

UNITED RENTALS INC /DE
Form 11-K
June 28, 2004
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (No Fee Required)

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2003

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (No Fee Required)

For the transition period from _____ to _____

Commission file number 1-14387

A. Full title of the plan and address of the plan, if different from that of the issuer named below:

United Rentals, Inc. Acquisition Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

United Rentals, Inc.

Five Greenwich Office Park

Greenwich, Connecticut 06830

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AUDITED FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULE

United Rentals, Inc. Acquisition Plan

December 31, 2003 and 2002

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United Rentals, Inc. Acquisition Plan

Audited Financial Statements
and Supplemental Schedule

December 31, 2003 and 2002

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Report of Independent Registered Public Accounting Firm

To Administrator of United Rentals, Inc. Acquisition Plan

We have audited the accompanying statements of net assets available for benefits of United Rentals, Inc. Acquisition Plan as of December 31, 2003 and 2002, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan'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 financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2003 and 2002, and the changes in its net assets available for benefits for the years then ended, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2003, is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ Ernst & Young LLP

June 16, 2004

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United Rentals, Inc. Acquisition Plan

Statements of Net Assets Available for Benefits

| | December 31 | |
|---|---------------|---------------|
| | 2003 | 2002 |
| Assets: | | |
| Cash | \$ | \$ 2,093 |
| Investments, at fair value: | | |
| United Rentals, Inc. Common Stock | 341,375 | 257,608 |
| T. Rowe Price Equity Index Trust Fund | 1,446,701 | 1,188,354 |
| Mutual Funds: | | |
| T. Rowe Price Spectrum Income Fund | 2,513,530 | 2,237,428 |
| T. Rowe Price Balanced Fund | 2,765,860 | 2,561,359 |
| T. Rowe Price Blue Chip Growth Fund | 6,478,240 | 5,970,303 |
| T. Rowe Price Dividend Growth Fund | 267,128 | 203,373 |
| T. Rowe Price Global Stock Fund | 228,530 | 300,025 |
| T. Rowe Price Growth and Income Fund | 616,152 | 575,741 |
| T. Rowe Price International Stock Fund | 825,168 | 652,701 |
| T. Rowe Price New Horizons Fund | 714,742 | 470,265 |
| T. Rowe Price Prime Reserve Fund | 10,890,170 | 13,524,286 |
| T. Rowe Price Retirement Income Fund | 82,610 | |
| T. Rowe Price Retirement 2010 Fund | 60,179 | |
| T. Rowe Price Retirement 2020 Fund | 103,367 | |
| T. Rowe Price Retirement 2030 Fund | 87,049 | |
| T. Rowe Price Retirement 2040 Fund | 22,926 | |
| T. Rowe Price Science & Technology Fund | 740,157 | 517,781 |
| T. Rowe Price Small-Cap Stock Fund | 1,306,059 | 1,008,862 |
| T. Rowe Price Value Fund | 864,085 | 775,357 |
| Total investments | 30,354,028 | 30,243,443 |
| Participant loans | 1,410,580 | 1,638,668 |
| Net assets available for benefits | \$ 31,764,608 | \$ 31,884,204 |

See accompanying notes.

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United Rentals, Inc. Acquisition Plan

Statements of Changes in Net Assets Available for Benefits

| | Year ended December 31 | |
|--|------------------------|----------------------|
| | 2003 | 2002 |
| Additions: | | |
| Investment income: | | |
| Interest and dividend income | \$ 420,334 | \$ 622,470 |
| Net appreciation (depreciation) in fair value of investments | 4,216,590 | (4,496,757) |
| Employee rollover contributions | | 1,229 |
| Transfers in from various plans | | 8,115,487 |
| | 4,636,924 | 4,242,429 |
| Deductions: | | |
| Benefits paid directly to participants | 4,703,181 | 3,864,387 |
| Participant loans transferred out | 53,339 | |
| Net (decrease) increase | (119,596) | 378,042 |
| Net assets available for benefits, beginning of year | 31,884,204 | 31,506,162 |
| Net assets available for benefits, end of year | \$ 31,764,608 | \$ 31,884,204 |

See accompanying notes.

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United Rentals, Inc. Acquisition Plan

Notes to Financial Statements

December 31, 2003 and 2002

1. Plan Description

The following description of the United Rentals, Inc. Acquisition Plan (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan s provisions.

General

The Plan is a defined contribution, discretionary profit sharing plan which was established by United Rentals, Inc. (the Company) on April 1, 1999. An individual who was an employee of a prior employer acquired by the Company shall become a participant of the Plan on the date that their assets from the prior employer plan are transferred to the Plan. The purpose of this Plan is to hold participant accounts which accumulated during their employment with the acquired company. Participants do not contribute currently to the Plan, but instead make contributions to the United Rentals, Inc. 401(k) Investment Plan.

Contributions

A participant may contribute amounts representing distributions from other qualified defined benefit or defined contribution plans.

The Company may contribute a discretionary amount, if any, to the Plan determined annually by the Board of Directors of the Company. The Company did not make any contributions to the Plan in 2003 and 2002.

Participant Accounts

Each participant account is credited with the participant s share of Company discretionary contributions, if any, assets transferred to this Plan from the participant s prior employer plan, the participant s share of the net earnings or losses on the investments of the assets of the Plan, distributions from the participant s account, and any expenses or liabilities charged to the participant s account.

Vesting

Participants in the Plan are fully vested in their accounts upon the transfer of their assets from the prior employer plan into the Plan.

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United Rentals, Inc. Acquisition Plan

Notes to Financial Statements (continued)

1. Plan Description (continued)

Investment Options

All of the Plan's investment options are fully participant directed. The Plan's custodian is T. Rowe Price Trust Company.

Participant Loans

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balance. Loan terms range from one to five years for personal loans and up to a reasonable period of time as established by the Plan Administrator for the purchase of a primary residence. The loans are secured by the vested balance in the participant's account and bear interest at a rate determined by the Plan Administrator. Principal and interest are paid ratably through payroll deductions.

Payment of Benefits

On termination of service, death, disability or retirement a participant may receive a lump-sum amount equal to the vested value of his or her account.

Administrative Expenses

Substantially all of the Plan's administrative expenses are paid by the Company. Certain other administrative and investment related expenses are charged directly to the participants' accounts.

Plan Termination

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Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and terminate the Plan subject to the provisions of Employee Retirement Income Security Act of 1974.

Transfers In

Transfers in from various plans during 2002 represent assets transferred to this Plan from the Access Rentals, Inc. Salary Deferral Plan, Cave Holdings 401(k) Savings and Profit Sharing Plan and other acquired companies' plans. There were no transfers in during 2003.

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United Rentals, Inc. Acquisition Plan

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies

Basis of Accounting

The Plan's financial statements are prepared on the accrual basis of accounting.

Investments

The Plan's investments are stated at fair value. The fair value for common stock and mutual fund investments was measured by quoted prices in an active market. The T. Rowe Price Equity Index Trust is an underlying trust of a T. Rowe Price Common Trust Fund. The Plan's accounting for the T. Rowe Price Equity Index Trust is based on the redemption value of the Plan's units of participation in the T. Rowe Price Common Trust Fund. The redemption value is based on the fair market value of the underlying investments, as determined by T. Rowe Price Trust Company. Participant loans are valued at their outstanding principal balances, which approximate fair value.

Use of Estimates

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

3. Income Tax Status

The Plan has received a determination letter from the Internal Revenue Service dated April 20, 2004, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (the Code) and, therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Company has indicated that it will take the necessary steps, if any, to maintain the Plan's qualified status.

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United Rentals, Inc. Acquisition Plan

Notes to Financial Statements (continued)

4. Investments

During 2003 and 2002, the Plan's investments (including investments purchased, sold, or held during the period) appreciated (depreciated) in fair value as follows:

| | <u>Year ended December 31</u> | |
|---|-------------------------------|-----------------------|
| | <u>2003</u> | <u>2002</u> |
| United Rentals, Inc. Common Stock | \$ 181,777 | \$ (195,508) |
| T. Rowe Price Equity Index Trust Fund | 329,698 | (367,450) |
| T. Rowe Price Spectrum Income Fund | 217,813 | 34,798 |
| T. Rowe Price Balanced Fund | 448,323 | (345,887) |
| T. Rowe Price Blue Chip Growth Fund | 1,627,357 | (2,109,931) |
| T. Rowe Price Dividend Growth Fund | 50,279 | (67,565) |
| T. Rowe Price Global Stock Fund | 58,623 | (90,740) |
| T. Rowe Price Growth and Income Fund | 137,263 | (212,312) |
| T. Rowe Price International Stock Fund | 185,635 | (166,920) |
| T. Rowe Price New Horizons Fund | 231,009 | (162,797) |
| T. Rowe Price Retirement Income Fund | 4,262 | |
| T. Rowe Price Retirement 2010 Fund | 3,332 | |
| T. Rowe Price Retirement 2020 Fund | 7,819 | |
| T. Rowe Price Retirement 2030 Fund | 7,097 | |
| T. Rowe Price Retirement 2040 Fund | 3,066 | |
| T. Rowe Price Science & Technology Fund | 254,200 | (351,766) |
| T. Rowe Price Small-Cap Stock Fund | 280,987 | (237,392) |
| T. Rowe Price Value Fund | 188,050 | (223,287) |
| | <u>\$ 4,216,590</u> | <u>\$ (4,496,757)</u> |

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Supplemental Schedule

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United Rentals, Inc. Acquisition Plan

EIN# 06-1493538 Plan# 002

Schedule H, Line 4(i) Schedule of Assets (Held at End of Year)

December 31, 2003

| Identity of Issue, Borrower, Lessor or Similar Party | Description of Investment, Including Maturity Date, Rate of Interest, Par or Maturity Value | Shares/ Units | Current Value |
|---|---|------------------|----------------------|
| T. Rowe Price Trust Company* | Spectrum Income Fund | 213,554 | \$ 2,513,530 |
| | Balanced Fund | 150,237 | 2,765,860 |
| | Blue Chip Growth Fund | 227,706 | 6,478,240 |
| | Dividend Growth Fund | 12,892 | 267,128 |
| | Global Stock Fund | 16,196 | 228,530 |
| | Growth and Income Fund | 28,368 | 616,152 |
| | International Stock Fund | 71,816 | 825,168 |
| | New Horizons Fund | 28,820 | 714,742 |
| | Prime Reserve Fund | 10,890,170 | 10,890,170 |
| | Science & Technology Fund | 39,370 | 740,157 |
| | Small-Cap Stock Fund | 46,678 | 1,306,059 |
| | Value Fund | 43,183 | 864,085 |
| | Equity Index Trust Fund | 46,864 | 1,446,701 |
| | Retirement Income Fund | 7,061 | 82,610 |
| | Retirement 2010 Fund | 4,665 | 60,179 |
| | Retirement 2020 Fund | 7,685 | 103,367 |
| | Retirement 2030 Fund | 6,303 | 87,049 |
| | Retirement 2040 Fund | 1,665 | 22,926 |
| United Rentals, Inc.* | United Rentals, Inc. Common Stock | 17,725 | 341,375 |
| | | | <u>30,354,028</u> |
| Participant loans* | With interest rates ranging from 4.75% to 11.5%; maturities range from 1 to 29 years | | 1,410,580 |
| | | | <u>\$ 31,764,608</u> |

* Indicates party-in-interest to the Plan.

Note: The Cost column is not applicable because all of the Plan's investment programs are fully participant directed.

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EXHIBITS

Exhibit No. 23 Consent of Ernst & Young LLP

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

United Rentals, Inc. Acquisition Plan

Date: June 28, 2004

By: /s/ JOHN N. MILNE

Name: John N. Milne
Title: Trustee