

RSC Holdings Inc.  
Form 10-Q  
October 20, 2011  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, DC 20549**

**FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2011

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 001-33485

**RSC Holdings Inc.**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**22-1669012**  
(I.R.S. Employer  
Identification Number)

**6929 E. Greenway Pkwy.**

**Scottsdale, Arizona**  
(Address of principal executive offices)

**(480) 905-3300**

**85254**  
(Zip code)

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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

Large accelerated filer  Accelerated filer   
Non accelerated filer  (Do not check if a smaller reporting company) Smaller reporting company   
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of October 14, 2011, there were 103,796,845 shares of no par value Common Stock outstanding.

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### **Introductory Note**

Unless the context otherwise requires, in this Quarterly Report on Form 10-Q, (i) we, us our and RSC Holdings means RSC Holdings Inc., (ii) RSC means RSC Equipment Rental, Inc. and RSC Equipment Rental of Canada, Ltd., which are our operating entities and indirect wholly-owned subsidiaries of RSC Holdings, and, when used in connection with disclosure relating to indebtedness incurred under the Old Senior ABL Revolving Facility and Second Lien Term Facility, or the New Senior ABL Revolving Facility and in connection with the 2014 Senior Unsecured Notes (the 2014 Notes ), the 2017 Senior Secured Notes (the 2017 Notes ), the 2019 Senior Unsecured Notes (the 2019 Notes ) or the 2021 Senior Unsecured Notes (the 2021 Notes ) (collectively the Notes ), RSC Holdings III, LLC, except as otherwise set forth in this Quarterly Report on Form 10-Q.

### **Cautionary Note for Forward-Looking Statements**

All statements other than statements of historical facts included in this Quarterly Report on Form 10-Q, including, without limitation, statements regarding our future financial position, business strategy, budgets, projected costs and plans and objectives of management for future operations, are forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as may , plan , seek , will , should , expect , intend , estimate , anticipate , believe or continue or the negative thereof or var similar terminology.

Forward-looking statements include the statements in this Quarterly Report on Form 10-Q regarding, among other things: management forecasts; efficiencies; cost savings and opportunities to increase productivity and profitability; income and margins; liquidity; anticipated growth; economies of scale; the economy; future economic performance; our ability to maintain liquidity during adverse economic cycles and unfavorable external events; our business strategy; future acquisitions and dispositions; litigation; potential and contingent liabilities; management s plans; taxes; and refinancing of existing debt.

Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to have been correct. Important factors that could cause actual results to differ materially from our expectations are set forth below and disclosed in Risk Factors in Part II, Item 1A and elsewhere in this Quarterly Report on Form 10-Q. Factors that could cause actual results or outcomes to differ materially from those projected include, but are not limited to, the following:

the effect of a further economic downturn or other factors resulting in a decline in construction, non-construction maintenance, capital improvements and capital investment;

intense rental rate price pressure from competitors, some of whom are heavily indebted and may significantly reduce their prices to generate cash to meet debt covenants; from contractor customers, some of whom are bidding contracts at cost or below to secure work for their remaining best employees; from industrial customers who generally are experiencing profitability shortfalls in the current economic climate and in return are asking all of their most significant suppliers for price reductions and cost reduction ideas;

the rental industry s ability to continue to sell used equipment through both the retail and auction markets at prices sufficient to enable us to maintain orderly liquidation values that support our borrowing base to meet our minimum availability and to avoid covenant compliance requirements for leverage and fixed charge coverage contained in our New Senior ABL Revolving Facility;

our ability to comply with our debt covenants;

risks related to the credit markets willingness to continue to lend to borrowers with a B rating;

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our ability to generate cash and/or incur additional indebtedness to finance equipment purchases;

exposure to claims for personal injury, death and property damage resulting from the use of equipment rented or sold by us;

the effect of changes in laws and regulations, including those relating to employment legislation, the environment and customer privacy, among others;

fluctuations in fuel and, or supply costs;

heavy reliance on centralized information technology systems;

claims that the software products and information systems on which we rely infringe on the intellectual property rights of others; and

the other factors described in Part II, Item 1A of this Quarterly Report on Form 10-Q under the caption Risk Factors.

In light of these risks, uncertainties and assumptions, the forward-looking statements contained in this Quarterly Report on Form 10-Q might not prove to be accurate and you should not place undue reliance upon them. All forward-looking statements speak only as of the filing date of this Quarterly Report on Form 10-Q, and we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

**Table of Contents****PART I. Financial Information****Item 1. Financial Statements**

**RSC HOLDINGS INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

(In thousands, except share data)

(Unaudited)

	September 30, 2011	December 31, 2010
<b>Assets</b>		
Cash and cash equivalents	\$ 27,807	\$ 3,510
Accounts receivable, net of allowance for doubtful accounts of \$6,959 and \$7,009 at September 30, 2011 and December 31, 2010, respectively	267,823	228,532
Inventory	16,087	14,171
Deferred tax assets, net	10,362	17,912
Prepaid expense and other current assets	11,362	13,798
<b>Total current assets</b>	<b>333,441</b>	<b>277,923</b>
Rental equipment, net of accumulated depreciation of \$1,137,380 and \$1,089,843 at September 30, 2011 and December 31, 2010, respectively	1,602,117	1,336,424
Property and equipment, net of accumulated depreciation of \$220,997 and \$208,495 at September 30, 2011 and December 31, 2010, respectively	119,559	110,779
Goodwill and other intangibles, net	957,503	939,302
Deferred financing costs	54,699	44,205
Other long-term assets	8,560	9,342
<b>Total assets</b>	<b>\$ 3,075,879</b>	<b>\$ 2,717,975</b>
<b>Liabilities and Stockholders Deficit</b>		
Accounts payable	\$ 380,882	\$ 193,819
Accrued expenses and other current liabilities	124,454	119,608
Current portion of long-term debt	27,180	25,294
<b>Total current liabilities</b>	<b>532,516</b>	<b>338,721</b>
Long-term debt	2,257,174	2,043,887
Deferred tax liabilities, net	310,711	330,862
Other long-term liabilities	26,214	41,782
<b>Total liabilities</b>	<b>3,126,615</b>	<b>2,755,252</b>
<b>Commitments and contingencies</b>		
Preferred stock, no par value, (500,000 shares authorized, no shares issued and outstanding at September 30, 2011 and December 31, 2010)		
Common stock, no par value, (300,000,000 shares authorized, 103,796,845 shares issued and outstanding at September 30, 2011 and 103,551,078 shares issued and outstanding at December 31, 2010)	841,127	833,989
Accumulated deficit	(907,890)	(873,358)
Accumulated other comprehensive income	16,027	2,092

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Total stockholders' deficit	(50,736)	(37,277)
Total liabilities and stockholders' deficit	\$ 3,075,879	\$ 2,717,975

See accompanying notes to the unaudited condensed consolidated financial statements.

**Table of Contents****RSC HOLDINGS INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(In thousands, except per share data)****(Unaudited)**

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
<b>Revenues:</b>				
Equipment rental revenue	\$ 360,554	\$ 291,671	\$ 948,025	\$ 773,618
Sale of merchandise	14,573	12,897	40,351	37,588
Sale of used rental equipment	32,245	29,216	113,044	84,315
<b>Total revenues</b>	<b>407,372</b>	<b>333,784</b>	<b>1,101,420</b>	<b>895,521</b>
<b>Cost of revenues:</b>				
Cost of equipment rentals, excluding depreciation	171,851	147,451	478,533	418,691
Depreciation of rental equipment	76,782	68,878	221,630	202,921
Cost of merchandise sales	9,796	9,312	26,827	27,266
Cost of used rental equipment sales	19,869	24,575	76,624	73,143
<b>Total cost of revenues</b>	<b>278,298</b>	<b>250,216</b>	<b>803,614</b>	<b>722,021</b>
<b>Gross profit</b>	<b>129,074</b>	<b>83,568</b>	<b>297,806</b>	<b>173,500</b>
<b>Operating expenses:</b>				
Selling, general and administrative	45,519	36,505	130,720	107,224
Depreciation and amortization of non-rental equipment and intangibles	10,619	10,012	31,535	29,979
Other operating gains, net	(1,025)	(1,167)	(2,708)	(3,617)
<b>Total operating expenses, net</b>	<b>55,113</b>	<b>45,350</b>	<b>159,547</b>	<b>133,586</b>
<b>Operating income</b>	<b>73,961</b>	<b>38,218</b>	<b>138,259</b>	<b>39,914</b>
Interest expense, net	47,363	48,446	176,306	146,472
Loss on extinguishment of debt			15,342	
Other (income) expense, net	444	(264)	(62)	(364)
<b>Income (loss) before (provision) benefit for income taxes</b>	<b>26,154</b>	<b>(9,964)</b>	<b>(53,327)</b>	<b>(106,194)</b>
(Provision) benefit for income taxes	(10,321)	3,542	18,795	39,829
<b>Net income (loss)</b>	<b>\$ 15,833</b>	<b>\$ (6,422)</b>	<b>\$ (34,532)</b>	<b>\$ (66,365)</b>
<b>Weighted average shares outstanding used in computing net income (loss) per common share:</b>				
Basic	103,931	103,521	103,874	103,501
Diluted	104,652	103,521	103,874	103,501
<b>Net income (loss) per common share:</b>				



