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VALUE INVESTING CONGRESS

Don’t *Buy* this Recovery

September 2013

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United Rentals, Inc. (URI)

Ticker: "URI"

Stock Price: $56 (1)

- URI is the largest equipment rental company in the world
  - Integrated network of 824 rental locations across North America
  - Offers over 3,200 classes of equipment for rent, mainly to customers in the construction and industrial industries
  - 11,300 employees as of December 31, 2012

- Capitalization:
  - Equity Market Value: $5.9 billion (2)
  - Enterprise Value: $13.0 billion (2)

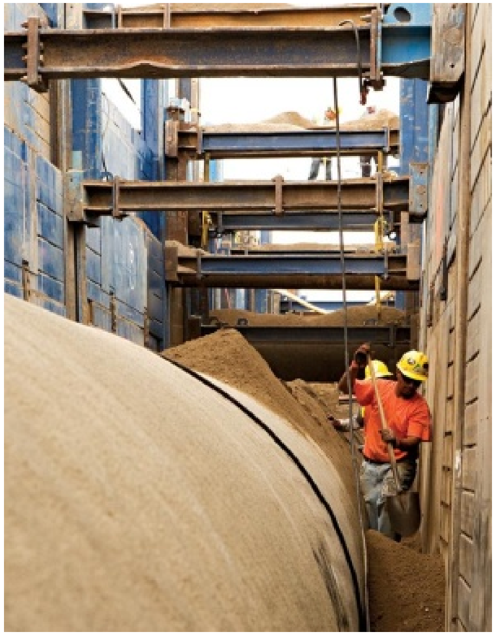
- Operating Statistics:
  - '13E Revenue: $5.0 billion
  - '13E EBITDA: $2.3 billion
  - '13E EPS: $4.60 per share
  - '13E Free Cash Flow: $404 million

- Valuation Multiples:
  - EV / EBITDA: 5.6x
  - P / E: 12.2x
  - FCF Yield: 6.8%

(1) All financials in this presentation assume a share price of $56.
(2) Convertible debt treated on an "as-converted" basis.

Source: 12/31/2012 10K, 6/30/2013 10Q, Capital IQ.

United Rentals, Inc. (Cont'd)



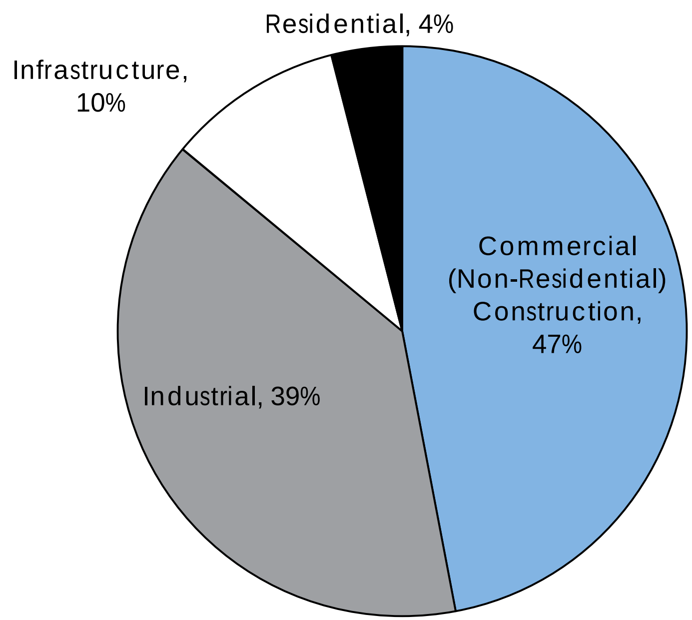
- Founded in 1997, URI was built as a roll-up
  - Quickly became largest player in fragmented equipment rental industry
  - **Transformative acquisition of #2 player, RSC, for $4.2 billion in April 2012**
- 400,000-unit fleet of equipment for rent includes forklifts, earthmoving and material handling equipment, and aerial work platforms
  - Total Original Equipment Cost ("OEC") = $7.7 billion
- Customers include construction and industrial companies, manufacturers, utilities, homeowners, and government entities
  - Largest customer = 1% of revenue
  - Top 10 customers = 5% of revenue
- Suppliers include Terex, Deere, Oshkosh, Linamar, Wacker Neuson, Honda USA, Takeuchi, Doosan Infracore

Source: 12/31/2012 10K, 6/30/2013 10Q, 2Q 2013 Investor Presentation.

URI is a Pure Play on North American Construction and Industrial Markets

- URI operates primarily in the USA and Canada, with branches in 49 states and every Canadian province
- Serves 99 of 100 largest metropolitan areas in the US
- URI's fortunes are directly tied to construction and industrial activity in North America

Revenue by End Market



Source: 12/31/2012 10K, 2Q 2013 Investor Presentation.

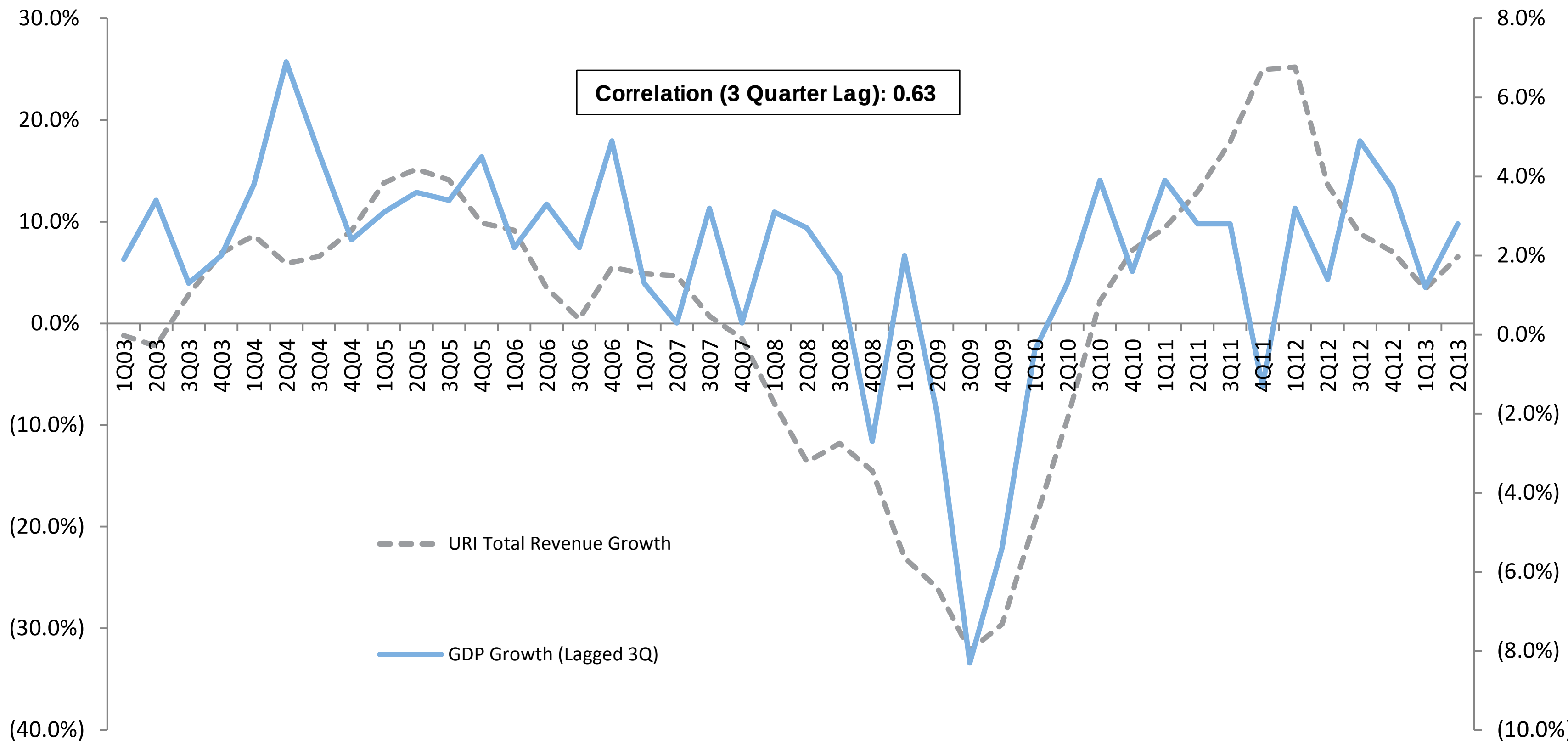
Why Do We Like URI?

- Cyclical Trends are Positive
- Secular Trends Provide Additional Tailwind
- Highly Strategic Merger Creates Industry's Only Scale Player
- Favorable Capital Structure
- Attractive Valuation

Cyclical Trends are Positive

URI Revenue Growth Lags GDP Growth

- GDP growth generally leads URI revenue growth by 2 – 3 quarters
- The correlation is 0.63 on a 3-quarter lagged basis



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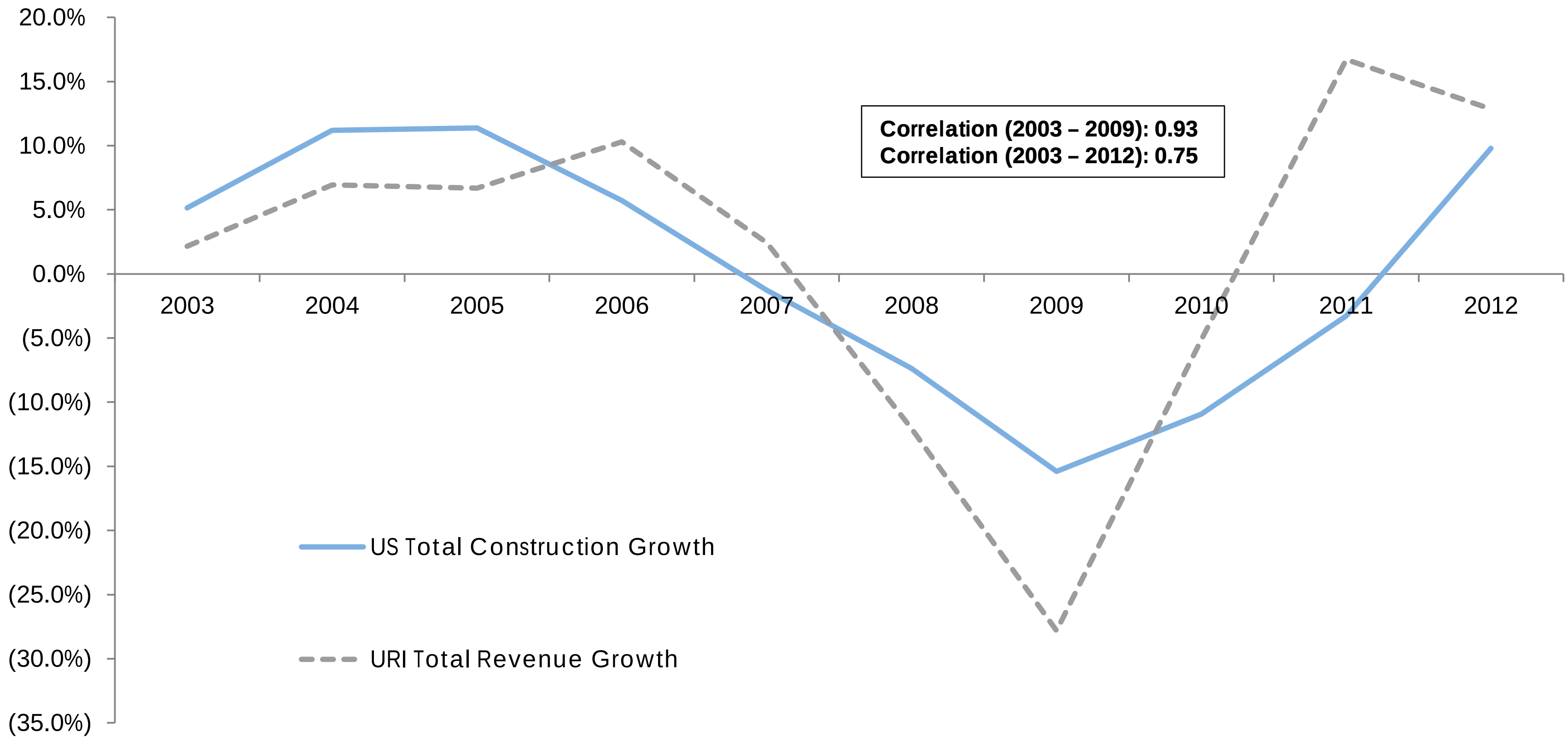
Source: Bureau of Economic Analysis, Company filings.

URI Revenue Growth Tracks U.S. Construction Spending

- Since 2003, URI's revenue growth has a correlation of 0.75 with Total U.S. Construction Spending
  - **From 2003 – 2009, the correlation was 0.93**, but since the recession, URI has outperformed as rental penetration has increased (customers wanting to rent over buying new equipment)



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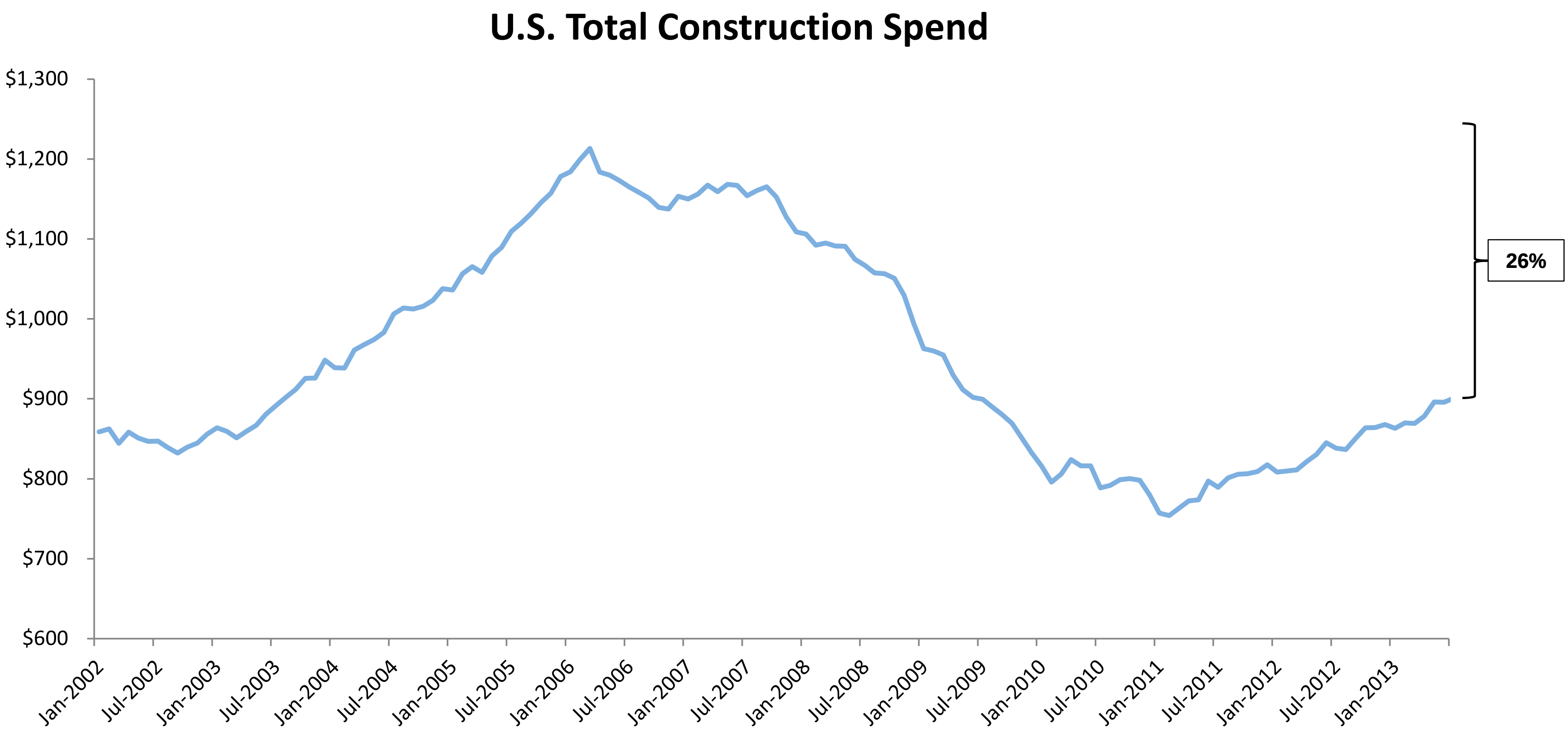
Source: US Census Bureau, Company filings.

U.S. Construction Spending Currently 26% Below Peak

- U.S. Construction Spend is still 26% below its peak as of the last reading, currently hovering around 2003 levels



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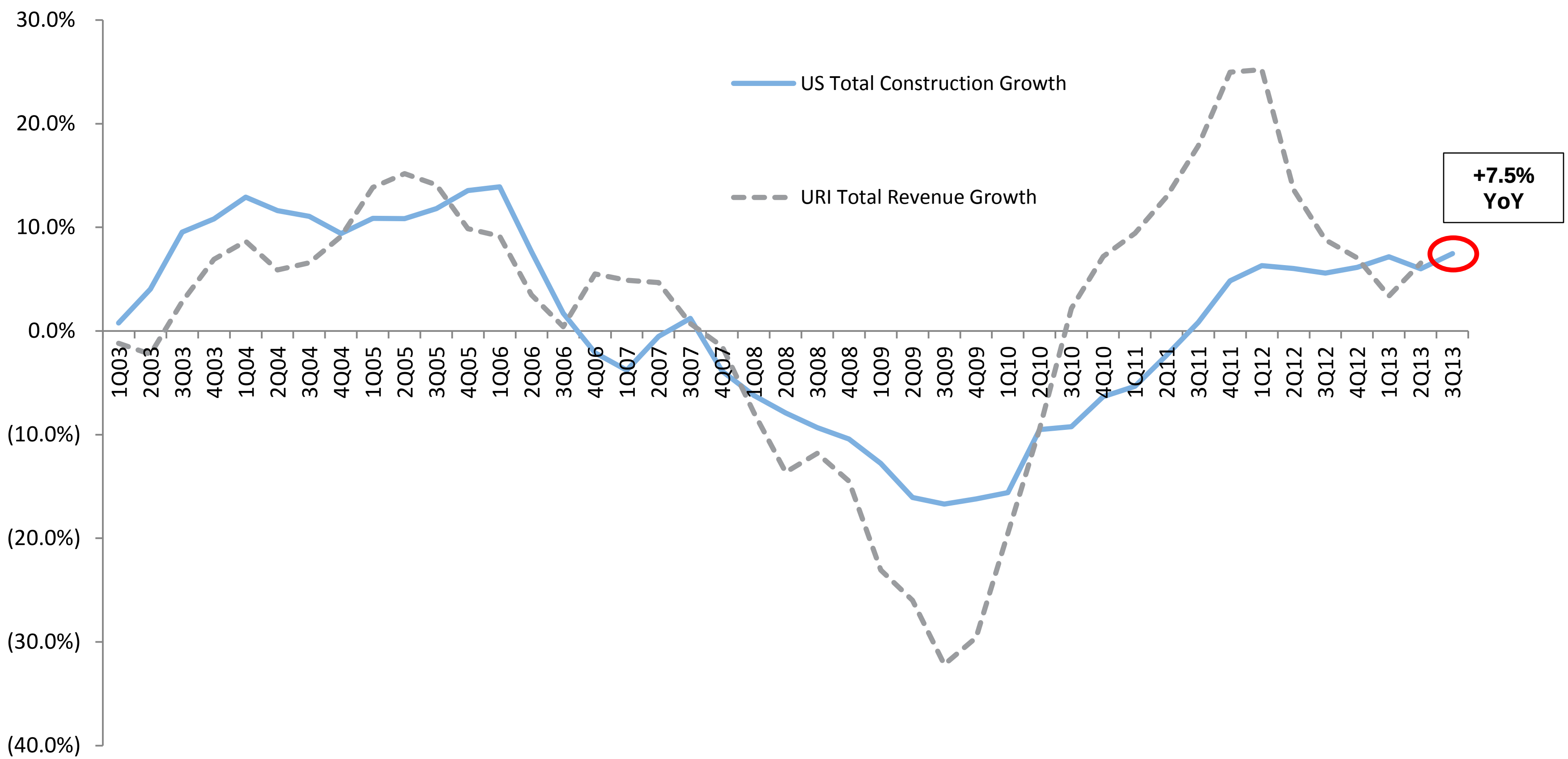
Source: US Census Bureau.

U.S. Construction Spending Currently Up 7.5% YoY

- The last monthly data point from the Census Bureau currently has U.S. construction spending up 7.5% YoY



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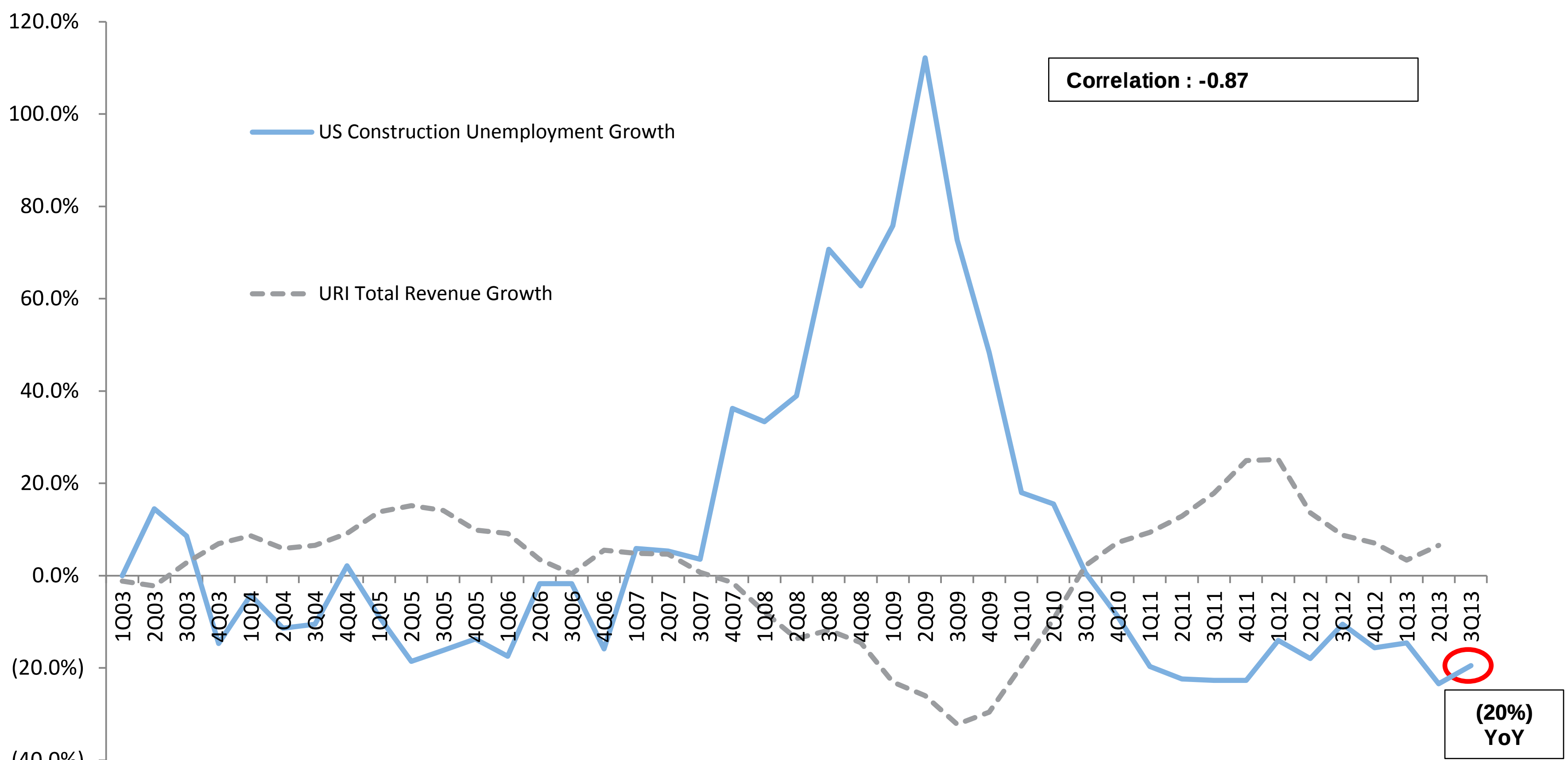
Source: US Census Bureau, Company filings.

U.S. Construction Unemployment Picture also Bodes Well

- URI's revenue growth shows a -0.87 correlation with the change in construction unemployment, which is currently down 20% YoY



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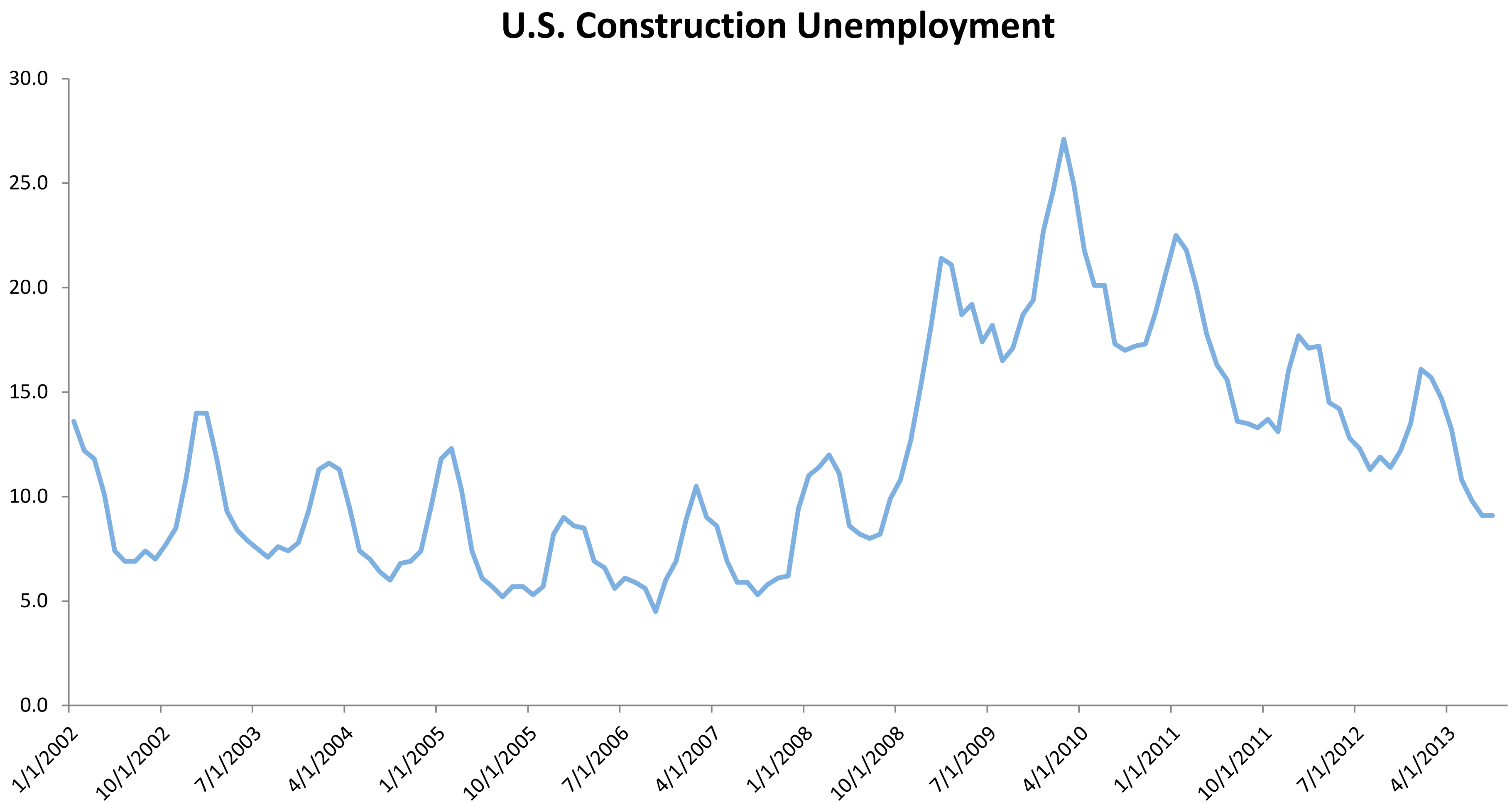
Source: Bureau of Labor Statistics, Company filings.

U.S. Construction Unemployment Continues to Come Down



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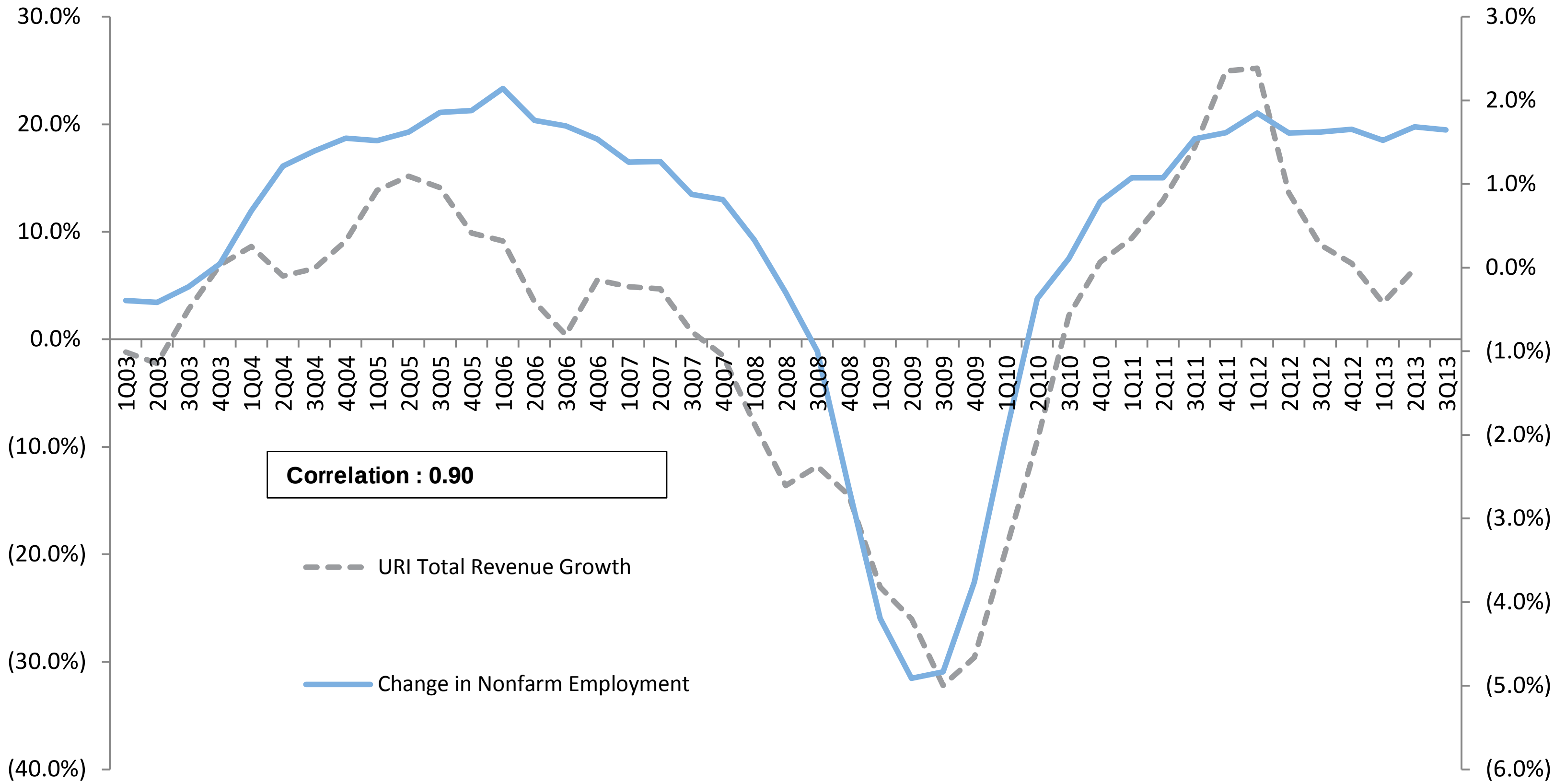
Source: Bureau of Labor Statistics.

Nonfarm Employment Has Also Been a Good Indicator

- URI revenue growth has also shown an 0.90 correlation with changes in nonfarm employment over time



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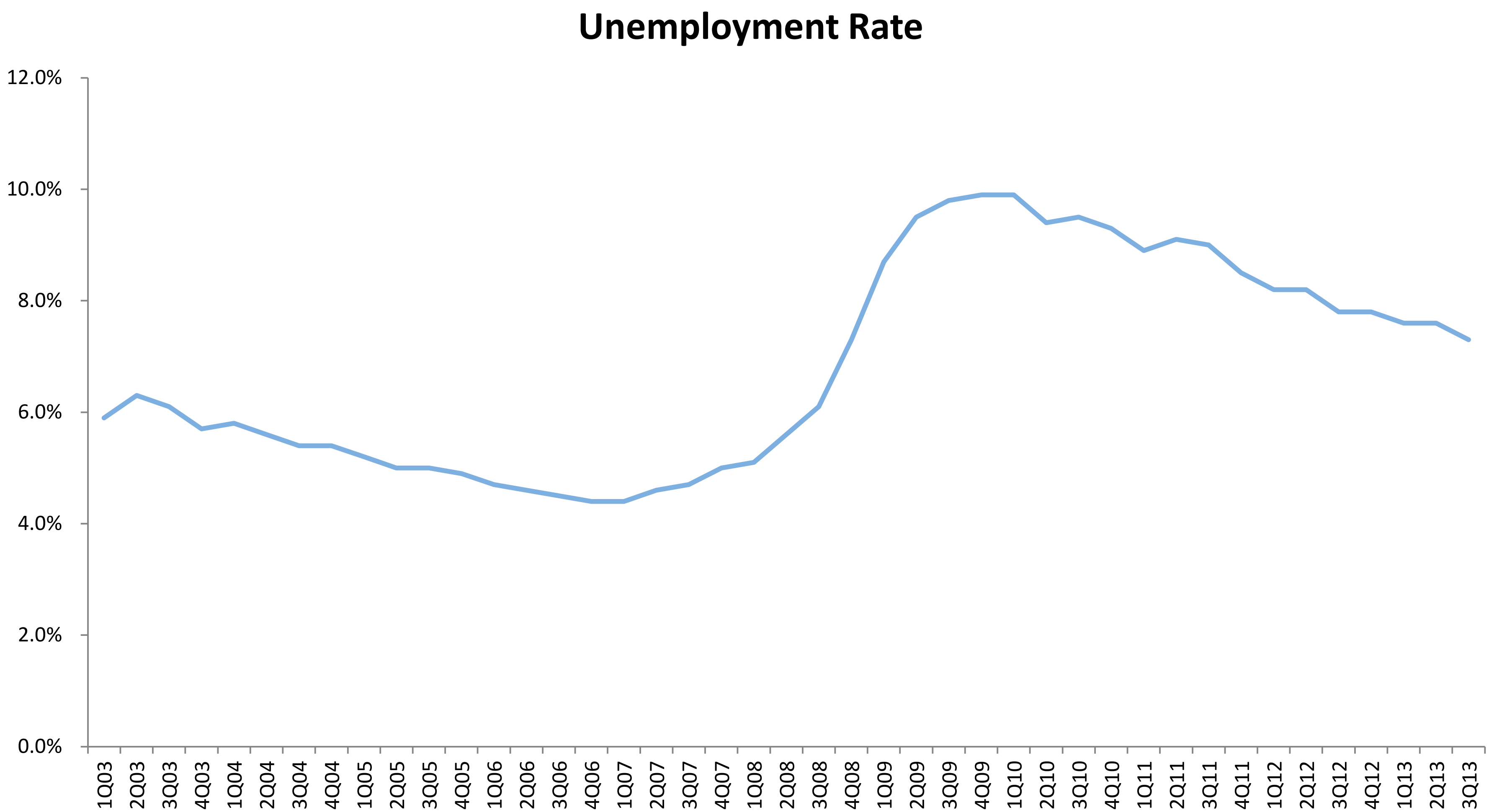
Source: Bureau of Labor Statistics, Company filings.

Unemployment Currently at 7.3%



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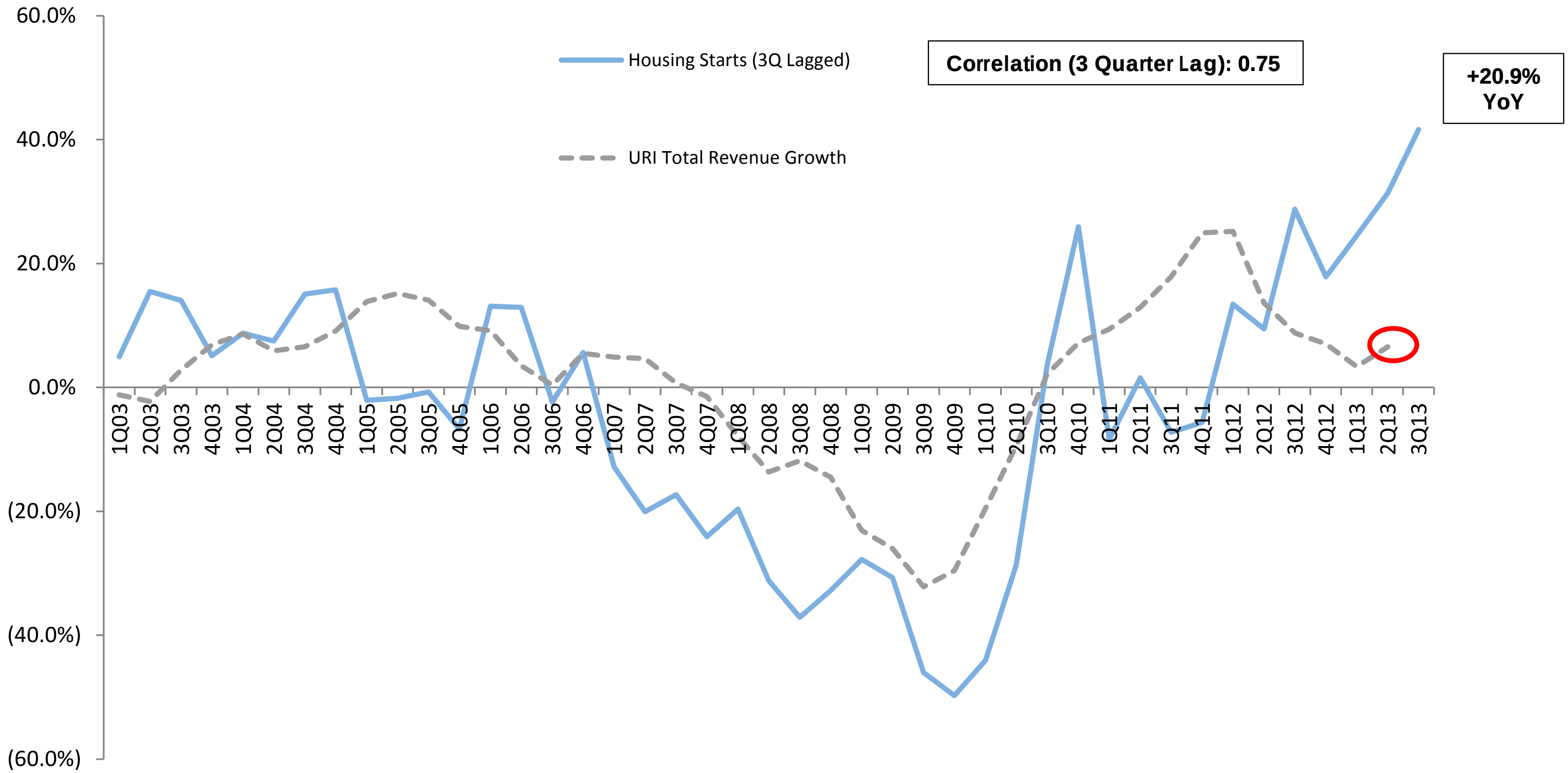
Source: Bureau of Labor Statistics.

Housing Starts are a Leading Indicator

- While URI has limited exposure to the residential construction market, U.S. housing start growth has proven to be a strong leading indicator for non-residential construction, with an 0.75 correlation to URI's revenue growth on a 3-quarter lagged basis



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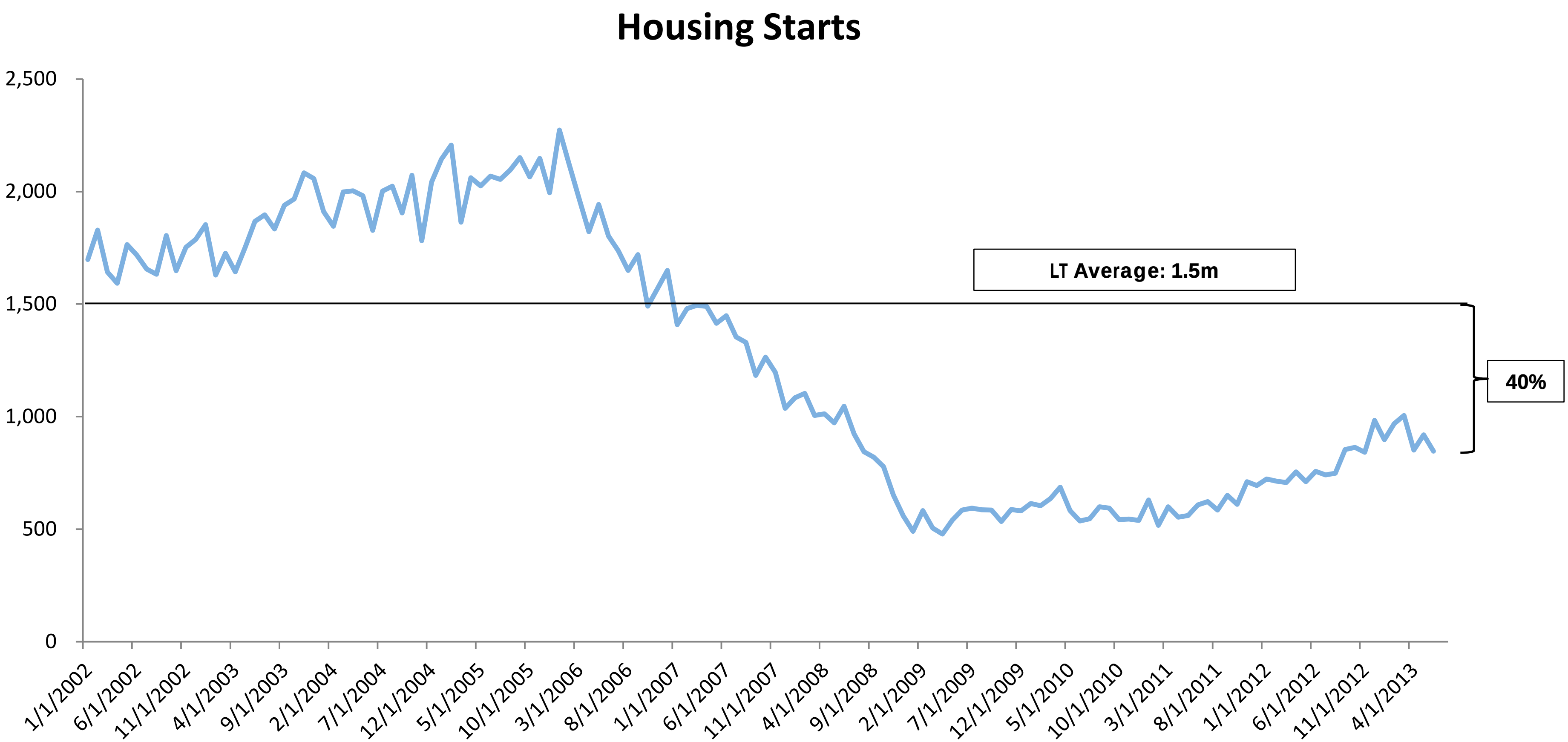
Source: US Census Bureau, Company filings.

Housing Starts are Still 40% Below Long-Term Average

- Housing Starts are currently running at ~896k, 40% below the multi-decade average of 1.5m



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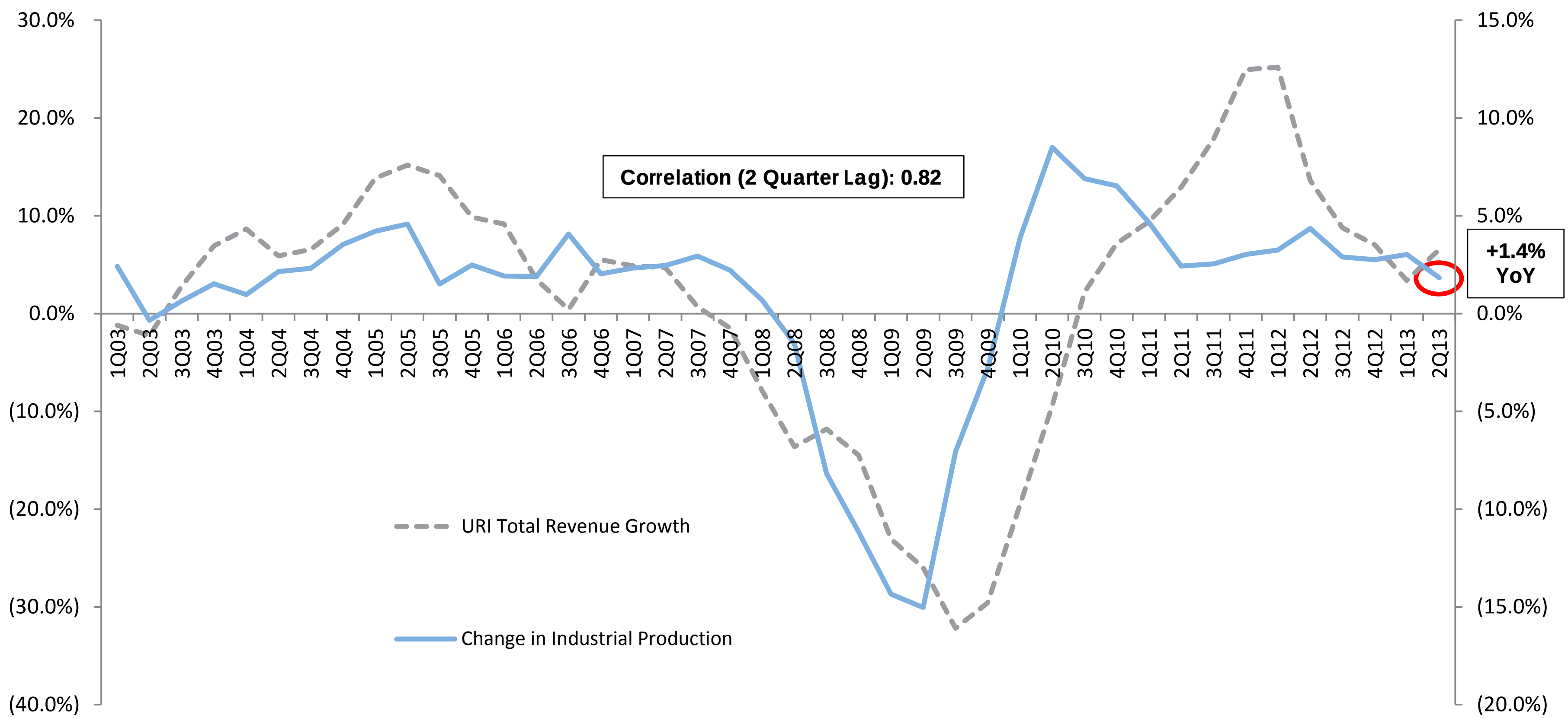
Source: U.S. Census Bureau.

Industrial Production Another Good Leading Indicator for URI

- Industrial Production, published by the Federal Reserve Board, is another strong leading indicator for URI's revenue growth, with a correlation of 0.82 on a 2-quarter lagged basis
- The last data point showed Industrial Production up 1.4% YoY



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Source: Federal Reserve Board, Company filings.

Secular Trends Provide Additional Tailwind

In the current environment, contractors with painful memories of the financial crisis and low visibility into an uncertain economic recovery are increasingly choosing to rent equipment instead of buying

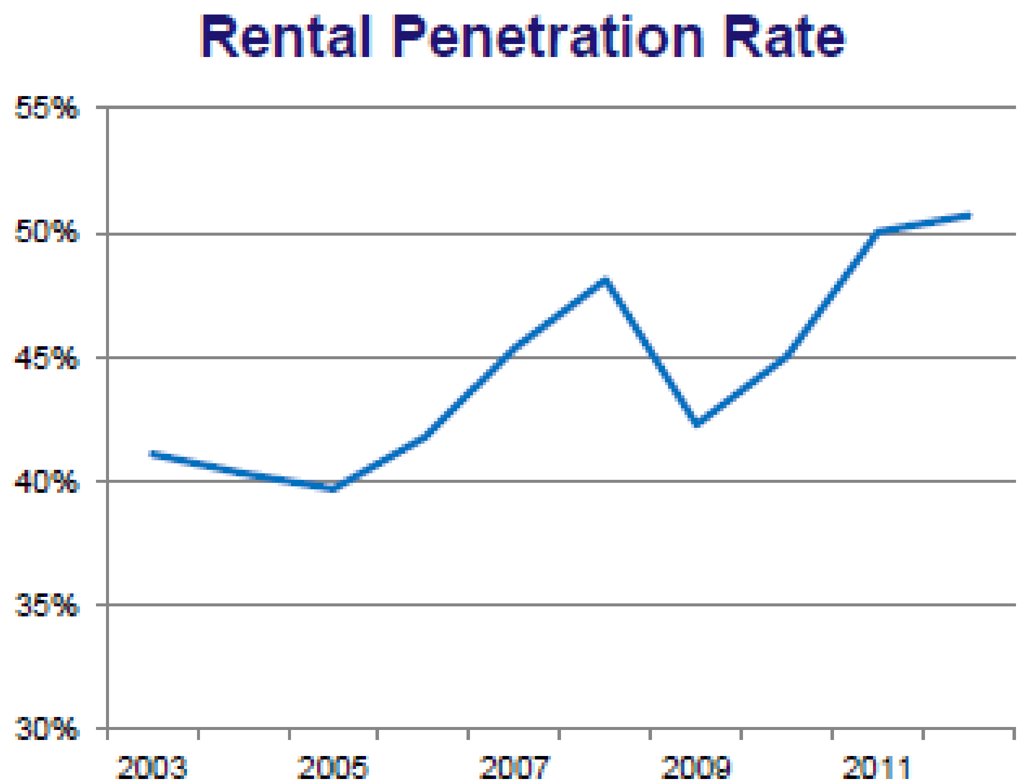
Benefits of Renting

- Conserve Capital
- Reduce Down Time
- Save on Storage
- Inventory Control
- Eliminate Disposal Costs
- Right Equipment for Right Job
- Outsource Maintenance to Rental Company
- Simplify Costs and Billing Into One Rental Payment

Source: 2Q13 Investor Presentation.

Rental Penetration is Increasing

- Rental penetration has grown steadily since the inception of the equipment rental industry in the early ’90s
- Estimated at 5% in 1993 and 20% in 1998 (1), rental penetration has grown from 42% in 2009 to over 50% today



Source: IHS Global Insight, American Rental Association

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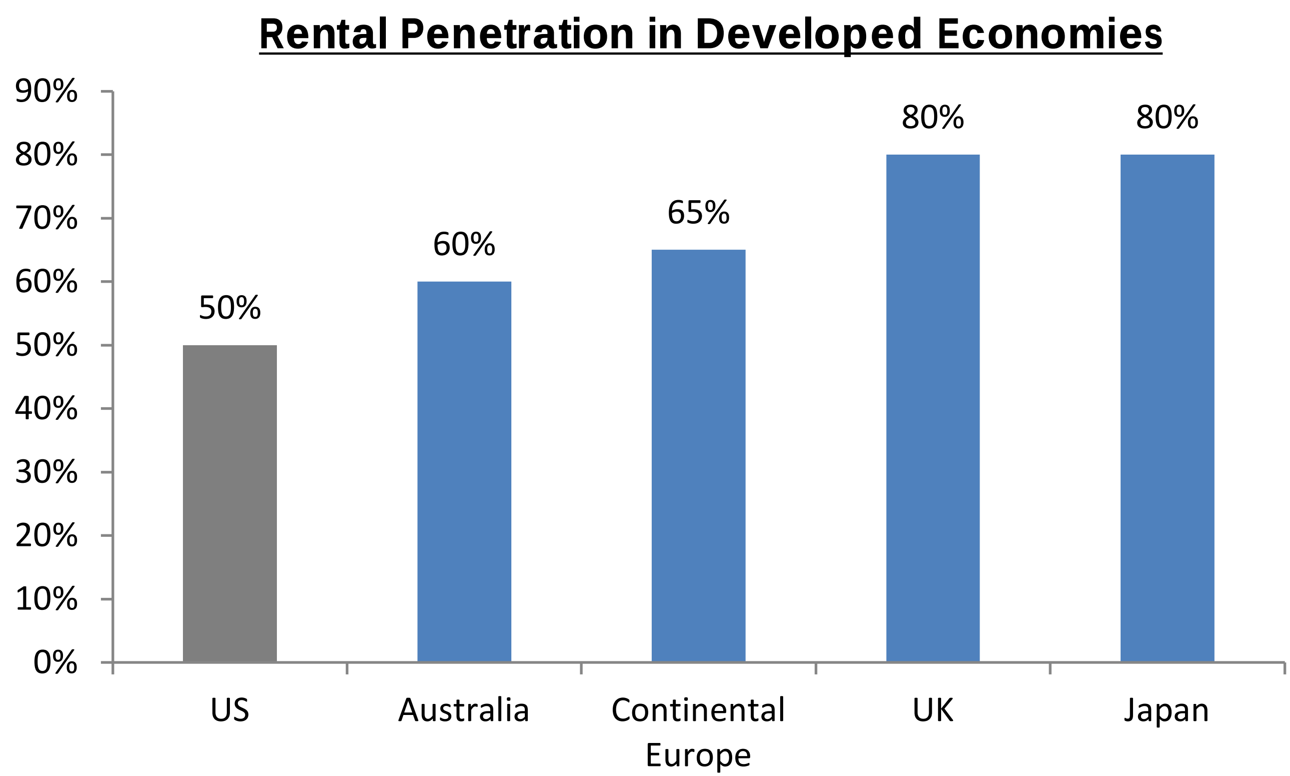
(1) Dan Kaplan Associates.

U.S. Rental Penetration Still Trails Rest of Developed World

- Rental penetration in other developed economies ranges from 60% - 80%, suggesting that there is room for penetration to continue to increase in the US



Source: Dan Kaplan Associates.

Buy vs. Rent Analysis Strongly Favors Renting

- Illustrative analysis shows that at current rental rates, owning equipment only makes sense if it is utilized >70% of the time, whereas average actual utilization for most construction equipment is much lower than that

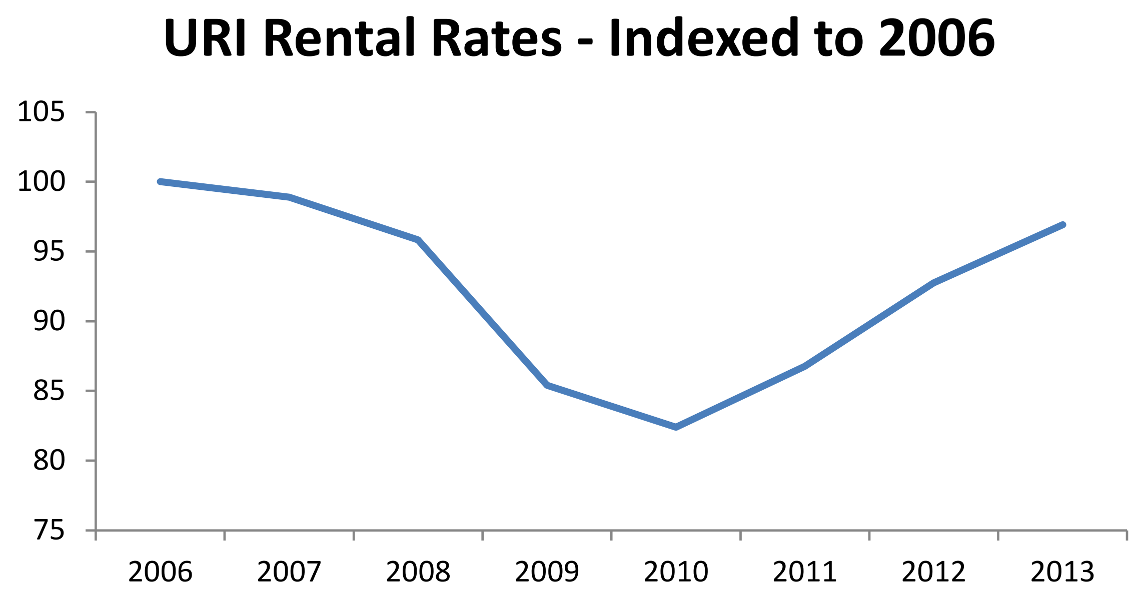
Illustrative Rent vs. Buy Analysis - 60-Foot Boom

Purchase Price	$90,000
Life of Equipment (Yrs)	6
Residual Value	30%
Interest Rate	8%
Annual Maintenance	2%
Annual Costs of Ownership	
Interest	($7,200)
Depreciation	(10,500)
Maintenance	(1,800)
Total Pre-Tax Costs	**($19,500)**
Monthly Rental Rate	**$2,200**
Breakeven Months Rented	**8.9**
Implied % Utilization	***74%***
Average Actual Utilization	***6% - 43%***

Source: Citigroup Initiation Report (2/27/2012), URI 2Q13 Investor Presentation.

Nominal Rental Rates Still Below Prior Peak

- This gives URI room to raise prices, which should still be 3 – 4% below prior nominal levels at the end of this year
- Rate increases generally fall straight to the bottom line, giving URI strong operating leverage



Source: URI 2006 – 2012 10Ks.

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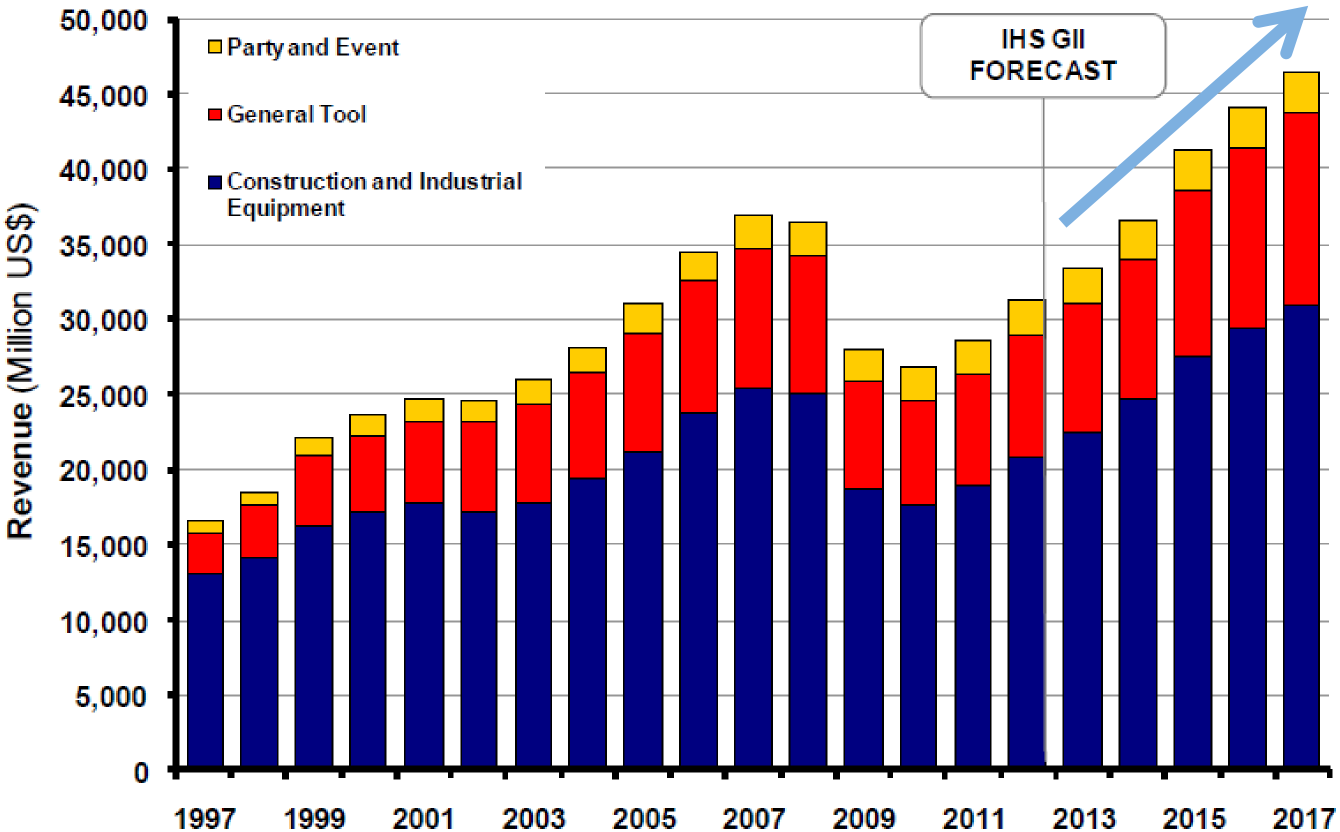
These Trends Should Lead to 10% Industry CAGR Through 2015

- As a result of all of these dynamics, industry consultant IHS forecasts 10% average annual growth for the equipment rental industry from 2012 - 2015



2012 – 2015E CAGR
9.7%

2012 – 2017E CAGR
8.3%

Source: IHS Global Insight.

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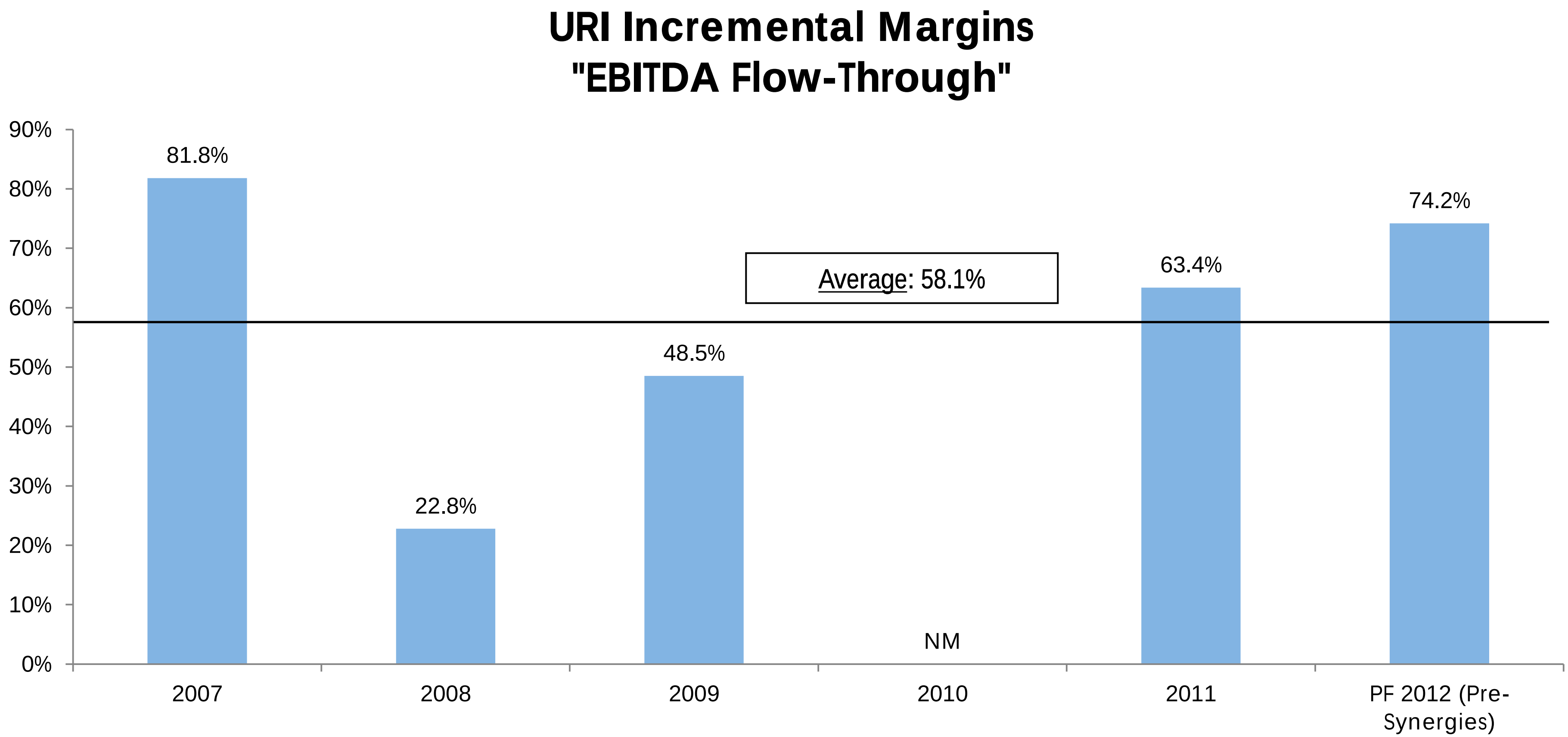
Large Operating Leverage Should Lead To Dramatic Earnings Growth

- As rates and utilization pick up in an increasing demand environment, URI typically sees close to 60% of increases in revenue flow through to the EBITDA line



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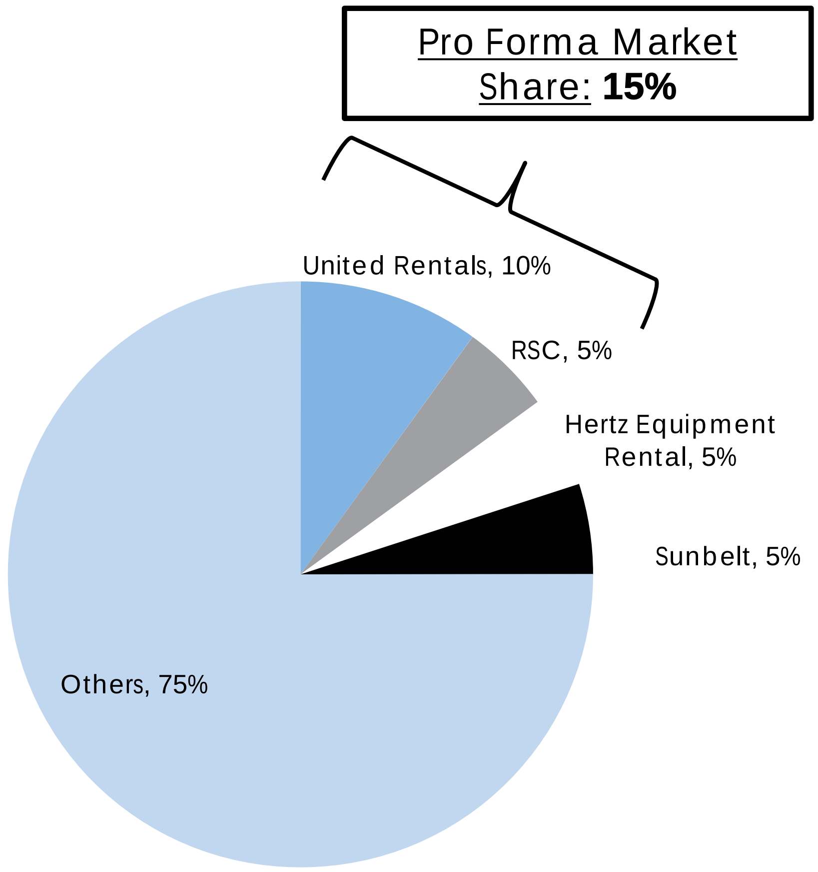
Source: 2009 – 2012 10Ks.

Highly Strategic Merger Creates Industry's Only Scale Player

United Rentals is Now 3x the Size of its Closest Competitor

- URI acquired RSC for $4.2 billion in April 2012, creating by far the largest player in the fragmented equipment rental industry
- Advantages of scale include increased purchasing power and higher fleet utilization from ability to share equipment among branches
- A large number of small, weaker players left the industry during the downturn



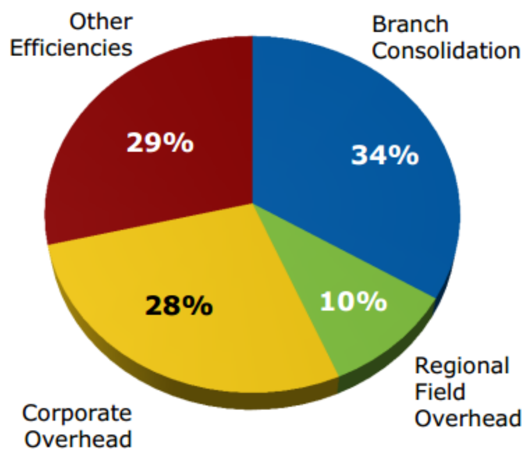
Source: American Rental Association.

RSC Acquisition is Highly Synergistic

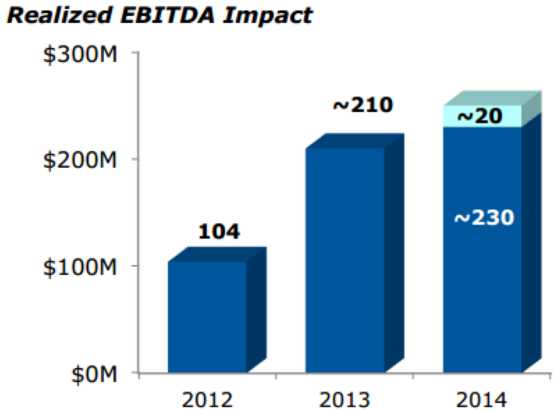
- The Company is tracking well against its cost synergy targets, mainly from consolidating branches and eliminating overhead
- URI also estimates $50m of revenue synergies from cross-selling opportunities of specialty products

Cost Synergies Targeted at $230M-$250M

Cost Saving Breakdown



Increasing Cost Synergy Targets



	2012	2013	2014
Run Rate	~$166	~$230	~$230-$250
One Time Costs	~$171	~$10	

In Q2, Achieved $60M in Cost Savings

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Source: 2Q13 Investor Presentation.

National Footprint is Unique Offering Enabling Differentiated Strategy

- URI's national footprint has allowed it to rise above a competitive marketplace, as it has limited competition from smaller equipment rental companies in serving national customers

- National customers are more favorable and profitable due to their:
  - Stable relationships and revenue
  - Longer rental periods
  - Better care of the equipment

824 Branches Across North America

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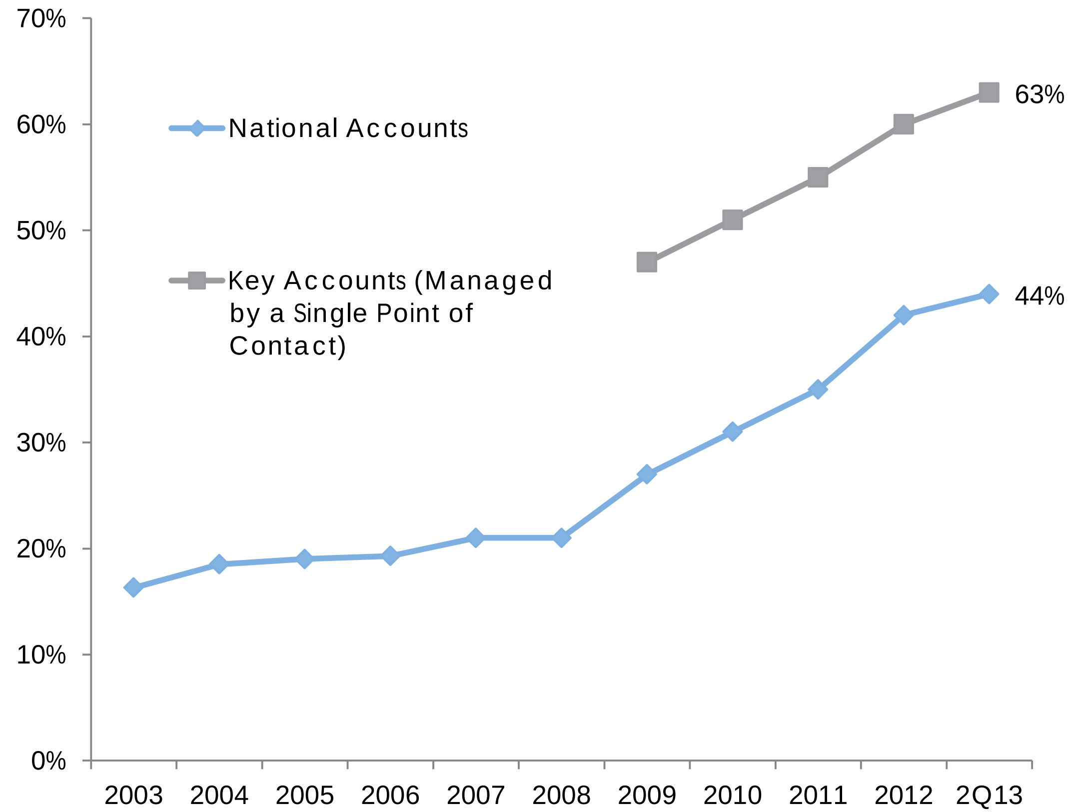
Source: 2Q13 Investor Presentation.

Successfully Executing Mix Shift to Higher Margin Customers

- URI is successfully leveraging its national footprint, with 44% of revenue now from national accounts and 63% from “key accounts”
- 90% of revenue is now from repeat customers
- Key accounts on average have:
  - 2.4x larger contract size
  - 2.5x longer rental periods (ie, lower transaction costs)
  - Return equipment with less damage
  - ***Key accounts grew 6.1% in Q2 vs. 1.5% for unassigned accounts***



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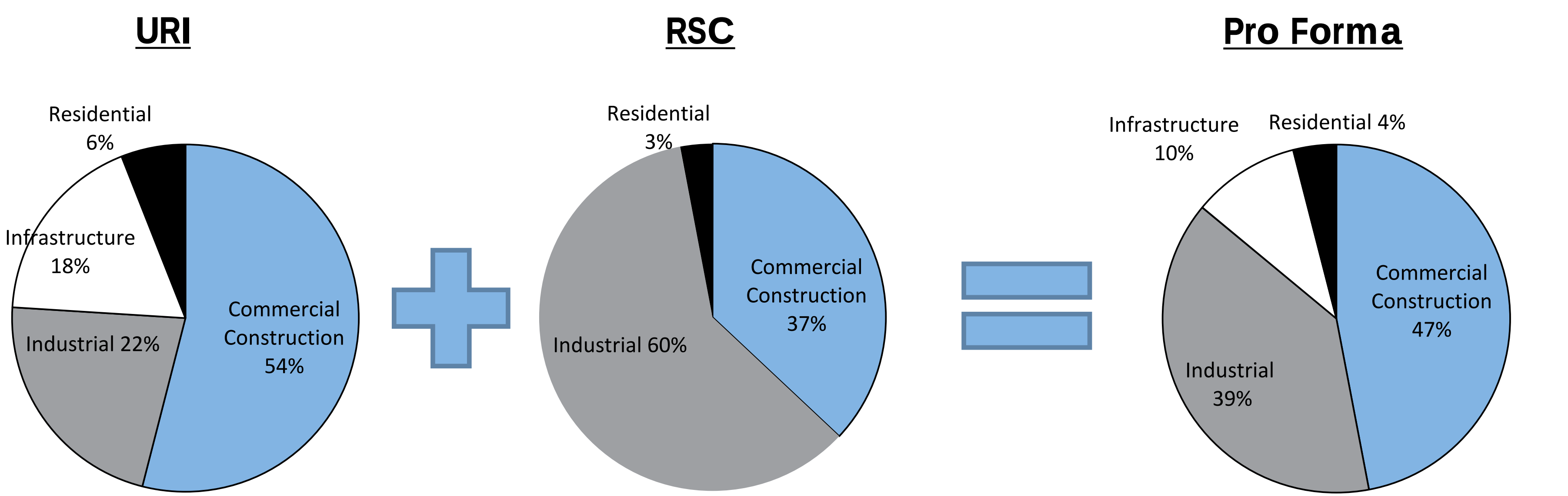
Source: 2005 – 2012 10Ks, 2Q13 Investor Presentation.

Acquisition Also Facilitates Mix Shift to Less Cyclical Industrial Customers

- RSC had a higher mix of industrial / non-construction customers (energy, healthcare, education, manufacturing) due to its legacy position in the oil & gas and petrochemical heavy Gulf Coast region
- These customers can be more stable and higher margin, as many are served by dedicated, on-site rental equipment branches for which URI/RSC get a price premium



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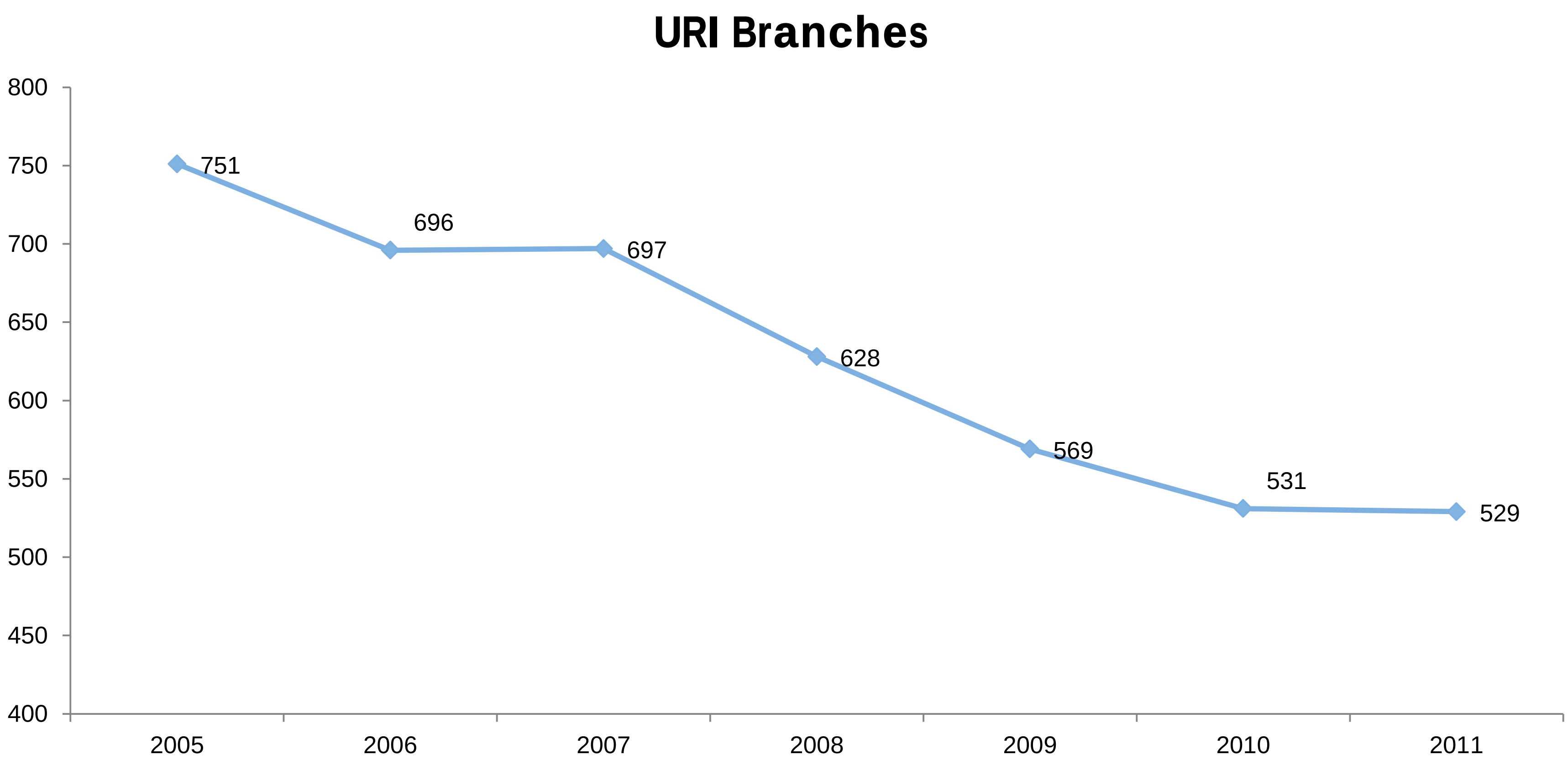
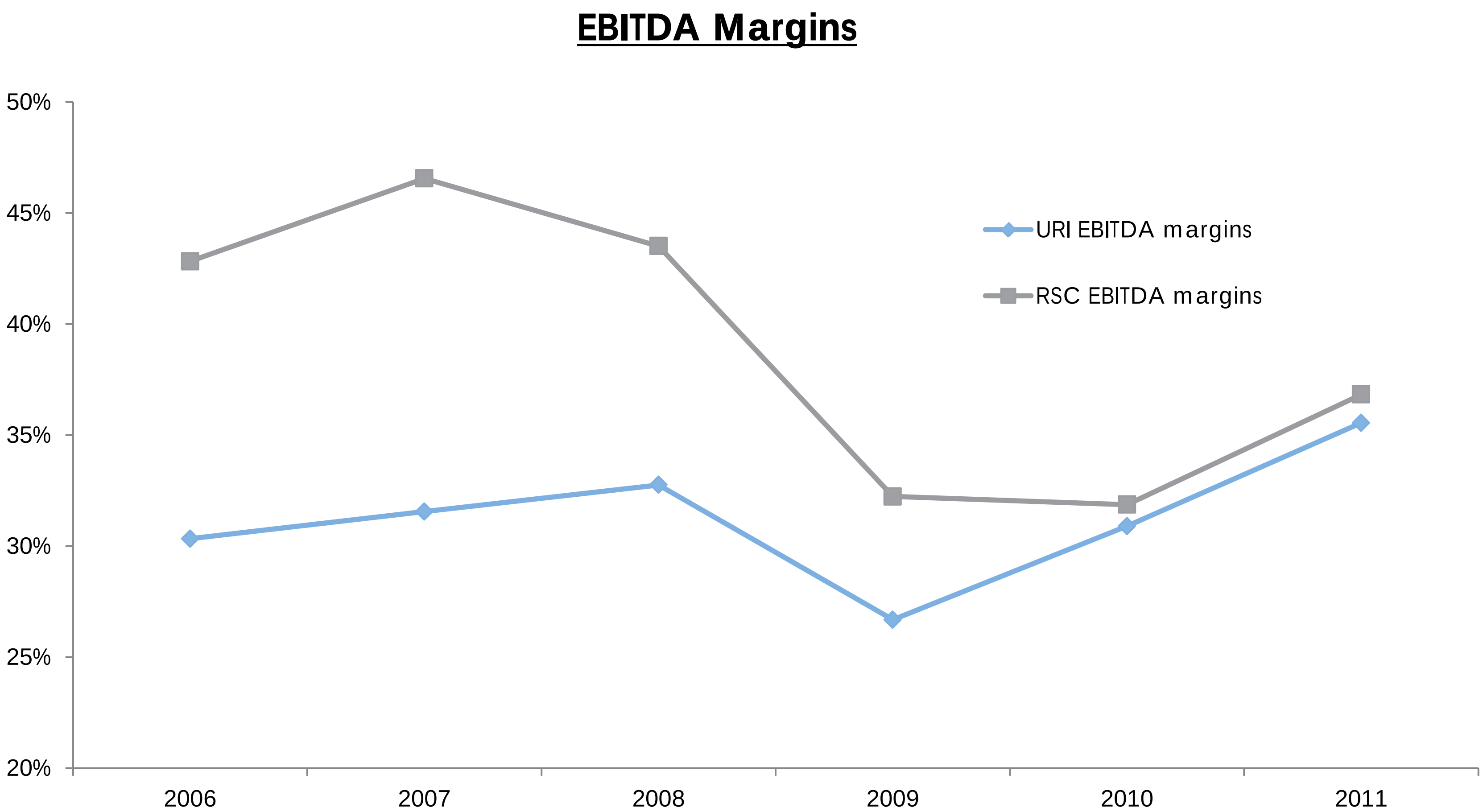
Source: URI 2011 10K, RSC 2011 10K, 2Q13 Investor Presentation.

United Rentals Greatly Improved its Cost Structure Through the Downturn

- Built through a series of acquisitions, URI never critically addressed its cost structure until the downturn, when it eliminated 30% of its branches in an effort to streamline its operations



Cost Focus Allowed Margins to Catch Up to RSC's



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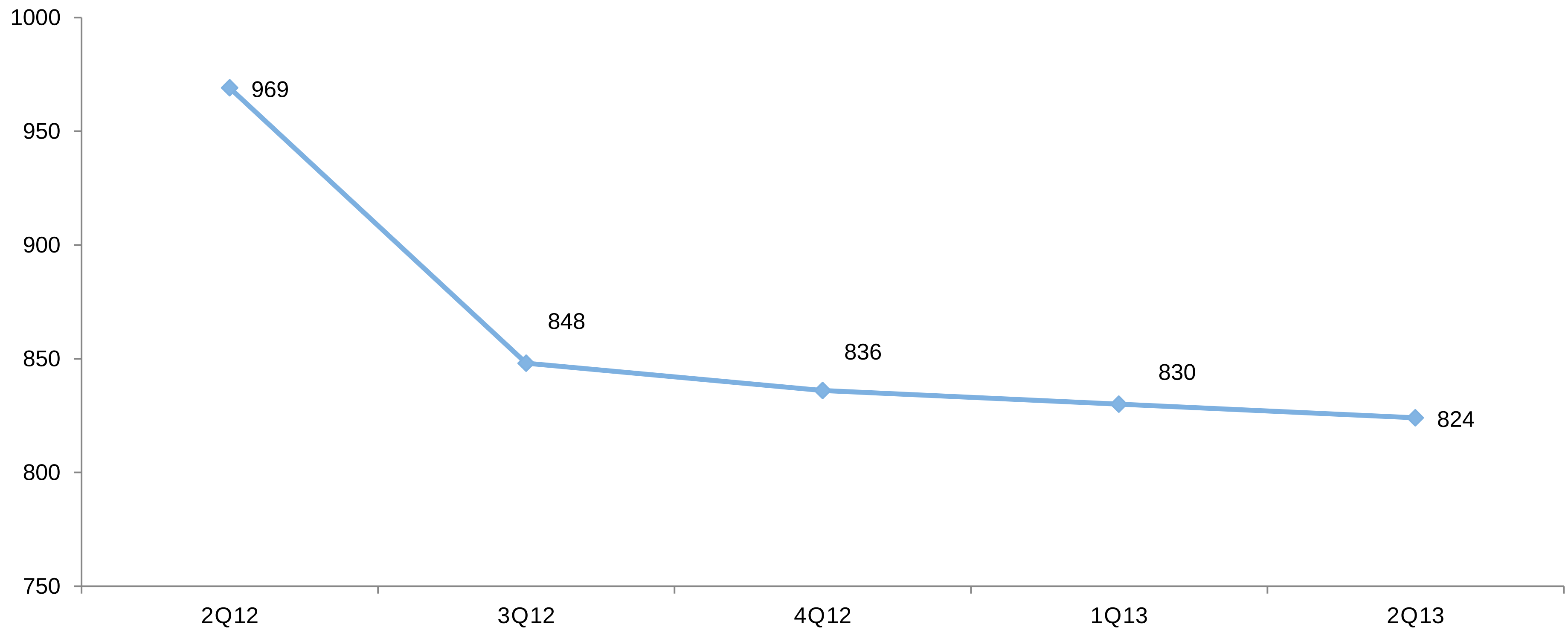
Source: URI and RSC 2008 - 2011 10Ks.

Branch Consolidation Has Continued Post-Deal Closing

- Post-acquisition, the Company has continued its cost focus, rapidly consolidating overlapping locations

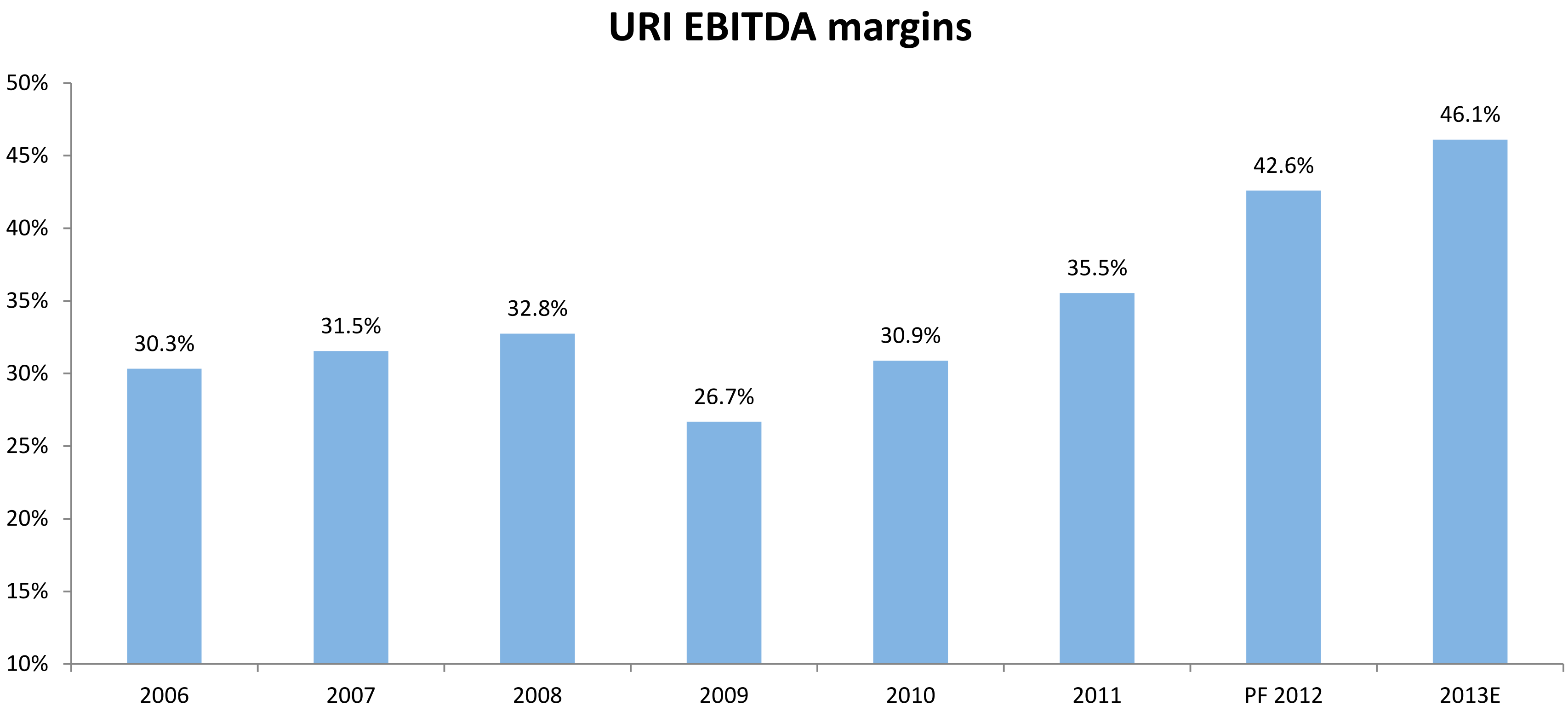
Combined Company Branches



Source: URI 2012 10K and 2Q12 – 2Q13 10Qs.

Customer Mix Shift + Synergies + Cost-Cutting = Margin Expansion

- URI's EBITDA margins are higher than prior peak, but likely to expand further

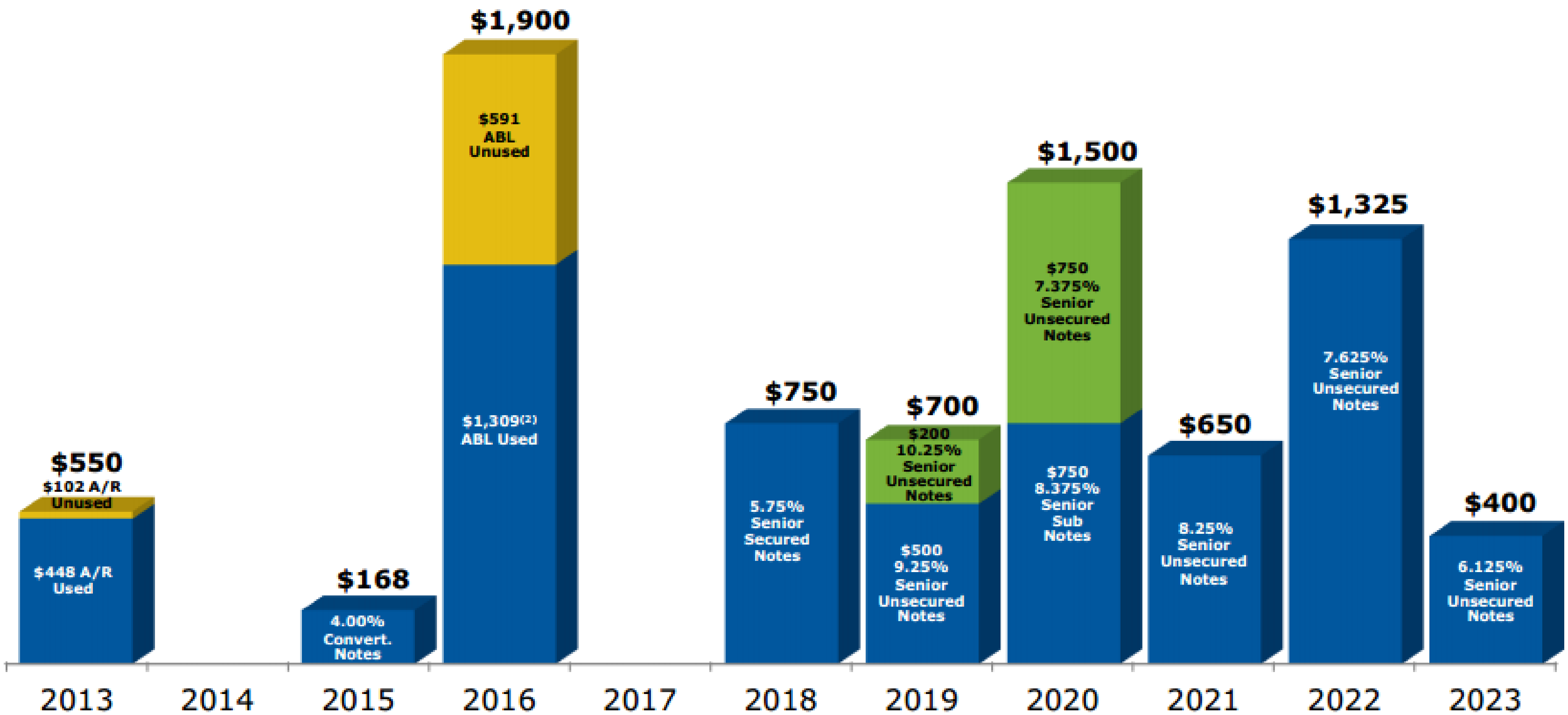


Source: URI 2008 - 2012 10Ks.

Favorable Capital Structure

Long-Dated, Low-Cost Debt is an Asset for Equity Holders

- URI has no significant near-term maturities and a 6.1% weighted average pre-tax cost of debt



No Significant Near-Term Maturities

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Source: 2Q13 Investor presentation.

Company Should De-Lever Rapidly

- We expect URI to be under management's target of 3x leverage by the end of this year

Share Price	$56.00
FD Shares	105.6
Market Cap	**$5,912**
Total Debt	7,221
Cash	(133)
Total Enterprise Value	**$13,000**

	2012	2013E	2014E	2015E
EBITDA	$1,986	$2,326	$2,609	$2,860
Free Cash Flow		404	537	664
Net Debt / EBITDA	**3.6x**	**2.9x**	**2.4x**	**1.9x**

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Source: 4Q12 earnings call transcript.

Potential for Capital Return Once 3x Leverage Target is Achieved

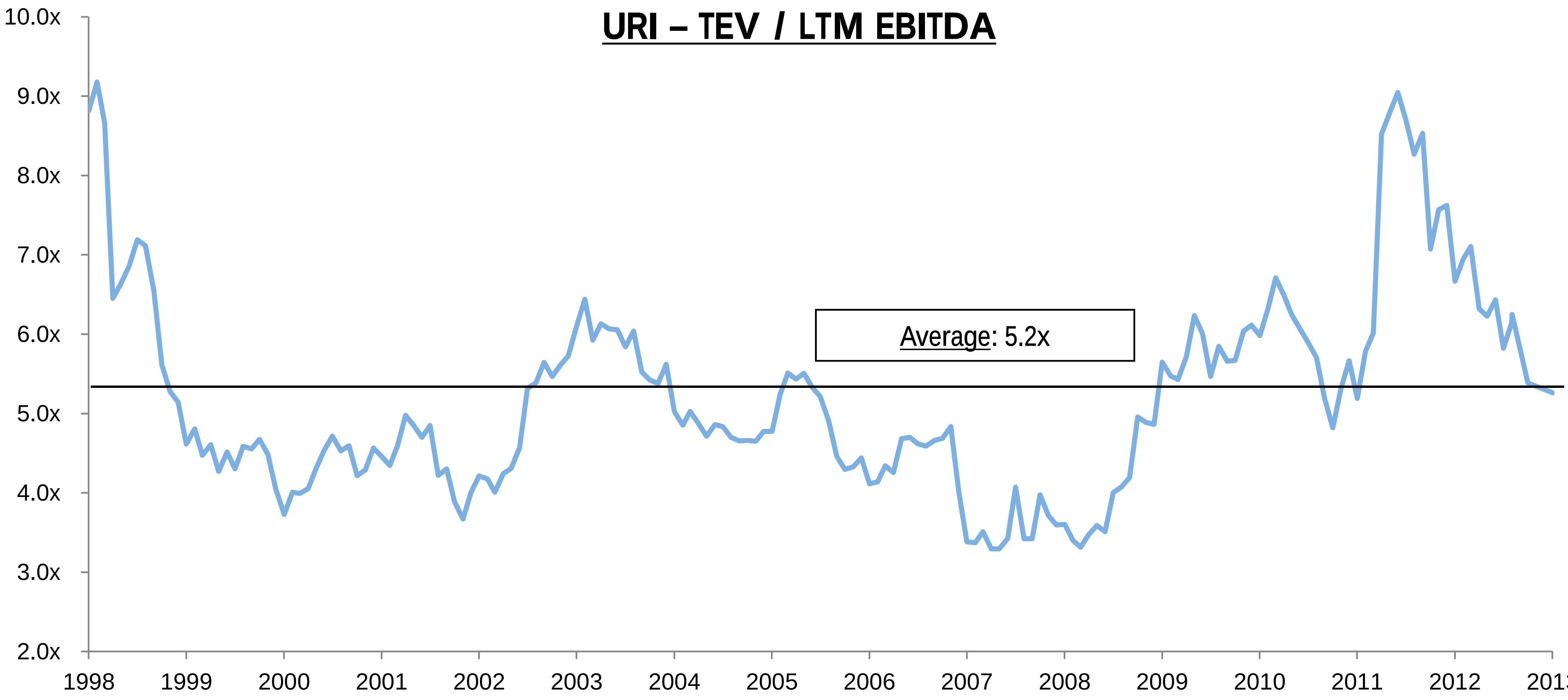
"In the near term, we will use the free cash flow to reduce our debt.... longer term, we'll be reviewing ways to return cash to shareholders..."

- Irene Moshouris, URI Treasurer, URI Investor Day (December 4, 2012)

Attractive Valuation

URI Historically Traded at 5.2x EBITDA

- Over its entire history, URI has generally traded between 4x – 6x LTM EBITDA, with an average of 5.2x
- We note that Cerberus agreed to buy the Company at 5x peak EBITDA in 2007 and Ripplewood and Oak Hill acquired RSC in 2006 for 7x EBITDA (including an earn out)



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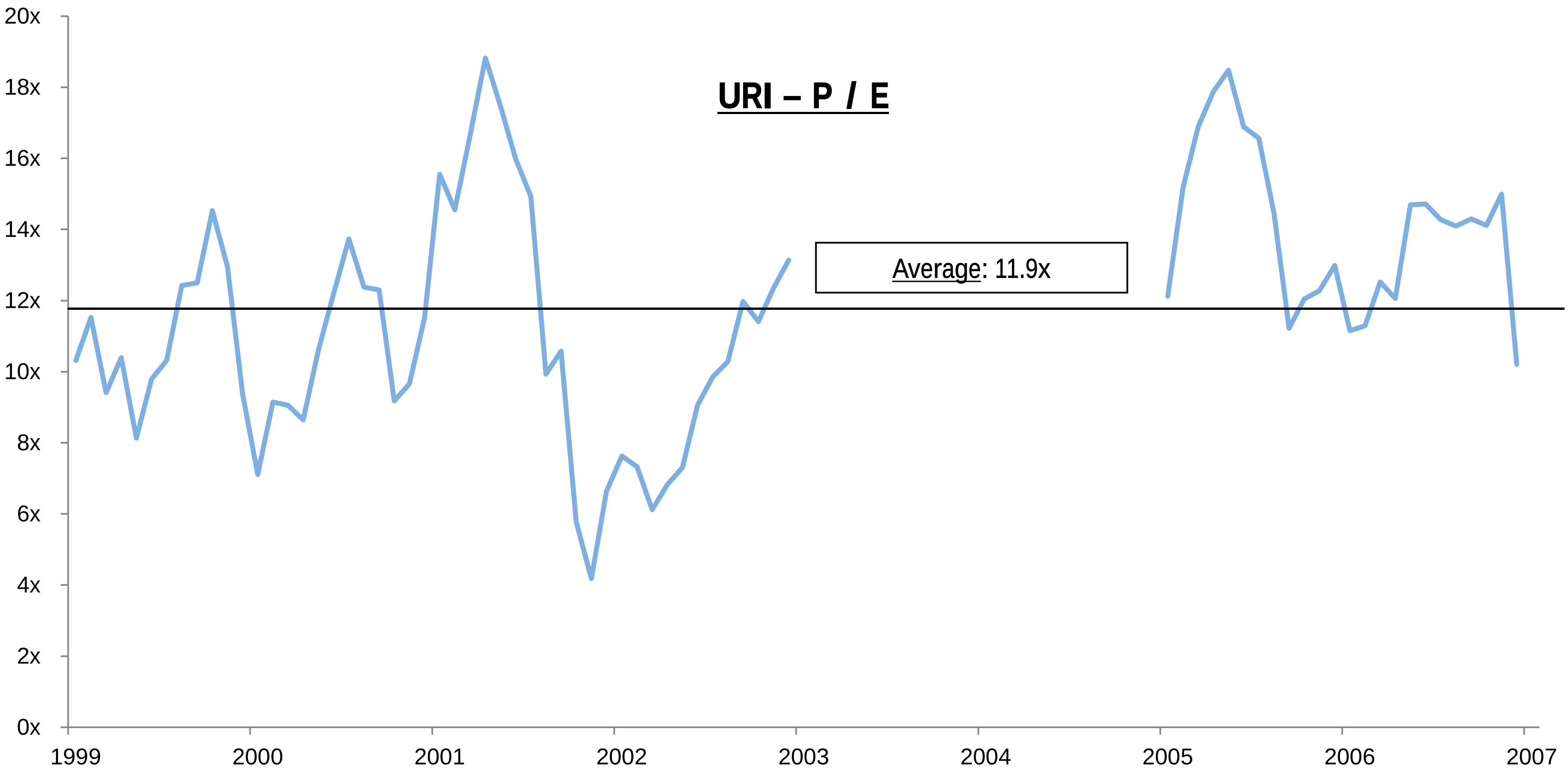
Source: Bloomberg.

URI Historically Traded at 11.9x P / E

- Before the financial crisis, URI traded at an average of 11.9x P / E, when meaningful EPS data was available



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Source: Bloomberg.

URI Trades at Reasonable Multiples of 2013E Earnings

- With URI trading at 5.6x current year EBITDA and 12.2x current year earnings, we would argue that you are getting all of the prospective earnings growth from cyclical recovery and secular penetration essentially "for free"

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Market Cap	**$5,912**
Total Debt	7,221
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Total Enterprise Value	**$13,000**

2013E EBITDA	$2,326
TEV / EBITDA	**5.6x**
2013E EPS	$4.60
P / E	**12.2x**
2013E FCF	$404
% FCF Yield	**6.8%**

Source: Capital IQ.

We Estimate URI is Trading at 4x 2015E EBITDA

- We expect earnings to grow dramatically from HSD top-line growth, strong operating leverage, and reasonable financial leverage
- Based on our earnings estimates, we believe URI is trading at 4.0x 2015E EBITDA and 7.4x 2015E EPS

Share Price	$56.00
FD Shares	105.6
Market Cap	**$5,912**
Total Debt	7,221
Cash	(133)
Total Enterprise Value	**$13,000**

	2012	2013E	2014E	2015E
Revenue	$4,664	$5,045	$5,441	$5,817
% Growth		*8.2%*	*7.8%*	*6.9%*
EBITDA	$1,986	$2,326	$2,609	$2,860
% Margin	*42.6%*	*46.1%*	*47.9%*	*49.2%*
TEV / EBITDA (Year-End)		**5.4x**	**4.7x**	**4.0x**
Net CapEx		(1,150)	(1,185)	(1,198)
TEV / EBITDA - CapEx		10.8x	8.5x	6.9x
Free Cash Flow		404	537	664
% FCF Yield		**6.8%**	**9.1%**	**11.2%**
EPS		$4.60	$6.52	$7.56
P / E		**12.2x**	**8.6x**	**7.4x**

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Source: Capital IQ.

Company Should Generate 27% of its Market Cap in Cash Through 2015

- We believe the Company will generate ~$1.6 billion of FCF in 2013 – 2015, representing 27% of its current market capitalization

Share Price	$56.00
FD Shares	105.6
Market Cap	**$5,912**
Total Debt	7,221
Cash	(133)
Total Enterprise Value	**$13,000**

	2013E	2014E	2015E
Free Cash Flow	$404	$537	$664

2013E - 2015E Cumulative Free Cash Flow	**$1,605**
% of Current Market Cap	**27.1%**

Source: Capital IQ.

What is URI Worth?

Assuming URI trades near its historical average EBITDA multiple in 2015, in what should be a more normalized environment for the Company's end markets, we believe that the stock could be worth ~$96 per share over the next 18 - 24 months

2015E EBITDA	$2,860
EBITDA Multiple	5.5x
Implied TEV	$15,731
Plus: 2.5 Years of Free Cash Flow	1,528
Less: Current Net Debt	(7,088)
Implied Equity Value	$10,171
FD Shares Outstanding	105.6
Implied Stock Price	**$96.34**
Current Price	$56.00
% Premium to Current	***72.0%***

MARCATO
CAPITAL MANAGEMENT

Risks and Opportunities

Risks

- Cycle deteriorates or does not improve as quickly as we expect
  - *We would note that URI generated significant FCF in the last downturn, including effects of de-fleeting*
- Company loses sight of capital discipline and overspends on growth CapEx, failing to ever reach its free cash flow generation potential

Opportunities

- Cycle improves more quickly than we expect
- Company completes additional accretive acquisitions
- Company deploys its copious free cash flow in shareholder-friendly activities, including potential share repurchases as early as next year