ESSEX RENTAL CORP.

FORM 10-K
(Annual Report)

Filed 03/31/15 for the Period Ending 12/31/14

Address	1110 LAKE COOK ROAD SUITE 220 BUFFALO GROVE, IL 60089
Telephone	847-215-6500
CIK	0001373988
Symbol	ESSX
SIC Code	7350 - Miscellaneous Equipment Rental And Leasing
Industry	Rental & Leasing
Sector	Services
Fiscal Year	12/31

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

FORM 10-K

☑ ***ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934***

For the Fiscal Year Ended December 31, 2014

☐ ***Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act f 1934***

For the transition period from __________ to ___________

Commission File Number: 000-52459

Essex Rental Corp.
(Exact Name of Registrant as specified in its Charter)

Delaware	**20-5415048**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1110 Lake Cook Road, Suite 220, Buffalo Grove, Illinois	**60089**
(Address of Principal Executive Offices)	(Zip code)

(847) 215-6500
(Registrant’s telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Common Shares, $.0001 par value per share	**The NASDAQ Capital Market**
(Title of each class)	(Name of exchange on which registered)

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☐ Yes ☑ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ☐ Yes ☑ No

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 Website, 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 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. ☑

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act): Large Accelerated Filer ☐ Accelerated Filer ☑ Non-Accelerated Filer ☐ 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

The aggregate market value of the voting and non-voting common equity of the Registrant held by non-affiliates as of June 30, 2014 was $50,733,411.

The number of shares of outstanding common stock of the Registrant as of March 28, 2015 was 24,935,600.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Definitive Proxy Statement with respect to the 2015 Annual Meeting of Stockholders to be held on June 4, 2015, which is anticipated to be filed with the Securities and Exchange Commission within 120 days after the end of the registrant's fiscal year covered by this Annual Report on Form 10-K, are incorporated by reference into Part III of this Annual Report on Form 10-K.

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EXPLANATORY NOTE

This Annual Report on Form 10-K for Essex Rental Corp. (the "Company") reflects corrections made to our financial statements and related disclosures included in our periodic reports noted below related to (i) classification of indebtedness outstanding under our revolving credit facilities as long-term obligations instead of short-term obligations and (ii) aggregation of our operating subsidiaries' equipment rentals segments in our segment disclosures. The foregoing corrections were made within our Quarterly Reports on Form 10-Q/A for our fiscal quarters ended March 31, 2013 and 2014, June 30, 2013 and 2014, and September 30, 2013 and 2014 and within our Annual Report on Form 10-K/A for our fiscal year ended December 31, 2013. See Note 3 in the accompanying Notes to the Consolidated Financial Statements for additional information on the restatement of our financial statements for December 31, 2013 and 2012 included in this Form 10-K.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements in this Annual Report on Form 10-K are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements include statements regarding the intent and belief or current expectations of Essex Rental Corp. (“Essex”) and its management team and may be identified by the use of words like "anticipate", "believe", "estimate", "expect", "intend", "may", "plan", "will", "should", "seek", the negative of these terms or other comparable terminology. Readers are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those projected in the forward-looking statements. Important factors that could cause actual results to differ materially from Essex’s expectations include, without limitation, the continued ability of Essex to successfully execute its business plan, the possibility of a change in demand for the products and services that Essex provides (through its operating subsidiaries, Essex Crane Rental Corp., Coast Crane Company and Coast Crane Ltd.), intense competition which may require us to lower prices or offer more favorable terms of sale, our reliance on third party suppliers, our indebtedness which could limit our operational and financial flexibility, global economic factors including interest rates, general economic conditions, geopolitical events and regulatory changes, our dependence on our management team and key personnel, as well as other relevant risks. The factors listed here are not exhaustive. Many of these uncertainties and risks are difficult to predict and beyond management’s control. Forward-looking statements are not guarantees of future performance, results or events. Certain of such risks and uncertainties are discussed below under Item 1A – Risk Factors. Essex assumes no obligation to update or supplement forward-looking information in this Annual Report whether to reflect changed assumptions, the occurrence of unanticipated events or changes in future operating results or financial conditions, or otherwise.

PART I

As used in this Annual Report, references to “the Company” or “Essex” or to “we,” “us” or “our” refer to Essex Rental Corp., together with its consolidated subsidiaries, Essex Holdings, LLC, Essex Crane Rental Corp., Essex Finance Corp., CC Acquisition Holding Corp., Coast Crane Company and Coast Crane Ltd., unless the context otherwise requires.

Item 1. Business

Background

Essex Rental Corp. (formerly Hyde Park Acquisition Corp.) was incorporated in Delaware on August 21, 2006 as a blank check company whose objective was to effect a merger, capital stock exchange, asset acquisition or other similar business combination with an operating business. Our activities from our inception through October 31, 2008 were limited to completing our initial public offering and completing a business combination.

On October 31, 2008, we acquired Essex Crane Rental Corp., which we refer to as Essex Crane, through the acquisition of substantially all of the ownership interests of Essex Crane’s parent company, Essex Holdings, LLC, which we refer to as Holdings.

Essex Crane is a leading provider of lattice-boom crawler crane and attachment rental services and possesses one of the largest fleets of such equipment in the United States ("U.S."). For more information regarding the acquisition of Holdings and Essex Crane, see “Business Combinations – Acquisition of Holdings and Its Subsidiary Essex Crane” below. From October 31, 2008 until November 24, 2010, we conducted substantially all of our operations through Essex Crane.

On November 24, 2010 we acquired substantially all of the assets, and assumed certain liabilities (the “Coast Acquisition”) of Coast Crane Company (“Coast Liquidating Co.”), a leading provider of specialty lifting solutions and crane rental services on the West Coast of the United States. The assets acquired included all of the outstanding shares of capital stock of Coast Crane Ltd., a British Columbia corporation, through which Coast Liquidating Co. conducted its operations in Canada. References to “Coast Crane” in this Annual Report mean Coast Crane Company, a Delaware corporation, formerly known as CC Bidding Corp. (“CCBC”), through which we operate the business and assets acquired in the Coast Acquisition. For more information regarding the Coast Acquisition, see “Business Combinations – Acquisition of the Assets of Coast Crane Company and Subsidiary” below.

We conduct substantially all of our operations through Essex Crane and Coast Crane.

Business Combinations

Acquisition of Holdings and Its Subsidiary Essex Crane

On October 31, 2008, we acquired Essex Crane through the acquisition of substantially all of the ownership of Holdings. The purchase agreement provided for a gross purchase price of $210.0 million, less the amount of Essex Crane’s indebtedness outstanding as of the closing (which was refinanced as of the closing date with a credit facility made available to Essex Crane as of the closing date), the $5.0 million stated value of the membership interests in Holdings not acquired in the acquisition and the amount of certain other liabilities of Essex Crane as of the closing of the acquisition. The purchase price was subject to adjustment at and after the closing based on Essex Crane’s working capital as of the closing date and crane purchases and sales by Essex Crane prior to the closing date. The adjusted purchase price of the Holdings acquisition was $215.5 million (including the amount of Essex’s indebtedness outstanding under Essex Crane’s credit facility immediately prior to the closing).

The ownership interests in Holdings that were not acquired by the Company in the acquisition were retained by the management members of Holdings, including Ronald Schad, our former Chief Executive Officer, and Martin Kroll, our former Chief Financial Officer, in the form of 632,911 Class A Units of Holdings and are referred to throughout this annual report on Form 10-K as the “Retained Interests”.

The Retained Interests were exchangeable at the option of the holder on a one-for-one basis for shares of our common stock. As of December 31, 2014, all of the Retained Interests had been exchanged for a like number of shares of our common stock and none of the Retained Interest remained outstanding. We granted certain registration rights to the holders of the Retained Interests with respect to the shares of our common stock issuable upon exchange of the Retained Interests and, in February 2011, a registration statement covering the resale of such shares was declared effective.

Acquisition of the Assets of Coast Crane Company and Subsidiary

On November 24, 2010, through CCBC, we acquired substantially all of the assets and assumed certain liabilities of Coast Liquidating Co., which consisted of all of the assets used in the operation of its specialty lifting solutions and crane rental services business including all of the outstanding shares of capital stock of Coast Crane Ltd., a wholly-owned British Columbia corporation, through which Coast Liquidating Co. conducted its operations in Canada.

The purchase agreement provided for a gross purchase price of $103.2 million which included net cash payments of $82.5 million and the assumption of certain liabilities of Coast Crane and its subsidiary as of the closing of the acquisition.

The Coast Acquisition was financed with $14.2 million of proceeds from the issuance of 3.3 million shares of common stock, cash of $20.3 million, primarily funded by Essex Crane's revolving credit facility, proceeds of $49.6 million from a new revolving credit facility and the assumption of certain liabilities and indebtedness outstanding of Coast Crane and its subsidiary as of the closing date of approximately $20.7 million.

Business

Overview

Through our operating subsidiaries, Essex Crane and Coast Crane, we are one of North America's largest providers of lifting equipment (including lattice-boom crawler cranes, truck cranes, rough terrain cranes, tower cranes, and other lifting equipment) used in a wide array of construction projects. In addition, we provide product support including installation, maintenance, repair, and parts and services for our equipment provided to customers and customer owned equipment. With a large fleet of equipment, consisting primarily of cranes, as well as other construction equipment and what we believe is unparalleled customer service and support, we supply a wide variety of innovative lifting solutions for construction projects related to power generation, petro-chemical, refineries, water treatment and purification, bridges, highways, hospitals, shipbuilding, offshore oil fabrication and industrial plants, and commercial and residential construction. We primarily rent our equipment "bare," meaning without supplying an operator and, in exchange for a fee, make arrangements for the transportation and delivery of equipment. Once the crane is delivered and erected on the customer's site, inspected and determined to be operating properly by the customer's crane operator and management, most of the maintenance and repair costs are the responsibility of the customer while the equipment is on rent. This business model allows us to minimize our headcount and operating costs including reduced liability related to operator error and provides the customer with a more flexible situation where they control the crane and the operator's work schedule.

Through a network of fifteen main service centers, other smaller service locations and several remote storage yards, complemented by a geographically dispersed and highly skilled staff of sales and maintenance service professionals, we serve a variety of customers engaged in construction and maintenance projects. We have significantly diversified the end-markets that we serve in recent years, including through the Coast Acquisition, to avoid over-exposure to any one sector of the construction market.

We use our significant investment in modern enterprise resource planning ("ERP") systems and business process methods to help our management assimilate information more quickly than others in our industry, and to provide management with real time visibility of the factors that must be effectively managed to achieve our goals. Our end-markets are characterized by major construction projects that often have long lead times. Management believes that these longer lead times, coupled with most contracts having rental periods of between four and eighteen months for lifting equipment with heavier capacities, provide them more visibility over future project pipelines and revenues.

Although Essex Crane and Coast Crane experience some overlap in the customers and projects that they serve, they are distinct from one another in the equipment comprising their fleets.

Essex Crane

Essex Crane is a leading provider of lattice-boom crawler crane and attachment rental services and possesses one of the largest fleets of such equipment in the United States. Over 54 years of operation, since its founding in 1960, Essex Crane has steadily grown from a small, family-owned crane rental company to a professionally managed company that today is one of the leading players in its industry offering lattice boom crawler rental services to a variety of customers, industries and regions mainly throughout the United States and Canada.

Essex Crane's fleet of crawler cranes and various types of attachments are made available to clients depending on their lifting requirements, such as weight, pick and carry aspects, reach and angle of reach. The fleet's combination of crawler cranes and attachments is diverse by lift capacity and capability, allowing Essex Crane to meet the crawler crane requirements of its engineering and construction firm customer base.

Coast Crane

Coast Crane is a market leader for innovative lifting solutions throughout Western North America, Alaska, Hawaii and the South Pacific. Through Coast Crane, we provide both used and new tower cranes, boom trucks, rough terrain cranes and other lifting equipment to customers in the infrastructure, energy, crane rigger/operator, municipal, commercial and industrial construction sectors. Coast Crane's operations are headquartered in Seattle, Washington and its products are rented and sold through a regional network including twelve branch locations. According to the industry publication American Cranes and Transport, Coast Crane is one of the largest crane service providers in the Western United States within its core rental equipment categories.

In addition to providing crane rental services, Coast Crane is a leading crane distributor of tower cranes, rough terrain cranes, boom trucks and all terrain cranes in its West Coast territories. Coast Crane enjoys strong working partnerships with leading crane and lifting manufacturers in the United States and abroad. Coast Crane has exclusive distribution relationships with such manufacturers for certain territories on the West Coast and Coast Crane provides after-sale spare parts and services to customers to whom it sells equipment as well as to customers who purchase equipment from other sources.

Products and Services; Operating Segments

Our principal products and services, as grouped within the Company's four defined operating segments, are described below.

Essex Crane Equipment Rentals Segment We offer crawler cranes and attachments. Most attachments are rented separately and increase either the lifting capacity or the reach capabilities of the base cranes. In addition, we provide ancillary items for a fee that include, but are not limited to, accessory rentals, rental unit delivery charges, fuel charges, and in rare instances, third party contracted operator labor. We rent our large fleet of cranes and attachments and other lifting equipment to a variety of engineering and construction customers under contracts, most of which have rental periods of between four and eighteen months. The contracts typically provide for an agreed upon rental rate and a specified rental period. The revenue from crane and attachment rentals is primarily driven by rental rates (which are typically higher for the more expensive cranes with heavier lifting capacities as compared to less expensive cranes with lower lifting capacities) charged to customers and the fleet utilization rate. Rental revenue is recognized as earned in accordance with the terms of the relevant rental agreement on a pro rata daily basis.

Transportation services revenue is derived from the management of the logistics process by which our rental equipment is transported to and from customers' construction sites, including the contracting of third party trucking for such transportation. Transportation revenue is earned under equipment rental agreements on a gross basis representing both the third-party provider's fee for transportation and our fee for managing these transportation services and they are matched with the associated costs, and related costs for amounts paid to third party providers. The key drivers of transportation revenue are crane and attachment and other lifting equipment utilization rates and average contract lengths. Shorter average contract durations and high utilization rates generally result in higher requirements for transportation of equipment and resulting revenue. The distance that equipment has to move between different jobsites and the type of equipment being moved (number of truckloads) are also major drivers of transportation revenue and associated costs. Transportation revenue is recognized upon completion of the transportation of equipment.

In the ordinary course of business, we sell used cranes and attachments and other lifting equipment to optimize the combination of crane models and lifting capacities available in our rental fleet to match perceived market demands and opportunities. On average, we have historically achieved sale prices for equipment in excess of the appraised value. This is due to the long useful life of the crane and attachment fleet, the conditions prevailing in the secondary market and the high content of engineered high-strength steel included in these fleet assets. Used rental equipment sales are recognized at the time ownership transfers, which is generally based on delivery and/or inspection and acceptance of the equipment in accordance with the terms of the corresponding agreement. The rate at which we replace used equipment with new equipment depends on a number of factors, including changing general economic conditions, growth opportunities and the need to adjust fleet mix to meet customer requirements and demand.

Coast Crane Equipment Rentals Segment We offer rough terrain cranes, boom trucks and tower cranes for rent. In addition, we provide ancillary items for a fee that include, but are not limited to, accessory rentals, rental unit delivery charges and fuel charges. We rent our large fleet of cranes and attachments and other lifting equipment to a variety of engineering and construction customers under contracts, for which tower cranes and crawler cranes have rental periods of between four and eighteen months. Rough terrain cranes and boom trucks may be rented as frequently as daily. The contracts typically provide for an agreed upon rental rate and a specified rental period. The revenue from crane and attachment rentals is primarily driven by rental rates (which are typically higher for the more expensive cranes with heavier lifting capacities as compared to less expensive cranes with lower lifting capacities) charged to customers and the fleet utilization rate. Rental revenue is recognized as earned in accordance with the terms of the relevant rental agreement on a pro rata daily basis.

Transportation services revenue is derived from the management of the logistics process by which our rental equipment is transported to and from customers' construction sites, including the contracting of third party trucking for such transportation. Transportation revenue is earned under equipment rental agreements on a gross basis representing both the third-party provider's fee for transportation and our fee for managing these transportation services and they are matched with the associated costs, and related costs for amounts paid to third party providers. The key drivers of transportation revenue are crane and attachment and other lifting equipment utilization rates and average contract lengths. Shorter average contract durations and high utilization rates generally result in higher requirements for transportation of equipment and resulting revenue. The distance that equipment has to move between different jobsites and the type of equipment being moved (number of truckloads) are also major drivers of transportation revenue and associated costs. Transportation revenue is recognized upon completion of the transportation of equipment.

In the ordinary course of business, we sell used cranes and attachments and other lifting equipment to optimize the combination of crane models and lifting capacities available in our rental fleet to match perceived market demands and opportunities. On average, we have historically achieved sale prices for equipment in excess of the appraised value. This is due to the long useful life of the crane and attachment fleet, the conditions prevailing in the secondary market and the high content of engineered high-strength steel included in these fleet assets. Used rental equipment sales are recognized at the time ownership transfers, which is generally based on delivery and/or inspection and acceptance of the equipment in accordance with the terms of the corresponding agreement. The rate at which we replace used equipment with new equipment depends on a number of factors, including changing general economic conditions, growth opportunities and the need to adjust fleet mix to meet customer requirements and demand.

Equipment Distribution Segment We offer a variety of construction equipment products for retail sales including crawler cranes, tower cranes, boom trucks, all-terrain cranes, rough terrain cranes and other lifting equipment used in the construction industry. The revenue from retail equipment sales is primarily driven by the level of construction activity in a particular geographic region. Equipment sales revenue is recognized at the time ownership transfers, which is generally based on delivery and/or inspection and acceptance of the equipment in accordance with the terms of the corresponding agreement. Our equipment distribution operations are conducted through our Coast Crane subsidiary.

Parts and Service Segment We are a parts distributor for various lifting equipment manufacturers and routinely sell parts to our customers in the construction industry. While crawler cranes or attachments, tower cranes, rough terrain cranes, boom trucks or other equipment are on rent, much of the repair and maintenance work beyond normal wear is paid for by the customer. We perform a portion of the repair and maintenance work and recognize revenues for such services to the extent they are the customer's responsibility. This category of revenues also includes providing certain services while erecting the equipment during initial assembly or disassembly of the equipment at the end of the rental. We also provide repair and maintenance services for customers that own their own equipment and request our services at one of our service center locations. Our target customers for these ancillary services are our current rental customers, customers that own their own equipment and those who purchase new and used equipment from us. Key drivers for repair and maintenance revenue are the general construction activity in a given geographic region and our skilled mechanics. Repair and maintenance revenue is recognized as such services are performed. Parts revenue is recognized at the time of sale.

In summary, 39.1% of total revenues were derived from our Essex Crane equipment rentals segment for the year ended December 31, 2014, 31.7% through our Coast Crane equipment rentals segment, 9.6% through our equipment distribution segment and 19.6% through our parts and service segment.

U.S. Crane and Lifting Equipment Rental Industry

According to the Rental Equipment Register and the American Rental Association, the U.S. equipment rental sector has grown from a minor industry in 1982 to an industry generating over $33.5 billion in annual revenues in 2013. Driving this growth has been an increase in crane and attachment penetration rates with engineering and construction firms, the result of a fundamental shift in contractor preferences to rent versus purchasing equipment based on the following factors:

- focus on core construction services businesses rather than specialty equipment ownership;
- access to broader pool of equipment through rental; and
- an efficient use of capital as rental equipment has minimal equipment downtime compared to owned equipment, which reduces servicing and storage costs between projects.

The following table summarizes attributes of the types of equipment that we offer for rent:

	Equipment Type	
	Crawler cranes	**Other cranes** (all terrain, rough terrain, tower and boom truck)
Economic life	50 plus years with proper maintenance due to higher strength steel percentage content	15-30 years due to higher relative machinery percentage content
Typical Projects	Large infrastructure components requiring heavy lifts: bridges, power plants, municipal infrastructure	Range from maintenance projects to large infrastructure
End markets	Primarily large infrastructure and industrial	Residential construction to large infrastructure
Residual value	High	Medium

Within the U.S. heavy lifting crane rental (including crawler cranes, rough terrain cranes and tower cranes) sector operators either provide cranes “bare” or “manned.” Bare rental involves the provision of cranes without an operator, the crane being operated by an employee of the customer. Bare rental is suited to construction firms with access to trained staff to operate the heavy machinery. Manned rental involves the provision of an operator with the crane and is often suited to customers unable or unwilling to provide an operator of their own and is often more common with customers who perform shorter duration work. Manned rental involves the maintenance of adequate staffing levels to ensure equipment can be rented as required. We have generally operated a bare rental model because we believe bare rental offers an opportunity for higher returns on invested capital primarily due to decreased liability exposure and a more efficient operating platform and business model. Bare rental allows us to operate the business with significantly less human resources and costs associated with those resources than if we were to operate a manned operation. The primary disadvantage of renting cranes on a bare basis is that we forego a portion of the rental market associated with construction firms that prefer to rent equipment operated and maintained. In an effort to increase utilization on our fleet of assets, we have and are considering offering a manned or operated service.

Operations

Essex Crane and Coast Crane Equipment Rental Segment We maintain one of the largest fleets of cranes and attachments and other lifting equipment in North America. Equipment is rented to customers under a contract (contracts typically range from four to eighteen months for the majority of our equipment), which specifies a constant monthly rate for each piece of equipment over the period of the contract. Smaller equipment, primarily boom trucks and rough terrain cranes, may be rented on a daily, weekly or monthly basis.

Once we and a potential customer communicate regarding the customer’s need for an equipment rental, we confirm that an appropriate piece of equipment is available. We then prepare and deliver a written rental quote to the customer. The customer reviews the quote and, if acceptable, places an order.

They Company’s on-line, real time information system provides visibility of the entire rental fleet for the sales team including the cranes’ lease information and expected availability. All sales team quote and order activity is also available on the same information system and viewable by appropriate sales, operations, and management personnel.

Upon a review of the order, including a check of the customer’s credit and continued equipment availability, an order confirmation and a rental agreement are sent to the customer. Once a signed rental agreement and other required documentation (including insurance certificates) are received, the order is authorized for shipment to the customer. Our operations team sees both the quote and order activity and responds appropriately to confirm the readiness of the required equipment for shipment to the new rental, but does not begin shipping it until the lease is authorized. Once the equipment is delivered to the customer’s site, our representative inspects the equipment with the customer and an inspection report is signed verifying that the equipment was correctly delivered in accordance with the lease agreement. The rental period for the equipment typically begins when the first major item begins transport to the customer and the rental generally ends when the last major item is returned to our designated location.

Given the size of our crane and equipment fleet and the various types of cranes and equipment, we sell pieces of used equipment both domestically and internationally to construction or, infrequently, other rental companies. Sales of used rental equipment are discretionary and based on a variety of factors including, but not limited to, a piece of equipment’s orderly liquidation value, age, rental yield, perceived demand in the marketplace and impact of a sale on our rental businesses and cash flow.

Although we do have a small number of in-house vehicles to transport some of our smaller cranes, attachments and other equipment to and from project sites, we generally out-source transportation to third party providers, especially for the larger cranes within the fleet. We charge a fee for arranging transportation services from the nearest storage yard with the required equipment to the construction location.

Equipment Distribution Segment We sell various new cranes and other equipment in addition to used cranes and equipment acquired through trade-in programs.

Parts and Service Segment We sell various crane and other equipment parts. We also provide repair and maintenance services to owners of construction equipment. Our contracts have provisions that provide for the customer to assume responsibility to operate and maintain the equipment to manufacturer's specifications throughout the contract period. We may provide maintenance and repair services to customers during the contract rental period and will invoice the customer for any work carried out (to the extent such work is the customer's responsibility). While a piece of equipment is not rented, we are responsible for ensuring that its equipment is compliant with all manufacturers' specifications and other regulations.

Fleet Overview

As of December 31, 2014, the total orderly liquidation value of the rental equipment fleet was approximately $330.1 million. The weighted average age of each class of equipment (weighted based on orderly liquidation value) and the orderly liquidation value composition of the fleet are as follows:

	Weighted Average Age (Years)	Percentage of Orderly Liquidation Value
Crawler Cranes	16.3	74.4%
Rough Terrain Cranes	3.8	12.6%
Boom Trucks	5.7	3.4%
Self-Erecting Tower Cranes	7.3	1.2%
City & Other Tower Cranes	6.5	8.4%

We measure utilization using the method referred to as the "days" method. Management believes that this method, while it may reflect lower utilization rates than other methods used in the industry, is the most accurate method for measuring equipment utilization and correlates most closely with rental revenue. Under this method, a real time report is generated from the ERP system for each piece of equipment on rent in a period. The report includes the number of days each piece of equipment was on rent on a particular lease and the base monthly rental rate (excluding any overtime revenues). The total number of days on rent of all pieces of rental equipment provides the numerator for determining utilization. The denominator is all rental equipment assets owned times the number of days in the month. The "days" method is the utilization measurement that we currently use, and we anticipate that the "days" method will be the primary basis for future disclosure of utilization rates for our cranes and other construction equipment offered for rent.

The following table provides a summary of utilization rates calculated using the "days" method for the years ended December 31, 2014, 2013 and 2012:

	For The Years Ended December 31,		
	2014	2013	2012
Crawler Cranes - Hydraulic	69.2%	63.9%	57.9%
Crawler Cranes - Traditional	27.6%	31.3%	29.3%
Rough Terrain Cranes	63.1%	55.8%	63.4%
Boom Trucks	47.9%	51.9%	50.5%
Self-Erecting Tower Cranes	44.0%	42.8%	32.4%
City and Other Tower Cranes	47.5%	41.7%	53.4%

Lattice boom crawler cranes have long useful economic lives, often up to 50 years or more. This is longer than other types of cranes and equipment in the lifting market space. Tower cranes and rough terrain cranes also have relatively long useful economic lives that can range up to 30 years. Our management believes this is due to the relatively high value of the crane's structural steel (including its boom) as it relates to the total value of the crane. These structural steel items are complex fabrications with high replacement value made from high tensile strength steel. When properly maintained, these components retain their value over the life of the crane with minimal maintenance costs.

At the conclusion of each rental, the rented equipment is thoroughly inspected in accordance with requirements set by the original equipment manufacturer and the Occupational Safety and Health Administration ("OSHA"). If maintenance or repairs are required, they are scheduled and completed prior to the next rental. At the start of the next rental, another inspection is made to ensure that the equipment is in a rent ready condition and compliant with the inspection requirements. We have extensive capabilities to perform major repair and reconditioning of the cranes and attachments. This type of activity is done on an as-needed basis to ensure that the equipment provides a high level of availability (uptime) when on rent.

We currently represent industry leading manufacturers including Broderson, Little Giant, Manitex, Mantis, Potain, Sany, Tadano and Terex in the western United States, including Alaska and Hawaii, as well as Canada, and have developed strong long-term relationships with them. In addition, we maintain strong relationships with Manitowoc, Liebherr and their representatives.

Sales and Marketing

Over our operating history, we have expanded our infrastructure of service centers and storage yards to key geographical locations across the United States in order to serve customers in a timely and efficient manner. We significantly expanded our reach into the Western and Northwestern United States, Alaska and Hawaii with the Coast Acquisition. We currently operate approximately 21 service centers and storage yards giving us the ability to service customers throughout North America. We employ a sales and marketing team across the country, each member of which covers a specific geographic region and reports directly to a senior management executive. Rather than segmenting the fleet by geography or salesperson, the fleet is allocated based upon factors such as rental financial return, customer mix and project mix. As such, each salesperson is highly incentivized to optimize the fleet’s financial returns and sales mix.

We market our business to potential customers through advertising, promotion, membership in construction trade associations and attendance at various meetings and trade shows. In addition, our web sites are designed with the goal of being very useful to engineers and designers who determine how a construction project will be built, as well as equipment and project managers who are responsible for the selection of the cranes that will be used to complete the project. The Company’s management believes that our web sites accomplish this goal by providing more comprehensive information regarding our equipment and the capacities and specifications of that equipment than may be readily available from other sources.

Our sales teams use their extensive relationships with customers and potential users of cranes and other construction equipment to identify potential rental opportunities. This, combined with Essex Crane’s and Coast Crane’s reputations and brand value, contributes significantly to their sales activity.

In recent years, we have enhanced this traditional method of lead generation with two lead-generation sales systems. We used our lead generation systems to collect information regarding construction activity from a variety of public records, including building permits. This information is then electronically sorted and filtered, using management input to focus on jobs that most likely will require a piece of equipment we offer. This output is sent directly to the sales team who is responsible for the geographic area in which the project will be built. Our management believes that these methods provide a high degree of market visibility and awareness to the sales team and management. Additionally, Customer Relationship Management (“CRM”) systems are used to track and manage customer interaction.

We operate a customized rental information management system through which detailed operational and financial information is available on a real time basis. The system is also used to maintain a detailed database of quoting activity for projects on which our equipment will be required. Management and sales personnel use this information to closely monitor business activity by piece of equipment, looking at customer trends and proactively responding to changes in the heavy lift marketplace. Management believes that its disciplined fleet management process, with its focus on project duration and lead time, as well as customer demand, enables us to maximize utilization and rental rates.

Customers and end markets

We serve a variety of customers throughout North America, many of which are large engineering and construction firms focused on large infrastructure and infrastructure-related projects that require significant lifting capacity and high mechanical reliability. For the year ended December 31, 2014, Essex generated approximately 22%, 21%, 17%, 16% and 16% of total revenue from the general building, industrial and marine, petrochemical, transportation and infrastructure and power end markets, respectively. Because of the scale and duration of these projects, rental agreement periods for equipment with heavier lifting capacities range from four to eighteen months. This provides us with better future revenue visibility and project lead generation times than many of our competitors. Our revenue generation model has been significantly expanded to lower lifting capacity cranes and other construction equipment that is commonly rented for shorter periods of time and generally serve residential and smaller commercial construction projects. We generated approximately $6.6 million, $9.1 million and $10.1 million of our total revenue from foreign countries for the years ended December 31, 2014, 2013 and 2012, respectively, which were primarily generated in Canada.

Our end-markets incorporate construction and repair and maintenance projects in the following key sub-sectors:

- industrial /marine – offshore facilities, marine facilities and other industrial facilities;
- power – power plants, cogeneration power and wind power;
- transportation and infrastructure – airports, port facilities, bridges, roads, levees and canals;
- petrochemicals – offshore platforms, refineries, petrochemical plants and pipelines;
- sewer and water – sewers, treatment plants and pumping plants; and
- general building - sports arenas, hospitals, commercial and residential.

Many of the market sectors we serve have been adversely affected by the weakening economy, difficult commercial credit environment or reduction in large construction project activity. Management believes that, in the long-term, our strong niche market position and improvements in our fleet due to investment in new cranes combined with the diversification in our overall fleet of rental equipment and the addition of new lines of business, such as retail equipment and spare parts sales achieved by the Coast Acquisition will provide opportunities for future growth. Management bases such belief on the assumption that, in the long-term, there will be an increase in construction activity and demand for our assets. We cannot assure you that construction activity or demand for our assets will improve.

Results for the years 2009 through 2011 were significantly lower than historical results and were negatively impacted by uncertainty in the end markets in which our customers operate caused by declining economic conditions and available credit. Utilization rates and average rental rates declined during the same period and were also well below historical levels. During 2012, 2013 and 2014, utilization and rental rates stabilized for all classes of our rental equipment assets. As of December 31, 2014 and 2013, our estimated 12 month backlog related to rental revenue and equipment sales revenue stood at approximately $14.4 million and $15.8 million, respectively. Rental backlog is comprised of the expected revenue over the course of the succeeding 12 months for 1) the remaining minimum term, as per executed equipment rental agreements with customers of ongoing equipment rental agreements at year-end and 2) executed equipment rental agreements scheduled to begin within the next 12 months. Equipment sales backlog is comprised of expected revenue related to signed equipment sales orders received prior to year-end and expected to be completed in the succeeding 12 months. The decline in the 12 month backlog is due to a reduction in equipment sales backlog. The rental backlog as of December 31, 2014 increased approximately $1.1 million or 10% as compared to December 31, 2013.

Strategy

Our management anticipates that the following longer-term market trends will increase demand for cranes, attachments and other construction equipment in the future and over longer periods:

- increased levels of infrastructure spending, including the construction of major bridges, airports and water treatment facilities;
- increased demand for electric power will require construction of additional power plants, potentially including nuclear and natural gas power plants;
- continued higher energy costs will increase construction activity to improve and expand efficiencies and capacities at refineries, offshore production suppliers, and petrochemical facilities;
- increased environmental awareness will increase demand for construction of alternative energy sources such as wind and solar power, and clean air requirements including SO2 scrubbers and ash precipitators;
- continued tendency for contractors to rent lattice boom crawler cranes, rough terrain cranes, tower cranes and boom trucks rather than own their own equipment; and
- modular construction methods, including pre-fabrication, which generally require greater use of cranes, will continue to increase because of potential cost savings and site efficiencies.

Increase market share and pursue profitable growth opportunities. Through our fleet size, geographically dispersed service centers and storage yards, which allow us to provide equipment for projects throughout the United States, Canada and, to a lesser extent, certain international locations, and track record of customer service, we intend to take advantage of these trends in order to maximize the opportunities for profitable growth within the North American “bare” crane rental and construction equipment rental market by:

- optimizing fleet allocation across geographic regions, customers and end-markets to maximize utilization and rental rates;
- focusing on superior customer service and providing a superior fleet of cranes and attachments as compared to our competitors;
- leveraging our leading fleet size and composition across the country to increase our customer base and share of its existing customer base’s spending in the sector;
- expanding our rental products by offering other crane types that can be rented “bare” or providing an operated rental service;
- increase our opportunities to engage with customers through distribution sales of new and used cranes and parts and service;
- continuing to align incentives for local sales people and managers with both profit and growth targets;
- pursuing additional selected acquisitions of other smaller, more regionally focused crane rental fleets or companies complementary to existing operations;
- expanding used equipment sales by positioning used cranes for refurbishment and re-sale; and
- establishing and maintaining existing relationships with international market players and crane manufacturers for future equipment purchase and sale opportunities.

Further drive profitability, cash flow and return on capital . Our management believes there are significant opportunities to further increase the profitability of our operations by:

- continuing to re-position the crawler crane fleet by selling older, lighter tonnage cranes and purchasing newer, heavier lifting capacity cranes that command higher margins and are in greater demand due to their ability to service large infrastructure-related projects;
- actively managing the quality, reliability and availability of our fleet and offering superior customer service in order to support a competitive pricing strategy;
- evaluating each new potential rental contract opportunity based on strict return guidelines, effective assessment of risk and allocating our fleet accordingly;
- using our size and national market presence to achieve economies of scale in capital investment; and
- leveraging our extensive customer relationships to aid in the rental of equipment and selling of new and used equipment.

Competition

The heavy lift equipment rental industry is highly fragmented throughout North America, with a variety of smaller companies, many of which are family-owned, operating on a regional or local scale. Companies that have a national focus generally provide heavy lift rental services across a spectrum of crane types such as all-terrain, truck and tower cranes as well as crawlers. With a large fleet of cranes and other construction equipment and unparalleled customer service and support, Essex supplies a wide variety of innovative lifting solutions for construction projects related to power generation, petro-chemical, refineries, water treatment and purification, bridges, highways, hospitals, shipbuilding, offshore oil fabrication and industrial plants, and commercial and residential construction. Our fleet of equipment is one of the largest in North America, which allows for economies of scale advantages with regard to purchasing power and allocation of rental equipment resources to the market. At the same time, our operational structure allows our subsidiaries to focus on specific crane types (lattice-boom crawler cranes in the case of Essex Crane and heavy lift tower and rough terrain cranes in the case of Coast Crane), which allows them to develop greater expertise in comparison to our competitors. Our principal competitors include ALL Erection & Crane Rental, AmQuip Crane Corp., Bigge Crane and Rigging, Co., Lampson International, Maxim Crane Works, Morrow Equipment Rental and Western Pacific Crane and Equipment. Some of these competitors operate nationally and others are regional.

We believe that there are six key factors differentiating us from our competitors:

- heavy lift equipment focus – We are primarily focused on heavy lift mobile and tower cranes dedicated to infrastructure and other large construction projects. Other companies also focus on other crane types with lower lift capacities and smaller types of construction rental equipment;
- national capabilities – some competitors offer national service capabilities, however most are regional players. Our management believes that a national presence provides the ability to fully service engineering and construction firms with a similar national footprint;
- “bare” rental – we do not rent our equipment with an operator. While some other rental companies also rent equipment bare, generally equipment is rented with an operator. Renting equipment on a bare rental basis minimizes liability for the Company, and provides a more efficient operating platform and business model;
- our distribution business at Coast Crane provides the opportunity to provide product support for contractor owned cranes, which may lead to the opportunity to either sell or rent them additional cranes in the future;
- outsourced transport – unlike many of our competitors, we do not operate an in-house transport department. In management’s view, this allows us to focus on core competencies and removes the need for capital investment in truck fleets and associated infrastructure; and
- publicly traded company listed on the NASDAQ Capital Market with access to public capital to fund our growth.

Competition in the heavy lift equipment rental segment is strong and is defined by equipment availability, reliability, service and price. Our management believes that our extensive crane and attachment fleet, national presence and sales force, client relationships and equipment allocation and management systems provide us with a good scale and competitive positioning within the industry relative to our peers.

Risk of Loss and Insurance

The operation of our cranes includes risks such as mechanical and structural failures, physical damage, property damage, operator overload or error, equipment loss, or business interruptions. We primarily rent our cranes and attachments on a “bare” lease and rarely supply the operator and seldom perform the routine scheduled maintenance on the equipment during the rental. We require the lessee to supply a primary insurance policy covering the loss of the equipment and general liability for claims initiated by an accident, storm, fire or theft for rental agreements while the equipment is in the customer’s possession, custody and control. We also require that Essex be named as an additional insured and the loss payee on the lessee’s insurance policy. Our lease agreement also requires the lessee to indemnify us for any injury, damage and business interruption caused by using the crane or the attachment while it is being leased. We maintain secondary insurance coverage for any claim not covered by the lessee’s insurance, however, we cannot guarantee that our insurance or the insurance of our customers will cover all claims or risks or that any specific claim will be paid by an insurer.

Government Regulation

Federal, state and local authorities subject our facilities and operations to requirements relating to environmental protection, occupational safety and health and many other subjects. These requirements, which can be expected to change and expand in the future, impose significant capital and operating costs on our business.

The environmental laws and regulations govern, among other things, the discharge of substances into the air, water and land, the handling, storage, use and disposal of hazardous materials and wastes and the cleanup of properties affected by pollutants. Environmental laws also impose obligations and liability for the investigation and cleanup of properties affected by hazardous substance spills or releases. We can be subject to liability for the disposal of substances which we generate and for substances disposed of on property which we own or operate, even if such disposal occurred before our ownership or occupancy. Accordingly, we may become liable, either contractually or by operation of law, for investigation, remediation and monitoring costs even if the contaminated property is not presently owned or operated by us, or if the contamination was caused by third parties during or prior to our ownership or operation of the property. In addition, because environmental laws frequently impose joint and several liability on all responsible parties, we may be held liable for more than our proportionate share of environmental investigation and cleanup costs. Contamination and exposure to hazardous substances can also result in claims for damages, including personal injury, property damage, and natural resources damage claims. Some of our properties contain, or previously contained, above-ground or underground storage tanks and/or oil-water separators. Given the nature of our operations (which involve the use and disposal of petroleum products, solvents and other hazardous substances for fueling and maintaining our cranes, attachments, equipment and vehicles) and the historical operations at some of our properties, we may incur material costs associated with soil or groundwater contamination. Under environmental and safety laws, we may be liable for, among other things, (i) the costs of investigating and remediating contamination at our sites as well as sites to which we sent hazardous wastes for disposal or treatment regardless of fault and (ii) fines and penalties for non-compliance. We incur ongoing expenses associated with the performance of appropriate investigation and remediation activities at certain of our locations.

Our operations are also subject to federal, state and local laws and regulations pertaining to occupational safety and health, most notably standards promulgated by OSHA. We are subject to various OSHA regulations that primarily deal with maintaining a safe work-place environment. OSHA regulations require us, among other things, to maintain documentation of work-related injuries, illnesses and fatalities and files for recordable events, complete workers compensation loss reports and review the status of outstanding worker compensation claims, and complete certain annual filings and postings. We may be involved from time to time in administrative and judicial proceedings and investigation with these governmental agencies, including inspections and audits by the applicable agencies related to our compliance with these requirements. During 2014 and 2013, we did not incur material expenses related to environmental investigations or remediation activities, and management does not expect to incur such expenses in the near term. There can be no assurance, however, that we will not incur such expenditures in the future.

Climate Change

To the extent that climate change does occur, we may experience extreme weather and changes in precipitation and temperature, all of which may result in physical damage or a decrease in demand for rental equipment located in or potentially rented in those areas affected by these conditions. Should the impact of climate change be material in nature, including destruction of our rental equipment assets or property, plant and equipment, or occur for lengthy periods of time, our financial condition or results of operations may be adversely affected.

In addition, developments in federal and state legislation and regulation on climate change could result in increased capital expenditures to improve the energy efficiency of our rental equipment without a corresponding increase in revenue.

Customers

Our customer base is highly diversified and ranges from Fortune 500 companies to small businesses. Our largest customer accounted for less than 10% of our revenues in 2014 and our top 5 customers accounted for less than 16% of our revenues in 2014.

Our customer base varies by branch and is determined by several factors, including the equipment mix and marketing focus of the particular branch as well as the business composition of the local economy. Our customers include:

- construction companies that use equipment for constructing and renovating commercial buildings, warehouses, industrial and manufacturing plants, office parks, airports, residential developments and other facilities;
- industrial companies - such as manufacturers, refineries, chemical companies, paper mills, railroads, ship builders, off-shore fabricators and utilities, including wind farms - that use equipment for plant maintenance, upgrades, expansion and construction;
- municipalities that require equipment for a variety of purposes; and
- contractors performing repair and maintenance to major renovation projects for owners of commercial and industrial facilities, such as power companies.

Suppliers

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

We estimate that our largest supplier accounted for approximately 10% of our 2014 total purchases, including equipment for rental, and that our two largest suppliers accounted for approximately 16% of such purchases. We believe we have sufficient alternative sources of supply available for each of our equipment categories.

Seasonality

Although our business is not significantly impacted by seasonality, the demand for our rental equipment tends to be lower during the winter months. The level of equipment rental activities are directly related to commercial, residential and industrial construction and maintenance activities. Therefore, equipment rental performance will be correlated to the levels of current construction activities in the United States and Western Canada. The severity of weather conditions can have a temporary impact on the level of construction activities. Equipment sales cycles are subject to some seasonality with the peak selling period during the spring season and extending through summer. Parts and service activities are less affected by changes in demand caused by seasonality.

Employees

As of December 31, 2014, we had 260 employees, six of which are senior management. Eight members of our staff are affiliated with trade unions. We have not experienced any work stoppage as a result of issues with labor or with unions and believe that this fact is a testament to our relationship with our employees. To our knowledge, there is no current campaign by any union to organize additional employees of the Company.

Availability of Information

The Company is subject to the informational requirements of the Securities Exchange Act of 1934 (the “Exchange Act”). The Company therefore files periodic reports, proxy statements and other information with the Securities and Exchange Commission (the “SEC”). Such reports may be obtained by visiting the Public Reference Room of the SEC at 100 F Street, NE, Washington, D.C. 20549, or by calling the SEC at (800) SEC-0330. In addition, the SEC maintains an internet site at http://www.sec.gov that contains reports, proxy and information statements and other information. Financial and other information can also be accessed on the Investor Relations section of the Company’s website at http://www.essexrentalcorp.com. The Company makes available through its website, free of charge, copies of its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after filing such material electronically or otherwise furnishing it to the SEC. Also posted on the Company's website are the Company’s corporate governance documents, the charters of the Audit Committee, Nominating Committee and Compensation Committee. The reference to our website is textual in reference only, and information on the Company’s website is not incorporated into this Form 10-K or the Company’s other securities filings and is not a part of them.

Item 1A. Risk Factors

Our business may be adversely affected by changing economic conditions beyond our control, including decreases in construction or industrial activities.

The crane and equipment rental and distribution industry’s revenue is closely tied to conditions in the end markets in which our customers operate and more broadly to general economic conditions. Our products are used primarily in infrastructure-related projects and other construction projects in a variety of industries (including the power, transportation infrastructure, petrochemical, municipal construction and industrial and marine industries). Consequently, the economic downturn and particularly the weakness in our end markets may lead to a significant decrease in demand for our equipment or depress equipment rental and utilization rates and the sales prices for equipment we sell. During periods of expansion in our respective end markets, we generally have benefited from increased demand for our products. Conversely, during recessionary periods in our end markets, we have been adversely affected by reduced demand for our products. Weakness in our end markets, such as a decline in non-residential construction, infrastructure projects or industrial activity, may in the future lead to a decrease in the demand for our equipment or the rental rates or prices we can charge. Factors that may cause weakness in our end markets include but are not limited to:

- slowdowns in construction in the geographic regions in which we operate;
- reductions in residential and commercial building construction;
- reductions in corporate spending for plants, factories and other facilities; and
- reductions in government spending on highways and other infrastructure projects.

Future declines in construction, infrastructure projects and industrial activity could adversely affect our operating results by decreasing revenues and profit margins. Continued weakness or further deterioration in the construction and industrial sectors caused by these or other factors could have a material adverse effect on our financial position, results of operations and cash flows in the future and may also have a material adverse effect on residual values realized on the disposition of our rental fleet. Declines in our order backlog should be considered as an indication of a decline in the strength of the non-residential construction markets.

Fluctuations in the stock market, as well as general economic and market conditions, may impact the market price of our securities.

The market price of our securities has been and may be subject to significant fluctuations in response to general economic changes and other factors including, but not limited to:

- variations in our quarterly operating results or results that vary from investor expectations;
- changes in the strategy and actions taken by our competitors, including pricing changes;
- securities analysts' elections to not cover our common stock, or, if analysts do elect to cover our common stock, changes in financial estimates by analysts, or a downgrade of our common stock or of our sector by analysts;
- announcements by us or our competitors of significant contracts, acquisitions, strategic partnerships, joint ventures or capital commitments;
- loss of a large supplier;
- investor perceptions of us and the equipment rental and distribution industry;
- a reduction in the number of investment funds interested in the construction equipment sector;
- our ability to successfully integrate acquisitions and consolidations; and
- national or regional catastrophes or circumstances and natural disasters, hostilities and acts of terrorism.

Broad market and industry factors may materially reduce the market price of our securities, regardless of our operating performance. In addition, the stock market in recent years has experienced price and volume fluctuations that often have been unrelated or disproportionate to the operating performance of companies. These fluctuations, as well as general economic and market conditions, including to those listed above and others, may affect the market price of our securities.

We are dependent upon key personnel whose loss may adversely impact our business and our results of operations.

We depend on the expertise, experience and continued services of our senior management employees, especially Nick Matthews, our President and Chief Executive Officer, and Kory Glen, our Chief Financial Officer, as well as senior management employees of our operating subsidiaries. Mr. Matthews has acquired specialized knowledge and skills with respect to our and our subsidiaries' operations and most decisions concerning our business are made or significantly influenced by him. The loss of any of the foregoing individuals or other senior management employees, without a proper succession plan, or an inability to attract or retain other key individuals, could materially adversely affect us. We seek to compensate and incentivize our key executives, as well as other employees, through competitive salaries and bonus plans, but there can be no assurance that these programs will allow us to retain key employees or hire new key employees. As a result, if Messrs. Matthews or Glen, or other senior executives of our operating subsidiaries were to leave, we could face substantial difficulty in hiring qualified successors and could experience a loss in productivity while any such successors obtain the necessary training and experience. In connection with the acquisition of Essex Crane, we entered into a three-year employment agreement with William Erwin, a member of Essex Crane's senior management. Such employment agreement has been renewed and extended in accordance with its terms, and will be renewed and extended automatically for successive one year periods, unless either party to the applicable employment agreement provides ninety days advance notice that such extension will not take effect at the end of the then-applicable term. This agreement is scheduled to expire in October 2015, subject to the renewal provisions contained therein. As of the date of this filing, we have not entered into employment agreements with any other members of senior management.

Our dependence on a small number of crane manufacturers poses a significant risk to our business and prospects.

Our lattice boom crawler crane fleet has historically been comprised of only Manitowoc and Liebherr cranes. Similarly, our rough terrain, boom truck and tower crane fleet of cranes available for rent has been comprised primarily of cranes provided by Grove, Tadano, Sany, Terex, Manitex, National, Broderson and Potain. In addition, we serve as a distributor of Broderson, Little Giant, Manitex, Mantis, Potain, Sany, Tadano and Terex lifting equipment. Our distribution business depends upon our exclusive dealer partnerships with leading crane and equipment manufacturing companies and many of such relationships can typically be terminated on short notice. Given our reliance on a limited number of manufacturers for a majority of our rental fleet and distribution activities, and limited alternative sources of cranes, if any of these manufacturers were unable to meet expected manufacturing timeframes due to, for example, natural disasters or labor strikes, we may experience a significant increase in lead times to acquire new equipment or may be unable to acquire such equipment at all. Any inability to acquire the model types or quantities of new equipment on a timely basis to replace older, less utilized equipment could adversely impact our future financial condition or results of operations.

In addition, we have developed strong relationships with the manufacturers that provide our rental equipment, manufacturers that we represent as a distributor and our other strategic partners. There can be no assurance that we will be able to maintain our relationships with these suppliers. Termination of our relationships with these suppliers could materially and adversely affect our business, financial condition or results of operations if such termination resulted in our being unable to obtain adequate rental and sales equipment from other sources in a timely manner or at all.

The cost of new equipment we use in our rental fleet may increase, which may cause us to spend significantly more for replacement equipment, and in some cases we may not be able to procure equipment at all due to supplier constraints.

Our business model is capital intensive and requires significant ongoing investment in new cranes and equipment to meet customer demand. As a result, our financial condition and results of operations may be significantly impacted by a material change in the pricing of new cranes and equipment that we acquire. Such changes may be driven by a number of factors which include, but are not limited to:

- steel prices – due to the high tensile steel component of the cranes, significant changes in the price of steel can materially change the cost of acquiring a crane;
- global demand – the market for crawler cranes is global and significant growth in overseas demand for cranes could materially increase the cost of new cranes regardless of U.S. economic conditions;
- inflation – overall inflationary conditions in the U.S. may impact the operating costs of one of our key suppliers and therefore impact the cost of cranes or other lifting equipment that we acquire; and
- currency fluctuations – as two of our principal suppliers are based in Europe and Japan, devaluation of the U.S. dollar (as compared to the Euro or the Yen) may materially increase the cost of acquiring cranes and attachments; conversely, inflation of the value of the U.S. dollar may adversely affect our revenues from international sales of used cranes and attachments and adversely affect our revenues from sales of new and used cranes, spare parts and related equipment to the extent that inflation allows foreign suppliers to offer competing products on more attractive terms.

While we can manage the size and aging of our fleet generally over time, eventually we must replace older equipment in our fleet with newer models. We would be adversely impacted if we were unable to procure cranes to allow us to replace our older and, in the case of our lattice boom crawler crane assets, smaller capacity crawler cranes over time as anticipated.

If we are unable to obtain additional capital as required, we may be unable to fund the capital outlays required for the success of our business, including those relating to purchasing equipment and to acquiring new rental locations.

Our ability to compete, sustain our growth and expand our operations through new locations largely depends on access to capital. If the cash we generate from the operations of Essex Crane and Coast Crane, together with cash on hand and cash that we may borrow under their respective credit facilities, or short-term debt obtained by either Essex Crane, Essex Finance or Coast Crane is not sufficient to implement our growth strategy and meet our capital needs, we will require additional financing. However, we may not succeed in obtaining additional financing on terms that are satisfactory to us or at all. In addition, our ability to obtain additional financing collateralized by the assets of Essex Crane and Coast Crane and our ability to obtain additional financing on a secured or unsecured basis are restricted by Essex Crane's and Coast Crane's respective credit facilities. If we are unable to obtain sufficient additional capital in the future, we may be unable to fund the capital outlays required for the success of our business, including those relating to purchasing crane attachments and other lifting equipment and to new service locations or storage yards. Furthermore, any additional indebtedness that we do incur may make us more vulnerable to economic downturns and may limit our ability to withstand competitive pressures.

If we are successful in our efforts to expand our operations, through new locations, acquisitions or additional equipment, such expansion may result in risks and costs associated with business start-up and integration.

The opening of new service locations or storage yards or the completion of any future acquisitions of other equipment rental companies may result in significant start-up or transaction expenses and risks associated with entering new markets in which we have limited or no experience. New service locations and storage yards require significant up-front capital expenditures and may require a significant investment of our management's time to successfully commence operations. New locations may also require a significant amount of time to provide an adequate return on capital invested, if any. In addition, in the event that we were to acquire different types of cranes, attachments or other lifting equipment than those we currently rent, or different classes of rental equipment, there can be no assurance that our customers would choose to rent such items from us or would do so at such rates or on such terms, that would be acceptable to us.

Our ability to realize the expected benefits from prior or future acquisitions of other equipment rental companies depends in large part on our ability to integrate and consolidate the new operations with our existing operations in a timely and effective manner and to otherwise implement our business plan for the combined business. In addition, we may fail or be unable to discover certain liabilities of any acquired business, including liabilities relating to noncompliance with environmental and occupational health and safety laws and regulations. Any significant diversion of management's attention from our existing operations, the loss of key employees or customers of any acquired business, or any major difficulties encountered in opening new locations or integrating new operations, including, but not limited to those arising from inconsistencies in controls, procedures or company policies, could have an adverse effect on our business, financial condition or results of operations.

The equipment rental, distribution and repair service industries are competitive.

The equipment rental and distribution industries are highly fragmented. The crane rental industry is served by companies who focus almost exclusively on crane and lifting equipment rental. We compete directly with regional, and local crane rental companies and a limited number of national crane rental companies (including ALL Erection & Crane Rental, AmQuip Crane Corp., Bigge Crane and Rigging, Co., Lampson International, Maxim Crane Works, Morrow Equipment Rental and Western Pacific Crane and Equipment). There can be no assurance that we will not encounter increased competition from existing competitors or new market entrants (including a newly-formed competitor created by consolidating several existing regional competitors) that may be significantly larger and have greater financial and marketing resources.

Our management believes that rental rates, fleet availability and size and quality are the primary competitive factors in the crane rental industry. Our management also believes that price, equipment mix and the quality and availability of post-sale repair and spare part services are the primary competitive factors in the crane distribution industry. From time to time, we or our competitors may attempt to compete aggressively by lowering rental rates or prices or offering more favorable rental or sale terms. Competitive pressures could adversely affect our revenues and operating results by decreasing our market share or depressing the rental rates or sale prices for our equipment. To the extent we lower rental rates or sale prices, offer different rental or sale terms or increase our fleet in order to retain or increase market share, our operating margins would be adversely impacted.

Our status as a public company may be a competitive disadvantage.

We are and will continue to be subject to the disclosure and reporting requirements of applicable U.S. securities laws and rules promulgated by The NASDAQ Stock Market. Many of our principal competitors are not subject to these disclosure and reporting requirements or the NASDAQ rules. As a result, we may be required to disclose certain information and expend funds on disclosure and financial and other controls that may put us at a competitive disadvantage to our principal competitors.

We may encounter substantial competition in our efforts to expand our operations.

An element of our growth strategy is to continue to expand by opening new service centers and equipment storage yards. The success of our growth strategy depends in part on identifying sites for new locations at attractive prices. Zoning restrictions may in the future prevent us from being able to open new service centers or storage yards at sites we have identified. We may also encounter substantial competition in our efforts to acquire other crane rental companies, which may limit the number of acquisition opportunities and lead to higher acquisition costs.

The crane rental industry has inherent operational risks that may not be adequately covered by our insurance.

We may not be adequately insured against all risks and there can be no assurance that our insurers will pay a particular claim. Even if our insurance coverage is adequate to cover our losses, we may not be able to timely obtain a replacement crane in the event of a loss. Furthermore, in the future, we may not be able to obtain adequate insurance coverage at reasonable rates for our fleet. Our insurance policies will also contain deductibles, limitations and exclusions which, although management believes are standard in the heavy lift crane rental industry, may nevertheless increase our costs. Moreover, certain accidents or other occurrences may result in intangible damages (such as damage to our reputation) for which insurance may not provide an adequate remedy.

We may not be able to renew our insurance coverage on terms favorable to us that could lead to increased costs in the event of future claims.

When our current insurance policies expire, we may be unable to renew such coverage upon terms acceptable to us, if at all. If we are able to renew our coverage we expect that the premium rates and deductibles may increase as a result of general rate increases for this type of insurance as well as our historical claims experience and that of our competitors in the industry. If we cannot obtain insurance coverage, it could adversely affect our business by increasing our costs with respect to any claims. Additionally, existing or future claims may exceed the level of our present insurance, and our insurance may not continue to be available on economically reasonable or desirable terms, if at all.

We may not be able to generate sufficient cash flows to meet our debt service obligations.

Our ability to make payments on our indebtedness will depend on our ability to generate cash from future operations. As of December 31, 2014, Essex Crane had a revolving credit facility which provided for an aggregate borrowing capacity of $165.3 million, of which $148.6 million was outstanding, and Coast Crane had a revolving credit facility which provided for an aggregate borrowing capacity of $71.5 million, of which $62.4 million was outstanding. Each facility is secured by a first priority lien on all of the applicable borrower's assets and, in the event of default; the lenders generally would be entitled to seize the collateral. We also have approximately $10.0 million of other term debt, $1.7 million of which is unsecured while the remaining amount is secured by specific equipment.

In the event of a prolonged economic downturn, our business may not generate sufficient cash flow from operations or from other sources to enable it to repay its indebtedness and to fund its other liquidity needs, including capital expenditure requirements and may not be able to refinance any of its indebtedness on commercially reasonable terms, or at all. If we cannot service or refinance our indebtedness, we may have to take actions such as asset divestitures, seeking additional equity or reducing or delaying capital expenditures, any of which could have an adverse effect on our operations. Additionally, we may not be able to effect such actions, if necessary, on commercially reasonable terms, or at all.

In the event we or any of our subsidiaries incur further debt obligations in relation to acquisitions, or for any other purpose, the exposure to the risks outlined above will increase accordingly.

Decreases in the appraised value of our rental fleet and other assets securing our revolving credit facilities may result in an inability to meet our financial obligations.

The amounts available for borrowing under our revolving credit facilities are determined based on the value of assets securing those obligations, including rental equipment, company vehicles, parts and equipment inventories and accounts receivables. The value of rental equipment and company vehicles are determined based on the opinion of an independent appraisal firm engaged by the respective financial institutions. A decline in the appraised value of these assets would directly impact our liquidity and as a result, we may not be able to meet our financial obligations.

Our revolving credit facilities contain restrictive covenants that will limit our corporate activities.

The revolving credit facilities of Essex Crane and Coast Crane impose operating and financial restrictions that will limit, among other things, their ability to:

- create additional liens on their assets;
- make investments and capital expenditures above a certain threshold;
- incur additional indebtedness;
- engage in mergers or acquisitions;
- pay dividends or redeem outstanding capital stock;
- sell any of their respective cranes or any other assets outside the ordinary course of business; and
- change their respective businesses.

Essex Crane and Coast Crane will need to seek permission from their respective lenders in order for Essex Crane or Coast Crane, as applicable, to engage in some corporate actions. Essex Crane's and Coast Crane's lender's interests may be different from those of Essex Crane or Coast Crane, and no assurance can be given that Essex Crane or Coast Crane will be able to obtain their lender's permission when needed. This may prevent Essex Crane or Coast Crane from taking certain actions that are in their best interests.

Our revolving credit facilities contain subjective acceleration clauses and require traditional lock-box arrangements, which together result in certain obligations under these facilities to be classified as current, and which could have a material adverse effect on our liquidity if the lenders elect to exercise their remedies and accelerate the obligations under the revolving credit facilities.

The revolving credit facility at each of our operating subsidiaries requires a traditional lock-box arrangement, with the exception of the Coast Crane Ltd. portion of the Coast Crane Revolving Credit Facility, which provides for all receipts to be swept daily to reduce borrowings outstanding under the credit facility. These arrangements, combined with the existence of a subjective acceleration clause in each of the revolving credit facilities, require that the borrowings under the applicable facility be classified as a current liability on our balance sheet.

The Essex Crane Revolving Credit Facility provides for subjective events of default based upon (1) a material adverse effect in the business, operations, results of operations, assets, liabilities or financial condition of Holdings and Essex Crane, taken as a whole, (2) a material impairment of Holding's and Essex Crane's ability to perform our obligations under Essex Crane Revolving Credit Facility to which they are parties or of the lender group's ability to enforce the obligations or realize upon the collateral (other than as a result of as a result of an action taken or not taken that is solely in the control of agent), or (3) a material impairment of the enforceability or priority of agent's liens with respect to all or a material portion of the collateral.

The Coast Crane Revolving Credit Facility provides for subjective events of default based upon (1) a material adverse change in, or a material adverse effect upon, the operations, business, properties, condition (financial or otherwise) or prospects of CC Acquisition and Coast Crane taken as a whole; (2) a material impairment of the ability of any credit party, any subsidiary of any credit party or any other person (other than agent or lenders) to perform in any material respect its obligations under the Coast Crane Revolving Credit Facility; or (3) a material adverse effect upon (i) the legality, validity, binding effect or enforceability of the Coast Crane Revolving Credit Facility, or (ii) the perfection or priority of any lien granted to the lenders or to agent for the benefit of the secured parties under any of the collateral documents.

Our liquidity would be significantly adversely affected if our performance does not result in compliance with any of the subjective events of default, and our lenders exercise their rights under the subjective acceleration clause referred to above, including declaring all outstanding debt under the revolving credit facilities due and payable. In that event, if we cannot refinance our indebtedness, we may have to take actions such as asset divestitures, seeking additional equity financing or reducing or delaying capital expenditures, which could have an adverse effect on our operations and/or be dilutive to our stockholders. Additionally, we may not be able to effect any such action, if necessary, on commercially reasonable terms, or at all.

We depend on our subsidiaries for dividends, distributions and other payments.

Essex Rental Corp. is a holding company with no material assets other than the equity of its subsidiaries. We conduct all of our material operations through our subsidiaries. As a result, we rely on dividends and distributions to us from our subsidiaries, Essex Crane, Coast Crane and Holdings. Our subsidiaries may not generate sufficient earnings or cash flows to make distributions or pay dividends to us. In addition, Essex Crane’s and Coast Crane’s existing credit facilities limit Essex Crane’s, Coast Crane’s and Holdings’ ability to declare and pay dividends or make distributions on account of their capital stock and membership interests, and any debt instruments that the Company or its subsidiaries may enter into in the future may limit our subsidiaries’ ability to pay dividends to us and our ability to pay dividends to our stockholders. In the event that we do not receive distributions or dividends from our subsidiaries, we may be unable to meet our financial obligations or pay dividends to our stockholders in the future.

If we fail to maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud and our stock price may be adversely affected.

Effective internal controls are necessary for us to provide reliable financial reports and effectively prevent fraud. If we cannot provide reliable financial reports or prevent fraud, our operating results could be harmed.

We have identified material weaknesses in our internal control over financial reporting as a result of the error in the classification of certain revolving credit facilities as long-term obligations and the error in the aggregation of the Essex Crane and Coast Crane equipment rentals segments as described in Note 3 to our consolidated financial statements, and a reassessment of the allocation of goodwill to reporting units for purposes of impairment evaluation. The matters involving internal controls and procedures that our management considered to be material weaknesses include the sufficiency of accounting technical knowledge and expertise related to infrequent, unusual or complex accounting matters including: (1) ineffectiveness of the review procedures related to the review of contract terms and conditions set forth in the Company's revolving credit facilities to identify the proper accounting as it relates to the balance sheet classification of the outstanding indebtedness; (2) ineffectiveness of the periodic review control related to the review of the Company's reportable operating segments to identify and account for segments appropriately under accounting guidance; and (3) ineffectiveness in the review procedures related to the goodwill impairment assessment due to a failure to identify the correct application of accounting guidance as it relates to the allocation of goodwill to reporting units. Management also considered the lack of a control process to identify that equipment being sold under bill and hold arrangements meets customer specifications to be in sale ready condition prior to the recognition of an equipment sale to be a material weakness. See “Item 9A—Controls and Procedures—Management’s Report on Internal Control Over Financial Reporting.”

The Company has implemented certain changes in our internal controls as of the filing of this report to address the material weaknesses. Specifically, the Company has engaged a technical accounting resource to help evaluate new or existing infrequent, unusual or complex technical accounting issues. Additionally, the Company has implemented additional technical accounting review procedures related to the classification of its outstanding debt, determination of reportable operating segments and evaluation of the impairment of goodwill on a reporting unit basis. The Company has also added a certification process to ensure that equipment sold under a bill and hold meets the customer's specifications. Management believes that these additional controls will remediate the material weaknesses discussed above. However, no assurance can be given that these changes will remediate the material weaknesses until such time that the controls have operated for a sufficient period of time and their operating effectiveness has been tested.

The requirements of Section 404 of the Sarbanes-Oxley Act are ongoing and also apply to future years. We expect that our internal control over financial reporting will continue to evolve as our business develops. Although we are committed to continue to improve our internal control processes and we will continue to diligently and vigorously review our internal control over financial reporting in order to ensure compliance with the Section 404 requirements, any control system, regardless of how well designed, operated and evaluated, can provide only reasonable, not absolute, assurance that its objectives will be met. Therefore, we cannot be certain that in the future additional material weaknesses or significant deficiencies will not exist or otherwise be discovered. If our efforts to remediate the weaknesses identified are not successful or if other deficiencies occur, these weaknesses or deficiencies could result in misstatements of our results of operations, additional restatements of our consolidated financial statements, a decline in our stock price and investor confidence, or other material effects on our business, reputation, results of operations, financial condition or liquidity.

We are subject to numerous environmental laws and regulations that may result in us incurring unanticipated liabilities, which could have an adverse effect on our operating performance.

Federal, state and local authorities subject our facilities and operations to requirements relating to environmental protection. These requirements can be expected to change and expand in the future, and may impose significant capital and operating costs on our business.

Environmental laws and regulations govern, among other things, the discharge of substances into the air, water and land, the handling, storage, use and disposal of hazardous materials and wastes and the cleanup of properties affected by pollutants. If the Company violates environmental laws or regulations, it may be required to implement corrective actions and could be subject to civil or criminal fines or penalties. There can be no assurance that the Company will not have to make significant capital expenditures in the future in order to remain in compliance with applicable laws and regulations or that the company will comply with applicable environmental laws at all times. Such violations or liability could have an adverse effect on our business, financial condition and results of operations. Environmental laws also impose obligations and liability for the investigation and cleanup of properties affected by hazardous substance spills or releases. The Company can be subject to liability for the disposal of substances which it generates and for substances disposed of on property which it owns or operates, even if such disposal occurred before its ownership or occupancy. Accordingly, the Company may become liable, either contractually or by operation of law, for investigation, remediation and monitoring costs even if the contaminated property is not presently owned or operated by the Company, or if the contamination was caused by third parties during or prior to the Company’s ownership or operation of the property. In addition, because environmental laws frequently impose joint and several liability on all responsible parties, the Company may be held liable for more than its proportionate share of environmental investigation and cleanup costs. Contamination and exposure to hazardous substances can also result in claims for damages, including personal injury, property damage, and natural resources damage claims. Some of the properties contain, or previously contained, above-ground or underground storage tanks and/or oil-water separators. Given the nature of the operations of the Company (which involve the use and disposal of petroleum products, solvents and other hazardous substances for fueling and maintaining its cranes, attachments and vehicles) and the historical operations at some of its properties, the Company may incur material costs associated with soil or groundwater contamination. Future events, such as changes in existing laws or policies or their enforcement, or the discovery of currently unknown contamination, may give rise to remediation liabilities or other claims that may be material.

Environmental requirements may become stricter or be interpreted and applied more strictly in the future. In addition, the Company may be required to indemnify other parties for adverse environmental conditions that are now unknown to us. These future changes or interpretations, or the indemnification for such adverse environmental conditions, could result in environmental compliance or remediation costs not anticipated by us, which could have a material adverse effect on our business, financial condition or results of operations.

We are subject to numerous occupational health and safety laws and regulations that may result in us incurring unanticipated liabilities, which could have an adverse effect on our operating performance.

Our operations are subject to federal, state and local laws and regulations pertaining to occupational safety and health, most notably standards promulgated by the Occupational Safety and Health Administration, or OSHA. We are subject to various OSHA regulations that primarily deal with maintaining a safe work-place environment. OSHA regulations require us, among other things, to maintain documentation of work-related injuries, illnesses and fatalities and files for recordable events, complete workers compensation loss reports and review the status of outstanding worker compensation claims, and complete certain annual filings and postings. We may be involved from time to time in administrative and judicial proceedings and investigation with these governmental agencies, including inspections and audits by the applicable agencies related to its compliance with these requirements.

To date, compliance by the Company with these and other applicable safety regulations has not had a material effect on our results of operations or financial condition. However, the failure of the Company to comply with these and other applicable requirements in the future could result in fines and penalties and require us to undertake certain remedial actions or be subject to a suspension of business, which, if significant, could materially adversely affect our business or results of operations. Moreover, the involvement by the Company in any audits and investigations or other proceedings could result in substantial financial cost to us and divert our management's attention. Several recent highly-publicized accidents involving cranes (none of which involved cranes or attachments provided by the company) could result in more stringent enforcement of work-place safety regulations, especially with respect to companies which rent older cranes and attachments. Additionally, future events, such as changes in existing laws and regulations, new laws or regulations or the discovery of conditions not currently known to us, may give rise to additional compliance or remedial costs that could be material.

Safety requirements may become stricter or be interpreted and applied more strictly in the future. These future changes or interpretations could have a material adverse effect on our business, financial condition or results of operations.

There are a substantial number of shares of our common stock available for resale in the future that may cause a decrease in the market price of our common stock.

We filed a registration statement under the Securities Act of 1933, as amended, with respect to the resale of 10,695,363 shares by the selling stockholders identified therein, which was declared effective on February 10, 2011. In accordance with applicable registration rights agreements, we are required to maintain the effectiveness of such registration statement until all of the shares registered for resale thereby have been sold or are otherwise eligible for trading in the open market. In addition, we have registered 1,575,000 and 1,500,000 shares previously issued or reserved for future issuance under our 2008 Long-Term Incentive Plan and 2011 Long-Term Incentive Plan, respectively. Accordingly, subject to the satisfaction of applicable vesting or exercise periods, common stock registered under such registration statements will be available for resale in the open market. The presence of these additional shares of common stock eligible for trading in the public market may have an adverse effect on the market price of our common stock.

The conversion of our outstanding stock options will result in immediate dilution of our existing stockholders and the book value of their common stock.

We have granted options to purchase an aggregate of 1,336,365 shares of our common stock pursuant to our equity compensation plans, and may grant additional options or common stock pursuant to such plans in the future. Upon the exchange of the issuance of common stock pursuant to our equity compensation plans, the equity interest of our stockholders as a percentage of the total number of outstanding shares of common stock, and the net book value of the shares of our common stock will be significantly diluted.

We may issue shares of our common stock and preferred stock to raise additional capital, including to complete a future business combination, which would reduce the equity interest of our stockholders.

Our amended and restated certificate of incorporation authorizes the issuance of up to 40,000,000 shares of common stock, par value $.0001 per share, and 1,000,000 shares of preferred stock, par value $.0001 per share. We currently have 13,534,562 authorized but unissued shares of our common stock available for issuance (after appropriate reservation for the issuance of shares upon full exercise of our outstanding employee stock options) and all of the 1,000,000 shares of preferred stock available for issuance. Although we currently have no other commitments to issue any additional shares of our common or preferred stock, we may in the future determine to issue additional shares of our common or preferred stock to raise additional capital for a variety of purposes, including to complete a future acquisition. The issuance of additional shares of our common stock or preferred stock may significantly reduce the equity interest of stockholders and may adversely affect prevailing market prices for our common stock.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Essex leases its corporate headquarters at 1110 Lake Cook Road, Suite 220, Buffalo Grove, Illinois 60089, which consists of 8,714 square feet of office space. Also, we currently own the following properties:

- A service center located at 2039 Fulton Springs Road, Alabaster, Shelby County, Alabama 35007. Land area totals 400,752 square feet and building area totals 28,575 feet.
- A service center located at 5315 Causeway Boulevard Tampa, Hillsborough County, Florida 33619. Gross land area totals 204,732 square feet and building area totals 18,604 square feet.
- A service center located at 303 Peach Lane Arcola, Fort Bend County, Texas 77583. Gross land area totals 710,681 square feet and building area totals 36,342 square feet.

In addition, we lease the following properties throughout the United States:

- A satellite service center comprising 33,500 square feet of outside storage space located at 6048 193rd Avenue SW, Rochester, WA 98579.
- A satellite service center comprising 74,476 square feet of outside storage space located at 1072 Harrisburg Pike, Carlisle, PA 17103.
- A service Center comprising 6,000 square feet of warehouse space and approximately three acres of outside storage space located at 15060 Ceres Avenue, Fontana, CA 92335.
- A storage yard comprising approximately 90,000 square feet of space located at 33130 Lone Star Road, Paola, Kansas 66071;
- A service center comprising 30,000 square feet of space located at 1601 N.E. Columbia Blvd., Portland, Oregon;
- A service center comprising 10,000 square feet of space located at 4680 W. Capital Ave., West Sacramento, CA 95691;
- A storage yard comprising 53,260 square feet of space located at 4300 W. Capital Ave., West Sacramento, CA 95691;
- A service center comprising 18,500 square feet of space located at 19062 San Jose Ave., City of Industry, CA 91748;
- A storage yard comprising 91,500 square feet of outside storage space located at 19130 San Jose Ave., Rowland Heights, CA 91748;
- A service center comprising 14,935 square feet of space located at 14951 Catalina St., San Leandro, CA 94577;
- A service center comprising 9,450 square feet of space located at 6615 Rosedale Highway, Bakersfield, CA 93308;
- A service center comprising 16,232 square feet of space located at 8250 5th Avenue South, Seattle, WA 98108;
- A storage yard comprising 2,500 square feet of space located at 500 South Sullivan Avenue, Seattle, WA 98108;
- A service center comprising 10,050 square feet of space located at 3920 E. Boone Avenue, Spokane, WA 99202;
- A service center comprising 8,000 square feet of space located at 525 S Oregon Avenue, Pasco, WA 99301;
- A service center comprising 11,408 square feet of space located at 8900 King Street, Anchorage, AK 99515;
- A service center comprising 8,500 square feet of space located at 91-505 Awakumoku Place, Kapolei, HI 96707; and
- A service center comprising 9,934 square feet of space located at 9538 195th Street, Surrey, BC V4N 4E5, Canada.

Our growth strategy includes the establishment of service and storage centers across the United States, with a particular emphasis on new facilities in areas of the United States which our management from time to time believes present growth opportunities for our business. Our management currently believes that growth opportunities exist in the Northeast and Mid-Atlantic regions and intends to investigate potential additional facilities in those regions. We have not identified specific locations for any such new facilities.

We also maintain shared offices at 500 Fifth Avenue, 50th Floor, New York, New York 10110 pursuant to an agreement with Hyde Park Real Estate LLC, an affiliate of Laurence S. Levy, Chairman of our Board of Directors. Such office is primarily used by our corporate Secretary, Carol Zelinski, and Laurence S. Levy and Edward Levy, each of whom serves on our Board of Directors.

We consider our current facilities adequate for our current operations.

Item 3. Legal Proceedings

From time to time, the Company is party to various legal actions in the normal course of our business. Management believes that the Company is not party to any litigation that, if adversely determined, would have a material adverse effect on our business, financial condition, result of operations or cash flows.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

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

Market Information

Effective January 13, 2010, our common stock commenced trading, and is currently traded, on the NASDAQ Capital Market under the symbol ESSX. Effective January 13, 2010 until the expiration of our publicly traded warrants, our units and publicly traded warrants were traded on the NASDAQ Capital Market under the symbols ESSXU and ESSXW, respectively. The following table sets forth the high and low sale prices for common stock for each quarterly period within the two most recent fiscal years.

	Common Stock	
	High	Low
Year ended December 31, 2014		
First Quarter	$ 3.50	$ 2.75
Second Quarter	3.30	2.25
Third Quarter	2.85	2.03
Fourth Quarter	2.17	0.94
Year ended December 31, 2013		
First Quarter	$ 4.54	$ 3.34
Second Quarter	4.57	3.72
Third Quarter	4.55	3.16
Fourth Quarter	3.43	2.50

As of March 16, 2015, there were 126 holders of record of our common stock.

Dividend Policy

We have not paid any cash dividends on our common stock to date and do not intend to pay cash dividends in the near future. The payment of cash dividends in the future will be contingent upon our revenues, earnings, if any, capital requirements and general financial condition. In addition, we are a holding company and conduct all of our operations through Essex Crane and Coast Crane. As a result, we rely on dividends and distributions to us from our subsidiaries, Essex Crane, Coast Crane and Holdings. Essex Crane’s and Coast Crane’s existing credit facilities limit Essex Crane’s, Coast Crane’s and Holdings’ ability to declare and pay dividends or make distributions on account of their capital stock and membership interests, and any debt instruments that the Company or its subsidiaries may enter into in the future may limit our subsidiaries’ ability to pay dividends to us and our ability to pay dividends to our stockholders. Payment of dividends is within the discretion of our board of directors. It is the present intention of our board of directors to retain all earnings for liquidity management (through debt reduction), dilution management (through continued warrant and common stock repurchases), to invest in additional rental equipment and use in business operations. Accordingly, our board of directors does not anticipate declaring any dividends in the foreseeable future on our common stock.

Recent Sales of Unregistered Securities and Use of Proceeds

There were no sales of equity securities by the Company during the fourth quarter of 2014.

Purchases of Equity Securities by the Issuer

There were no purchases of equity securities by the Company during the fourth quarter of 2014.

Equity Compensation Plans

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

Item 6. Selected Financial Data

The following table sets forth selected consolidated financial data of the Company as of and for the years ended December 31, 2014, 2013, 2012, 2011, and 2010 (amounts in thousands, except share data).

The information in the following table should be read together with the Company's consolidated financial statements and accompanying notes as of and for the years ended December 31, 2014, 2013, 2012, 2011 and 2010 and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included under Item 7 of this report. These historical results are not necessarily indicative of the results to be expected in the future.

	For the Years Ended December 31,				
	2014	2013	2012	2011 (1)	2010
		(Restated)	(Restated)	(Restated)	(Restated)
Operations Summary					
Total revenue	$ 103,449	$ 95,537	$ 98,260	$ 89,585	$ 41,531
Cost of revenues	81,758	73,349	76,928	76,488	35,404
Gross profit	21,691	22,188	21,332	13,097	6,128
Selling, general, administrative and other expenses	23,841	24,377	26,987	28,536	13,919
Income (loss) from operations	(3,794)	(3,228)	(6,929)	(16,777)	(7,792)
Interest and Other Income	10	562	41	316	72
Interest Expense	(13,958)	(11,662)	(11,335)	(11,455)	(7,209)
Income (loss) before taxes	(18,120)	(14,709)	(18,217)	(27,923)	(14,932)
Net income (loss)	$ (11,201)	$ (9,645)	$ (12,653)	$ (17,147)	$ (11,408)
Weighted average shares outstanding					
Basic	24,805,938	24,660,170	24,545,041	23,824,119	16,102,339
Diluted	24,805,938	24,660,170	24,545,041	23,824,119	16,102,339
Earnings (loss) per share					
Basic	$ (0.45)	$ (0.39)	$ (0.52)	$ (0.72)	$ (0.71)
Diluted	$ (0.45)	$ (0.39)	$ (0.52)	$ (0.72)	$ (0.71)
Other Operating Data					
Depreciation	$ 18,339	$ 18,663	$ 20,459	$ 21,146	$ 12,724
Other depreciation and amortization	$ 873	$ 1,039	$ 1,274	$ 1,338	$ 955
Year-end Financial Position					
Cash	$ 1,087	$ 1,349	$ 8,389	$ 9,030	$ 3,474
Rental equipment, net	270,465	287,860	306,892	328,955	330,379
Total assets	325,890	332,776	354,068	380,900	383,047
Current liabilities (2)	161,167	181,320	227,099	238,391	227,663
Revolving credit facilities - short-term (2)	142,709	163,114	206,271	222,089	212,209
Other short-term debt obligations	3,655	2,959	5,959	673	783
Other long-term debt obligations	72,807	42,130	2,147	6,886	7,922
Revolving credit facility (2)	1,781	2,368	4,322	—	2,751
Total liabilities	270,404	266,687	279,826	296,931	304,737
Paid in capital	126,510	125,952	124,460	122,815	101,052
Total stockholders' equity	$ 55,486	$ 66,089	$ 74,242	$ 83,969	$ 78,310

(1) The year ended December 31, 2011 includes the initial full twelve month results for our Coast Crane subsidiary following the Coast Acquisition in late 2010.

(2) As discussed in Note 3 in the accompanying Notes to the Consolidated Financial Statements included in this Annual Report on Form 10-K, we have restated certain prior year amounts in our Consolidated Balance Sheets to reclassify certain outstanding indebtedness under

our revolving credit facilities as short-term obligations as of December 31, 2013. In addition, we have restated these amounts as of December 31, 2012, 2011 and 2010 with respect to this Item.

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

The following discussion summarizes the financial position of Essex Rental Corp. and its subsidiaries as of December 31, 2014 and for the year then ended and should be read in conjunction with our consolidated financial statements and accompanying notes thereto included elsewhere in this Annual Report on Form 10-K. The following discussion has been restated to reflect the restatement of the Consolidated Balance Sheets as of December 31, 2013 and the disaggregation of the equipment rentals segment for the years ended December 31, 2013 and 2012. This discussion contains, in addition to historical information, forward looking statements that include risks and uncertainties (see discussion of “Forward-Looking Statements” included elsewhere in this Annual Report on Form 10-K). Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those factors set forth under Item 1A—Risk Factors of this Annual Report on Form 10-K.

Restatement of Financial Statements

This Annual Report on Form 10-K for Essex Rental Corp. reflects corrections made to our financial statements and related disclosures included in our prior periodic reports noted below related to (i) classification of indebtedness outstanding under our revolving credit facilities as long-term obligations instead of short-term obligations and (ii) aggregation of our operating subsidiaries' equipment rentals segments in our segment disclosures. The foregoing corrections were made within our Quarterly Reports on Form 10-Q/A for our fiscal quarters ended March 31, 2013 and 2014, June 30, 2013 and 2014, and September 30, 2013 and 2014 and within our Annual Report on Form 10-K/A for our fiscal year ended December 31, 2013. See Note 3 in the accompanying Notes to the Consolidated Financial Statements for additional information on the restatement of our financial statements for December 31, 2013 and 2012 included in this Form 10-K.

Overview

History

Essex Rental Corp. (formerly, Hyde Park Acquisition Corp.) was incorporated in Delaware on August 21, 2006 as a blank check company whose objective was to effect a merger, capital stock exchange, asset acquisition or other similar business combination with an operating business. We consummated our initial public offering on March 13, 2007. All activity from August 21, 2006 (inception) through March 13, 2007 relates to our formation and initial public offering. From March 13, 2007 through October 31, 2008, our activities were limited to identifying prospective target businesses to acquire and complete a business combination. On October 31, 2008, we consummated the acquisition of Holdings and its wholly-owned subsidiary, Essex Crane, and, as a result, we are no longer in the development stage. In August 2009, we formed a new subsidiary, Essex Finance Corp., to facilitate the acquisition of rental equipment. In November 2010, we acquired substantially all of the assets of Coast Liquidating Co. (formerly known as Coast Crane Company) through a newly formed subsidiary CC Bidding Corp., which subsequently changed its name to Coast Crane Company. The assets acquired in the Coast Acquisition consisted of all of the assets used in the operation of Coast Liquidating Co.’s specialty lifting solutions and crane rental services business, including cranes and related heavy lifting machinery and equipment and spare parts, inventory, accounts receivable, rights under executory contracts, other tangible and intangible assets and all of the outstanding shares of capital stock of Coast Crane Ltd., a British Columbia corporation, through which Coast Liquidating Co. conducted its operations in Canada.

Business

Through our operating subsidiaries, Essex Crane and Coast Crane, we are one of North America's largest providers of lifting equipment (including lattice-boom crawler cranes, truck cranes and rough terrain cranes, tower cranes, and other lifting equipment) used in a wide array of construction projects. In addition, we provide product support including installation, maintenance, repair, and parts and services for our equipment provided to customers and customer owned equipment. With a large fleet of cranes and other construction equipment and customer service and support, we supply a wide variety of innovative lifting solutions for construction projects related to power generation, petro-chemical, refineries, water treatment and purification, bridges, highways, hospitals, shipbuilding, offshore oil fabrication and industrial plants, and commercial and residential construction. We rent our equipment “bare,” meaning without supplying an operator and, in exchange for a fee, make arrangements for the transportation and delivery of our equipment. Once the crane is delivered and erected on the customer’s site, inspected and determined to be operating properly by the customer’s crane operator and management, most of the maintenance and repair costs are the responsibility of the customer while the equipment is on rent. This business model allows us to minimize our headcount and operating costs including reduced liability related to operator error and provides the customer with a more flexible situation where they control the crane and the operator’s work schedule.

Over the past several years, we have been focused on reinvesting capital into our rental fleet. Specifically, we have sold lower lifting capacity cranes and other heavy lifting equipment for better utilized heavier lifting capacity cranes. The Company invested on a gross basis (excluding the proceeds received from rental equipment sales) approximately $121.7 million into new cranes and attachments for our rental fleet during the eight year period ended December 31, 2014. The Company's rental fleet investment for the four year period ended December 31, 2010 primarily consisted of crawler cranes while the rental fleet investment for the four year period ended December 31, 2014 primarily consisted of rough terrain cranes, tower cranes and Mantis crawler cranes.

These investment decisions contributed greatly to the repositioning our fleet to maximize its utilization rates and average rental rates. Although we believe the repositioning of the fleet has maximized utilization rates and average rental rates, the economic downturn has significantly adversely impacted our business activity levels.

The Company is also focused on selling older and underutilized models of crawler crane assets. We anticipate that the sale of these assets will not have a material impact on the future cash flows of the business from a rental revenue perspective as these assets represent excess capacity.

The following table provides a summary of utilization rates calculated using the “days” method for the years ended December 31, 2014, 2013 and 2012:

	For The Years Ended December 31,		
	2014	2013	2012
Crawler Cranes - Hydraulic	69.2%	63.9%	57.9%
Crawler Cranes - Traditional	27.6%	31.3%	29.3%
Rough Terrain Cranes	63.1%	55.8%	63.4%
Boom Trucks	47.9%	51.9%	50.5%
Self-Erecting Tower Cranes	44.0%	42.8%	32.4%
City and Other Tower Cranes	47.5%	41.7%	53.4%

Adjusted EBITDA to Net Income Reconciliation

Adjusted EBITDA represents the sum of net income, tax benefit, foreign currency exchange gains and losses, interest expense, other income, depreciation, amortization and impairment expense. Adjusted EBITDA is used internally when evaluating our operating performance and, we believe, allows investors to make a more meaningful comparison between our core business operating results over different periods of time, as well as with those of other similar companies. Management believes that Adjusted EBITDA, when viewed with the Company's results under GAAP and the accompanying reconciliation, provides useful information about operating performance and period-over-period growth, and provides additional information that is useful for evaluating the operating performance of our core business without regard to potential distortions. However, Adjusted EBITDA is not a measure of financial performance under GAAP and, accordingly, should not be considered as an alternative to net income (loss) as an indicator of operating performance.

The following table provides a reconciliation of net loss to Adjusted EBITDA for the years ended December 31, 2014, 2013 and 2012 (amounts in thousands):

	For The Years Ended December 31,		
	2014	2013	2012
Net loss	$ (11,201)	$ (9,645)	$ (12,653)
Benefit for income taxes	(6,919)	(5,064)	(5,564)
Foreign currency exchange (gains) losses	378	381	(6)
Interest expense	13,958	11,662	11,335
Other income	(10)	(562)	(41)
Loss from operations	(3,794)	(3,228)	(6,929)
Depreciation	18,339	18,663	20,459
Impairment - rental equipment, held for sale	771	—	—
Other depreciation and amortization	873	1,039	1,274
Adjusted EBITDA	$ 16,189	$ 16,474	$ 14,804

Results of Operations

Year ended December 31, 2014 compared to years ended December 31, 2012 and 2011

The Company had a net loss of $11.2 million for the year ended December 31, 2014. Total revenue, cost of revenues and gross profit were $103.4 million , $81.8 million and $21.7 million , respectively, for the year ended December 31, 2014. Total selling, general, administrative and other expenses of $25.5 million was composed primarily of salaries, payroll taxes and benefits, sales and marketing, insurance, professional fees, rent, travel, depreciation and amortization expenses. Interest expense related to borrowings under our revolving credit facilities and other debt obligations was $14.0 million for the year ended December 31, 2014. The Company had an income tax benefit of $6.9 million for the year ended December 31, 2014 related to a loss before income taxes of $18.1 million . Adjusted EBITDA for the year ended December 31, 2014 was $16.2 million.

The Company had a net loss of $9.6 million for the year ended December 31, 2013. Total revenue, cost of revenues and gross profit were $95.5 million , $73.3 million and $22.2 million , respectively, for the year ended December 31, 2013. Total selling, general, administrative and other expenses of $25.4 million was composed primarily of salaries, payroll taxes and benefits, sales and marketing, insurance, professional fees, rent, travel, depreciation and amortization expenses. Interest expense related to borrowings under our revolving credit facilities and other debt obligations was $11.7 million for the year ended December 31, 2013. The Company had an income tax benefit of $5.1 million for the year ended December 31, 2013 related to a loss before income taxes of $14.7 million . Adjusted EBITDA for the year ended December 31, 2013 was $16.5 million .

The Company had a net loss of $12.7 million for the year ended December 31, 2012. Total revenue, cost of revenues and gross profit were $98.3 million , $76.9 million and $21.3 million , respectively, for the year ended December 31, 2012. Total selling, general, administrative and other expenses of $28.3 million was composed primarily of salaries, payroll taxes and benefits, sales and marketing, insurance, professional fees, rent, travel, depreciation and amortization expenses. Interest expense related to borrowings under our revolving credit facilities and other debt obligations was $11.3 million for the year ended December 31, 2012. The Company had an income tax benefit of $5.6 million for the year ended December 31, 2012 related to a loss before income taxes of $18.2 million . Adjusted EBITDA for the year ended December 31, 2012 was $14.8 million . The year ended December 31, 2012 was the first full year of inclusion for Coast Crane subsequent to its acquisition in late November 2010.

The following table provides a summary of the statements of operations for the years ended December 31, 2014, 2013 and 2012 (amounts in thousands):-

	For The Years Ended December 31, 2014	2013	2012
Revenues	$ 103,449	$ 95,537	$ 98,260
Cost of revenues	81,758	73,349	76,928
Gross profit	21,691	22,188	21,332
Selling, general, administrative and other operating expenses	25,485	25,416	28,261
Loss from operations	(3,794)	(3,228)	(6,929)
Other expenses, net	(14,326)	(11,481)	(11,288)
Loss before income taxes	(18,120)	(14,709)	(18,217)
Benefit for income taxes	(6,919)	(5,064)	(5,564)
Net loss	$ (11,201)	$ (9,645)	$ (12,653)

Business Segments

We have identified four reportable segments: Essex Crane equipment rentals, Coast Crane equipment rentals, equipment distribution, and parts and service. These segments are based upon how management of the Company allocates resources and assesses performance.

Year ended December 31, 2014 compared to year ended December 31, 2013

Revenues

Revenues for the year ended December 31, 2014 were $103.4 million , an 8.3% increase compared to revenues of $95.5 million for the year ended December 31, 2013. The following table provides a summary of the Company's revenues by operating segment (amounts in thousands):

	For The Years Ended December 31, 2014	2013 (Restated)	Dollar Change	Percentage Change
Segment revenues				
Essex Crane equipment rentals	$ 40,429	$ 33,941	$ 6,488	19.1 %
Coast Crane equipment rentals	32,781	31,004	1,777	5.7 %
Equipment distribution	9,930	11,212	(1,282)	(11.4)%
Parts and service	20,309	19,380	929	4.8 %
Total revenues	$ 103,449	$ 95,537	$ 7,912	8.3 %

Essex Crane Equipment Rentals

Essex Crane equipment rental segment revenues, which represents 39.1% of total revenues, was $40.4 million for the year ended December 31, 2014, an 19.1% increase from $33.9 million for the year ended December 31, 2013. The equipment rental segment includes rental, transportation and used rental equipment sales.

Essex Crane equipment rentals revenue, which represented 27.1% of total revenues, was $28.1 million for the year ended December 31, 2014, a 6.9% increase from $26.2 million for the year ended December 31, 2013. The two key drivers of equipment rental revenues are utilization and average rental rates.

The increase in equipment rentals revenue is primarily due to an increase in rental revenue generated from hydraulic crawler cranes and attachments. These increases in rental revenues were partially offset by a decrease in rental revenues for traditional crawler cranes and attachments.

There was an increase in average crawler crane rental rate of 4.9% to $18,014 (per crane per rental month) for the year ended December 31, 2014 from $17,179 for the year ended December 31, 2013. This increase in the overall average rental rate, which includes both traditional and hydraulic crawler cranes, is primarily the result of the mix of cranes on rent, with hydraulic crawler cranes contributing a larger portion of overall crawler crane revenue than they did in the year ended December 31, 2013. Our crawler crane fleet has benefited from an increase in power, petrochemical and industrial marine related projects in the Gulf Coast and southeast region of the country. While average rental rates have increased for most subclasses within the hydraulic crawler crane fleet when compared to the year ended December 31, 2013, management has not been able to significantly increase average rental rates due to competitive pressure. However, with strong utilization levels achieved on our hydraulic crawler cranes during the second half of 2014, the Company will endeavor to increase rental rates in 2015.

Essex Crane transportation revenue, which represents 5.6% of total revenues, was $5.8 million for the year ended December 31, 2014, a 38.9% increase from $4.2 million for the year ended December 31, 2013. The increase in transportation revenue is directly attributable to the number of equipment moves for our higher lifting capacity rental equipment.

Essex Crane used rental equipment sales revenue was $6.5 million for the year ended December 31, 2014; a $3.0 million or 86.9% increase compared to the year ended December 31, 2013. The increase in total used rental equipment sales revenue is primarily attributable an increase in the number of traditional lattice-boom crawler cranes sold. During the year ended December 31, 2014, Essex Crane sold eighteen lattice-boom crawler cranes which generated sales proceeds of $6.3 million. During the year ended December 31, 2013, Essex Crane sold ten lattice-boom crawler cranes and one crawler crane attachment.

Coast Crane Equipment Rentals

Coast Crane equipment rental segment revenues, which represents 31.7% of total revenues, was $32.8 million for the year ended December 31, 2014, an 5.7% increase from $31.0 million for the year ended December 31, 2013. The equipment rental segment includes rental, transportation and used rental equipment sales.

Coast Crane equipment rentals revenue, which represented 21.0% of total revenues, was $21.7 million for the year ended December 31, 2014, a 6.5% increase from $20.4 million for the year ended December 31, 2013. The two key drivers of equipment rental revenues are utilization and average rental rates.

The increase in equipment rentals revenue is primarily due to an increase in rental revenue generated from rough terrain cranes and tower cranes. These increases in rental revenues were partially offset by a decrease in rental revenues for boom trucks.

Utilization for rough terrain cranes for the year ended December 31, 2014 and 2013 was 63.1% and 55.8%, respectively. Rough terrain cranes benefit from the broad array of markets that they can serve. The increase in utilization was driven by an increase in demand from the general building, power, petrochemical and transportation end markets along with the utilization improvement initiative that made these assets available to the entire sales force. Boom truck utilization decreased to 47.9% for the year ended December 31, 2014 compared to 51.9% for the year ended December 31, 2013. Weakening demand in the general building, power and transportation end markets was the primary factor for the decreased boom truck utilization. Tower crane utilization was 44.0% and 47.5% for the self-erecting and city & other tower cranes, respectively, for the year ended December 31, 2014 as compared to 42.8% and 41.7% for the self-erecting and city & other tower cranes, respectively, for the year ended December 31, 2013. Our tower cranes are primarily impacted by the general building end market, and their utilization levels will reflect the strength of that end market.

Coast Crane transportation revenue, which represents 1.8% of total revenues, was $1.9 million for the year ended December 31, 2014, a 9.5% increase from $1.7 million for the year ended December 31, 2013. The increase in transportation revenue is directly attributable to the number of equipment moves for our higher lifting capacity rental equipment.

Coast Crane used rental equipment sales revenue was $9.2 million for the year ended December 31, 2014; a $0.3 million or 3.3% increase compared to the year ended December 31, 2013. The increase in total used rental equipment sales revenue is primarily attributable to the mix of used rental equipment assets sold during the year ended December 31, 2014. During the year ended December 31, 2014, Coast Crane sold forty-one pieces of used rental equipment. During the year ended December 31, 2013, Coast Crane sold 104 pieces of used rental equipment with the majority of the sales related to aerial work platforms.

Equipment Distribution

Equipment distribution segment revenue, which represents 9.6% of total revenue, was $9.9 million for the year ended December 31, 2014, an 11.4% decrease from $11.2 million for the year ended December 31, 2013. The decrease in equipment distribution segment revenue is primarily attributable a large individual sale transaction during the year ended December 31, 2013 that generated sale proceeds of approximately $2.8 million.

Parts and Service

Parts and service segment revenue, which represents 19.6% of total revenue, was $20.3 million for the year ended December 31, 2014, a 4.8% increase from $19.4 million for the year ended December 31, 2013. The increase is primarily attributable an increase in retail parts sales and rental related service work partially offset by a decline in revenues associated with rental end billing procedures as part of the Company's customer-centric initiatives.

Gross Profit

Gross profit for the year ended December 31, 2014 was $21.7 million , a 2.2% decrease from gross profit of $22.2 million for the year ended December 31, 2013. Gross profit margin was 21.0% for the year ended December 31, 2014 compared to 23.2% for the year ended December 31, 2013. The following table provides a summary of the Company's gross profit by operating segment (amounts in thousands):

	For The Years Ended December 31,		Dollar	Percentage
	2014	2013	Change	Change
		(Restated)		
Segment gross profit				
Essex Crane equipment rentals	$ 4,336	$ 4,787	$ (451)	(9.4)%
Coast Crane equipment rentals	11,438	11,029	409	3.7 %
Equipment distribution	486	1,046	(560)	(53.5)%
Parts and service	5,431	5,326	105	2.0 %
Total gross profit	$ 21,691	$ 22,188	$ (497)	(2.2)%

Essex Crane Equipment Rentals

Essex Crane equipment rentals segment gross profit of $4.3 million for the year ended December 31, 2014 decreased $0.5 million or 9.4% as compared to the year ended December 31, 2013. Within the equipment rentals segment, certain revenue streams have inherently higher margins. The gross margin achieved from the revenues provided by equipment rentals is typically higher than those achieved by gain on sale of used rental equipment and transportation. Generally, due to the operating leverage of our business model, the margin from equipment rentals improves as the rental revenue increases. However, quality improvement initiatives and customer-centric service oriented strategies that Essex Crane has adopted have resulted in an increase in equipment utilization, but has also resulted in increased costs related to higher quality of equipment when beginning rental contracts and a reduction in the amount of rental-end repair billing. Gain on the sale of used rental equipment was $0.2 million for the year ended December 31, 2014, a 28.1% decrease from $0.3 million for the year ended December 31, 2013. The decrease in the gain on the sale of used rental equipment was directly attributable to several traditional crawler cranes that were sold at book value following reclassification of those assets to rental equipment - held for sale, and recording an impairment charge of $0.8 million.

Coast Crane Equipment Rentals

Coast Crane equipment rentals segment gross profit of $11.4 million for the year ended December 31, 2014 increased $0.4 million or 3.7% as compared to the year ended December 31, 2013 primarily due to an increase in rental revenues and an increase in transportation gross profit of $0.2 million. Within the equipment rentals segment, certain revenue streams have inherently higher margins. The gross margin achieved from the revenues provided by equipment rentals is typically higher than those achieved by gain on sale of used rental equipment and transportation. Generally, due to the operating leverage of our business model, the margin from equipment rentals improves as the rental revenue increases. Gain on the sale of used rental equipment was $2.3 million for the year ended December 31, 2014, a 23.7% decrease from $3.0 million for the year ended December 31, 2013. The decrease in the gain on the sale of used rental equipment was directly attributable to a decline in the number of assets sold.

Equipment Distribution

Equipment distribution segment gross profit of $0.5 million (4.9% margin) for the year ended December 31, 2014 decreased $0.6 million , or 53.5% , from $1.0 million (9.3% margin) for the year ended December 31, 2013. The decreased gross profit and margin are functions of lower profit margins on individual sale transactions and lower sales volume during the year ended December 31, 2014. During the year ended December 31, 2013, the Company had a large single sales transaction with a gross profit of $0.4 million.

Parts and Service

Parts and service segment gross profit of $5.4 million (26.7% margin) for the year ended December 31, 2014 increased $0.1 million or 2.0% from $5.3 million (27.5% margin) for the year ended December 31, 2013. The parts and service segment gross profit increase was driven by higher retail parts sales partially offset by lower margin repair and maintenance and rigging revenue billed related to equipment currently on rent.

Selling, General, Administrative and Other Expenses

Total selling, general, administrative and other expenses for the year ended December 31, 2014 and 2013 were $25.5 million and $25.4 million , respectively. The increase in selling, general, administrative and other expenses was primarily due to an impairment charge of $0.8 million and increases in sales and marketing expense of $0.2 million, professional fee expense of $0.2 million, travel expense of $0.2 million and rent expense of $0.2 million. These increases were partially offset by decreases in salary and related benefits expense of $0.9 million, business taxes of $0.4 million and telecom expenses of $0.1 million. Selling, general and administrative expenses include, legal fees, professional fees, bad debt expense, employee benefits, insurance and selling and marketing expenses. Selling, general and administrative and other expenses include $0.4 million and $1.4 million of non-cash stock based compensation expense for the year ended December 31, 2014 and 2013, respectively.

Impairment expense related to rental equipment held for sale during year ended December 31, 2014 was approximately $0.8 million. As a result of agreeing to terms on the sale of certain traditional crawler crane assets during the year ended December 31, 2014, the Company compared the carrying value to the fair value of the assets. The fair value of the assets was determined to be the agreed upon sales price, which was less than the carrying value of the assets, resulting in the impairment charge recorded during the period.

Interest expense increased 19.7% to $14.0 million for the year ended December 31, 2014 from $11.7 million for the year ended December 31, 2013. The increase in interest expense is related primarily to additional loan costs of $0.3 million amortized to interest expense and $0.3 million of loan costs written off to interest expense of as a result of the Essex Crane Revolving Credit Facility amendment entered into in May 2014 along with a higher overall interest rate as a result of the new Essex Crane term loan.

Income tax benefit was $6.9 million for the year ended December 31, 2014 compared to a $5.1 million for the year ended December 31, 2013. The increase in income tax benefit is due to an increase in the pre-tax loss. The effective tax rates were 38.2% and 34.4% for the year ended December 31, 2014 and 2013, respectively. The effective tax rate increased from the prior year due to a decrease in the impact of stock option shortfalls as compared to the prior year.

Essex had 260 full-time employees at December 31, 2014 compared to 236 full-time employees at December 31, 2013.

Year ended December 31, 2013 compared to year ended December 31, 2012

Revenues

Revenues for the year ended December 31, 2013 were $95.5 million , a 2.8% decrease compared to revenue of $98.3 million for the year ended December 31, 2012. The following table provides a summary of the Company's revenues by operating segment (amounts in thousands):

	For The Years Ended December 31,					
	2013		2012		Dollar Change	Percentage Change
	(Restated)		(Restated)		(Restated)	(Restated)
Segment revenues						
Essex Crane equipment rentals	$	33,941	$	35,415	$ (1,474)	(4.2)%
Coast Crane equipment rentals		31,004		35,816	(4,812)	(13.4)%
Equipment distribution		11,212		4,087	7,125	174.3 %
Parts and service		19,380		22,942	(3,562)	(15.5)%
Total revenues	$	95,537	$	98,260	$ (2,723)	(2.8)%

Essex Crane Equipment Rentals

Essex Crane equipment rental segment revenues, which represents 35.5% of total revenues, was $33.9 million for the year ended December 31, 2013, an 4.2% decrease from $35.4 million for the year ended December 31, 2012. The equipment rental segment includes rental, transportation and used rental equipment sales.

Essex Crane equipment rentals revenue, which represented 27.5% of total revenues, was $26.2 million for the year ended December 31, 2013, a 6.5% increase from $24.6 million for the year ended December 31, 2012. The two key drivers of equipment rental revenues are utilization and average rental rates.

While crawler crane utilization has increased year over year, there is still significant room for improvement. Management believes that these current utilization levels are related to the overall economic environment, and not a loss of market share. The construction market has displayed a slow, gradual recovery from historic recession levels, which management believes is the principal factor in our year over year increase in utilization rates, and still has a large opportunity for growth to match prior peak levels. Utilization for crawler cranes, as measured on a “days” basis, increased to 45.4% for the year ended December 31, 2013 compared to 41.2% for the same period in the prior year. Within our crawler crane fleet, we are particularly encouraged by the utilization trends for our hydraulic heavy lift crawler cranes. These hydraulic crawler cranes have higher dollar rental rates and account for approximately 70% of the value of our crawler crane fleet and approximately 50% of the value of our total fleet. Utilization for our fleet of heavy lift hydraulic cranes for the year ended December 31, 2013 and 2012 was 63.9% and 57.9%, respectively.

There was a decrease in average crawler crane rental rate of 0.1% to $17,179 (per crane per rental month) for the year ended December 31, 2013 from $17,195 for the year ended December 31, 2012. This change is primarily the result of the mix of cranes on rent, as opposed to individual rental rate changes by equipment group. Management does not expect a meaningful increase in average rental rates on an individual group basis until utilization rates recover significantly. As a result of utilization and rental rate changes, rental revenue for crawler cranes increased approximately $1.8 million for the year ended December 31, 2013 as compared to the year ended December 31, 2012, and is primarily due to increases in demand in our industrial marine, petrochemical and sewer and water end-markets, which was partially offset by a decline in demand within the power end-market.

Essex Crane transportation revenue, which represents 4.4% of total revenues, was $4.2 million for the year ended December 31, 2013, a 29.7% decrease from $6.0 million for the year ended December 31, 2012. The decrease in transportation revenue is directly attributable to the number of equipment moves and the rental locations of the cranes on rent. In addition, with respect to our larger assets available for rent, during the year ended December 31, 2013, we more aggressively priced transportation services in order to maximize utilization.

Essex Crane used rental equipment sales revenue was $3.5 million for the year ended December 31, 2013, a $1.3 million or 27.1% decrease compared to the year ended December 31, 2012. The decrease in total used rental equipment sales revenue is primarily attributable to the mix of used rental equipment sold during the year. During the year ended December 31, 2013, Essex Crane sold eleven lattice-boom crawler cranes and one crawler crane attachment. During the year ended December 31, 2012, Essex Crane sold six lattice-boom crawler cranes.

Coast Crane Equipment Rentals

Coast Crane equipment rental segment revenues, which represents 32.5% of total revenues, was $31.0 million for the year ended December 31, 2013, an 13.4% decrease from $35.8 million for the year ended December 31, 2012. The equipment rental segment includes rental, transportation and used rental equipment sales.

Coast Crane equipment rentals revenue, which represented 21.3% of total revenues, was $20.4 million for the year ended December 31, 2013, a 6.9% decrease from $21.9 million for the year ended December 31, 2012. The two key drivers of equipment rental revenues are utilization and average rental rates.

Utilization for rough terrain cranes for the year ended December 31, 2013 and 2012 was 55.8% and 63.4%, respectively. Rough terrain cranes benefit from the broad array of markets that they can serve. However, demand declined in the power and transportation end markets for the year ended December 31, 2013 as compared to the year ended December 31, 2012, which was the principal cause for the overall decrease in utilization of rough terrain cranes during 2013 compared to 2012. Boom truck utilization increased to 51.9% for the year ended December 31, 2013 compared to 50.5% for the year ended December 31, 2012. Tower crane utilization was 42.8% and 41.7% for the self-erecting and city & other tower cranes, respectively, for the year ended December 31, 2013 as compared to 32.4% and 53.4% for the self-erecting and city & other tower cranes, respectively, for the year ended December 31, 2012. Our tower cranes are primarily impacted by the general building end market, and their utilization levels will reflect the strength of that end market.

Coast Crane transportation revenue, which represents 1.8% of total revenues, was $1.7 million for the year ended December 31, 2013, a 14.3% increase from $1.5 million for the year ended December 31, 2012. The increase in transportation revenue is directly attributable to the number of equipment moves and the rental locations of the cranes on rent.

Coast Crane used rental equipment sales revenue was $8.9 million for the year ended December 31, 2013, a $3.5 million or 28.2% decrease compared to the year ended December 31, 2012. Included in total used rental equipment revenues are revenues related to the sale of aerial work platforms of $0.5 million and $4.8 million for the years ended December 31, 2013 and 2012, respectively. The decrease in total used rental equipment sales revenue is primarily attributable to the sale of aerial work platforms during the year ended December 31, 2012 as part of a strategic decision to eliminate this equipment class from our rental fleet. During the year ended December 31, 2013, Coast Crane sold 104 pieces of used rental equipment. During the year ended December 31, 2012, Coast Crane sold 308 pieces of rental equipment.

Equipment Distribution

Equipment distribution segment revenue, which represents 11.7% of total revenue, was $11.2 million for the year ended December 31, 2013, a 174.3% increase from $4.1 million for the year ended December 31, 2012. The increase in equipment distribution segment revenue is due to an increase in the number of sale transactions as compared to the prior period and completing the transition to new equipment suppliers that negatively impacted the prior year equipment distribution revenue. In addition, we more aggressively stocked new equipment inventory, which improved our ability to close sales transactions.

Parts and Service

Parts and service segment revenue, which represents 20.3% of total revenue, was $19.4 million for the year ended December 31, 2013, a 15.5% decrease from $22.9 million for the year ended December 31, 2012. The decrease is primarily attributable to a decrease in third party service work performed on customer equipment and a reduction in over-the-counter parts sales primarily due to our transition to represent new manufacturers.

Gross Profit

Gross profit for the year ended December 31, 2013 was $22.2 million, a 4.0% increase from gross profit of $21.3 million for the year ended December 31, 2012. Gross profit margin was 23.2% for the year ended December 31, 2013 compared to 21.7% for the year ended December 31, 2012. The following table provides a summary of the Company's gross profit by operating segment (amounts in thousands):

	For The Years Ended December 31,			
	2013 (Restated)	2012 (Restated)	Dollar Change (Restated)	Percentage Change (Restated)
Segment gross profit				
Essex Crane equipment rentals	$ 4,787	$ 4,902	$ (115)	(2.3)%
Coast Crane equipment rentals	11,029	10,020	1,009	10.1 %
Equipment distribution	1,046	16	1,030	6,437.5 %
Parts and service	5,326	6,394	(1,068)	(16.7)%
Total gross profit	$ 22,188	$ 21,332	$ 856	4.0 %

Essex Crane Equipment Rentals

Essex Crane equipment rentals segment gross profit of $4.8 million for the year ended December 31, 2013 decreased $0.1 million or 2.3% as compared to the year ended December 31, 2012. The decrease in equipment rentals gross profit was due to a $1.6 million increase in rental revenue which was offset by lower transportation gross profit and less gross profit on used rental equipment sales. Gain on the sale of used rental equipment was $0.3 million for the year ended December 31, 2013, a 40.5% decrease from $0.4 million for the year ended December 31, 2012. The decrease in the gain on sale of used rental equipment sales revenue is primarily attributable to the mix of used assets sold during the year ended December 31, 2013.

Coast Crane Equipment Rentals

Coast Crane equipment rentals segment gross profit of $11.0 million for the year ended December 31, 2013 increased $1.0 million or 10.1% as compared to the year ended December 31, 2012. Within the equipment rentals segment, certain revenue streams have inherently higher margins. The gross margin achieved from the revenues provided by equipment rentals is typically higher than those achieved by gain on sale of used rental equipment and transportation. Furthermore, due to the operating leverage of our business model, the margin from equipment rentals improves as the revenue for this line of business increases. Also, there were initiatives implemented in the beginning of 2012 that were geared toward reducing expenses and overhead, which was also a key driver that contributed to the year over year improvement in gross margin. These initiatives included headcount reductions and the divestiture of the Company's aerial work platforms. Gain on the sale of used rental equipment was $3.0 million for the year ended December 31, 2013, a 21.1% increase from $2.5 million for the year ended December 31, 2012. The increase in the gain on the sale of used rental equipment was attributable to the mix of rental assets sold during the year ended December 31, 2013.

Equipment Distribution

Equipment distribution segment gross profit of $1.0 million (9.3% margin) for the year ended December 31, 2013 increased $1.0 million, or 6,437.5% , from $16,059 (0.4% margin) for the year ended December 31, 2012. The increased gross profit and margin are functions of higher profit margins on individual sale transactions, larger sales volume during the year ended December 31, 2013 and completing the transition to new equipment suppliers that negatively impacted the prior year equipment distribution sales volume and, therefore, gross margin.

Parts and Service

Parts and service segment gross profit of $5.3 million (27.5% margin) for the year ended December 31, 2013 decreased $1.1 million or 16.7% from $6.4 million (27.9% margin) for the year ended December 31, 2012. The parts and service segment gross profit decrease was driven by lower over-the-counter parts sales and third party service work volume.

Selling, General, Administrative and Other Expenses

Total selling, general, administrative and other expenses for the year ended December 31, 2013 and 2012 were $25.4 million and $28.3 million, respectively. The decrease in selling, general, administrative and other expenses was primarily due to decreases in salary and related benefits expense of $0.6 million, professional, consulting expense and legal expense of $0.9 million, travel expense of $0.3 million, business taxes of $0.2 million and bad debt expense of $0.5 million. Selling, general and administrative expenses include, legal fees, professional fees, bad debt expense, employee benefits, insurance and selling and marketing expenses. Selling, general and administrative and other expenses include $1.4 million and $1.5 million of non-cash stock based compensation expense for the year ended December 31, 2013 and 2012, respectively.

Other income increased to $0.6 million for the year ended December 31, 2013 from $41,230 for the year ended December 31, 2012 primarily due to a $0.5 million gain on the sale of land and buildings that had not been used in the operations of the business for several years.

Interest expense increased 2.9% to $11.7 million for the year ended December 31, 2013 from $11.3 million for the year ended December 31, 2012. The increase in interest expense was related primarily to a $1.0 million increase in the amount of deferred financing fee amortization as a result of the revolving credit facility amendments entered into in March 2013 offset by interest charged on lower average debt balances in 2013.

Income tax benefit was $5.1 million for the year ended December 31, 2013 compared to a $5.6 million for the year ended December 31, 2012. The decrease in income tax benefit is due to a decrease in the pre-tax loss. The effective tax rates were 34.4% and 30.5% for the year ended December 31, 2013 and 2012, respectively. The effective tax rate increased from the prior year due to an increase in state tax rates resulting primarily from changes in apportionment.

Essex had 236 full-time employees at December 31, 2013 compared to 250 full-time employees at December 31, 2012.

Liquidity and Capital Resources

As of December 31, 2014, the Company had total debt obligations outstanding of approximately $221.0 million and had an additional $6.0 million available on our revolving credit facilities. We believe that this availability for Essex Crane and Coast Crane along with $1.1 million in cash, will provide sufficient liquidity through the expiration of our amended and restated revolving credit facilities in October 2016 and March 2017, respectively. We believe that the sources of cash from operations and the revolving credit facilities should adequately fund the investment needs of the business for the foreseeable future.

The weighted average interest rate on all debt obligations outstanding as of December 31, 2014 was 5.49%.

Cash Flow from Operating Activities

The Company's cash used in operating activities for the year ended December 31, 2014 was approximately $10.5 million. This was primarily the result of net loss of $11.2 million, which, when adjusted for non-cash expense items, such as depreciation and amortization, gains on the sale of equipment, deferred income taxes, share-based compensation expense, and impairment, resulted in an increase of cash of approximately $2.1 million. The cash flows from operating activities were reduced by a total change in operating assets and liabilities of $12.6 million, which was comprised of a $3.5 million increase in accounts receivable, a $9.1 million increase in retail equipment inventory, a $0.7 million increase in spare parts and a $0.5 million decrease in accounts payable and accrued expenses. These uses of cash were partially offset by a $0.7 million decrease in other receivables, a $0.3 million decrease in prepaid expenses and other assets, a $0.2 million increase in unearned rental revenue and a $0.1 million increase in customer deposits.

The Company's cash provided by operating activities for the year ended December 31, 2013 was approximately $4.0 million. This was primarily the result of net loss of $9.6 million, which, when adjusted for non-cash expense items, such as depreciation and amortization, gains on the sale of equipment, deferred income taxes, share-based compensation expense, and the change in the fair value of undesignated interest rate swaps, resulted in an increase of cash of approximately $4.4 million. The cash flows from operating activities were reduced by a total change in operating assets and liabilities of $0.4 million, which was comprised of a $0.1 million increase in other receivables, a $0.3 million increase in prepaid expenses and other assets, a $1.6 million increase in retail equipment inventory and a $0.4 million increase in spare parts. These uses of cash were partially offset by a $1.4 million decrease in accounts receivable, a $0.2 million increase in accounts payable and accrued expenses, a $0.1 million increase in unearned rental revenue and a $0.2 million increase in customer deposits.

The Company's cash provided by operating activities for the year ended December 31, 2012 was approximately $3.4 million. This was primarily the result of net loss of $12.7 million, which, when adjusted for non-cash expense items, such as depreciation and amortization, gains on the sale of equipment, deferred income taxes, share-based compensation expense, and the change in the fair value of undesignated interest rate swaps, resulted in an increase of cash of approximately $2.6 million. The cash flows from operating activities were increased by a total change in operating assets and liabilities of $0.7 million, which was comprised of a $0.4 million decrease in other receivables, a $0.4 million decrease in prepaid expenses and other assets, a $0.4 million decrease in spare parts inventory, a $1.5 million increase in accounts payable and accrued expenses and a $0.4 million increase in unearned rental revenue. These positive cash flows were offset by a $1.3 million increase in accounts receivable and a $1.0 million increase in retail equipment inventory.

Cash Flow from Investing Activities

For the year ended December 31, 2014, cash provided by investing activities was approximately $7.7 million. This was primarily the result of proceeds from the sale of rental equipment of $15.8 million and a decrease in accounts receivable from rental equipment sales of $0.5 million. These investing activity sources of cash were partially offset by $8.1 million in purchases of rental equipment and $0.5 million in purchases of property and equipment.

For the year ended December 31, 2013, cash provided by investing activities was approximately $4.8 million. This was primarily the result of proceeds from the sale of rental equipment of $12.4 million and proceeds from the sale of property and equipment of $1.8 million. These investing activity sources of cash were partially offset by $8.1 million in purchases of rental equipment, $0.4 million in purchases of property and equipment and a $0.8 million increase in accounts receivable from rental equipment sales.

For the year ended December 31, 2012, cash provided by investing activities was approximately $8.5 million. This was primarily the result of proceeds from the sale of rental equipment of $17.3 million and a $1.0 million decrease in accounts receivable from rental equipment sales. During the year ended December 31, 2012, the Company sold 314 pieces of used rental equipment primarily consisting of aerial work platforms acquired in the Coast Acquisition, which are not a part of the Company's core rental equipment or its long-term strategy, along with twenty two boom trucks, seventeen rough terrain cranes (including six industrial cranes), two tower cranes and six crawler cranes.These investing activity sources of cash were partially offset by $8.5 million in purchases of rental equipment and $1.2 million in purchases of property and equipment.

Cash flow from financing activities

The Company's cash provided by financing activities for the year ended December 31, 2014 was $2.2 million. This was primarily the result of net borrowings made on the revolving credit facilities and term loans of $7.0 million. These sources of cash were partially offset by payments on the purchase money security interest debt of $1.3 million, payments on promissory notes of $2.0 million and payments for loan acquisition costs of $1.4 million. Gross borrowings and payments on the revolving credit facilities were $114.3 million and $135.3 million, respectively, for the period. Gross borrowings and payments on the term loans were $30.0 million and $2.0 million, respectively. Gross borrowings and payments on the purchase money security interest debt for the period were $6.7 million and $1.3 million, respectively.

Cash used in financing activities was approximately $16.1 million for the year ended December 31, 2013. This is primarily the result of net payments on revolving credit facilities of $45.1 million, payments on purchase money security interest debt of $1.0 million, payments on promissory notes of $1.6 million, payments to repurchase shares to satisfy employee tax withholdings of $0.1 million and payments for loan acquisition costs of $6.8 million. Total borrowings and payments on the revolving credit facilities were $97.0 million and $142.1 million, respectively, for the period. These uses of cash were partially offset by proceeds received from a term loan of $38.5 million. Total borrowings and payments on the term loan were $40.0 million and $1.5 million, respectively.

Cash used in financing activities was approximately $12.4 million for the year ended December 31, 2012. This is primarily due to payments on short-term debt obligations of $0.7 million, payments for loan costs of $0.2 million and net payments on revolving credit facilities of $11.5 million. Total borrowings and payments on the revolving credit facilities were $92.3 million and $103.8 million, respectively, for the period.

Revolving Credit Facilities

The following information discusses significant events during the years ended December 31, 2014 and 2013 that relate to the Company's revolving credit facilities and other debt obligations. Also see Note 7 to the consolidated financial statements for further information related to our credit facilities.

Essex Crane Revolving Credit Facility

On May 13, 2014 , Essex Crane entered into the Fourth Amended and Restated Credit Agreement (the “Essex Crane Revolving Credit Facility”). The credit facility provides for a revolving loan in the amount of $145.0 million , with a $20.0 million aggregate sublimit for letters of credit, and a $30.0 million term loan. Essex Crane may borrow on the revolving loan an amount equal to the sum of 85% of eligible net receivables and 75% of the net orderly liquidation value of eligible rental equipment. The aggregate commitment will be reduced by: (i) on an individual transaction basis, 100% of the net cash proceeds from the sales of certain assets and (ii) on an annual basis, 60% of free cash flow, other than net cash proceeds from certain asset sales, as defined within the credit agreement. The maximum commitment under the Essex Crane Revolving Credit Facility may not exceed $130.0 million beginning on February 28, 2016 . The revolving loan and term loan mature on October 31, 2016 and May 13, 2019 , respectively. The Essex Crane Revolving Credit Facility is collateralized by a first priority security interest in substantially all of Essex Crane’s assets.

Under the terms of the Essex Crane Revolving Credit Facility, borrowings on the revolving loan accrue interest at the borrower’s option of either (a) the bank’s prime rate plus the applicable prime rate margin of 1.75% or (b) a Euro-dollar rate based on the rate the bank offers deposits of U.S. Dollars in the London interbank market (“LIBOR”) plus the applicable LIBOR margin of 3.75% . Borrowings on the term loan accrue interest at LIBOR plus the applicable LIBOR term loan margin of 10.50% with a LIBOR floor of 1.00% . Essex Crane is also required to pay a monthly commitment fee with respect to the undrawn commitments under the Essex Crane Revolving Credit Facility of 0.375% .

The Essex Crane Revolving Credit Facility requires Essex Crane to maintain a trailing twelve month fixed charge coverage ratio of not less than 1.10 to 1.00. Additionally, Essex Crane must generate net cash proceeds, through the sale of certain assets, of not less than $8.0 million by March 31, 2016 with not less than $3.0 million of net cash proceeds generated by March 31, 2015. The Essex Crane Revolving Credit Facility also provides for an annual limit on certain capital expenditures of $2.0 million and limits the ability of Essex Crane to make distributions to affiliates. Essex Crane is permitted to incur certain additional indebtedness, including secured purchase money indebtedness, of up to $1.5 million outstanding at any time, subject to certain provisions set forth in the Essex Crane Revolving Credit Facility.

On October 30, 2014 , Essex Crane entered into a First Amendment to the Fourth Amended and Restated Credit Agreement to modify the calculation of the fixed charge coverage ratio to allow for the exclusion of severance expenses. Additionally, the amendment reduced the required fixed charge coverage ratio for September 2014 to not less than 1.08 to 1.00 and to waive an event of default that occurred as a result of the fixed charge coverage ratio falling below the required ratio of 1.10 to 1.00 in August 2014. All other terms of the May 13, 2014 Essex Crane Revolving Credit facility remained in effect following such amendment.

The maximum amount that could be borrowed under the revolving loan portion of the Essex Crane Revolving Credit Facility, net of letters of credit, interest rate swaps and other reserves was approximately $135.3 million and $170.1 million as of December 31, 2014 and 2013, respectively. Essex Crane’s available borrowing under its revolving credit facility was approximately $16.6 million and $21.9 million as of December 31, 2014 and 2013, respectively. After consideration of the 10% availability threshold covenant, the Company had available borrowings under its revolving credit facility of approximately $2.7 million and $4.4 million as of December 31, 2014 and 2013, respectively. As of December 31, 2014 and 2013, there was $1.5 million and $9.3 million , respectively, of available formulated collateral in excess of the maximum borrowing amounts of approximately $135.3 million and $170.1 million , respectively. As of December 31, 2014 and 2013, the outstanding balance on the term loan portion of the Essex Crane Revolving Credit Facility was $30.0 million and zero , respectively.

As of December 31, 2014, the applicable prime rate, LIBOR rate and undrawn commitment fee on the revolving loan were 3.25% , 0.16% and 0.375% , respectively. As of December 31, 2013, the applicable prime rate, LIBOR rate and undrawn commitment fee on the revolving loan were 3.25% , 0.15% and 0.375% , respectively. As of December 31, 2014, the LIBOR rate on the term loan was 0.15% with a LIBOR floor of 1.00% .

As a result of the errors in our Consolidated Balance Sheets discussed in Note 3, Essex Crane was in technical default under the Essex Crane Revolving Credit Facility. Such default was waived as of March 19, 2015 by the lenders under such facility. Any failure to be in compliance with any material provision or covenant of these agreements could have a material adverse effect on the Company's liquidity and operations.

The Essex Crane Revolving Credit Facility includes a subjective acceleration clause and requires the Company to maintain a traditional lock-box. As a result, the Essex Crane Revolving Credit Facility is classified as a short-term obligation within the Company's Consolidated Balance Sheets.

Coast Crane Revolving Credit Facility

On March 12, 2013 , Coast Crane entered into the Second Amended and Restated Credit Agreement (the "Coast Crane Revolving Credit Facility) to extend the maturity date to March 12, 2017 . The amendment also provides for a $40.0 million term loan and reduces the aggregate maximum principal amount of the revolving loan and letter of credit facility by a corresponding amount to $35.0 million . In addition, the amendment provides for scheduled quarterly term loan payments to reduce the term loan principal outstanding by $0.5 million beginning on June 30, 2013 . The amounts borrowed under the term loan which are repaid or prepaid may not be reborrowed.

The Coast Crane Revolving Credit Facility provides certain limitations on net capital expenditures and a $3.7 million "first amendment reserve" (as defined in the Coast Crane Revolving Credit Facility) as well as a fixed charge coverage ratio requirement of not less than 1.20 to 1.00. The agreement also limits the amount of certain additional indebtedness, including secured purchase money indebtedness, that Coast Crane can incur to $7.0 million for the year ended December 31, 2013 and $10.0 million thereafter.

Coast Crane’s ability to borrow under the Coast Crane Revolving Credit Facility is subject to, among other things, a borrowing base calculated based on the sum of (a) 85% of eligible accounts, (b) the lesser of 50% of eligible spare parts inventory and $5.0 million , (c) the lesser of 95% of the lesser of (x) the net orderly liquidation value and (y) the invoice cost, of eligible new equipment inventory and $15.0 million and (d) 85% of the net orderly liquidation value of eligible other equipment, less reserves established by the lenders and the liquidity reserve.

On February 21, 2014 , Coast Crane and Coast Crane Ltd. entered into a First Amendment to the Second Amended and Restated Credit Agreement to amend the mandatory prepayment provision to exclude proceeds received from permitted equipment asset sales and to waive an event of default that occurred as a result of permitted equipment asset sales and the failure to apply proceeds to the term loan under the Coast Crane Credit Agreement. In addition, the First Amendment amends the borrowing base calculation as it relates to new equipment inventory, and creates a progressive new equipment inventory cap based on a leverage ratio.

Under the terms of the February 21, 2014 amendment, Coast Crane and Coast Crane Ltd. may borrow, repay and reborrow under the Coast Crane Facility. Coast Crane’s ability to borrow under the Coast Crane Facility is subject to, among other things, a borrowing base which is calculated as the sum of (a) 85% of eligible Coast Crane accounts, (b) the lesser of 50% of eligible Coast Crane inventory and $5.0 million , (c) the lesser of (i) 95% of the lesser of (x) the Net Orderly Liquidation Value and (y) the invoice cost, of U.S. Eligible New Sale Equipment Inventory and (ii) the U.S. Eligible New Sale Equipment Inventory Cap (as hereinafter defined) and (d) 85% of the net orderly liquidation value of eligible other equipment, less reserves established by the lenders and the liquidity reserve. Coast Crane Ltd.'s ability to borrow under the Coast Crane Facility is subject to among other things, a borrowing base which is calculated as the sum of (a) 85% of eligible Coast Crane Ltd. accounts, (b) the lesser of 50% of eligible Coast Crane Ltd. inventory and $0.8 million , (c) the lesser of (i) 95% of the lesser of (x) the net orderly liquidation value and (y) the invoice cost, of eligible new Coast Crane Ltd. equipment and (ii) $2.0 million and (d) 85% of the net orderly liquidation value of eligible other Coast Crane Ltd. equipment, less reserves established by the lenders and the liquidity reserve.

The U.S. Eligible New Sale Equipment Inventory Cap shall mean the U.S. Eligible New Sale Equipment Inventory Cap in effect from time to time determined based upon the applicable leverage ratio then in effect. The U.S. Eligible New Sale Equipment Inventory Cap is adjusted from $4.0 million to $15.0 million based on the applicable leverage ratio then in effect and also based on the amount of U.S. Eligible New Sale Equipment Inventory that is under a written agreement to be sold to a customer.

On April 29, 2014, Coast Crane entered into a Second Amendment (the "Second Amendment") to the Second Amended and Restated Credit Agreement. The purpose of the Second Amendment is to adjust the minimum fixed charge coverage ratio requirement to 0.88 to 1.00, 1.00 to 1.00 and 1.10 to 1.00 from 1.20 to 1.00, for the trailing twelve month periods ended April 30, 2014, May 31, 2014 and June 30, 2014, respectively. The minimum required fixed charge coverage ratio for the trailing twelve month periods ending July 31, 2014 and thereafter will remain 1.20 to 1.00. In addition, the Second Amendment waives any event of default arising from Coast Crane's breach of the minimum 1.20 to 1.00 fixed charge coverage ratio requirement for the trailing twelve month period ended March 31, 2014, so long as the fixed charge coverage ratio for such period is at least equal to 1.00 to 1.00. Further, under the amendment, Coast Crane is required to achieve a minimum trailing twelve month EBITDA threshold as of the last day of the month of $7.7 million for March 2014 through August 2014; $7.9 million for September 2014 through November 2014; $8.0 million for December 2014 through February 2015; $8.2 million for March 2015 through May 2015; and $8.3 million for June, 2015 and thereafter. All other terms of the February 21, 2014 amendment and restatement remained in effect following such amendment.

Interest accrues on Coast Crane's outstanding revolving loans and term loan under the revolving credit facility at either a per annum rate equal to (a) LIBOR plus 3.75% , with a 1.50% LIBOR floor or (b) the Base rate plus 2.75% , at Coast Crane's election. Coast Crane will be obligated to pay a letter of credit fee on the outstanding letter of credit accommodations based on a per annum rate of 3.75% . Interest on the revolving loans and fees on the letter of credit accommodations is payable monthly in arrears. Coast Crane is also obligated to pay an unused line fee on the amount by which the maximum credit under the Coast Crane Revolving Credit Facility exceeds the aggregate amount of revolving loans and letter of credit accommodations based on a per annum rate of 0.50% . At December 31, 2014, the applicable LIBOR rate, Base rate, and unused line commitment fee were 0.25% , 3.25% and 0.50% , respectively. At December 31, 2013, the applicable LIBOR rate, Base rate, and unused line commitment fee were 0.24% , 3.25% and 0.50% , respectively.

The maximum amount that could be borrowed under the revolving loans under the Coast Crane Revolving Credit Facility was approximately $35.0 million and $34.4 million as of December 31, 2014 and December 31, 2013, respectively. Coast Crane's available borrowing under the Coast Crane Revolving Credit Facility was approximately $3.3 million and $8.2 million , respectively, after certain lender reserves of $5.8 million and $8.9 million as of December 31, 2014 and December 31, 2013, respectively. Although the Coast Crane Revolving Credit Facility limits Coast Crane's and Coast Crane Ltd.'s ability to incur additional indebtedness, Coast Crane and Coast Crane Ltd. are permitted to incur certain additional indebtedness, including secured purchase money indebtedness, subject to certain conditions set forth in the Coast Crane Revolving Credit Facility.

As of December 31, 2014 and December 31, 2013, the outstanding balance on the term loan portion of the Coast Crane Revolving Credit Facility was $36.5 million and $38.5 million , respectively. At December 31, 2014 and December 31, 2013, $2.0 million of the outstanding balance is classified as a current liability as a result of the scheduled quarterly term loan payments of $0.5 million that began on June 30, 2013 .

As a result of the errors in our Consolidated Balance Sheets discussed in Note 3, Coast Crane was in technical default under the Coast Crane Revolving Credit Facility. Such default was waived as of March 20, 2015 by the lenders under such facility. Any failure to be in compliance with any material provision or covenant of these agreements could have a material adverse effect on the Company's liquidity and operations.

The Coast Crane Revolving Credit Facility includes a subjective acceleration clause and requires the Company to maintain a traditional lock-box for Coast Crane and a springing lock-box for Coast Crane Ltd. As a result, the Coast Crane Revolving Credit Facility, with respect to Coast Crane borrowings, is classified as a short-term obligation within the Company's Consolidated Balance Sheets. The Coast Crane Ltd. borrowings under the Coast Crane Revolving Credit facility are classified as long-term obligations within the Company's Consolidated Balance Sheets.

Although the balances outstanding on the Essex Crane Revolving Credit Facility and Coast Crane Revolving Credit Facility, with respect to Coast Crane borrowings, are classified as short-term obligations within the Company's Consolidated Balance Sheets, we expect that we will be able to continue to use the facilities on a long-term basis to fund operations absent any material adverse changes at the Company. A material adverse change would permit the lenders under the Essex Crane and Coast Crane revolving credit facilities exercise their rights under the respective subjective acceleration clauses and declare all outstanding debt under the revolving credit facilities due and payable. If we cannot refinance our indebtedness upon the exercise of the subjective acceleration clauses, we may have to take actions such as asset divestitures, seeking additional equity financing or reducing or delaying capital expenditures, which could have an adverse effect on our operations and/or be dilutive to our stockholders. Additionally, we may not be able to effect any such action, if necessary, on commercially reasonable terms, or at all.

Other Long-term Debt Obligations

In November 2010 , the Company entered into an agreement with the holders of certain Coast Crane indebtedness pursuant to which such holders agreed, in consideration of the assumption of such indebtedness by the Company, to exchange such indebtedness for one or more promissory notes issued by the Company in the aggregate principal amount of $5.2 million . As additional consideration under the agreement, the Company agreed to issue 90,000 warrants to the holders of such indebtedness entitling the holder thereof to purchase up to 90,000 shares of Essex Rental common stock at an exercise price of $0.01 per share, and to reimburse such holders for certain legal fees incurred in connection with the transaction. The warrants were exercised in full on October 24, 2013 .

In accordance with accounting guidance related to debt issued with conversion or other options, the fair value of the detachable warrants of $0.3 million was recorded as a discount to the principal balance outstanding with an offset to additional paid-in capital on the consolidated statements of stockholders’ equity and was amortized on a straight-line basis over the three year life of the notes as additional interest expense on the consolidated statement of operations, which is not materially different than the effective interest method. The unamortized balance of this discount was zero as of December 31, 2014 and 2013, respectively.

On December 31, 2013, the unsecured promissory notes were amended and restated to extend the maturity date to the earlier of October 31, 2016 or the consummation of any Essex Crane Revolving Credit Facility refinancing to the extent that the terms and conditions of the refinancing permit the Company to use the proceeds from refinancing for the repayment of the outstanding principal balance on the unsecured promissory notes. In addition, beginning on January 1, 2014, interest accrues on the outstanding promissory notes at a per annum rate of 18.00% and is payable in arrears.

During the years ended December 31, 2014 and 2013, the Company made principal payments totaling $2.0 million and $1.6 million , respectively, to reduce the outstanding balance of the unsecured promissory notes. As of December 31, 2014 and 2013, the outstanding principal balance on the unsecured promissory notes was approximately $1.7 million and $3.7 million , respectively.

Interest accrued on the outstanding promissory notes at a per annum rate of 18.0% and 10.0% at December 31, 2014 and 2013, respectively, and is payable annually in arrears.

As a result of the errors in our Consolidated Balance Sheets discussed in Note 3, the Company was in technical default under the unsecured promissory notes. Such default was waived as of March 24, 2015 by the lenders. Any failure to be in compliance with any material provision or covenant of these agreements could have a material adverse effect on the Company's liquidity and operations.

As of December 31, 2014, the Company's purchase money security interest debt consisted of the financing of nineteen pieces of equipment. Ten of these debt obligations accrue interest at rates that range from LIBOR plus 3.25% to LIBOR plus 5.38% per annum with interest payable in arrears. Nine of the debt obligations accrue interest at rates that range from 3.59% to 8.29% . The obligations are secured by the equipment purchased and have maturity dates that range from September 2015 to November 2019 . As these loans are amortizing, approximately $1.7 million of the total $8.3 million in principal payments is due prior to December 31, 2015 and as such, this amount is classified as a current liability in the accompanying consolidated balance sheets as of December 31, 2014.

As of December 31, 2013, the purchase money security interest debt consisted of the financing of eleven pieces of equipment with an outstanding balance of approximately $2.9 million . The interest rates at December 31, 2013 ranged from LIBOR plus 3.25% to LIBOR plus 5.38% for ten of the debt obligations. One of the debt obligations accrued interest at a rate of 8.29% as of December 31, 2013.

As described above, Essex Crane and Coast Crane (including Coast Crane Ltd.) are permitted to incur up to $1.5 million and $10.0 million , respectively, of secured purchase money indebtedness under the terms of, and subject to certain conditions set forth in, the Essex Crane Revolving Credit Facility and Coast Crane Revolving Credit Facility, respectively.

As a result of the errors in our Consolidated Balance Sheets discussed in Note 3, the Company was in technical default under the purchase money security interest debt agreements. Such default was waived as of March 18, 2015 by the lenders. Any failure to be in compliance with any material provision or covenant of these agreements could have a material adverse effect on the Company's liquidity and operations.

Capitalized Expenditures

Our capitalization criteria is to capitalize costs in the period they are incurred related to projects with total costs in excess of $10,000, $15,000 and $20,000 related to boom trucks, tower cranes and crawler cranes, respectively, when the projects extend the useful lives or enhance the crane’s capabilities. These capital projects are depreciated using the straight-line method over an estimated useful life of seven years. Individual rental equipment items and property, plant and equipment items purchased with costs in excess of $5,000 are also capitalized and are depreciated over the useful life of the respective item purchased. Building and leasehold improvement costs in excess of $10,000 are capitalized and depreciated over a useful life of ten years.

The following table provides quantitative information regarding the amount and types of costs capitalized during 2014 and 2013 (amounts in thousands):

	For The Years Ended December 31,	
	2014	2013
Purchases of rental equipment	$ 13,506	$ 8,221
Costs to prepare cranes for sale	78	139
Purchases of property, plant & equipment	404	402
Capitalized crane repair costs	1,216	679
Capitalized internally developed software costs	101	29
Total capitalized expenditures	$ 15,305	$ 9,470

During the years ended December 31, 2014 and 2013, we expensed repair and maintenance costs of approximately $12.1 million and $10.2 million, respectively. We expect to capitalize costs of approximately $12.7 million during the year ended December 31, 2015. Approximately $9.5 million of the total is for the purchase of rental equipment, a portion of which will be funded from proceeds from the sales of older and lighter lifting rental equipment.

Off Balance Sheet Arrangements

Options issued to members of Essex Crane’s senior management are equity linked derivatives and accordingly represent off-balance sheet arrangements. The options meet the scope exception within the applicable accounting guidance and are accordingly not accounted for as derivatives, but instead are accounted for as equity. In addition, the Company has operating leases that are not accounted for on the balance sheet.

Contractual Obligations

The following table summarizes the Company’s contractual obligations for the next five years and thereafter as of December 31, 2014 (amounts in thousands):

Contractual Obligations	Payments Due by Period Less Than 1 Year (1)	1-3 Years (1)	3-5 Years (1)	More than 5 Years	Total
Revolving credit facilities:					
Principal	$ 144,709	$ 36,281	$ 30,000	$ —	$ 210,990
Interest (1)	8,366	9,016	4,241	—	21,623
Other debt obligations:					
Principal	1,655	4,385	3,922	—	9,962
Interest	236	724	261	—	1,221
Operating Leases:					
Minimum lease payments	2,203	1,846	506	—	4,555
Total	$ 157,169	$ 52,252	$ 38,930	$ —	$ 248,351

(1)Amounts include interest expected to be incurred on the Company's revolving credit facilities based on the average amount outstanding each year and the interest rates outlined in the amended and restated Essex Crane Revolving Credit Facility and Coast Crane Revolving Credit Facility.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations for the purposes of this document are based upon our audited consolidated audited financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires management to make estimates and judgments that affect the reported amounts in the consolidated financial statements and accompanying notes. Actual results, however, may materially differ from the calculated estimates and this difference would be reported in its current operations.

We prepare our consolidated financial statements in accordance with U.S. generally accepted accounting principles. Our significant accounting policies are presented in Note 2 to our 2014 audited financial statements, and the following summaries should be read in conjunction with the audited financial statements and the related notes thereto. While all accounting policies affect the financial statements, certain accounting policies may be viewed as critical to us. Critical accounting policies are those that are both most important to the portrayal of the financial statements and results of operations and that require our management's most subjective or complex judgments or estimates. Our management believes the policies that fall within this category are policies related to revenue recognition, useful lives of rental equipment, income taxes, allowance for doubtful accounts, impairment of goodwill and long-lived assets and derivative financial instruments.

Revenue Recognition

The Company recognizes revenue, including multiple element arrangements, in accordance with the provisions of applicable accounting guidance. We generate revenue from the rental of cranes and related equipment and other services such as crane and equipment transportation and repairs and maintenance of equipment on rent. In many instances, the Company provides some of the above services under the terms of a single customer Equipment Rental Agreement. The Company also generates revenue from the retail sale of equipment and spare parts and repair and maintenance services provided with respect to non-rental equipment.

Revenue arrangements with multiple elements are divided into separate units of accounting based on vendor-specific objective evidence if available, third-party evidence if vendor-specific objective evidence is not available, or estimated selling price if neither vendor-specific objective evidence nor third-party evidence is available. During the years ended December 31, 2014 and 2013, the Company used estimated selling price for allocation of consideration related to rental revenues, which are accounted for under the lease accounting rules. The remaining elements are accounted for under the multiple element arrangement accounting rules. After an analysis of rental agreements absent any additional services offered by the Company, it was determined that the Company did not have vendor-specific evidence related to rental revenues. Prior to the year ended December 31, 2013, the Company was able to establish vendor-specific objective evidence based on an analysis of rental agreements absent any additional services offered by the Company. The Company uses the estimated selling price for allocation of consideration to transportation services based on the costs associated with providing such services in addition to other supply and demand factors within specific sub-markets. The estimated selling prices of the individual deliverables are not materially different than the terms of the Equipment Rental Agreements.

Revenue from equipment rentals are billed monthly in advance and recognized as earned, on a straight-line basis over the rental period specified in the associated equipment rental agreement. Rental contract terms may span several months or longer. Because the term of the contracts can extend across financial reporting periods, when rentals are billed in advance, we defer recognition of revenue and record unearned rental revenue at the end of reporting periods so that rental revenue is included in the appropriate period. Repair service revenue is recognized when the service is provided. Transportation revenue from rental equipment delivery service is recognized for the drop off of rental equipment on the delivery date and is recognized for pick-up when the equipment is returned to the Essex service center, storage yard or next customer location. New and used rental equipment and part sales are recognized upon acceptance by the customer and when delivery has occurred. Revenue from repair and maintenance services provided with respect to non-rental equipment is recognized when the service is provided.

There are estimates required in recording certain repair and maintenance revenues and also in recording any allowances for doubtful accounts and credit memos. The estimates have historically been accurate in all material respects and we do not anticipate any material changes to our current estimates in these areas.

Useful Lives of Rental Equipment

Essex's primary assets consist of its lattice-boom crawler cranes and attachments, rough terrain cranes, tower cranes, boom trucks and other equipment within its fleet, which are recorded at cost less accumulated depreciation. In conjunction with the acquisitions of Essex Crane and Coast Crane, Essex recorded all of its crane and attachment and other construction equipment fleet values at fair value. Essex depreciates the existing fleet over periods between 5 and 30 years on a straight-line basis. New cranes to the fleet are depreciated over a 12 to 30 year useful life while used cranes acquired will be amortized over a period of 7 to 25 years. Essex's management reviews the value of its crane fleet annually in conjunction with its lenders.

Allowance for Doubtful Accounts

The Company maintains allowances for doubtful accounts and credit memos. The allowance for doubtful accounts is the Company's best estimate of the amount of credit losses in accounts receivable and is included in selling, general and administrative expenses in the consolidated statements of operations. The Company periodically reviews the allowance for doubtful accounts and balances are written off against the allowance when management believes it is probable the receivable will not be recovered. Our estimate could require change based on changing circumstances, including changes in the economy or in the particular circumstances of individual customers. Accordingly, the Company may be required to increase or decrease its allowance.

Income Taxes

The Company uses an asset and liability approach, as required by the applicable accounting guidance for financial accounting and reporting of income taxes. Deferred tax assets and liabilities are computed using tax rates expected to apply to taxable income in the years in which those assets and liabilities are expected to be realized. The effect on net deferred tax assets and liabilities resulting from a change in tax rates is recognized as income or expense in the period that the change in tax rates is enacted.

The Company makes certain estimates and judgments in determining income tax expense for financial statement purposes. These estimates and judgments are applied in the calculation of certain tax credits and in the calculation of the deferred income tax expense or benefit associated with certain deferred tax assets and liabilities. Significant changes to these estimates may result in an increase or decrease to the Company's tax provision in a subsequent period.

The Company assesses the likelihood that it will be able to recover its deferred tax assets. If recovery is not likely, the Company will increase its provision for income taxes by recording a valuation allowance against the deferred tax assets that are not more likely than not to be realized.

The Company follows the applicable accounting guidance related to the accounting for uncertainty in income taxes. The Company recognizes potential accrued interest and penalties related to unrecognized tax benefits in income tax expense.

The Company files income tax returns in the United States federal jurisdiction and in most state jurisdictions. The Company is subject to U. S. federal and state income tax examinations for years 2011 through 2014, however net operating loss carry-forwards from years prior to 2011 also remain open to examination as part of any year utilized in the future. Coast Crane Ltd. is subject to Canadian income tax examinations for the years 2008 through 2013.

The Company makes certain estimates and judgments in determining income tax expense for financial statement purposes. These estimates and judgments are applied in the calculation of certain tax credits and in the calculation of the deferred income tax expense or benefit associated with certain deferred tax assets and liabilities. Significant changes to these estimates may result in an increase or decrease to the Company's tax provision in a subsequent period.

At December 31, 2014, the Company had unused federal net operating loss carry-forwards totaling approximately $148.3 million that begin expiring in 2021. At December 31, 2014, the Company also had unused state net operating loss carry-forwards totaling approximately $77.4 million that expire between 2015 and 2034. The Company had unused federal net operating loss carry-forwards of approximately $143.8 million and unused state net operating loss carry-forwards of approximately $77.3 million at December 31, 2013.

Goodwill and Other Intangible Assets

The Company used the purchase method of accounting for its acquisition of Coast Crane's assets. The acquisition resulted in an allocation of purchase price to goodwill and other intangible assets. The cost of the Coast Acquisition was first allocated to identifiable assets based on estimated fair values. The excess of the purchase price over the fair value of identifiable assets acquired in the amount of $1.8 million was recorded as goodwill.

We evaluate goodwill for impairment at the reporting unit level at least annually, or more frequently if triggering events occur or other impairment indicators arise which might impair recoverability. These events or circumstances could include a significant change in the business climate, legal factors, operating performance indicators, competition, or sale or disposition of a significant portion of a reporting unit. The Company has recorded goodwill of $1.8 million , which is assigned to its Coast Crane equipment rentals, equipment distribution and parts and service reporting units.

Application of the goodwill impairment test requires judgment, including the identification of reporting units, assignment of assets and liabilities to reporting units and determination of the fair value of the reporting units. The fair value of the reporting unit is estimated using the income approach, specifically the present value technique using future cash flows, and is compared to the carrying value of the reporting unit. If the fair value of a reporting unit is less than its carrying value, then the implied fair value of goodwill must be estimated and compared to its carrying value to measure the amount of impairment , if any. This analysis requires significant judgments, including estimation of future cash flows, which is dependent on internal forecasts, estimation of the long-term rate of growth for our business, estimation of the useful life over which cash flows will occur, and determination of our weighted average cost of capital.

The estimates used to calculate the fair value of a reporting unit change from year to year based on operating results, market conditions and other factors. Changes in these estimates and assumptions could materially affect the determination of fair value and goodwill impairment for our reporting unit with goodwill.

The results of our quantitative goodwill impairment tests for the most recent year ended December 31, 2014 indicated that the fair value of our reporting unit with goodwill exceeded its carrying value and no impairment of goodwill was recorded. Similarly, there was no impairment of goodwill recorded for the years ended December 31, 2013 and 2012.

Identifiable finite lived intangible assets consist of customer relationships and trademarks obtained in the acquisition of Essex Crane's and Coast Crane's assets. The customer relationship intangible and trademark assets are both being amortized on a straight-line basis over their estimated useful lives of 7 years and 5 years , respectively.

Long-lived Assets - Held for Use

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. The criteria for determining impairment for such long-lived assets to be held and used is determined by comparing the carrying value of these long-lived assets to be held and used to management's best estimate of future undiscounted cash flows expected to result from the use of these assets. If the assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. The estimated fair value of the assets is measured by estimating the present value of the future discounted cash flows to be generated.

During the year ended December 31, 2014 and as a result of continuing losses and depressed utilization rates, the Company determined that a triggering event had occurred at Essex Crane during each of its fiscal quarters, which caused the Company to determine if an impairment of these long-lived assets to be held and used was necessary.

Application of the long-lived asset to be held and used impairment test requires judgment, including the identification of the primary asset, identification of the lowest level of identifiable cash flows that are largely independent of the cash flows of other assets and liabilities and the future cash flows of the long-lived assets to be held and used. The Company identified its crawler crane rental equipment fleet as the primary asset as it is the basis of all revenue generating activities for Essex Crane, its replacement would require a significant level of investment and its remaining useful life significantly exceeds the remaining useful life of all other assets. The lowest level of identifiable cash flows within the rental equipment fleet is at the equipment model level. Each equipment model group is capable of producing cash flows without other complementary assets and each asset within the specific equipment model groups is interchangeable with any other asset within that equipment model group. The Company tested the recoverability of the rental equipment assets to be held and used by model using an undiscounted cash flow approach dependent primarily upon estimates of future rental income, orderly liquidation value and discount rates. Cash flows for each equipment model group considered the possibility of continuing to rent the assets and selling the assets in orderly transactions in the future or at the end of their remaining useful lives. The Company estimated that the future cash flows generated by each of the equipment model groups exceeded the carrying value of the assets and no impairment was recorded for assets to be held and used as of December 31, 2014.

The Company also assessed whether a triggering event for potential impairment of its Coast Crane equipment assets existed, and it was determined that no such event occurred for these assets during the year ended December 31, 2014.

Long-lived Assets - Held for Sale

During the year ended December 31, 2014, the Company agreed to terms to sell certain traditional crawler crane rental equipment assets. Under the agreed upon terms, the rental equipment assets, in their current condition, will be sold in three groups with the first two group sales completed during the year ended December 31, 2014 and the remaining group sale to be completed during the three months ended March 31, 2015. As a result of the agreed upon sales terms, the Company has determined that these long-lived rental equipment assets shall be classified as held for sale. The held for sale assets are classified within the Company's equipment rentals segment.

As a result of the held for sale classification, the Company performed an impairment analysis of the long-lived rental equipment assets held for sale. Application of the long-lived asset held for sale impairment test requires comparing the carrying value of the the asset to its fair value less cost to sell. The Company determined that the fair value of the assets was equal to the agreed upon sales price. The carrying value of the assets exceeded the fair value of the assets less cost to sell resulting in the Company recording an impairment charge of approximately $0.8 million during the year ended December 31, 2014.

Derivative Financial Instruments

Essex uses derivative financial instruments for the purpose of hedging the risks associated with interest rate fluctuations on its revolving credit facility with the objective of converting a targeted amount of its floating rate debt to a fixed rate. The Company does not enter into derivative transactions for speculative purposes, and therefore holds no derivative instruments for trading purposes.

Essex believes that the use of derivatives in the form of interest rate swaps or interest rate caps is an important tool to manage its balance sheet liabilities and interest rate risk, while protecting its associated rental margins. The Company sets its equipment rental rates based in part as a percentage of the investment cost of the equipment and then uses the interest rate swap to lock in the associated interest costs of a period of time.

Recently Issued and Adopted Accounting Pronouncements

Please refer to Note 2 within our notes to the consolidated financial statements for a description of recently issued and adopted accounting pronouncements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Our earnings are affected by changes in interest rates due to the fact that interest on our revolving credit facilities is calculated based upon either LIBOR or Prime Rate plus an applicable margin as of December 31, 2014. The weighted average interest rate in effect on all of the Company’s borrowings at December 31, 2014 was 5.49%. A 1.0% increase in the effective interest rate on our total outstanding borrowings (including our short-term debt obligations) at December 31, 2014 would increase our interest expense by approximately $1.4 million on an annualized basis.

The fair values of the Company’s financial instruments (including such items in the financial statement captions as cash and cash equivalents, accounts receivable and accounts payable and accrued expenses) approximate their carrying values based on their nature and terms.

The fair value of the Company's total debt outstanding as of December 31, 2014 was $221.9 million. If market rates of interest increased 50 basis points due to a change in the applicable margin rate of interest (a 9.1% increase from the Company's current margin) the estimated fair value of the Company's total debt obligations would be approximately $221.3 million. If market rates of interest decreased 50 basis points due to a change in the applicable margin rate of interest (a 9.1% decrease from the Company's current margin) the estimated fair value of the Company's total debt obligations would be approximately $222.6 million.

These amounts were determined by considering the impact of hypothetical interest rates on the Company's financial instruments. Theses analyses do not consider the effects of the changes in the overall economy that could exist in such an environment. Further, in the event of changes of such magnitude, management would likely take actions to further mitigate its exposure to the changes. However, due to the uncertainty of the specific actions that would be taken and their possible effects, this analysis assumes no changes in the Company's financial structure or results.

The Company cannot predict the effect of adverse changes in interest rates on its debt and, therefore, the Company cannot predict its exposure to market risk. Consequently, further results may differ materially from the estimated adverse changes discussed above.

Item 8. Financial Statements and Supplementary Data

The consolidated financial statements and supplementary data of Essex Rental Corp. required by this Item are described in Item 15 of this Annual Report on Form 10-K and are presented beginning on page F-1.

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

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities and Exchange Act of 1934) as of December 31, 2014. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that due to the material weaknesses described below, the Company's disclosure controls and procedures were not effective, as of December 31, 2014, and did not provide reasonable assurance that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

Essex Rental Corp.'s management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Exchange Act.

Because of their inherent limitations, systems of internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can only provide reasonable assurance with respect to financial statement preparation and presentation.

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness, as of December 31, 2014, of the Company's internal control over financial reporting based on the framework in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013). Based on such evaluation, management determined that material weaknesses in our internal control over financial reporting existed at December 31, 2014 and, therefore, concluded that our internal control over financial reporting was not effective as of December 31, 2014. The material weaknesses are the result of deficiencies in both the design and operating effectiveness of our internal control over financial reporting. Our internal control over financial reporting has been audited as of December 31, 2014 by Grant Thornton, an independent registered public accounting firm, as stated in their report which is included herein.

The matters involving internal controls and procedures that our management considered to be material weaknesses include the sufficiency of accounting technical knowledge and expertise related to infrequent, unusual or complex accounting matters including: (1) ineffectiveness of the review procedures related to the review of contract terms and conditions set forth in the Company's revolving credit facilities to identify the proper accounting as it relates to the balance sheet classification of the outstanding indebtedness; (2) ineffectiveness of the periodic review control related to the review of the Company's reportable operating segments to identify and account for segments appropriately under accounting guidance; and (3) ineffectiveness in the review procedures related to the goodwill impairment assessment due to a failure to identify the correct application of accounting guidance as it relates to the allocation of goodwill to reporting units. Management also considered the lack of a control process to identify that equipment being sold under bill and hold arrangements meets customer specifications to be in sale ready condition prior to the recognition of an equipment sale to be a material weakness.

A "material weakness" in internal control over financial reporting is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is reasonable possibility that a material misstatement of a company's annual or interim financial statements will not be prevented or detected on a timely basis by the company's internal controls.

Remediation of Material Weakness in Internal Control Over Financial Reporting

The Company has implemented certain changes in our internal controls as of the filing of this report to address the material weaknesses. Specifically, the Company has engaged a technical accounting resource to help evaluate new or existing infrequent, unusual or complex technical accounting issues. Additionally, the Company has implemented additional technical accounting review procedures related to the classification of its outstanding debt, determination of reportable operating segments and evaluation of the impairment of goodwill on a reporting unit basis. The Company has also added a certification process to ensure that equipment sold under a bill and hold meets the customer's specifications. Management believes that these additional controls will remediate the material weaknesses discussed above. However, no assurance can be given that these changes will remediate the material weaknesses until such time that the controls have operated for a sufficient period of time and their operating effectiveness has been tested.

Changes in Internal Control over Financial Reporting

There were no changes to the internal control over financial reporting of the Company identified in connection with the Company’s evaluation referred to above that occurred during the fourth quarter of 2014 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers, and Corporate Governance of the Registrant

The information required by this Item is incorporated by reference to the applicable information in our Proxy Statement related to the 2014 Annual Meeting of Stockholders (the “2014 Proxy Statement”), which will be filed with the SEC on or before April 30, 2015.

Item 11. Executive Compensation

The information required by this Item is incorporated by reference to the applicable information in the 2014 Proxy Statement, which will be filed with the SEC on or before April 30, 2015.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Equity Compensation Plans

The following table provides certain information, as of December 31, 2014, about our common stock that may be issued upon the exercise of options, warrants and rights, as well as the issuance of shares granted to employees, consultants or members of our Board of Directors, under our existing equity compensation plans, the 2008 Long-Term Incentive Plan and the 2011 Long-Term Incentive Plan.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (1)
Equity compensation plans approved by stockholders	1,336,365	$ 4.43	1,204,844
Equity plans not approved by stockholders	—	$ —	—
Total	1,336,365	$ 4.43	1,204,844

(1)During the year ended December 31, 2014, the Company issued 45,719 shares of common stock for services provided by the members of the Strategic Planning and Finance Committee. During the year ended December 31, 2014, the Company issued 3,155 shares of common stock to one member of the Board of Directors.

The additional information required by this Item is incorporated by reference to the applicable information in the 2014 Proxy Statement, which will be filed with the SEC on or before April 30, 2015.

Item 13. Certain Relationships and Related Transactions

The information required by this Item is incorporated by reference to the applicable information in the 2014 Proxy Statement, which will be filed with the SEC on or before April 30, 2015.

Item 14. Principal Accountant Fees and Services

The information required by this Item is incorporated by reference to the applicable information in the 2014 Proxy Statement, which will be filed with the SEC on or before April 30, 2015.

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PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) Documents filed as a part of this report

(1) Consolidated financial statements:

Financial Statements

Reports of Independent Registered Public Accounting Firm

Consolidated Balance Sheets—December 31, 2014 and 2013

Consolidated Statements of Operations for the years ended December 31, 2014, 2013 and 2012

Consolidated Statements of Stockholders' Equity for the years ended December 31, 2014, 2013 and 2012

Consolidated Statements of Comprehensive Loss for the years ended December 31, 2014, 2013 and 2012

Consolidated Statements of Cash Flows for the years ended December 31, 2014, 2013 and 2012

Notes to consolidated financial statements

(3) Exhibits: The exhibits to this report are listed in the exhibit index below.

(b) Description of Exhibits

Exhibit No.	Description
2.1	Purchase Agreement, dated as of March 6, 2008, among Hyde Park Acquisition Corp., Essex Holdings LLC, KCP Services LLC, and the Members of Essex Holdings LLC signatory thereto. (1)
2.2	Amendment No. 1 to Purchase Agreement, dated May 9, 2008, among Hyde Park Acquisition Corp., Essex Holdings LLC, KCP Services LLC and the Members of Holdings signatory thereto. (1)
2.3	Amendment No. 2 to Purchase Agreement, dated August 14, 2008, among Hyde Park Acquisition Corp., Essex Holdings LLC, KCP Services LLC and the Members of Holdings signatory thereto. (1)
2.4	Asset Purchase Agreement, dated as of November 24, 2010, between CC Bidding Corp. and Coast Crane Company (6)
3.1	Amended and Restated Certificate of Incorporation. (4)
3.2	Amended and Restated Bylaws of the Corporation, effective as of September 28, 2007. (2)
4.1	Specimen Unit Certificate. (3)
4.2	Specimen Common Stock Certificate. (3)
4.3	Specimen Warrant Certificate. (3)
4.4	Form of Unit Purchase Option to be granted to Representative. (3)
4.5	Form of Warrant Agreement between Continental Stock Transfer & Trust Company and the Registrant. (3)
4.6	Form of Warrant Agreement between Essex Rental Corp. and the holders of certain indebtedness of CC Liquidating Company (formerly Coast Crane Company), (7)

10.1	Letter Agreement among the Registrant, EarlyBirdCapital, Inc. and Laurence S. Levy. (3)
10.2	Letter Agreement among the Registrant, EarlyBirdCapital, Inc. and Edward Levy. (3)
10.3	Letter Agreement among the Registrant, EarlyBirdCapital, Inc. and Isaac Kier. (3)

10.4	Form of Investment Management Trust Agreement between Continental Stock Transfer & Trust Company and the Registrant. (3)
10.5	Form of Stock Escrow Agreement between the Registrant, Continental Stock Transfer & Trust Company and the Initial Stockholders. (3)
10.6	Form of Letter Agreement between ProChannel Management LLC and Registrant regarding administrative support. (3)
10.7	Form of Promissory Note, dated as of August 21, 2006, issued to each of Laurence S. Levy, Edward Levy and Isaac Kier. (3)
10.8	Form of Registration Rights Agreement among the Registrant and the Initial Stockholders. (3)
10.9	Form of Subscription Agreement among the Registrant, Graubard Miller and each of Laurence S. Levy, Edward Levy and Isaac Kier. (3)
10.10	Lock-up Agreement, dated October 31, 2008, between Registrant and Ronald Schad. (4)
10.11	Lock-up Agreement, dated October 31, 2008, between Registrant and Martin Kroll. (4)
10.12	Lock-up Agreement, dated October 31, 2008, between Registrant and William O'Rourke. (4)
10.13	Lock-up Agreement, dated October 31, 2008, between Registrant and William Erwin. (4)
10.14	Escrow Agreement, dated October 31, 2008, among Registrant, KCP Services LLC and Key Bank National Association. (4)
10.15	Compliance Agreement, dated October 31, 2008, among Registrant, Essex Holdings LLC, KCP Services LLC, Essex Crane Rental Corp. and the members of Essex Holdings LLC. (4)
10.16	Employment Agreement, dated October 31, 2008, among Registrant, Essex Crane Rental Corp. and Ronald Schad. (4)
10.17	Employment Agreement, dated October 31, 2008, among Registrant, Essex Crane Rental Corp. and Martin Kroll. (4)
10.18	Employment Agreement, dated October 31, 2008, among Registrant, Essex Crane Rental Corp. and William O'Rourke. (4)
10.19	Employment Agreement, dated October 31, 2008, among Registrant, Essex Crane Rental Corp. and William Erwin. (4)
10.20	Amended and Restated Limited Liability Company Agreement of Essex Holdings LLC, dated October 31, 2008, among Registrant, Ronald Schad, Martin Kroll, William O'Rourke and William Erwin. (4)
10.21	Registration Rights Agreement, dated October 31, 2008, among Registrant, Ronald Schad, Martin Kroll, William O'Rourke and William Erwin. (4)
10.22	Second Amended and Restated Loan and Security Agreement, dated March 6, 2008, among Essex Crane Rental Corp., Essex Holdings LLC, Textron Financial Corporation, National City Business Credit, Inc., Sovereign Bank, Wachovia Capital Finance Corporation (Central), Wachovia Capital Markets, LLC and the Financial Institutions named therein. (1)
10.23	Hyde Park Acquisition Corp. 2008 Long Term Incentive Plan (1)
10.24	Essex Rental Corp. 2011 Long Term Incentive Plan (8)
10.25	Form of Subscription Agreement, dated October 29, 2010, between Essex Rental Corp. and each of Calm Waters Partnership, Matthew Campbell, Daeg Partners, LP, Equitable Holding Corp. and KC Gamma Opportunity Fund, LP (together with T. Rowe Price Small-Cap Value Fund, the "Private Placement Investors"). (7)

10.26	Subscription Agreement, dated October 29, 2010, between Essex Rental Corp. and T. Rowe Price Small-Cap Value Fund. (7)
10.27	Form of Registration Rights Agreement, dated November 24, 2010, between Essex Rental Corp. and each Private Placement Investor. (7)

10.28	Amended and Restated Credit Agreement (the “Credit Agreement”), dated November 14, 2011, by and among Coast Crane Company, Coast Crane Ltd., CC Acquisition Holding Corp., General Electric Capital Corporation, as Agent for the several financial institutions from time to time party to the Credit Agreement and for itself as a lender, PNC Bank National Association and Wells Fargo Bank, National Association, as lenders, and the other persons party thereto that are designated as Credit Parties thereunder. (9)
10.29	Agreement, dated November 5, 2010, between Essex Rental Corp. and the holders of certain indebtedness of CC Liquidating Company (formerly Coast Crane Company). (7)
10.30	Asset Purchase Agreement, dated as of November 1, 2010, between CC Bidding Corp. and Coast Crane Company. (6)
10.31	Form of Amended and Restated Promissory Notes issued to the holders of certain indebtedness of Essex Rental Corp. in the aggregate principal amount of $3,655,213. (*)
10.32	Registration Rights Agreement, dated December 22, 2010, amount Essex Rental Corp., Kirtland Capital Company III LLC and Kirtland Capital Partners III L.P. (7)
10.33	Third Amended and Restated Loan and Security Agreement, dated March 15, 2013, among Essex Crane Rental Corp., Essex Holdings LLC, Wells Fargo Capital Finance LLC and the Financial Institutions named therein. (10)
10.34	Second Amended and Restated Credit Agreement (the "Credit Agreement") dated March 12, 2013, by and among Coast Crane Company, Coast Crane Ltd., CC Acquisition Holding Corp., General Electric Capital Corporation, as Administrative Agent for the several financial institutions from time to time party to the Credit Agreement and for itself as a lender, Wells Fargo Bank, National Association, as Documentation Agent for the several financial institutions from time to time party to the Credit Agreement and lenders, and the other persons party thereto that are designated as Credit Parties thereunder. (11)
10.35	Employment Separation Agreement and Release, dated May 31, 2013, among Registrant, Essex Crane Rental Corp. and Martin Kroll. (12)
10.36	Employment Separation Agreement and Release, dated November 11, 2013, among Registrant, Essex Crane Rental Corp. and Ronald Schad. (13)
10.37	Severance Agreement, dated as of May 5, 2013, by and between Essex Rental Corp. and Nicholas Matthews (12)
10.38	Severance Agreement, dated as of November 15, 2013, by and between Essex Rental Corp. and Kory Glen (14)
16	Letter from McGladrey & Pullen, LLP to the Securities and Exchange Commission, dated December 16, 2008. (5)
21	Subsidiaries of Registrant (7)
23.1	Consent of Grant Thornton LLP (*)
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (*)
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (*)
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (*)
101.INS	XBRL Instance Document (**)
101.SCH	XBRL Taxonomy Extension Schema Document (**)

101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document (**)
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document (**)
101.LAB	XBRL Taxonomy Extension Label Linkbase Document (**)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document (**)

(1) Incorporated by reference to the Registrant Definitive Proxy Statement on Schedule 14A, filed with the Securities and Exchange Commission on October 8, 2008, regarding the Special Meeting of the Registrant’s Stockholders held on October 31, 2008.

(2) Incorporated by reference to the Registrant’s Current Report on Form 8-K, filed with the Securities and Exchange Commission on September 28, 2007.

(3) Incorporated by reference to the Registrant’s Registration Statement on Form S-1 (SEC File 333-138452).

(4) Incorporated by reference to the Registrant’s Current Report on Form 8-K, filed with the Securities and Exchange Commission on November 6, 2008.

(5) Incorporated by reference to the Registrant’s Current Report on Form 8-K, filed with the Securities and Exchange Commission on December 16, 2008.

(6) Incorporated by reference to the Registrant’s Current Report on Form 8-K, filed with the Securities and Exchange Commission on November 17, 2010.

(7) Incorporated by reference to the Registrant’s Annual Report on Form 10-K for the year ended December 31, 2010, filed with the Securities and Exchange Commission on March 16, 2011.

(8) Incorporated by reference to the Registrant's Definitive Proxy Statement on Schedule 14A, filed with the Securities and Exchange Commission on April 29, 2011, regarding the Annual Meeting of the Registrant's Stockholders held on June 16, 2011.

(9) Incorporated by reference to the Registrant’s Current Report on Form 8-K, filed with the Securities and Exchange Commission on November 17, 2011.

(10) Incorporated by reference to the Registrant’s Current Report on Form 8-K, filed with the Securities and Exchange Commission on March 18, 2013.

(11) Incorporated by reference to the Registrant’s Current Report on Form 8-K, filed with the Securities and Exchange Commission on March 18, 2013

(12) Incorporated by reference to the Registrant’s Current Report on Form 8-K, filed with the Securities and Exchange Commission on June 3, 2013

(13) Incorporated by reference to the Registrant’s Current Report on Form 8-K, filed with the Securities and Exchange Commission on November 13, 2013

(14) Incorporated by reference to the Registrant’s Current Report on Form 8-K, filed with the Securities and Exchange Commission on November 19, 2013

(*) Filed herewith.

(**) Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933 or Section 18 of the Securities Exchange Act of 1934 and otherwise are not subject to liability.

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders
Essex Rental Corp.

We have audited the accompanying consolidated balance sheets of Essex Rental Corp. (a Delaware corporation) and subsidiaries (collectively, the "Company") as of December 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive loss, changes in shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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 financial position of Essex Rental Corp. and subsidiaries as of December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014 in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 3, the consolidated financial statements as of December 31, 2013 and for the years ended December 31, 2013 and 2012 have been restated to correct errors related to the presentation of revolving credit facilities as short-term obligations and disclosure of an additional reporting segment.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Essex Rental Corp. and subsidiaries' internal control over financial reporting as of December 31, 2014, based on criteria established in the 2013 Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated March 31, 2015, expressed an adverse opinion.

/s/ Grant Thornton LLP

Chicago, Illinois
March 31, 2015

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders
Essex Rental Corp.

We have audited the internal control over financial reporting of Essex Rental Corp. (a Delaware corporation) and subsidiaries (collectively, the "Company") as of December 31, 2014, based on criteria established in the 2013 Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting in Item 9A. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A material weakness is a deficiency, or combination of control deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weaknesses have been identified and included in management's assessment.

The sufficiency of accounting technical knowledge and expertise related to infrequent, unusual or complex accounting matters that resulted in the ineffectiveness of the review procedures and accounting related to contract terms to properly classify revolving credit facilities, ineffective review controls and accounting conclusions related to the identification and presentation of the Company's reportable operating segments, and ineffectiveness in the review procedures and accounting conclusions related to the goodwill impairment assessment as it relates to identification of and allocation of goodwill to reporting units. The lack of a control processes to identify the sale ready condition of equipment being sold under bill and hold arrangements.

In our opinion, because of the effect of the material weaknesses described above on the achievement of the objectives of the control criteria, Essex Rental Corp. and subsidiaries have not maintained effective internal control over financial reporting as of December 31, 2014, based on the criteria established in the 2013 Internal Control - Integrated Framework issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Essex Rental Corp. and subsidiaries as of December 31, 2014 and 2013, and the related consolidated statements of operations, comprehensive loss, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2014. The material weaknesses identified above were considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2014 financial statements, and this report does not affect our report dated March 31, 2015, which expressed an unqualified opinion on those financial statements.

We do not express an opinion or any other form of assurance on the section titled "Remediation of Material Weakness in Internal Control Over Financial Reporting" within Management's Report on Internal Control Over Financial Reporting.

/s/ Grant Thornton LLP

Chicago, Illinois
March 31, 2015

ESSEX RENTAL CORP.
CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except share data)

	December 31, 2014	December 31, 2013
		(Restated)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 1,087	$ 1,349
Accounts receivable, net of allowances	16,981	14,059
Other receivables	1,700	2,412
Deferred tax assets	3,504	2,878
Inventory		
Retail equipment	12,030	3,416
Retail spare parts, net	1,725	1,598
Rental equipment, held for sale	790	—
Prepaid expenses and other assets	1,516	1,791
TOTAL CURRENT ASSETS	39,333	27,503
Rental equipment, net	270,465	287,860
Property and equipment, net	4,613	5,205
Spare parts inventory, net	3,816	3,248
Identifiable finite lived intangibles, net	735	1,069
Goodwill	1,796	1,796
Loan acquisition costs, net	5,132	6,095
TOTAL ASSETS	$ 325,890	$ 332,776
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 4,966	$ 5,703
Accrued employee compensation and benefits	2,008	2,012
Accrued taxes	3,694	3,909
Accrued interest	870	655
Accrued other expenses	1,031	1,007
Unearned rental revenue	1,849	1,668
Customer deposits	350	293
Revolving credit facilities - short-term	142,709	163,114
Term loan - short-term	2,000	2,000
Purchase money security interest debt - short-term	1,655	959
Capital lease obligation - short-term	35	—
TOTAL CURRENT LIABILITIES	161,167	181,320
LONG-TERM LIABILITIES		
Revolving credit facility	1,781	2,368
Term loans	64,500	36,500
Promissory notes	1,655	3,655
Purchase money security interest debt	6,652	1,975
Deferred tax liabilities	34,487	40,869
Capital lease obligation	162	—
TOTAL LONG-TERM LIABILITIES	109,237	85,367

TOTAL LIABILITIES	270,404	266,687
Commitments and contingencies		
STOCKHOLDERS' EQUITY		
Preferred stock, $.0001 par value, Authorized 1,000,000 shares, none issued	—	—
Common stock, $.0001 par value, Authorized 40,000,000 shares; issued and outstanding 24,824,614 shares at December 31, 2014 and 24,743,513 shares at December 31, 2013	2	2
Paid in capital	126,510	125,952
Accumulated deficit	(71,077)	(59,876)
Accumulated other comprehensive income	51	11
TOTAL STOCKHOLDERS' EQUITY	55,486	66,089
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 325,890	$ 332,776

The accompanying notes are an integral part of these financial statements

ESSEX RENTAL CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in thousands, except share and per share data)

	For the Years Ended December 31,		
	2014	2013	2012
REVENUES			
Equipment rentals	$ 49,729	$ 46,596	$ 46,498
Retail equipment sales	9,930	11,212	4,087
Used rental equipment sales	15,772	12,437	17,258
Retail parts sales	8,827	7,633	9,573
Transportation	7,709	5,912	7,475
Equipment repairs and maintenance	11,482	11,747	13,369
TOTAL REVENUES	103,449	95,537	98,260
COST OF REVENUES			
Salaries, payroll taxes and benefits	11,455	10,772	10,995
Depreciation	18,339	18,663	20,459
Retail equipment sales	8,794	9,550	3,474
Used rental equipment sales	13,306	9,183	14,354
Retail parts sales	6,909	5,909	7,091
Transportation	7,340	5,884	6,823
Equipment repairs and maintenance	12,139	10,242	10,663
Yard operating expenses	3,476	3,146	3,069
TOTAL COST OF REVENUES	81,758	73,349	76,928
GROSS PROFIT	21,691	22,188	21,332
Selling, general and administrative expenses	23,841	24,377	26,987
Impairment - rental equipment, held for sale	771	—	—
Other depreciation and amortization	873	1,039	1,274
LOSS FROM OPERATIONS	(3,794)	(3,228)	(6,929)
OTHER INCOME (EXPENSES)			
Other income	10	562	41
Interest expense	(13,958)	(11,662)	(11,335)
Foreign currency exchange gains (losses)	(378)	(381)	6
TOTAL OTHER INCOME (EXPENSES)	(14,326)	(11,481)	(11,288)
LOSS BEFORE INCOME TAXES	(18,120)	(14,709)	(18,217)
BENEFIT FOR INCOME TAXES	(6,919)	(5,064)	(5,564)
NET LOSS	$ (11,201)	$ (9,645)	$ (12,653)
Weighted average shares outstanding:			
Basic	24,805,938	24,660,170	24,545,041
Diluted	24,805,938	24,660,170	25,545,041
Loss per share:			
Basic	$ (0.45)	$ (0.39)	$ (0.52)
Diluted	$ (0.45)	$ (0.39)	$ (0.52)

The accompanying notes are an integral part of these financial statements

ESSEX RENTAL CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Amounts in thousands)

	For the Years Ending December 31,		
	2014	2013	2012
Net loss	$ (11,201)	$ (9,645)	$ (12,653)
Other comprehensive income (loss), net of tax			
Foreign currency translation adjustments	40	1	21
Change in fair value of interest rate swap, net of tax of zero, zero and $813, respectively	—	—	1,260
Other comprehensive income	40	1	1,281
Comprehensive loss	$ (11,161)	$ (9,644)	$ (11,372)

The accompanying notes are an integral part of these financial statements

ESSEX RENTAL CORP.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Amounts in thousands, except share data)

	Common Stock		Additional Paid-In Capital	Accumulated (Deficit) Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount				
Balance - December 31, 2011	24,428,092	$ 2	$ 122,815	$ (37,578)	$ (1,270)	$ 83,969
Stock based compensation for executive management stock options and employee restricted shares granted	70,858	—	1,483	—	—	1,483
Common stock issued to directors	56,868	—	162	—	—	162
Change in fair value of interest rate swap, net of tax of $813	—	—	—	—	1,260	1,260
Foreign currency translation adjustments	—	—	—	—	20	20
Net loss for the year ended December 31, 2012	—	—	—	(12,653)	—	(12,653)
Balance - December 31, 2012	24,555,818	$ 2	$ 124,460	$ (50,231)	$ 10	$ 74,241
Exercise of warrants for common stock	90,000	—	1	—	—	1
Stock based compensation for executive management stock options and employee restricted shares granted	53,980	—	1,341	—	—	1,341
Common stock issued to directors	43,715	—	150	—	—	150
Foreign currency translation adjustments	—	—	—	—	1	1
Net loss for the year ended December 31, 2013	—	—	—	(9,645)	—	(9,645)
Balance - December 31, 2013	24,743,513	$ 2	$ 125,952	$ (59,876)	$ 11	$ 66,089
Stock based compensation for executive management stock options and employee restricted shares granted	23,874	—	382	—	—	382
Common stock issued to directors	57,227	` —	176	—	—	176
Foreign currency translation adjustments	—	—	—	—	40	40
Net loss for the year ended December 31, 2014	—	—	—	(11,201)	—	(11,201)
Balance - December 31, 2014	24,824,614	$ 2	$ 126,510	$ (71,077)	$ 51	$ 55,486

The accompanying notes are an integral part of these financial statements

ESSEX RENTAL CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)

	For The Years Ended December 31,		
	2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	$ (11,201)	$ (9,645)	$ (12,653)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization of tangible assets	18,878	19,367	21,378
Amortization of loan acquisition costs and other intangibles	2,698	2,186	1,228
Amortization of promissory notes discount	—	96	96
Gain on sale of rental equipment	(2,466)	(3,254)	(2,904)
Gain on sale of property and equipment	—	(552)	—
Impairment - rental equipment, held for sale	771	—	—
Deferred income taxes	(7,007)	(5,224)	(5,622)
Share based compensation expense	414	1,444	1,523
Change in fair value of interest rate swaps	—	— —	(398)
Changes in operating assets and liabilities:			
Accounts receivable, net	(3,451)	1,419	(1,324)
Other receivables	712	(131)	430
Prepaid expenses and other assets	275	(296)	449
Retail equipment inventory	(9,098)	(1,600)	(1,030)
Spare parts inventory	(732)	(365)	357
Accounts payable and accrued expenses	(24)	164	1,491
Unearned rental revenue	181	147	414
Customer deposits	57	219	(69)
Total change in operating assets and liabilities	(12,080)	(443)	718
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(9,993)	3,975	3,366
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of rental equipment	(8,135)	(8,111)	(8,548)
Purchases of property and equipment	(530)	(431)	(1,205)
Accounts receivable from rental equipment sales	529	(820)	978
Proceeds from sale of rental equipment	15,772	12,437	17,258
Proceeds from sale of property and equipment	—	1,752	—
NET CASH PROVIDED BY INVESTING ACTIVITIES	7,636	4,827	8,483
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from revolving credit facilities	114,331	97,007	92,312
Payments on revolving credit facilities	(135,323)	(142,118)	(103,808)
Proceeds from term loan	30,000	40,000	—
Payments on term loan	(2,000)	(1,500)	—
Payments on purchase money security interest debt	(1,833)	(1,023)	(689)
Payments on promissory notes	(2,000)	(1,572)	—
Payments on capital lease obligation	(18)	(3)	(8)
Employer repurchase of shares to satisfy minimum tax withholding	(32)	(103)	—
Payments for loan acquisition costs	(1,406)	(6,783)	(239)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	1,719	(16,095)	(12,432)
Effect of exchange rate changes on cash and cash equivalents	376	253	(58)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(262)	(7,040)	(641)

CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,349	8,389	9,030
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 1,087	$ 1,349	$ 8,389

ESSEX RENTAL CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)

	For The Years Ended December 31,		
	2014	2013	2012
SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING / FINANCING ACTIVITIES			
Board of Directors fees paid in common stock	$ 150	$ 150	$ 162
Equipment obtained through capital lease	$ 215	$ —	$ —
Equipment purchased directly through long-term debt obligations	$ 6,680	$ 928	$ 1,140
Unrealized loss on designated derivative instruments, net of tax	$ —	$ —	$ 1,260
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid for interest and swaps	$ 11,372	$ 10,515	$ 9,965
Cash paid (received) for income taxes, net	$ 44	$ (35)	$ 99

The accompanying notes are an integral part of these financial statements

1. Business and Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Essex Rental Corp. ("Essex Rental") and its wholly owned subsidiaries Essex Holdings, LLC ("Holdings"), Essex Crane Rental Corp. ("Essex Crane"), Essex Finance Corp. ("Essex Finance"), CC Acquisition Holding Corp. ("CC Acquisition"), Coast Crane Company, formerly known as CC Bidding Corp. ("Coast Crane") and Coast Crane Ltd. ("Coast Crane Ltd.) (collectively the "Company"). All intercompany accounts and transactions have been eliminated in consolidation.

The Company is engaged primarily in renting lattice boom crawler cranes and attachments, tower cranes and attachments, rough terrain cranes, boom trucks and other related heavy lifting machinery and equipment to the construction industry throughout the United States of America, including Hawaii and Alaska, and Canada. The assets are rented for use in building and maintaining power plants, refineries, bridge and road construction, alternative energy, water treatment facilities and other industrial, commercial, residential and infrastructure related projects. The Company is also engaged in servicing and distributing heavy lifting machinery and other construction related equipment and parts.

The accompanying consolidated financial statements of the Company include all adjustments (consisting of normal recurring adjustments) which management considers necessary for the fair presentation of the Company's operating results, financial position and cash flows as of and for all periods presented.

2. Significant Accounting Policies

Reclassifications

Certain prior year amounts in the segment information note have been reclassified to conform to the current year presentation. The reclassification had no impact on net loss, net cash flows or shareholders' equity.

Use of Estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect certain reported amounts of assets, liabilities, revenues, expenses, contingent assets and liabilities, and the related disclosures. Accordingly, actual results could materially differ from those estimates. Significant estimates include the allowance for doubtful accounts and credit memos, spare parts inventory obsolescence reserve, useful lives for rental equipment and property and equipment, deferred income taxes, personal property tax receivable and accrual, loss contingencies and the fair value of interest rate swaps and other financial instruments.

Fair Value of Financial Instruments, Including Derivative Instruments

The valuation of financial instruments requires the Company to make estimates and judgments that affect the fair value of the instruments. The Company, where possible, bases the fair values of its financial instruments, including its derivative instruments, on listed market prices and third party quotes. Where these are not available, the Company bases its estimates on current instruments with similar terms and maturities or on other factors relevant to the financial instruments.

Segment Reporting (As Restated)

We have determined, in accordance with applicable accounting guidance regarding operating segments that we have four reportable segments. We derive our revenues from four principal business activities: (1) Essex Crane equipment rentals; (2) Coast Crane equipment rentals; (3) equipment distribution; and (4) parts and service. These segments are based upon how we allocate resources and assess performance. See Note 15 to the consolidated financial statements regarding our segment information.

Revenue Recognition

The Company recognizes revenue, including multiple element arrangements, in accordance with the provisions of applicable accounting guidance. We generate revenue from the rental of cranes and related equipment and other services such as crane and equipment transportation and repairs and maintenance of equipment on rent. In many instances, the Company provides some of the above services under the terms of a single customer Equipment Rental Agreement. The Company also generates revenue from the retail sale of equipment and spare parts and repair and maintenance services provided with respect to non-rental equipment.

Revenue arrangements with multiple elements are divided into separate units of accounting based on vendor-specific objective evidence if available, third-party evidence if vendor-specific objective evidence is not available, or estimated selling price if neither vendor-specific objective evidence nor third-party evidence is available. During the years ended December 31, 2014 and 2013, the Company used estimated selling price for allocation of consideration related to rental revenues, which are accounted for under the lease accounting rules. The remaining elements are accounted for under the multiple element arrangement accounting rules. After an analysis of rental agreements absent any additional services offered by the Company, it was determined that the Company did not have vendor-specific evidence related to rental revenues. Prior to the year ended December 31, 2013, the Company was able to establish vendor-specific objective evidence based on an analysis of rental agreements absent any additional services offered by the Company. The Company uses the estimated selling price for allocation of consideration to transportation services based on the costs associated with providing such services in addition to other supply and demand factors within specific sub-markets. The estimated selling prices of the individual deliverables are not materially different than the terms of the Equipment Rental Agreements.

Revenue from equipment rentals are billed monthly in advance and recognized as earned, on a straight-line basis over the rental period specified in the associated equipment rental agreement. Rental contract terms may span several months or longer. Because the term of the contracts can extend across financial reporting periods, when rentals are billed in advance, we defer recognition of revenue and record unearned rental revenue at the end of reporting periods so that rental revenue is included in the appropriate period. Repair service revenue is recognized when the service is provided. Transportation revenue from rental equipment delivery service is recognized for the drop off of rental equipment on the delivery date and is recognized for pick-up when the equipment is returned to the Essex service center, storage yard or next customer location. New and used rental equipment and part sales are recognized upon acceptance by the customer and when delivery has occurred. Revenue from repair and maintenance services provided with respect to non-rental equipment is recognized when the service is provided.

There are estimates required in recording certain repair and maintenance revenues and also in recording any allowances for doubtful accounts and credit memos. The estimates have historically been accurate in all material respects and we do not anticipate any material changes to our current estimates in these areas.

Cash and Cash Equivalents

The Company considers all demand deposits, money market accounts and investments in certificates of deposit with a maturity of three months or less at the date of purchase to be cash equivalents. The Company maintained cash deposits in foreign accounts totaling approximately $0.1 million at December 31, 2014 and 2013.

Shipping and Handling Costs and Taxes Collectible from Customers

The Company classifies shipping and handling amounts billed to customers as revenues and the corresponding expenses are included in cost of revenues in the consolidated statements of operations. The Company accounts for taxes due from customers on a net basis and as such, these amounts are excluded from revenues in the consolidated statements of operations.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are recorded at the invoice price net of an estimate of allowance for doubtful accounts and reserves for credit memos, and generally do not bear interest.

The allowance for doubtful accounts is the Company’s best estimate of the amount of credit losses in accounts receivable and is included in selling, general and administrative expenses in the consolidated statements of operations. The Company periodically reviews the allowance for doubtful accounts and balances are written off against the allowance when management believes it is probable that the receivable will not be recovered. The Company’s allowance for doubtful accounts and credit memos was approximately $3.0 million and $2.5 million as of December 31, 2014 and 2013, respectively. Bad debt expense was approximately $0.4 million , $0.5 million and $1.0 million for the years ended December 31, 2014, 2013 and 2012, respectively.

The following table provides a rollforward of the allowance for doubtful accounts for the years ended December 31, 2014 and 2013 (amounts in thousands):

	Year Ended December 31, 2014	Year Ended December 31, 2013
Beginning balance	$ 2,485	$ 2,775
Provision for allowance for doubtful accounts	438	520
Provision for credit memo reserve	1,011	1,459
Write-offs and recoveries	(915)	(2,269)
Ending balance	$ 3,019	$ 2,485

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and cash equivalents. The Company may maintain deposits in federally insured financial institutions in excess of federally insured limits. However, management believes the Company is not exposed to significant credit risk due to the financial position of the depository institutions in which those deposits are held.

Another financial instrument account that potentially subjects the Company to a significant concentration of credit risk primarily relates to accounts receivable. Concentrations of credit risk with respect to accounts receivable is limited because a large number of geographically diverse customers make up the Company's customer base.

No single customer represented more than 10% of total revenue or outstanding receivables for any of the periods presented.

The Company controls credit risk related to accounts receivable through credit approvals, credit limits and other monitoring procedures. The Company also manages credit risk through bonding requirements on its customers and/or liens on projects that the rental equipment is used to complete.

Inventory

Inventory is stated at the lower of cost or market. Spare parts inventory is used to service rental equipment and is sold on a retail basis. Spare parts inventory used to support the crawler crane rental fleet is classified as a non-current asset as it is primarily used to support rental equipment repair operations. Spare parts inventory used to service rental equipment is recorded as repairs and maintenance expense in the period the parts were issued to a repair project, or, usage is reclassified as additional cost of the rental equipment if the repair project meets certain capitalization criteria as discussed below. Equipment inventory is accounted for using the specific-identification method and retail parts and spare parts inventory are accounted for using the average cost method, which approximates the first-in, first-out method.

The carrying value of the spare parts inventory is reduced by a reserve representing management's estimate for obsolete and slow moving items. This obsolescence reserve is an estimate based upon the Company's analysis by type of inventory, usage and market conditions at the balance sheet dates. The obsolescence reserve was approximately $1.4 million as of December 31, 2014 and 2013.

Rental Equipment

Rental equipment is stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the equipment, which range from 5 to 30 years . In excess of 95% of the assets have a useful life greater than 15 years . Equipment improvement projects with costs in excess of $10,000 for boom trucks, $15,000 for tower and rough terrain cranes and $20,000 for crawler cranes that extend the useful lives or enhance a crane's capabilities are capitalized in the period they are incurred and depreciated using the straight-line method over an estimated useful life of 7 years . Individual rental equipment items purchased with costs in excess of $5,000 are also capitalized and are depreciated over the useful lives of the respective item purchased. During the years ended December 31, 2014 and 2013, the Company capitalized rental equipment maintenance expenditures of approximately $1.2 million and $0.7 million, respectively.

Gains and losses on retirements and disposals of rental equipment are included in income from operations. Ordinary repair and maintenance costs are included in cost of revenues in the consolidated statements of operations.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the assets' estimated useful lives, which are as follows:

Buildings	30 years
Building improvements	10 years
Office equipment	3 to 7 years
Automobiles, trucks, trailers and yard equipment	4 to 5 years
Information systems equipment and software	3 years
Machinery, furniture and fixtures	4 to 7 years

Expenditures for betterments and renewals in excess of $5,000 that extend the useful lives or enhance the assets' capabilities are capitalized and are depreciated on the straight-line basis over the remaining lives of the assets. Gains and losses on retirements and disposals of property and equipment are included in the consolidated statements of operations. The Company capitalized property, plant and equipment expenditures, excluding capitalized software costs, of approximately $0.4 million and $1.2 million during the years ended December 31, 2014 and 2013, respectively.

External costs incurred by the Company to develop computer software for internal use are capitalized in accordance with applicable accounting guidance. The Company capitalized approximately $0.1 million and $29,000 for the years ended December 31, 2014 and 2013, respectively. Capitalized software development costs include software license fees, consulting fees and certain internal payroll costs and are amortized on a straight-line basis over their useful lives.

Loan Acquisition Costs

Loan acquisition costs include underwriting, legal and other direct costs incurred in connection with the issuance of the Company's debt. These costs are capitalized and amortized using the effective interest method, or using the straight-line method when not materially different that the effective interest method, and are included in interest expense in the consolidated statements of operations.

Goodwill and Other Intangible Assets

The Company used the purchase method of accounting for its acquisition of Coast Crane's assets. The acquisition resulted in an allocation of purchase price to goodwill and other intangible assets. The cost of the Coast Acquisition was first allocated to identifiable assets based on estimated fair values. The excess of the purchase price over the fair value of identifiable assets acquired in the amount of $1.8 million was recorded as goodwill.

We evaluate goodwill for impairment at the reporting unit level at least annually, or more frequently if triggering events occur or other impairment indicators arise which might impair recoverability. These events or circumstances could include a significant change in the business climate, legal factors, operating performance indicators, competition, or sale or disposition of a significant portion of a reporting unit. The Company has recorded goodwill of $1.8 million , which is assigned to its Coast Crane equipment rentals, equipment distribution and parts and service reporting units.

Application of the goodwill impairment test requires judgment, including the identification of reporting units, assignment of assets and liabilities to reporting units and determination of the fair value of the reporting units. The fair value of the reporting unit is estimated using the income approach, specifically the present value technique using future cash flows, and is compared to the carrying value of the reporting unit. If the fair value of a reporting unit is less than its carrying value, then the implied fair value of goodwill must be estimated and compared to its carrying value to measure the amount of impairment , if any. This analysis requires significant judgments, including estimation of future cash flows, which is dependent on internal forecasts, estimation of the long-term rate of growth for our business, estimation of the useful life over which cash flows will occur, and determination of our weighted average cost of capital.

The estimates used to calculate the fair value of a reporting unit change from year to year based on operating results, market conditions and other factors. Changes in these estimates and assumptions could materially affect the determination of fair value and goodwill impairment for our reporting unit with goodwill.

The results of our quantitative goodwill impairment tests for the most recent year ended December 31, 2014 indicated that the fair value of our reporting unit with goodwill exceeded its carrying value and no impairment of goodwill was recorded. Similarly, there was no impairment of goodwill recorded for the years ended December 31, 2013 and 2012.

Identifiable finite lived intangible assets consist of customer relationships and trademarks obtained in the acquisition of Essex Crane's and Coast Crane’s assets. The customer relationship intangible and trademark assets are both being amortized on a straight-line basis over their estimated useful lives of 7 years and 5 years , respectively.

Long-lived Assets - Held for Use

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. The criteria for determining impairment for such long-lived assets to be held and used is determined by comparing the carrying value of these long-lived assets to be held and used to management's best estimate of future undiscounted cash flows expected to result from the use of these assets. If the assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. The estimated fair value of the assets is measured by estimating the present value of the future discounted cash flows to be generated.

During the year ended December 31, 2014 and as a result of continuing losses and depressed utilization rates, the Company determined that a triggering event had occurred at Essex Crane during each of its fiscal quarters, which caused the Company to determine if an impairment of these long-lived assets to be held and used was necessary.

Application of the long-lived asset to be held and used impairment test requires judgment, including the identification of the primary asset, identification of the lowest level of identifiable cash flows that are largely independent of the cash flows of other assets and liabilities and the future cash flows of the long-lived assets to be held and used. The Company identified its crawler crane rental equipment fleet as the primary asset as it is the basis of all revenue generating activities for Essex Crane, its replacement would require a significant level of investment and its remaining useful life significantly exceeds the remaining useful life of all other assets. The lowest level of identifiable cash flows within the rental equipment fleet is at the equipment model level. Each equipment model group is capable of producing cash flows without other complementary assets and each asset within the specific equipment model groups is interchangeable with any other asset within that equipment model group. The Company tested the recoverability of the rental equipment assets to be held and used by model using an undiscounted cash flow approach dependent primarily upon estimates of future rental income, orderly liquidation value and discount rates. Cash flows for each equipment model group considered the possibility of continuing to rent the assets and selling the assets in orderly transactions in the future or at the end of their remaining useful lives. The Company estimated that the future cash flows generated by each of the equipment model groups exceeded the carrying value of the assets and no impairment was recorded for assets to be held and used as of December 31, 2014.

The Company also assessed whether a triggering event for potential impairment of its Coast Crane equipment assets existed, and it was determined that no such event occurred for these assets during the year ended December 31, 2014.

Long-lived Assets - Held for Sale

During the year ended December 31, 2014, the Company agreed to terms to sell certain traditional crawler crane rental equipment assets. Under the agreed upon terms, the rental equipment assets, in their current condition, will be sold in three groups with the first two group sales completed during the year ended December 31, 2014 and the remaining group sale to be completed during the three months ended March 31, 2015. As a result of the agreed upon sales terms, the Company has determined that these long-lived rental equipment assets shall be classified as held for sale. The held for sale assets are classified within the Company's Essex Crane equipment rentals segment.

As a result of the held for sale classification, the Company performed an impairment analysis of the long-lived rental equipment assets held for sale during the three months ended September 30, 2014. Application of the long-lived asset held for sale impairment test requires comparing the carrying value of the the asset to its fair value less cost to sell. The Company determined that the fair value of the assets was equal to the agreed upon sales price. The carrying value of the assets exceeded the fair value of the assets less cost to sell resulting in the Company recording an impairment charge of approximately $0.8 million during the year ended December 31, 2014.

Derivative Financial Instruments and Hedging Activities

The Company uses derivative financial instruments for the purpose of hedging the risks associated with interest rate fluctuations on its revolving credit facilities with the objective of either capping the interest rate on a targeted amount of its floating rate debt or converting a targeted amount of its floating rate date to a fixed rate. The Company has not entered into derivative transactions for speculative purposes, and therefore holds no derivative instruments for trading purposes.

The Company formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking each hedge transaction. All derivative instruments are carried at fair value on the consolidated balance sheets in accordance with applicable accounting guidance.

The Company entered into an interest rate cap with a notional amount of $40.0 million during the year ended December 31, 2014. The Company elected to forgo hedge accounting treatment and, as a result, the derivative financial instrument has been recorded at fair value in the accompanying consolidated balance sheets in assets with changes in the underlying fair value reported as a component of interest expense in the Company's consolidated statements of operations.

Income Taxes

The Company uses an asset and liability approach, as required by the applicable accounting guidance, for financial accounting and reporting of income taxes. Deferred tax assets and liabilities are computed using tax rates expected to apply to taxable income in the years in which those assets and liabilities are expected to be realized. The effect on net deferred tax assets and liabilities resulting from a change in tax rates is recognized as income or expense in the period that the change in tax rates is enacted.

Management makes certain estimates and judgments in determining income tax expense for financial statement purposes. These estimates and judgments are applied in the calculation of certain tax credits and in the calculation of the deferred income tax expense or benefit associated with certain deferred tax assets and liabilities. Significant changes to these estimates may result in an increase or decrease to the Company's tax provision in a subsequent period.

Management assesses the likelihood that it will be able to recover its deferred tax assets. If recovery is not likely, the Company will increase its provision for income taxes by recording a valuation allowance against the deferred tax assets that are not more likely than not to be realized. The Company follows the applicable guidance related to the accounting for uncertainty in income taxes.

Stock Based Compensation

Stock based compensation is accounted for in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which results in compensation expense being recorded over the requisite service or vesting period based on the fair value of the share based compensation at the date of grant.

Foreign Currency Translation

The functional currency of the Company's Canadian subsidiary is the Canadian dollar. Assets and liabilities of the foreign subsidiary are translated into U.S. dollars at year-end exchange rates, and revenue and expenses are translated at average rates prevailing during the year. Gains or losses from these translation adjustments are included in accumulated other comprehensive income (loss), a separate component of stockholders' equity.

Recently Issued and Adopted Accounting Pronouncements

In April 2014, the Financial Accounting Standards Board ("FASB") issued guidance for reporting discontinued operations and disposals of components of an entity. The guidance raises the threshold for a disposal to qualify as a discontinued operation by requiring that a disposal representing a strategic shift that has (or will have) a major effect on an entity's financial results or a business activity classified as held for sale be reported as such. The amendments also expand the disclosure requirements regarding the assets, liabilities, revenues and expenses of discontinued operations and add new disclosure requirements for individually significant dispositions that do not qualify as discontinued operations. The amendments are effective prospectively for fiscal years beginning after December 15, 2014, and interim reporting periods within those years (early adoption is permitted only for disposals that have not been previously reported). Adoption of this guidance is not expected to have a material impact on the Company's consolidated financial results.

In May 2014, FASB issued guidance to clarify the principles for recognizing revenue. This guidance includes the required steps to achieve the core principle that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This guidance is effective for fiscal years and interim periods beginning after December 15, 2016. Early adoption is not permitted. We expect to adopt this guidance when effective, and the impact on our financial statements is not currently estimable.

Liquidity

The Company has typically had substantial liquidity from its operating cash flows despite the significant downturn in the construction industry and recurring losses in recent years. The Company anticipates its current cash resources, availability under its revolving credit facilities, and cash to be generated from operations in 2015 will be adequate to meet the Company's liquidity needs for at least the next twelve months. As discussed further in Note 7 of these Consolidated Financial Statements, the Company is obligated to make principal payments on outstanding debt totaling approximately $3.7 million during 2015. As of December 31, 2014, availability under the Essex Crane borrowing base calculation was approximately $2.7 million and availability under the Coast Crane borrowing base calculation was approximately $3.3 million. If cash generated from operations is not materially consistent with management’s plans, the Company may not generate sufficient cash flow from operations or from other sources to enable it to repay its indebtedness and to fund its other liquidity needs. The Company may not be able to refinance its indebtedness on commercially reasonable terms, or at all. If we cannot service or refinance our indebtedness, we may have to take actions such as asset divestitures, seeking additional equity or reducing or delaying capital expenditures, any of which could have an adverse effect on our operations. Additionally, we may not be able to effect such actions, if necessary, on commercially reasonable terms, or at all.

As a result of the errors in our Consolidated Balance Sheets discussed in Note 3, Essex Crane was in technical default under the Essex Crane Revolving Credit Facility. Such default was waived as of March 19, 2015 by the lenders under such facility. Any failure to be in compliance with any material provision or covenant of these agreements could have a material adverse effect on the Company's liquidity and operations.

The Essex Crane Revolving Credit Facility includes a subjective acceleration clause and requires the Company to maintain a traditional lock-box. As a result, the Essex Crane Revolving Credit Facility is classified as a short-term obligation within the Company's Consolidated Balance Sheets.

As a result of the errors in our Consolidated Balance Sheets discussed in Note 3, Coast Crane was in technical default under the Coast Crane Revolving Credit Facility. Such default was waived as of March 20, 2015 by the lenders under such facility. Any failure to be in compliance with any material provision or covenant of these agreements could have a material adverse effect on the Company's liquidity and operations.

The Coast Crane Revolving Credit Facility includes a subjective acceleration clause and requires the Company to maintain a traditional lock-box for Coast Crane and a springing lock-box for Coast Crane Ltd. As a result, the Coast Crane Revolving Credit Facility, with respect to Coast Crane borrowings, is classified as a short-term obligation within the Company's Consolidated Balance Sheets. The Coast Crane Ltd. borrowings under the Coast Crane Revolving Credit facility are classified as long-term obligations within the Company's Consolidated Balance Sheets.

Although the balances outstanding on the Essex Crane Revolving Credit Facility and Coast Crane Revolving Credit Facility, with respect to Coast Crane borrowings, are classified as short-term obligations within the Company's Consolidated Balance Sheets, we expect that we will be able to continue to use the facilities on a long-term basis to fund operations absent any material adverse changes at the Company. A material adverse change would permit the lenders under the Essex Crane and Coast Crane revolving credit facilities to exercise their rights under the respective subjective acceleration clauses and declare all outstanding debt under the revolving credit facilities due and payable. If we cannot refinance our indebtedness upon the exercise of the subjective acceleration clauses, we may have to take actions such as asset divestitures, seeking additional equity financing or reducing or delaying capital expenditures, which could have an adverse effect on our operations and/or be dilutive to our stockholders. Additionally, we may not be able to effect any such action, if necessary, on commercially reasonable terms, or at all.

3. Restatement

On March 17, 2015, the Company concluded that certain of the Company's previously issued Consolidated Financial Statements should not be relied upon due to errors relating to the Company's classification of its revolving credit facilities and errors related to segment reporting. Management concluded that (i) reclassification of certain of the obligations under the revolving credit

facilities as short term obligations is appropriate under relevant accounting guidance that provides for such classification when a credit facility includes a subjective acceleration clause and a traditional lock-box arrangement and (ii) the equipment rental operating segment of the Company's two operating subsidiaries, Essex Crane and Coast Crane, should not be aggregated, but reported as separate segments, under applicable accounting guidance that provides for segment reporting when two operating segments do not share similar economic characteristics based on certain quantitative measures. The restatement of the certain prior period information included in the Consolidated Financial Statements included in this report does not have any impact on the net cash flows, cash balances, revenues, net income or earnings per share of the Company, as previously reported.

The Company has restated its Consolidated Balance Sheets as of December 31, 2013. In addition, Note 8 and Note 16 to the Consolidated Financial Statements have been restated to reflect the correction of these errors.

The effects of the restatement of certain revolving credit facilities to short-term obligations on the Consolidated Balance Sheet as of December 31, 2013 are as follows (amounts in thousands):

	As of December 31, 2013		
	As Previously Reported	Adjustments	As Restated
Current Liabilities:			
Revolving credit facilities - short-term	$ —	$ 163,114	$ 163,114
Total Current Liabilities	18,206	163,114	181,319
Long-term Liabilities:			
Revolving credit facility	165,482	(163,114)	2,368
Total Long-term Liabilities	$ 248,481	$ (163,114)	$ 85,367

The effects of the restatement related to the disaggregation of the equipment rentals segment revenue and gross profit within Note 16 for the year ended December 31, 2013 are as follows (amounts in thousands):

	Year Ended December 31, 2013		
	As Previously Reported	Adjustments	As Restated
Segment revenues:			
Equipment rentals	$ 64,945	$ (64,945)	$ —
Essex Crane equipment rentals	—	33,941	33,941
Coast Crane equipment rentals	—	31,004	31,004
Segment gross profit:			
Equipment rentals	15,816	(15,816)	—
Essex Crane equipment rentals	—	4,787	4,787
Coast Crane equipment rentals	—	11,029	11,029

The effects of the restatement related to the disaggregation of the equipment rentals segment revenue and gross profit within Note 16 for the year ended December 31, 2012 are as follows (amounts in thousands):

	Year Ended December 31, 2012		
	As Previously Reported	Adjustments	As Restated
Segment revenues:			
Equipment rentals	$ 71,231	$ (71,231)	$ —
Essex Crane equipment rentals	—	35,415	35,415
Coast Crane equipment rentals	—	35,816	35,816
Segment gross profit:			
Equipment rentals	14,922	(14,922)	—
Essex Crane equipment rentals	—	4,902	4,902
Coast Crane equipment rentals	$ —	$ 10,020	$ 10,020

The effects of the restatement related to the disaggregation of the equipment rentals segment identified assets within Note 16 as of December 31, 2013 along with the impact of certain reclassifications to conform with the current year presentation are as follows (amounts in thousands):

	As of December 31, 2013			
	As Previously Reported	Adjustments	Reclassifications	As Restated
Segment identified assets:				
Equipment rentals	$ 307,371	$ (307,371)	$ —	$ —
Essex Crane equipment rentals	—	225,501	—	225,501
Coast Crane equipment rentals	—	81,870	1,237	83,107
Equipment distribution	5,150	—	(740)	4,410
Parts and service	$ 5,262	$ —	$ (497)	$ 4,765

4. Rental Equipment

Rental equipment consists of the following (amounts in thousands):

	Year Ended December 31,	
	2014	2013
Rental equipment	$ 357,720	$ 362,416
Less: accumulated depreciation	(87,255)	(74,556)
Rental equipment, net	$ 270,465	$ 287,860

Depreciation expense related to rental equipment was $18.1 million , $18.4 million and $19.5 million for the years ended December 31, 2014, 2013 and 2012, respectively and is included in cost of revenues in the accompanying consolidated statements of operations.

Rental periods on rental equipment commonly extend beyond the minimum rental period required by each respective rental agreement due to construction delays, project scope increases or other project related issues. Future contractual minimum rental revenues as required by executed rental agreements as of December 31, 2014 are as follows (amounts in thousands):

2015	$ 12,318
2016	870
2017	78
Total minimum rental revenue	$ 13,266

5 . Property and Equipment

Property and equipment consists of the following (amounts in thousands):

	Year Ended December 31,	
	2014	2013
Land	$ 1,850	$ 1,850
Buildings and improvements	2,154	2,116
Automobiles, trucks, trailers and yard equipment	3,624	3,459
Information Systems equipment and software	2,642	2,530
Office equipment	173	160
Construction in progress	306	636
Total property and equipment	10,749	10,751
Less: accumulated depreciation	(6,136)	(5,546)
Property and equipment, net	$ 4,613	$ 5,205

The amount of costs incurred and capitalized for projects not yet completed was $0.3 million and $0.6 million at December 31, 2014 and 2013, respectively. The Company's depreciation expense related to property and equipment was $0.8 million , $0.9 million and $1.9 million for the years ended December 31, 2014, 2013 and 2012, respectively.

Depreciation expense for property and equipment related to automobiles, trucks, trailers, yard equipment and machinery has been included in cost of revenues in the accompanying consolidated statements of operations as it is directly related to revenue generation while the remaining categories are included in other operating expenses.

6. Loan Acquisition Costs

The Company capitalized $1.4 million of loan acquisition costs related to the amendments of the Essex Crane and Coast Crane Revolving Credit Facilities during the year ended December 31, 2014. The 2014 loan acquisition costs are being amortized over the remaining terms of the respective credit facilities. Approximately $0.3 million of unamortized loan acquisition costs related to the Essex Crane Revolving Credit Facility were charged to interest expense during the year ended December 31, 2014 due to a reduction in the borrowing capacity of the amended revolving credit facility.

The Company capitalized $6.8 million of loan acquisition costs related to the amendment of the Essex Crane and Coast Crane Revolving Credit Facilities during the year ended December 31, 2013. The 2013 loan acquisition costs are being amortized over the remaining term of the Essex Crane and Coast Crane Revolving Credit Facilities. Approximately $0.1 million of unamortized loan acquisition costs related to the Essex Crane Revolving Credit Facility were charged to interest expense during the year ended December 31, 2013 as the lenders related to these acquisition costs did not participate in the amended revolving credit facility.

Loan acquisition costs consist of the following (amounts in thousands):

	Year Ended December 31,	
	2014	2013
Gross carrying amount	$ 11,768	$ 10,626
Less: accumulated amortization	(6,636)	(4,531)
Loan acquisition costs, net	$ 5,132	$ 6,095

The Company's loan acquisition costs amortized to interest expense for the years ended December 31, 2014, 2013 and 2012 were $2.4 million , $1.9 million and $0.9 million , respectively.

Estimated future amortization expense related to loan acquisitions costs at December 31, 2014 are as follows for the years ending December 31 (amounts in thousands):

2015	$	2,384
2016		2,184
2017		260
2018		218
2019		86
Total	$	5,132

7 . Intangible Assets

Goodwill of $1.8 million was recorded associated with the acquisition of Coast Crane’s assets on November 24, 2010 for the excess of the total consideration transferred over the fair value of identifiable assets acquired, net of liabilities assumed.

The following table presents the gross carrying amount, accumulated amortization and net carrying amount of the Company’s other identifiable finite lived intangible assets (amounts in thousands):

	December 31, 2014	December 31, 2013
Essex Crane customer relationship	784	784
Essex Crane trademark	804	804
Coast Crane customer relationship	1,500	1,500
Coast Crane trademark	600	600
Total intangible assets	3,688	3,688
Less: accumulated amortization	(2,953)	(2,619)
Intangible assets, net	735	1,069

The Company’s amortization expense associated with other intangible assets was $0.3 million , $0.3 million and $0.4 million for the years ended December 31, 2014, 2013 and 2012, respectively.

The following table presents the estimated future amortization expense related to intangible assets as of December 31, 2014 (amounts in thousands):

2015	$	324
2016		214
2017		197
Total	$	735

8. Revolving Credit Facilities and Other Debt Obligations

The Company’s revolving credit facilities and other debt obligations consist of the following (amounts in thousands):

	Principal Outstanding at		Weighted Average Interest as of	Maturity
	December 31, 2014	December 31, 2013	December 31, 2014	Date Ranges
		(Restated)		
Essex Crane revolving credit facility - short-term	$ 118,611	$ 148,149	3.91%	October 2016
Coast Crane revolving credit facility - short-term	24,098	14,965	5.30%	March 2017
Coast Crane revolving credit facility - long-term	1,781	2,368	5.37%	March 2017
Essex Crane term loan	30,000	—	11.50%	May 2019
Coast Crane term loan	34,500	36,500	5.25%	March 2016 - March 2017
Coast Crane term loan - short-term	2,000	2,000	5.25%	within 1 year
Unsecured promissory notes (related party)	1,655	3,655	18.00%	October 2016
Purchase money security interest debt	6,652	1,975	5.33%	January 2016 - November 2019
Purchase money security interest debt - short-term	1,655	959	5.33%	within 1 year
Total debt obligations outstanding	$ 220,952	$ 210,571		

Aggregate payments of principal on debt obligations outstanding at December 31, 2014 for each of the years ended December 31st based on contractual installment payment terms and maturities are as follows (amounts in thousands):

2015	$ 146,364
2016	4,882
2017	35,785
2018	1,417
2019	32,504
Total	$ 220,952

Essex Crane Revolving Credit Facility

On May 13, 2014 , Essex Crane entered into the Fourth Amended and Restated Credit Agreement (the "Essex Crane Revolving Credit Facility"). The credit facility provides for a revolving loan in the amount of $145.0 million , with a $20.0 million aggregate sublimit for letters of credit, and a $30.0 million term loan. Essex Crane may borrow on the revolving loan an amount equal to the sum of 85% of eligible net receivables and 75% of the net orderly liquidation value of eligible rental equipment. The aggregate commitment will be reduced by: (i) on an individual transaction basis, 100% of the net cash proceeds from the sales of certain assets and (ii) on an annual basis, 60% of free cash flow, other than net cash proceeds from certain asset sales, as defined within the credit agreement. The maximum commitment under the Essex Crane Revolving Credit Facility may not exceed $130.0 million beginning on February 28, 2016 . The revolving loan and term loan mature on October 31, 2016 and May 13, 2019 , respectively. The Essex Crane Revolving Credit Facility is collateralized by a first priority security interest in substantially all of Essex Crane's assets.

Under the terms of the Essex Crane Revolving Credit Facility, borrowings on the revolving loan accrue interest at the borrower's option of either (a) the bank's prime rate plus the applicable prime rate margin of 1.75% or (b) a Euro-dollar rate based on the rate the bank offers deposits of U.S. Dollars in the London interbank market ("LIBOR") plus the applicable LIBOR margin of 3.75% . Borrowings on the term loan accrue interest at LIBOR plus the applicable LIBOR term loan margin of 10.50% with a LIBOR floor of 1.00% . Essex Crane is also required to pay a monthly commitment fee with respect to the undrawn commitments under the Essex Crane Revolving Credit Facility of 0.375% .

The Essex Crane Revolving Credit Facility requires Essex Crane to maintain a trailing twelve month fixed charge coverage ratio of not less than 1.10 to 1.00. Additionally, Essex Crane must generate net cash proceeds, through the sale of certain assets, of not less than $8.0 million by March 31, 2016 with not less than $3.0 million of net cash proceeds generated by March 31, 2015. The Essex Crane Revolving Credit Facility also provides for an annual limit on certain capital expenditures of $2.0 million and limits the ability of Essex Crane to make distributions to affiliates. Essex Crane is permitted to incur certain additional indebtedness, including secured purchase money indebtedness, of up to $1.5 million outstanding at any time, subject to certain provisions set forth in the Essex Crane Revolving Credit Facility.

On October 30, 2014 , Essex Crane entered into a First Amendment to the Fourth Amended and Restated Credit Agreement to modify the calculation of the fixed charge coverage ratio to allow for the exclusion of severance expenses. Additionally, the amendment reduced the required fixed charge coverage ratio for September 2014 to not less than 1.08 to 1.00 and to waive an event of default that occurred as a result of the fixed charge coverage ratio falling below the required ratio of 1.10 to 1.00 in August 2014. All other terms of the May 13, 2014 Essex Crane Revolving Credit facility remained in effect following such amendment.

The maximum amount that could be borrowed under the revolving loan portion of the Essex Crane Revolving Credit Facility, net of letters of credit, interest rate swaps and other reserves was approximately $135.3 million and $170.1 million as of December 31, 2014 and 2013, respectively. Essex Crane's available borrowing under its revolving credit facility was approximately $16.6 million and $21.9 million as of December 31, 2014 and 2013, respectively. After consideration of the 10% availability threshold covenant, the Company had available borrowings under its revolving credit facility of approximately $2.7 million and $4.4 million as of December 31, 2014 and 2013, respectively. As of December 31, 2014 and 2013, there was $1.5 million and $9.3 million , respectively, of available formulated collateral in excess of the maximum borrowing amounts of approximately $135.3 million and $170.1 million , respectively. As of December 31, 2014 and 2013, the outstanding balance on the term loan portion of the Essex Crane Revolving Credit Facility was $30.0 million and zero , respectively.

As of December 31, 2014, the applicable prime rate, LIBOR rate and undrawn commitment fee on the revolving loan were 3.25% , 0.16% and 0.375% , respectively. As of December 31, 2013, the applicable prime rate, LIBOR rate and undrawn commitment fee on the revolving loan were 3.25% , 0.15% and 0.375% , respectively. As of December 31, 2014, the LIBOR rate on the term loan was 0.15% with a LIBOR floor of 1.00% .

As a result of the errors in our Consolidated Balance Sheets discussed in Note 3, Essex Crane was in technical default under the Essex Crane Revolving Credit Facility. Such default was waived as of March 19, 2015 by the lenders under such facility. Any failure to be in compliance with any material provision or covenant of these agreements could have a material adverse effect on the Company's liquidity and operations.

The Essex Crane Revolving Credit Facility includes a subjective acceleration clause and requires the Company to maintain a traditional lock-box. As a result, the Essex Crane Revolving Credit Facility is classified as a short-term obligation within the Company's Consolidated Balance Sheets.

Coast Crane Revolving Credit Facility

On March 12, 2013 , Coast Crane entered into the Second Amended and Restated Credit Agreement (the "Coast Crane Revolving Credit Facility) to extend the maturity date to March 12, 2017 . The amendment also provides for a $40.0 million term loan and reduces the aggregate maximum principal amount of the revolving loan and letter of credit facility by a corresponding amount to $35.0 million . In addition, the amendment provides for scheduled quarterly term loan payments to reduce the term loan principal outstanding by $0.5 million beginning on June 30, 2013 . The amounts borrowed under the term loan which are repaid or prepaid may not be reborrowed.

The Coast Crane Revolving Credit Facility provides certain limitations on net capital expenditures and a $3.7 million "first amendment reserve" (as defined in the Coast Crane Revolving Credit Facility) as well as a fixed charge coverage ratio requirement of not less than 1.20 to 1.00. The agreement also limits the amount of certain additional indebtedness, including secured purchase money indebtedness, that Coast Crane can incur to $7.0 million for the year ended December 31, 2013 and $10.0 million thereafter.

Coast Crane's ability to borrow under the Coast Crane Revolving Credit Facility is subject to, among other things, a borrowing base calculated based on the sum of (a) 85% of eligible accounts, (b) the lesser of 50% of eligible spare parts inventory and $5.0 million , (c) the lesser of 95% of the lesser of (x) the net orderly liquidation value and (y) the invoice cost, of eligible new equipment inventory and $15.0 million and (d) 85% of the net orderly liquidation value of eligible other equipment, less reserves established by the lenders and the liquidity reserve.

On February 21, 2014 , Coast Crane and Coast Crane Ltd. entered into a First Amendment to the Second Amended and Restated Credit Agreement to amend the mandatory prepayment provision to exclude proceeds received from permitted equipment asset sales and to waive an event of default that occurred as a result of permitted equipment asset sales and the failure to apply proceeds to the term loan under the Coast Crane Credit Agreement. In addition, the First Amendment amends the borrowing base calculation as it relates to new equipment inventory, and creates a progressive new equipment inventory cap based on a leverage ratio.

Under the terms of the February 21, 2014 amendment, Coast Crane and Coast Crane Ltd. may borrow, repay and reborrow under the Coast Crane Facility. Coast Crane's ability to borrow under the Coast Crane Facility is subject to, among other things, a borrowing base which is calculated as the sum of (a) 85% of eligible Coast Crane accounts, (b) the lesser of 50% of eligible Coast Crane inventory and $5.0 million , (c) the lesser of (i) 95% of the lesser of (x) the Net Orderly Liquidation Value and (y) the

invoice cost, of U.S. Eligible New Sale Equipment Inventory and (ii) the U.S. Eligible New Sale Equipment Inventory Cap (as hereinafter defined) and (d) 85% of the net orderly liquidation value of eligible other equipment, less reserves established by the lenders and the liquidity reserve. Coast Crane Ltd.'s ability to borrow under the Coast Crane Facility is subject to among other things, a borrowing base which is calculated as the sum of (a) 85% of eligible Coast Crane Ltd. accounts, (b) the lesser of 50% of eligible Coast Crane Ltd. inventory and $0.8 million , (c) the lesser of (i) 95% of the lesser of (x) the net orderly liquidation value and (y) the invoice cost, of eligible new Coast Crane Ltd. equipment and (ii) $2.0 million and (d) 85% of the net orderly liquidation value of eligible other Coast Crane Ltd. equipment, less reserves established by the lenders and the liquidity reserve.

The U.S. Eligible New Sale Equipment Inventory Cap shall mean the U.S. Eligible New Sale Equipment Inventory Cap in effect from time to time determined based upon the applicable leverage ratio then in effect. The U.S. Eligible New Sale Equipment Inventory Cap is adjusted from $4.0 million to $15.0 million based on the applicable leverage ratio then in effect and also based on the amount of U.S. Eligible New Sale Equipment Inventory that is under a written agreement to be sold to a customer.

On April 29, 2014, Coast Crane entered into a Second Amendment (the "Second Amendment") to the Second Amended and Restated Credit Agreement. The purpose of the Second Amendment is to adjust the minimum fixed charge coverage ratio requirement to 0.88 to 1.00, 1.00 to 1.00 and 1.10 to 1.00 from 1.20 to 1.00, for the trailing twelve month periods ended April 30, 2014, May 31, 2014 and June 30, 2014, respectively. The minimum required fixed charge coverage ratio for the trailing twelve month periods ending July 31, 2014 and thereafter will remain 1.20 to 1.00. In addition, the Second Amendment waives any event of default arising from Coast Crane's breach of the minimum 1.20 to 1.00 fixed charge coverage ratio requirement for the trailing twelve month period ended March 31, 2014, so long as the fixed charge coverage ratio for such period is at least equal to 1.00 to 1.00. Further, under the amendment, Coast Crane is required to achieve a minimum trailing twelve month EBITDA threshold as of the last day of the month of $7.7 million for March 2014 through August 2014; $7.9 million for September 2014 through November 2014; $8.0 million for December 2014 through February 2015; $8.2 million for March 2015 through May 2015; and $8.3 million for June, 2015 and thereafter. All other terms of the February 21, 2014 amendment and restatement remained in effect following such amendment.

Interest accrues on Coast Crane's outstanding revolving loans and term loan under the revolving credit facility at either a per annum rate equal to (a) LIBOR plus 3.75% , with a 1.50% LIBOR floor or (b) the Base rate plus 2.75% , at Coast Crane's election. Coast Crane will be obligated to pay a letter of credit fee on the outstanding letter of credit accommodations based on a per annum rate of 3.75% . Interest on the revolving loans and fees on the letter of credit accommodations is payable monthly in arrears. Coast Crane is also obligated to pay an unused line fee on the amount by which the maximum credit under the Coast Crane Revolving Credit Facility exceeds the aggregate amount of revolving loans and letter of credit accommodations based on a per annum rate of 0.50% . At December 31, 2014, the applicable LIBOR rate, Base rate, and unused line commitment fee were 0.25% , 3.25% and 0.50% , respectively. At December 31, 2013, the applicable LIBOR rate, Base rate, and unused line commitment fee were 0.24% , 3.25% and 0.50% , respectively.

The maximum amount that could be borrowed under the revolving loans under the Coast Crane Revolving Credit Facility was approximately $35.0 million and $34.4 million as of December 31, 2014 and December 31, 2013, respectively. Coast Crane's available borrowing under the Coast Crane Revolving Credit Facility was approximately $3.3 million and $8.2 million , respectively, after certain lender reserves of $5.8 million and $8.9 million as of December 31, 2014 and December 31, 2013, respectively. Although the Coast Crane Revolving Credit Facility limits Coast Crane's and Coast Crane Ltd.'s ability to incur additional indebtedness, Coast Crane and Coast Crane Ltd. are permitted to incur certain additional indebtedness, including secured purchase money indebtedness, subject to certain conditions set forth in the Coast Crane Revolving Credit Facility.

As of December 31, 2014 and December 31, 2013, the outstanding balance on the term loan portion of the Coast Crane Revolving Credit Facility was $36.5 million and $38.5 million , respectively. At December 31, 2014 and December 31, 2013, $2.0 million of the outstanding balance is classified as a current liability as a result of the scheduled quarterly term loan payments of $0.5 million that began on June 30, 2013 .

As a result of the errors in our Consolidated Balance Sheets discussed in Note 3, Coast Crane was in technical default under the Coast Crane Revolving Credit Facility. Such default was waived as of March 20, 2015 by the lenders under such facility. Any failure to be in compliance with any material provision or covenant of these agreements could have a material adverse effect on the Company's liquidity and operations.

The Coast Crane Revolving Credit Facility includes a subjective acceleration clause and requires the Company to maintain a traditional lock-box for Coast Crane and a springing lock-box for Coast Crane Ltd. As a result, the Coast Crane Revolving Credit Facility, with respect to Coast Crane borrowings, is classified as a short-term obligation within the Company's Consolidated Balance

Sheets. The Coast Crane Ltd. borrowings under the Coast Crane Revolving Credit facility are classified as long-term obligations within the Company's Consolidated Balance Sheets.

Unsecured Promissory Notes

In November 2010 , the Company entered into an agreement with the holders of certain Coast Crane indebtedness pursuant to which such holders agreed, in consideration of the assumption of such indebtedness by the Company, to exchange such indebtedness for one or more promissory notes issued by the Company in the aggregate principal amount of $5.2 million . As additional consideration under the agreement, the Company agreed to issue 90,000 warrants to the holders of such indebtedness entitling the holder thereof to purchase up to 90,000 shares of Essex Rental common stock at an exercise price of $0.01 per share, and to reimburse such holders for certain legal fees incurred in connection with the transaction. The warrants were exercised in full on October 24, 2013 .

In accordance with accounting guidance related to debt issued with conversion or other options, the fair value of the detachable warrants of $0.3 million was recorded as a discount to the principal balance outstanding with an offset to additional paid-in capital on the consolidated statements of stockholders' equity and was amortized on a straight-line basis over the three year life of the notes as additional interest expense on the consolidated statement of operations, which is not materially different than the effective interest method. As of December 31, 2014 and 2013, the discount related to the fair value of the detachable warrants was fully amortized.

On December 31, 2013 , the unsecured promissory notes were amended and restated to extend the maturity date to the earlier of October 31, 2016 or the consummation of any Essex Crane Revolving Credit Facility refinancing to the extent that the terms and conditions of the refinancing permit the Company to use the proceeds from refinancing for the repayment of the outstanding principal balance on the unsecured promissory notes. In addition, beginning on January 1, 2014 , interest accrues on the outstanding promissory notes at a per annum rate of 18.00% and is payable in arrears.

During the years ended December 31, 2014 and 2013, the Company made principal payments totaling $2.0 million and $1.6 million , respectively, to reduce the outstanding balance of the unsecured promissory notes. As of December 31, 2014 and 2013, the outstanding principal balance on the unsecured promissory notes was approximately $1.7 million and $3.7 million , respectively.

Interest accrued on the outstanding promissory notes at a per annum rate of 18.00% and 10.00% at December 31, 2014 and 2013, respectively, and is payable annually in arrears.

As a result of the errors in our Consolidated Balance Sheets discussed in Note 3, the Company was in technical default under the unsecured promissory notes. Such default was waived as of March 24, 2015 by the lenders under. Any failure to be in compliance with any material provision or covenant of these agreements could have a material adverse effect on the Company's liquidity and operations.

Purchase Money Security Interest Debt

As of December 31, 2014, the Company's purchase money security interest debt consisted of the financing of nineteen pieces of equipment. Ten of these debt obligations accrue interest at rates that range from LIBOR plus 3.25% to LIBOR plus 5.38% per annum with interest payable in arrears. Nine of the debt obligations accrue interest at rates that range from 3.59% to 8.29% . The obligations are secured by the equipment purchased and have maturity dates that range from September 2015 to November 2019 . As these loans are amortizing, approximately $1.7 million of the total $8.3 million in principal payments is due prior to December 31, 2015 and as such, this amount is classified as a current liability in the accompanying consolidated balance sheets as of December 31, 2014.

As of December 31, 2013, the purchase money security interest debt consisted of the financing of eleven pieces of equipment with an outstanding balance of approximately $2.9 million . The interest rates at December 31, 2013 ranged from LIBOR plus 3.25% to LIBOR plus 5.38% for ten of the debt obligations. One of the debt obligations accrued interest at a rate of 8.29% as of December 31, 2013.

As a result of the errors in our Consolidated Balance Sheets discussed in Note 3, the Company was in technical default under the purchase money security interest debt agreements. Such default was waived as of March 18, 2015 by the lenders. Any failure to be in compliance with any material provision or covenant of these agreements could have a material adverse effect on the Company's liquidity and operations.

9. Derivatives and Hedging Activities – Interest Rate Swap Agreement

Risk Management Objective of Using Derivatives

The Company is exposed to certain risks arising from both its business operations and economic conditions. The Company principally manages its exposures to a wide variety of business and operational risks through management of its core business activities. The Company manages economic risks, including interest rate, liquidity, and credit risk primarily by managing the amount, sources, and duration of its debt funding and the use of derivative financial instruments. Specifically, the Company enters into derivative financial instruments to manage exposures that arise from business activities that result in the receipt or payment of future known and uncertain cash amounts, the value of which are determined by interest rates. The Company's derivative financial instruments are used to manage differences in the amount, timing, and duration of the Company's known or expected cash receipts and its known or expected cash payments principally related to the Company's investments and borrowings.

Cash Flow Hedges of Interest Rate Risk

The Company's objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish these objectives, the Company primarily uses interest rate swaps and caps as part of its interest rate risk management strategy. During the year ended December 31, 2014, the Company had one interest rate cap outstanding. During the year ended December 31, 2012, the Company had four interest rate swaps outstanding, which involve receipt of variable-rate amounts from counterparties in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amounts.

Essex Crane Interest Rate Swap

In November 2008 , the Company entered into an interest rate swap agreement with the lead lender of its Essex Crane Revolving Credit Facility to hedge its exposure to interest rate fluctuations. The swap agreement had a notional principal amount of $100.0 million and matured in November 2012. Under the agreement, the Company paid a 2.71% fixed interest rate plus the applicable margin under the revolving credit facility (or a total interest rate of 4.96%). This interest rate swap was designated as a cash flow hedge.

The swap agreement established a fixed rate of interest for the Company and required the Company or the bank to pay a settlement amount depending upon the difference between the 30 day floating LIBOR rate and the swap fixed rate of 2.71% . The differential to be paid or received under the swap agreement had been accrued and paid as interest rates changed and such amounts were included in interest expense for the respective period. Interest payment dates for the revolving loan were dependent upon the interest rate options selected by the Company. Interest rates on the revolving credit facility were determined based on Wells Fargo's prime rate or LIBOR rate, plus a margin depending on certain criteria in the agreement.

The effective portion of changes in the fair value of derivatives designated and that qualify as cash flow hedges were recorded in accumulated other comprehensive income and subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. The ineffective portion of the change in fair value of the derivatives was recognized directly in earnings. There was no hedge ineffectiveness recognized during the year ended December 31, 2012.

For the year ended December 31, 2012 , the change in net unrealized loss on the derivative designated as a cash flow hedge reported as a component of other accumulated comprehensive income was an increase of $2.1 million ($1.3 million net of tax). Amounts reported in accumulated other comprehensive income related to derivatives were reclassified to interest expense as interest payments were made on the Company's variable-rate debt.

Coast Crane Interest Rate Swaps

The Company assumed three interest rate swaps in conjunction with the Coast Acquisition. The assumed interest rate swaps each had a notional amount of $7.0 million each and expired on May 18, 2012 . Under the agreements, the Company paid fixed interest of 5.62% and received three-month LIBOR . The Company did not contemporaneously document the hedge designation on the date of assumption in order to quality for hedge accounting treatment due to economic reasons and the projected inherent hedge ineffectiveness. The changes in fair values of the assumed swaps for the year ended December 31, 2012 were an unrealized gain of approximately $0.4 million and are reported within interest expense of other income (expenses) in the consolidated statement of operations.

Coast Crane Interest Rate Cap

On October 8, 2014 , the Company entered into an interest rate cap agreement with one of the lenders of its Coast Crane Revolving Credit Facility to limit its exposure to interest rate fluctuations. The cap agreement has a notional principal amount of $40.0 million and matures June 17, 2016 . Under the agreement, the Company's exposure to increases in three-month LIBOR is limited to a maximum three-month LIBOR of 2.50% . The interest rate swap was not designated as a cash flow hedge. The change in fair value for the interest rate cap for the year ended December 31, 2014 was an unrealized loss of approximately $6,000 , which is reported within interest expense of other income (expense) in the consolidated statement of operations.

Essex Rental Corp. Summary

The weighted average interest rate of the Company’s total debt outstanding, including the impact of the interest rate cap was 5.49% and 4.41% at December 31, 2014 and 2013, respectively. The impact of the interest rate swaps resulted in an increase in interest expense of approximately $2.3 million for the year ended December 31, 2012 .

The table below presents the effect of the Company’s derivative financial instruments on the consolidated statements of operations for the year ended December 31, 2012 (amounts in thousands). These amounts are presented as accumulated other comprehensive income (loss) (“OCI”).

Derivatives in Cash Flow Hedging Relationships	Amount of Gain or (Loss) Recognized in OCI on Derivative (Effective Portion)	Location of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Location of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of Gain or (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)
For the Year Ended December 31, 2012					
Interest Rate Swap	$ (219)	Interest expense	$ (1,876)	Other income / (expense)	$ —

10. Fair Value

The FASB issued a statement on Fair Value Measurements which, among other things, defines fair value, establishes a consistent framework for measuring fair value and expands disclosure for each major asset and liability category measured at fair value on either a recurring or nonrecurring basis and clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the standard establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1 - Observable inputs such as quoted prices in active markets:
- Level 2- Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3 - Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The fair value of the Company’s total debt obligations was approximately $221.9 million and $212.0 million as of December 31, 2014 and 2013, respectively, calculated using a discounted cash flows approach at a market rate of interest. The inputs used in the calculation are classified within Level 2 of the fair value hierarchy.

The fair values of the Company’s financial instruments, other than debt obligations, including cash and cash equivalents approximate their carrying values. The Company bases its fair values on listed market prices or third party quotes when available. If not available, then the Company bases its estimates on instruments with similar terms and maturities.

11. Accumulated Other Comprehensive Income Reclassifications

The following table presents the Company's changes in accumulated other comprehensive income by component net of tax for the year ended December 31, 2014 (amounts in thousands):

	Gains and Losses on Designated Cash Flow Hedge	Foreign Currency Translation Adjustments	Total
Beginning balance	$ —	$ 11	$ 11
Other comprehensive income before reclassifications	—	40	40
Amounts reclassified from accumulated other comprehensive income	—	—	—
Net current period other comprehensive income	—	40	40
Ending balance	$ —	$ 51	$ 51

The following table presents the Company's changes in accumulated other comprehensive income by component net of tax for the year ended December 31, 2013 (amounts in thousands):

	Gains and Losses on Designated Cash Flow Hedge	Foreign Currency Translation Adjustments	Total
Beginning balance	$ —	$ 10	$ 10
Other comprehensive income before reclassifications	—	1	1
Amounts reclassified from accumulated other comprehensive income	—	—	—
Net current period other comprehensive income	—	1	1
Ending balance	$ —	$ 11	$ 11

The following table presents the Company's changes in accumulated other comprehensive income by component net of tax for the year ended December 31, 2012 (amounts in thousands):

	Gains and Losses on Designated Cash Flow Hedge	Foreign Currency Translation Adjustments	Total
Beginning balance	$ (1,260)	$ (11)	$ (1,271)
Other comprehensive income (loss) before reclassifications	(135)	21	(114)
Amounts reclassified from accumulated other comprehensive income	1,395	—	1,395
Net current period other comprehensive income	1,260	21	1,281
Ending balance	$ —	$ 10	$ 10

The following table presents the impact of the reclassifications from accumulated other comprehensive income on the consolidated statement of operations for the year ended December 31, 2012 (amounts in thousands):

	Amount Reclassified from Accumulated Other Comprehensive Income	Affected Line Item in the Consolidated Statement of Operations
Losses on designated cash flow hedge		
Interest rate swap	$ (2,293)	Interest Expense
Tax benefit	898	Benefit for Income Taxes
Effect on net loss	$ (1,395)	Net Loss

12. Earnings Per Share

The following tables set forth the computation of basic and diluted earnings per share:

	For the Years Ended December 31,		
	2014	2013	2012
Net loss	$ (11,201)	$ (9,645)	$ (12,653)
Weighted average shares outstanding:			
Basic	24,806	24,660	24,545
Effect of dilutive securities:			
Warrants	—	—	—
Options	—	—	—
Diluted	24,806	24,660	25,545
Basic earnings (loss) per share	$ (0.45)	$ (0.39)	$ (0.52)
Diluted earnings (loss) per share	$ (0.45)	$ (0.39)	$ (0.52)

Basic earnings per share ("EPS") is computed by dividing net income by the weighted average number of common shares outstanding during the period. Included in the weighted average number of shares outstanding for the years ended December 31, 2014, 2013 and 2012 are 493,671 , respectively, weighted average shares of common stock for the effective conversion of the retained interest in Holdings into common stock of the Company. The Retained Interests were converted into common stock on April 17, 2014. Diluted EPS adjusts basic EPS for the effects of Warrants, Units and Options; only in the periods in which such effect is dilutive.

As part of the initial public offering in March 2007 , the Company issued an Underwriter Purchase Option (“UPO”) to purchase 600,000 Units at an exercise price of $8.80 per unit. Each unit consisted of one share of the Company’s common stock and one warrant. Each warrant entitled the holder to purchase from the Company one share of common stock at an exercise price of $5.00 per share. The UPO expired unexercised on March 4, 2012 .

The weighted average restricted stock outstanding that could be converted into 33,523 , 5,411 and 83,469 common shares for the years ended December 31, 2014, 2013 and 2012, respectively, were not included in the computation of diluted earnings per share because the effects would be anti-dilutive. Weighted average options outstanding that could be converted into zero , 55,235 and zero common shares for the the years ended December 31, 2014, 2013 and 2012, respectively, were not included in the computation of diluted earnings per share because the effects would be anti-dilutive. Weighted average warrants outstanding that could be converted into 72,797 and 89,745 common shares for the years ended December 31, 2013 and 2012 were outstanding but were not included in the computation of diluted earnings per share because the effects would be anti-dilutive.

As of December 31, 2014 and 2013, there were 1,336,365 and 1,213,879 stock options, respectively, outstanding which are exercisable at weighted average exercise prices of $4.43 and $4.87 , respectively.

13. Income Taxes

The Company uses an asset and liability approach, as required by the applicable accounting guidance for financial accounting and reporting of income taxes. Deferred tax assets and liabilities are computed using tax rates expected to apply to taxable income in the years in which those assets and liabilities are expected to be realized. The effect on net deferred tax assets and liabilities resulting from a change in tax rates is recognized as income or expense in the period that the change in tax rates is enacted.

The Company makes certain estimates and judgments in determining income tax expense for financial statement purposes. These estimates and judgments are applied in the calculation of certain tax credits and in the calculation of the deferred income tax expense or benefit associated with certain deferred tax assets and liabilities. Significant changes to these estimates may result in an increase or decrease to the Company's tax provision in a subsequent period.

The Company assesses the likelihood that it will be able to recover its deferred tax assets. If recovery is not likely, the Company will increase its provision for income taxes by recording a valuation allowance against the deferred tax assets that are not more likely than not to be realized.

The Company follows the applicable accounting guidance related to the accounting for uncertainty in income taxes. The Company recognizes potential accrued interest and penalties related to unrecognized tax benefits in income tax expense.

The Company files income tax returns in the United States federal jurisdiction and in most state jurisdictions. The Company is subject to U. S. federal and state income tax examinations for years 2011 through 2014, however net operating loss carry-forwards from years prior to 2011 also remain open to examination as part of any year utilized in the future. Coast Crane Ltd. is subject to Canadian income tax examinations for the years 2008 through 2013.

At December 31, 2014, the Company had unused federal net operating loss carry-forwards totaling approximately $148.3 million that begin expiring in 2021. At December 31, 2014, the Company also had unused state net operating loss carry-forwards totaling approximately $77.4 million that expire between 2015 and 2034. The Company had unused federal net operating loss carry-forwards of approximately $143.8 million and unused state net operating loss carry-forwards of approximately $77.3 million at December 31, 2013.

Income tax (benefit) expense consists of the following (amounts in thousands):

	Year Ended December 31,		
	2014	2013	2012
Current income taxes:			
Federal	$ 22	$ 29	$ 9
State and local	63	80	161
Foreign	2	54	(113)
Deferred income taxes:			
Federal	(5,797)	(3,706)	(6,452)
State and local	(1,093)	(1,336)	595
Foreign	(116)	(185)	101
Benefit applied to reduce other identifiable intangibles	—	—	135
Total income tax (benefit) expense	$ (6,919)	$ (5,064)	$ (5,564)

The Company's current income tax expense for the year ended December 31, 2014 relates primarily to Canadian withholding taxes and Texas audit assessments. The Company's deferred income tax benefit for the year ended December 31, 2014 relates primarily to an increase in net operating loss carry-forwards, reduced by an increase in deferred tax liability for rental equipment and other property and equipment.

The Company's current income tax expense for the year ended December 31, 2013 relates primarily to Canadian withholding taxes, New York state audit assessments and Canadian Revenue Agency audit assessments. The Company's deferred income tax benefit for the year ended December 31, 2013 relates primarily to an increase in net operating loss carry-forwards, reduced by an increase in deferred tax liability for rental equipment and other property and equipment.

The Company's current income tax expense for the year ended December 31, 2012 relates primarily to current year state income taxes and prior year income tax true-ups. The Company's deferred income tax benefit for the year ended December 31, 2012 relates primarily to an increase in net operating loss carry-forwards, reduced by an increase in deferred tax liability for rental equipment and property and equipment and a change in the estimated state deferred income tax rate resulting from various state law changes and estimated future apportionment by state.

The following table provides a reconciliation between the federal statutory tax rate and the Company's actual effective tax rate (amounts in thousands):

	For the Years Ended December 31,		
	2014	2013	2012
Federal statutory rate	35.0 %	35.0 %	35.0 %
State and local taxes	3.7 %	5.5 %	(2.8)%
Stock option shortfalls	(0.1)%	(4.5)%	— %
Foreign tax differential	(0.2)%	(0.8)%	— %
Canadian withholding taxes	(0.1)%	(0.9)%	— %
Adjustments to previously recognized deferred tax assets	— %	— %	(2.1)%
Meals, entertainment and other	(0.1)%	0.1 %	0.4 %
Effective income tax rate	38.2 %	34.4 %	30.5 %

The Company's effective tax rate for the year ended December 31, 2014 was lower than the statutory rate primarily due to the impact of foreign tax differential, stock option shortfalls and Canadian withholding taxes.

The Company's effective tax rate for the year ended December 31, 2013 was lower than the statutory rate primarily due to the impact of the stock option shortfall, Canadian withholding taxes and foreign tax differential.

The Company's effective tax rate for the year ended December 31, 2012 was lower than the statutory rate primarily due to a change in the estimated state and local tax rates which are expected to apply in future years when the Company's temporary differences are expected to reverse, and adjustments to previously recognized deferred tax assets. The change in the estimated state and local taxes rates is the result of newly enacted state law changes and estimated future apportionment percentages in various states, which are expected to apply in future years when the Company's temporary differences are expected to reverse.

The tax effects of temporary differences that give rise to deferred tax assets and liabilities are as follows (amounts in thousands):

	For the Year Ended December 31,	
	2014	2013
Deferred tax assets:		
Federal and state net operating loss carry-forwards	$ 57,105	$ 55,826
Accrued expenses	3,299	3,416
Goodwill and other intangibles	1,185	2,649
Stock based compensation	1,686	1,598
Accounts receivable	1,322	1,096
Tax credits and other	692	597
Total deferred tax assets, gross	65,289	65,182
Valuation allowance	(838)	(798)
Total deferred tax assets, net	64,451	64,384
Deferred tax liabilities:		
Rental equipment, property and equipment and other	(95,435)	(102,374)
Other deferred tax liabilities	1	(1)
Total deferred tax liabilities	(95,434)	(102,375)
Net deferred tax liabilities	$ (30,983)	$ (37,991)

	For the Years Ended December 31,	
	2014	2013
Amounts included in the consolidated balance sheets:		
Current deferred tax assets	$ 3,504	$ 2,878
Long-term deferred tax liabilities	(34,487)	(40,869)
Net deferred tax liabilities	$ (30,983)	$ (37,991)

At December 31, 2014, the Company has federal net operating loss carry-forward totaling approximately $148.3 million that begin expiring on December 31, 2021. The Company recognizes a valuation allowance if, based on the weight of available evidence, it is more likely than not that some portion, or all, of a deferred tax asset will not be realized. The Company determined it is more likely than not that it will realize the federal deferred tax assets due to the reversal of federal deferred tax liabilities. The federal deferred tax liabilities significantly exceed the federal deferred tax assets and based on the reversing pattern the Company has concluded that substantially all of the federal deferred tax liabilities are expected to reverse and be a sufficient source of future federal taxable income within the period of time available for existing net operating loss carry-forwards and other federal deferred tax assets. The federal deferred tax liability is of the same character as the differences giving rise to the federal deferred tax assets. Also, if the Company experiences substantial changes in ownership, the net operating loss carry-forwards would be subject to an annual limitation pursuant to Section 382 which may impact the realization of the net operating loss carry-forwards. The Company does not believe that the realization of the prior year net operating loss carry-forwards are impacted by a Section 382 limitation.

The Company also has state net operating loss carry-forwards totaling approximately $77.4 million at December 31, 2014. The Company increased its valuation allowance related to state net operating loss carry-forwards by $0.1 million during the year ended December 31, 2014. The state deferred tax liabilities significantly exceed the state deferred tax assets and based on the reversing pattern the Company has concluded that substantially all of the state deferred tax liabilities are expected to reverse within the period of time available to fully utilize all State deferred tax assets except for certain State net operating losses, with shorter expirations. Based on the reversing schedule performed on a state by state basis the Company has concluded that a valuation allowance of $0.8 million is required. These states required a valuation allowance because the net operating loss carry-forward periods range from five to fifteen years and are expected to expire before being utilized, based upon the scheduled reversal of the deferred tax liabilities. The Company has had net operating losses in these states in the past and limited apportionment currently

in these states. Finally, the Company is not relying upon tax planning strategies as the Company has not identified any tax planning strategies that are prudent, feasible and available.

The following table presents the estimated future net operating loss expiration schedule by date and jurisdiction for each of the subsequent ten years and thereafter as of December 31 (amounts in thousands):

	Jurisdiction	
	Federal	State
December 31, 2015	—	1,267
December 31, 2016	—	3,424
December 31, 2017	—	6,049
December 31, 2018	—	3,649
December 31, 2019	—	4,300
December 31, 2020	—	2,111
December 31, 2021	2	7,909
December 31, 2022	11,424	8,452
December 31, 2023	14,238	5,385
December 31, 2024	15,496	6,555
Thereafter	107,149	28,277
Total	148,309	77,378

The Company also has remaining excess tax goodwill of approximately $3.1 million as of December 31, 2014 associated with the acquisition of Holdings. The excess tax goodwill will be amortized and deducted on the tax return over the remaining three year term. However, the excess tax goodwill is unrecorded for book purposes and cannot be used as a benefit to the income tax provision until the amortization deductions are realized through the reduction of taxable income in future years. The Company had remaining excess tax goodwill of approximately $3.1 million at December 31, 2013.

The Company had approximately $0.1 million and $0.1 million of unrecognized tax benefits, net of federal income tax benefit, at December 31, 2014 and 2013, respectively, all of which will impact the Company's effective tax rate if recognized.

A reconciliation of the approximate beginning and ending amounts of gross unrecognized tax benefits is as follows (amounts in thousands):

	Year Ended December 31,	
	2014	2013
Balance at beginning of year	$ 100	$ 100
Increase for changes to tax positions in prior years, net	—	—
Balance at end of year	$ 100	$ 100

The Company recognizes potential accrued interest and penalties related to unrecognized tax benefits in income tax expense. To the extent interest is not assessed with respect to uncertain tax positions, amounts accrued will be reduced and reflected as a reduction of the overall income tax provision. The Company had no accrual for interest and penalties for the years ended December 31, 2014, 2013, and 2012 as the Company has significant net operating loss carry-forwards which would be reduced if any payment were due under audit.

14. Stock Based Compensation

The Company may issue up to 1,500,000 shares of common stock pursuant to its 2011 Long-term Incentive Plan to employees, non-employee directors and consultants of the Company. The Company may issue up to 1,575,000 shares of common stock pursuant to its 2008 Long-term Incentive Plan to employees, non-employee directors and consultants of the Company. Options to purchase shares of common stock are granted at its market price on the grant date and expire at either seven or ten years from issuance.

Stock Options

The Company calculates stock option compensation expense based on the grant date fair value of the award and recognizes expense on a straight-line basis over the service period of the award. The Company has granted to certain key members of management options to purchase the following shares by grant date during the year ended December 31, 2014:

	Grant Date		
	June 27, 2014	June 27, 2014	March 13, 2014
Options granted	49,814	98,024	100,000
Exercise price per share	$ 2.51	$ 2.51	$ 3.26
Service period	3 years	3 years	3 years
Option life	7 years	10 years	10 years

The fair values of the stock options granted are estimated at the date of grant using the Black-Scholes option pricing model. The model is sensitive to changes in assumptions which can materially affect the fair value estimate. The Company's method of estimating the expected volatility for the 2014 option grants was based on the volatility of its own common shares outstanding. The expected dividend yield was estimated based on the Company's expected dividend rate over the term of the options. The expected term of the options was based on management's estimate, and the risk-free rate is based on U.S. Treasuries with a term approximating the expected life of the options.

The following table presents the assumptions used in the Black-Scholes option pricing model and the resulting option fair values by grant date during the year ended December 31, 2014 (amounts in thousands, except per share data):

	Grant Date		
	June 27, 2014	June 27, 2014	March 13, 2014
Expected dividend yield	—%	—%	—%
Risk-free interest rate	1.45%	1.89%	1.84%
Expected volatility	69.94%	69.94%	71.12%
Expected life of option	4.5 years	6 years	6 years
Grant date fair value per share	$ 1.40	$ 1.58	$ 1.88
Grant date fair value	$ 70	$ 155	$ 188

On November 11, 2013 and May 31, 2013, the Company entered into separation agreements with its former Chief Executive Officer and former Chief Financial Officer, respectively. In accordance with the terms of the separation agreements, and as permitted under the terms of the applicable option awards, the Company agreed that options awarded to the former executives of the Company on December 18, 2008 and January 14, 2011, to the extent vested, will remain exercisable until the ten year anniversary of the applicable grant date, instead of expiring 90 days following the date employment was terminated, as provided in the option award agreements. The separation agreements resulted in the forfeiture of 403,353 vested options issued under the March 18, 2010 option grant and 32,487 unvested options issued under the January 14, 2011 option grant.

The table below summarizes the stock option activity for the years ending December 31, 2014, 2013 and 2012:

	Stock Options	
	Common Shares Subject to Options	Weighted Average Exercise Price
Balance at December 31, 2011	1,474,719	$ 5.45
Granted	—	—
Exercised	—	—
Expired/forfeited	—	—
Balance at December 31, 2012	1,474,719	5.45
Granted	175,000	3.73
Exercised	—	—
Expired/forfeited	(435,840)	6.39
Balance at December 31, 2013	1,213,879	4.87
Granted	247,838	2.81
Exercised	—	—
Expired/forfeited	(125,352)	5.45
Balance at December 31, 2014	1,336,365	$ 4.43

The following table summarizes information regarding options outstanding and exercisable at December 31, 2014:

	Options Outstanding (1)			Options Exercisable (2)		
	Options	Weighted Average Remaining Contractual Term (Years)	Weighted Average Exercise Price	Options	Weighted Average Remaining Contractual Term (Years)	Weighted Average Exercise Price
2008 Options Grant	516,975	3.97	$ 4.50	516,975		
2010 Options Grant	41,308	5.22	6.45	41,308		
2011 Options Grant	355,244	6.04	5.58	355,244		
2013 Options Grant	175,000	8.65	3.73	58,333		
2014 Options Grant	247,838	8.78	2.81	—		
	1,336,365	6.06	$ 4.43	971,860	5.06	$ 4.93
Vested and expected to vest as of December 31, 2014	1,336,365	6.06	$ 4.43			

(1)The aggregate intrinsic value of options outstanding that are vested and expected to vest as of December 31, 2014 is zero calculated using the Company's closing share price of $1.32 .

(2)The aggregate intrinsic value of options exercisable as of December 31, 2014 is zero calculated using the Company's closing share price of $1.32 .

There were 1,213,879 and 1,474,719 options outstanding at December 31, 2013 and 2012, respectively with weighted average exercise prices of $4.87 and $5.45 , respectively. There were 897,629 and 1,030,230 options exercisable at December 31, 2013 and 2012, respectively, with weighted average exercise prices of $4.98 and $5.26 , respectively.

Restricted Shares of Common Stock

On June 27, 2014 , the Company granted to key members of management 51,640 shares of restricted common stock with an aggregate grant date fair value of approximately $0.1 million . One-third of the restricted shares are scheduled to vest on June 27, 2015, June 27, 2016 and June 27, 2017, respectively, and as such, no shares were vested as of December 31, 2014.

On November 15, 2013 , the Company granted to a key member of management 50,000 shares of restricted common stock with an aggregate grant date fair value of $0.2 million . One-third of the restricted shares vested on November 15, 2014 and an additional one-third are scheduled to vest on November 15, 2015 and November 15, 2016, respectively, and as such, 16,667 shares were vested as of December 31, 2014.

On June 18, 2013 , the Company granted to a key member of management 67,500 shares of restricted common stock with an aggregate grant date fair value of $0.3 million . One-third of the restricted shares vested on June 18, 2014 and an additional one-third of the restricted shares are scheduled to vest on June 18, 2015 and June 18, 2016, respectively, and as such, 22,500 shares were vested as of December 31, 2014.

On January 3, 2011 , the Company granted to certain employees 166,943 shares of restricted common stock with an aggregate grant date fair value of $0.9 million . One half of these restricted shares vested on January 3, 2012 and the remainder vested on January 3, 2013, and as such, 166,943 were vested as of December 31, 2014.

The table below summarizes the restricted shares activity for the years ending December 31, 2014, 2013 and 2012:

	Restricted Shares	
	Common Shares Subject to Grants	Weighted Average Fair Value
Balance at December 31, 2011	166,943	$ 5.55
Granted	—	—
Vested	(83,474)	5.55
Expired/forfeited	—	—
Balance at December 31, 2012	83,469	5.55
Granted	117,500	3.73
Vested	(83,469)	5.55
Expired/forfeited	—	—
Balance at December 31, 2013	117,500	3.73
Granted	51,640	2.51
Vested	(39,167)	3.73
Expired/forfeited	—	—
Balance at December 31, 2014	129,973	$ 3.25

The Company recorded approximately $0.4 million , $1.4 million and $1.5 million of non-cash compensation expense associated with stock options and restricted shares in selling, general and administrative expenses for the years ended December 31, 2014, 2013 and 2012, respectively. There was approximately $0.9 million and $0.7 million of total unrecognized compensation cost as of December 31, 2014 and 2013, respectively, related to non-vested stock option and restricted share awards. The remaining cost is expected to be recognized ratably over the remaining respective vesting periods.

15. Common Stock and Warrants

In October 2008 our Board of Directors authorized a stock and warrant repurchase program, under which the Company may purchase, from time to time, in open market transactions at prevailing prices or through privately negotiated transactions as conditions permit, up to $12.0 million of the Company’s outstanding common stock and warrants. The Company’s stock repurchase program was suspended in May 2010 in conjunction with the launching of the cashless exercise warrant offer. Repurchases of our common stock and warrants were funded with cash flows of the business.

In November 2010 , in conjunction with the issuance of the unsecured promissory notes, the Company issued 90,000 warrants entitling the holders to purchase from the Company one share of common stock at an exercise price of $0.01 . The warrants were fully exercised on October 24, 2013 . The fair value of the warrants on the issuance date was $0.3 million . See Note 7 for further discussion.

The Company issued 45,719 , 43,715 and 56,868 shares of common stock for services provided by the members of the Strategic Planning and Finance Committee of the Board of Directors during the years ended December 31, 2014, 2013 and 2012 , respectively. The Company issued 3,155 shares of common stock for services provided by one member of the Board of Directors during the year ended December 31, 2014. The Company issued 8,352 shares of common stock to certain members of management in lieu of cash compensation during the year ended December 31, 2014. The Company issued 39,167 , 83,469 and 83,474 shares of restricted common stock to the certain employees during the years ended December 31, 2014, 2013 and 2012, respectively. The Company withheld 15,293 , 29,489 and 12,616 common shares to cover the employee tax obligation related to the restricted shares issuance for the years ended December 31, 2014, 2013 and 2012, respectively. The Company issued 90,000 shares of common stock upon the exercise of warrants in exchange for cash proceeds of $900 during the year ended December 31, 2013 .

16. Segment Information

The Company has identified four reportable segments: Essex Crane equipment rentals, Coast Crane equipment rentals, equipment distribution, and parts and service. These segments are based upon how management of the Company allocates resources and assesses performance. The Essex Crane and Coast Crane equipment rentals segments include rental, transportation and used rental equipment sales. There were no sales between segments for any of the periods presented. Selling, general, and administrative expenses as well as all other income and expense items below gross profit are not generally allocated to our reportable segments.

We do not compile discrete financial information by our segments other than the information presented below. The following table presents information about our reportable segments related to revenues and gross profit (amounts in thousands):

	For The Years Ended December 31,		
	2014	2013	2012
		(Restated)	(Restated)
Segment revenues			
Essex Crane equipment rentals	$ 40,429	$ 33,941	$ 35,415
Coast Crane equipment rentals	32,781	31,004	35,816
Equipment distribution	9,930	11,212	4,087
Parts and service	20,309	19,380	22,942
Total revenues	$ 103,449	$ 95,537	$ 98,260
Segment gross profit			
Essex Crane equipment rentals	$ 4,336	$ 4,787	$ 4,902
Coast Crane equipment rentals	11,438	11,029	10,020
Equipment distribution	486	1,046	16
Parts and service	5,431	5,326	6,394
Total gross profit	$ 21,691	$ 22,188	$ 21,332

The following table presents information about our reportable segments related to total assets (amounts in thousands):

	December 31, 2014	December 31, 2013 (Restated)
Segment identified assets		
Essex Crane equipment rentals	$ 208,777	$ 225,501
Coast Crane equipment rentals	83,561	83,107
Equipment distribution	12,494	4,410
Parts and service	7,277	4,765
Total segment identified assets	312,109	317,783
Non-segment identified assets	13,781	14,993
Total assets	$ 325,890	$ 332,776

The Company operates primarily in the United States. Our sales to international customers for the year ended December 31, 2014 were 6.3% of total revenues. Sales to customers in Canada represented 4.9% of total revenues for the year ended December 31, 2014. No one customer accounted for more than 10% of our revenues on an overall or segmented basis except as described below. Within the Essex Crane equipment rentals segment and for the year ended December 31, 2014, one customer individually accounted for approximately 19.9% of revenues on a segmented basis. The concentration of revenues from this customer within the equipment rentals segment is directly attributable to the number of pieces of equipment on rent and the high average monthly rental rates for those pieces of equipment. Within the equipment distribution segment and for the year ended December 31, 2014, one customer individually accounted for approximately 11.7% of revenues on a segmented basis. The concentration of revenues from these customers within the equipment distribution segment is directly attributable to the large dollar value of individual transactions and the small number of individual transactions.

Our sales to international customers for the year ended December 31, 2013 were 9.6% of total revenues. Sales to customers in Canada represented 8.4% of total revenues for the years ended December 31, 2013. No one customer accounted for more than 10% of our revenues on an overall or segmented basis except as described below. Within the equipment distribution segment and for the year ended December 31, 2013, one customer individually accounted for approximately 25.3% of revenues on a segmented basis. The concentration of revenues from these customers within the equipment distribution segment is directly attributable to the large dollar value of individual transactions and the small number of individual transactions.

Our sales to international customers for the year ended December 31, 2012 were 12.2% of total revenues. Sales to customers in Canada represented 10.1% of total revenues for the years ended December 31, 2012. No one customer accounted for more than 10% of our revenues on an overall or segmented basis except as described below. Within the equipment distribution segment and for the year ended December 31, 2012, four customers individually accounted for approximately 14.2% , 13.8% , 12.6% and 11.6% of revenues on a segmented basis. The concentration of revenues from these customers within the equipment distribution segment is directly attributable to the large dollar value of individual transactions and the small number of individual transactions.

The Company maintains assets in Canada associated with our Coast Crane Ltd. subsidiary. Total assets located in Canada at December 31, 2014 totaled approximately $3.9 million , including long-lived assets totaling approximately $2.8 million . At December 31, 2013, total assets located in Canada totaled approximately $4.5 million , including long-lived assets totaling approximately $3.5 million .

17. Commitments, Contingencies and Related Party Transactions

The Company leases real estate and office equipment under operating leases which continue through 2018 . The Company’s rent expense under non-cancelable operating leases totaled $2.9 million , $2.6 million and $1.8 million for the years ended December 31, 2014, 2013 and 2012, respectively.

Future minimum lease payments for the Company's non-cancellable operating leases at December 31, 2014 are as follows (amounts in thousands):

2015	$	2,203
2016		1,301
2017		545
2018		411
2019		95
Total	$	4,555

Since December 2010, the Company occupies office space at 500 Fifth Avenue, 50 th Floor, New York, NY 10110, provided by Hyde Park Real Estate LLC, an affiliate of Laurence S. Levy, our Chairman of the Board of Directors. Such affiliate has agreed that it will make such office space, as well as certain office and administrative services, available to the Company, as may be required by the Company from time to time. Effective January 1, 2012, the Company agreed to pay such entity approximately $8,000 per month for such services based on reimbursement of actual costs with the terms of such arrangement being reconsidered from time to time. Effective November 7, 2014, the Company has agreed to pay such entity approximately$11,000 per month for such services based on reimbursement of actual costs with the terms of such arrangement being reconsidered from time to time. The Company's statements of operations for the years ended December 31, 2014, 2013 and 2012 include $0.1 million , $0.1 million and $0.1 million , respectively, of rent expense related to these agreements.

In November 2010 , the Company entered into an agreement with the holders of certain Coast Crane indebtedness pursuant to which such holders agreed, in consideration of the assumption of such indebtedness by the Company, to exchange such indebtedness of $5.2 million for unsecured promissory notes issued by the Company in the aggregate principal amount of $5.2 million plus the receipt of up to 90,000 warrants to purchase Essex common stock at $0.01 per share. The warrants were exercised in full on October 24, 2013 . The holders of the unsecured promissory notes were related parties to the Company as they owned a significant amount of the Company's outstanding shares of common stock at the time of the transaction.

The Company maintains reserves for personal property taxes. These reserves are based on a variety of factors including: duration of rental in each county jurisdiction, tax rates, rental contract terms, customer filings, tax-exempt nature of projects or jurisdictions, statutes of limitations and potential related penalties and interest. Additionally, most customer rental contracts contain a provision that provides that personal property taxes are an obligation to be borne by the lessee. Where provided in the rental contract, management will invoice the customer for any personal property taxes paid by the Company. An estimated receivable has been provided in connection with this liability, net of an estimated allowance. This customer receivable has been presented as other receivables in current assets while the property tax reserve has been included in accrued taxes.

Management estimated the gross personal property taxes liability and related contractual customer receivable of the Company to be approximately $3.2 million and $1.7 million , respectively, at December 31, 2014. Management estimated the gross personal property taxes liability and related contractual customer receivable of the Company to be approximately $3.3 million and $2.0 million , respectively, at December 31, 2013.

The Company is subject to a number of claims and proceedings that generally arise in the normal conduct of business. The Company believes that any liabilities ultimately resulting from these claims will not, individually or in the aggregate, have a material adverse effect on our financial position, results of operations or cash flows.

18. 401(k) Profit Sharing Plan and Medical Benefits

The Company has a defined contribution plan under Section 401(k) of the Internal Revenue Code available to all eligible employees. The plan requires the Company to match 100% of the first 3% of a participant's contributions and match 50% of the next 2% of a participant's contributions thereby totaling a maximum matching of 4% if an employee contributes 5% of their compensation. These contributions vest immediately upon contribution. The Company's 401(k) contributions were $0.6 million for each of the years ended December 31, 2014, 2013 and 2012, respectively.

The Company provides medical benefits to its employees and their dependents and is self-insured for Essex Crane employees for annual individual claims of up to $90,000 , at which time a stop loss insurance policy covers any excess.

19. Concentrations

A substantial portion of purchases of rental equipment, new equipment and majority of spare parts come from five vendors. The loss of one or more of these vendors is not expected to have a material negative impact on operations as there are other manufacturers and sources from which the Company may acquire rental equipment and spare parts, if necessary.

20. Summarized Quarterly Financial Data (Unaudited)

The following is a summary of our unaudited quarterly financial results of operations for the years ended December 31, 2014 and 2013:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2014	(Restated)	(Restated)	(Restated)	
Total revenues	$ 21,086	$ 24,509	$ 29,581	$ 28,273
Gross profit	4,182	5,273	6,517	5,719
Loss from operations	(1,995)	(810)	(388)	(601)
Loss before benefit for income taxes	(5,108)	(4,322)	(4,232)	(4,458)
Net loss	(3,169)	(2,741)	(2,398)	(2,893)
Basic net loss per share (1)	$ (0.13)	$ (0.11)	$ (0.10)	$ (0.12)
Diluted net loss per share (1)	$ (0.13)	$ (0.11)	$ (0.10)	$ (0.12)

(1) Due to the method used in calculating per share data, the summation of the quarterly per share data may not necessarily total to the per share data computed for the entire year.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2013	(Restated)	(Restated)	(Restated)	(Restated)
Total revenues	$ 25,065	$ 25,213	$ 22,808	$ 22,451
Gross profit	5,723	6,363	5,456	4,646
Loss from operations	(642)	(208)	(518)	(1,860)
Loss before benefit for income taxes	(3,268)	(3,405)	(2,933)	(5,103)
Net loss	(2,162)	(1,932)	(1,903)	(3,648)
Basic net loss per share (1)	$ (0.09)	$ (0.08)	$ (0.08)	$ (0.15)
Diluted net loss per share (1)	$ (0.09)	$ (0.08)	$ (0.08)	$ (0.15)

(1) Due to the method used in calculating per share data, the summation of the quarterly per share data may not necessarily total to the per share data computed for the entire year.

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

ESSEX RENTAL CORP

Date:	March 31, 2015	By:	/s/ Nicholas J. Matthews
			Nicholas J. Matthews, Chief Executive Officer

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

Signatures	Title	Date
/s/ Laurence S. Levy Laurence S. Levy	Chairman	March 31, 2015
/s/ Edward Levy Edward Levy	Director	March 31, 2015
/s/ Daniel H. Blumenthal Daniel H. Blumenthal	Director	March 31, 2015
/s/ John G. Nestor John G. Nestor	Director	March 31, 2015
/s/ William W. Fox William W. Fox	Director	March 31, 2015
/s/ Nicholas J. Matthews Nicholas J. Matthews	Chief Executive Officer (Principal Executive Officer) and Director	March 31, 2015
/s/ Kory M. Glen Kory M. Glen	Chief Financial Officer (Principal Financial Officer and Principle Accounting Officer)	March 31, 2015

Exhibit 21

Name of Subsidiary	State of Incorporation/Organization	Names Under Which Subsidiary Conducts Business
Essex Crane Rental Corp.	Delaware	Essex Crane Rental Corp.
Essex Holdings, LLC	Delaware	Essex Holdings, LLC
Essex Finance Corp.	Delaware	Essex Finance Corp.
CC Acquisition Holding Corp.	Delaware	CC Acquisition Holding Corp.
Coast Crane Company	Delaware	Coast Crane Company
Coast Crane Ltd.	British Columbia	Coast Crane Ltd.

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We have issued our reports dated March 31, 2015 with respect to the consolidated financial statements and internal control over financial reporting in the Annual Report of Essex Rental Corp. on Form 10-K for the year ended December 31, 2014. We hereby consent to the incorporation by reference of said reports in the Registration Statements of Essex Rental Corp. on Forms S-3 (File No. 333-138452, effective June 18, 2009 and File No. 333-171387, effective December 23, 2010) and Form S-8 (File No. 333-161322, effective August 13, 2009 and File No. 333-185567, effective December 19, 2012).

/s/ Grant Thornton LLP

Chicago, IL
March 31, 2015

Exhibit 31.1

**CERTIFICATION PURSUANT TO RULE 13a-14(a)/15d-14(a)
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Nicholas J. Matthews, certify that:

1. I have reviewed this annual report on Form 10-K of Essex Rental Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such internal control and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent function):

   a. all significant deficiencies in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 31, 2015

By: /s/ Nicholas J. Matthews
Nicholas J. Matthews
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

**CERTIFICATION PURSUANT TO RULE 13a-14(a)/15d-14(a)
AS ADOPTED PURSUANT TO SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

I, Kory M. Glen, certify that:

1. I have reviewed this annual report on Form 10-K of Essex Rental Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) designed such disclosure controls and procedures, or caused such internal control and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) designed such internal control over financial reporting or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of the registrant's Board of Directors (or persons performing the equivalent function):
   a. all significant deficiencies in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: March 31, 2015

By: /s/ Kory M. Glen
Kory M. Glen
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO SECTION 906 OF
THE SARBANES-OXLEY ACT OF 2002**

In connection with the annual report of Essex Rental Corp. (the “Company”) on Form 10-K for the year ended December 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Nicholas J. Matthews, Chief Executive Officer of the Company, and Kory M. Glen, Chief Financial Officer of the Company, each certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated:	March 31, 2015	By:	/s/ Nicholas J. Matthews
			Nicholas J. Matthews Chief Executive Officer (Principal Executive Officer)
Dated:	March 31, 2015	By:	/s/ Kory M. Glen
			Kory M. Glen Chief Financial Officer (Principal Financial Officer)