

UNITED RENTALS NORTH AMERICA INC  
Form SC 13G/A  
February 14, 2013

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 13G**

**Under the Securities Exchange Act of 1934**

**(Amendment No. 2)**

**UNITED RENTALS (NORTH AMERICA), INC.**

**(Name of Issuer)**

**Common Stock, \$0.01 par value per share**

**(Title of Class of Securities)**

**911363109**

**(CUSIP Number)**

**December 31, 2012**

**(Date of Event which requires Filing of this Statement)**

Edgar Filing: UNITED RENTALS NORTH AMERICA INC - Form SC 13G/A

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

☐ Rule 13d-1(b)

☒ Rule 13d-1(c)

☐ Rule 13d-1(d)

\* The remainder of this cover page shall be filed out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page. The information required on the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 ( " Act " ) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

**SCHEDULE 13G**

CUSIP No. 911363109

Page 2 of 12 Pages

**1** NAME OF REPORTING PERSON

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSON (ENTITIES ONLY)

**2** Bridger Management, LLC  
CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\*

(a) ☐ (b) ☒

**3** SEC USE ONLY

**4** CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware  
**5** SOLE VOTING POWER

**NUMBER OF**

**SHARES** **6** 0  
SHARED VOTING POWER

**BENEFICIALLY**

**OWNED BY**  
**EACH** **7** 1,015,063  
SOLE DISPOSITIVE POWER

**REPORTING**

**PERSON**  
**8** 0  
SHARED DISPOSITIVE POWER  
**WITH**

**9** 1,015,063  
AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

1,015,063

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**10** CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES\*

..

**11** PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

1.1%

**12** TYPE OF REPORTING PERSON\*

IA

**SCHEDULE 13G**

CUSIP No. 911363109

Page 3 of 12 Pages

**1** NAME OF REPORTING PERSON

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSON (ENTITIES ONLY)

**2** Roberto Mignone  
CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\*

(a) ☐ (b) ☒

**3** SEC USE ONLY

**4** CITIZENSHIP OR PLACE OF ORGANIZATION

United States

**5** SOLE VOTING POWER

**NUMBER OF**

**SHARES** **6** 0  
SHARED VOTING POWER

**BENEFICIALLY**

**OWNED BY**  
**EACH** **7** 1,015,063  
SOLE DISPOSITIVE POWER

**REPORTING**

**PERSON** **8** 0  
SHARED DISPOSITIVE POWER  
**WITH**

**9** 1,015,063  
AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

1,015,063

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**10** CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES\*

..

**11** PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

1.1%

**12** TYPE OF REPORTING PERSON\*

IN

**SCHEDULE 13G**

CUSIP No. 911363109

Page 4 of 12 Pages

**1** NAME OF REPORTING PERSON

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSON (ENTITIES ONLY)

**2** Bridger Capital, LLC  
CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\*

(a) ☐ (b) ☒

**3** SEC USE ONLY

**4** CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware  
**5** SOLE VOTING POWER

**NUMBER OF**  
**SHARES** **6** 0  
SHARED VOTING POWER

**BENEFICIALLY**

**OWNED BY**  
**EACH** **7** 385,305  
SOLE DISPOSITIVE POWER

**REPORTING**

**PERSON** **8** 0  
SHARED DISPOSITIVE POWER  
**WITH**

**9** 385,305  
AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

385,305

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**10** CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES\*

..

**11** PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

0.4%

**12** TYPE OF REPORTING PERSON\*

OO



**SCHEDULE 13G**

CUSIP No. 911363109

Page 5 of 12 Pages

**1** NAME OF REPORTING PERSON

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSON (ENTITIES ONLY)

**2** Swiftcurrent Partners, L.P.  
CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\*

(a) ☐ (b) ☒

**3** SEC USE ONLY

**4** CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware  
**5** SOLE VOTING POWER

**NUMBER OF**  
**SHARES** **6** 0  
SHARED VOTING POWER

**BENEFICIALLY**

**OWNED BY**  
**EACH** **7** 385,305  
SOLE DISPOSITIVE POWER

**REPORTING**

**PERSON** **8** 0  
SHARED DISPOSITIVE POWER  
**WITH**

**9** 385,305  
AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

385,305

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**10** CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES\*

..

**11** PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

0.4%

**12** TYPE OF REPORTING PERSON\*

PN

**SCHEDULE 13G**

CUSIP No. 911363109

Page 6 of 12 Pages

**1** NAME OF REPORTING PERSON

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSON (ENTITIES ONLY)

**2** Swiftcurrent Offshore, Ltd.  
CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\*

(a) " (b) x

**3** SEC USE ONLY

**4** CITIZENSHIP OR PLACE OF ORGANIZATION

Cayman Islands  
**5** SOLE VOTING POWER

**NUMBER OF**

**SHARES** **6** 0  
SHARED VOTING POWER

**BENEFICIALLY**

**OWNED BY**  
**EACH** **7** 629,758  
SOLE DISPOSITIVE POWER

**REPORTING**

**PERSON** **8** 0  
SHARED DISPOSITIVE POWER  
**WITH**

**9** 629,758  
AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

629,758

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**10** CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES\*

..

**11** PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

0.7%

**12** TYPE OF REPORTING PERSON\*

CO

Item 1(a). Name of Issuer: United Rentals (North America), Inc.

Item 1(b). Address of Issuer's Principal Executive Offices:

Five Greenwich Office Park, Greenwich, Connecticut, 06831, United States

Item 2(a, b, c). Name of Persons Filing, Address of Principal Business Office, Citizenship:

Bridger Management, LLC, a Delaware limited liability company, 90 Park Avenue 4<sup>th</sup> Floor, New York, NY 10016

Bridger Capital, LLC, a Delaware limited liability company, 90 Park Avenue 4<sup>th</sup> Floor, New York, NY 10016

Swiftcurrent Partners, L.P., a Delaware limited partnership, 90 Park Avenue 4<sup>th</sup> Floor, New York, NY 10016

Swiftcurrent Offshore, Ltd., a Cayman Islands limited company, c/o Morgan Stanley Fund Services (Cayman) Ltd., Cricket Square, 2nd Floor, Boundary Hall, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands

Mr. Roberto Mignone ( Mr. Mignone ), 90 Park Avenue 4<sup>th</sup> Floor, New York, NY 10016. Mr. Mignone is a United States citizen.

Item 2(d). Title of Class of Securities: Common Stock, \$0.01 par value per share (the Common Stock )

Item 2(e). CUSIP Number: 911363109

Item 3. Not Applicable.

Item 4. Ownership.

Information with respect to the Reporting Persons' ownership of the Common Stock as of December 31, 2012 is incorporated by reference to items (5) (9) and (11) of the cover page of the respective Reporting Person.

The shares of Common Stock reported herein as being beneficially owned by the Reporting Persons are held of record by Swiftcurrent Partners L.P. and Swiftcurrent Offshore Ltd. Bridger Management LLC is the investment adviser to Swiftcurrent Partners L.P. and Swiftcurrent Offshore Ltd. and, as such, may be deemed to share beneficial ownership of such shares of Common Stock. Roberto Mignone is the managing member of Bridger Management, LLC and Bridger Capital LLC. Bridger Capital LLC is the General Partner of Swiftcurrent Partners, L.P.

Item 5. Ownership of Five Percent or less of a Class:

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following x.

Item 6. Ownership of More than Five Percent on Behalf of Another Person.

Not Applicable.

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company or Control Person.

Not Applicable.

Item 8. Identification and Classification of Members of the Group.

Not Applicable.

Item 9. Notice of Dissolution of Group.

Not Applicable.

Item 10. Certification.

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

**[Signature Page Follows:]**

**SIGNATURE**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

DATED: February 14, 2013

**BRIDGER MANAGEMENT, LLC**

By: */s/ Roberto Mignone*  
Roberto Mignone, Managing Member

*/s/ Roberto Mignone*  
Roberto Mignone, Individually

**BRIDGER CAPITAL, LLC**

By: */s/ Roberto Mignone*  
Roberto Mignone, Managing Member

**SWIFTCURRENT PARTNERS, L.P.**

By: Bridger Capital, LLC, its

General Partner

By: */s/ Roberto Mignone*  
Roberto Mignone, Managing Member

**SWIFTCURRENT OFFSHORE, LTD.**

By: Bridger Management, LLC, its

investment manager

By: */s/ Roberto Mignone*  
Roberto Mignone, Managing Member

EXHIBIT INDEX

Exhibit I: Joint Filing Statement Pursuant to Rule 13d-1(k)



Exhibit I

**JOINT FILING STATEMENT**

**PURSUANT TO RULE 13d-1(k)**

The undersigned acknowledge and agree that the foregoing statement on Schedule 13G, is filed on behalf of each of the undersigned and that all subsequent amendments to this statement on Schedule 13G, shall be filed on behalf of each of the undersigned without the necessity of filing additional joint acquisition statements. The undersigned acknowledge that each shall be responsible for the timely filing of such amendments, and for the completeness and accuracy of the information concerning him or it contained therein, but shall not be responsible for the completeness and accuracy of the information concerning the others, except to the extent that he or it knows or has reason to believe that such information is inaccurate.

DATED: February 14, 2013

**BRIDGER MANAGEMENT, LLC**

By: */s/ Roberto Mignone*  
Roberto Mignone, Managing Member

*/s/ Roberto Mignone*  
Roberto Mignone, Individually

**BRIDGER CAPITAL, LLC**

By: */s/ Roberto Mignone*  
Roberto Mignone, Managing Member

**SWIFTCURRENT PARTNERS, L.P.**

By: Bridger Capital, LLC, its

General Partner

By: */s/ Roberto Mignone*  
Roberto Mignone, Managing Member

**SWIFTCURRENT OFFSHORE, LTD.**

By: Bridger Management, LLC, its

investment manager

By: */s/ Roberto Mignone*

Roberto Mignone, Managing Member

Cargo volumes (CTKs) for the full year were up 11.1% compared with last year, with yields down 6.3%. Overall load factor for the full year was up 2.1 points at 69.7%.

Cash inflow before financing was £1,181 million for the twelve months. The closing cash balance of £1,682 million was up £12 million versus last year. Net debt fell by £1,236 million during the year to £2,922 million. This is the lowest level since March 31, 1993, and is down £3.7 billion from the December 2001 peak.

Profit before tax for the fourth quarter was £5 million, £40 million lower than last year primarily due to the reduction in associate profits following the sale of the Qantas shareholding in September 2004. The operating profit for the quarter was £40 million, £8 million better than last year (which included £35 million of one-off revenue credits relating to systems and process improvements).

Group turnover for the quarter was up 1.9% compared with last year - at £1,889 million - on capacity 1.6% higher in ATKs. Yield (pence/RPK) was down by 5.8% and seat factor was up 2.2 points to 73.0%, a record for the fourth quarter.

For the quarter, cargo volumes were up 5.7% compared with last year, with overall load factor up 2.1 points at 68.2%, but yields (pence/CTK) down 6.2%.

**Costs**

For the twelve months, unit costs (pence/ATK) improved by 4.7% on the same period last year. This reflects a net cost reduction of 1.6% on capacity 3.2% higher in ATKs.

For the quarter, unit costs improved by 3.5% on the same period last year. This reflects a net cost reduction of 1.9% on capacity 1.6% higher in ATKs.

Operating expenditure increased in the quarter, primarily reflecting increases in employment costs (up 2.2% including the impact of the Employee Reward Plan, which triggered based on a full year operating margin target of 6%, including the cost of the scheme), fuel costs (up 18.0% due to increases in the fuel price net of hedging) and fleet depreciation (up 9.4% due to the write off associated with the planned retirement of the BAe 146 fleet). The cost increases were partially offset by reductions in aircraft operating lease costs (down 41.9% due to the non-repetition of costs incurred in the prior year relating to the British Airways CitiExpress ATP fleet withdrawal), accommodation and ground equipment costs (down 25.9% due to savings in rent, rates and utilities, as well as reduced IT spend and favourable exchange impacts) and favourable selling costs (down 3.4%).

**Non-operating items**

Net interest expense for the year was £190 million, £26 million lower than the previous year due to the impact of higher interest income and reduced debt. Retranslation of currency borrowings generated a credit of £33 million, including a £31 million credit due to the yen debt, compared to a credit the previous year of £16 million. The revaluation -- a non cash item required by standard accounting practice -- resulted from the weakening of the yen against sterling.

For the three month period net interest expense was £48 million, down £4 million on last year.

Losses on disposals of fixed assets and investments for the year were £26 million, primarily due to the sale of Qantas. This compares to losses of £46 million last year (which included the loss on disposal of dba of £83 million).

Losses on disposal for the quarter were £13 million, compared with profits of £6 million last year.

Other finance income and related fees were £14 million (compared with £13 million last year).

### **Earnings per share**

For the twelve month period, profits attributable to shareholders were £251 million, equivalent to earnings of 23.4 pence per share, compared with earnings of 12.1 pence per share last year. The profit attributable to shareholders for the fourth quarter was equivalent to 0.9 pence per share, compared with earnings of 1.1 pence last year.

The Board has recommended that no dividend be paid.

### **Geographical analysis**

Operating results improved in each area. For longhaul this reflected increased turnover partially offset by rising costs, in particular fuel. In Europe, losses continued to fall due to continued focus on cost reductions - the total loss of £26 million (£60 million last year) includes an impairment charge of £16 million due to the planned retirement of the BAe 146 fleet.

### **Net Debt / Total Capital ratio**

The year-end net debt/total capital ratio was 42.7 per cent, an 11.4 point reduction from last year. The net debt/total capital ratio including operating leases was 48.2 per cent, a 10.2 point reduction from last year.

### **Pension Deficit**

Under FRS 17, the pension deficit after deferred tax increased by £205 million to £1.4 billion (due mainly to lower long term interest rates), despite the doubling of company contributions to £250 million. The deficit is not consolidated into the accounts as we continue to report under SSAP 24. Next year, under International Financial Reporting Standards (IAS 19), the pension deficit will be included in the balance sheet - this will have a significant adverse impact on reserves (in particular distributable reserves).

### **Cash flow**

Net cash inflow from operating activities totalled £1,192 million, up £99 million from last year. The net cash flow before management of liquid resources and financing was £1,181 million, an increase of £307 million from last year, primarily due to the sale proceeds of £427 million from Qantas.

## **Performance improvement programmes**

Against a target of £450 million of savings announced in the 2003/5 Business Plan (including the £300 million of external spend savings) £457 million was realised. The £300 million employee cost savings announced in the 2004/6 Business Plan will be delivered by March 2007 through efficiencies, including working practice changes.

## **Aircraft fleet changes**

The number of aircraft in service at March 31, 2005 was 290, a reduction of 1 on the prior year. Aircraft returns to lessors comprised two Boeing 737-400 aircraft and one de Havilland Canada DHC-8. In addition, a Boeing 737-400 aircraft was stood-down pending return to the lessor. An Airbus A320 was sub-leased to GB Airways and two Boeing 737-400 aircraft were sub-leased to Air One, an Italian carrier operating Italian domestic routes. Deliveries comprised six Airbus A321 aircraft.

## **British Airways CitiExpress**

British Airways is continuing to simplify and strengthen its UK regional operation. During 2004/05 British Airways CitiExpress benefited from steps taken during the latter part of 2003/04 to reduce the number of aircraft, aircraft types and bases. In March 2005, British Airways CitiExpress announced that it would exit its fleet of five ageing BAe 146 aircraft during 2005/06. As a result of these changes, British Airways CitiExpress will operate a fleet of 52 aircraft and three types by March 2006, down from 92 aircraft and nine types in 2001. As a consequence of simplification, operational performance is more robust, costs have fallen and financial results have improved. Further cost reductions are targeted in 2005/06.

## **Alliance developments**

The British Airways / Iberia Joint Business Agreement, covering flights between Heathrow and Madrid and Barcelona, was signed in December 2004. British Airways and Iberia began benefit sharing on these routes on January 1, 2005 and have announced improvements to the 2005 summer schedules.

On February 8, 2005, the Australian Competition and Consumer Commission (ACCC) issued a final determination re-authorising the British Airways and Qantas Joint Services Agreement for a further five year period from March 1, 2005.

## **International Financial Reporting Standards**

British Airways will report consolidated financial statements for the year ending March 31, 2006, under International Financial Reporting Standards (IFRS). An IFRS convergence project team was established in 2003 and reports to the Audit Committee quarterly. Progress continues in accordance with the project plan, and the project is on track. IFRS-compliant information for the 2004/05 accounts will be communicated during July.

## **Outlook**

Market conditions remain broadly unchanged. For the year to March 2006, total revenue is expected to improve by 4 - 5%, up from 3 - 4% due to the impact of the latest fuel surcharges. Capacity and volumes are expected to increase by about 3% with total yield flat.

Fuel costs, net of hedging, are now expected to be about £400 million more than last year (up from £300 million due to recent price rises).

As announced in our latest Business Plan, our focus is on preparing for the move to Terminal 5 in 2008, investing in products for our customers and continuing to drive simplification to deliver a competitive cost base.

Certain information included in these statements is forward-looking and involves risks and uncertainties that could cause actual results to differ materially from those expressed or implied by the forward looking statements.

Forward-looking statements include, without limitation, projections relating to results of operations and financial conditions and the company's plans and objectives for future operations, including, without limitation, discussions of the company's Business Plan programs, expected future revenues, financing plans and expected expenditures and divestments. All forward-looking statements in this report are based upon information known to the company on the date of this report. The company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

It is not reasonably possible to itemize all of the many factors and specific events that could cause the company's forward looking statements to be incorrect or that could otherwise have a material adverse effect on the future operations or results of an airline operating in the global economy. Information on some factors which could result in material difference to the results is available in the company's SEC filings, including, without limitation the company's Report on Form 20-F for the year ended March 2004.

## GROUP BALANCE SHEET

	2005 £m	March 31 2004 £m <i>Restated</i>
<b>FIXED ASSETS</b>		
Intangible assets	190	168
Tangible assets	8,152	8,637
Investments	150	531
	<b>8,492</b>	<b>9,336</b>
<b>CURRENT ASSETS</b>		
Stocks	84	76
Debtors	1,078	1,019
Cash, short-term loans and deposits	1,682	1,670
	<b>2,844</b>	<b>2,765</b>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
Borrowings and other creditors	(2,868)	(2,996)
Convertible Capital Bonds 2005	(112)	
	<b>(2,980)</b>	<b>(2,996)</b>
<b>NET CURRENT LIABILITIES</b>	<b>(136)</b>	<b>(231)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>8,356</b>	<b>9,105</b>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>		
Borrowings and other creditors	(4,346)	(5,374)
Convertible Capital Bonds 2005		(112)
	<b>(4,346)</b>	<b>(5,486)</b>

PROVISION FOR DEFERRED TAX	(1,243)	(1,137)
PROVISIONS FOR LIABILITIES AND CHARGES	(83)	(85)
	<b>2,684</b>	<b>2,397</b>
CAPITAL AND RESERVES		
Called up share capital	<b>271</b>	<b>271</b>
Reserves	<b>2,194</b>	<b>1,916</b>
	<b>2,465</b>	<b>2,187</b>
MINORITY INTEREST		
Equity minority interest	<b>12</b>	<b>10</b>
Non equity minority interest	<b>207</b>	<b>200</b>
	<b>219</b>	<b>210</b>
	<b>2,684</b>	<b>2,397</b>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Twelve months ended	
	2005 £m	March 31 2004 £m
Profit for the period	<b>251</b>	<b>130</b>
Other recognised gains and losses relating to the period:		
Exchange and other movements	<b>(37)</b>	<b>16</b>
Total recognised gains and losses	<b>214</b>	<b>146</b>

These summary financial statements were approved by the Directors on May 12, 2005.

GROUP CASH FLOW STATEMENT

	Twelve months ended	
	2005 £m	March 31 2004 £m
CASH INFLOW FROM OPERATING ACTIVITIES	<b>1,192</b>	<b>1,093</b>
DIVIDENDS RECEIVED FROM ASSOCIATES	<b>20</b>	<b>25</b>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	<b>(170)</b>	<b>(209)</b>
TAX		<b>(4)</b>
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	<b>(276)</b>	<b>42</b>
ACQUISITIONS AND DISPOSALS	<b>415</b>	<b>(73)</b>
Cash inflow before management of liquid resources and financing	<b>1,181</b>	<b>874</b>
MANAGEMENT OF LIQUID RESOURCES	<b>(16)</b>	<b>(198)</b>
FINANCING	<b>(1,151)</b>	<b>(834)</b>
Increase/(decrease) in cash in the period	<b>14</b>	<b>(158)</b>

NOTES TO THE ACCOUNTS

For the period ended March 31, 2005

1 ACCOUNTING CONVENTION

The accounts have been prepared on the basis of the accounting policies set out in the Report and Accounts for the year ended March 31, 2005 in accordance with all applicable United Kingdom accounting standards and the Companies Act 1985.

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Effective from April 1, 2004 the group applied the provisions of 'UITF Abstract 38 - Accounting for ESOP Trusts' and, as a result, the group's investment in own shares held for the purpose of employee share ownership plans has been reclassified from fixed asset investments and is now recorded as a reduction in shareholders' equity. Comparative periods have been restated to reflect the adoption of UITF 38.

	Twelve months ended March 31	
	2005 £m	2004 £m
<b>2 RECONCILIATION OF OPERATING PROFIT TO CASH INFLOW FROM OPERATING ACTIVITIES</b>		
Group operating profit	540	405
Depreciation, amortisation and impairment	687	679
Other items not involving the movement of cash		11
(Increase)/decrease in stocks	(5)	8
Increase in debtors	(68)	(31)
Increase in creditors	40	43
Decrease in provisions for liabilities and charges	(2)	(22)
Cash inflow from operating activities	1,192	1,093
<b>3 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT</b>		
Increase/(decrease) in cash during the period	14	(158)
Net cash outflow from decrease in debt and lease financing	1,155	834
Cash outflow from liquid resources	16	198
Change in net debt resulting from cash flows	1,185	874
New finance leases taken out and hire purchase arrangements made	(12)	(97)
Non cash refinancing	9	32
Exchange	54	182
Movement in net debt during the period	1,236	991
Net debt at April 1	(4,158)	(5,149)
Net debt at period end	(2,922)	(4,158)
	Three months ended March 31	
	2005 £m	2004 £m
	Twelve months ended March 31	
	2005 £m	2004 £m
<b>4 INCOME AND CHARGES RELATING TO FIXED ASSET INVESTMENTS</b>		
Other	2	3
	2	3
Income and charges represented by:		
Group	2	3
	2	3

**NOTES TO THE ACCOUNTS**

(Continued)

For the period ended March 31, 2005

	Three months ended March 31		Twelve months ended March 31	
	2005 £m	2004 £m	2005 £m	2004 £m
<b>5 (LOSS)/PROFIT ON SALE OF FIXED ASSETS AND INVESTMENTS</b>				

Exchange and other movements

Net loss on disposal of dba				(83)
Net loss on sale of investment in Qantas (note 1)			(11)	
Net (loss)/profit on disposal of other fixed assets and investments	(13)	6	(15)	37
	(13)	6	(26)	(46)
Represented by:				
Group	(14)	6	(32)	(47)
Associates	1		6	1
	(13)	6	(26)	(46)

Note 1:

On September 9, 2004, the group completed the sale of its 18.25% holding in Qantas Airways Limited through a book build sale of the shares. The sale realised gross proceeds of £427 million (A\$1.1 billion) before tax. The loss on disposal of £11 million includes the write-back of goodwill of £59 million previously set off against reserves.

## 6 INTEREST

Net payable:

Interest payable less amount capitalised	70	69	273	279
Interest receivable	(22)	(17)	(83)	(63)
	48	52	190	216
Retranslation credits on currency borrowings	(7)	(1)	(33)	(16)
Other finance income and related fees	(6)		(14)	(13)
	35	51	143	187
Net interest payable represented by:				
Group	32	46	135	179
Associates	3	5	8	8
	35	51	143	187

## 7 TAX

The tax charge for the year is £149 million made up of a current tax charge of £43 million representing share of associates tax of £13 million, overseas tax of £29 million and a prior year tax charge of £1 million; and £106 million by way of deferred taxes in the UK. The overseas tax includes £14 million in respect of the sale of Qantas. The deferred tax provision is included on balance sheet and amounts to £1,243 million at March 31, 2005 (March 31, 2004: £1,137 million)

## 8 EARNINGS PER SHARE

Basic earnings per share for the quarter ended March 31, 2005 are calculated on a weighted average of 1,072,055,000 ordinary shares (March 31, 2004: 1,070,099,000) and for the twelve months ended March 31, 2005, on a weighted average of 1,071,126,000 ordinary shares (March 31, 2004: 1,070,077,000) as adjusted for shares held for the purposes of employee share ownership plans including the Long Term Incentive Plan. Diluted earnings per share for the quarter ended March 31, 2005 are calculated on a weighted average of 1,072,055,000 ordinary shares (March 31, 2004: 1,070,117,000) and for the twelve months ended March 31, 2005 on a weighted average of 1,126,485,000 ordinary shares (March 31, 2004: 1,070,077,000).

The number of shares in issue at March 31, 2005 was 1,082,903,000 (March 31, 2004: 1,082,845,000) ordinary shares of 25 pence each.



**NOTES TO THE ACCOUNTS (Continued)**

For the period ended March 31, 2005

	<b>2005 £m</b>	<b>March 31 2004 £m <i>Restated</i></b>
<b>9 INTANGIBLE ASSETS</b>		
Goodwill	<b>88</b>	93
Landing rights	<b>102</b>	75
	<b>190</b>	168
<b>10 TANGIBLE ASSETS</b>		
Fleet	<b>6,748</b>	7,104
Property	<b>959</b>	1,042
Equipment	<b>445</b>	491
	<b>8,152</b>	8,637
<b>11 INVESTMENTS</b>		
Associated undertakings	<b>120</b>	501
Trade investments	<b>30</b>	30
	<b>150</b>	531
<b>12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
Loans	<b>63</b>	102
Finance Leases	<b>96</b>	119
Hire Purchase Arrangements	<b>288</b>	461
	<b>447</b>	682
Corporate tax	<b>36</b>	6
Other creditors and accruals	<b>2,385</b>	2,308
	<b>2,868</b>	2,996
<b>13 BORROWINGS AND OTHER CREDITORS FALLING DUE AFTER MORE THAN ONE YEAR</b>		
Loans	<b>1,105</b>	1,123
Finance Leases	<b>1,493</b>	1,978
Hire Purchase Arrangements	<b>1,447</b>	1,933
	<b>4,045</b>	5,034
Other creditors and accruals	<b>301</b>	340
	<b>4,346</b>	5,374
<b>14 RESERVES</b>		
Balance at April 1	<b>1,916</b>	1,756
Retained profit for the period	<b>251</b>	130
Exchange and other movements	<b>(37)</b>	16
Goodwill written back on disposals	<b>59</b>	14
Employee share option exercise through investment in own shares	<b>5</b>	
	<b>2,194</b>	1,916

15 The figures for the three months ended March 31, 2005 are unaudited and do not constitute full accounts within the meaning of Section 240 of the Companies Act 1985. The figures for the twelve months ended March 31, 2005 form part of the Annual Report and Accounts and were approved by the Board of Directors today but have not been delivered to the Registrar of Companies; the report of the auditors on the accounts is unqualified.

The figures for the year ended March 31, 2004 have been extracted with certain minor presentational changes from the full accounts for that year, which have been delivered to the Registrar of Companies and on which the auditors have issued an unqualified audit report.

**AIRCRAFT FLEET****Number in service with Group companies at March 31, 2005**

	On Balance	Off Balance	Changes			
	Sheet	Sheet	Total	Since	Future	
	Aircraft	Operating Leases	Mar 2005	Mar 2004	deliveries	Options
<b>AIRLINE OPERATIONS (Note 1)</b>						
Boeing 747-400	57		<b>57</b>			
Boeing 777	40	3	<b>43</b>			
Boeing 767-300	21		<b>21</b>			
Boeing 757-200	13		<b>13</b>			
Airbus A319 (Note 2)	21	12	<b>33</b>		3	47
Airbus A320 (Note 3)	9	17	<b>26</b>	<b>(1)</b>	3	
Airbus A321	6		<b>6</b>	<b>6</b>	1	
Boeing 737-300		5	<b>5</b>			
Boeing 737-400 (Note 4)	18		<b>18</b>	<b>(5)</b>		
Boeing 737-500		10	<b>10</b>			
Turboprops (Note 5)		9	<b>9</b>	<b>(1)</b>		
Embraer RJ145	16	12	<b>28</b>			17
Avro RJ100		16	<b>16</b>			
British Aerospace 146 (Note 6)	5		<b>5</b>			
<b>GROUP TOTAL</b>	<b>206</b>	<b>84</b>	<b>290</b>	<b>(1)</b>	<b>7</b>	<b>64</b>

Notes:

1. Includes those operated by British Airways Plc and British Airways CitiExpress Ltd.
2. Certain future deliveries and options include reserved delivery positions, and may be taken as any A320 family aircraft.
3. Excludes 1 Airbus A320 sub-leased to GB Airways.
4. Excludes 2 Boeing 737-400s sub-leased to Air One and 1 Boeing 737-400 stood down pending return to lessor.
5. Comprises 9 de Havilland Canada DHC-8s. Excludes 2 British Aerospace ATPs stood down pending return to lessor, 3 British Aerospace ATPs sub-leased to Loganair and 12 Jetstream 41s sub-leased to Eastern Airways.
6. The British Aerospace 146 fleet will be retired from service during 2005/06.

## **COST PERFORMANCE DELIVERS GOOD RESULTS**

**Pre-tax profit of £415 million**

**Operating profit of £540 million**

- Net costs down 1.6 per cent
- Unit costs down 4.7 per cent

**Net debt at £2.9b - lowest level since 1993**

- British Airways today announced a pre-tax profit of £415 million for the year to
- March 31, 2005 (2004: £230 million profit). There was a pre-tax profit for the fourth quarter of £5 million (2004: £45 million profit).
- Operating profit for the year was £540 million (2004: £405 million profit). The operating margin was 6.9 per cent (2004: 5.4). The operating profit for the fourth quarter was £40 million (2004: £32 million profit).
- Net debt at £2.9 billion fell by £1.2 billion during the year and is at its lowest level since 1993. Cash inflow, before financing, was £1.2 billion, an increase of £307 million.
- 

Rod Eddington, British Airways chief executive, said: "These are good results driven by continued cost control and strong demand for our products. Seat factors are at record levels, but yield, down 4.4 per cent, continues to be under pressure and is down for the third year running.

"We have exceeded our 2003 -2005 business plan savings of £450 million by £7 million.

This included reducing external spend by £300 million and improving our use of technology. During the year we have substantially improved our online capability to improve customer service and increase the airline's efficiency."

*more*

*COST PERFORMANCE DELIVERS..2*

Mr Eddington added: "Self-service check-in has reached an all time high with nearly 600,000 passengers a month using our kiosks at airports. Online printed boarding passes are now accepted at 41 airports across our network and more than 40,000 customers a month choose to print their boarding passes from their home or office.

"British Airways has won an innovation award for its online "manage my booking" facility. This allows customers to select a seat, choose a special meal, add their Executive Club details to their booking and email their itinerary to friends. Usage of e-tickets has grown from 41 per cent to 76 per cent - the highest usage of any network airline outside of the United States."

"We have achieved a 6.9 per cent operating margin which is up 1.5 points and the best margin since 1997. As a result this has triggered our employee reward programme. All our staff will receive a bonus for their efforts, the first time such a payment has been made since 1998."

Martin Broughton, British Airways chairman, said: "Market conditions remain broadly unchanged. For the year to March 2006, total revenue is expected to improve by 4-5 per cent, up from 3-4 per cent due to the impact of the latest

fuel surcharges. Capacity and volumes are expected to increase by about 3 per cent with total yield flat.

"Fuel costs, net of hedging, are now expected to be about £400 million more than last year, up from £300 million due to recent price rises.

"As announced in our latest business plan, our focus is on preparing for the move to Terminal 5 at London Heathrow in 2008, investing in products for our customers and continuing to drive simplification to deliver a competitive cost base."

- The Board has recommended that no final dividend be paid.
- Group turnover for the year was £7,813 million, up 3.3 per cent on a flying programme
- 3.2 per cent bigger in available tonne kilometers (ATKs). For the quarter, group turnover was up 1.9 per cent at £1,889 million on a flying programme 1.6 per cent higher in ATKs.
- *more*
- 

### *COST PERFORMANCE DELIVERS..3*

- Revenue passenger kilometres (RPKs) were up 4.7 per cent for the year and up by 4.5 per cent for the quarter. Seat factor was up 1.8 points for the year at a record 74.8 per cent and up 2.2 points in the quarter to a record 73 per cent.
- Net costs for the year were down by 1.6 per cent and unit costs improved by 4.7 per cent. In the quarter, net costs were down 1.9 per cent, and unit costs improved by 3.5 per cent.

For the year, cargo volumes measured in cargo tonne kilometers (CTKs) were up 11.1 per cent compared with last year, with yields down 6.3 per cent. Overall load factor was up 2.1 points at 69.7 per cent. For the quarter, cargo volumes were up 5.7 per cent compared with last year, with overall load factor up 2.1 points at 68.2 per cent, but yields were down 6.2 per cent.

- *ends*
- 13 May, 2005 047/KG/05
- **Notes to editors:**
- 

At March 2005, the FRS17 accounting valuation of the airline's group pension schemes showed a deficit of £1.4 billion (2004: £1.2 billion net deficit).

A webcast of British Airways' presentation to city analysts can be accessed via the internet on [www.bashares](http://www.bashares) on Friday, May 13 at 9am followed by a conference call to city analysts at 2pm.

Certain information included in this statement is forward-looking and involves risks and uncertainties that could cause actual results to differ materially from those expressed or implied by the forward looking statements.

Forward-looking statements include, without limitation, projections relating to results of operations and financial conditions and the Company's plans and objectives for future operations, including, without limitation, expected future revenues, financing plans and expected expenditures and divestments. All forward-looking statements in this report are based upon information known to the Company on the date of this report. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

It is not reasonably possible to itemise all of the many factors and specific events that could cause the Company's forward looking statements to be incorrect or that could otherwise have a material adverse effect on the future operations or results of an airline operating in the global economy. Information on some factors which could result in

material difference to the results is available in the Company's SEC filings, including, without limitation the Company's Report on Form 20-F for the year ended March 2004.