

UNITED RENTALS INC /DE

Form 10-Q

April 17, 2019

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

FORM 10-Q

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

For the quarterly period ended March 31, 2019

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

For the transition period from _____ to _____

Commission File Number 1-14387

Commission File Number 1-13663

United Rentals, Inc. United Rentals (North America), Inc.

(Exact Names of Registrants as Specified in Their Charters)

Delaware	06-1522496
Delaware	86-0933835
(States of Incorporation)	(I.R.S. Employer Identification Nos.)

100 First Stamford Place, Suite 700	06902
Stamford, Connecticut	
(Address of Principal Executive Offices)	(Zip Code)

Registrants' Telephone Number, Including Area Code: (203) 622-3131

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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large Accelerated Filer	☒	Accelerated Filer	☐
Non-Accelerated Filer	☐	Smaller Reporting Company	☐
Emerging Growth Company	☐		

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If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

As of April 15, 2019, there were 78,624,102 shares of United Rentals, Inc. common stock, \$0.01 par value, outstanding. There is no market for the common stock of United Rentals (North America), Inc., all outstanding shares of which are owned by United Rentals, Inc.

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This combined Form 10-Q is separately filed by (i) United Rentals, Inc. and (ii) United Rentals (North America), Inc. (which is a wholly owned subsidiary of United Rentals, Inc.). United Rentals (North America), Inc. meets the conditions set forth in General Instruction (H)(1)(a) and (b) of Form 10-Q and is therefore filing this report with the reduced disclosure format permitted by such instruction.

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UNITED RENTALS, INC.
UNITED RENTALS (NORTH AMERICA), INC.
FORM 10-Q FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2019
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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This quarterly report on Form 10-Q contains forward-looking statements within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. Such statements can be identified by the use of forward-looking terminology such as “believe,” “expect,” “may,” “will,” “should,” “seek,” “on-track,” “plan,” “project,” “forecast,” “anticipate,” or the negative thereof or comparable terminology, or by discussions of strategy or outlook. You are cautioned that our business and operations are subject to a variety of risks and uncertainties, many of which are beyond our control, and, consequently, our actual results may differ materially from those projected.

Factors that could cause actual results to differ materially from those projected include, but are not limited to, the following:

- the possibility that companies that we have acquired or may acquire, including BakerCorp International Holdings, Inc. (“BakerCorp”) and Vander Holding Corporation and its subsidiaries (“BlueLine”), could have undiscovered liabilities or involve other unexpected costs, may strain our management capabilities or may be difficult to integrate;
- the cyclical nature of our business, which is highly sensitive to North American construction and industrial activities; if construction or industrial activity decline, our revenues and, because many of our costs are fixed, our profitability may be adversely affected;
- our significant indebtedness (which totaled \$11.6 billion at March 31, 2019) requires us to use a substantial portion of our cash flow for debt service and can constrain our flexibility in responding to unanticipated or adverse business conditions;
- inability to refinance our indebtedness on terms that are favorable to us, or at all;
- incurrence of additional debt, which could exacerbate the risks associated with our current level of indebtedness;
- noncompliance with financial or other covenants in our debt agreements, which could result in our lenders terminating the agreements and requiring us to repay outstanding borrowings;
- restrictive covenants and amount of borrowings permitted in our debt instruments, which can limit our financial and operational flexibility;
- overcapacity of fleet in the equipment rental industry;
- inability to benefit from government spending, including spending associated with infrastructure projects;
- fluctuations in the price of our common stock and inability to complete stock repurchases in the time frame and/or on the terms anticipated;
- rates we charge and time utilization we achieve being less than anticipated;
- inability to manage credit risk adequately or to collect on contracts with a large number of customers;
- inability to access the capital that our businesses or growth plans may require;
- incurrence of impairment charges;
- trends in oil and natural gas could adversely affect the demand for our services and products;
- the fact that our holding company structure requires us to depend in part on distributions from subsidiaries and such distributions could be limited by contractual or legal restrictions;
- increases in our loss reserves to address business operations or other claims and any claims that exceed our established levels of reserves;
- incurrence of additional expenses (including indemnification obligations) and other costs in connection with litigation, regulatory and investigatory matters;
- the outcome or other potential consequences of regulatory matters and commercial litigation;
- shortfalls in our insurance coverage;
- our charter provisions as well as provisions of certain debt agreements and our significant indebtedness may have the effect of making more difficult or otherwise discouraging, delaying or deterring a takeover or other change of control of us;
- turnover in our management team and inability to attract and retain key personnel;

- costs we incur being more than anticipated, and the inability to realize expected savings in the amounts or time frames planned;
- dependence on key suppliers to obtain equipment and other supplies for our business on acceptable terms;
- inability to sell our new or used fleet in the amounts, or at the prices, we expect;
- competition from existing and new competitors;
- risks related to security breaches, cybersecurity attacks, failure to protect personal information, compliance with data protection laws and other significant disruptions in our information technology systems;
- the costs of complying with environmental, safety and foreign law and regulations, as well as other risks associated with non-U.S. operations, including currency exchange risk (including as a result of Brexit), and tariffs;

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- labor disputes, work stoppages or other labor difficulties, which may impact our productivity, and potential enactment of new legislation or other changes in law affecting our labor relations or operations generally; increases in our maintenance and replacement costs and/or decreases in the residual value of our equipment; and the effect of changes in tax law.

For a more complete description of these and other possible risks and uncertainties, please refer to our Annual Report on Form 10-K for the year ended December 31, 2018, as well as to our subsequent filings with the SEC. Our forward-looking statements contained herein speak only as of the date hereof, and we make no commitment to update or publicly release any revisions to forward-looking statements in order to reflect new information or subsequent events, circumstances or changes in expectations.

Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements**

UNITED RENTALS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In millions, except share data)

	March 31, 2019 (unaudited)	December 31, 2018
ASSETS		
Cash and cash equivalents	\$52	\$43
Accounts receivable, net of allowance for doubtful accounts of \$104 at March 31, 2019 and \$93 at December 31, 2018	1,487	1,545
Inventory	123	109
Prepaid expenses and other assets	58	64
Total current assets	1,720	1,761
Rental equipment, net	9,438	9,600
Property and equipment, net	580	614
Goodwill	5,121	5,058
Other intangible assets, net	1,089	1,084
Operating lease right-of-use assets (note 8)	622	—
Other long-term assets	16	16
Total assets	\$18,586	\$18,133
LIABILITIES AND STOCKHOLDERS' EQUITY		
Short-term debt and current maturities of long-term debt	\$930	\$903
Accounts payable	557	536
Accrued expenses and other liabilities	751	677
Total current liabilities	2,238	2,116
Long-term debt	10,676	10,844
Deferred taxes	1,714	1,687
Operating lease liabilities (note 8)	497	—
Other long-term liabilities	86	83
Total liabilities	15,211	14,730
Common stock—\$0.01 par value, 500,000,000 shares authorized, 113,516,258 and 78,812,644 shares issued and outstanding, respectively, at March 31, 2019 and 112,907,209 and 79,872,956 shares issued and outstanding, respectively, at December 31, 2018	1	1
Additional paid-in capital	2,394	2,408
Retained earnings	4,276	4,101
Treasury stock at cost—34,703,614 and 33,034,253 shares at March 31, 2019 and December 31, 2018, respectively	(3,080)	(2,870)
Accumulated other comprehensive loss	(216)	(237)
Total stockholders' equity	3,375	3,403
Total liabilities and stockholders' equity	\$18,586	\$18,133
See accompanying notes.		

Table of Contents**UNITED RENTALS, INC.****CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)****(In millions, except per share amounts)**

	Three Months Ended	
	March 31,	
	2019	2018
Revenues:		
Equipment rentals	\$1,795	\$1,459
Sales of rental equipment	192	181
Sales of new equipment	62	42
Contractor supplies sales	24	18
Service and other revenues	44	34
Total revenues	2,117	1,734
Cost of revenues:		
Cost of equipment rentals, excluding depreciation	742	592
Depreciation of rental equipment	395	322
Cost of rental equipment sales	125	107
Cost of new equipment sales	54	37
Cost of contractor supplies sales	17	12
Cost of service and other revenues	23	18
Total cost of revenues	1,356	1,088
Gross profit	761	646
Selling, general and administrative expenses	280	232
Merger related costs	1	1
Restructuring charge	8	2
Non-rental depreciation and amortization	104	71
Operating income	368	340
Interest expense, net	151	109
Other income, net	(3)	(1)
Income before provision for income taxes	220	232
Provision for income taxes	45	49
Net income	\$175	\$183
Basic earnings per share	\$2.21	\$2.18
Diluted earnings per share	\$2.19	\$2.15
See accompanying notes.		

Table of Contents**UNITED RENTALS, INC.****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)**

(In millions)

	Three Months Ended March 31,	
	2019	2018
Net income	\$175	\$183
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments (1)	20	(25)
Fixed price diesel swaps	1	—
Other comprehensive income (loss)	21	(25)
Comprehensive income (1)	\$196	\$158

(1) There were no material reclassifications from accumulated other comprehensive loss reflected in other comprehensive income (loss) during 2019 or 2018. There is no tax impact related to the foreign currency translation adjustments, as the earnings are considered permanently reinvested. We have historically considered the undistributed earnings of our foreign subsidiaries to be indefinitely reinvested. We have not repatriated funds to the U.S. to satisfy domestic liquidity needs, nor do we anticipate the need to do so. If we determine that all or a portion of our foreign earnings are no longer indefinitely reinvested, we may be subject to additional foreign withholding taxes and U.S. state income taxes. There were no material taxes associated with other comprehensive income (loss) during 2019 or 2018.

See accompanying notes.

Table of Contents**UNITED RENTALS, INC.****CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)****(In millions)**

Three Months Ended March 31, 2019					
	Common Stock			Treasury Stock	
	Number of Shares (1)	Amount	Additional Paid-in Capital	Retained Earnings	Number of Shares Amount Accumulated Other Comprehensive Loss (2)
Balance at December 31, 2018	80	\$ 1	\$2,408	\$4,101	33 \$(2,870) \$ (237)
Net income				175	
Foreign currency translation adjustments					20
Fixed price diesel swaps					1
Stock compensation expense, net	1		15		
Exercise of common stock options			4		
Shares repurchased and retired			(33)		
Repurchase of common stock	(2)				2 (210)
Balance at March 31, 2019	79	\$ 1	\$2,394	\$4,276	35 \$(3,080) \$ (216)

Three Months Ended March 31, 2018					
	Common Stock			Treasury Stock	
	Number of Shares (1)	Amount	Additional Paid-in Capital	Retained Earnings	Number of Shares Amount Accumulated Other Comprehensive Loss (2)
Balance at December 31, 2017	84	\$ 1	\$2,356	\$3,005	28 \$(2,105) \$ (151)
Net income				183	
Foreign currency translation adjustments					(25)
Stock compensation expense, net	1		19		
Exercise of common stock options			1		
Shares repurchased and retired			(49)		
Repurchase of common stock	(1)				1 (177)
Balance at March 31, 2018	84	\$ 1	\$2,327	\$3,188	29 \$(2,282) \$ (176)

(1)Common stock outstanding decreased by less than 5 million net shares during the year ended December 31, 2018.

(2)The Accumulated Other Comprehensive Loss balance primarily reflects foreign currency translation adjustments.

See accompanying notes.

Table of Contents**UNITED RENTALS, INC.****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)****(In millions)**

	Three Months Ended March 31, 2019 2018	
Cash Flows From Operating Activities:		
Net income	\$ 175	\$ 183
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	499	393
Amortization of deferred financing costs and original issue discounts	4	3
Gain on sales of rental equipment	(67)	(74)
Gain on sales of non-rental equipment	(2)	(1)
Gain on insurance proceeds from damaged equipment	(7)	(2)
Stock compensation expense, net	15	19
Merger related costs	1	1
Restructuring charge	8	2
Increase in deferred taxes	21	37
Changes in operating assets and liabilities, net of amounts acquired:		
Decrease in accounts receivable	73	80
Increase in inventory	(9)	(9)
Decrease in prepaid expenses and other assets	12	42
Increase in accounts payable	18	103
Decrease in accrued expenses and other liabilities	(74)	(135)
Net cash provided by operating activities	667	642
Cash Flows From Investing Activities:		
Purchases of rental equipment	(257)	(280)
Purchases of non-rental equipment	(42)	(33)
Proceeds from sales of rental equipment	192	181
Proceeds from sales of non-rental equipment	8	4
Insurance proceeds from damaged equipment	7	2
Purchases of other companies, net of cash acquired	(173)	(52)
Net cash used in investing activities	(265)	(178)
Cash Flows From Financing Activities:		
Proceeds from debt	1,427	2,256
Payments of debt	(1,572)	(2,563)
Proceeds from the exercise of common stock options	4	1
Common stock repurchased	(243)	(226)
Payments of financing costs	(9)	—
Net cash used in financing activities	(393)	(532)
Effect of foreign exchange rates	—	(6)
Net increase (decrease) in cash and cash equivalents	9	(74)
Cash and cash equivalents at beginning of period	43	352
Cash and cash equivalents at end of period	\$52	\$278
Supplemental disclosure of cash flow information:		
Cash paid for income taxes, net	\$4	\$10
Cash paid for interest	179	153

See accompanying notes.

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UNITED RENTALS, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in millions, except per share data, unless otherwise indicated)

1. Organization, Description of Business and Basis of Presentation

United Rentals, Inc. (“Holdings,” “URI” or the “Company”) is principally a holding company and conducts its operations primarily through its wholly owned subsidiary, United Rentals (North America), Inc. (“URNA”), and subsidiaries of URNA. Holdings’ primary asset is its sole ownership of all issued and outstanding shares of common stock of URNA. URNA’s various credit agreements and debt instruments place restrictions on its ability to transfer funds to its shareholder.

We rent equipment to a diverse customer base that includes construction and industrial companies, manufacturers, utilities, municipalities, homeowners and government entities in the United States, Canada and Europe. In addition to renting equipment, we sell new and used rental equipment, as well as related contractor supplies, parts and service. We have prepared the accompanying unaudited condensed consolidated financial statements in accordance with the accounting policies described in our annual report on Form 10-K for the year ended December 31, 2018 (the “2018 Form 10-K”) and the interim reporting requirements of Form 10-Q. Accordingly, certain information and note disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) have been condensed or omitted. These unaudited condensed consolidated financial statements should be read in conjunction with the 2018 Form 10-K.

In our opinion, all adjustments, consisting only of normal recurring adjustments, which are necessary for a fair presentation of financial condition, operating results and cash flows for the interim periods presented have been made. Interim results of operations are not necessarily indicative of the results of the full year.

New Accounting Pronouncements

Measurement of Credit Losses on Financial Instruments. In June 2016, the Financial Accounting Standards Board (“FASB”) issued guidance that will require companies to present assets held at amortized cost and available for sale debt securities net of the amount expected to be collected. The guidance requires the measurement of expected credit losses to be based on relevant information from past events, including historical experiences, current conditions and reasonable and supportable forecasts that affect collectibility. The guidance will be effective for fiscal years and interim periods beginning after December 15, 2019 and early adoption is permitted for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Different components of the guidance require modified retrospective or prospective adoption. This guidance does not apply to receivables arising from operating leases. As discussed in note 2 to the condensed consolidated financial statements, most of our equipment rental revenue is accounted for as lease revenue (such revenue represented 78 percent of our total revenues for the three months ended March 31, 2019). We are currently assessing whether we will early adopt this guidance, and the impact on our financial statements, while limited to our non-operating lease receivables, is not currently estimable, as it will depend on market conditions and our forecast expectations upon, and following, adoption.

Simplifying the Test for Goodwill Impairment. In January 2017, the FASB issued guidance intended to simplify the subsequent accounting for goodwill acquired in a business combination. Prior guidance required utilizing a two-step process to review goodwill for impairment. A second step was required if there was an indication that an impairment may exist, and the second step required calculating the potential impairment by comparing the implied fair value of the reporting unit’s goodwill (as if purchase accounting were performed on the testing date) with the carrying amount of the goodwill. The new guidance eliminates the second step from the goodwill impairment test. Under the new guidance, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount, and then recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit’s fair value (although the loss should not exceed the total amount of goodwill allocated to the reporting unit). The guidance requires prospective adoption and will be effective for annual or interim goodwill impairment tests in fiscal years beginning after December 15, 2019. Early adoption of this guidance is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. We are currently assessing whether we will early adopt. The guidance is not expected to have a significant

impact on our financial statements.

Guidance Adopted in 2019

Leases. See note 8 to our condensed consolidated financial statements for a discussion of our lease accounting following our adoption of an updated FASB lease accounting standard in the first quarter of 2019.

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Derivatives and Hedging. In 2019, we prospectively adopted guidance intended to improve the financial reporting of hedging relationships to better portray the economic results of an entity's risk management activities in its financial statements. The guidance is additionally intended to simplify hedge accounting, and no longer requires separate measurement and reporting of hedge ineffectiveness. For cash flow and net investment hedges existing at the date of adoption, the guidance requires entities to apply a cumulative-effect adjustment related to eliminating the separate measurement of ineffectiveness to accumulated other comprehensive income with a corresponding adjustment to the opening balance of retained earnings. Our use of derivative instruments is limited, and we did not recognize an adjustment to retained earnings upon adoption. Given our limited use of derivative instruments, adoption of this guidance did not have a significant impact on our financial statements.

2. Revenue Recognition

Revenue Recognition Accounting Standards

In May 2014, and in subsequent updates, the FASB issued guidance ("Topic 606") to clarify the principles for recognizing revenue. We adopted Topic 606 on January 1, 2018. Topic 606 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.

In March 2016, the FASB issued updated lease accounting guidance ("Topic 842"), as explained further in note 8 to the condensed consolidated financial statements. We adopted Topic 842 on January 1, 2019. Topic 842 is an update to Topic 840, which was the lease accounting standard in place through December 31, 2018. As reflected below, most of our revenue is accounted for under Topic 842 (Topic 840 for 2018). There were no significant changes to our revenue accounting upon adoption of Topic 842.

We recognize revenue in accordance with two different accounting standards: 1) Topic 606 and 2) Topic 842. Under Topic 606, revenue from contracts with customers is measured based on the consideration specified in the contract with the customer, and excludes any sales incentives and amounts collected on behalf of third parties. A performance obligation is a promise in a contract to transfer a distinct good or service to a customer, and is the unit of account under Topic 606. As reflected below, most of our revenue is accounted for under Topic 842. Our contracts with customers generally do not include multiple performance obligations. We recognize revenue when we satisfy a performance obligation by transferring control over a product or service to a customer. The amount of revenue recognized reflects the consideration we expect to be entitled to in exchange for such products or services.

Nature of goods and services

In the following table, revenue is summarized by type and by the applicable accounting standard.

	Three Months Ended March 31,					
	Topic 842	2019 Topic 606	Total	Topic 840	2018 Topic 606	Total
Revenues:						
Owned equipment rentals	\$1,530	\$—	\$1,530	\$1,265	\$—	\$1,265
Re-rent revenue	35	—	35	25	—	25
Ancillary and other rental revenues:						
Delivery and pick-up	—	119	119	—	92	92
Other	80	31	111	56	21	77
Total ancillary and other rental revenues	80	150	230	56	113	169
Total equipment rentals	1,645	150	1,795	1,346	113	1,459
Sales of rental equipment	—	192	192	—	181	181
Sales of new equipment	—	62	62	—	42	42
Contractor supplies sales	—	24	24	—	18	18
Service and other revenues	—	44	44	—	34	34

Total revenues	\$1,645	\$472	\$2,117	\$1,346	\$388	\$1,734
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Revenues by reportable segment and geographical market are presented in notes 4 and 11 of the condensed consolidated financial statements, respectively, using the revenue captions reflected in our condensed consolidated statements of operations. The majority of our revenue is recognized in our general rentals segment and in the U.S. (for the three months ended March 31,

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2019, 81 percent and 91 percent of total revenues, respectively). We believe that the disaggregation of our revenue from contracts to customers as reflected above, coupled with the further discussion below and the reportable segment and geographical market disclosures in notes 4 and 11, depicts how the nature, amount, timing and uncertainty of our revenue and cash flows are affected by economic factors.

Lease revenues (Topic 842)

The accounting for the types of revenue that are accounted for under Topic 842 is discussed below.

Owned equipment rentals represent our most significant revenue type (they accounted for 72 percent of total revenues for the three months ended March 31, 2019) and are governed by our standard rental contract. We account for such rentals as operating leases. The lease terms are included in our contracts, and the determination of whether our contracts contain leases generally does not require significant assumptions or judgments. Our lease revenues do not include material amounts of variable payments.

Owned equipment rentals: Owned equipment rentals represent revenues from renting equipment that we own. We do not generally provide an option for the lessee to purchase the rented equipment at the end of the lease, and do not generate material revenue from sales of equipment under such options.

We recognize revenues from renting equipment on a straight-line basis. Our rental contract periods are hourly, daily, weekly or monthly. By way of example, if a customer were to rent a piece of equipment and the daily, weekly and monthly rental rates for that particular piece were (in actual dollars) \$100, \$300 and \$900, respectively, we would recognize revenue of \$32.14 per day. The daily rate for recognition purposes is calculated by dividing the monthly rate of \$900 by the monthly term of 28 days. This daily rate assumes that the equipment will be on rent for the full 28 days, as we are unsure of when the customer will return the equipment and therefore unsure of which rental contract period will apply.

As part of this straight-line methodology, when the equipment is returned, we recognize as incremental revenue the excess, if any, between the amount the customer is contractually required to pay, which is based on the rental contract period applicable to the actual number of days the equipment was out on rent, over the cumulative amount of revenue recognized to date. In any given accounting period, we will have customers return equipment and be contractually required to pay us more than the cumulative amount of revenue recognized to date under the straight-line methodology. For instance, continuing the above example, if the customer rented the above piece of equipment on December 29 and returned it at the close of business on January 1, we would recognize incremental revenue on January 1 of \$171.44 (in actual dollars, representing the difference between the amount the customer is contractually required to pay, or \$300 at the weekly rate, and the cumulative amount recognized to date on a straight-line basis, or \$128.56, which represents four days at \$32.14 per day).

We record amounts billed to customers in excess of recognizable revenue as deferred revenue on our balance sheet. We had deferred revenue (associated with both Topic 842/840 and Topic 606) of \$54 and \$56 as of March 31, 2019 and December 31, 2018, respectively.

As noted above, we are unsure of when the customer will return rented equipment. As such, we do not know how much the customer will owe us upon return of the equipment and cannot provide a maturity analysis of future lease payments. Our equipment is generally rented for short periods of time. Lessees do not provide residual value guarantees on rented equipment.

We expect to derive significant future benefits from our equipment following the end of the rental term. Our rentals are generally short-term in nature, and our equipment is typically rented for the majority of the time that we own it. We additionally recognize revenue from sales of rental equipment when we dispose of the equipment.

Re-rent revenue: Re-rent revenue reflects revenues from equipment that we rent from vendors and then rent to our customers. We account for such rentals as subleases. The accounting for re-rent revenue is the same as the accounting for owned equipment rentals described above.

“Other” equipment rental revenue is primarily comprised of 1) Rental Protection Plan (or “RPP”) revenue associated with the damage waiver customers can purchase when they rent our equipment to protect against potential loss or damage, 2) environmental charges associated with the rental of equipment, and 3) charges for rented equipment that is damaged by our customers.

Revenues from contracts with customers (Topic 606)

The accounting for the types of revenue that are accounted for under Topic 606 is discussed below. Substantially all of our revenues under Topic 606 are recognized at a point-in-time rather than over time.

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Delivery and pick-up: Delivery and pick-up revenue associated with renting equipment is recognized when the service is performed.

“Other” equipment rental revenue is primarily comprised of revenues associated with the consumption of fuel by our customers which are recognized when the equipment is returned by the customer (and consumption, if any, can be measured).

Sales of rental equipment, new equipment and contractor supplies are recognized at the time of delivery to, or pick-up by, the customer and when collectibility is reasonably assured.

Service and other revenues primarily represent revenues earned from providing repair and maintenance services on our customers’ fleet (including parts sales). Service revenue is recognized as the services are performed.

Receivables and contract assets and liabilities

As reflected above, most of our equipment rental revenue is accounted for under Topic 842 (such revenue represented 78 percent of our total revenues for the three months ended March 31, 2019). The customers that are responsible for the remaining revenue that is accounted for under Topic 606 are generally the same customers that rent our equipment. We manage credit risk associated with our accounts receivables at the customer level. Because the same customers generate the revenues that are accounted for under both Topic 606 and Topic 842, the discussions below on credit risk and our allowances for doubtful accounts address receivables arising from revenues from both Topic 606 and Topic 842 (Topic 840 for 2018).

Concentration of credit risk with respect to our receivables is limited because a large number of geographically diverse customers makes up our customer base. Our largest customer accounted for less than one percent of total revenues for the three months ended March 31, 2019, and for each of the last three full years. Our customer with the largest receivable balance represented approximately one percent of total receivables at March 31, 2019 and December 31, 2018. We manage credit risk through credit approvals, credit limits and other monitoring procedures. Our allowances for doubtful accounts reflect our estimate of the amount of our receivables that we will be unable to collect based on historical write-off experience. Our estimate could require change based on changing circumstances, including changes in the economy or in the particular circumstances of individual customers. Accordingly, we may be required to increase or decrease our allowances. Trade receivables that have contractual maturities of one year or less are written-off when they are determined to be uncollectible based on the criteria necessary to qualify as a deduction for federal tax purposes. Write-offs of such receivables require management approval based on specified dollar thresholds. During the three months ended March 31, 2019 and 2018, we recognized total additions, excluding acquisitions, to our allowances for doubtful accounts of \$15 and \$6, respectively, primarily 1) as a reduction to equipment rental revenue or 2) as bad debt expense within selling, general and administrative expenses in our condensed consolidated statements of income.

We do not have material contract assets, or impairment losses associated therewith, or material contract liabilities, associated with contracts with customers. Our contracts with customers do not generally result in material amounts billed to customers in excess of recognizable revenue. We did not recognize material revenue during the three months ended March 31, 2019 or 2018 that was included in the contract liability balance as of the beginning of such periods.

Performance obligations

Most of our Topic 606 revenue is recognized at a point-in-time, rather than over time. Accordingly, in any particular period, we do not generally recognize a significant amount of revenue from performance obligations satisfied (or partially satisfied) in previous periods, and the amounts of such revenue recognized during the three months ended March 31, 2019 and 2018 were not material. We also do not expect to recognize material revenue in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of March 31, 2019.

Payment terms

Our Topic 606 revenues do not include material amounts of variable consideration. Our payment terms vary by the type and location of our customer and the products or services offered. The time between invoicing and when payment is due is not significant. Our contracts do not generally include a significant financing component. For certain

products or services and customer types, we require payment before the products or services are delivered to the customer. Our contracts with customers do not generally result in significant obligations associated with returns, refunds or warranties. See above for a discussion of how we manage credit risk.

Revenue is recognized net of taxes collected from customers, which are subsequently remitted to governmental authorities.

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Contract costs

We do not recognize any assets associated with the incremental costs of obtaining a contract with a customer (for example, a sales commission) that we expect to recover. Most of our revenue is recognized at a point-in-time or over a period of one year or less, and we use the practical expedient that allows us to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that we otherwise would have recognized is one year or less.

Contract estimates and judgments

Our revenues accounted for under Topic 606 generally do not require significant estimates or judgments, primarily for the following reasons:

• The transaction price is generally fixed and stated on our contracts;

• As noted above, our contracts generally do not include multiple performance obligations, and accordingly do not generally require estimates of the standalone selling price for each performance obligation;

• Our revenues do not include material amounts of variable consideration, or result in significant obligations associated with returns, refunds or warranties; and

• Most of our revenue is recognized as of a point-in-time and the timing of the satisfaction of the applicable performance obligations is readily determinable. As noted above, our Topic 606 revenue is generally recognized at the time of delivery to, or pick-up by, the customer.

We monitor and review our estimated standalone selling prices on a regular basis.

3. Acquisitions

BakerCorp Acquisition

In July 2018, we completed the acquisition of BakerCorp. BakerCorp was a leading multinational provider of tank, pump, filtration and trench shoring rental solutions for a broad range of industrial and construction applications. BakerCorp had approximately 950 employees, and its operations were primarily concentrated in the United States and Canada, where it had 46 locations. BakerCorp also had 11 locations in France, Germany, the United Kingdom and the Netherlands. BakerCorp had annual revenues of approximately \$295. The acquisition:

• Augmented our bundled solutions for fluid storage, transfer and treatment;

• Expanded our strategic account base; and

• Provided a significant opportunity to increase revenue and enhance customer service by cross-selling to our broader customer base.

The aggregate consideration paid was approximately \$720. The acquisition and related fees and expenses were funded through drawings on our ABL facility.

The following table summarizes the fair values of the assets acquired and liabilities assumed. The purchase price allocations for these assets and liabilities are based on preliminary valuations and are subject to change as we obtain additional information during the acquisition measurement period.

Table of Contents**UNITED RENTALS, INC.****NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)****(Dollars in millions, except per share data, unless otherwise indicated)**

Accounts receivable, net of allowance for doubtful accounts (1)	\$74
Inventory	5
Rental equipment	268
Property and equipment	25
Intangibles (2)	171
Other assets	4
Total identifiable assets acquired	547
Current liabilities	(61)
Deferred taxes	(15)
Total liabilities assumed	(76)
Net identifiable assets acquired	471
Goodwill (3)	249
Net assets acquired	\$720

(1) The fair value of accounts receivables acquired was \$74, and the gross contractual amount was \$81. We estimated that \$7 would be uncollectible.

(2) The following table reflects the fair values and useful lives of the acquired intangible assets identified based on our purchase accounting assessments:

	Fair value	Life (years)
Customer relationships	\$ 166	8
Trade names and associated trademarks	5	5
Total	\$ 171	

(3) All of the goodwill was assigned to our trench, power and fluid solutions segment. The level of goodwill that resulted from the acquisition is primarily reflective of BakerCorp's going-concern value, the value of BakerCorp's assembled workforce, new customer relationships expected to arise from the acquisition, and operational synergies that we expect to achieve that are not associated with the identifiable assets. \$6 of goodwill is expected to be deductible for income tax purposes.

The three months ended March 31, 2019 include BakerCorp acquisition-related costs which are included in “Merger related costs” in our condensed consolidated statements of income.

Since the acquisition date, significant amounts of fleet have been moved between URI locations and the acquired BakerCorp locations, and it is not practicable to reasonably estimate the amounts of revenue and earnings of BakerCorp since the acquisition date. The impact of the BakerCorp acquisition on our equipment rentals revenue is primarily reflected in the increase in average OEC of 23.7 percent for the three months ended March 31, 2019. Such increase includes the impact of the acquisition of Vander Holding Corporation and its subsidiaries (“BlueLine”) discussed below.

BlueLine Acquisition

In October 2018, we completed the acquisition of BlueLine. BlueLine was one of the ten largest equipment rental companies in North America and served customers in the construction and industrial sectors with a focus on mid-sized and local accounts. BlueLine had 114 locations and over 1,700 employees based in 25 U.S. states, Canada and Puerto Rico. BlueLine had annual revenues of approximately \$786. The acquisition is expected to:

- Expand our equipment rental capacity in many of the largest metropolitan areas in North America, including both U.S. coasts, the Gulf South and Ontario;
- Provide a well-diversified customer base with a balanced mix of commercial construction and industrial accounts;

- Add more mid-sized and local accounts to our customer base; and
- Provide a significant opportunity to increase revenue and enhance customer service by cross-selling to our broader customer base.

Table of Contents**UNITED RENTALS, INC.****NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)****(Dollars in millions, except per share data, unless otherwise indicated)**

The aggregate consideration paid was approximately \$2.072 billion. The acquisition and related fees and expenses were funded through borrowings under a new \$1 billion senior secured term loan credit facility (the “term loan facility”) and the issuance of \$1.1 billion principal amount of 6 1/2 percent Senior Notes due 2026.

The following table summarizes the fair values of the assets acquired and liabilities assumed. The purchase price allocations for these assets and liabilities are based on preliminary valuations and are subject to change as we obtain additional information during the acquisition measurement period.

Accounts receivable, net of allowance for doubtful accounts (1)	\$ 117
Inventory	7
Rental equipment	1,078
Property and equipment	71
Intangibles (customer relationships) (2)	230
Other assets	41
Total identifiable assets acquired	1,544
Short-term debt and current maturities of long-term debt (3)	(12)
Current liabilities	(129)
Deferred taxes	(7)
Long-term debt (3)	(25)
Other long-term liabilities	(4)
Total liabilities assumed	(177)
Net identifiable assets acquired	1,367
Goodwill (4)	705
Net assets acquired	\$2,072

(1) The fair value of accounts receivables acquired was \$117, and the gross contractual amount was \$125. We estimated that \$8 would be uncollectible.

(2) The customer relationships are being amortized over a 5 year life.

(3) The acquired debt reflects finance lease obligations.

(4) All of the goodwill was assigned to our general rentals segment. The level of goodwill that resulted from the acquisition is primarily reflective of BlueLine's going-concern value, the value of BlueLine's assembled workforce, new customer relationships expected to arise from the acquisition, and operational synergies that we expect to achieve that are not associated with the identifiable assets. \$25 of goodwill is expected to be deductible for income tax purposes.

The three months ended March 31, 2019 include BlueLine acquisition-related costs which are included in “Merger related costs” in our condensed consolidated statements of income. In addition to the acquisition-related costs reflected in our consolidated statements of income, the debt issuance costs associated with the issuance of debt to fund the acquisition are reflected, net of amortization subsequent to the acquisition date, in long-term debt in our consolidated balance sheets.

Since the acquisition date, significant amounts of fleet have been moved between URI locations and the acquired BlueLine locations, and it is not practicable to reasonably estimate the amounts of revenue and earnings of BlueLine since the acquisition date. The impact of the BlueLine acquisition on our equipment rentals revenue is primarily reflected in the increase in average OEC of 23.7 percent for the three months ended March 31, 2019. Such increase includes the impact of the acquisition of BakerCorp discussed above.

Pro forma financial information

The pro forma information below gives effect to the BakerCorp and BlueLine acquisitions as if they had been completed on January 1, 2018 (“the pro forma acquisition date”). The pro forma information is not necessarily indicative

of our results of operations had the acquisitions been completed on the above date, nor is it necessarily indicative of our future results. The pro forma information does not reflect any cost savings from operating efficiencies or synergies that could result from the acquisitions, and also does not reflect additional revenue opportunities following the acquisitions. The pro forma information includes adjustments to record the assets and liabilities of BakerCorp and BlueLine at their respective fair values based on available information and to give effect to the financing for the acquisitions and related transactions. The pro forma adjustments

Table of Contents**UNITED RENTALS, INC.****NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**
(Dollars in millions, except per share data, unless otherwise indicated)

reflected in the table below are subject to change as additional analysis is performed. The opening balance sheet values assigned to the assets acquired and liabilities assumed are based on preliminary valuations and are subject to change as we obtain additional information during the acquisition measurement period. Increases or decreases in the estimated fair values of the net assets acquired may impact our statements of income in future periods. The tables below present unaudited pro forma consolidated income statement information as if BakerCorp and BlueLine had been included in our consolidated results for the entire period reflected.

	Three Months Ended			
	March 31, 2018			
	United Rentals	BlueLine	BakerCorp	Total
Historic/pro forma revenues	\$1,734	\$ 188	\$ 74	\$1,996
Historic/combined pretax income (loss)	232	(22)	(13)	197
Pro forma adjustments to pretax income (loss):				
Impact of fair value mark-ups/useful life changes on depreciation (1)		(18)	(3)	(21)
Impact of the fair value mark-up of acquired fleet on cost of rental equipment sales (2)		(7)	—	(7)
Intangible asset amortization (3)		(19)	(10)	(29)
Interest expense (4)		(27)	(6)	(33)
Elimination of historic interest (5)		31	10	41
Restructuring charges (6)		(13)	(6)	(19)
Pro forma pretax income				\$129

(1) Depreciation of rental equipment and non-rental depreciation were adjusted for the fair value mark-ups, and the changes in useful lives and salvage values, of the equipment acquired in the BakerCorp and BlueLine acquisitions.

(2) Cost of rental equipment sales was adjusted for the fair value mark-ups of rental equipment acquired in the BlueLine acquisition. BakerCorp did not historically recognize a material amount of rental equipment sales, and accordingly no adjustment was required for BakerCorp.

(3) The intangible assets acquired in the BakerCorp and BlueLine acquisitions were amortized.

(4) As discussed above, we issued debt to fund the BakerCorp and BlueLine acquisitions. Interest expense was adjusted to reflect these changes in our debt portfolio.

(5) Historic interest on debt that is not part of the combined entity was eliminated.

(6) We expect to recognize restructuring charges primarily comprised of severance costs and branch closure charges associated with the acquisitions over a period of approximately one year following the acquisition dates, which, for the pro forma presentation, was January 1, 2018. The adjustments above reflect the timing of the actual restructuring charges following the acquisitions (the pro forma restructuring charges above for the three months ended March 31, 2018 reflect the actual restructuring charges recognized during the three months following the acquisitions). We expect to incur additional restructuring charges for BakerCorp and BlueLine, however the remaining costs are not currently estimable, as we are still identifying the actions that will be undertaken.

Table of Contents**UNITED RENTALS, INC.****NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)****(Dollars in millions, except per share data, unless otherwise indicated)****4. Segment Information**

Our reportable segments are i) general rentals and ii) trench, power and fluid solutions. The general rentals segment includes the rental of i) general construction and industrial equipment, such as backhoes, skid-steer loaders, forklifts, earthmoving equipment and material handling equipment, ii) aerial work platforms, such as boom lifts and scissor lifts and iii) general tools and light equipment, such as pressure washers, water pumps and power tools. The general rentals segment reflects the aggregation of 11 geographic regions—Carolinas, Gulf South, Industrial (which serves the geographic Gulf region and has a strong industrial presence), Mid-Atlantic, Mid Central, Midwest, Northeast, Pacific West, South, Southeast and Western Canada—and operates throughout the United States and Canada.

The trench, power and fluid solutions segment includes the rental of specialty construction products such as i) trench safety equipment, such as trench shields, aluminum hydraulic shoring systems, slide rails, crossing plates, construction lasers and line testing equipment for underground work, ii) power and HVAC equipment, such as portable diesel generators, electrical distribution equipment, and temperature control equipment and iii) fluid solutions equipment primarily used for fluid containment, transfer and treatment. The trench, power and fluid solutions segment is comprised of the following regions, each of which primarily rents the corresponding equipment type described above: i) the Trench Safety region, ii) the Power and HVAC region, iii) the Fluid Solutions region and iv) the Fluid Solutions Europe region. The trench, power and fluid solutions segment's customers include construction companies involved in infrastructure projects, municipalities and industrial companies. This segment operates throughout the United States and in Canada and Europe.

These segments align our external segment reporting with how management evaluates and allocates resources. We evaluate segment performance based on segment equipment rentals gross profit.

The following tables set forth financial information by segment.

	General rentals	Trench, power and fluid solutions	Total
Three Months Ended March 31, 2019			
Equipment rentals	\$ 1,423	\$ 372	\$ 1,795
Sales of rental equipment	178	14	192
Sales of new equipment	55	7	62
Contractor supplies sales	17	7	24
Service and other revenues	37	7	44
Total revenue	1,710	407	2,117
Depreciation and amortization expense	412	87	499
Equipment rentals gross profit	501	157	658
Capital expenditures	236	63	299
Three Months Ended March 31, 2018			
Equipment rentals	\$ 1,201	\$ 258	\$ 1,459
Sales of rental equipment	171	10	181
Sales of new equipment	37	5	42
Contractor supplies sales	14	4	18
Service and other revenues	30	4	34
Total revenue	1,453	281	1,734
Depreciation and amortization expense	337	56	393
Equipment rentals gross profit	426	119	545
Capital expenditures	267	46	313

Table of Contents**UNITED RENTALS, INC.****NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)****(Dollars in millions, except per share data, unless otherwise indicated)**

	March 31, 2019	December 31, 2018
Total reportable segment assets		
General rentals	\$ 15,750	\$ 15,597
Trench, power and fluid solutions	2,836	2,536
Total assets	\$ 18,586	\$ 18,133

Equipment rentals gross profit is the primary measure management reviews to make operating decisions and assess segment performance. The following is a reconciliation of equipment rentals gross profit to income before provision for income taxes:

	Three Months Ended March 31, 2019 2018	
Total equipment rentals gross profit	\$ 658	\$ 545
Gross profit from other lines of business	103	101
Selling, general and administrative expenses	(280)	(232)
Merger related costs	(1)	(1)
Restructuring charge	(8)	(2)
Non-rental depreciation and amortization	(104)	(71)
Interest expense, net	(151)	(109)
Other income, net	3	1
Income before provision for income taxes	\$ 220	\$ 232

5. Restructuring Charges

Restructuring charges primarily include severance costs associated with headcount reductions, as well as branch closure charges. We incur severance costs and branch closure charges in the ordinary course of our business. We only include such costs that are part of a restructuring program as restructuring charges. Since the first such restructuring program was initiated in 2008, we have completed four restructuring programs and have incurred total restructuring charges of \$323.

Closed Restructuring Programs

Our closed restructuring programs were initiated either in recognition of a challenging economic environment or following the completion of certain significant acquisitions. As of March 31, 2019, the total liability associated with the closed restructuring programs was \$15.

BakerCorp/BlueLine Restructuring Program

In the third quarter of 2018, we initiated a restructuring program following the closing of the BakerCorp acquisition discussed in note 3 to the condensed consolidated financial statements. The restructuring program also includes actions undertaken associated with the BlueLine acquisition discussed in note 3 to the condensed consolidated financial statements. We expect to complete the restructuring program in 2019. The total costs expected to be incurred in connection with the program are not currently estimable, as we are still identifying the actions that will be undertaken.

The table below provides certain information concerning restructuring activity under the BakerCorp/BlueLine restructuring program during the three months ended March 31, 2019:

Reserve Balance at	Charged to Costs and Expenses	Payments and Other	Reserve Balance at
	(1)		

	December 31, 2018			March 31, 2019	
Branch closure charges	\$ 3	\$ 7	\$ (1)	\$ 9	
Severance and other	9	4	(7)	6	
Total	\$ 12	\$ 11	\$ (8)	\$ 15	

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(Dollars in millions, except per share data, unless otherwise indicated)

(1) Reflected in our condensed consolidated statements of income as “Restructuring charge” (such charge also includes activity under our closed restructuring programs). These charges are not allocated to our reportable segments.

6. Fair Value Measurements

As of March 31, 2019 and December 31, 2018, the amounts of our assets and liabilities that were accounted for at fair value were immaterial.

Fair value measurements are categorized in one of the following three levels based on the lowest level input that is significant to the fair value measurement in its entirety:

Level 1- Inputs to the valuation methodology are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2- Observable inputs other than quoted prices in active markets for identical assets or liabilities include:

- a) quoted prices for similar assets or liabilities in active markets;
 - b) quoted prices for identical or similar assets or liabilities in inactive markets;
 - c) inputs other than quoted prices that are observable for the asset or liability;
 - d) inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3- Inputs to the valuation methodology are unobservable (i.e., supported by little or no market activity) and significant to the fair value measure.

Fair Value of Financial Instruments

The carrying amounts reported in our condensed consolidated balance sheets for accounts receivable, accounts payable and accrued expenses and other liabilities approximate fair value due to the immediate to short-term maturity of these financial instruments. The fair values of our ABL, accounts receivable securitization and term loan facilities and finance/capital leases (the classification of such leases changed upon adoption of a new lease accounting standard, as explained further in note 8 to the condensed consolidated financial statements) approximated their book values as of March 31, 2019 and December 31, 2018. The estimated fair values of our financial instruments, all of which are categorized in Level 1 of the fair value hierarchy, as of March 31, 2019 and December 31, 2018 have been calculated based upon available market information, and were as follows:

March 31, 2019		December 31, 2018	
Carrying	Fair	Carrying	Fair
Amount	Value	Amount	Value
Senior notes	\$8,104	\$8,254	\$8,102
			\$7,632

7. Debt

Debt, net of unamortized original issue discounts or premiums, and unamortized debt issuance costs, consists of the following:

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	March 31, 2019	December 31, 2018
Accounts Receivable Securitization Facility expiring 2019 (1) (2)	\$881	\$850
\$3.75 billion ABL Facility expiring 2024 (1) (3)	1,516	1,685
Term loan facility expiring 2025 (1)	986	988
4 ⁵ / ₈ percent Senior Secured Notes due 2023	994	994
5 ³ / ₄ percent Senior Notes due 2024	842	842
5 ¹ / ₂ percent Senior Notes due 2025	794	794
4 ⁵ / ₈ percent Senior Notes due 2025	741	741
5 ⁷ / ₈ percent Senior Notes due 2026	999	999
6 ¹ / ₂ percent Senior Notes due 2026	1,087	1,087
5 ¹ / ₂ percent Senior Notes due 2027	992	991
4 ⁷ / ₈ percent Senior Notes due 2028 (4)	1,651	1,650
4 ⁷ / ₈ percent Senior Notes due 2028 (4)	4	4
Finance leases (5)	119	—
Capital leases (5)	—	122
Total debt	11,606	11,747
Less short-term portion (6)	(930)	(903)
Total long-term debt	\$10,676	\$10,844

(1)The table below presents financial information associated with our variable rate indebtedness as of and for the three months ended March 31, 2019. We have borrowed the full available amount under the term loan facility. The principal obligation under the term loan facility is required to be repaid in quarterly installments in an aggregate amount equal to 1.0 percent per annum, with the balance due at the maturity of the facility. The average amount of debt outstanding under the term loan facility decreases slightly each quarter due to the requirement to repay a portion of the principal obligation.

	ABL facility	Accounts receivable securitization facility	Term loan facility
Borrowing capacity, net of letters of credit	\$2,176	\$ 23	\$ —
Letters of credit	45		
Interest rate at March 31, 2019	3.9 %	3.4 %	4.2%
Average month-end debt outstanding	1,609	860	997
Weighted-average interest rate on average debt outstanding	4.0 %	3.4 %	4.3%
Maximum month-end debt outstanding	1,691	882	998

(2) Borrowings under the accounts receivable securitization facility are permitted only to the extent that the face amount of the receivables in the collateral pool, net of applicable reserves and other deductions, exceeds the outstanding loans. As of March 31, 2019, there were \$922 million of receivables, net of applicable reserves and other deductions, in the collateral pool.

In February 2019, the ABL facility was amended, primarily to increase the facility size to \$3.75 billion, extend the maturity date to February 2024 and make a portion of the facility available for borrowing in British Pounds and Euros by certain subsidiaries of URNA in Europe.

(4)

URNA separately issued 4 ⁷/₈ percent Senior Notes in August 2017 and in September 2017. Following the issuances, we consummated an exchange offer pursuant to which most of the 4 ⁷/₈ percent Senior Notes issued in September 2017 were exchanged for additional notes fungible with the 4 ⁷/₈ percent Senior Notes issued in August 2017.

- (5) As discussed in note 8 to the condensed consolidated financial statements, we adopted an updated lease accounting standard on January 1, 2019. Upon adoption of the new standard, the leases that were previously classified as capital leases through December 31, 2018 were classified as finance leases. There were no significant changes to the accounting upon this change in classification.

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UNITED RENTALS, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)
(Dollars in millions, except per share data, unless otherwise indicated)

(6) As of March 31, 2019, our short-term debt primarily reflects \$881 of borrowings under our accounts receivable securitization facility.

Loan Covenants and Compliance

As of March 31, 2019, we were in compliance with the covenants and other provisions of the ABL, accounts receivable securitization and term loan facilities and the senior notes. Any failure to be in compliance with any material provision or covenant of these agreements could have a material adverse effect on our liquidity and operations.

The only financial maintenance covenant that currently exists under the ABL facility is the fixed charge coverage ratio. Subject to certain limited exceptions specified in the ABL facility, the fixed charge coverage ratio covenant under the ABL facility will only apply in the future if specified availability under the ABL facility falls below 10 percent of the maximum revolver amount under the ABL facility. When certain conditions are met, cash and cash equivalents and borrowing base collateral in excess of the ABL facility size may be included when calculating specified availability under the ABL facility. As of March 31, 2019, specified availability under the ABL facility exceeded the required threshold and, as a result, this financial maintenance covenant was inapplicable. Under our accounts receivable securitization facility, we are required, among other things, to maintain certain financial tests relating to: (i) the default ratio, (ii) the delinquency ratio, (iii) the dilution ratio and (iv) days sales outstanding. The accounts receivable securitization facility also requires us to comply with the fixed charge coverage ratio under the ABL facility, to the extent the ratio is applicable under the ABL facility.

8. Leases

Adoption of Accounting Standards Codification (“ASC”) Topic 842, “Leases”

In March 2016, the FASB issued guidance (“Topic 842”) to increase transparency and comparability among organizations by requiring (1) recognition of lease assets and lease liabilities on the balance sheet and (2) disclosure of key information about leasing arrangements. Some changes to the lessor accounting guidance were made to align both of the following: (1) the lessor accounting guidance with certain changes made to the lessee accounting guidance and (2) key aspects of the lessor accounting model with revenue recognition guidance. We adopted Topic 842 at the required adoption date of January 1, 2019, using the transition method that allowed us to initially apply Topic 842 as of January 1, 2019 and recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. We used the package of practical expedients permitted under the transition guidance that allowed us to not reassess: (1) whether any expired or existing contracts are or contain leases, (2) lease classification for any expired or existing leases and (3) initial direct costs for any expired or existing leases. We additionally used, for our real estate operating leases, the practical expedient that allows lessees to treat the lease and non-lease components of leases as a single lease component. We did not recognize a material adjustment to the opening balance of retained earnings upon adoption. Because of the transition method we used to adopt Topic 842, Topic 842 was not applied to periods prior to adoption and the adoption of Topic 842 had no impact on our previously reported results.

As discussed in note 2 to the condensed consolidated financial statements, most of our equipment rental revenues, which accounted for 85 percent of total revenues for the three months ended March 31, 2019, were accounted for under the previous lease accounting standard through December 31, 2018 and are accounted for under Topic 842 following adoption. There were no significant changes to our revenue accounting upon adoption of Topic 842. See note 2 to the condensed consolidated financial statements for a discussion of our revenue accounting (such discussion includes lessor disclosures required under Topic 842).

The adoption of Topic 842 had a material impact on our condensed consolidated balance sheet due to the recognition of right-of-use (“ROU”) assets and lease liabilities, as discussed further below. The adoption of Topic 842 did not have a material impact on our condensed consolidated income statement (as noted above, although a significant portion of our revenue is accounted for under Topic 842 following adoption, there were no significant changes to our revenue

accounting upon adoption) or our condensed consolidated cash flow statement.

Lease Accounting

We determine if an arrangement is a lease at inception. Our material lease contracts are generally for real estate or vehicles, and the determination of whether such contracts contain leases generally does not require significant estimates or judgments. We lease real estate and equipment under operating leases. We lease a significant portion of our branch locations, and also lease other premises used for purposes such as district and regional offices and service centers. Our finance lease obligations consist primarily of rental equipment (primarily vehicles) and building leases. Operating leases result in the recognition of ROU assets and lease liabilities on the balance sheet. ROU assets represent our right to use the leased asset for the lease term and lease liabilities represent our obligation to make lease payments.

Table of Contents**UNITED RENTALS, INC.****NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)****(Dollars in millions, except per share data, unless otherwise indicated)**

Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of our leases do not provide an implicit rate, we use our estimated incremental borrowing rate at the commencement date to determine the present value of lease payments. The operating lease ROU assets also include any lease payments made and exclude lease incentives. Our lease terms may include options, at our sole discretion, to extend or terminate the lease that we are reasonably certain to exercise. The amount of payments associated with such options reflected in the "Maturity of lease liabilities" table below is not material. Most real estate leases include one or more options to renew, with renewal terms that can extend the lease term from 1 to 5 years or more. Lease expense is recognized on a straight-line basis over the lease term.

Leases with an initial term of 12 months or less are not recorded on the balance sheet. Lease expense on such leases is recognized on a straight-line basis over the lease term. The primary leases we enter into with initial terms of 12 months or less are for equipment that we rent from vendors and then rent to our customers. We generate sublease revenue from such leases that we refer to as "re-rent revenue" as discussed in note 2 to the condensed consolidated financial statements. Apart from the re-rent revenue discussed in note 2, we do not generate material sublease income. We have lease agreements with lease and non-lease components, and, for our real estate operating leases, we account for the lease and non-lease components as a single lease component. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The tables below present financial information associated with our leases. This information is only presented as of, and for the three months ended, March 31, 2019 because, as noted above, we adopted Topic 842 using a transition method that does not require application to periods prior to adoption.

Classification		March 31, 2019
Assets		
Operating lease assets	Operating lease right-of-use assets	622
Finance lease assets	Rental equipment	263
	Less accumulated depreciation	(87)
	Rental equipment, net	176
	Property and equipment, net:	
	Non-rental vehicles	7
	Buildings	16
	Less accumulated depreciation and amortization	(18)
	Property and equipment, net	5
Total leased assets		803
Liabilities		
Current		
Operating	Accrued expenses and other liabilities	169
Finance	Short-term debt and current maturities of long-term debt	39
Long-term		
Operating	Operating lease liabilities	497
Finance	Long-term debt	80
Total lease liabilities		785

Table of Contents**UNITED RENTALS, INC.****NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)****(Dollars in millions, except per share data, unless otherwise indicated)**

Lease cost	Classification	Three Months Ended March 31, 2019
Operating lease cost (1)	Cost of equipment rentals, excluding depreciation (1)	89
	Selling, general and administrative expenses	3
	Restructuring charge	6
Finance lease cost		
Amortization of leased assets	Depreciation of rental equipment	7
	Non-rental depreciation and amortization	1
Interest on lease liabilities	Interest expense, net	2
Sublease income (2)		(38)
Net lease cost		70

(1) Includes variable lease costs, which are immaterial. Cost of equipment rentals, excluding depreciation includes \$34 of short-term lease costs associated with equipment that we rent from vendors and then rent to our customers, as discussed further above. Apart from these costs, short-term lease costs are immaterial.

(2) Primarily reflects re-rent revenue as discussed further above.

Maturity of lease liabilities (as of March 31, 2019)	Operating leases (1)	Finance leases (2)
2019	164	33
2020	179	39
2021	147	36
2022	108	12
2023	74	12
Thereafter	87	5
Total	759	137
Less amount representing interest	(93)	(18)
Present value of lease liabilities	\$ 666	\$ 119

(1) Reflects payments for non-cancelable operating leases with initial or remaining terms of one year or more as of March 31, 2019. The table above does not include any legally binding minimum lease payments for leases signed but not yet commenced, and such leases are not material in the aggregate.

(2) The table above does not include any legally binding minimum lease payments for leases signed but not yet commenced, and such leases are not material in the aggregate.

Lease term and discount rate

Weighted-average remaining lease term (years)

Operating leases	4.7
Finance leases	3.8

Weighted-average discount rate

Operating leases	4.9 %
Finance leases	4.1 %

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(Dollars in millions, except per share data, unless otherwise indicated)

	Three Months Ended March 31, 2019
Other information	
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	50
Operating cash flows from finance leases	2
Financing cash flows from finance leases	10
Leased assets obtained in exchange for new operating lease liabilities	75
Leased assets obtained in exchange for new finance lease liabilities	8

9. Legal and Regulatory Matters

We are subject to a number of claims and proceedings that generally arise in the ordinary course of our business. These matters include, but are not limited to, general liability claims (including personal injury, property and auto claims), indemnification and guarantee obligations, employee injuries and employment-related claims, self-insurance obligations, contract and real estate matters, and other general business litigation. Based on advice of counsel and available information, including current status or stage of proceeding, and taking into account accruals for matters where we have established them, we currently believe that any liabilities ultimately resulting from such claims and proceedings will not, individually or in the aggregate, have a material adverse effect on our consolidated financial condition, results of operations or cash flows.

10. Earnings Per Share

Basic earnings per share is computed by dividing net income available to common stockholders by the weighted-average number of common shares outstanding. Diluted earnings per share is computed by dividing net income available to common stockholders by the weighted-average number of common shares plus the effect of dilutive potential common shares outstanding during the period. The following table sets forth the computation of basic and diluted earnings per share (shares in thousands):

	Three Months Ended March 31, 2019	2018
Numerator:		
Net income available to common stockholders	175	183
Denominator:		
Denominator for basic earnings per share—weighted-average common shares	79,401	84,256
Effect of dilutive securities:		
Employee stock options	294	417
Restricted stock units	352	565
Denominator for diluted earnings per share—adjusted weighted-average common shares	80,047	85,238
Basic earnings per share	\$ 2.21	\$ 2.18
Diluted earnings per share	\$ 2.19	\$ 2.15

Table of Contents**UNITED RENTALS, INC.****NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**
(Dollars in millions, except per share data, unless otherwise indicated)**11. Condensed Consolidating Financial Information of Guarantor Subsidiaries**

URNA is 100 percent owned by Holdings (“Parent”) and has certain outstanding indebtedness that is guaranteed by both Parent and, with the exception of its U.S. special purpose vehicle which holds receivable assets relating to the Company’s accounts receivable securitization facility (the “SPV”), all of URNA’s U.S. subsidiaries (the “guarantor subsidiaries”). Other than the guarantee by certain Canadian subsidiaries of URNA’s indebtedness under the ABL facility, none of URNA’s indebtedness is guaranteed by URNA’s foreign subsidiaries or the SPV (together, the “non-guarantor subsidiaries”). The receivable assets owned by the SPV have been sold or contributed by URNA to the SPV and are not available to satisfy the obligations of URNA or Parent’s other subsidiaries. The guarantor subsidiaries are all 100 percent-owned and the guarantees are made on a joint and several basis. The guarantees are not full and unconditional because a guarantor subsidiary can be automatically released and relieved of its obligations under certain circumstances, including sale of the guarantor subsidiary, the sale of all or substantially all of the guarantor subsidiary’s assets, the requirements for legal defeasance or covenant defeasance under the applicable indenture being met, designating the guarantor subsidiary as an unrestricted subsidiary for purposes of the applicable covenants or, other than with respect to the guarantees of the 5 ³/₄ percent Senior Notes due 2024, the notes being rated investment grade by both Standard & Poor’s Ratings Services and Moody’s Investors Service, Inc., or, in certain circumstances, another rating agency selected by URNA. The guarantees are also subject to subordination provisions (to the same extent that the obligations of the issuer under the relevant notes are subordinated to other debt of the issuer) and to a standard limitation which provides that the maximum amount guaranteed by each guarantor will not exceed the maximum amount that can be guaranteed without making the guarantee void under fraudulent conveyance laws. Based on our understanding of Rule 3-10 of Regulation S-X (“Rule 3-10”), we believe that the guarantees of the guarantor subsidiaries comply with the conditions set forth in Rule 3-10 and therefore continue to utilize Rule 3-10 to present condensed consolidating financial information for Holdings, URNA, the guarantor subsidiaries and the non-guarantor subsidiaries. Separate consolidated financial statements of the guarantor subsidiaries have not been presented because management believes that such information would not be material to investors. However, condensed consolidating financial information is presented.

Covenants in the ABL, accounts receivable securitization and term loan facilities, and the other agreements governing our debt, impose operating and financial restrictions on URNA, Parent and the guarantor subsidiaries, including limitations on the ability to make share repurchases and dividend payments. As of March 31, 2019, the amount available for distribution under the most restrictive of these covenants was \$443. The Company’s total available capacity for making share repurchases and dividend payments includes the intercompany receivable balance of Parent. As of March 31, 2019, our total available capacity for making share repurchases and dividend payments, which includes URNA’s capacity to make restricted payments and the intercompany receivable balance of Parent, was \$2.104 billion.

The condensed consolidating financial information of Parent and its subsidiaries is as follows:

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(Dollars in millions, except per share data, unless otherwise indicated)

CONDENSED CONSOLIDATING BALANCE SHEET**March 31, 2019**

	Parent	URNA	Guarantor Subsidiaries	Non-Guarantor Subsidiaries		Eliminations	Total
				Foreign	SPV		
ASSETS							
Cash and cash equivalents	\$—	\$24	\$ —	\$28	\$—	\$—	\$52
Accounts receivable, net	—	—	—	149	1,338	—	1,487
Intercompany receivable (payable)	1,661	(1,552)	(99)	(11)	1	—	—
Inventory	—	111	—	12	—	—	123
Prepaid expenses and other assets	—	53	—	5	—	—	58
Total current assets	1,661	(1,364)	(99)	183	1,339	—	1,720
Rental equipment, net	—	8,736	—	702	—	—	9,438
Property and equipment, net	59	421	39	61	—	—	580
Investments in subsidiaries	1,668	1,588	1,003	—	—	(4,259)	—
Goodwill	—	4,743	—	378	—	—	5,121
Other intangible assets, net	—	1,010	—	79	—	—	1,089
Operating lease right-of-use assets	—	548	—	74	—	—	622
Other long-term assets	9	7	—	—	—	—	16
Total assets	\$3,397	\$15,689	\$ 943	\$1,477	\$1,339	\$(4,259)	\$18,586
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)							
Short-term debt and current maturities of long-term debt	\$—	\$47	\$ —	\$2	\$881	\$—	\$930
Accounts payable	—	504	—	53	—	—	557
Accrued expenses and other liabilities	—	686	10	52	3	—	751
Total current liabilities	—	1,237	10	107	884	—	2,238
Long-term debt	—	10,654	9	13	—	—	10,676
Deferred taxes	21	1,609	—	84	—	—	1,714
Operating lease liabilities	—	436	—	61	—	—	497
Other long-term liabilities	1	85	—	—	—	—	86
Total liabilities	22	14,021	19	265	884	—	15,211
Total stockholders' equity (deficit)	3,375	1,668	924	1,212	455	(4,259)	3,375
Total liabilities and stockholders' equity (deficit)	\$3,397	\$15,689	\$ 943	\$1,477	\$1,339	\$(4,259)	\$18,586

Table of Contents**UNITED RENTALS, INC.****NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

(Dollars in millions, except per share data, unless otherwise indicated)

CONDENSED CONSOLIDATING BALANCE SHEET**December 31, 2018**

	Parent	URNA	Guarantor Subsidiaries	Non-Guarantor Subsidiaries		Eliminations	Total
				Foreign	SPV		
ASSETS							
Cash and cash equivalents	\$—	\$1	\$ —	\$42	\$—	\$—	\$43
Accounts receivable, net	—	—	—	159	1,386	—	1,545
Intercompany receivable (payable)	1,534	(1,423)	(96)	(15)	—	—	—
Inventory	—	96	—	13	—	—	109
Prepaid expenses and other assets	—	60	—	4	—	—	64
Total current assets	1,534	(1,266)	(96)	203	1,386	—	1,761
Rental equipment, net	—	8,910	—	690	—	—	9,600
Property and equipment, net	57	462	40	55	—	—	614
Investments in subsidiaries	1,826	1,646	980	—	—	(4,452)	—
Goodwill	—	4,661	—	397	—	—	5,058
Other intangible assets, net	—	1,004	—	80	—	—	1,084
Other long-term assets	9	7	—	—	—	—	16
Total assets	\$3,426	\$15,424	\$ 924	\$1,425	\$1,386	\$(4,452)	\$18,133
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)							
Short-term debt and current maturities of long-term debt	\$1	\$50	\$ —	\$2	\$850	\$—	\$903
Accounts payable	—	481	—	55	—	—	536
Accrued expenses and other liabilities	—	619	14	42	2	—	677
Total current liabilities	1	1,150	14	99	852	—	2,116
Long-term debt	—	10,778	9	57	—	—	10,844
Deferred taxes	22	1,587	—	78	—	—	1,687
Other long-term liabilities	—	83	—	—	—	—	83
Total liabilities	23	13,598	23	234	852	—	14,730
Total stockholders' equity (deficit)	3,403	1,826	901	1,191	534	(4,452)	3,403
Total liabilities and stockholders' equity (deficit)	\$3,426	\$15,424	\$ 924	\$1,425	\$1,386	\$(4,452)	\$18,133

Table of Contents**UNITED RENTALS, INC.****NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

(Dollars in millions, except per share data, unless otherwise indicated)

**CONDENSED CONSOLIDATING STATEMENT OF INCOME AND COMPREHENSIVE INCOME
For the Three Months Ended March 31, 2019**

	Parent	URNA	Guarantor Subsidiaries	Non-Guarantor Subsidiaries		Eliminations	Total
				Foreign	SPV		
Revenues:							
Equipment rentals	\$—	\$1,638	\$ —	\$157	\$—	\$ —	\$1,795
Sales of rental equipment	—	173	—	19	—	—	192
Sales of new equipment	—	53	—	9	—	—	62
Contractor supplies sales	—	22	—	2	—	—	24
Service and other revenues	—	39	—	5	—	—	44
Total revenues	—	1,925	—	192	—	—	2,117
Cost of revenues:							
Cost of equipment rentals, excluding depreciation	—	657	—	85	—	—	742
Depreciation of rental equipment	—	364	—	31	—	—	395
Cost of rental equipment sales	—	113	—	12	—	—	125
Cost of new equipment sales	—	46	—	8	—	—	54
Cost of contractor supplies sales	—	16	—	1	—	—	17
Cost of service and other revenues	—	21	—	2	—	—	23
Total cost of revenues	—	1,217	—	139	—	—	1,356
Gross profit	—	708	—	53	—	—	761
Selling, general and administrative expenses	53	183	—	27	17	—	280
Merger related costs	—	1	—	—	—	—	1
Restructuring charge	—	9	—	(1)	—	—	8
Non-rental depreciation and amortization	4	91	—	9	—	—	104
Operating (loss) income	(57)	424	—	18	(17)	—	368
Interest (income) expense, net	(16)	159	—	—	8	—	151
Other (income) expense, net	(172)	197	—	14	(42)	—	(3)
Income before provision for income taxes	131	68	—	4	17	—	220
Provision for income taxes	23	16	—	1	5	—	45
Income before equity in net earnings (loss) of subsidiaries	108	52	—	3	12	—	175
Equity in net earnings (loss) of subsidiaries	67	15	2	—	—	(84)	—
Net income (loss)	175	67	2	3	12	(84)	175
Other comprehensive income (loss)	21	21	21	19	—	(61)	21
Comprehensive income (loss)	\$196	\$88	\$ 23	\$22	\$12	\$ (145)	\$196

Table of Contents**UNITED RENTALS, INC.****NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)**

(Dollars in millions, except per share data, unless otherwise indicated)

**CONDENSED CONSOLIDATING STATEMENT OF INCOME AND COMPREHENSIVE INCOME
For the Three Months Ended March 31, 2018**

	Parent	URNA	Guarantor Subsidiaries	Non-Guarantor Subsidiaries		Eliminations	Total
				Foreign	SPV		
Revenues:							
Equipment rentals	\$—	\$1,346	\$ —	\$113	\$—	\$ —	\$1,459
Sales of rental equipment	—	164	—	17	—	—	181
Sales of new equipment	—	37	—	5	—	—	42
Contractor supplies sales	—	15	—	3	—	—	18
Service and other revenues	—	31	—	3	—	—	34
Total revenues	—	1,593	—	141	—	—	1,734
Cost of revenues:							
Cost of equipment rentals, excluding depreciation	—	535	—	57	—	—	592
Depreciation of rental equipment	—	297	—	25	—	—	322
Cost of rental equipment sales	—	98	—	9	—	—	107
Cost of new equipment sales	—	33	—	4	—	—	37
Cost of contractor supplies sales	—	10	—	2	—	—	12
Cost of service and other revenues	—	17	—	1	—	—	18
Total cost of revenues	—	990	—	98	—	—	1,088
Gross profit	—	603	—	43	—	—	646
Selling, general and administrative expenses	40	165	—	19	8	—	232
Merger related costs	—	1	—	—	—	—	1
Restructuring charge	—	2	—	—	—	—	2
Non-rental depreciation and amortization	4	62	—	5	—	—	71
Operating (loss) income	(44)	373	—	19	(8)	—	340
Interest (income) expense, net	(7)	112	1	(1)	5	(1)	109
Other (income) expense, net	(141)	161	—	11	(32)	—	(1)
Income (loss) before provision for income taxes	104	100	(1)	9	19	1	232
Provision for income taxes	17	24	—	3	5	—	49
Income (loss) before equity in net earnings (loss) of subsidiaries	87	76	(1)	6	14	1	183
Equity in net earnings (loss) of subsidiaries	96	20	6	—	—	(122)	—
Net income (loss)	183	96	5	6	14	(121)	183
Other comprehensive (loss) income	(25)	(25)	(25)	(23)	—	73	(25)
Comprehensive income (loss)	\$158	\$71	\$ (20)	\$(17)	\$14	\$(48)	\$158

Table of Contents**UNITED RENTALS, INC.****NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS—(Continued)****(Dollars in millions, except per share data, unless otherwise indicated)****CONDENSED CONSOLIDATING CASH FLOW INFORMATION****For the Three Months Ended March 31, 2019**

	Parent	URNA	Guarantor Subsidiaries	Non-Guarantor Subsidiaries		Eliminations	Total
				Foreign	SPV		
Net cash provided by operating activities	\$ 5	\$566	\$	—\$ 35	\$ 61	\$	—\$667
Net cash used in investing activities	(5)	(256)	—	(4)	—	—	(265)
Net cash used in financing activities	—	(287)	—	(45)	(61)	—	(393)
Effect of foreign exchange rates	—	—	—	—	—	—	—
Net increase (decrease) in cash and cash equivalents	—	23	—	(14)	—	—	9
Cash and cash equivalents at beginning of period	—	1	—	42	—	—	43
Cash and cash equivalents at end of period	\$ —	\$24	\$	—\$28	\$—	\$	—\$52

CONDENSED CONSOLIDATING CASH FLOW INFORMATION**For the Three Months Ended March 31, 2018**

	Parent	URNA	Guarantor Subsidiaries	Non-Guarantor Subsidiaries		Eliminations	Total
				Foreign	SPV		
Net cash provided by (used in) operating activities	\$ 5	\$626	\$ (1)	\$(84)	\$96	\$	—\$642
Net cash used in investing activities	(5)	(164)	—	(9)	—	—	(178)
Net cash (used in) provided by financing activities	—	(436)	1	(1)	(96)	—	(532)
Effect of foreign exchange rates	—	—	—	(6)	—	—	(6)
Net increase (decrease) in cash and cash equivalents	—	26	—	(100)	—	—	(74)
Cash and cash equivalents at beginning of period	—	23	—	329	—	—	352
Cash and cash equivalents at end of period	\$ —	\$49	\$ —	\$229	\$—	\$	—\$278

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Item Management's Discussion and Analysis of Financial Condition and Results of Operations (dollars in 2. millions, except per share data, unless otherwise indicated)

Executive Overview

We are the largest equipment rental company in the world, with an integrated network of 1,176 rental locations in the United States, Canada and Europe. As discussed in note 3 to the condensed consolidated financial statements, in July 2018, we completed the acquisition of BakerCorp, which allowed for our entry into select European markets. Although the equipment rental industry is highly fragmented and diverse, we believe that we are well positioned to take advantage of this environment because, as a larger company, we have more extensive resources and certain competitive advantages. These include a fleet of rental equipment with a total original equipment cost ("OEC") of \$14.1 billion, and a national branch network that operates in 49 U.S. states and every Canadian province, and serves 99 of the largest 100 metropolitan areas in the U.S. The BakerCorp acquisition discussed above added 11 European locations in France, Germany, the United Kingdom and the Netherlands to our branch network. Our size also gives us greater purchasing power, the ability to provide customers with a broader range of equipment and services, the ability to provide customers with equipment that is more consistently well-maintained and therefore more productive and reliable, and the ability to enhance the earning potential of our assets by transferring equipment among branches to satisfy customer needs.

We offer approximately 4,000 classes of equipment for rent to a diverse customer base that includes construction and industrial companies, manufacturers, utilities, municipalities, homeowners and government entities. Our revenues are derived from the following sources: equipment rentals, sales of rental equipment, sales of new equipment, contractor supplies sales and service and other revenues. Equipment rentals represented 85 percent of total revenues for the three months ended March 31, 2019.

For the past several years, we have executed a strategy focused on improving the profitability of our core equipment rental business through revenue growth, margin expansion and operational efficiencies. In particular, we have focused on customer segmentation, customer service differentiation, rate management, fleet management and operational efficiency.

In 2019, we expect to continue our disciplined focus on increasing our profitability and return on invested capital. In particular, our strategy calls for:

- *A consistently superior standard of service to customers*, often provided through a single point of contact;
- *The further optimization of our customer mix and fleet mix*, with a dual objective: to enhance our performance in serving our current customer base, and to focus on the accounts and customer types that are best suited to our strategy for profitable growth. We believe these efforts will lead to even better service of our target accounts, primarily large construction and industrial customers, as well as select local contractors. Our fleet team's analyses are aligned with these objectives to identify trends in equipment categories and define action plans that can generate improved returns;
- *A continued focus on "Lean" management techniques, including kaizen processes focused on continuous improvement*. We continue to implement Lean kaizen processes across our branch network, with the objectives of:
 - reducing the cycle time associated with renting our equipment to customers; improving invoice accuracy and service quality; reducing the elapsed time for equipment pickup and delivery; and improving the effectiveness and efficiency of our repair and maintenance operations;
- *A continued focus on Project XL*, which is a set of eight specific work streams focused on driving profitable growth through revenue opportunities and generating incremental profitability through cost savings across our business;
 - *The continued expansion of our trench, power and fluid solutions footprint, as well as our tools offering, and the cross-selling of these services throughout our network*, as exhibited by our acquisition of BakerCorp discussed in note 3 to the condensed consolidated financial statements. We believe that the expansion of our trench, power and fluid solutions business, as well as our tools offering, will further position United Rentals as a single source provider of total jobsite solutions through our extensive product and service resources and technology offerings; and
 - *The pursuit of strategic acquisitions to continue to expand our core equipment rental business*, as exhibited by our recently completed acquisitions of NES Rentals Holdings II, Inc. ("NES"), Neff Corporation ("Neff") and BlueLine (which is discussed further in note 3 to the condensed consolidated financial statements). Strategic acquisitions allow us to invest our capital to expand our business, further driving our ability to accomplish our strategic goals.

Financial Overview

Since January 1, 2018, we have taken the following actions to improve our financial flexibility and liquidity, and to position us to invest the necessary capital in our business:

• Issued \$1.1 billion principal amount of 6 1/2 percent Senior Notes due 2026;

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Entered into a \$1 billion term loan facility;

Amended and extended our ABL facility, including an increase in the facility size from \$3.0 billion to \$3.75 billion; and

Amended and extended our accounts receivable securitization facility, including an increase in the facility size from \$775 to \$975.

As of March 31, 2019, we had available liquidity of \$2.251 billion, including cash and cash equivalents of \$52.

Net income. Net income and diluted earnings per share for the three months ended March 31, 2019 and 2018 are presented below.

	Three Months Ended March 31,	
	2019	2018
Net income	\$ 175	\$ 183
Diluted earnings per share	\$ 2.19	\$ 2.15

Net income and diluted earnings per share for the three months ended March 31, 2019 and 2018 include the after-tax impacts of the items below. The tax rates applied to the items below reflect the statutory rates in the applicable entities.

	Three Months Ended March 31,		2019		2018	
	2019		2018		2018	
	25.4%		25.3%		25.3%	
	Contribution to net income (after-tax)		Impact on diluted earnings per share (after-tax)		Contribution to net income (after-tax)	
Merger related costs (1)	\$ —		\$(0.01)		\$(1)	
Merger related intangible asset amortization (2)	(52)		(0.64)		(34)	
Impact on depreciation related to acquired fleet and property and equipment (3)	(1)		(0.14)		(8)	
Impact of the fair value mark-up of acquired fleet (4)	(20)		(0.25)		(18)	
Restructuring charge (5)	(6)		(0.07)		(2)	
Asset impairment charge (6)	—		(0.01)		—	

This reflects transaction costs associated with the NES and Neff acquisitions that were completed in 2017, and the BakerCorp and BlueLine acquisitions discussed in note 3 to our condensed consolidated financial statements.

(1) Merger related costs only include costs associated with major acquisitions that significantly impact our operations. For additional information, see "Results of Operations-Other costs/(income)-merger related costs" below.

(2) This reflects the amortization of the intangible assets acquired in the RSC, National Pump, NES, Neff, BakerCorp and BlueLine acquisitions.

This reflects the impact of extending the useful lives of equipment acquired in the RSC, NES, Neff, BakerCorp and BlueLine acquisitions, net of the impact of additional depreciation associated with the fair value mark-up of such equipment.

(4) This reflects additional costs recorded in cost of rental equipment sales associated with the fair value mark-up of rental equipment acquired in the RSC, NES, Neff and BlueLine acquisitions that was subsequently sold.

(5) This primarily reflects severance and branch closure charges associated with our restructuring programs. For additional information, see note 5 to our condensed consolidated financial statements.

(6) This reflects write-offs of leasehold improvements and other fixed assets.

EBITDA GAAP Reconciliations. EBITDA represents the sum of net income, provision for income taxes, interest expense, net, depreciation of rental equipment and non-rental depreciation and amortization. Adjusted EBITDA represents EBITDA plus the sum of the merger related costs, restructuring charge, stock compensation expense, net and the impact of the fair value mark-up of the acquired fleet. These items are excluded from adjusted EBITDA internally when evaluating our operating performance and for strategic planning and forecasting purposes, and allow 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. The EBITDA and adjusted EBITDA margins represent EBITDA or adjusted EBITDA divided by total revenue. Management believes that EBITDA and adjusted EBITDA, when viewed with the Company's results under GAAP and the

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accompanying reconciliations, provide useful information about operating performance and period-over-period growth, and provide additional information that is useful for evaluating the operating performance of our core business without regard to potential distortions. Additionally, management believes that EBITDA and adjusted EBITDA help investors gain an understanding of the factors and trends affecting our ongoing cash earnings, from which capital investments are made and debt is serviced. However, EBITDA and adjusted EBITDA are not measures of financial performance or liquidity under GAAP and, accordingly, should not be considered as alternatives to net income or cash flow from operating activities as indicators of operating performance or liquidity.

The table below provides a reconciliation between net income and EBITDA and adjusted EBITDA:

	Three Months Ended March 31,	
	2019	2018
Net income	\$175	\$183
Provision for income taxes	45	49
Interest expense, net	151	109
Depreciation of rental equipment	395	322
Non-rental depreciation and amortization	104	71
EBITDA	\$870	\$734
Merger related costs (1)	1	1
Restructuring charge (2)	8	2
Stock compensation expense, net (3)	15	19
Impact of the fair value mark-up of acquired fleet (4)	27	24
Adjusted EBITDA	\$921	\$780

The table below provides a reconciliation between net cash provided by operating activities and EBITDA and adjusted EBITDA:

	Three Months Ended March 31,	
	2019	2018
Net cash provided by operating activities	\$667	\$642
Adjustments for items included in net cash provided by operating activities but excluded from the calculation of EBITDA:		
Amortization of deferred financing costs and original issue discounts	(4)	(3)
Gain on sales of rental equipment	67	74
Gain on sales of non-rental equipment	2	1
Gain on insurance proceeds from damaged equipment	7	2
Merger related costs (1)	(1)	(1)
Restructuring charge (2)	(8)	(2)
Stock compensation expense, net (3)	(15)	(19)
Changes in assets and liabilities	(28)	(123)
Cash paid for interest	179	153
Cash paid for income taxes, net	4	10
EBITDA	\$870	\$734
Add back:		
Merger related costs (1)	1	1
Restructuring charge (2)	8	2
Stock compensation expense, net (3)	15	19
Impact of the fair value mark-up of acquired fleet (4)	27	24
Adjusted EBITDA	\$921	\$780

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- This reflects transaction costs associated with the NES and Neff acquisitions that were completed in 2017, and the BakerCorp and BlueLine acquisitions discussed in note 3 to our condensed consolidated financial statements.
- (1) Merger related costs only include costs associated with major acquisitions that significantly impact our operations. For additional information, see "Results of Operations-Other costs/(income)-merger related costs" below.
- (2) This primarily reflects severance and branch closure charges associated with our restructuring programs. For additional information, see note 5 to our condensed consolidated financial statements.
- (3) Represents non-cash, share-based payments associated with the granting of equity instruments.
- (4) This reflects additional costs recorded in cost of rental equipment sales associated with the fair value mark-up of rental equipment acquired in the RSC, NES, Neff and BlueLine acquisitions that was subsequently sold.
- For the three months ended March 31, 2019, EBITDA increased \$136, or 18.5 percent, and adjusted EBITDA increased \$141, or 18.1 percent. For the three months ended March 31, 2019, EBITDA margin decreased 120 basis points to 41.1 percent, and adjusted EBITDA margin decreased 150 basis points to 43.5 percent. As discussed in note 3 to our condensed consolidated financial statements, we completed the acquisitions of BakerCorp in July 2018 and BlueLine in October 2018, and EBITDA and adjusted EBITDA for 2019 include the impact of BakerCorp and BlueLine. The decrease in the EBITDA margin primarily reflects i) the impact of the BakerCorp and BlueLine acquisitions and ii) increased restructuring charges associated with the BakerCorp and BlueLine acquisitions. The decrease in the adjusted EBITDA margin primarily reflects i) the impact of the BakerCorp and BlueLine acquisitions and ii) changes in revenue mix.

Revenues were as follows:

	Three Months Ended March 31,		
	2019	2018	Change
Equipment rentals*	\$1,795	\$1,459	23.0 %
Sales of rental equipment	192	181	6.1 %
Sales of new equipment	62	42	47.6 %
Contractor supplies sales	24	18	33.3 %
Service and other revenues	44	34	29.4 %
Total revenues	\$2,117	\$1,734	22.1 %
*Equipment rentals variance components:			
Year-over-year change in average OEC			23.7 %
Assumed year-over-year inflation impact (1)			(1.5)%
Fleet productivity (2)			(1.3)%
Contribution from ancillary and re-rent revenue (3)			2.1 %
Total change in equipment rentals			23.0 %
*Pro forma equipment rentals variance components (4):			
Year-over-year change in average OEC			5.7 %
Assumed year-over-year inflation impact (1)			(1.5)%
Fleet productivity (2)			2.2 %
Contribution from ancillary and re-rent revenue (3)			0.8 %
Total change in equipment rentals			7.2 %

- (1) Reflects the estimated impact of inflation on the revenue productivity of fleet based on OEC, which is recorded at cost.
- Reflects the combined impact of changes in rental rates, time utilization, and mix that contribute to the variance in owned equipment rental revenue. See note 2 to the condensed consolidated financial statements for a discussion of the different types of equipment rentals revenue. Rental rate changes are calculated based on the year-over-year variance in average contract rates, weighted by the prior period revenue mix. Time utilization is calculated by dividing the amount of time an asset is on rent by the amount of time the asset has been owned during the year. Mix includes the impact of changes in customer, fleet, geographic and segment mix.

(3) Reflects the combined impact of changes in the other types of equipment rentals revenue (see note 2 for further detail), excluding owned equipment rental revenue.

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As discussed in note 3 to the condensed consolidated financial statements, we completed the acquisitions of (4) BakerCorp and BlueLine in July 2018 and October 2018, respectively. The pro forma information includes the standalone, pre-acquisition results of BakerCorp and BlueLine.

Equipment rentals include our revenues from renting equipment, as well as revenue related to the fees we charge customers: for equipment delivery and pick-up; to protect the customer against liability for damage to our equipment while on rent; for fuel; and for environmental costs. Sales of rental equipment represent our revenues from the sale of used rental equipment. Sales of new equipment represent our revenues from the sale of new equipment. Contractor supplies sales represent our sales of supplies utilized by contractors, which include construction consumables, tools, small equipment and safety supplies. Services and other revenues primarily represent our revenues earned from providing repair and maintenance services on our customers' fleet (including parts sales). See note 2 to the condensed consolidated financial statements for a discussion of our revenue recognition accounting.

For the three months ended March 31, 2019, total revenues of \$2.117 billion increased 22.1 percent compared with 2018. Equipment rentals and sales of rental equipment are our largest revenue types (together, they accounted for 94 percent of total revenue for the three months ended March 31, 2019). Equipment rentals increased 23.0 percent, primarily due to a 23.7 percent increase in average OEC, which includes the impact of the BakerCorp and BlueLine acquisitions discussed in note 3 to the condensed consolidated financial statements. Fleet productivity is explained further above, and is a comprehensive measure of the combined impact of key decisions made daily by our managers regarding rental rates, time utilization and mix on the year-over-year change in owned equipment rental revenue. Fleet productivity is a measure of the decisions made to optimize the balance of rental rates, time utilization and mix to produce revenue and drive efficient growth. On a pro forma basis including the standalone, pre-acquisition results of BakerCorp and BlueLine, equipment rentals increased 7.2 percent, primarily due to a 5.7 percent increase in average OEC and a fleet productivity increase of 2.2 percent. We believe that the positive fleet productivity reflects improving demand in many of our core markets as well as appropriate decisions made to balance rental rates, time utilization and mix. Sales of rental equipment increased 6.1 percent primarily due to increased volume, which included the impact of the BlueLine acquisition, driven by a larger fleet size in a strong used equipment market.

Results of Operations

As discussed in note 4 to our condensed consolidated financial statements, our reportable segments are general rentals and trench, power and fluid solutions. The general rentals segment includes the rental of construction, aerial, industrial and homeowner equipment and related services and activities. The general rentals segment's customers include construction and industrial companies, manufacturers, utilities, municipalities, homeowners and government entities. The general rentals segment operates throughout the United States and Canada. The trench, power and fluid solutions segment is comprised of i) the Trench Safety region, which rents trench safety equipment such as trench shields, aluminum hydraulic shoring systems, slide rails, crossing plates, construction lasers and line testing equipment for underground work, ii) the Power and HVAC region, which rents power and HVAC equipment such as portable diesel generators, electrical distribution equipment, and temperature control equipment including heating and cooling equipment, and iii) the Fluid Solutions and iv) Fluid Solutions Europe regions, both of which rent equipment primarily used for fluid containment, transfer and treatment. The trench, power and fluid solutions segment's customers include construction companies involved in infrastructure projects, municipalities and industrial companies. The trench, power and fluid solutions segment operates throughout the United States and in Canada and Europe.

As discussed in note 4 to our condensed consolidated financial statements, we aggregate our 11 geographic regions—Carolinas, Gulf South, Industrial (which serves the geographic Gulf region and has a strong industrial presence), Mid-Atlantic, Mid Central, Midwest, Northeast, Pacific West, South, Southeast and Western Canada—into our general rentals reporting segment. Historically, there have been variances in the levels of equipment rentals gross margins achieved by these regions. For the five year period ended March 31, 2019, three of our general rentals' regions had an equipment rentals gross margin that varied by between 10 percent and 15 percent from the equipment rentals gross margins of the aggregated general rentals' regions over the same period. The rental industry is cyclical, and there historically have been regions with equipment rentals gross margins that varied by greater than 10 percent from the equipment rentals gross margins of the aggregated general rentals' regions, though the specific regions with

margin variances of over 10 percent have fluctuated. We expect margin convergence going forward given the cyclical nature of the rental industry, and monitor the margin variances and confirm the expectation of future convergence on a quarterly basis.

We similarly monitor the margin variances for the regions in the trench, power and fluid solutions segment. The trench, power and fluid solutions segment includes the locations acquired in the July 2018 BakerCorp acquisition discussed in note 3 to the condensed consolidated financial statements. As such, there is not a long history of the acquired locations' rental margins included in the trench, power and pump segment. When monitoring for margin convergence, we include projected future results. We monitor the trench, power and fluid solutions segment margin variances and confirm the expectation of future

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convergence on a quarterly basis. The historic, pre-acquisition margins for the acquired BakerCorp locations are lower than the margins achieved at the other locations in the segment. We expect that the margins at the acquired locations will increase as we realize synergies following the acquisition, as a result of which, we expect future margin convergence.

We believe that the regions that are aggregated into our segments have similar economic characteristics, as each region is capital intensive, offers similar products to similar customers, uses similar methods to distribute its products, and is subject to similar competitive risks. The aggregation of our regions also reflects the management structure that we use for making operating decisions and assessing performance. Although we believe aggregating these regions into our reporting segments for segment reporting purposes is appropriate, to the extent that there are significant margin variances that do not converge, we may be required to disaggregate the regions into separate reporting segments. Any such disaggregation would have no impact on our consolidated results of operations.

These segments align our external segment reporting with how management evaluates and allocates resources. We evaluate segment performance based on segment equipment rentals gross profit. Our revenues, operating results, and financial condition fluctuate from quarter to quarter reflecting the seasonal rental patterns of our customers, with rental activity tending to be lower in the winter.

Revenues by segment were as follows:

	General rentals	Trench, power and fluid solutions	Total
Three Months Ended March 31, 2019			
Equipment rentals	\$1,423	\$ 372	\$1,795
Sales of rental equipment	178	14	192
Sales of new equipment	55	7	62
Contractor supplies sales	17	7	24
Service and other revenues	37	7	44
Total revenue	\$1,710	\$ 407	\$2,117
Three Months Ended March 31, 2018			
Equipment rentals	\$1,201	\$ 258	\$1,459
Sales of rental equipment	171	10	181
Sales of new equipment	37	5	42
Contractor supplies sales	14	4	18
Service and other revenues	30	4	34
Total revenue	\$1,453	\$ 281	\$1,734

Equipment rentals. For the three months ended March 31, 2019, equipment rentals of \$1.795 billion increased \$336, or 23.0 percent, as compared to the same period in 2018, primarily due to a 23.7 percent increase in average OEC, which includes the impact of the BakerCorp and BlueLine acquisitions discussed in note 3 to our condensed consolidated financial statements. On a pro forma basis including the standalone, pre-acquisition results of BakerCorp and BlueLine, equipment rental revenue increased 7.2 percent year-over-year, primarily due to a 5.7 percent increase in average OEC and a fleet productivity increase of 2.2 percent. As explained further above (see "Financial Overview-Revenues"), fleet productivity is a comprehensive measure of the combined impact of key decisions made daily by our managers regarding rental rates, time utilization and mix on the year-over-year change in owned equipment rental revenue. We believe that the positive fleet productivity reflects improving demand in many of our core markets as well as appropriate decisions made to balance rental rates, time utilization and mix. Equipment rentals represented 85 percent of total revenues for the three months ended March 31, 2019.

For the three months ended March 31, 2019, general rentals equipment rentals increased \$222, or 18.5 percent, as compared to the same period in 2018, primarily due to a 19.7 percent increase in average OEC, which includes the impact of the BlueLine acquisition. On a pro forma basis including the standalone, pre-acquisition results of BlueLine, equipment rental revenue increased 5.6 percent year-over-year, primarily due to a 4.8 percent increase in average OEC

and a fleet productivity increase of 1.2 percent. We believe that the positive fleet productivity reflects improving demand in many of our core markets as well as appropriate decisions made to balance rental rates, time utilization and mix. For the three months ended March 31, 2019, equipment rentals represented 83 percent of total revenues for the general rentals segment.

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For the three months ended March 31, 2019, trench, power and fluid solutions equipment rentals increased \$114, or 44.2 percent, as compared to the same period in 2018, primarily reflecting the impact of acquisitions, including BakerCorp, and cold starts. On a pro forma basis including the standalone, pre-acquisition results of BakerCorp, equipment rental revenue increased 13.8 percent year-over-year, primarily due to a 13.4 percent increase in average OEC. The pro forma increase in average OEC includes the impact of cold starts and acquisitions other than BakerCorp. Additionally, performance in our Trench Safety and Power and HVAC regions improved. The Trench Safety region experienced growth in revenue from infrastructure, underground electric and gas distribution customers. The Power and HVAC region experienced growth in revenue from non-residential construction and industrial customers. For the three months ended March 31, 2019, equipment rentals represented 91 percent of total revenues for the trench, power and fluid solutions segment.

Sales of rental equipment. For the three months ended March 31, 2019, sales of rental equipment represented approximately 9 percent of our total revenues. Our general rentals segment accounted for most of these sales. For the three months ended March 31, 2019, sales of rental equipment increased 6.1 percent from the same period in 2018. Sales of rental equipment for the three months ended March 31, 2019 increased primarily due to increased volume, which included the impact of the BlueLine acquisition, driven by a larger fleet size in a strong used equipment market.

Sales of new equipment. For the three months ended March 31, 2019, sales of new equipment represented approximately 3 percent of our total revenues. Our general rentals segment accounted for most of these sales. For the three months ended March 31, 2019, sales of new equipment increased 47.6 percent from the same period in 2018 primarily due to increased volume driven by broad-based demand.

Contractor supplies sales. Contractor supplies sales represent our revenues associated with selling a variety of supplies, including construction consumables, tools, small equipment and safety supplies. For the three months ended March 31, 2019, contractor supplies sales represented approximately 1 percent of our total revenues. Our general rentals segment accounted for most of these sales. Contractor supplies sales for the three months ended March 31, 2019 increased 33.3 percent from the same period in 2018 primarily due to the impact of the BakerCorp acquisition.

Service and other revenues. Service and other revenues primarily represent our revenues earned from providing repair and maintenance services on our customers' fleet (including parts sales). For the three months ended March 31, 2019, service and other revenues represented approximately 2 percent of our total revenues. Our general rentals segment accounted for most of these sales. For the three months ended March 31, 2019, service and other revenues increased 29.4 percent from the same period in 2018, primarily reflecting an increased emphasis on this line of business and the impact of the BlueLine acquisition.

Segment Equipment Rentals Gross Profit

Segment equipment rentals gross profit and gross margin were as follows:

	General rentals	Trench, power and fluid solutions	Total
Three Months Ended March 31, 2019			
Equipment Rentals Gross Profit	\$501	\$ 157	\$ 658
Equipment Rentals Gross Margin	35.2 %	42.2 %	36.7 %
Three Months Ended March 31, 2018			
Equipment Rentals Gross Profit	\$426	\$ 119	\$ 545
Equipment Rentals Gross Margin	35.5 %	46.1 %	37.4 %

General rentals. For the three months ended March 31, 2019, equipment rentals gross profit increased by \$75, primarily due to increased equipment rentals, including the impact of the BlueLine acquisition. As discussed above, equipment rentals increased 18.5 percent, primarily due to a 19.7 percent increase in average OEC, which includes the impact of the BlueLine acquisition. Equipment rentals gross margin decreased slightly from 2018.

Trench, power and fluid solutions. For the three months ended March 31, 2019, equipment rentals gross profit increased by \$38 and equipment rentals gross margin decreased by 390 basis points from 2018. The increase in equipment rentals gross profit primarily reflects increased equipment rentals revenue on a larger fleet. Year-over-year,

trench, power and fluid solutions equipment rentals increased 44.2 percent and average OEC increased 59.6 percent primarily due to the impact of acquisitions, including BakerCorp, and cold starts. The decrease in the equipment rentals gross margin was primarily due to the impact of acquisitions, including BakerCorp, and cold starts, and an increase in lower-margin re-rent revenues. The historic, pre-acquisition margins for the acquired BakerCorp locations are lower than the margins achieved at the other locations in the segment, although we expect that the margins will improve over time as we realize synergies following the acquisition.

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Additionally, in 2019, we adopted an updated lease accounting standard (see note 8 to the condensed consolidated financial statements for further detail) that requires that we recognize doubtful accounts associated with lease revenues as a reduction to equipment rentals revenue which decreased the equipment rentals gross margin in 2019.

Gross Margin. Gross margins by revenue classification were as follows:

	Three Months Ended March 31,		
	2019	2018	Change
Total gross margin	35.9%	37.3%	(140) bps
Equipment rentals	36.7%	37.4%	(70) bps
Sales of rental equipment	34.9%	40.9%	(600) bps
Sales of new equipment	12.9%	11.9%	100 bps
Contractor supplies sales	29.2%	33.3%	(410) bps
Service and other revenues	47.7%	47.1%	60 bps

For the three months ended March 31, 2019, total gross margin decreased 140 basis points from the same period in 2018. Equipment rentals gross margin decreased 70 basis points year-over-year. In 2019, we adopted an updated lease accounting standard (see note 8 to the condensed consolidated financial statements for further detail) that requires that we recognize doubtful accounts associated with lease revenues as a reduction to equipment rentals revenue which decreased the equipment rentals gross margin in 2019, with such decrease accounting for approximately half of the total equipment rentals gross margin decrease. The gross margin decrease also reflects the impact of acquisitions, including BakerCorp, and cold starts, and an increase in lower-margin re-rent revenues in our Trench, power and fluid solutions reportable segment. On a pro forma basis including the standalone, pre-acquisition results of BakerCorp and BlueLine, equipment rental revenue increased 7.2 percent year-over-year, primarily due to a 5.7 percent increase in average OEC and a fleet productivity increase of 2.2 percent. As explained further above (see "Financial Overview-Revenues"), fleet productivity is a comprehensive measure of the combined impact of key decisions made daily by our managers regarding rental rates, time utilization and mix on the year-over-year change in owned equipment rental revenue. We believe that the positive fleet productivity reflects improving demand in many of our core markets as well as appropriate decisions made to balance rental rates, time utilization and mix. Gross margin from sales of rental equipment decreased 600 basis points from the same period in 2018 primarily due to lower margin sales of fleet acquired in the BlueLine acquisition. The gross margin fluctuations from sales of new equipment, contractor supplies sales and service and other revenues generally reflect normal variability, and such margins did not have a significant impact on total gross margin (gross profit for these revenue types represented 5 percent of total gross profit for the three months ended March 31, 2019).

Other costs/(income)

The table below includes the other costs/(income) in our condensed consolidated statements of income, as well as key associated metrics, for the three months ended March 31, 2019 and 2018:

	Three Months Ended March 31,		
	2019	2018	Change
Selling, general and administrative ("SG&A") expense	\$280	\$232	20.7%
<i>SG&A expense as a percentage of revenue</i>	13.2%	13.4%	(20) bps
Merger related costs	1	1	—%
Restructuring charge	8	2	300.0%
Non-rental depreciation and amortization	104	71	46.5%
Interest expense, net	151	109	38.5%
Other income, net	(3)	(1)	200.0%
Provision for income taxes	45	49	(8.2)%
<i>Effective tax rate</i>	20.5%	21.1%	(60) bps

SG&A expense primarily includes sales force compensation, information technology costs, third party professional fees, management salaries, bad debt expense and clerical and administrative overhead. SG&A expense as a percentage of revenue for the three months ended March 31, 2019 decreased slightly from the same period in 2018.

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The **merger related costs** reflect transaction costs associated with the NES and Neff acquisitions that were completed in 2017, and the BakerCorp and BlueLine acquisitions discussed in note 3 to our condensed consolidated financial statements. We have made a number of acquisitions in the past and may continue to make acquisitions in the future. Merger related costs only include costs associated with major acquisitions that significantly impact our operations. The historic acquisitions that have included merger related costs are RSC, which had annual revenues of approximately \$1.5 billion prior to the acquisition, and National Pump, which had annual revenues of over \$200 prior to the acquisition. NES had annual revenues of approximately \$369 and Neff had annual revenues of approximately \$413. As discussed in note 3 to our condensed consolidated financial statements, BakerCorp had annual revenues of approximately \$295 and BlueLine had annual revenues of approximately \$786.

The **restructuring charges** primarily reflect severance and branch closure charges associated with our restructuring programs. In the third quarter of 2018, we initiated a restructuring program following the closing of the BakerCorp acquisition discussed in note 3 to the condensed consolidated financial statements. The restructuring program also includes actions undertaken associated with the BlueLine acquisition, which is also discussed in note 3. For additional information, see note 5 to the condensed consolidated financial statements.

Non-rental depreciation and amortization includes i) the amortization of other intangible assets and ii) depreciation expense associated with equipment that is not offered for rent (such as computers and office equipment) and amortization expense associated with leasehold improvements. Our other intangible assets consist of customer relationships, non-compete agreements and trade names and associated trademarks. The year-over-year increase in non-rental depreciation and amortization for the three months ended March 31, 2019 primarily reflects the impact of the BakerCorp and BlueLine acquisitions discussed in note 3 to the condensed consolidated financial statements.

Interest expense, net for the three months ended March 31, 2018 increased year-over-year primarily due to the impact of higher average debt. The year-over-year increase in average debt includes the impact of the debt used to finance the BakerCorp and BlueLine acquisitions discussed in note 3 to the condensed consolidated financial statements.

The 2019 and 2018 **effective tax rates** did not differ materially from the federal statutory rate of 21 percent.

Balance sheet. As discussed in note 8 to the condensed consolidated financial statement, in 2019, we adopted an updated lease accounting standard that resulted in the recognition of operating lease right-of-use assets and lease liabilities. We adopted this standard using a transition method that does not require application to periods prior to adoption.

Liquidity and Capital Resources

We manage our liquidity using internal cash management practices, which are subject to (i) the policies and cooperation of the financial institutions we utilize to maintain and provide cash management services, (ii) the terms and other requirements of the agreements to which we are a party and (iii) the statutes, regulations and practices of each of the local jurisdictions in which we operate. See "Financial Overview" above for a summary of recent capital structure actions taken to improve our financial flexibility and liquidity.

Since 2012, we have repurchased a total of \$2.45 billion of Holdings' common stock under four completed share repurchase programs. Additionally, in April 2018, our Board authorized a new \$1.25 billion share repurchase program, which commenced in July 2018. As of March 31, 2019, we have repurchased \$630 of Holdings' common stock under the \$1.25 billion share repurchase program, which we intend to complete in 2019.

Our principal existing sources of cash are cash generated from operations and from the sale of rental equipment, and borrowings available under our ABL facility and accounts receivable securitization facility. As of March 31, 2019, we had cash and cash equivalents of \$52. Cash equivalents at March 31, 2019 consist of direct obligations of financial institutions rated A or better. We believe that our existing sources of cash will be sufficient to support our existing operations over the next 12 months. The table below presents financial information associated with our principal sources of cash as of and for the three months ended March 31, 2019:

Table of Contents**ABL facility:**

Borrowing capacity, net of letters of credit	\$2,176
Outstanding debt, net of debt issuance costs	1,516
Interest rate at March 31, 2019	3.9 %
Average month-end principal amount of debt outstanding	1,609
Weighted-average interest rate on average debt outstanding	4.0 %
Maximum month-end principal amount of debt outstanding	1,691

Accounts receivable securitization facility:

Borrowing capacity	23
Outstanding debt, net of debt issuance costs	881
Interest rate at March 31, 2019	3.4 %
Average month-end principal amount of debt outstanding	860
Weighted-average interest rate on average debt outstanding	3.4 %
Maximum month-end principal amount of debt outstanding	882

We expect that our principal needs for cash relating to our operations over the next 12 months will be to fund (i) operating activities and working capital, (ii) the purchase of rental equipment and inventory items offered for sale, (iii) payments due under operating leases, (iv) debt service, (v) share repurchases and (vi) acquisitions. We plan to fund such cash requirements from our existing sources of cash. In addition, we may seek additional financing through the securitization of some of our real estate, the use of additional operating leases or other financing sources as market conditions permit.

To access the capital markets, we rely on credit rating agencies to assign ratings to our securities as an indicator of credit quality. Lower credit ratings generally result in higher borrowing costs and reduced access to debt capital markets. Credit ratings also affect the costs of derivative transactions, including interest rate and foreign currency derivative transactions. As a result, negative changes in our credit ratings could adversely impact our costs of funding. Our credit ratings as of April 15, 2019 were as follows:

	<u>Corporate Rating</u>	<u>Outlook</u>
Moody's	Ba2	Stable
Standard & Poor's	BB	Stable

A security rating is not a recommendation to buy, sell or hold securities. There is no assurance that any rating will remain in effect for a given period of time or that any rating will not be revised or withdrawn by a rating agency in the future.

Loan Covenants and Compliance. As of March 31, 2019, we were in compliance with the covenants and other provisions of the ABL, accounts receivable securitization and term loan facilities and the senior notes. Any failure to be in compliance with any material provision or covenant of these agreements could have a material adverse effect on our liquidity and operations.

The only financial maintenance covenant that currently exists under the ABL facility is the fixed charge coverage ratio. Subject to certain limited exceptions specified in the ABL facility, the fixed charge coverage ratio covenant under the ABL facility will only apply in the future if specified availability under the ABL facility falls below 10 percent of the maximum revolver amount under the ABL facility. When certain conditions are met, cash and cash equivalents and borrowing base collateral in excess of the ABL facility size may be included when calculating specified availability under the ABL facility. As of March 31, 2019, specified availability under the ABL facility exceeded the required threshold and, as a result, this financial maintenance covenant was inapplicable. Under our accounts receivable securitization facility, we are required, among other things, to maintain certain financial tests relating to: (i) the default ratio, (ii) the delinquency ratio, (iii) the dilution ratio and (iv) days sales outstanding. The accounts receivable securitization facility also requires us to comply with the fixed charge coverage ratio under the ABL facility, to the extent the ratio is applicable under the ABL facility.

URNA's payment capacity is restricted under the covenants in the ABL and term loan facilities and the indentures governing its outstanding indebtedness. Although this restricted capacity limits our ability to move operating cash flows to Holdings, because of certain intercompany arrangements, we do not expect any material adverse impact on

Holdings' ability to meet its cash obligations.

Sources and Uses of Cash. During the three months ended March 31, 2019, we (i) generated cash from operating activities of \$667 and (ii) generated cash from the sale of rental and non-rental equipment of \$200. We used cash during this period principally to (i) purchase rental and non-rental equipment of \$299, (ii) purchase other companies for \$173, (iii) make debt payments, net of proceeds, of \$145 and (iv) purchase shares of our common stock for \$243. During the three months

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ended March 31, 2018, we (i) generated cash from operating activities of \$642 and (ii) generated cash from the sale of rental and non-rental equipment of \$185. We used cash during this period principally to (i) purchase rental and non-rental equipment of \$313, (ii) make debt payments, net of proceeds, of \$307, (iii) purchase other companies for \$52 and (iv) purchase shares of our common stock for \$226.

Free Cash Flow GAAP Reconciliation. We define “free cash flow” as net cash provided by operating activities less purchases of, and plus proceeds from, equipment. The equipment purchases and proceeds are included in cash flows from investing activities. Management believes that free cash flow provides useful additional information concerning cash flow available to meet future debt service obligations and working capital requirements. However, free cash flow is not a measure of financial performance or liquidity under GAAP. Accordingly, free cash flow should not be considered an alternative to net income or cash flow from operating activities as an indicator of operating performance or liquidity. The table below provides a reconciliation between net cash provided by operating activities and free cash flow.

	Three Months Ended March 31,	
	2019	2018
Net cash provided by operating activities	\$667	\$642
Purchases of rental equipment	(257)	(280)
Purchases of non-rental equipment	(42)	(33)
Proceeds from sales of rental equipment	192	181
Proceeds from sales of non-rental equipment	8	4
Insurance proceeds from damaged equipment	7	2
Free cash flow	\$575	\$516

Free cash flow for the three months ended March 31, 2019 was \$575, an increase of \$59 as compared to \$516 for the three months ended March 31, 2018. Free cash flow increased primarily due to increased cash provided by operating activities and decreased purchases of rental equipment. Net rental capital expenditures (defined as purchases of rental equipment less the proceeds from sales of rental equipment) decreased \$34, or 34 percent, year-over-year.

Relationship between Holdings and URNA. Holdings is principally a holding company and primarily conducts its operations through its wholly owned subsidiary, URNA, and subsidiaries of URNA. Holdings licenses its tradename and other intangibles and provides certain services to URNA in connection with its operations. These services principally include: (i) senior management services; (ii) finance and tax-related services and support; (iii) information technology systems and support; (iv) acquisition-related services; (v) legal services; and (vi) human resource support. In addition, Holdings leases certain equipment and real property that are made available for use by URNA and its subsidiaries.

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Item 3. Quantitative and Qualitative Disclosures about Market Risk

Our exposure to market risk primarily consists of (i) interest rate risk associated with our variable and fixed rate debt and (ii) foreign currency exchange rate risk associated with our foreign operations.

Interest Rate Risk. As of March 31, 2019, we had an aggregate of \$3.4 billion of indebtedness that bears interest at variable rates, comprised of borrowings under the ABL, accounts receivable securitization and term loan facilities. The amount of variable rate indebtedness outstanding under these facilities may fluctuate significantly. See note 7 to the condensed consolidated financial statements for the amounts outstanding, and the interest rates thereon, as of March 31, 2019 under these facilities. As of March 31, 2019, based upon the amount of our variable rate debt outstanding, our annual after-tax earnings would decrease by approximately \$25 for each one percentage point increase in the interest rates applicable to our variable rate debt.

At March 31, 2019, we had an aggregate of \$8.2 billion of indebtedness that bears interest at fixed rates. A one percentage point decrease in market interest rates as of March 31, 2019 would increase the fair value of our fixed rate indebtedness by approximately six percent. For additional information concerning the fair value of our fixed rate debt, see note 6 (see “Fair Value of Financial Instruments”) to our condensed consolidated financial statements.

Currency Exchange Risk. We operate in the U.S., Canada and Europe. As discussed in note 3 to the condensed consolidated financial statements, in July 2018, we completed the acquisition of BakerCorp, which allowed for our entry into select European markets. During the three months ended March 31, 2019, our foreign subsidiaries accounted for \$192, or 9 percent, of our total revenue of \$2.117 billion, and \$4, or 2 percent, of our total pretax income of \$220. Based on the size of our foreign operations relative to the Company as a whole, we do not believe that a 10 percent change in exchange rates would have a material impact on our earnings. We do not engage in purchasing forward exchange contracts for speculative purposes.

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Item 4. Controls and Procedures

Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

The Company's management carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act, as of March 31, 2019. Based on the evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures were effective as of March 31, 2019.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended March 31, 2019 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Table of Contents**PART II. OTHER INFORMATION****Item 1. Legal Proceedings**

The information set forth under note 9 to our unaudited condensed consolidated financial statements of this quarterly report on Form 10-Q is incorporated by reference in answer to this item. Such information is limited to certain recent developments.

Item 1A. Risk Factors

Our results of operations and financial condition are subject to numerous risks and uncertainties described in our 2018 Form 10-K, which risk factors are incorporated herein by reference. You should carefully consider these risk factors in conjunction with the other information contained in this report. Should any of these risks materialize, our business, financial condition and future prospects could be negatively impacted.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(c) The following table provides information about purchases of Holdings' common stock by Holdings during the first quarter of 2019:

<u>Period</u>	<u>Total Number of Shares Purchased</u>	<u>Average Price Paid Per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (2)</u>	<u>Maximum Dollar Amount of Shares That May Yet Be Purchased Under the Program (2)</u>
January 1, 2019 to January 31, 2019	727,783	(1)\$ 118.51	595,814	—
February 1, 2019 to February 28, 2019	537,813	(1)\$ 129.74	534,423	—
March 1, 2019 to March 31, 2019	679,406	(1)\$ 128.93	539,124	—
Total	1,945,002	\$ 125.26	1,669,361	\$620,071,408

In January 2019, February 2019 and March 2019, 131,969, 3,390 and 140,282 shares, respectively, were withheld (1) by Holdings to satisfy tax withholding obligations upon the vesting of restricted stock unit awards. These shares were not acquired pursuant to any repurchase plan or program.

(2) On April 17, 2018, our Board authorized a \$1.25 billion share repurchase program which commenced in July 2018. We intend to complete the program in 2019.

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Item 6. Exhibits

- 2(a) Agreement and Plan of Merger, dated as of June 30, 2018, by and among United Rentals, Inc., UR Merger Sub IV Corporation and BakerCorp International Holdings, Inc. (incorporated by reference to Exhibit 2.1 of the United Rentals, Inc. and United Rentals (North America), Inc. Current Report on Form 8-K filed on July 2, 2018))
- 2(b) Agreement and Plan of Merger, dated as of September 10, 2018, by and among United Rentals, Inc., UR Merger Sub V Corporation, Vander Holding Corporation and Platinum Equity Advisors, LLC, solely in its capacity as the initial Holder Representative thereunder (incorporated by reference to Exhibit 2.1 of the United Rentals, Inc. and United Rentals (North America), Inc. Current Report on Form 8-K filed on September 10, 2018))
- 3(a) Fourth Restated Certificate of Incorporation of United Rentals, Inc., dated June 1, 2017 (incorporated by reference to Exhibit 3.2 of the United Rentals, Inc. and United Rentals (North America), Inc. Current Report on Form 8-K filed on June 2, 2017))
- 3(b) Amended and Restated By-Laws of United Rentals, Inc., amended as of May 4, 2017 (incorporated by reference to Exhibit 3.4 of the United Rentals, Inc. and United Rentals (North America), Inc. Current Report on Form 8-K filed on May 4, 2017))
- 3(c) Restated Certificate of Incorporation of United Rentals (North America), Inc., dated April 30, 2012 (incorporated by reference to Exhibit 3(c) of the United Rentals, Inc. and United Rentals (North America), Inc. Quarterly Report on Form 10-Q for the quarter ended June 30, 2013))
- 3(d) By-laws of United Rentals (North America), Inc. dated May 8, 2013 (incorporated by reference to Exhibit 3(d) of the United Rentals, Inc. and United Rentals (North America), Inc. Quarterly Report on Form 10-Q for the quarter ended June 30, 2013))
- 10(a) Third Amended and Restated Credit Agreement, dated as of February 15, 2019, among United Rentals, Inc., United Rentals (North America), Inc., certain subsidiaries of United Rentals, Inc. and United Rentals (North America), Inc., United Rentals of Canada, Inc., United Rentals International B.V., United Rentals S.A.S., Bank of America N.A., and the other financial institutions named therein (incorporated by reference to Exhibit 10.1 of the United Rentals, Inc. and United Rentals (North America), Inc. Current Report on Form 8-K filed on February 15, 2019))
- 10(b) Third Amended and Restated U.S. Security Agreement, dated as of February 15, 2019, among United Rentals, Inc., United Rentals (North America), Inc., certain subsidiaries of United Rentals, Inc. and United Rentals (North America), Inc. and Bank of America, N.A., as agent (incorporated by reference to Exhibit 10.2 of the United Rentals, Inc. and United Rentals (North America), Inc. Current Report on Form 8-K filed on February 15, 2019))
- 10(c) Third Amended and Restated U.S. Guarantee Agreement, dated as of February 15, 2019, among United Rentals, Inc., United Rentals (North America), Inc., certain subsidiaries of United Rentals, Inc. and United Rentals (North America), Inc. named or referred to therein in favor of Bank of America, N.A., as agent (incorporated by reference to Exhibit 10.3 of the United Rentals, Inc. and United Rentals (North America), Inc. Current Report on Form 8-K filed on February 15, 2019))
- 10(d)

Third Amended and Restated Canadian Security Agreement, dated as of February 15, 2019, among United Rentals of Canada, Inc. and Bank of America, N.A., as agent (incorporated by reference to Exhibit 10.4 of the United Rentals, Inc. and United Rentals (North America), Inc. Current Report on Form 8-K filed on February 15, 2019)

10(e) Third Amended and Restated Canadian Guarantee Agreement, dated as of February 15, 2019, by United Rentals of Canada, Inc. in favor of Bank of America, N.A., as agent (incorporated by reference to Exhibit 10.5 of the United Rentals, Inc. and United Rentals (North America), Inc. Current Report on Form 8-K filed on February 15, 2019)

10(f) Form of Restricted Stock Unit Agreement for Michael Kneeland, dated March 11, 2019 (incorporated by reference to Exhibit 10.1 of the United Rentals, Inc. and United Rentals (North America), Inc. Current Report on Form 8-K filed on March 15, 2019)

10(g) Form of Restricted Stock Unit Agreement (Performance Based) for Michael Kneeland, dated March 11, 2019 (incorporated by reference to Exhibit 10.2 of the United Rentals, Inc. and United Rentals (North America), Inc. Current Report on Form 8-K filed on March 15, 2019)

10(h)*United Rentals, Inc. 2019 Annual Incentive Compensation Plan

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31(a)* Rule 13a-14(a) Certification by Chief Executive Officer

31(b)* Rule 13a-14(a) Certification by Chief Financial Officer

32(a)** Section 1350 Certification by Chief Executive Officer

32(b)** Section 1350 Certification by Chief Financial Officer

101.INS XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL 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

* Filed herewith.

** Furnished (and not filed) herewith pursuant to Item 601(b)(32)(ii) of Regulation S-K under the Exchange Act.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, each registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

UNITED RENTALS, INC.

Dated: April 17, 2019 By: /s/ ANDREW B. LIMOGES

Andrew B. Limoges Vice President, Controller and Principal Accounting Officer

UNITED RENTALS (NORTH AMERICA), INC.

Dated: April 17, 2019 By: /s/ ANDREW B. LIMOGES

Andrew B. Limoges Vice President, Controller and Principal Accounting Officer