..... 27

15. Termination..... 28

16. Miscellaneous..... 28

Exhibit A Form of Restated Certificate of Incorporation

Exhibit B Form of Opinion of Counsel for the Company

Exhibit C Form of Opinion of Counsel for the Company

Exhibit D Form of Registration Rights Agreement

Exhibit E Subsidiaries of the Company, exceptions to representations and warranties

Exhibit F Indebtedness of the Company and the Subsidiaries

United Rentals, Inc. Four Greenwich Office Park, Greenwich, CT 06830

December 21, 1998

Apollo Investment Fund IV, L.P.
Apollo Overseas Partners IV, L.P.
c/o Apollo Management IV, L.P.
1301 Avenue of the Americas, 38th Floor
New York, NY 10019

Dear Sirs:

United Rentals, Inc., a Delaware corporation (the "Company"), agrees with Apollo Investment Fund IV, L.P. and Apollo Overseas Partners IV, L.P. (together, the "Purchasers") as follows:

1. Authorization of Stock. The Company will authorize the issue and sale of 300,000 shares (the "Shares", such term to include any such shares issued in substitution therefor pursuant to section 8) of its Series A Perpetual Convertible Preferred Stock, $.01 par value, to be designated as its "Series A Perpetual Convertible Preferred Stock" (the "Stock"). The relative rights, preferences and limitations of the Stock, including, without limitation, the right to convert Shares into shares of the Company's common stock, par value $.01 per share (the "Common Stock"), will be as set forth in the form of the Certificate of Designation of the Stock of the Company attached as Exhibit A hereto (the "Certificate of Designation"). Certain capitalized terms used in this Agreement are defined in Section 9; references to a "Schedule" or an "Exhibit" are, unless otherwise specified, to a Schedule or an Exhibit attached to this Agreement and references to a "section" are, unless otherwise specified, to one of the sections of this Agreement.

2. Sale and Purchase of Stock. The Company will issue and sell to the Purchasers and, subject to the terms and conditions of this Agreement, the

Purchasers will purchase from the Company, at the Closing provided for in section 3, the Shares at a purchase price of $ 1,000 per share.

3. Closing, Payment of Purchase Price. The sale of the Shares to be purchased by the Purchasers shall take place at the offices of Skadden, Arps, Slate, Meagher & Flom LLP, 919 Third Avenue, New York, New York 10022, at 10: 00 a.m., New York City time, at a closing (the "Closing") on the first Business Day after the conditions to closing set forth in Section 4 (other than those to be satisfied at the Closing, which shall be satisfied or waived at the Closing) have been satisfied or waived by the party entitled to waive such condition or on such other Business Day thereafter or prior to such date as may be agreed upon by the Company and the Purchasers, provided that in no event shall the Closing occur earlier than the 11th Business Day following the date of this Agreement.

The names in which the Company will register the shares of the Stock to be purchased at the Closing are as set forth in Exhibit 1. At the Closing, the Company will deliver to the Purchasers the Shares to be purchased by the Purchasers in the form of a single certificate (or such greater number of certificates representing such Shares as the Purchasers may request) dated the date of the Closing and registered in the names aforesaid, and the Purchasers jointly and severally shall deliver to the Company or its order immediately available funds in the amount of the purchase price for such Shares. If at the Closing the Company shall fail to tender to the Purchasers the Shares to be purchased by the Purchasers, as provided above in this Section 3, or any of the conditions specified in Section 4 shall not have been fulfilled to the Purchasers' reasonable satisfaction, the Purchasers shall, at their election, be relieved of all further obligations under this Agreement, without thereby waiving any other rights the Purchasers may have by reason of such failure or such nonfulfillment. If at the Closing, Purchasers shall fail to tender to the Company the purchase price for the Shares, as provided above in this Section 3, other than on account of any of the conditions specified in section 4 not having been fulfilled to the Purchasers' satisfaction or on account of the breach by the Company of any of its obligations under this Agreement, the Company shall, at its election, be relieved of all further obligations under this Agreement, without thereby waiving any other rights the Company may have by reason of such failure.

4. Conditions to Closing. The Purchasers' obligation to purchase and pay for the Shares to be sold to the Purchasers at the Closing is subject to the fulfillment to their reasonable satisfaction, prior to or concurrently with the Closing, of the following conditions:

4.1 Representations and Warranties. The representations and warranties of the Company contained in this Agreement shall be in all material respects correct when made and at the time of the Closing, except as affected by the consummation of the transactions contemplated by this Agreement.

4.2 Performance, No Default. The Company shall have performed and complied in all material respects with all agreements and conditions contained in this Agreement required to be performed or complied with by it prior to or at the Closing.

4.3 Compliance Certificates. The Company shall have delivered to the Purchasers an Officers' Certificate, dated the date of the Closing, certifying that the conditions specified in sections 4.1 and 4.2 have been fulfilled.

4.4 Opinion of Counsel. The Purchasers shall have received the favorable opinions, dated the date of the Closing and reasonably satisfactory in substance and form to the Purchasers from Ehrenreich, Eilenberg Krause & Zivian LLP and Weil, Gotshal & Manges LLP, counsel for the Company, substantially in the form set forth in Exhibits B and C and covering such other matters incident to the transactions contemplated by this Agreement as the Purchasers or their counsel may reasonably request.

4.5 Certificate of Designation. The Certificate of Designation shall have been duly filed under the laws of the State of Delaware, and the Restated Certificate of Incorporation of the Company, as amended by the Certificate of Designation, shall be in full force and effect, and shall not have been otherwise amended or modified.

4.6 Registration Rights Agreement. The Purchasers shall have received a fully executed counter-part of the Registration Rights Agreement substantially in the form set out in Exhibit D (the "Registration Rights Agreement"), such agreement shall be in full force and effect and no term or condition thereof shall have been amended, modified or waived.

4.7 [omitted]

4.8 [omitted]

4.9 No Actions Pending. There shall be no suit, action, investigation, inquiry or other proceeding by any Governmental Authority or any other Person or any other legal or administrative proceeding pending or to the knowledge of the Company threatened which questions the validity or legality of the transactions contemplated by this Agreement, or seeks damages in connection therewith.

4.10 Compliance with Securities Laws. The offering and sale by the Company, at or prior to the Closing, of the Shares pursuant to this Agreement shall have been made in compliance with all applicable requirements of federal and state securities laws and the Purchasers shall have received evidence thereof in form and substance reasonably satisfactory to the Purchasers.

4.11 Proceedings and Documents. All corporate and other proceedings in connection with the transactions contemplated by this Agreement and all documents and instruments incident to such transactions shall be reasonably satisfactory to the Purchasers and their counsel, and the Purchasers and their counsel shall have received all such counterpart originals or certified or other copies of such documents as the Purchasers or their counsel may reasonably request.

4.12 Reservation of Common Stock. The shares of Common Stock initially issuable upon conversion of the Stock shall have been duly authorized and reserved for issuance upon conversion of the Stock.

4.13 Payment of Fees and Expenses. The Company shall have paid the Purchasers on or before the Closing (a) a fee equal to 1% of the purchase price of the Stock and (b) the costs and expenses provided for in Section 10 hereof, provided that the Purchasers shall have provided to the Company a statement of its estimated costs and expenses at least one Business Day prior to the Closing.

4.14 HSR Act. Any waiting period (and any extension thereof) under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, applicable to this Agreement and the transactions contemplated hereby shall have expired or been terminated.

5. Representations and Warranties. Except as disclosed in Exhibit E, the Company represents and warrants that:

5.1 Organization, Standing, etc. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate power and authority to own and operate its properties, to carry on its business as now conducted and as proposed to be conducted, to enter into and perform all of its obligations under this Agreement and each of the Collateral Agreements to which it is a party, to issue and sell the Shares to be issued and sold at the Closing and to carry out the transactions contemplated hereby or thereby.

5.2 Subsidiaries. Exhibit E correctly lists as to each Subsidiary of the Company on the date of this Agreement (a) its name, (b) the jurisdiction of its incorporation and (c) the percentage of its issued and outstanding shares owned by the Company or by another Subsidiary of the Company (specifying such other Subsidiary), as the case may be. Each Subsidiary of the Company is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has all requisite corporate power and authority to own and operate its properties and to carry on its business as now conducted and as proposed to be conducted. All the outstanding shares of capital stock of each Subsidiary of the Company are validly issued, fully paid and nonassessable, and all such shares indicated in Exhibit E as owned by the Company or by a Subsidiary of the Company are so owned beneficially and of record by the Company or by such Subsidiary, as the case may be, free and clear of any Lien except as indicated in Exhibit E.

5.3 Qualification. Each of the Company and its Subsidiaries is duly qualified and in good standing as a foreign corporation authorized to do business in each jurisdiction (other than the jurisdiction of its incorporation) in which the nature of its activities or the character of the properties it owns or leases makes such qualification necessary and in which the failure so to qualify would have a Material Adverse Effect. A "Material Adverse Effect 'shall mean any effect that is materially adverse to the properties, business, results of operations or financial condition of the Company and its Subsidiaries taken as a whole.

5.4 Business; Financial Statements. The Company has delivered to the Purchasers complete and correct copies of the audited supplemental consolidated balance sheets of the Company and its Subsidiaries as of December 31, 1997 and December 31, 1996, and the related audited supplemental consolidated statements of operations, stockholders' equity and cash flows of the Company and its Subsidiaries for the years ended December 31, 1997, 1996 and 1995. Such audited

financial statements are hereinafter referred to as the "Financial Statements." The Financial Statements are accompanied by the report of Ernst & Young LLP 1997 and 1996 and by the report of Price Waterhouse Coopers for 1995, which state that the Financial Statements have been prepared in accordance with GAAP consistently applied throughout the periods involved (except as otherwise specified therein) and present fairly the financial position of the corporations to which they relate as of the respective dates specified and the results of their operations and changes in financial position for the respective periods specified, and that the audit by such accountants of the Financial Statements has been made in accordance with generally accepted auditing standards. The Company has also delivered to the Purchasers complete and correct copies of the unaudited consolidated balance sheet of the Company and its Subsidiaries as of September 30, 1998, and the related unaudited consolidated statement of operations, stockholders' equity and cash flows of the Company and its Subsidiaries for the three month period ended on such date. Such unaudited financial statements are hereinafter referred to as the "Unaudited Statements." The Unaudited Statements have been prepared in accordance with GAAP consistently applied throughout the periods involved (except as otherwise specified therein) and present fairly the financial position of the Company and its Subsidiaries as of the respective dates specified, and the results of their operations and changes in cash flows for the respective periods specified. As of the date of this Agreement, the Purchasers are not aware that this representation is incorrect in any material respect.

5.5 Changes, etc. Since September 30, 1998, neither the Company nor any of the Subsidiaries has sustained any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree which would be material to the Company and the Subsidiaries taken as a whole, otherwise than as reserved for as disclosed in the Company's financials statements; and there has not been any change in the capital stock of the Company or increase in the long-term debt (other than accretion or scheduled repayments thereof) of the Company and the Subsidiaries taken as a whole, or any material adverse change which has had a Material Adverse Effect, in each case otherwise than as set forth on Exhibit E.

5.6 Capital Stock and Related Matters. At the time of the Closing and after giving effect to the transactions contemplated by this Agreement, the authorized capital stock of the Company will consist of (a) 500,000,000 shares of Common Stock, of which approximately 68,500,000 shares will be outstanding,
(b) 300,000 shares of Series A Perpetual Convertible Preferred Stock, of which

300,000 shares will be outstanding, and (c) 4,700,000 shares of preferred stock, undesignated as to terms, none of which are outstanding. The Company is obligated to issue Common Stock on conversion of debentures held by United Rentals Trust 1, a business trust organized under Delaware law. The Common Stock and the Stock are hereinafter collectively referred to as "Capital Stock". All of the outstanding shares of Capital Stock are, and at the Closing will be, validly issued and outstanding, fully paid and non-assessable. Except as set forth above and on Exhibit E, the Company has no outstanding stock or securities convertible into or exchangeable for any shares of its Capital Stock, or any outstanding rights (either preemptive or other) to subscribe for or to purchase, or any outstanding options for the purchase of, or any agreements providing for the issuance (contingent or otherwise) of, or any outstanding calls, commitments or claims of any character relating to, any Capital Stock or any stock or securities convertible into or exchangeable for any Capital Stock of the Company. Except as set forth on Exhibit E, the Company is not subject to any obligation (contingent or otherwise) to repurchase or otherwise acquire or retire any shares of its Capital Stock or any convertible securities, rights or options of the type described in the preceding sentence. Neither the Company nor any of its Subsidiaries is a party to, or has knowledge of, any agreement (except as set forth on Exhibit E) restricting the transfer of any shares of the Company's Capital Stock which would affect the transferability of the Common Stock issuable upon conversion of the Stock.

5.7 Tax Returns and Payments. The Company and each of the Subsidiaries have filed all necessary federal, state, local and foreign income, payroll, franchise and other tax returns (after giving effect to extensions) and have paid all taxes shown as due thereon (except where the failure to so file or pay would not, singly or in the aggregate, have a Material Adverse Effect), and there is no tax deficiency that has been, or to the knowledge of the Company is likely to be, asserted against the Company, any of the Subsidiaries or any of their properties or assets that would result in a Material Adverse Effect, except for taxes that are being contested in good faith by appropriate proceedings and with respect to which the Company has established adequate reserves in accordance with United States generally accepted accounting principles.

5.8 Indebtedness of the Company. Exhibit F correctly describes all secured and unsecured Indebtedness of the Company and its Subsidiaries (other than intercompany items) outstanding, or for which the Company or one of its Subsidiaries has commitments, which is individually in excess of $5,000,000 ("Significant Indebtedness") (excluding operating leases), on the date of this Agree-

ment. The secured and unsecured Indebtedness of the Company and its Subsidiaries (other than intercompany items, and other than Significant Indebtedness) outstanding, or for which the Company or one of its Subsidiaries has commitments does not in the aggregate exceed $1,600,000,000 on the date of this agreement. Neither the Company nor any of its Subsidiaries is in default with respect to any Indebtedness or any instrument or agreement relating thereto, except for such defaults as would not, either in any case or in the aggregate, have a Material Adverse Effect.

5.9 Title to Properties; Liens. The Company and each of the Subsidiaries have good and marketable title to all real property (other than property which is leased) material to the conduct of the business of the Company and the Subsidiaries, taken as a whole, and good and marketable title to all personal property (other than property which is leased) material to the conduct of the business of the Company and the Subsidiaries, taken as a whole, in each case free and clear of all liens, encumbrances and defects except such as are described on Exhibit E or such as do not in the aggregate have a Material Adverse Effect; and any real property and buildings held under lease by the Company and the Subsidiaries, material to the conduct of the business of the Company and the Subsidiaries, taken as a whole, are held by them under valid, subsisting and enforceable leases with such exceptions as are described on Exhibit E and except for such other exceptions as do not have a Material Adverse Effect.

5.10 Litigation, etc. There is no action, proceeding or investigation pending or (to the knowledge of the Company) threatened (or any basis therefor known to the Company) which questions the validity of this Agreement, the Shares or any action taken or to be taken pursuant to this Agreement, the Shares or the Collateral Agreements. Other than as set forth on Exhibit E, there are no legal or governmental proceedings pending to which the Company or any of the Subsidiaries is a party or of which any property of the Company or the Subsidiaries is the subject, which if determined adversely to the Company or any of the Subsidiaries, would individually or in the aggregate have a Material Adverse Effect; and, to the Company's knowledge, no such proceedings which would in the aggregate have a Material Adverse Effect are threatened or contemplated by governmental authorities or threatened by others.

5.11 Compliance with Other Instruments, etc. Neither the Company nor any of its Subsidiaries is in violation of any term of its certificate or articles of incorporation or by-laws, and neither the Company nor any of its Subsidiaries is in violation of any term of any agreement or instrument to which it is a party or by

which it is bound or any term of any applicable law, ordinance, rule or regulation of any Governmental Authority or any term of any applicable order, judgment or decree of any court, arbitrator or Governmental Authority, the consequences of which violation could reasonably be expected to have a Material Adverse Effect. The compliance by the Company with all of the provisions of this Agreement and the Registration Rights Agreement, the execution, delivery and performance by the Company of this Agreement and the Registration Rights Agreement, the issuance by the Company of the Common Stock upon the conversion of the Shares, and the compliance with the terms of the Certificate of Designation will not conflict with or result in a breach or violation of any of the terms and provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement (provided the consent of the Company's lending banks must be obtained before the Company makes an offer to purchase under Section 5 of the Certificate of Designation) or other agreement or instrument to which the Company or any of the Subsidiaries is a party or by which the Company or any of the Subsidiaries is bound or to which any of the property or assets of the Company or any of the Subsidiaries is subject, or constitute a Repayment Event thereunder, nor will such actions result in any violation of the provisions of the certificate of incorporation or bylaws of the Company or any of the Subsidiaries or any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of the Subsidiaries or any of their properties except in each case as would not, individually or in the aggregate have a Material Adverse Effect. Except as set forth on Exhibit E, the execution, delivery and performance by the Company of this Agreement and the transactions contemplated hereby will not subject the Company to or accelerate any obligation to make payments to any Person.

5.12 Governmental Consents, etc. Except as required under the HSR Act, no consent, approval or authorization of, or declaration or filing with, any Governmental Authority on the part of the Company is required for the valid execution and delivery of this Agreement, the valid offer, issue, sale and delivery of the Shares pursuant to this Agreement or the valid issue and delivery of shares of Common Stock issuable upon conversion of the Stock. Except for (a) the requirements of the HSR Act and applicable state securities or blue sky laws, and (b) consents, approvals, filings or notices that will be given or made at or prior to the time of the Closing, neither the Company nor any of its Subsidiaries is required to obtain any consent, approval or authorization of, or to make any declaration or filing with, any Governmental Authority as a condition to the valid execution, delivery or performance of any of the Collateral Agreements or the consummation of the transactions contemplated thereby.

5.13 Offering of Securities. Neither the Company nor any Person acting on its behalf has offered the Stock or any similar securities of the Company to, or solicited any offers to buy any thereof from, or otherwise approached or negotiated with respect thereto with, any Person or Persons other than the Purchasers in such manner as would subject the offering, issuance or sale of any of the Stock to the provisions of Section 5 of the Securities Act. Neither the Company nor any Person acting on behalf of the Company has taken or will take any action which would subject the offering, issuance or sale of any of the Stock to the provisions of Section 5 of the Securities Act.

5.14 Certain Fees. Except for the fee payable by the Company to Goldman Sachs & Co., the amount of which will be disclosed to the Purchasers in writing prior to the Closing, no broker's or finder's fees or commissions will be payable by the Company with respect to the transactions contemplated by this Agreement and the Collateral Agreements, and the Company hereby indemnifies the Purchasers against and agrees that it will hold the Purchasers harmless from any claim, demand or liability for broker's or finder's fees alleged to have been incurred at the instance of the Company or any Person acting on behalf of or at the request of the Company or any agent of the Company in connection with any of the transactions contemplated by this Agreement and the Collateral Agreements, and from any expenses, including reasonable legal fees, arising in connection with any such claim, demand or liability.

5.15 Investment Company Act. The Company is not an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

5.16 Disclosure. None of this Agreement, the Financial Statements, the Annual Report on Form 10K for the year ended December 31, 1997, any document filed by the Company with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1994 (the "Exchange Act") since the Annual Report on Form 10K for the year ended December 31, 1997, the Unaudited Statements, or the Company's Offering Circular dated December 8, 1998 in respect of its 9-1/4% Senior Subordinated Notes due 2009, contains (in each case, as of its date, and, in the case of the Offering Circular, also as of the date of this Agreement) any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein, in light of the circumstances under which they are made, not misleading.

5.17 Enforceability. This Agreement and the Registration Rights Agreement have been duly authorized and when validly executed and delivered by the Company (assuming the due authorization, execution and delivery thereof by the other parties thereto) will constitute the valid and binding obligations of the Company, enforceable in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or other similar laws relating to or affecting enforcement of creditors' rights generally, or by general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law).

5.18 [omitted]

5.19 Integration. Neither the Company nor any affiliate (as such term is defined in Rule 501 (b) under the Securities Act) has, directly or through any agent, sold, offered for sale, solicited offers to buy or otherwise negotiated in respect of, any security (as defined in the Securities Act) which is or will be integrated with the sale of the Shares, in a manner that would require the registration of the Securities under the Securities Act.

5.20 Manipulation. Prior to the date hereof, neither the Company nor any of its affiliates has taken any action which is designed to or which has constituted or which might have been expected to cause or result in stabilization or manipulation of the price of any security of the Company in connection with the sale of the Shares.

5.21 Acquired Companies. To the best knowledge of the Company, the representations and warranties made by each of the Acquired Companies (as defined in Section 9) and the selling stockholders in the respective agreements pursuant to which the Company or another Subsidiary acquired the Acquired Companies did not as of the respective dates thereof contain any inaccuracies that would, singly or in the aggregate, have a Material Adverse Effect.

5.22 Intellectual Property. The Company and the Subsidiaries own possess, or can acquire on reasonable terms, adequate patents, patent rights, licenses, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks, trade names or other intellectual property

(collectively, "Intellectual Property") necessary to carry on the business now operated by them, and neither the Company nor any of the Subsidiaries has received any notice or is otherwise aware of any infringement of or conflict with asserted rights of others with respect to any Intellectual Property or of any facts or circumstances which would render any Intellectual Property invalid or inadequate to protect the interest of the Company or any of the Subsidiaries therein, and which infringement or conflict (if the subject of any unfavorable decision, ruling or finding) or invalidity or inadequacy, singly or in the aggregate, would result in a Material Adverse Effect.

5.23 Government Licenses. The Company and the Subsidiaries possess such permits, licenses, approvals, consents and other authorizations (collectively, "Governmental Licenses") issued by the appropriate federal, state, local or foreign regulatory agencies or bodies necessary to conduct the business now operated by them, except where the failure to so possess such Government Licenses would not, singly or in the aggregate, have a Material Adverse Effect; the Company and the Subsidiaries are in compliance with the terms and conditions of all such Governmental Licenses, except where the failure so to comply would not, singly or in the aggregate, have a Material Adverse Effect; all of the Governmental Licenses are valid and in full force and effect, except when the invalidity of such Governmental Licenses or the failure of such Governmental Licenses to be in full force and effect would not have, singly or in the aggregate, a Material Adverse Effect; and neither the Company nor any of the Subsidiaries has received any notice of proceedings relating to the revocation or modification of any such Governmental Licenses which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would result in a Material Adverse Effect.

5.24 Environmental Laws. Except as described on Exhibit E or except as would not, singly or in the aggregate, result in a Material Adverse Effect: (a) neither the Company nor any of the Subsidiaries is in violation of any federal, state, local or foreign statute, law, rule, regulation, ordinance, code, policy or rule of common law or any judicial or administrative interpretation thereof, including any judicial or administrative order, consent, decree or judgment, relating to pollution or protection of human health, the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including, without limitation, laws and regulations relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products (collectively, "Hazardous Materials") or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials (collectively, "Environmental

Laws"), (b) neither the Company nor any of the Subsidiaries is lacking any permits, authorizations and approvals required under any applicable Environmental Laws or are in violation of the requirements of such Environmental Laws, (c) there are no pending or, to the best knowledge of the Company, threatened administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of noncompliance or violation, investigation or proceedings relating to any Environmental Law against the Company or any of the Subsidiaries and (d) to the knowledge of the Company there are no events or circumstances that might reasonably be expected to form the basis of an order for clean-up or remediation, or an action, suit or proceeding by any private party or governmental body or agency, against or affecting the Company or any of the Subsidiaries relating to Hazardous Materials or any Environmental Laws.

5.25 Insurance. Neither the Company nor any Subsidiary has received notice from any insurer providing insurance coverage for the Company and the Subsidiaries or agent of such insurer that capital improvements or other expenditures will have to be made in order to continue present insurance coverage, except such as could not reasonably be expected, singularly or in the aggregate, to have a Material Adverse Effect.

5.26 Internal Controls. The Company and the Subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurances that (a) transactions are executed in accordance with management's general or specific authorization; (b) transactions are recorded as necessary
(i) to permit preparation of financial statements in conformity with generally accepted accounting principles and (ii) to maintain accountability for assets;
(c) access to assets is permitted only in accordance with management's general or specific authorization; and (d) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any material differences. Any exceptions to this representation would not render the representation in Section 5.4 incorrect in any material respect or have a Material Adverse Effect.

5.27 ERISA. Neither the Company nor any of the Subsidiaries has violated any provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or the rules and regulations promulgated thereunder, except for such violations which, singly or in the aggregate, would not have a Material Adverse Effect. If any plan subject to ERISA is adopted, the execution and delivery of this Agreement and the sale of the Securities will not involve any non-exempt prohibited

transaction within the meaning of Section 406 of ERISA or Section 4975 of the Internal Revenue Code of 1986, as amended.

5.28 Year 2000 Compliance. With such exceptions as would not have a Material Adverse Effect, the Company has been advised by its vendors (and has no reason to believe that such advice is not correct) that as of the date of this Agreement, all Date Data and Date-Sensitive Systems used by the Company and its Subsidiaries are Year 2000 Compliant. "Date-Sensitive System" means any software, microcode or hardware system or component, including any electronic or electronically controlled system or component, that uses or processes any Date Data and that is installed, in development or on order by the Company or any of its subsidiaries for their internal use or for the use of third parties, or which the Company or any of its subsidiaries sell, lease, license, assign or otherwise provide to any third party. "Year 2000 Compliant" means (i) with respect to Date Data, that such data is in proper format and accurate for all dates, including for those before, on and after December 31, 1999 and (ii) with respect to Date-Sensitive Systems, that each such system accurately processes all Date Data, including for dates before, on and after December 31, 1999, without loss of any functionality or performance, including but not limited to calculating, comparing, sequencing, storing and displaying such Date Data (including all leap year considerations), when used as a stand-alone system or in combination with other software or hardware.

6. Investment Representations. The Purchasers understand that neither the Shares nor any Common Stock issuable upon conversion, if any, of the Shares has been registered under the Securities Act and that the certificates for the Shares and such Common Stock will bear a legend to that effect. The Purchasers also understand that the Shares are being, offered and sold pursuant to an exemption from registration contained in the Securities Act, based in part upon their representations contained in this Agreement. The Purchasers hereby represent and warrant as follows:

6.1 Acquisition for Own Account. The Purchasers are acquiring the Shares for their own account for investment and not with a view toward distribution in a manner which would violate the Securities Act.

6.2 Ability to Protect Own Interests. The Purchasers represent that by reason of their business or financial experience, or the business and financial experience of their management, the Purchasers have the capacity to protect their own interests in connection with the transaction contemplated in this Agreement.

The Purchasers are not a corporation formed for the specific purpose of consummating this transaction.

6.3 Accredited Investor. The Purchasers represent that they are an "accredited investor" as that term is defined in Regulation D promulgated under the Securities Act.

6.4 Access to Information. The Purchasers have been given access to all Company documents, records, and other information, have received physical delivery of all those which the Purchasers have requested, and have had adequate opportunity to ask questions of, and receive answers from, the Company's officers, employees, agents, accountants, and representatives concerning the Company's business, operations, financial condition, assets, liabilities, and all other matters relevant to its investment in the Shares.

6.5 No Brokers. Purchasers represent and warrant to the Company that no broker's or finder's fees or commissions will be payable by the Purchasers with respect to the transactions contemplated by this Agreement and the Collateral Agreements, and the Purchasers hereby jointly and severally indemnify and hold the Company harmless from any claim, demand or liability for broker's or finder's fees alleged to have been incurred at the instance of the Purchasers, their affiliates or agents or any Person acting on behalf of or at the request of the Purchasers, their affiliates or agents.

6.6 Compliance with Laws. Purchasers and their transferees will comply with all filing and other reporting obligations under all Requirements of Law which shall be applicable to Purchasers with respect to the Shares and to the Common Stock issuable or issued on conversion of the Shares.

7. Affirmative Covenants. The Company covenants that from and after the date of this Agreement through the Closing and thereafter so long as the Purchasers own at least 25,000 Shares or 1,000,000 shares of Common Stock which have been acquired upon conversion of any Shares:

7.1 Exchange Act and Securities Act Filings. The Company will deliver to the Purchasers, within three Business Days of their filing with the Securities and Exchange Commission, all documents filed by it with the Securities and Exchange Commission pursuant to the Securities Act or the Exchange Act, including exhibits thereto.

7.2 Certificates, Other Information. The Company will deliver to the Purchasers: (a) promptly upon receipt thereof, copies of all final reports submitted to the Company or any of its Subsidiaries by independent certified public accountants in connection with each annual, interim or (but only if the holders of the Shares are then entitled under the Certificate of Designation to elect as a class at least one member of the Company's Board of Directors) special audit of the books of the Company or any of its Subsidiaries made by such accountants, including, without limitation, any final comment letter submitted by such accountants to management in connection with their annual audit; and (b) promptly upon their becoming available, copies of all financial statements, reports, notices and proxy statements sent or made available generally by the Company to all of its security holders in their capacity as such or by any Subsidiary of the Company to its security holders.

7.3 [omitted]

7.4 [omitted]

7.5 Inspection of Property, Books and Records, Discussions. The Company will, and will cause each of its Subsidiaries to keep proper books of record and account in which entries in conformity with GAAP and all Requirements of Law shall be made of all dealings and transactions in relation to its business and activities

7.6 Notices. The Company will, within 48 hours of occurrence, give notice to the Purchasers: (a) of any (i) default or event of default under any instrument or other agreement of the Company or any of its Subsidiaries which default or event of default would have a Material Adverse Effect or (ii) litigation, investigation or proceeding which may exist at any time between the Company or any of its Subsidiaries and any Governmental Authority, which in any such case, if adversely determined, could reasonably be expected to have a Material Adverse Effect; and (b) of any litigation or proceeding affecting the Company or any of its Subsidiaries (i) in which the amount claimed is $2,000,000 or more and not covered by insurance or covered by reserves on the Company's balance sheet, or (ii) in which injunctive or similar relief is sought which if obtained could reasonably be expected to have a Material Adverse Effect.

Each notice pursuant to this section 7.6 shall be accompanied by a statement of the chief executive officer or chief financial officer of the Company

setting forth details of the occurrence referred to therein and stating what action the Company proposes to take with respect thereto.

7.7 Reservation of Common Stock. The Company will at all times reserve and keep available, solely for issuance and delivery upon conversion of the Stock, the number of shares of Common Stock from time to time issuable upon conversion of all shares of the Stock at the time outstanding. All shares of Common Stock issuable upon conversion of the Stock shall be duly authorized and, when issued upon such conversion, shall be validly issued, fully paid and non- assessable.

7.8 Availability of Information. The Company will comply with the reporting requirements of Sections 13 and 15(d) of the Exchange Act and will comply with all other public information reporting requirements of the Securities and Exchange Commission (including Rule 144 promulgated by the Securities and Exchange Commission under the Securities Act) from time to time in effect and relating to the availability of an exemption from the Securities Act for the sale of any Restricted Securities. The Company will also reasonably cooperate with each holder of any Restricted Securities in supplying such information as may be necessary for such holder to complete and file any information reporting forms presently or hereafter required by the Securities and Exchange Commission as a condition to the availability of an exemption from the Securities Act for the sale of any Restricted Securities.

7.9 Public Announcements. Attached hereto is the text of the press releases which the parties shall issue publicly to announce the execution of this Agreement.

8. Registration, Transfer and Substitution of Certificates for

Stock.

8.1 Stock Register, Ownership of Stock. (a) The Company will keep at its principal office a register in which the Company will provide for the registration of the stock and the registration of transfers or conversion of the Stock. The Company may treat the Person in whose name any of the Shares or shares issued upon conversion of any of the Stock are registered on such register as the owner thereof and the Company shall not be affected by any notice to the contrary. All references in this Agreement to a "holder" of any Shares or shares issued upon conversion of any of the Stock shall mean the Person in whose name such Shares or

shares issued upon conversion of any of the Stock are at the time registered on such register.

(b) Upon the surrender of any certificate for Stock, properly endorsed, for registration of transfer or for conversion at the office of the Company maintained pursuant to subdivision (a) of this section 8.1, the Company at its expense will (subject to compliance with section 8.2 hereof, if applicable) execute and deliver to or upon the order of the holder thereof (i) a new certificate or certificates for the same aggregate number of shares of Stock less the number of shares of Stock being converted, if any, in the name of such holder or as such holder (upon payment by such holder of any applicable transfer taxes) may direct, and (ii) a certificate or certificates for the number of shares of Common Stock to be issued upon conversion of the shares of Stock so surrendered.

8.2 Replacement of Certificates. Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of any certificate representing shares of Stock or Common Stock issued upon the conversion of shares of Stock and, in the case of any such loss, theft or destruction of any certificate representing shares of Stock or Common Stock issued upon the conversion of shares of Stock held by a Person other than the Purchasers, upon delivery of indemnity reasonably satisfactory to the Company in form and amount or, in the case of any such mutilation, upon surrender of such certificate representing shares of Stock or Common Stock issued upon the conversion of shares of Stock for cancellation at the office of the Company maintained pursuant to subdivision (a) of section 8.1 hereof, the Company at its expense will execute and deliver, in lieu thereof, a new certificate representing shares of Stock or Common Stock of like tenor.

8.3 Restrictive Legends. Except as otherwise permitted by this section 8, each certificate for Stock (including each certificate for Stock issued upon the transfer of any certificate for Stock) shall be stamped or otherwise imprinted with a legend in substantially the following form:

"The shares represented by this Certificate and any shares of Common Stock issuable upon conversion of any such shares have not been registered under the Securities Act of 1933 and may not be transferred in the absence of such registration or an exemption there from under such Act. Such shares and any such shares of Common Stock may be transferred only in compliance with the conditions

specified in the Preferred Stock Purchase Agreement dated December __, 1998 between United Rentals, Inc. (the "Company") and the purchasers identified therein. A complete and correct copy of such Agreement is available for inspection at the principal office of the Company and will be furnished without charge to the holder of such shares upon written request."

Except as otherwise permitted by this section 8, each certificate for Common Stock issued upon the conversion of any of the Stock, and each certificate issued upon the transfer of any such Common Stock, shall be stamped or otherwise imprinted with a legend in substantially the following form:

"The shares represented by this certificate have not been registered under the Securities Act of 1933 and may not be transferred in the absence of such registration or an exemption therefrom under such Act. Such shares may be transferred only in compliance with the conditions specified in the Preferred Stock Purchase Agreement dated December , 1998 between United Rentals, Inc. (the "Company") and the purchasers identified therein. A complete and correct copy of such Agreement is available for inspection at the principal office of the Company and will be furnished without charge to the holder of such shares upon written request."

8.4 Notice of Proposed Transfer; Opinions of Counsel. Prior to any transfer of any Restricted Securities which are not registered under an effective registration statement under the Securities Act, the holder thereof will give written notice to the Company of such holder's intention to effect such transfer and to comply in all other respects with this section 8.4. Each such notice shall describe the manner and circumstances of the proposed transfer and shall be accompanied by an opinion of counsel for such holder, which counsel and opinion shall each be reason ably satisfactory to the Company, that the proposed transfer may be effected without registration of such shares of Restricted Securities under the Securities Act. Such holder shall thereupon be entitled to transfer such shares in accordance with the terms of the notice delivered by such holder to the Company. Each certificate representing such shares issued upon or in connection with such transfer shall bear the restrictive legends required by section 8.3, unless the related restrictions on transfer shall have ceased and terminated as to such shares pursuant to section 8.5 hereof

8.5 Termination of Restrictions. The restrictions imposed by this section 8 upon the transferability of Restricted Securities shall cease and terminate as to any particular Restricted Securities when such restrictions are no longer required in order to insure compliance with the Securities Act. Whenever such restrictions shall cease and terminate as to any Restricted Securities, the holder thereof shall be entitled to receive from the Company, without expense (other than applicable transfer taxes, if any), new certificates for such securities of like tenor not bearing the applicable legends required by section 8.3 hereof.

9. Definitions.

9.1 Certain Defined Terms. As used in this Agreement the following terms have the following respective meanings:

Acquired Companies: The companies United Rentals, Inc. has acquired since its formation in September 1997.

Affiliate: With reference to any Person, a spouse of such Person, any relative (by blood, adoption or marriage) of such Person within the second degree, any director, officer or employee of such Person, any other Person of which such Person is a member, director, officer or employee, and any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such Person.

Business Day: Any day except a Saturday, a Sunday, or any day on which banking institutions in New York, New York are required or authorized by law or other governmental action to be closed.

Capital Stock: As defined in section 5.6 of this Agreement.

Certificate of Designation: As defined in section I of this Agreement.

Closing: As defined in section 3 of this Agreement.

Closing Date: The date of the Closing.

Code: The Internal Revenue Code of 1986, as amended from time to time.

Collateral Agreements: The Registration Rights Agreement and the Certificate of Designation.

Common Stock: As defined in section I of this Agreement.

Company: As defined in the introduction to this Agreement.

Exchange Act: At any time, the Securities Exchange Act of 1934 as then in effect or any similar federal statute then in effect, and any reference to a particular section of such Act shall be deemed to include a reference to the comparable section, if any, in any such similar federal statute.

Financial Statements: As defined in section 5.4 of this Agreement.

GAAP: Generally accepted accounting principles set forth in the Opinions of the Accounting Principles Board of the American Institute of Certified Public Accountants and in statements by the Financial Accounting Standards Board or in such other statement by such other entity as may be approved by a significant segment of the accounting profession; and the requisite that such principles be applied on a consistent basis shall mean that the accounting principles observed in a current period are comparable in all material respects to those applied in a preceding period.

Governmental Authority: Any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

Indebtedness: With respect to any Person, at a particular time (a) all indebtedness of such Person for borrowed money or for the deferred purchase price of property, (b) the face amount of all letters of credit issued for the account of such Person and, without duplication, all drafts drawn thereunder,
(c) all liabilities secured by any Lien on any property owned by such Person, to the extent attributable to such Person's interest in such property, even though such Person has not assumed or become liable for the payment thereof, and (d) lease obligations of such Person which, in accordance with GAAP, should be capitalized; but excluding trade and other accounts payable in the ordinary course of business in accordance with customary trade terms and which are not overdue for a period of more than 60 days or, if overdue for more than 60 days, as to which a dispute exists and adequate reserves in conformity with GAAP have been established on the books of such

Person. The term "Indebtedness" shall not include amounts which have not been drawn under credit facilities, notwithstanding that such amounts when drawn will automatically be secured by an existing Lien.

Lien: Any mortgage, pledge, hypothecation, assignment, security interest, lien, charge or encumbrance, or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same economic effects as any of the foregoing, and the filing of, or agreement to give, any financing statement under the Uniform Commercial Code or comparable law of any jurisdiction). For the purposes of this Agreement, the Company or one of its Subsidiaries shall be deemed to be the owner of any property which it has placed in trust for the benefit of the holders of Indebtedness of the Company or its Subsidiaries which Indebtedness is deemed to be extinguished under GAAP but for which the Company or its Subsidiaries remain legally liable, and such trust shall be deemed to be a Lien.

Majority in Interest: At any time, the holders of a majority, by number of shares, of the outstanding Shares and the outstanding shares of Common Stock issued upon conversion of any Shares, such majority to be determined by reference to the number of shares of Common Stock into which all outstanding Shares are at the time convertible.

Officers' Certificate: As to the Company, a certificate executed on behalf of the Company by its Chief Executive Officer, and any one of its Vice Chairman, Chief Acquisition Officer, or Chief Financial Officer.

Person: An individual, a partnership, a joint venture, a corporation, a limited liability company, a trust, an unincorporated organization or a government or any department or agency thereof.

Registration Rights Agreement: As defined in section 4.6 of this Agreement.

Repayment Event: Any event or condition which gives the holder of any note, debenture or other evidence of indebtedness (or any person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company or any of the Subsidiaries.

Requirement of Law: As to any Person, the Certificate of Incorporation and by-Laws or other organizational or governing documents of such Person, and any law, treaty, rule or regulation, or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

Restricted Securities: All of the following: (a) any certificates for Stock bearing the applicable legend or legends referred to in section 8.3 hereof, (b) any shares of Common Stock which have been issued upon the conversion of any of the Stock and which are evidenced by a certificate or certificates bearing the applicable legend or legends referred to in such section and (c) unless the context otherwise requires, any shares of Common Stock which are at the time issuable upon the conversion of Stock and which, when so issued, will be evidenced by a certificate or certificates bearing the applicable legend or legends referred to in such section.

Securities Act: At any time, the Securities Act of 1933 as then in effect or any similar federal statute then in effect, and any reference to a particular section of such Act shall be deemed to include a reference to the comparable section, if any, in any such similar federal statute.

Securities and Exchange Commission: The U.S. Securities and Exchange Commission, or any other federal agency at the time administering the Securities Act or the Exchange Act, whichever is the relevant statute for the particular purpose.

Shares: As defined in section 1 of this Agreement.

Stock: As defined in section 1 of this Agreement.

Subsidiaries: With respect to any Person, any corporation with respect to which more than 50% of the outstanding shares of stock of each class having ordinary voting power (other than stock having such power only by reason of the happening of a contingency) is at the time owned by such Person or by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person.

Any of the above-defined terms may, unless the context otherwise requires, be used in the singular or plural depending on the reference.

9.2 Accounting Terms. As used in this Agreement, and in any certificate, report or other document made or delivered pursuant to this Agreement, accounting terms not defined in section 9.1 and accounting terms partly defined in said section 9.1 to the extent not defined, shall have the respective meanings given to them under GAAP.

9.3 Other Provisions Regarding Definitions: (1) Unless otherwise defined therein, all terms defined in this Agreement shall have the defined meanings when used in any certificate, report or other document made or delivered pursuant to this Agreement.

(2) The words "hereof, "herein", and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement.

10. Expenses, etc. Whether or not the transactions contemplated by this Agreement shall be consummated, the Company will pay all of its expenses in connection with such transactions and in connection with any amendments or waivers (whether or not the same become effective) under or in respect of this Agreement or the Shares purchased by the Purchasers hereunder, including, without limitation: (a) the cost and expenses of reproducing this Agreement and the Shares purchased by the Purchasers, of furnishing all opinions of counsel for the Company (including any opinions requested by the Purchasers' special counsel as to any legal matter arising hereunder) and all certificates on behalf of the Company, and of the Company's performance of and compliance with all agreements and conditions contained herein to be performed or complied with by it; and (b) the cost (other than any applicable stock transfer taxes) of delivering to their principal office, insured to their satisfaction, the Shares sold to the Purchasers hereunder and any Shares delivered to the Purchasers upon any substitution of Shares pursuant to section 8 and of the Purchasers delivering any Shares, insured to their satisfaction, upon any such substitution. In addition, if the transactions contemplated hereby have been consummated, the Company shall pay 50% of the reasonably itemized out-of-pocket expenses incurred by the Purchasers in connection with such transactions (including the fees and disbursements of their counsel), provided that the Company's liability under this sentence shall not exceed $500,000. Reference is made to Section 5 of this Agreement for certain agreements among the parties regarding the fees, if any, of brokers and finders.

11. Survival of Representations and Warranties and Indemnification, Certain Limitations. The Company's indemnification obligations and all representations and warranties contained in this Agreement shall survive the execution and delivery of this Agreement, any investigation at any time made by the Purchasers or on their behalf, and the purchase of the Shares by the Purchasers under this Agreement and any conversion of any of the Stock or any disposition of any shares of Common Stock issued upon conversion of any of the Stock; provided that all such representations and warranties (and the indemnities in respect thereof with respect to claims not made prior to such date) shall expire on the later of March 31, 1999 and 30 days after the date the Company's audited financial statements for the year ended December 31, 1998, including a signed audit report of the Company's independent accountants, are publicly filed with the Commission or delivered to Purchasers. No written (except as explicitly stated therein) or oral statements made by or on behalf of the Company, other than in this Agreement, the Collateral Agreements and the exhibits hereto and thereto, shall constitute representations or warranties within the meaning of this Agreement. In no event shall Purchasers be entitled to the remedy of rescission.

12. Amendments and Waivers. Any term of this Agreement may be amended or modified and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of the Company and (a) in the case of any such action prior to the Closing, the Purchasers; and (b) in the case of any other such action, a Majority in Interest.

13. Notices, etc. Except as otherwise provided in this Agreement, notices and other communications under this Agreement shall be in writing and shall be delivered, or mailed by first-class mail, postage pre-paid, addressed,
(a) if to the Purchasers, at the address set forth at the beginning of this Agreement, or at such other address as the Purchasers shall have furnished to the Company in writing, or (b) if to any other holder of any Shares or shares of Common Stock into which any of the Shares have been converted, at such address as such other holder shall have furnished to the Company in writing, or, until any such other holder so furnishes to the Company an address, then to and at the address of the last holder of such Shares or shares of Common Stock into which such Shares have been converted who has furnished an address to the Company, or
(c) if to the Company at the address of the Company set forth at the beginning of this Agreement, to the attention of its President, or at such other address, or to the attention of such other officer, as the Company shall have furnished to the Purchasers and each such other holder in writing.

14. Indemnification. (a) The Company shall indemnify, defend and hold harmless the Purchasers, their affiliates, partners, officers, employees and agents (each, an "Indemnified Person") from and against any and all losses, liabilities, damages, judgments, settlements and expenses (including interest and penalties recovered by a third party with respect thereto and reasonable attorneys' fees and expenses and reasonable accountants' fees and expenses incurred in the investigation or defense of any of the same or in asserting, preserving or enforcing any of rights hereunder), that arise out of:

(i) any breach by the Company of any of its representations, warranties or covenants contained in this Agreement or in the Registration Rights Agreement; or

(ii) any litigation, investigation or proceeding instituted by any Governmental Agency or any other Person with respect to this Agreement or the collateral Agreements or the transactions contemplated hereby or thereby and requiring the Purchasers participation or involvement, excluding, however, any such litigation, investigation or proceeding which arises solely from the acts or omissions of Purchasers or their affiliates.

(b) The Purchasers shall give the Company prompt notice of any third-party claim that may give rise to any indemnification obligation under this Section 14 and the Company shall (except as set forth below) have the right to assume and control the defense (at its expense) and settlement of any such claim through the Company's own counsel or through other counsel reasonably acceptable to the Purchasers. The Purchasers may retain additional counsel at their own expense. If, under applicable standards of professional conduct, a conflict with respect to any significant issue between the Purchasers and the Company exists in respect of such third-party claim, the Company shall not assume the defense of such claim and shall also pay the reasonable fees and expenses of one counsel selected by Purchasers in respect of such claim. Notwithstanding the foregoing, without the Purchasers' consent, the Company will not settle any action or proceeding which does not provide the Purchasers a full, unconditional release from all liability with respect to such claim by each claimant or plaintiff in a form acceptable to the Purchasers' counsel, nor will the Company consent to any injunctive or other non-monetary relief affecting any Indemnified Person.

15. Termination. This Agreement may be terminated (a) by the mutual written consent of the Purchasers and the Company at any time or (b) by the Purchasers or the Company if the Closing shall not have been consummated on or before January 31, 1999; provided, however, that the right to terminate this Agreement pursuant to (b) of this Section 15 shall not be available to any party whose failure to perform any of its obligations under this Agreement results in the failure to consummate the transactions by such time.

16. Miscellaneous. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns and affiliates of the parties hereto, whether so expressed or not, and, in particular, shall inure to the benefit of and be enforceable by any holder or holders at the time of the Shares or shares of Common Stock into which any of the Shares have been converted; except as aforesaid, this Agreement shall not inure to the benefit of any third party. This Agreement embodies the entire agreement and understanding between the Purchasers and the Company and supersedes all prior agreements and understandings relating to the subject matter hereof. This Agreement shall be construed and enforced in accordance with and governed by the law of the State of New York without regard to the principles regarding conflicts of laws. The headings in this Agreement are for purposes of reference only and shall not limit or otherwise affect the meaning hereof. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

If the Purchasers are in agreement with the foregoing, please sign the form of agreement on the accompanying counterparts of this letter and return one of the same to the Company, whereupon this letter shall become a binding agreement between the Purchasers and the Company.

Very truly yours,

UNITED RENTALS, INC.

By: /s/
---------- Title: CEO

The foregoing Agreement is hereby
agreed to as of the date thereof.

APOLLO INVESTMENT FUND IV, L.P.

By: Apollo Advisors, IV, L.P.,
its general partner

By: Apollo Capital Management IV, Inc., its general partner

By:
Title:

APOLLO OVERSEAS PARTNERS IV, L.P.

BY: Apollo Advisors, IV, L.P.,
its general partner

By: Apollo Capital Management IV, Inc., its general partner

By:
Title:

If the Purchasers are in agreement with the foregoing, please sign the form of agreement on the accompanying counterparts of this letter and return one of the same to the Company, whereupon this letter shall become a binding agreement between the Purchasers and the Company.

Very truly yours,

UNITED RENTALS, INC.

By:

Title:

The foregoing Agreement is hereby
agreed to as of the date thereof.

APOLLO INVESTMENT FUND IV, L.P.

By: Apollo Advisors, IV, L.P.,
its general partner

By: Apollo Capital Management IV, Inc., its general partner

By: /s/

Title: Vice President

APOLLO OVERSEAS PARTNERS IV, L.P.

BY: Apollo Advisors, IV, L.P.,
its general partner

By: Apollo Capital Management IV, Inc., its general partner

By: /s/

Title: Vice President

EXHIBIT 1

Purchaser	Shares of Series A Perpetual Convertible Preferred Stock to be Purchased
Apollo Investment Fund IV, L.P.	284,726
Apollo Overseas Partners IV, L.P.	15,274
TOTAL	300,000

UNITED RENTALS (NORTH AMERICA), INC.

$300,000,000

9 1/4% Senior Subordinated Notes due 2009, Series A

Purchase Agreement

December 8, 1998

Goldman, Sachs & Co.
85 Broad Street
New York, New York 10004

Ladies and Gentlemen:

United Rentals (North America), Inc., a Delaware corporation (the "Company"), proposes, subject to the terms and conditions stated herein. to issue and sell to Goldman, Sachs & Co. (the "Purchaser") an aggregate of $300,000,000 principal amount of the 9 1/4% Senior Subordinated Notes due 2009, Series A specified above (the "Securities"). The Securities are to be issued pursuant to an indenture (the "Indenture") to be dated as of the Time of Delivery (as defined below), between the Company, the United States subsidiaries of the Company (the "Guarantors") and State Street Bank and Trust Company, as trustee (the "Trustee"). Pursuant to the Indenture and certain guarantees (the "Guarantees"), the Guarantors have agreed to guaranty the Company's payment and other obligations under the Indenture and the Securities.

The Company understands that the Purchaser proposes to make an offering of the Securities on the terms and in the manner set forth herein and agrees that the Purchaser may resell, subject to the conditions set forth herein, all or a portion of the Securities to purchasers at any time after the execution and delivery of this Agreement. The Securities are to be offered and sold through the Purchaser without being registered under the Securities Act of 1933, as amended (the "Act"), in reliance upon exemptions therefrom. Pursuant to the terms of the Securities and the Indenture, investors that acquire Securities may only resell or otherwise transfer such Securities if such Securities are hereafter registered under the Act or if an exemption from the registration requirements of the Act is available (including the exemption afforded by Rule 144A ("Rule 144A") of the rules and regulations promulgated under the Act by the Securities and Exchange Commission (the "Commission")).

Holders (including subsequent transferees) of the Securities will have the registration rights set forth in the Notes Registration Rights Agreement (the "Notes Registration Rights Agreement") to be dated as of the Time of Delivery among the Company, the Guarantors and the Purchaser and so long as such Securities constitute "Transfer Restricted Notes" (as defined in such agreement). Pursuant to the Notes Registration Rights Agreement, the Company will agree to file with the Commission, under the circumstances set forth therein, (i) a registration statement under the Act (the "Exchange Offer Registration Statement") relating to the Company's 9 1/4% Senior Subordinated Notes due 2009 Series B (the "Exchange Securities"), to be offered in exchange for the Securities (such offer to exchange being referred to as the

"Exchange Offer") and (ii) under certain circumstances, a shelf registration statement pursuant to Rule 415 under the Act (the "Shelf Registration Statement" and, together with the Exchange Offer Registration Statement, the "Notes Registration Statements") relating to the resale by certain holders of the Securities and to use its best efforts to cause such Notes Registration Statements to be declared and remain effective and usable for the periods specified in the Notes Registration Rights Agreement and to consummate the Exchange Offer.

The Company is preparing and will deliver to the Purchaser copies of a final offering circular dated December 8, 1998 (the "Final Offering Circular") for use by the Purchaser in connection with its solicitation of purchases of, or offering of, the Securities. "Offering Circular" means, with respect to any date or time referred to in this Agreement, the Final Offering Circular, or any amendment or supplement thereto, including exhibits thereto and documents incorporated therein by reference, if any, which has been prepared and delivered by the Company to the Purchaser in connection with the Purchaser's solicitation of purchases of, or offering of, the Securities.

All references in this Agreement to financial statements and schedules and other information which is "contained," "included" or "stated" in the Offering Circular (or other references of like import) shall be deemed to mean and include all such financial statements and schedules and other information which are incorporated by reference in the Offering Circular, if any; and all references in this Agreement to amendments or supplements to the Offering Circular shall be deemed to mean and include the filing of any document under the Securities Exchange Act of 1934, as amended (the "Exchange Act") which is incorporated by reference in the Offering Circular.

1. The Company represents and warrants to, and agrees with, the Purchaser that:

(a) The Company has not, directly or indirectly, solicited any offer to buy or offered to sell, and will not, directly or indirectly, solicit any offer to buy or offer to sell, in the United States or to any United States citizen or resident, any security which is or would be integrated with the sale of the Securities in a manner that would require the Securities to be registered under the Act.

(b) The Offering Circular as of its date and at the Time of Delivery will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the 11uht of the circumstances under which they were made, not misleading; provided that this representation, warranty and agreement shall not apply to statements in or omissions from the Offering Circular made in reliance upon and in conformity with information furnished to the Company In writing by the Purchaser expressly for use in the Offering Circular.

(c) The documents incorporated or deemed to be incorporated by reference in the Offering Circular, if any, at the time they were or hereafter are filed with the Commission complied and will comply in all material respects with the requirements of the Exchange Act and the rules and regulations of the Commission (the "Exchange Act Regulations"), and, when read together with the other information in the Offering Circular, at the date of the Offering Circular and at the Time of Delivery, will not include

an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(d) The accountants who certified the financial statements and supporting schedules included in the Offering Circular are independent certified public accountants with respect to the Company and its subsidiaries within the meaning of Regulation S-X under the Act.

(e) Each of the historical financial statements to be included in the Offering Circular, together with related schedules and notes, present fairly (on a consolidated basis where so indicated) the financial condition of the entity or entities to which such financial statement purports to relate (the "Reported Entity") at the date(s) indicated and the statement of operations (or income or earnings as indicated in the applicable financial statement) and cash flows and (in the case of a Reported Entity for which a statement of stockholders' equity is included) stockholders' equity (and partners' capital if so indicated in the applicable financial statement) of the Reported Entity for the period(s) specified; said financial statements have been prepared in conformity with generally accepted accounting principles ("GAAP") applied on a consistent basis throughout the periods involved (except as otherwise indicated in such financial statements). Any supporting schedules to be included in the Offering Circular present fairly in accordance with GAAP the information required to be stated therein. The selected historical financial information and the summary historical financial information to be included in the Offering Circular present fairly the information shown therein and, in the case of historical financial data or information of the Company, have been compiled on a basis consistent with that of the audited financial statements included in the Offering Circular. The pro forma financial statements and the related notes thereto to be included in the Offering Circular present fairly the information shown therein, have been prepared in accordance with the Commission's rules and guidelines with respect to pro forma financial statements and have been properly compiled on the bases described therein, and the assumptions used in the preparation thereof are reasonable and the adjustments used therein are appropriate to give effect to the transactions and circumstances referred to therein.

(f) The Company has not taken or caused to be taken and will not take or cause to be taken, either directly or indirectly, any action designed to cause or result in, or which action constitutes or which might reasonably be expected to constitute, the stabilization or manipulation of the market price of any security in contravention of any applicable law, including but not limited to those actions prohibited by Section 9(a) of the Exchange Act, the Exchange Act Regulations and Regulation M promulgated by the Commission.

(g) Neither the Company nor any of the Subsidiaries (as defined below) has sustained since the date of the latest financial statements to be included or incorporated by reference in the Offering Circular any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by 'insurance, or from any labor dispute or court or crovemmental action, order or decree which would be material to the Company and the Subsidiaries taken as a whole, otherwise than as reserved for as disclosed in the Company's financial statements or financial statements of certain Subsidiaries to be

included in the Offering Circular and since the respective dates as of which information is given in the Offering Circular, except as otherwise stated therein, (A) there has been no material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company and its Subsidiaries considered as one enterprise (a "Material Adverse Effect"), whether or not arising in the ordinary course of business, (B) there has not been any change in the capital stock of the Company or increase in the long-term debt (other than accretion or scheduled repayments thereof) of the Company and the Subsidiaries taken as a whole, (C) there have been no transactions entered into by the Company or any of the Subsidiaries, other than those in the ordinary course of business, which are material with respect to the Company and the Subsidiaries considered as one enterprise, and (D) there has been no dividend or distribution (except as would permitted under the covenants captioned "Description of the Notes - Limitation on Restricted Payments" to be contained in the Offering Circular) of any kind declared, paid or made by the Company on any class of its capital stock.

(h) The Company has been duly organized and is validly existing as a corporation in good standing under the laws of the State of Delaware and has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Offering Circular and to enter into and perform its obligations under this Agreement; and the Company is duly qualified as a foreign corporation to transact business and is in good standing in each other jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not result in a Material Adverse Effect.

(i) Each subsidiary of the Company (each, a "Subsidiary") has been duly organized and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Offering Circular and is duly qualified as a foreign corporation to transact business and is in good in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not result in a Material Adverse Effect; except as otherwise disclosed in the Offering Circular, all of the issued and outstanding capital stock of each such Subsidiary has been duly authorized and validly issued, is fully paid and non-assessable and is owned by the Company, directly or through Subsidiaries, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity (except for any security interest or pledge contemplated by the Credit Agreement dated September 29, 1998 among the Company, United Rentals, United Rentals of Canada, Inc. and Bank of America National Trust and Savings Association ("B of A"), as U.S. Agent, Bank of America Canada, as Canadian Agent, and various financial institutions (the "Credit Agreement") and the Term Loan Agreement dated July 10, 1998 between the Company, certain financial institutions and B of A, as agent, as amended by the First Amendment to the Term Loan Agreement, dated September 29, 1998 (the "Term Loan Agreement")); none of the outstanding shares of capital stock of any Subsidiary was issued in violation of the preemptive or similar rights of any security holder of such Subsidiary. The only Subsidiaries of the Company (other than inactive Subsidiaries) are the Subsidiaries listed in a certificate of officers of the Company to be delivered to the Purchaser prior to the Time of Delivery and each Subsidiary of the Company which constitutes a "significant subsidiary" (as such term is defined in Rule 1-02 of Regulation

S-X under the Act); provided, however, that such determination shall be made by reference to the Company's pro forma financial statements as permitted by Rule 3-05(b)(3) of Regulation S-X (each, a "Significant Subsidiary"), is marked with a * in such certificate.

(j) The authorized capital stock of the Company consists of 3,000 shares of common stock, par value $0.01 per share (the "Common Stock"). As of the date hereof, there were 1,000 shares of Common Stock outstanding. The shares of issued and outstanding capital stock of the Company have been duly authorized and validly issued and are fully paid and non-assessable; none of the outstanding shares of capital stock of the Company was issued in violation of the preemptive or other similar rights of any security holder of the Company. All of the outstanding capital stock of the Company is owned by United Rentals, Inc., a corporation duly organized and validly existing under the laws of the State of Delaware ("United Rentals"), free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity (except for any security interest or pledge contemplated by the Credit Agreement or the Term Loan Agreement).

(k) This Agreement has been duly authorized, executed and delivered by the Company.

(l) The Indenture has been duly authorized by the Company and each Guarantor, and, at the Time of Delivery, will have been duly executed and delivered by the Company and each such Guarantor and will constitute a valid and binding agreement of the Company and each such Guarantor, enforceable against the Company and each such Guarantor in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or other similar laws relating to or affecting enforcement of creditors' rights generally, or by general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law).

(m) The Securities have been duly authorized and, at the Time of Delivery, will have been duly executed by the Company and, when authenticated in the manner provided for in the Indenture and delivered against payment of the purchase price therefor will constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except as the enforcement thereof may be limited by bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or other similar laws relating to or affecting enforcement of creditors' rights generally, or by general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law), and will be in the form contemplated by, and, subject to the foregoing limitations, entitled to the benefits of, the Indenture. At the Time of Delivery, the Securities will conform in all material respects to the description thereof contained in the Offering Circular.

(n) Each Guaranty has been duly authorized by the applicable Guarantor under the laws of its state of incorporation, and, at the Time of Delivery, each Guaranty relating to Securities being issued as of Time of Delivery that appears on or is attached to such Securities, will have been duly executed by such Guarantor and, when issued in the manner provided for in the Indenture and delivered in accordance with this Agreement, will constitute a valid and binding obligation of such Guarantor, enforceable against such

Guarantor in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or other similar laws relating to or affecting enforcement of creditors' rights generally, or by general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law), and will be in the form contemplated by, and, subject to the foregoing limitations, entitled to the benefits of, the Indenture. At the Time of Delivery, the Guarantees will conform in all material respects to the description thereof contained in the Offering Circular.

(o) The Exchange Securities have been duty authorized by the Company. When the Exchange Securities are issued, executed and authenticated in the manner provided for by the terms of the Exchange Offer and the Indenture, the Exchange Securities will constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except as the enforcement thereof may be limited by bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or other similar laws relating to or affecting enforcement of creditors' rights generally, or by general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law), and will be in the form contemplated by, and, subject to the foregoing limitations, entitled to the benefits of, the Indenture.

(p) The Notes Registration Rights Agreement has been duly authorized by the Company and each Guarantor, and, at the Time of Delivery, will have been duly executed and delivered by the Company and each Guarantor, and will constitute valid and binding obligations of the Company and each Guarantor, enforceable against the Company and each such Guarantor in accordance with its terms except as the enforcement thereof may be limited by bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or other similar laws relating to or affecting enforcement of creditors' rights generally, or by general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law). At the Time of Delivery, the Notes Registration Rights Agreement will conform in all material respects to the description thereof contained in the Offering Circular.

(q) The Securities, the Guarantees and the Indenture will conform in all material respects to the respective statements relating thereto contained in the Offering Circular.

(r) Neither the Company nor any of its Subsidiaries is in violation of its charter or by-laws or in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other agreement or instrument to which the Company or any of its Subsidiaries is a party or by which any of them may be bound, or to which any of the property or assets of the Company or any of its Subsidiaries is subject (collectively, "Agreements and Instruments") except for such defaults that would not result in a Material Adverse Effect; and the execution, delivery and performance of this Agreement, the Indenture, the Securities, the Guarantees, the Notes Registration Rights Agreement, and any other agreement or instrument entered into or issued or to be entered into or issued by the Company in connection with the transactions contemplated hereby or thereby or in the Offering Circular and the consummation of the

transactions contemplated herein and in the Offering Circular and compliance by the Company with its obligations hereunder have been duly authorized by all necessary corporate action and do not and will not, whether with or without the giving of notice or passage of time or both, conflict with or constitute a breach of, or default or a Repayment Event (as defined below) under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of its Subsidiaries pursuant to, the Agreements and Instruments except for such conflicts, breaches or defaults or liens, charges or encumbrances that, singly or in the aggregate, would not result in a Material Adverse Effect, nor will such action result in any violation of the provisions of the charter or by-laws of the Company or any of its Subsidiaries or any applicable law, statute, rule, regulation, judgment, order, writ or decree of any government, government instrumentality or court, domestic or foreign, having jurisdiction over the Company or any of its Subsidiaries or any of their assets or properties. As used herein, a "Repayment Event" means any event or condition which gives the holder of any note, debenture or other evidence of indebtedness (or any person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company or any of its Subsidiaries.

(s) No labor dispute with the employees of the Company or any of its Subsidiaries exists or, to the knowledge of the Company, is imminent, and the Company is not aware of any existing or imminent labor disturbance by the employees of any of its or any of its Subsidiaries' principal suppliers, manufacturers, customers or contractors, which, in either case, may reasonably be expected to result in a Material Adverse Effect.

(t) There is no action, suit, proceeding, inquiry or investigation before or by any court or governmental agency or body, domestic or foreign, now pending, or, to the knowledge of the Company, threatened, against or affecting the Company or any Subsidiary thereof which is required to be disclosed in the Offering Circular (other than as will be disclosed therein), or which might reasonably be expected to result in a Material Adverse Effect, or which might reasonably be expected to materially and adversely affect the consummation of this Agreement or the performance by the Company of its obligations hereunder. The aggregate of all pending legal or governmental proceedings to which the Company or any Subsidiary thereof is a party or of which any of their respective property or assets is the subject which are not described in the Offering Circular, including ordinary routine litigation incidental to the business, could not reasonably be expected to result in a Material Adverse Effect.

(u) To the knowledge of the Company, the representations and warranties made by each of the Acquired Companies (as defined in the Offering Circular) and the selling stockholders in the respective agreements pursuant to which the Company acquired the Acquired Companies did not as of the respective dates thereof contain any inaccuracies that might, singly or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(v) There are no contracts or documents which are required to be described in the Offering Circular which will not be so described.

(w) The Company and its Subsidiaries own or possess, or can acquire on reasonable terms, adequate patents, patent rights, licenses, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, servicemarks, trade names or other intellectual property (collectively, "Intellectual Property") necessary to carry on the business now operated by them, and neither the Company nor any of its Subsidiaries has received any notice or is otherwise aware of any infringement of or conflict with asserted rights of others with respect to any Intellectual Property or of any facts or circumstances which would render any Intellectual Property invalid or inadequate to protect the interest of the Company or any of its Subsidiaries therein, and which infringement or conflict (if the subject of any unfavorable decision, ruling or finding) or invalidity or inadequacy, singly or in the aggregate, would result in a Material Adverse Effect.

(x) No filing with, or authorization, approval, consent, license, order, registration, qualification or decree of, any court or governmental authority or agency is necessary or required for the performance by the Company of its obligations hereunder or by the Company or any Guarantor in connection with the offering, issuance or sale of the Securities and Guarantees hereunder or the consummation of the transactions contemplated by this Agreement, except (i) for filings and qualifications contemplated by the Notes Registration Rights Agreement, (ii) such as may be required under foreign or state securities or blue sky laws and (iii) such as may be required after the Time of Delivery pursuant to the Company's periodic reporting requirements on its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K to be filed with the Commission under Sections 13 and 15(d), respectively, of the Exchange Act.

(y) The Company and its Subsidiaries possess such permits, licenses, approvals, consents and other authorizations (collectively, "Governmental Licenses") issued by the appropriate federal, state, local or foreign regulatory agencies or bodies necessary to conduct the business now operated by them, except where the failure to so possess such Government Licenses would not, singly or in the aggregate, have a Material Adverse Effect, the Company and its Subsidiaries are in compliance with the terms and conditions of all such Governmental Licenses, except where the failure so to comply would not, singly or in the aggregate, have a Material Adverse Effect; all of the Governmental Licenses are valid and in full force and effect, except when the invalidity of such Governmental Licenses or the failure of such Governmental Licenses to be in full force and effect would not have, singly or in the aggregate, a Material Adverse Effect; and neither the Company nor any of its Subsidiaries has received any notice of proceedings relating to the revocation or modification of any such Governmental Licenses which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would result in a Material Adverse Effect.

(z) The Company and its Subsidiaries have good and marketable title to all real property to be described in the Offering Circular as owned by the Company and its Subsidiaries and good title to all other properties described in the Offering Circular as owned by them, in each case, free and clear of all mortgages, pledges, liens, security interests, claims, restrictions or encumbrances of any kind except such as (a) are pursuant to the Credit Agreement and the Terrn Loan Agreement as described in the Offering Circular or (b) do not, singly or in the aggregate, materially interfere with the use made and proposed to be made

of such property by the Company or any of its Subsidiaries; and all of the leases and subleases material to the business of the Company and its Subsidiaries, considered as one enterprise, and under which the Company or any of its Subsidiaries holds properties described in the Offering Circular, are in full force and effect, and neither the Company nor any Subsidiary has any notice of any material claim of any sort that has been asserted by anyone adverse to the rights of the Company or any Subsidiary under any of the leases or subleases mentioned above, or affecting or questioning the rights of the Company or such Subsidiary to the continued possession of the leased or subleased premises under any such lease or sublease, which claim, if upheld, would result in a Material Adverse Effect.

(aa) Neither the Company nor any Guarantor is, or upon the issuance and sale of the Securities as herein contemplated and the application of the net proceeds therefrom as described in the Offering Circular will be, an "investment company" or an entity "controlled" by an "investment company" as such terms are defined in the Investment Company Act of 1940, as amended (the "1940 Act").

(bb) Except as described in the Offering, Circular or except as would not, singly or in the aggregate, result in a Material Adverse Effect: (A) neither the Company nor any of its Subsidiaries is in violation of any federal, state, local or foreign statute, law, rule, regulation, ordinance, code, policy or rule of common law or any judicial or administrative interpretation thereof, including any judicial or administrative order, consent, decree or relating to pollution or protection of human health, the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including, without limitation, laws and regulations relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products (collectively, "Hazardous Materials") or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials (collectively, "Environmental Laws"), (B) neither the Company nor any of its Subsidiaries is lacking any permits, authorizations and approvals required under any applicable Environmental Laws or are in violation of the requirements of such Environmental Laws, (C) there are no pending or, to the best knowledge of the Company, threatened administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of noncompliance or violation, investigation or proceedings relating to any Environmental Law against the Company or any of its Subsidiaries and (D) to the knowledge of the Company there are no events or circumstances that might reasonably be expected to form the basis of an order for clean-up or remediation, or an action, suit or proceeding by any private party or governmental body or agency, against or affecting the Company or any of its Subsidiaries relating to Hazardous Materials or any Environmental Laws.

(cc) Nothing has come to the attention of the Company that has caused the Company to believe that the statistical and market-related data to be included in the Offering Circular are not based on or derived from sources that are reliable and accurate in all material respects.

(dd) The Company and each of its Subsidiaries have filed all necessary federal, state, local and foreign income, payroll, franchise and other tax returns (after giving effect to extensions) and have paid all taxes shown as due thereon (except where the failure to so file or pay would not, singly or in the

aggregate, have a Material Adverse Effect), and there is no tax deficiency that has been, or to the knowledge of the Company is likely to be, asserted against the Company, any of its Subsidiaries or an of their properties or assets that would result in a Material Adverse Effect, except for taxes that are being contested in good faith by appropriate proceedings and with respect to which the Company has established adequate reserves in accordance with GAAP.

(ee) The Securities are eligible for resale pursuant to Rule 144A and will not be, at the Time of Delivery, of the same class as securities listed on a national securities exchange registered under Section 6 of the Exchange Act, or quoted in a U.S. automated interdealer quotation system.

(ff) None of the Company, its affiliates, as such term is defined in Rule 501(b) under the Act ("Affiliates"), or any person acting on its or any of their behalf (other than the Purchaser, as to whom the Company makes no representation) has engaged or will engage, in connection with the offering of the Securities, in any form of general solicitation or general advertising, within the meaning of Rule 502(c) under the Act.

(gg) Assuming the accuracy of the representations and warranties of the Purchaser set forth in Section 3 hereof and compliance by the Purchaser with the provisions of Sections 3 hereof, it is not necessary in connection with the offer, sale and delivery of the Securities to the Purchaser and to any subsequent purchaser in the manner contemplated by this Agreement and the Offering Circular to register the Securities under the Act or to qualify the Indenture under the Trust Indenture Act of 1939, as amended (the " 1939 Act").

(hh) Neither the Company, United Rentals nor any of its Subsidiaries is or has ever been a Personal Holding Company within the meaning of Section 542 of the Internal Revenue Code of 1986, as amended. -

(ii) Neither the Company nor any Subsidiary has received notice from any insurer providing insurance coverage for the Company and its Subsidiaries or agent of such insurer that capital improvements or other expenditures will have to be made in order to continue present insurance coverage, except such as could not reasonably be expected, singularly or in the aggregate, to have a Material Adverse Effect.

(jj) The Company and its Subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(kk) Other than pursuant to this Agreement, there are no contracts, agreements or understandings between either the Company, United Rentals or its Subsidiaries and any person that give rise to a valid

claim against the Company, United Rentals any of its Subsidiaries or the Purchaser for a brokerage commission, finder's fee or other like payment relating to the transactions contemplated hereby.

(ll) There are no persons with registration rights or other similar rights to have any debt securities registered pursuant to any registration statement or otherwise registered by the Company under the Act, except persons having such rights pursuant to the Notes Registration Rights Agreement, the Notes Registration Rights Agreement dated August 12, 1998 between the Company, certain of the Subsidiaries and the initial purchasers named therein and the Notes Registration Rights Agreement dated May 22, 1998 between the Company, certain of the Subsidiaries and the initial purchasers named therein.

(mm) Neither the Company, any of its Subsidiaries or any agent thereof acting on the behalf of any of them, has taken, and none of them will take, any action that might cause this Agreement or the issuance or sale of the Securities to violate Regulation T (12 C.F.R. Part 220), Regulation U (12 C.F.R. Part 221) or Regulation X (12 C.F-R. Part 224) of the Board of Governors of the Federal Reserve System.

(nn) The Offering Circular, as of its date, will contain all the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Act.

(oo) Neither the Company nor any of its Subsidiaries has violated any provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or the rules and regulations promulgated thereunder, except for such violations which, singly or in the aggregate, would not have a Material Adverse Effect. If any such plan is adopted, the execution and delivery of this Agreement and the sale of the Securities will not involve any non-exempt prohibited transaction within the meaning of Section 406 of ERISA or Section 4975 of the Internal Revenue Code of 1986, as amended. The representations made in the preceding sentence are made in reliance upon and subject to the accuracy of, and compliance with, the representations and covenants to be made or deemed to be made by the purchasers of the Securities as set forth in the Offering Circular.

(pp) There are, and as of the Time of Delivery, there will be no agreements containing any limitation on dividends or any other payment restrictions of the type referred to in clause (vii) of the covenant captioned " Description of the Notes - Limitation on Dividends and other Payment Restrictions Affecting Restricted Subsidiaries" to be contained in the Offering Circular.

(qq) Except as listed on a certificate of officers of the Company to be delivered to the Purchaser prior to the Time of Delivery, there are and as of the Time of Delivery, there will be no agreements of the type referred to in clause (vi) of the second paragraph of the covenant captioned "Description of the Notes - Limitation on Transactions with Affiliates" to be contained in the Offering Circular.

(rr) To the best of the Company's knowledge and belief, except as listed on a certificate of officers of the Company to be delivered to the Purchaser prior to the Time of Delivery, there are, and as of the Time of Delivery, there will be no agreements existing of the type referred to in clause (c) of the definition of "Permitted Indebtedness" under "Description of Notes - Certain Definitions" to be contained

in the Offering Circular. As of the Time of Delivery, but without giving effect to the issuance of the Securities and the application of the net proceeds therefrom, the aggregate outstanding Indebtedness (as defined in the Offering Circular under "Description of Notes--Certain Definitions") of the Company and its Subsidiaries will not exceed $1.4 billion.

(ss) All information contained in the certificates of officers of the Company to be delivered pursuant to (1), (qq) and (rr) of this Section I which would be required to be disclosed in the Offering Circular if the Offering Circular was a prospectus forming part of a registration statement filed with the Commission under the Act, has been disclosed in the Offering Circular.

(tt) Any certificate signed by any officer of the Company or any of its Subsidiaries delivered to the Purchaser or to counsel for the Purchaser pursuant to this Agreement shall be deemed a representation and warranty by the Company to the Purchaser as to the matters covered thereby.

2. Subject to the terms and conditions herein set forth, the Company agrees to issue and sell to the Purchaser, and the Purchaser agrees to purchase from the Company, at a purchase price set forth in Schedule II hereto, the principal amount of Securities set forth opposite the name of the Purchaser in Schedule I hereto.

3. The Purchaser proposes to offer the Securities for sale upon the terms and conditions set forth in this Agreement and the Offering Circular and the Purchaser hereby represents and warrants to, and agrees with the Company that:

(a) It will offer and sell the Securities only to: (1) persons who it reasonably believes are "qualified institutional buyers" ("QIBs") within the meaning of Rule 144A under the Act in transactions meeting the requirements of Rule 144A or (11) upon the terms and conditions set forth in Annex I to this Agreement;

(b) It Is an institution that is an accredited investor with the meaning of Rule 501 underthe Act; and

(c) It will not offer or sell the Securities by any form of general solicitation or general advertising, including but not limited to the methods described in Rule 502(c) under the Act.

4. (a) The Securities to be purchased by the Purchaser shall be delivered by or on behalf of the Company to Goldman, Sachs & Co., through the facilities of The Depository Trust Company ("DTC"), for the account of such Purchaser, against payment by or on behalf of such Purchaser of the purchase price therefor by wire transfer in same day funds or certified or official bank check or checks, payable to the order of the Company in immediately available funds. The Company will cause the certificates representing the Securities to be made available for checking at least twenty-four hours prior to the Time of Delivery (as defined below) at the office of DTC or its designated custodian (the "Designated Office"). The Securities to be purchased by the Purchaser hereunder will be represented by

one or more definitive global Securities in book-entry form which will be deposited by or on behalf of the Trustee with DTC or its designated custodian. The time and date of such delivery and payment shall be 9:30 a.m., New York City time, on December 15, 1998 or such other time and date as Goldman, Sachs & Co. and the Company may agree upon in writing. Such time and date are herein called the "Time of Delivery."

(b) The documents to be delivered at the Time of Delivery by or on behalf of the parties hereto pursuant to Section 7 hereof, including the cross-receipt for the Securities and any additional documents requested by the Purchaser pursuant to Section 7(i) hereof, will be delivered at such time and date at the offices of Skadden, Arps, Slate, Meagher & Flom LLP, 919 Third Avenue, New York, New York 10022 (the "Closing Location"), and the Securities will be delivered at the Designated Office, all at the Time of Delivery. A meeting will be held at the Closing Location prior to the Time of Delivery, at which meeting the final drafts of the documents to be delivered pursuant to the preceding sentence will be available for review by the parties hereto.

5. The Company agrees with the Purchaser:

(a) To prepare the Offering Circular in a form reasonably approved by you; to make no amendment or any supplement to the Offering Circular which shall be reasonably disapproved by you promptly after reasonable notice thereof; and to furnish you with as many copies thereof as you shall reasonably request;

(b) Promptly from time to time to take such action as you may reasonably request to qualify the Securities for offering and sale under the securities laws of such jurisdictions as you may request and to comply with such laws so as to permit the continuance of sales and dealings therein in such jurisdictions for as long as may be necessary to complete the distribution of the Securities, provided that in connection therewith the Company shall not be required to qualify as a foreign corporation or to file a general consent to service of process in any jurisdiction;

(c) To furnish the Purchaser with copies of the Offering Circular and each amendment or supplement thereto in such quantities as you may from time to time reasonably request, and if, at any time prior to earlier of (i) completion of the distribution of the Securities, as notified to you by Goldman, Sachs & Co., and (ii) the expiration of nine months after the date of the Offering Circular, any event shall have occurred as a result of which the Offering Circular as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when such Offering Circular is delivered, not misleading, or, if for any other reason it shall be necessary or desirable during such same period to amend or supplement the Offering Circular, to notify you and upon your request to prepare and furnish without charge to the Purchaser and to any dealer in securities as many copies as you may reasonably request of an amended Offering Circular or a supplement to the Offering Circular which will correct such statement or omission or effect such compliance;

(d) During the period beginning from the date hereof and continuing 120 days from the date of the Offering Circular, not to offer, sell contract to sell or otherwise dispose of, except as provided hereunder, any securities of the Company that are substantially similar to the Securities without the prior written consent of the Purchaser;

(e) Not to be or become, at any time prior to the expiration of two years after the Time of Delivery, an open-end investment company, unit investment trust, closed-end investment company or face-amount certificate company that is or required to be registered under Section 8 of the Investment Company Act;

(f) At any time when the Company is not subject to Section 13 or 15(d) of the Exchange Act, for the benefit of holders from time to time of Securities, to furnish at its expense, upon request, to holders of Securities and prospective purchasers of securities information (the "Additional Issuer Information") satisfying the requirements of subsection (d)(4)(i) of Rule 144A under the Act;

(g) To use its best efforts to cause the Securities to be eligible for the PORTAL trading system of the National Association of Securities Dealers, Inc.;

(h) During a period of five years from the date of the Offering Circular, to furnish to you copies of all reports or other communications (financial or other) furnished to stockholders of the Company, and to deliver to you (i) as soon as they are available, copies of any reports and financial statements furnished to or filed with the Commission or any securities exchange on which the Securities or any class of securities of the Company is listed; and (ii) such additional public information concerning the business and financial condition of the Company as you may from time to time reasonably request (such financial statements to be on a consolidated basis to the extent the accounts of the Company and its subsidiaries are consolidated in reports furnished to its stockholders generally or to the Commission);

(i) During the period of two years after the Time of Delivery, the Company will not, and will not permit any of its "affiliates" (as defined in Rule 144 under the Securities Act) to, resell any of the Securities which constitute "restricted securities" under Rule 144 that have been reacquired by any of them;

(j) The Company shall file, on or prior to 90 days after the date hereof, and use its reasonable best efforts to cause to be declared or become effective under the Act, on or prior to 150 days after the date hereof, a registration statement providing for the registration of the Exchange Securities, all in accordance with the terms of the Notes Registration Rights Agreement; and

(k) To use the net proceeds received by it from the sale of the Securities pursuant to this Agreement in the manner specified in the Offering Circular under the caption "Use of Proceeds".

6. The Company covenants and agrees with the Purchaser that the Company will pay or cause to be paid the following: (i) the fees, disbursements and expenses of the Company's counsel and

accountants in connection with the issue of the Securities and all other expenses in connection with the preparation, printing and filing of the Offering Circular and any amendments and supplements thereto and the mailing and delivering of copies thereof to the Purchaser and dealers; (ii) the cost of printing or producing any Agreement among Purchasers, this Agreement, the Indenture, the Notes Registration Rights Agreement, the Blue Sky and Legal Investment Memoranda, closing documents (including any compilations thereof) and any other documents in connection with the offering, purchase, sale and delivery of the Securities; (iii) all expenses in connection with the qualification of the Securities for offering and sale under state securities laws as provided in Section 5(b) hereof, including the fees and disbursements of counsel for the Purchaser in connection with such qualification and in connection with the Blue Sky and legal investment surveys, (iv) any fees charged by securities rating services for rating the Securities; (v) the cost of preparing the Securities; (vi) the fees and expenses of the Trustee and any agent of the Trustee and the fees and disbursements of counsel for the Trustee in connection with the Indenture and the Securities; (vii) any cost incurred in connection with the designation of the Securities for trading in PORTAL; and
(viii) all other costs and expenses incident to the performance of its obligations hereunder which are not otherwise specifically provided for in this Section. It is understood, however, that, except as provided in this Section, and Sections 8 and 11 hereof, the Purchaser will pay all of their own costs and expenses, including the fees of their counsel, transfer taxes on resale of any of the Securities by them, and any advertising expenses connected with any offers they may make.

7. The obligations of the Purchaser hereunder shall be subject, in its discretion, to the condition that all representations and warranties and other statements of the Company herein are, at and as of the Time of Delivery, true and correct, the condition that the Company shall have performed all of its obligations hereunder theretofore to be performed, and the following additional conditions:

(a) Skadden, Arps, Slate, Meagher & Flom LLP, counsel for the Purchaser, shall have furnished to you such opinion or opinions, dated the Time of Delivery, with respect to the matters as you may reasonably request, and such counsel shall have received such papers and information as they may reasonably request to enable them to pass upon such matters;

(b) Ehrenreich Eilenberg, Krause & Zivian LLP, counsel for the Company, shall have furnished to you their written opinion, dated the Time of Delivery, in form and substance satisfactory to you, to the effect set forth in Annex 11 hereto,

(c) Weil, Gotshal & Manges LLP, counsel for the Company, shall have furnished to you their written opinion, dated the Time of Delivery, in form and substance satisfactory to you, to the effect set forth in Annex III hereto;

(d) Prior to the Time of Delivery, each accounting firm whose report is included in the Offering Circular shall have furnished to you a letter or letters, dated the respective dates of delivery thereof, in form and substance satisfactory to you, to the effect set forth in Annex IV hereto;

(e) (i) Neither the Company nor any of the Subsidiaries shall have sustained since the date of the latest audited financial statements included in the Offering Circular any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, which would be material to the Company and the Subsidiaries taken as a whole otherwise than as set forth or contemplated in the Offering Circular or reserved for as disclosed in the Company's financial statements or financial statements of certain Subsidiaries included in the Offering Circular, and (ii) since the respective dates as of which information is given in the Offering Circular there shall not have been any change in the capital stock or long-term debt (other than accretion thereof and other than borrowings in the ordinary course of business under the Credit Facility with respect to working capital requirements for the ongoing operation of the Company and the Subsidiaries) of the Company and the Subsidiaries taken as a whole or any change, or any development involving a prospective change, in or affecting the general affairs, management, financial position, stockholders' equity or results of operations of the Company and the Subsidiaries taken as a whole, otherwise than as set forth or contemplated in the Offering Circular, the effect of which, in any such case described in Clause (i) or (ii), is in the judgment of Goldman, Sachs & Co. so material and adverse as to make it impracticable or inadvisable to proceed with the offering or the delivery of the Securities on the terms and in the manner contemplated in this Agreement and in the Offering Circular;

(f) On or after the date hereof (i) no downgrading shall have occurred in the rating accorded the Company's debt securities by any "nationally recognized statistical rating organization", as that term is defined by the Commission for purposes of Rule 436(g)(2) under the Act, and (ii) no such organization shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of any of the Securities or any of the Company's debt securities;

(g) On or after the date hereof there shall not have occurred any of the following: (i) a suspension or material limitation in trading in securities generally on the New York Stock Exchange ("NYSE") or on the National Association of Securities Dealers Automated Quotation System, (ii) a suspension or material limitation in trading in United Rentals' securities on the NYSE; (iii) a general moratorium on commercial banking activities declared by either Federal or New York State authorities; or (iv) the outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war, if the effect of any such event specified in this Clause (iv) in the judgment of Goldman, Sachs & Co. makes it impracticable or inadvisable to proceed with the offering or the delivery of the Securities on the terms and in the manner contemplated in the Offering Circular;

(h) The Securities have been designated for trading on PORTAL; and

(i) The Company shall have furnished or caused to be furnished to you at the Time of Delivery certificates of officers of the Company satisfactory to you as to the accuracy of the representations and warranties of the Company herein at and as of such Time of Delivery, as to the performance by the Company of all of its obligations hereunder to be performed at or prior to such Time of Delivery, as to the matters set forth in subsections (e) of this Section and as to such other matters as you may reasonably request.

8. (a) The Company will indemnify and hold harmless the Purchaser against any losses, claims, damages or liabilities, joint or several, to which the Purchaser may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Offering Circular, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact necessary to make the statements therein not misleading, and will reimburse the Purchaser for any legal or other expenses reasonably incurred by the Purchaser in connection with investigating or defending any such action or claim as such expenses are incurred, provided, however, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Offering Circular or any such amendment or supplement in reliance upon and in conformity with written information furnished to the Company by the Purchaser expressly for use therein.

(b) The Purchaser will indemnify and hold harmless the Company against any losses, claims, damages or liabilities to which the Company may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Offering Circular, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in the Offering Circular or any such amendment or supplement in reliance upon and in conformity with written information furnished to the Company by the Purchaser expressly for use therein, and will reimburse the Company for any legal or other expenses reasonably incurred by the Company in connection with investigating or defending any such action or claim as such expenses are incurred.

(c) Promptly after receipt by an indemnified party under Section 8(a) or 8(b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party otherwise than under such subsection. In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the

written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (ii) does not include a statement as to, or an admission of, fault, culpability or a failure to act, by or on behalf of any indemnified party. An indemnifying party shall not be required to indemnify an indemnified party hereunder with respect to any settlement or compromise of, or consent to entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder if (i) such settlement, compromise or consent is entered into or made or given by the indemnified party without the consent of the indemnifying party; and (ii) the indemnifying party has not unreasonably withheld or delayed any such consent.

(d) If the indemnification provided for in this Section 8 is unavailable to or insufficient to hold harmless an indemnified party under subsection (a) or
(b) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the indemnifying parties on the one hand and the indemnified parties on the other from the offering of the Securities. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law or if the indemnified party failed to give the notice required under Section 8(c) above, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the indemnifying parties on the one hand and the indemnified parties on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Purchaser on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company bear to the total discounts and commissions received by the Purchaser, in each case as set forth in the Offering Circular. The relative fault of a party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or the Purchaser on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Purchaser agree that it would not be just and equitable if contribution pursuant to this subsection (d) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to above in this subsection (d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection
(d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (d), the Purchaser shall not be required to contribute any amount in excess of the amount by which the Securities purchased by the Purchaser exceeds the amount of any damages which the

Purchaser has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alletzed omission.

(e) The obligations of the Company under this Section 8 shall be in addition to any liability which the Company may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls any Purchaser within the meaning of the Act; and the obligations of the Purchaser under this Section 8 shall be in addition to any liability which the Purchaser may otherwise have and shall extend, upon the same terms and conditions, to each officer and director of the Company and to each person, if any, who controls the Company within the meaning of the Act.

9. The respective indemnities, agreements, representations, warranties and other statements of the Company and the Purchaser, as set forth in this Agreement or made by or on behalf of them, respectively, pursuant to this Agreement, shall remain in full force and effect, regardless of any investigation (or any statement as to the results thereof) made by or on behalf of the Purchaser or any controlling person of the Purchaser, or the Company, or any officer or director or controlling person of the Company, and shall survive delivery of and payment for the Securities.

10. The Purchaser, prior to the Time of Delivery, shall have the right to terminate this Agreement and the transactions contemplated hereby if the Purchaser reasonably objects to any information contained in the Offering Circular not previously disclosed by the Company in any document filed by the Company with the Commission pursuant to Sections 13(a), 13(c), 14 or 15 of the Exchange Act prior to the date of this Agreement. If the Purchaser terminates this Agreement in accordance with this Section 10, the Purchaser shall have no liability to the Company or any of its affiliates.

11. If the Securities are not delivered by or on behalf of the Company as provided herein, the Company will reimburse the Purchaser for all out-of-pocket expenses, including fees and disbursements of counsel, reasonably incurred by the Purchaser in making preparations for the purchase, sale and delivery of the Securities, but the Company shall then be under no further liability to the Purchaser except as provided in Sections 6 and 8 hereof.

12. All statements, requests, notices and agreements hereunder shall be in writing, and if to the Purchaser shall be delivered or sent by mail, telex or facsimile transmission to you as the representatives in care of Goldman, Sachs & Co., 32 Old Slip, 9th Floor, New York, New York 10004, Attention: Registration Department; and if to the Company shall be delivered or sent by mail, telex or facsimile transmission to the address of the Company set forth in the Offering Circular, Attention: Chief Financial Officer. Any such statements, requests, notices or agreements shall take effect upon receipt thereof

13. This Agreement shall be binding upon, and inure solely to the benefit of, the Purchaser, the Company and, to the extent provided in Sections 8 and 9 hereof, the officers and directors of the Company and each person who controls the Company or the Purchaser, and their respective heirs, executors, administrators, successors and assigns, and no other person shall acquire or have any right under or by

virtue of this Agreement. No purchaser of any of the Securities from the Purchaser shall be deemed a successor or assign by reason merely of such purchase.

14. Time shall be of the essence of this Agreement.

15. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

16. This Agreement may be executed by any one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such respective counterparts shall together constitute one and the same instrument.

If the foregoing is in accordance with your understanding, please sign and return to ten counterparts hereof, and upon the acceptance hereof by you, this letter and such acceptance hereof shall constitute a binding agreement between the Purchaser and the Company.

Very truly yours,

UNITED RENTALS (NORTH AMERICA), INC.

By:_____

Name: Michael Nolan
Title: CFO

Accepted as of the date hereof:

Goldman, Sachs & Co.

By:_____

(Goldman, Sachs & Co.)

If the foregoing is in accordance with your understanding, please sign and return to ten counterparts hereof, and upon the acceptance hereof by you, this letter and such acceptance hereof shall constitute a binding agreement between the Purchaser and the Company.

Very truly yours,

UNITED RENTALS (NORTH AMERICA), INC.

By:_____
Name:
Title:

Accepted as of the date hereof:

Goldman, Sachs & Co.

By:_____

(Goldman, Sachs & Co.)

UNITED RENTALS (NORTH AMERICA), INC.

$250,000,000

9% Senior Subordinated Notes due 2009, Series A

Purchase Agreement

March 16, 1999

Goldman, Sachs & Co.
Donaldson, Lufkin & Jenrette Securities Corporation NationsBanc Montgomery Securities LLC
c/o Goldman, Sachs & Co.
85 Broad Street
New York, New York 10004

Ladies and Gentlemen:

United Rentals (North America), Inc., a Delaware corporation (the ACompany@), proposes, subject to the terms and conditions stated herein, to issue and sell to the purchasers named in Schedule I hereto (the APurchasers@) an aggregate of $250,000,000 principal amount of the 9% Senior Subordinated Notes due 2009, Series A specified above (the ASecurities@). The Securities are to be issued pursuant to an indenture (the "Indenture") to be dated as of the Time of Delivery (as defined below), between the Company, the United States subsidiaries of the Company (the "Guarantors") and The Bank of New York , as trustee (the "Trustee"). Pursuant to the Indenture and certain guarantees (the "Guarantees"), the Guarantors have agreed to guaranty the Company's payment and other obligations under the Indenture and the Securities.

The Company understands that the Purchasers propose to make an offering of the Securities on the terms and in the manner set forth herein and agrees that the Purchasers may resell, subject to the conditions set forth herein, all or a portion of the Securities to purchasers at any time after the execution and delivery of this Agreement. The Securities are to be offered and sold through the Purchasers without being registered under the Securities Act of 1933, as amended (the "Act"), in reliance upon exemptions therefrom. Pursuant to the terms of the Securities and the Indenture, investors that acquire Securities may only resell or otherwise transfer such Securities if such Securities are hereafter registered under the Act or if an exemption from the registration requirements of the Act is available (including the exemption afforded by Rule 144A ("Rule 144A") of the rules and regulations promulgated under the Act by the Securities and Exchange Commission (the "Commission")).

Holders (including subsequent transferees) of the Securities will have the registration rights set forth in the Notes Registration Rights Agreement (the "Notes Registration Rights Agreement") to be dated as of the Time of Delivery among the Company, the Guarantors and the Purchasers and so long as such

Securities constitute "Transfer Restricted Notes" (as defined in such agreement). Pursuant to the Notes Registration Rights Agreement, the Company will agree to file with the Commission, under the circumstances set forth therein, (i) a registration statement under the Act (the "Exchange Offer Registration Statement") relating to the Company's 9% Senior Subordinated Notes due 2009 Series B (the "Exchange Securities"), to be offered in exchange for the Securities (such offer to exchange being referred to as the "Exchange Offer") and (ii) under certain circumstances, a shelf registration statement pursuant to Rule 415 under the Act (the "Shelf Registration Statement" and, together with the Exchange Offer Registration Statement, the "Notes Registration Statements") relating to the resale by certain holders of the Securities and to use its best efforts to cause such Notes Registration Statements to be declared and remain effective and usable for the periods specified in the Notes Registration Rights Agreement and to consummate the Exchange Offer.

The Company is preparing and will deliver to the Purchasers copies of a final offering circular dated March 16, 1999 (the "Final Offering Circular") for use by the Purchasers in connection with its solicitation of purchases of, or offering of, the Securities. "Offering Circular" means, with respect to any date or time referred to in this Agreement, the Final Offering Circular, or any amendment or supplement thereto, including exhibits thereto and documents incorporated therein by reference, if any, which has been prepared and delivered by the Company to the Purchasers in connection with the Purchasers' solicitation of purchases of, or offering of, the Securities.

All references in this Agreement to financial statements and schedules and other information which is "contained," "included" or "stated" in the Offering Circular (or other references of like import) shall be deemed to mean and include all such financial statements and schedules and other information which are incorporated by reference in the Offering Circular, if any; and all references in this Agreement to amendments or supplements to the Offering Circular shall be deemed to mean and include the filing of any document under the Securities Exchange Act of 1934, as amended (the "Exchange Act") which is incorporated by reference in the Offering Circular.

1. The Company represents and warrants to, and agrees with, each of the Purchasers that:

(1) The Company has not, directly or indirectly, solicited any offer to buy or offered to sell, and will not, directly or indirectly, solicit any offer to buy or offer to sell, in the United States or to any United States citizen or resident, any security which is or would be integrated with the sale of the Securities in a manner that would require the Securities to be registered under the Act.

(2) The Offering Circular as of its date and at the Time of Delivery will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that this representation, warranty and agreement shall not apply to statements in or omissions from the Offering Circular made in reliance upon and in conformity with information furnished to the Company in writing by a Purchaser through Goldman, Sachs & Co. expressly for use in the Offering Circular.

(3) The documents incorporated or deemed to be incorporated by reference in the Offering Circular, if any, at the time they were or hereafter are filed with the Commission complied and will comply in all material respects with the requirements of the Exchange Act and the rules and regulations of the Commission (the "Exchange Act Regulations"), and, when read together with the other information in the Offering Circular, at the date of the Offering Circular and at the Time of Delivery, will not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(4) The accountants who certified the financial statements and supporting schedules included in the Offering Circular are independent certified public accountants with respect to the Company and its subsidiaries within the meaning of Regulation S-X under the Act.

(5) Each of the historical financial statements to be included in the Offering Circular, together with related schedules and notes, present fairly (on a consolidated basis where so indicated) the financial condition of the entity or entities to which such financial statement purports to relate (the "Reported Entity") at the date(s) indicated and the statement of operations (or income or earnings as indicated in the applicable financial statement) and cash flows and (in the case of a Reported Entity for which a statement of stockholders' equity is included) stockholders' equity (and partners' capital if so indicated in the applicable financial statement) of the Reported Entity for the period(s) specified; said financial statements have been prepared in conformity with generally accepted accounting principles ("GAAP") applied on a consistent basis throughout the periods involved (except as otherwise indicated in such financial statements). Any supporting schedules to be included in the Offering Circular present fairly in accordance with GAAP the information required to be stated therein. The selected historical financial information and the summary historical financial information to be included in the Offering Circular present fairly the information shown therein and, in the case of historical financial data or information of the Company, have been compiled on a basis consistent with that of the audited financial statements included in the Offering Circular. The pro forma financial statements and the related notes thereto to be included in the Offering Circular present fairly the information shown therein, have been prepared in accordance with the Commission's rules and guidelines with respect to pro forma financial statements and have been properly compiled on the bases described therein, and the assumptions used in the preparation thereof are reasonable and the adjustments used therein are appropriate to give effect to the transactions and circumstances referred to therein.

(6) The Company has not taken or caused to be taken and will not take or cause to be taken, either directly or indirectly, any action designed to cause or result in, or which action constitutes or which might reasonably be expected to constitute, the stabilization or manipulation of the market price of any security in contravention of any applicable law, including but not limited to those actions prohibited by Section 9(a) of the Exchange Act, the Exchange Act Regulations and Regulation M promulgated by the Commission.

(7) Neither the Company nor any of the Subsidiaries (as defined below) has sustained since the date of the latest financial statements to be included or incorporated by reference in the Offering

Circular any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree which would be material to the Company and the Subsidiaries taken as a whole, otherwise than as reserved for as disclosed in the Company's financial statements or financial statements of certain Subsidiaries to be included in the Offering Circular; and since the respective dates as of which information is given in the Offering Circular, except as otherwise stated therein, (A) there has been no material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company and its Subsidiaries considered as one enterprise (a "Material Adverse Effect"), whether or not arising in the ordinary course of business, (B) there has not been any change in the capital stock of the Company or increase in the long-term debt (other than accretion or scheduled repayments thereof) of the Company and the Subsidiaries taken as a whole,
(C) there have been no transactions entered into by the Company or any of the Subsidiaries, other than those in the ordinary course of business, which are material with respect to the Company and the Subsidiaries considered as one enterprise, and (D) there has been no dividend or distribution (except as would permitted under the covenants captioned "Description of the Notes - Limitation on Restricted Payments" to be contained in the Offering Circular) of any kind declared, paid or made by the Company on any class of its capital stock.

(8) The Company has been duly organized and is validly existing as a corporation in good standing under the laws of the State of Delaware and has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Offering Circular and to enter into and perform its obligations under this Agreement; and the Company is duly qualified as a foreign corporation to transact business and is in good standing in each other jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not result in a Material Adverse Effect.

(9) Each subsidiary of the Company (each, a "Subsidiary") has been duly organized and is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation, has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Offering Circular and is duly qualified as a foreign corporation to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not result in a Material Adverse Effect; except as otherwise disclosed in the Offering Circular, all of the issued and outstanding capital stock of each such Subsidiary has been duly authorized and validly issued, is fully paid and non-assessable and is owned by the Company, directly or through Subsidiaries, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity (except for any security interest or pledge contemplated by the Credit Agreement dated September 29, 1998 among the Company, United Rentals, United Rentals of Canada, Inc. and Bank of America National Trust and Savings Association ("B of A"), as U.S. Agent, Bank of America Canada, as Canadian Agent, and various financial institutions (the "Credit Agreement") and the Term Loan Agreement dated July 10, 1998 between the Company, certain financial institutions and B of A, as agent, as amended by the First Amendment to the Term Loan Agreement, dated September 29, 1998 (the "Term Loan Agreement")); and none of the outstanding shares of capital stock of any Subsidiary was

issued in violation of the preemptive or similar rights of any security holder of such Subsidiary. The only Subsidiaries of the Company (other than inactive Subsidiaries) are the Subsidiaries listed in a certificate of officers of the Company to be delivered to the Purchasers prior to the Time of Delivery and each Subsidiary of the Company which constitutes a "significant subsidiary" (as such term is defined in Rule 1-02 of Regulation S-X under the Act); provided, however, that such determination shall be made by reference to the Company's pro forma financial statements as permitted by Rule 3-05(b)(3) of Regulation S-X (each, a "Significant Subsidiary"), is marked with a "*" in such certificate.

(10) The authorized capital stock of the Company consists of 3,000 shares of common stock, par value $0.01 per share (the "Common Stock"). As of the date hereof, there were 1,000 shares of Common Stock outstanding. The shares of issued and outstanding capital stock of the Company have been duly authorized and validly issued and are fully paid and non-assessable; none of the outstanding shares of capital stock of the Company was issued in violation of the preemptive or other similar rights of any security holder of the Company. All of the outstanding capital stock of the Company is owned by United Rentals, Inc., a corporation duly organized and validly existing under the laws of the State of Delaware ("United Rentals"), free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity (except for any security interest or pledge contemplated by the Credit Agreement or the Term Loan Agreement).

(11) This Agreement has been duly authorized, executed and delivered by the Company .

(12) The Indenture has been duly authorized by the Company and each Guarantor, and, at the Time of Delivery, will have been duly executed and delivered by the Company and each such Guarantor and will constitute a valid and binding agreement of the Company and each such Guarantor, enforceable against the Company and each such Guarantor in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or other similar laws relating to or affecting enforcement of creditors' rights generally, or by general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law).

(13) The Securities have been duly authorized and, at the Time of Delivery, will have been duly executed by the Company and, when authenticated in the manner provided for in the Indenture and delivered against payment of the purchase price therefor will constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except as the enforcement thereof may be limited by bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or other similar laws relating to or affecting enforcement of creditors' rights generally, or by general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law), and will be in the form contemplated by, and, subject to the foregoing limitations, entitled to the benefits of, the Indenture. At the Time of Delivery, the Securities will conform in all material respects to the description thereof contained in the Offering Circular.

(14) Each Guaranty has been duly authorized by the applicable Guarantor under the laws of its state of incorporation, and, at the Time of Delivery, each Guaranty relating to Securities being issued

as of Time of Delivery that appears on or is attached to such Securities, will have been duly executed by such Guarantor and, when issued in the manner provided for in the Indenture and delivered in accordance with this Agreement, will constitute a valid and binding obligation of such Guarantor, enforceable against such Guarantor in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or other similar laws relating to or affecting enforcement of creditors' rights generally, or by general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law), and will be in the form contemplated by, and, subject to the foregoing limitations, entitled to the benefits of, the Indenture. At the Time of Delivery, the Guarantees will conform in all material respects to the description thereof contained in the Offering Circular.

(15) The Exchange Securities have been duly authorized by the Company. When the Exchange Securities are issued, executed and authenticated in the manner provided for by the terms of the Exchange Offer and the Indenture, the Exchange Securities will constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except as the enforcement thereof may be limited by bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or other similar laws relating to or affecting enforcement of creditors' rights generally, or by general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law), and will be in the form contemplated by, and, subject to the foregoing limitations, entitled to the benefits of, the Indenture.

(16) The Notes Registration Rights Agreement has been duly authorized by the Company and each Guarantor, and, at the Time of Delivery, will have been duly executed and delivered by the Company and each Guarantor, and will constitute valid and binding obligations of the Company and each Guarantor, enforceable against the Company and each such Guarantor in accordance with its terms except as the enforcement thereof may be limited by bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or other similar laws relating to or affecting enforcement of creditors' rights generally, or by general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law). At the Time of Delivery, the Notes Registration Rights Agreement will conform in all material respects to the description thereof contained in the Offering Circular.

(17) The Securities, the Guarantees and the Indenture will conform in all material respects to the respective statements relating thereto contained in the Offering Circular.

(18) Neither the Company nor any of its Subsidiaries is in violation of its charter or by-laws or in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other agreement or instrument to which the Company or any of its Subsidiaries is a party or by which any of them may be bound, or to which any of the property or assets of the Company or any of its Subsidiaries is subject (collectively, "Agreements and Instruments") except for such defaults that would not result in a Material Adverse Effect; and the execution, delivery and performance of this Agreement, the Indenture, the Securities, the Guarantees, the Notes Registration Rights Agreement, and any other agreement or

instrument entered into or issued or to be entered into or issued by the Company in connection with the transactions contemplated hereby or thereby or in the Offering Circular and the consummation of the transactions contemplated herein and in the Offering Circular and compliance by the Company with its obligations hereunder have been duly authorized by all necessary corporate action and do not and will not, whether with or without the giving of notice or passage of time or both, conflict with or constitute a breach of, or default or a Repayment Event (as defined below) under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of its Subsidiaries pursuant to, the Agreements and Instruments except for such conflicts, breaches or defaults or liens, charges or encumbrances that, singly or in the aggregate, would not result in a Material Adverse Effect, nor will such action result in any violation of the provisions of the charter or by-laws of the Company or any of its Subsidiaries or any applicable law, statute, rule, regulation, judgment, order, writ or decree of any government, government instrumentality or court, domestic or foreign, having jurisdiction over the Company or any of its Subsidiaries or any of their assets or properties. As used herein, a "Repayment Event" means any event or condition which gives the holder of any note, debenture or other evidence of indebtedness (or any person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company or any of its Subsidiaries.

(19) No labor dispute with the employees of the Company or any of its Subsidiaries exists or, to the knowledge of the Company, is imminent, and the Company is not aware of any existing or imminent labor disturbance by the employees of any of its or any of its Subsidiaries' principal suppliers, manufacturers, customers or contractors, which, in either case, may reasonably be expected to result in a Material Adverse Effect.

(20) There is no action, suit, proceeding, inquiry or investigation before or by any court or governmental agency or body, domestic or foreign, now pending, or, to the knowledge of the Company, threatened, against or affecting the Company or any Subsidiary thereof which is required to be disclosed in the Offering Circular (other than as will be disclosed therein), or which might reasonably be expected to result in a Material Adverse Effect, or which might reasonably be expected to materially and adversely affect the consummation of this Agreement or the performance by the Company of its obligations hereunder. The aggregate of all pending legal or governmental proceedings to which the Company or any Subsidiary thereof is a party or of which any of their respective property or assets is the subject which are not described in the Offering Circular, including ordinary routine litigation incidental to the business, would not reasonably be expected to result in a Material Adverse Effect.

(21) There are no contracts or documents which are required to be described in the Offering Circular which will not be so described.

(22) The Company and its Subsidiaries own or possess, or can acquire on reasonable terms, adequate patents, patent rights, licenses, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks, trade names or other intellectual property (collectively, "Intellectual Property") necessary to carry on the business now operated by them, and neither the Company nor any of its Subsidiaries has received any notice or is otherwise aware of any infringement of or conflict with asserted

rights of others with respect to any Intellectual Property or of any facts or circumstances which would render any Intellectual Property invalid or inadequate to protect the interest of the Company or any of its Subsidiaries therein, and which infringement or conflict (if the subject of any unfavorable decision, ruling or finding) or invalidity or inadequacy, singly or in the aggregate, would result in a Material Adverse Effect.

(23) No filing with, or authorization, approval, consent, license, order, registration, qualification or decree of, any court or governmental authority or agency is necessary or required for the performance by the Company of its obligations hereunder or by the Company or any Guarantor in connection with the offering, issuance or sale of the Securities and Guarantees hereunder or the consummation of the transactions contemplated by this Agreement, except
(i) for filings and qualifications contemplated by the Notes Registration Rights Agreement, (ii) such as may be required under foreign or state securities or blue sky laws and (iii) such as may be required after the Time of Delivery pursuant to the Company's periodic reporting requirements on its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K to be filed with the Commission under Sections 13 and 15(d), respectively, of the Exchange Act.

(24) The Company and its Subsidiaries possess such permits, licenses, approvals, consents and other authorizations (collectively, "Governmental Licenses") issued by the appropriate federal, state, local or foreign regulatory agencies or bodies necessary to conduct the business now operated by them, except where the failure to so possess such Government Licenses would not, singly or in the aggregate, have a Material Adverse Effect; the Company and its Subsidiaries are in compliance with the terms and conditions of all such Governmental Licenses, except where the failure so to comply would not, singly or in the aggregate, have a Material Adverse Effect; all of the Governmental Licenses are valid and in full force and effect, except when the invalidity of such Governmental Licenses or the failure of such Governmental Licenses to be in full force and effect would not have, singly or in the aggregate, a Material Adverse Effect; and neither the Company nor any of its Subsidiaries has received any notice of proceedings relating to the revocation or modification of any such Governmental Licenses which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would result in a Material Adverse Effect.

(25) The Company and its Subsidiaries have good and marketable title to all real property to be described in the Offering Circular as owned by the Company and its Subsidiaries and good title to all other properties described in the Offering Circular as owned by them, in each case, free and clear of all mortgages, pledges, liens, security interests, claims, restrictions or encumbrances of any kind except such as (a) are pursuant to the Credit Agreement and the Term Loan Agreement as described in the Offering Circular or
(b) do not, singly or in the aggregate, materially interfere with the use made and proposed to be made of such property by the Company or any of its Subsidiaries; and all of the leases and subleases material to the business of the Company and its Subsidiaries, considered as one enterprise, and under which the Company or any of its Subsidiaries holds properties described in the Offering Circular, are in full force and effect, and neither the Company nor any Subsidiary has any notice of any material claim of any sort that has been asserted by anyone adverse to the rights of the Company or any Subsidiary under any of the leases or subleases mentioned above, or affecting or questioning the rights of the

Company or such Subsidiary to the continued possession of the leased or subleased premises under any such lease or sublease, which claim, if upheld, would result in a Material Adverse Effect.

(26) Neither the Company nor any Guarantor is, or upon the issuance and sale of the Securities as herein contemplated and the application of the net proceeds therefrom as described in the Offering Circular will be, an "investment company" or an entity "controlled" by an "investment company" as such terms are defined in the Investment Company Act of 1940, as amended (the "1940 Act").

(27) Except as described in the Offering Circular or except as would not, singly or in the aggregate, result in a Material Adverse Effect: (A) neither the Company nor any of its Subsidiaries is in violation of any federal, state, local or foreign statute, law, rule, regulation, ordinance, code, policy or rule of common law or any judicial or administrative interpretation thereof, including any judicial or administrative order, consent, decree or judgment, relating to pollution or protection of human health, the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including, without limitation, laws and regulations relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products (collectively, "Hazardous Materials") or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials (collectively, "Environmental Laws"), (B) neither the Company nor any of its Subsidiaries is lacking any permits, authorizations and approvals required under any applicable Environmental Laws or are in violation of the requirements of such Environmental Laws, (C) there are no pending or, to the best knowledge of the Company, threatened administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of noncompliance or violation, investigation or proceedings relating to any Environmental Law against the Company or any of its Subsidiaries and (D) to the knowledge of the Company there are no events or circumstances that might reasonably be expected to form the basis of an order for clean-up or remediation, or an action, suit or proceeding by any private party or governmental body or agency, against or affecting the Company or any of its Subsidiaries relating to Hazardous Materials or any Environmental Laws.

(28) Nothing has come to the attention of the Company that has caused the Company to believe that the statistical and market-related data to be included in the Offering Circular are not based on or derived from sources that are reliable and accurate in all material respects.

(29) The Company and each of its Subsidiaries have filed all necessary federal, state, local and foreign income, payroll, franchise and other tax returns (after giving effect to extensions) and have paid all taxes shown as due thereon (except where the failure to so file or pay would not, singly or in the aggregate, have a Material Adverse Effect), and there is no tax deficiency that has been, or to the knowledge of the Company is likely to be, asserted against the Company, any of its Subsidiaries or any of their properties or assets that would result in a Material Adverse Effect, except for taxes that are being contested in good faith by appropriate proceedings and with respect to which the Company has established adequate reserves in accordance with GAAP.

(30) The Securities are eligible for resale pursuant to Rule 144A and will not be, at the Time of Delivery, of the same class as securities listed on a national securities exchange registered under Section 6 of the Exchange Act, or quoted in a U.S. automated interdealer quotation system.

(31) None of the Company, its affiliates, as such term is defined in Rule 501(b) under the Act ("Affiliates"), or any person acting on its or any of their behalf (other than the Purchasers, as to whom the Company makes no representation) has engaged or will engage, in connection with the offering of the Securities, in any form of general solicitation or general advertising within the meaning of Rule 502(c) under the Act.

(32) Assuming the accuracy of the representations and warranties of the Purchasers set forth in Section 3 hereof and compliance by the Purchasers with the provisions of Sections 3 hereof, it is not necessary in connection with the offer, sale and delivery of the Securities to the Purchasers and to any subsequent purchaser in the manner contemplated by this Agreement and the Offering Circular to register the Securities under the Act or to qualify the Indenture under the Trust Indenture Act of 1939, as amended (the "1939 Act").

(33) Neither the Company, United Rentals nor any of its Subsidiaries is or has ever been a Personal Holding Company within the meaning of Section 542 of the Internal Revenue Code of 1986, as amended.

(34) Neither the Company nor any Subsidiary has received notice from any insurer providing insurance coverage for the Company and its Subsidiaries or agent of such insurer that capital improvements or other expenditures will have to be made in order to continue present insurance coverage, except such as would not reasonably be expected, singularly or in the aggregate, to have a Material Adverse Effect.

(35) The Company and its Subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(36) Other than pursuant to this Agreement, there are no contracts, agreements or understandings between either the Company, United Rentals or its Subsidiaries and any person that give rise to a valid claim against the Company, United Rentals, any of its Subsidiaries or the Purchasers for a brokerage commission, finder's fee or other like payment relating to the transactions contemplated hereby.

(37) There are no persons with registration rights or other similar rights to have any debt securities registered pursuant to any registration statement or otherwise registered by the Company under the Act, except persons having such rights pursuant to the Notes Registration Rights Agreement, the Notes

Registration Rights Agreement dated December 15, 1998 between the Company, certain of the Subsidiaries and the initial purchaser named therein, the Notes Registration Rights Agreement dated August 12, 1998 between the Company, certain of the Subsidiaries and the initial purchasers named therein and the Notes Registration Rights Agreement dated May 22, 1998 between the Company, certain of the Subsidiaries and the initial purchasers named therein.

(38) Neither the Company, any of its Subsidiaries or any agent thereof acting on the behalf of any of them, has taken, and none of them will take, any action that might cause this Agreement or the issuance or sale of the Securities to violate Regulation T (12 C.F.R. Part 220), Regulation U (12 C.F.R.

Part 221) or Regulation X (12 C.F.R. Part 224) of the Board of Governors of the

Federal Reserve System.

(39) The Offering Circular, as of its date, will contain all the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Act.

(40) Neither the Company nor any of its Subsidiaries has violated any provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or the rules and regulations promulgated thereunder, except for such violations which, singly or in the aggregate, would not have a Material Adverse Effect. If any such plan is adopted, the execution and delivery of this Agreement and the sale of the Securities will not involve any non-exempt prohibited transaction within the meaning of Section 406 of ERISA or Section 4975 of the Internal Revenue Code of 1986, as amended. The representations made in the preceding sentence are made in reliance upon and subject to the accuracy of, and compliance with, the representations and covenants to be made or deemed to be made by the purchasers of the Securities as set forth in the Offering Circular.

(41) There are, and as of the Time of Delivery, there will be no agreements containing any limitation on dividends or any other payment restrictions of the type referred to in clause (vii) of the covenant captioned "Description of the Notes B Limitation on Dividends and other Payment Restrictions Affecting Restricted Subsidiaries" to be contained in the Offering Circular other than an obligation of the Company or its Subsidiaries to maintain a minimum net worth contained in contracts or leases entered into in the ordinary course of business.

(42) Except as listed on a certificate of officers of the Company to be delivered to the Purchasers prior to the Time of Delivery, there are and as of the Time of Delivery, there will be no agreements of the type referred to in clause (vi) of the second paragraph of the covenant captioned "Description of the Notes - Limitation on Transactions with Affiliates" to be contained in the Offering Circular.

(43) To the best of the Company's knowledge and belief, except as listed on a certificate of officers of the Company to be delivered to the Purchasers prior to the Time of Delivery, there are, and as of the Time of Delivery, there will be no agreements existing of the type referred to in clause
(c) of the definition of "Permitted Indebtedness" under "Description of Notes B Certain Definitions" to be contained in the Offering Circular. As of the Time of Delivery, but without giving effect to the issuance of the

Securities and the application of the net proceeds therefrom, the aggregate outstanding Indebtedness (as defined in the Offering Circular under "Description of Notes B Certain Definitions") of the Company and its Subsidiaries will not exceed $1.4 billion.

(44) All information contained in the certificates of officers of the Company to be delivered pursuant to (i), (pp) and (qq) of this Section 1 which would be required to be disclosed in the Offering Circular if the Offering Circular was a prospectus forming part of a registration statement filed with the Commission under the Act, has been disclosed in the Offering Circular.

(45) Any certificate signed by any officer of the Company or any of its Subsidiaries delivered to the Purchasers or to counsel for the Purchasers pursuant to this Agreement shall be deemed a representation and warranty by the Company to the Purchasers as to the matters covered thereby.

(46) With respect to the information systems of the Company and its Subsidiaries, the Company does not believe that the Year 2000 Problem will have a Material Adverse Effect or result in any material loss or interference with the Company's business or operations. In addition, except as disclosed in the Offering Circular, the Company has no reason to believe that, with respect to the information systems of any third parties with which the Company or any of its Subsidiaries has a material relationship, the Year 2000 Problem will have a Material Adverse Effect or result in any material loss or interference with the Company's business or operations. The "Year 2000 Problem" as used herein means any significant risk that computer hardware or software used in the receipt, transmission, processing, manipulation, storage, retrieval, retransmission or other utilization of data or in the operation of mechanical or electrical systems of any kind will not, in the case of dates or time periods occurring after December 31, 1999, function at least as effectively as in the case of dates or time periods occurring prior to January 1, 2000.

2. Subject to the terms and conditions herein set forth, the Company agrees to issue and sell to each of the Purchasers, and each of the Purchasers agrees, severally and not jointly, to purchase from the Company, at the purchase price set forth in Schedule II hereto, the principal amount of Securities set forth opposite the name of such Purchaser in Schedule I hereto.

3. The several Purchasers propose to offer the Securities for sale upon the terms and conditions set forth in this Agreement and the Offering Circular and each Purchaser hereby represents and warrants to, and agrees with the Company that:

(1) It will offer and sell the Securities only to: (i) persons who it reasonably believes are Aqualified institutional buyers" ("QIBs") within the meaning of Rule 144A under the Act in transactions meeting the requirements of Rule 144A or (ii) upon the terms and conditions set forth in Annex I to this Agreement;

(2) It is an institution that is an accredited investor with the meaning of Rule 501 under the Act; and

(3) It will not offer or sell the Securities by any form of general solicitation or general advertising, including but not limited to the methods described in Rule 502(c) under the Act.

4. (a) The Securities to be purchased by each Purchaser shall be delivered by or on behalf of the Company to Goldman, Sachs & Co., through the facilities of The Depository Trust Company ("DTC"), for the account of such Purchaser, against payment by or on behalf of such Purchaser of the purchase price therefor by wire transfer in same day funds or certified or official bank check or checks, payable to the order of the Company in immediately available funds. The Company will cause the certificates representing the Securities to be made available for checking at least twenty-four hours prior to the Time of Delivery (as defined below) at the office of DTC or its designated custodian (the "Designated Office"). The Securities to be purchased by each Purchaser hereunder will be represented by one or more definitive global Securities in book-entry form which will be deposited by or on behalf of the Trustee with DTC or its designated custodian. The time and date of such delivery and payment shall be 9:30 a.m., New York City time, on March 23, 1999 or such other time and date as Goldman, Sachs & Co. and the Company may agree upon in writing. Such time and date are herein called the "Time of Delivery."

(1) The documents to be delivered at the Time of Delivery by or on behalf of the parties hereto pursuant to Section 7 hereof, including the cross- receipt for the Securities and any additional documents requested by the Purchasers pursuant to Section 7(i) hereof, will be delivered at such time and date at the offices of Skadden, Arps, Slate, Meagher & Flom LLP, 919 Third Avenue, New York, New York 10022 (the AClosing Location@), and the Securities will be delivered at the Designated Office, all at the Time of Delivery. A meeting will be held at the Closing Location prior to the Time of Delivery, at which meeting the final drafts of the documents to be delivered pursuant to the preceding sentence will be available for review by the parties hereto.

5. The Company agrees with each of the Purchasers:

(1) To prepare the Offering Circular in a form reasonably approved by you; to make no amendment or any supplement to the Offering Circular which shall be reasonably disapproved by you promptly after reasonable notice thereof; and to furnish you with as many copies thereof as you shall reasonably request;

(2) Promptly from time to time to take such action as you may reasonably request to qualify the Securities for offering and sale under the securities laws of such jurisdictions as you may request and to comply with such laws so as to permit the continuance of sales and dealings therein in such jurisdictions for as long as may be necessary to complete the distribution of the Securities, provided that in connection therewith the Company shall not be required to qualify as a foreign corporation or to file a general consent to service of process in any jurisdiction;

(3) To furnish the Purchasers with copies of the Offering Circular and each amendment or supplement thereto in such quantities as you may from time to time reasonably request, and if, at any time prior to earlier of (i) completion of the distribution of the Securities, as notified to you by Goldman, Sachs & Co., and (ii) the expiration of nine months after the date of the Offering Circular, any event shall

have occurred as a result of which the Offering Circular as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when such Offering Circular is delivered, not misleading, or, if for any other reason it shall be necessary or desirable during such same period to amend or supplement the Offering Circular, to notify you and upon your request to prepare and furnish without charge to each Purchaser and to any dealer in securities as many copies as you may reasonably request of an amended Offering Circular or a supplement to the Offering Circular which will correct such statement or omission or effect such compliance;

(4) During the period beginning from the date hereof and continuing 120 days from the date of the Offering Circular, not to offer, sell contract to sell or otherwise dispose of, except as provided hereunder, any securities of the Company that are substantially similar to the Securities without the prior written consent of Goldman, Sachs & Co.;

(5) Not to be or become, at any time prior to the expiration of two years after the Time of Delivery, an open-end investment company, unit investment trust, closed-end investment company or face-amount certificate company that is or is required to be registered under Section 8 of the Investment Company Act;

(6) At any time when the Company is not subject to Section 13 or 15(d) of the Exchange Act, for the benefit of holders from time to time of Securities, to furnish at its expense, upon request, to holders of Securities and prospective purchasers of securities information (the AAdditional Issuer Information@) satisfying the requirements of subsection (d)(4)(i) of Rule 144A under the Act;

(7) To use its best efforts to cause the Securities to be eligible for the PORTAL trading system of the National Association of Securities Dealers, Inc.;

(8) During a period of five years from the date of the Offering Circular, to furnish to you copies of all reports or other communications (financial or other) furnished to stockholders of the Company generally, and to deliver to you (i) as soon as they are available, copies of any reports and financial statements furnished to or filed with the Commission or any securities exchange on which the Securities or any class of securities of the Company is listed; and (ii) such additional public information concerning the business and financial condition of the Company as you may from time to time reasonably request (such financial statements to be on a consolidated basis to the extent the accounts of the Company and its subsidiaries are consolidated in reports furnished to its stockholders generally or to the Commission);

(9) During the period of two years after the Time of Delivery, the Company will not, and will not permit any of its "affiliates" (as defined in Rule 144 under the Securities Act) to, resell any of the Securities which constitute "restricted securities" under Rule 144 that have been reacquired by any of them;

(10) The Company shall file, on or prior to 90 days after the Time of Delivery, and use its reasonable best efforts to cause to be declared or become effective under the Act, on or prior to 150 days after the Time of Delivery, a registration statement providing for the registration of the Exchange Securities, all in accordance with the terms of the Notes Registration Rights Agreement; and (1)

(11) To use the net proceeds received by it from the sale of the Securities pursuant to this Agreement in the manner specified in the Offering Circular under the caption "Use of Proceeds".

6. The Company covenants and agrees with the several Purchasers that the Company will pay or cause to be paid the following: (i) the fees, disbursements and expenses of the Company's counsel and accountants in connection with the issue of the Securities and all other expenses in connection with the preparation, printing and filing of the Offering Circular and any amendments and supplements thereto and the mailing and delivering of copies thereof to the Purchasers and dealers; (ii) the cost of printing or producing any Agreement among Purchasers, this Agreement, the Indenture, the Notes Registration Rights Agreement, the Blue Sky and Legal Investment Memoranda, closing documents (including any compilations thereof) and any other documents in connection with the offering, purchase, sale and delivery of the Securities; (iii) all expenses in connection with the qualification of the Securities for offering and sale under state securities laws as provided in Section 5 (b) hereof, including the fees and disbursements of counsel for the Purchasers in connection with such qualification and in connection with the Blue Sky and legal investment surveys;
(iv) any fees charged by securities rating services for rating the Securities;
(v) the cost of preparing the Securities; (vi) the fees and expenses of the Trustee and any agent of the Trustee and the fees and disbursements of counsel for the Trustee in connection with the Indenture and the Securities; (vii) any cost incurred in connection with the designation of the Securities for trading in PORTAL; and (viii) all other costs and expenses incident to the performance of its obligations hereunder which are not otherwise specifically provided for in this Section. It is understood, however, that, except as provided in this Section, and Sections 8 and 12 hereof, the Purchasers will pay all of their own costs and expenses, including the fees of their counsel, transfer taxes on resale of any of the Securities by them, and any advertising expenses connected with any offers they may make.

7. The obligations of the Purchasers hereunder shall be subject, in their discretion, to the condition that all representations and warranties and other statements of the Company herein are, at and as of the Time of Delivery, true and correct, the condition that the Company shall have performed all of its obligations hereunder theretofore to be performed, and the following additional conditions:

(1) Skadden, Arps, Slate, Meagher & Flom LLP, counsel for the Purchasers, shall have furnished to you such opinion or opinions, dated the Time of Delivery, with respect to the matters as you may reasonably request, and such counsel shall have received such papers and information as they may reasonably request to enable them to pass upon such matters;

(2) Ehrenreich Eilenberg Krause & Zivian LLP, counsel for the Company, shall have furnished to you their written opinion, dated the Time of Delivery, in form and substance satisfactory to you, to the effect set forth in Annex II hereto;

(3) Weil, Gotshal & Manges LLP, counsel for the Company, shall have furnished to you their written opinion, dated the Time of Delivery, in form and substance satisfactory to you, to the effect set forth in Annex III hereto;

(4) Prior to the Time of Delivery, each accounting firm whose report is included in the Offering Circular shall have furnished to you a letter or letters, dated the respective dates of delivery thereof, in form and substance satisfactory to you, to the effect set forth in Annex IV hereto;

(5) (i) Neither the Company nor any of the Subsidiaries shall have sustained since the date of the latest audited financial statements included in the Offering Circular any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, which would be material to the Company and the Subsidiaries taken as a whole otherwise than as set forth or contemplated in the Offering Circular or reserved for as disclosed in the Company's financial statements or financial statements of certain Subsidiaries included in the Offering Circular, and (ii) since the respective dates as of which information is given in the Offering Circular there shall not have been any change in the capital stock or long-term debt (other than accretion thereof and other than borrowings in the ordinary course of business under the Credit Facility with respect to working capital requirements for the ongoing operation of the Company and the Subsidiaries) of the Company and the Subsidiaries taken as a whole or any change, or any development involving a prospective change, in or affecting the general affairs, management, financial position, stockholders' equity or results of operations of the Company and the Subsidiaries taken as a whole, otherwise than as set forth or contemplated in the Offering Circular, the effect of which, in any such case described in Clause (i) or (ii), is in the judgment of Goldman, Sachs & Co. so material and adverse as to make it impracticable or inadvisable to proceed with the offering or the delivery of the Securities on the terms and in the manner contemplated in this Agreement and in the Offering Circular;

(6) On or after the date hereof (i) no downgrading shall have occurred in the rating accorded the Company's debt securities by any "nationally recognized statistical rating organization", as that term is defined by the Commission for purposes of Rule 436(g)(2) under the Act, and (ii) no such organization shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of any of the Securities or any of the Company's debt securities;

(7) On or after the date hereof there shall not have occurred any of the following: (i) a suspension or material limitation in trading in securities generally on the New York Stock Exchange ("NYSE") or on the National Association of Securities Dealers Automated Quotation System; (ii) a suspension or material limitation in trading in United Rentals' securities on the NYSE;
(iii) a general moratorium on commercial banking activities declared by either Federal or New York State authorities; or (iv) the outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war, if the effect of any such event specified in this Clause (iv) in the judgment of Goldman, Sachs & Co. makes it impracticable or inadvisable to proceed with the offering or the delivery of the Securities on the terms and in the manner contemplated in the Offering Circular;

(8) The Securities have been designated for trading on PORTAL; and

(9) The Company shall have furnished or caused to be furnished to you at the Time of Delivery certificates of officers of the Company satisfactory to you as to the accuracy of the representations and warranties of the Company herein at and as of such Time of Delivery, as to the performance by the Company of all of its obligations hereunder to be performed at or prior to such Time of Delivery, as to the matters set forth in subsection (e) of this Section and as to such other matters as you may reasonably request.

8. (a) The Company will indemnify and hold harmless each Purchaser against any losses, claims, damages or liabilities, joint or several, to which such Purchaser may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Offering Circular, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact necessary to make the statements therein not misleading, and will reimburse each Purchaser for any legal or other expenses reasonably incurred by such Purchaser in connection with investigating or defending any such action or claim as such expenses are incurred; provided, however, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Offering Circular or any such amendment or supplement in reliance upon and in conformity with written information furnished to the Company by any Purchaser through Goldman, Sachs & Co. expressly for use therein.

(1) Each Purchaser will indemnify and hold harmless the Company against any losses, claims, damages or liabilities to which the Company may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in the Offering Circular, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in the Offering Circular or any such amendment or supplement in reliance upon and in conformity with written information furnished to the Company by such Purchaser through Goldman, Sachs & Co. expressly for use therein; and will reimburse the Company for any legal or other expenses reasonably incurred by the Company in connection with investigating or defending any such action or claim as such expenses are incurred.

(2) Promptly after receipt by an indemnified party under Section 8(a) or 8(b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party otherwise than under such subsection. In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense

thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (ii) does not include a statement as to, or an admission of, fault, culpability or a failure to act, by or on behalf of any indemnified party. An indemnifying party shall not be required to indemnify an indemnified party hereunder with respect to any settlement or compromise of, or consent to entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder if (i) such settlement, compromise or consent is entered into or made or given by the indemnified party without the consent of the indemnifying party and (ii) the indemnifying party has not unreasonably withheld or delayed any such consent.

(3) If the indemnification provided for in this Section 8 is unavailable to or insufficient to hold harmless an indemnified party under subsection (a) or (b) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the indemnifying parties on the one hand and the indemnified parties on the other from the offering of the Securities. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law or if the indemnified party failed to give the notice required under Section 8(c) above, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the indemnifying parties on the one hand and the indemnified parties on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Purchasers on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company bear to the total discounts and commissions received by the Purchasers, in each case as set forth herein. The relative fault of a party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or the Purchasers on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and the Purchasers agree that it would not be just and equitable if contributions pursuant to this subsection (d) were determined by pro rata allocation (even if the Purchasers were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to

above in this subsection (d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (d), no Purchaser shall be required to contribute any amount in excess of the amount by which the Securities purchased by such Purchaser exceeds the amount of any damages which such Purchaser has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. The Purchasers' obligations in this subsection (d) to contribute are several in proportion to their respective underwriting obligations and not joint.

(4) The obligations of the Company under this Section 8 shall be in addition to any liability which the Company may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls any Purchaser within the meaning of the Act; and the obligations of the Purchasers under this Section 8 shall be in addition to any liability which the respective Purchasers may otherwise have and shall extend, upon the same terms and conditions, to each officer and director of the Company and to each person, if any, who controls the Company within the meaning of the Act.

9. (a) If any Purchaser shall default in its obligation to purchase the Securities which it has agreed to purchase hereunder, you may in your discretion arrange for you or another party or other parties to purchase such Securities on the terms contained herein. If within thirty-six hours after such default by any Purchaser you do not arrange for the purchase of such Securities, then the Company shall be entitled to a further period of thirty-six hours within which to procure another party or other parties satisfactory to you to purchase such Securities on such terms. In the event that, within the respective prescribed periods, you notify the Company that you have so arranged for the purchase of such Securities, or the Company notifies you that it has so arranged for the purchase of such Securities, you or the Company shall have the right to postpone the Time of Delivery for a period of not more than seven days, in order to effect whatever changes may thereby be made necessary in the Offering Circular, or in any other documents or arrangements, and the Company agrees to prepare promptly any amendments to the Offering Circular which in your opinion may thereby be made necessary. The term "Purchaser" as used in this Agreement shall include any person substituted under this Section with like effect as if such person had originally been a party to this Agreement with respect to such Securities.

(1) If, after giving effect to any arrangements for the purchase of the Securities of a defaulting Purchaser or Purchasers by you and the Company as provided in subsection (a) above, the aggregate principal amount of such Securities which remains unpurchased does not exceed one-eleventh of the aggregate principal amount of all the Securities, then the Company shall have the right to require each non-defaulting Purchaser to purchase the principal amount of Securities which such Purchaser agreed to purchase hereunder and, in addition, to require each non-defaulting Purchaser to purchase its pro rata share (based on the principal amount of Securities which such Purchaser agreed to purchase hereunder) of the Securities of such defaulting Purchaser or Purchasers for which such arrangements have not been made; but nothing herein shall relieve a defaulting Purchaser from liability for its default.

(2) If, after giving effect to any arrangements for the purchase of the Securities of a defaulting Purchaser or Purchasers by you and the Company as provided in subsection (a) above, the aggregate principal amount of Securities which remains unpurchased exceeds one-eleventh of the aggregate principal amount of all the Securities, or if the Company shall not exercise the right described in subsection (b) above to require non-defaulting Purchasers to purchase Securities of a defaulting Purchaser or Purchasers, then this Agreement shall thereupon terminate, without liability on the part of any non-defaulting Purchaser or the Company, except for the expenses to be borne by the Company and the Purchasers as provided in Section 6 hereof and the indemnity and contribution agreements in Section 8 hereof; but nothing herein shall relieve a defaulting Purchaser from liability for its default.

10. The respective indemnities, agreements, representations, warranties and other statements of the Company and the several Purchasers, as set forth in this Agreement or made by or on behalf of them, respectively, pursuant to this Agreement, shall remain in full force and effect, regardless of any investigation (or any statement as to the results thereof) made by or on behalf of any Purchaser or any controlling person of any Purchaser, or the Company, or any officer or director or controlling person of the Company, and shall survive delivery of and payment for the Securities.

11. Goldman, Sachs & Co., on behalf of the Purchasers, prior to the Time of Delivery, shall have the right to terminate this Agreement and the transactions contemplated hereby if any Purchaser reasonably objects to any information contained in the Offering Circular not previously disclosed by the Company in (i) any document filed by the Company with the Commission pursuant to Sections 13(a), 13(c), 14 or 15 of the Exchange Act prior to the date of this Agreement or (ii) the registration statement on Form S-3 (File No. 333-70151). If Goldman, Sachs & Co. terminates this Agreement in accordance with this
Section 11, the Purchasers shall have no liability to the Company or any of its affiliates.

12. If this Agreement shall be terminated pursuant to Section 9 hereof, the Company shall not then be under any liability to any Purchaser except as provided in Sections 6 and 8 hereof, but, if for any other reason the Securities are not delivered by or on behalf of the Company as provided herein, the Company will reimburse the Purchasers through you for all out-of-pocket expenses, including fees and disbursements of counsel, reasonably incurred by the Purchasers in making preparations for the purchase, sale and delivery of the Securities, but the Company shall then be under no further liability to any Purchaser except as provided in Sections 6 and 8 hereof.

13. All statements, requests, notices and agreements hereunder shall be in writing, and if to the Purchasers shall be delivered or sent by mail, telex or facsimile transmission to you in care of Goldman, Sachs & Co., 32 Old Slip, 9th Floor, New York, New York 10004, Attention: Registration Department; and if to the Company shall be delivered or sent by mail, telex or facsimile transmission to Four Greenwich Office Park, Greenwich, Connecticut 06830, Attention: Chief Financial Officer, with a copy to Oscar D. Folger, 521 Fifth Avenue, 24th Floor, New York, New York 10175; provided however, that any notice to a Purchaser pursuant tot Section 8(c) hereof shall be delivered or sent by mail, telex, or facsimile transmission to such Purchaser at its address set forth in its Purchasers' Questionnaire, or telex constituting such Questionnaire, which address will be supplied to the Company by you upon request. Any such statements, requests, notices or agreements shall take effect upon receipt thereof.

14. This Agreement shall be binding upon, and inure solely to the benefit of, the Purchasers, the Company and, to the extent provided in Sections 8 and 10 hereof, the officers and directors of the Company and each person who controls the Company or any Purchaser, and their respective heirs, executors, administrators, successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement. No purchaser of any of the Securities from any Purchaser shall be deemed a successor or assign by reason merely of such purchase.

15. Time shall be of the essence of this Agreement.

16. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

17. This Agreement may be executed by any one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such respective counterparts shall together constitute one and the same instrument.

If the foregoing is in accordance with your understanding, please sign and return to us ten counterparts hereof, and upon the acceptance hereof by you, this letter and such acceptance hereof shall constitute a binding agreement among each of the Purchasers and the Company.

Very truly yours,

UNITED RENTALS (NORTH AMERICA), INC.

By:

Name:

Title:

Accepted as of the date hereof:

Goldman, Sachs & Co.
Donaldson, Lufkin & Jenrette Securities Corporation NationsBanc Montgomery Securities LLC

By:----------

(Goldman, Sachs & Co.)

On behalf of each of the Purchasers

SCHEDULE I

Purchaser	Principal Amount of Securities to be Purchased
Goldman, Sachs & Co.	$ 150,000,000
Donaldson, Lufkin & Jenrette Securities Corporation	62,500,000
NationsBanc Montgomery Securities LLC	37,500,000
Total	$ 250,000,000

SCHEDULE II

UNITED RENTALS (NORTH AMERICA), INC.

The purchase price to be paid by the Purchasers for the Securities shall be 98.385% of the aggregate principal amount of the Securities plus accrued interest from March 23, 1999.

ANNEX I

(1) The Securities have not been and will not be registered under the Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Act or pursuant to an exemption from the registration requirements of the Act. Each Purchaser represents that it has offered and sold the Securities, and will offer and sell the Securities (i) as part of their distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering and the Time of Delivery, only in accordance with Rule 903 of Regulation S, Rule 144A or pursuant to Paragraph 2 of this Annex I under the Act. Accordingly, each Purchaser agrees that neither it, its affiliates nor any persons acting on its or their behalf has engaged or will engage in any directed selling efforts with respect to the Securities, and it and they have complied and will comply with the offering restrictions requirement of Regulation S. Each Purchaser agrees that, at or prior to confirmation of sale of Securities (other than a sale pursuant to Rule 144A) or pursuant to Paragraph 2 of this Annex I, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Securities from it during the distribution compliance period a confirmation or notice to substantially the following effect:

"The Securities covered hereby have not been registered under the U.S. Securities Act of 1933 (the ASecurities Act@) and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date, except in either case in accordance with Regulation S (or Rule 144A if available) under the Securities Act. Terms used above have the meaning given to them by Regulation S."

Terms used in this paragraph have the meanings given to them by Regulation S.

Each Purchaser further agrees that it has not entered and will not enter into any contractual arrangement with respect to the distribution or delivery of the Securities, except with its affiliates or with the prior written consent of the Company.

(2) Notwithstanding the foregoing, Securities in registered form may be offered, sold and delivered by the Purchasers in the United States and to U.S. persons pursuant to Section 3 of this Agreement without delivery of the written statement required by paragraph (1) above.

(3) Each Purchaser further represents and agrees that (i) it has not offered or sold and prior to the date six months after the date of issue of the Securities will not offer or sell any Securities to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not

result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995, (b) it has complied, and will comply, with all applicable provisions of the Financial Services Act of 1986 of Great Britain with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom, and (c) it has only issued or passed on and will only issue or pass on in the United Kingdom any document received by it in connection with the issuance of the Securities to a person who is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 of Great Britain or is a person to whom the document may otherwise lawfully be issued or passed on.

(4) Each Purchaser agrees that it will not offer, sell or deliver any of the Securities in any jurisdiction outside the United States except under circumstances that will result in compliance with the applicable laws thereof, and that it will take at its own expense whatever action is required to permit its purchase and resale of the Securities in such jurisdictions. Each Purchaser understands that no action has been taken to permit a public offering in any jurisdiction outside the United States where action would be required for such purpose.

ANNEX II

FORM OF OPINION OF COMPANY'S COUNSEL
TO BE DELIVERED PURSUANT TO SECTION 7(b)

As to various questions of fact material to our opinion, we have relied upon the certificates of officers and upon certificates of public officials. With regard to the due incorporation of corporations (other than the Company and the Significant Subsidiaries) and the good standing of corporations (other than the Company and the Significant Subsidiaries), we have (subject to the next sentence) relied entirely upon certificates of public officials. With regard to the tax good standing of certain corporations (other than the Company and the Significant Subsidiaries), we have relied solely upon a certificate of an officer of such corporation to the effect that the corporation has filed the most recent annual report required by the law of such jurisdiction and that all franchise taxes required to be paid under such law have been paid. We have also examined such corporate documents and records and other certificates, and have made such investigations of law, as we have deemed necessary in order to render the opinion hereinafter set forth. We have assumed the authenticity of all documents submitted to us as originals, the genuineness of all signatures, the legal capacity of natural persons and the conformity to the originals of all documents submitted to us as copies. We have also assumed that all documents examined by us have been duly and validly authorized, executed and delivered by each of the parties thereto other than the Company or any Significant Guarantor.

The opinions provided in Clause (viii) below, as they concern the Significant Guarantors (other than those Significant Guarantors incorporated in the State of New York), may be provided in reliance on the opinions of local counsel reasonably satisfactory to the Purchasers, provided that such opinions of local counsel are also addressed to and may also be relied upon by the Purchasers. We have reviewed such opinions provided by local counsel and, based upon such review, we believe that you are justified in relying thereon.

In providing the opinions in Clause (ix) below with respect to Guarantors (other than Significant Guarantors), such counsel may assume due authorization, execution and delivery of the Guarantees to be provided by such Guarantors (other than Significant Guarantors).

In this opinion, "Significant Guarantor" means any Significant Subsidiary.

(1) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware.

(2) The Company has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Offering Circular and to enter into and perform its obligations under the Purchase Agreement.

(3) The Company is duly qualified as a foreign corporation to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not result in a Material Adverse Effect.

(4) The authorized, issued and outstanding capital stock of the Company consists of 3,000 shares of Common Stock, par value $0.01 per share (the "Common Stock"). As of the date hereof, there were 1,000 shares of Common Stock outstanding. The shares of issued and outstanding capital stock of the Company have been duly authorized and validly issued and are fully paid and non-assessable; and none of the outstanding shares of capital stock of the Company was issued in violation of any preemptive or other similar rights of any security holder of the Company arising by statute or the Company's certificate of incorporation or by-laws or, to the best of our knowledge (after due inquiry), any other preemptive or other similar rights of any security holder of the Company. All of the outstanding capital stock of the Company is owned by United Rentals, to the best of our knowledge (after due inquiry) free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity (except for any security interest or pledge contemplated by the Credit Agreement or the Term Loan Agreement).

(5) Each Significant Subsidiary is validly existing as a corporation in good standing under the laws of the jurisdiction of its incorporation and is duly qualified as a foreign corporation to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not result in a Material Adverse Effect.

(6) Each Significant Subsidiary has been duly incorporated and has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Offering Circular. Except as otherwise disclosed in the Offering Circular and other than as contemplated by the Credit Agreement or the Term Loan Agreement, all of the issued and outstanding capital stock of each Significant Subsidiary has been duly authorized and validly issued and is fully paid and non-assessable and, to the best of our knowledge, is owned by the Company, directly or through Subsidiaries, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity. None of the outstanding shares of capital

stock of any Significant Subsidiary was issued in violation of the preemptive or similar rights of any security holder of such Significant Subsidiary arising pursuant to statute or such Subsidiary's certificate of incorporation or by-laws or, to the best of our knowledge, any other preemptive or other similar rights of any security holder of such Significant Subsidiary.

(7) The Purchase Agreement has been duly authorized, executed and delivered by the Company.

(8) The execution, delivery and performance of the Indenture, the Notes Registration Rights Agreement and the Guarantees, and the consummation of the transactions contemplated thereby, have been duly authorized by all necessary corporate action on the part of each Significant Guarantor. Each Significant Guarantor has duly executed and delivered (i) the Indenture,
(ii) the Notes Registration Rights Agreement and (iii) their respective Guarantees relating to the Securities being issued on the date hereof that appear on or are attached to such Securities.

(9) The Notes Registration Rights Agreement has been duly authorized, executed and delivered by the Company, and constitutes a valid and binding agreement of the Company and each Guarantor, enforceable against the Company and each Guarantor in accordance with its terms except as the enforcement thereof may be limited by bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or other similar laws relating to or affecting enforcement of creditors' rights generally, or by general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law).

(10) If any documents are incorporated by reference in the Offering Circular, such documents (other than the financial statements and supporting schedules therein, as to which no opinion need be rendered), when they were filed with the Commission, complied as to form in all material respects with the requirements of the Exchange Act and the rules and regulations of the Commission thereof.

(11) To the best of our knowledge, there is not pending or threatened any action, suit, proceeding, inquiry or investigation, to which the Company or any Subsidiary is a party, or to which the property or assets of the Company or any Subsidiary thereof is subject, before or brought by any court or governmental agency or body, domestic or foreign, which might reasonably be expected to result in a Material Adverse Effect, or which might reasonably be expected to materially and

adversely affect the consummation of the transactions contemplated in the Purchase Agreement or the performance by the Company of its obligations thereunder or the transactions contemplated by the Offering Circular;

(12) The information in the Offering Circular under "BusinessCEnvironmental Regulation," to the extent that it constitutes summaries of matters of law, has been reviewed by us and is correct in all material respects. Additionally, the information in the Offering Circular in the first sentence of the third paragraph under the caption "Exchange Offer; Registration Rights" is correct in all material respects. We have drawn your attention to the fact that (i) the interpretations of the Commission described in such sentence are contained solely in no-action letters issued by the Commission to various third parties, (ii) the Company has not requested a no-action letter from the Commission relating to the transactions contemplated by the Offering Circular and (iii) the Commission is not precluded from changing the interpretations set forth in such no- action letters or from not following such interpretations with respect to the transactions contemplated by the Offering Circular. The statements set forth in the Offering Circular under the caption "Exchange Offer; Registration Rights," insofar as they purport to constitute a summary of the terms of the Notes, the Guarantees, and the Notes Registration Rights Agreement, are accurate summaries in all respects of such terms.

(13) To the best of our knowledge (after due inquiry), neither the Company nor any Subsidiary is in violation of its charter or by-laws.

(14) To the best of our knowledge, neither United Rentals, the Company nor any Subsidiary thereof is in default in the due performance or observance of, or is in violation of, any material obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, loan agreement, note, lease or other agreement or instrument that is described or referred to in the Offering Circular or incorporated by reference therein which violations or defaults are required to be described in the Offering Circular and are not so described or would, individually or in the aggregate, have a Material Adverse Effect or effect the validity of the Securities or the Guarantees.

(15) No filing (except for filings under the Act and 1939 Act pursuant to the Notes Registration Rights Agreement), authorization, approval, consent or order of any court or governmental authority or agency (other than such as may be required under the applicable securities laws of the various jurisdictions in which the Securities will be offered or sold, as to which we need express no opinion) is required by the Company in connection with the due authorization, execution and delivery of the Purchase Agreement or by the Company or any Guarantor in connection with the

due authorization, execution, delivery or performance of the Indenture or the Notes Registration Rights Agreement or in connection with the offering, issuance, sale or delivery of the Securities and the Guarantees, as applicable, to the Purchasers or the resale thereof by the Purchasers in accordance with the Purchase Agreement.

(16) Assuming (a) the accuracy of the representations and warranties of the Purchasers contained in Sections 3 of the Purchase Agreement and (b) compliance by the Purchasers with their covenants and agreements set forth in the Purchase Agreement, it is not necessary in connection with the offer, sale and delivery of the Securities to the Purchasers pursuant to the Purchase Agreement or the initial resales of the Securities by the Purchasers in the manner contemplated by and in accordance with the Purchase Agreement to register the Securities under the Act or to qualify the Indenture under the 1939 Act, it being understood that we express no opinion as to any subsequent resale of the Securities.

(17) The execution, delivery and performance of the Purchase Agreement, the letter agreement with DTC, the Indenture, the Notes Registration Rights Agreement, the Securities, the Exchange Securities, the Guarantees and the consummation of the transactions contemplated in the Purchase Agreement and in the Offering Circular and compliance by the Company and each Guarantor, as applicable, with its obligations under the Purchase Agreement, the Indenture, the Notes Registration Rights Agreement, the Securities, the Exchange Securities and the Guarantees, (A) after reasonable investigation, do not and will not (subject to the next sentence), whether with or without the giving of notice or lapse of time or both, conflict with or constitute a breach of, or default or Repayment Event (as defined in Section 1(r) of the Purchase Agreement) under or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any Subsidiary thereof pursuant to any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or any other agreement or instrument, known to us, to which the Company or any of its Subsidiaries is a party or by which it or any of them may be bound, or to which any of the property or assets of the Company or any Subsidiary is a party or by which it or any of them may be bound, or to which any of the property or assets of the Company or any Subsidiary is subject (except for such conflicts, breaches or defaults, Repayment Events or liens, charges or encumbrances that would not have a Material Adverse Effect), (B) result in any violation of the provisions of the charter or by-laws of the Company or any Subsidiary, or (C) to the best of our knowledge (after due inquiry), result in any violation of the provisions of any applicable law, statute, rule or regulation of the United States of America or included in the Delaware General Corporate Law (except we express no opinion as to "blue sky" laws), judgment, order, writ or decree, known to us, of any government, government instrumentality or court, domestic or foreign,

having jurisdiction over the Company or any Subsidiary or any of their respective properties, assets or operations. No opinion is rendered pursuant to clause (A) of the preceding sentence with respect to the Credit Agreement, the Term Loan Agreement, the Participation Agreement, the Indenture governing the Company's 92% Senior Subordinated Notes due 2008 (the "92% Notes Indenture"), the Indenture governing the Company's 8.80% Senior Subordinated Notes due 2008 (the "8.80% Notes Indenture") or the Indenture governing the 93% Senior Subordinated Notes due 2009 (the "93% Notes Indenture") (or any agreement or instrument entered into or executed by the Company or any Subsidiary pursuant to the Credit Agreement, the Term Loan Agreement, the Participation Agreement, the 92% Notes Indenture, the 8.80% Notes Indenture or the 93% Notes Indenture, or as contemplated thereby).

(18) Neither the Company nor any Subsidiary which is a Guarantor is an "investment company" or an entity "controlled" by an "investment company," as such terms are defined in the 1940 Act.

In addition, we have participated in conferences with officers and representatives of the Company, counsel to the Purchasers, representatives of the independent accountants for the Company and the Purchasers at which the contents of the Offering Circular and related matters were discussed. Although we have not undertaken, except as otherwise indicated in this opinion, to investigate or verify independently, and do not assume responsibility for, the accuracy, completeness or fairness of the statements contained in the Offering Circular, except for those referred to in Clause (xii) above, on the basis of the information that we gained in the course of the performance of such services and our representation of the Company, we confirm to you that nothing that came to our attention in the course of such review or representation has caused us to believe that (i) the Offering Circular (except for financial statements and schedules and other financial data included or incorporated by reference therein, if any, as to which we make no statement), contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that the Offering Circular or any amendment or supplement thereto (except for financial statements and schedules and other financial data included or incorporated by reference therein, if any, as to which such counsel need make no statement), at the time the Offering Circular was issued, at the time any such amended or supplemented Offering Circular was issued or at the Time of Delivery, included or includes an untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading or
(ii) that there are any franchise agreements, indentures, mortgages, loan agreements, notes, leases or other contracts or instruments required to be described or referred to in the Offering Circular that are not described or referred to in the Offering Circular or that any descriptions of or references to any of the foregoing are not correct in all material respects (except that we express no view with respect to the descriptions of the Notes, the Indenture, the Credit Agreement, the Term

Loan Agreement, the Participation Agreement, the 92% Notes Indenture, the 8.80% Notes Indenture or the 93% Notes Indenture contained in the Offering Circular).

In rendering such opinion, such counsel may rely, as to matters of fact (but not as to legal conclusions), to the extent they deem proper, on certificates of responsible officers of the Company and public officials. Such opinion shall not state that it is to be governed or qualified by, or that it is otherwise subject to, any treatise, written policy or other document relating to legal opinions, including, without limitation, the Legal Opinion Accord of the ABA Section of Business Law (1991). Such counsel may in addition rely, as to all matters governed by the laws of jurisdictions other than the law of the State of New York, the federal law of the United States and the General Corporation Law of the State of Delaware, upon the opinions of counsel reasonably satisfactory to counsel to the Purchasers.

ANNEX III

FORM OF OPINION OF COMPANY'S COUNSEL
TO BE DELIVERED PURSUANT TO SECTION 7(c)

(19) The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware, and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as described in the Offering Circular and to enter into and perform its obligations under the Purchase Agreement.

(20) The Securities are in the form contemplated by the Indenture. The Securities have been duly authorized by all necessary corporate action on the part of the Company and, when executed by the Company, authenticated by the Trustee, and issued and delivered in the manner provided in the Purchase Agreement and the Indenture against payment of the consideration therefor, will constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity), and will be entitled to the benefits of the Indenture.

(21) The Guarantees are in the form contemplated by the Indenture. Assuming the Guarantees have been duly authorized, executed and delivered on the part of each Guarantor, the Guarantees will constitute a valid and binding obligation of each such Guarantor, enforceable against each such Guarantor in accordance with their terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity), and will be entitled to the benefits of the Indenture.

(22) The execution, delivery and performance of the Purchase Agreement by the Company have been duly authorized by all necessary corporate action on the part of the Company. The Purchase Agreement has been duly and validly executed and delivered by the Company.

(23) The execution, delivery and performance of the Indenture by the Company has been duly authorized by all necessary corporate action on the part of the Company. The Indenture has been duly and validly executed and delivered by the Company. Assuming the due authorization, execution and delivery of the Indenture by each Guarantor and assuming the due authorization, execution and delivery thereof by the Trustee, the Indenture constitutes the legal, valid and binding obligation of the Company and each such Guarantor, enforceable against the Company and each such Guarantor in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity), and except to the extent that the provision relating to the waiver of any usury, stay or extension law may be deemed unenforceable.

(24) The execution, delivery and performance of the Notes Registration Rights Agreement by the Company has been duly authorized by all necessary corporate action on the part of the Company. The Notes Registration Rights Agreement has been duly and validly executed and delivered by the Company. Assuming the due authorization, execution and delivery thereof by the Guarantors, and assuming the due authorization, execution and delivery thereof by the Purchasers, the Notes Registration Statements constitutes the legal, valid and binding obligation of the Company and each such Guarantor, enforceable against the Company and each such Guarantor in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity) and except that rights to indemnification and contribution thereunder may be limited by federal or state securities laws or public policy relating thereto.

(25) The Exchange Securities, when duly executed by the Company, authenticated by the Trustee, and issued and delivered in accordance with and in the manner provided in the Notes Registration Rights Agreement and the Indenture, will constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness,

good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity), and will be entitled to the benefits of the Indenture.

(26) The statements contained in the Offering Circular under the captions "Offering Circular Summary B The Offering", "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources - Description of Credit Facility and Certain Indebtedness," "Description of the Notes" and "Exchange Offer; Registration Rights," insofar as they purport to describe provisions of the Indenture, the Notes, the Guarantees, the Notes Registration Rights Agreement, the Credit Agreement, the Term Loan Agreement, the 92% Notes Indenture, the 8.80% Notes Indenture, the 93% Notes Indenture or matters of federal or New York or Delaware corporate law, constitute a fair and accurate summary thereof in all material respects. We have drawn your attention to the fact that (i) the interpretations of the Commission described in the first sentence of the third paragraph under the caption "Exchange Offer: Registration Rights" in the Offering Circular are contained solely in no-action letters issued by the Commission to various third parties,
(ii) the Company has not requested a no-action letter from the Commission relating to the transactions contemplated by the Offering Circular and (iii) the Commission is not precluded from changing the interpretations set forth in such no-action letters or from not following such interpretations with respect to the transactions contemplated by the Offering Circular.

(27) No consent, approval, waiver, license or authorization or other action by or filing with any New York, Delaware corporate or federal governmental authority is required in connection with the execution and delivery by the Company of the Purchase Agreement or the consummation by the Company or any Guarantor of the transactions contemplated thereby, except for filings and other actions required under or pursuant to the Act, the Exchange Act, the 1939 Act and other federal or state securities or "blue sky" laws and the rules of the New York Stock Exchange, as to which we express no opinion.

(28) Assuming (a) the accuracy of the representations and warranties of the Purchasers contained in Section 3 of the Purchase Agreement and (b) compliance by the Purchasers with its covenants and agreements set forth in the Purchase Agreement, it is not necessary in connection with the offer, sale and delivery of the Securities to the Purchasers pursuant to the Purchase Agreement or the initial resales of the Securities by the Purchasers in the manner contemplated by and in accordance with the Purchase Agreement to register the Securities under the Act or to qualify the Indenture under the 1939 Act, it being understood that we express no opinion as to any subsequent resale of the Securities.

(29) The Company is not an "investment company" nor an entity "controlled" by an "investment company ," as such terms are defined in the 1940 Act.

(30) The execution and delivery of the Purchase Agreement, the Indenture, the Notes Registration Rights Agreement, the Securities, the Exchange Securities and the Guarantees, the consummation of the transactions contemplated thereby and compliance by the Company and the Guarantors with the provisions thereof, do not and will not, whether with or without the giving of notice or lapse of time or both, conflict with or constitute a breach of, or a default or Repayment Event (as defined in Section 1(r) of the Purchase Agreement) under or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any Subsidiary thereof pursuant to the Financing Documents (as defined below), except for such conflicts, breaches, defaults, Repayment Events, liens, charges or encumbrances that would not reasonably be expected to have a Material Adverse Effect. As used above, the term "Financing Documents" means, collectively: (a) the Credit Agreement, dated as of September 29, 1998, among the Company, United Rentals, Inc., United Rentals of Canada, Inc., various financial institutions, Bank of America National Trust and Savings Association ("BofA"), as U.S. agent, and Bank of America Canada, as Canadian agent; (b) the Term Loan Agreement, dated as of July 10, 1998 and as amended as of September 29, 1998, among the Company, United Rentals, Inc., various financial institutions, and BofA, as agent; (c) the Participation Agreement, dated as of December 31, 1998, among U.S. Rentals, Inc., the Company, United Rentals, Inc. and Deutsche Bank AG and certain of its affiliates; (d) the Indenture, dated as of May 22, 1998, among the Company, its subsidiaries party thereto, and State Street Bank and Trust Company (the "Trustee") relating to the Company's 92% senior subordinated notes due 2008; (e) the Indenture, dated as of August 12, 1998, among the Company, its subsidiaries party thereto, and the Trustee relating to the Company's 8.80% senior subordinated notes due 2008; (f) the Indenture, dated as of December 15, 1998, among the Company, its subsidiaries party thereto, and the Trustee relating to the Company's 93% senior subordinated notes due 2009 and (g) any agreement or instrument which was entered into or executed by the Company or any such Subsidiary as required under or contemplated by any Financing Document.

We have participated in conferences with officers and other representatives of the Company and representatives of the independent public accountants for the Company in connection with the preparation of the Offering Circular and although we have not independently verified and are not passing upon and assume no responsibility for the accuracy, completeness or fairness of the statements contained in the Offering Circular (except to the extent specified in paragraph 8 above) no facts have come to our attention which lead us to believe that the Offering Circular, at any time from the date thereof through the Time of Delivery, contained any untrue statement of a material fact

or omitted to state a material fact required to be stated therein or necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading (it being understood that we express no view with respect to the financial statements and related notes and the other financial and accounting data included in the Offering Circular).

The opinions expressed herein are limited to the laws of the State of New York, the corporate laws of the State of Delaware and the federal laws of the United States, and we express no opinion as to the effect on the matters covered by this letter of the laws of any other jurisdiction.

ANNEX IV

Pursuant to Section 7(d) of the Purchase Agreement, the accountants shall furnish letters to the Purchasers to the effect that:

(31) They are independent certified public accountants with respect to the Company and its subsidiaries within the meaning of the Securities Exchange Act of 1934 (the "Exchange Act") and the applicable published rules and regulations thereunder;

(32) In our opinion, the consolidated financial statements and financial statement schedules audited by us and included in the Offering Circular comply as to form in all material respects with the applicable requirements of the Exchange Act and the related published rules and regulations thereunder, and, if applicable, we have made a review in accordance with standards established by the American Institute of Certified Public Accountants of the unaudited, consolidated interim financial statements, selected financial data, pro forma financial information, financial forecasts and/or condensed financial statements derived from audited financial statements of the Company for the periods specified in such letter, as indicated in their reports thereon, copies of which have been furnished to the Purchasers hereto;

(33) We have made a review in accordance with standards established by the American Institute of Certified Public Accountants of the unaudited condensed consolidated statements of income, consolidated balance sheets and consolidated statements of cash flows included in the Offering Circular as indicated in their reports thereon copies of which have been separately furnished to the Purchasers and on the basis of specified procedures including inquiries of officials of the Company who have responsibility for financial and accounting matters regarding whether the unaudited condensed consolidated financial statements referred to in paragraph (vi) below comply as to form in all material respects with the applicable accounting requirements of the Act and the related published rules and regulations, nothing came to our attention that caused us to believe that the unaudited condensed consolidated financial statements do not comply as to form in all material respects with the applicable accounting requirements of the Act and the related published rules and regulations;

(34) The unaudited selected financial information with respect to the consolidated results of operations and financial position of the Company for the five most recent fiscal years included in the Offering Circular agrees with the corresponding amounts (after restatements where applicable) in the audited consolidated financial statements for such five fiscal years;

(35) We have compared the information in the Offering Circular under selected captions with the disclosure requirements of Regulation S-K and on the basis of limited procedures specified in such letter nothing came to our attention as a result of the foregoing procedures that caused them to believe that this information does not conform in all material respects with the disclosure requirements of Items 301, 302, 402 and 503 (d), respectively, of Regulation S-K;

(36) On the basis of limited procedures not constituting an audit in accordance with generally accepted auditing standards, consisting of a reading of the unaudited financial statements and other information referred to below, a reading of the latest available interim financial statements of the Company and its subsidiaries, inspection of the minute books of the Company and its subsidiaries since the date of the latest audited financial statements included in the Offering Circular, inquiries of officials of the Company and its subsidiaries responsible for financial and accounting matters and such other inquiries and procedures as may be specified in such letter, nothing came to their attention that caused them to believe that:

(1) the unaudited consolidated statements of income, consolidated balance sheets and consolidated statements of cash flows included in the Offering Circular are not in conformity with generally accepted accounting principles applied on the basis substantially consistent with the basis for the unaudited condensed consolidated statements of income, consolidated balance sheets and consolidated statements of cash flows included in the Offering Circular;

(2) any other unaudited income statement data and balance sheet items included in the Offering Circular do not agree with the corresponding items in the unaudited consolidated financial statements from which such data and items were derived, and any such unaudited data and items were not determined on a basis substantially consistent with the basis for the corresponding amounts in the audited consolidated financial statements included in the Offering Circular;

(3) the unaudited financial statements which were not included in the Offering Circular but from which were derived any unaudited condensed financial statements referred to in Clause (A) and any unaudited income statement data and balance sheet items included in the Offering Circular and referred to in Clause (B) were not determined on a basis substantially consistent with the basis for the audited consolidated financial statements included in the Offering Circular;

(4) any unaudited pro forma consolidated condensed financial statements included in the Offering Circular do not comply as to form in all material respects with the applicable accounting requirements or the pro forma adjustments have not been properly applied to the historical amounts in the compilation of those statements;

(5) as of a specified date not more than five days prior to the date of such letter, there have been any changes in the consolidated capital stock (other than issuances of capital stock upon exercise of options and stock appreciation rights, upon earn-outs of performance shares and upon conversions of convertible securities, in each case which were outstanding on the date of the latest financial statements included in the Offering Circular or any increase in the consolidated long-term debt of the Company and its subsidiaries, or any decreases in consolidated net current assets or stockholders' equity or other items specified by the Purchasers, or any increases in any items specified by the Purchasers, in each case as compared with amounts shown in the latest balance sheet included in the Offering Circular except in each case for changes, increases or decreases which the Offering Circular discloses have occurred or may occur or which are described in such letter; and

(6) for the period from the date of the latest financial statements included in the Offering Circular to the specified date referred to in Clause (E) there were any decreases in consolidated net revenues or operating profit or the total or per share amounts of consolidated net income or other items specified by the Purchasers, or any increases in any items specified by the Purchasers, in each case as compared with the comparable period of the preceding year and with any other period of corresponding length specified by the Purchasers, except in each case for decreases or increases which the Offering Circular discloses have occurred or may occur or which are described in such letter; and

(37) In addition to the examination referred to in their report(s) included in the Offering Circular and the limited procedures, inspection of minute books, inquiries and other procedures referred to in paragraphs (iii) and (iv) above, they have carried out certain specified procedures, not constituting an audit in accordance with generally accepted auditing standards, with respect to certain amounts, percentages and financial information specified by the Purchasers, which are derived from the general accounting records of the Company and its subsidiaries, which appear in the Offering Circular, and have compared certain of such amounts, percentages and

financial information with the accounting records of the Company and its subsidiaries and have found them to be in agreement.

EXHIBIT 21

UNITED RENTALS, INC.
Subsidiary List

THOSE CORPORATIONS WHICH ARE INDENTED REPRESENT SUBSIDIARIES OF THE CORPORATION UNDER WHICH THEY ARE INDENTED.

Name of Subsidiary	State of Incorporation
United Rentals Trust I	Delaware
United Rentals (North America), Inc.	Delaware
A&A Tool Rentals & Sales, Inc.	California
ACG, Inc.	Indiana
Adco Equipment, Inc.	California
Arrow Equipment Company	Illinois
Bakersfield Compaction Equipment	California
Blast Abrasives and Equipment Corp.	Indiana
BNR Equipment, Inc.	New York
Churchman Equipment Co.	Indiana
Coran Enterprises, Incorporated (d/b/a A-1Rents)	California
Dealers Service Company	New Jersey
Empire Equipment Rental & Ready Mix, Inc.	California
Forte, Inc.	Washington
Grand Valley Equipment Co.	Michigan
High Lift Equipment, Inc.	Wisconsin
High Reach Co., Inc.	Pennsylvania
Independent Scissor Lifts, Inc.	California
JBK, Inc.	Ohio
Kubota of Grand Rapids, Inc.	Michigan
Loftin's Rent-All, Inc.	Alabama
Madison Equipment Sales and Rental, Inc.	Alabama
Mark Equipment, Inc.	Alabama
Mercer Equipment Company	North Carolina
Misco Rents, Inc.	Indiana
Mission Valley Rentals, Inc.	California
Palmer Equipment Company, Inc.	Michigan
Paul E. Carlson, Inc.	Minnesota
Powers Rentals & Sales, Inc.	California
Rental Tools & Equipment Co. International, Inc.	Maryland
Rentals Unlimited, Incorporated	Rhode Island
Rosedale Equipment Rental, Inc.	California
Space Maker Systems of Va., Inc.	Virginia

Thoesen Equipment Inc.	Illinois
Tool Center of Texas, Inc.	Texas
Tool Shed of Greenfield, Inc.	Indiana
Tool Shed of Indianapolis, Inc.	Indiana
Trench Safety Equipment Corp.	Arizona
United Equipment Rental of Houston, Inc.	Texas
United Rentals, Inc.	Washington
United Rentals Aerial Equipment, Inc.	Delaware
United Rentals Northwest, Inc.	Oregon

United Rentals of Canada, Inc.	Ontario
United Rentals of Canada (Quebec), Inc.	Quebec
United Rentals of Colorado, Inc.	Colorado
United Rentals of Kentucky, Inc.	Kentucky
United Rentals of Nevada, Inc.	Nevada
United Rentals of New England, Inc.	New York
United Rentals of Southern California, Inc.	California
United Rentals of Utah, Inc.	Utah
United Rentals of Western Canada, Inc.	Canada
U.S. Rentals, Inc.	Delaware
California Equipment Rental Co.	California
Provisto, S. de R.L. de C.V.	Mexico
U.S. Rentals, S. de R.L. de C.V.	Mexico
Westside Rentals, Inc.	Tennessee
W-W Rentals, Inc.	Tennessee
Wynne Systems, Inc.	California

Exhibit 23

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statements of United Rentals, Inc. (Form S-3 No.'s 333-41419-99, 333-70151, 333-70255 and 333- 64463), the Registration Statement of United Rentals, Inc. (Form S-8 No. 333- 70345) pertaining to the 1997 Stock Option Plan, 1998 Stock Option Plan, and 1998 Supplemental Stock Option Plan, and the Registration Statement of United Rentals, Inc. (Form S-8 No. 333-74091) pertaining to the options outstanding in connection with the 1997 Performance Award Plan of U.S. Rentals assumed pursuant to the merger with U.S. Rentals, of our report dated February 17, 1999, except for Note 17, as to which the date is February 26, 1999 with respect to the consolidated financial statements of United Rentals, Inc. included in its Annual Report (Form 10-K) for the year ended December 31, 1998, filed with the Securities and Exchange Commission.

We also consent to the incorporation by reference in the Registration Statement of United Rentals (North America), Inc. (Form S-4 No. 333-74275) of our report dated February 17, 1999 with respect to the consolidated financial statements of United Rentals (North America), Inc. included in its Annual Report (Form 10-K) for the year ended December 31, 1998, filed with the Securities and Exchange Commission.

/s/ Ernst & Young LLP

MetroPark, New Jersey

March 25, 1999

ARTICLE 5

CIK: 0001067701

NAME: United Rentals, Inc.

MULTIPLIER: 1,000

PERIOD TYPE	12 MOS
FISCAL YEAR END	DEC 31 1998
PERIOD START	JAN 01 1998
PERIOD END	DEC 31 1998
CASH	20,410
SECURITIES	0
RECEIVABLES	274,483
ALLOWANCES	41,201
INVENTORY	70,994
CURRENT ASSETS	0
PP&E	1,737,389
DEPRECIATION	408,872
TOTAL ASSETS	2,634,663
CURRENT LIABILITIES	0
BONDS	1,314,574
PREFERRED MANDATORY	300,000
PREFERRED	0
COMMON	684
OTHER SE	725,546
TOTAL LIABILITY AND EQUITY	2,634,663
SALES	1,220,282
TOTAL REVENUES	1,220,282
CGS	226,174
TOTAL COSTS	796,834
OTHER EXPENSES	(4,906)
LOSS PROVISION	22,530
INTEREST EXPENSE	64,157
INCOME PRETAX	78,297
INCOME TAX	43,499
INCOME CONTINUING	34,798
DISCONTINUED	0
EXTRAORDINARY	21,337
CHANGES	0
NET INCOME	13,461
EPS PRIMARY	0.20
EPS DILUTED	0.18

ARTICLE 5

CIK: 0001047166

NAME: United Rentals (North America), Inc.

MULTIPLIER: 1,000

PERIOD TYPE	12 MOS
FISCAL YEAR END	DEC 31 1998
PERIOD START	JAN 01 1998
PERIOD END	DEC 31 1998
CASH	20,410
SECURITIES	0
RECEIVABLES	274,483
ALLOWANCES	41,201
INVENTORY	70,994
CURRENT ASSETS	0
PP&E	1,721,445
DEPRECIATION	407,902
TOTAL ASSETS	2,603,470
CURRENT LIABILITIES	0
BONDS	1,314,574
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	0
OTHER SE	1,021,352
TOTAL LIABILITY AND EQUITY	2,603,470
SALES	1,220,282
TOTAL REVENUES	1,220,282
CGS	226,174
TOTAL COSTS	796,834
OTHER EXPENSES	(5,097)
LOSS PROVISION	22,530
INTEREST EXPENSE	64,157
INCOME PRETAX	86,906
INCOME TAX	46,971
INCOME CONTINUING	39,935
DISCONTINUED	0
EXTRAORDINARY	21,337
CHANGES	0
NET INCOME	18,598
EPS PRIMARY	0
EPS DILUTED	0

End of Filing

Powered By EDGAR Online

© 2005 | EDGAR Online, Inc.