

The *RER* 100 Rockets

2005 was a boom year, not only in volume, but in profitability. Not only because demand is so high, but because of measures companies have taken.

There is an old expression that volume cures everything. While volume can also mask fundamental structural deficiencies with companies that seemingly can be overlooked while the rush of orders keep coming in, a revenue upturn is always welcome. And 2005 was a record-setting year for most rental companies in terms of revenue, and, for many, in margins as well.

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In preparing last year's *RER* 100, which covered rental performance in 2004, *RER* found most rental companies surprised at the strength and rapidity of that year's recovery. Many doubted the upturn would continue with the rocket-like strength and staying power it

showed in 2005. And from what *RER* 100 executives across the board say about 2006 thus far, the continuing demand from customers will last through '06 and possibly for several more years.

"We expect business to be very strong in 2006 and '07, and from what we're hearing from our customers' lips, and the amount of work coming on to the books, we expect it to be solid through '08," says Dan Tummi-





The RER 100 Rockets

nello, CEO of St. Louis-based Midwest Aerials and Equipment (No. 78). David Griffith, CEO of multi-location mid-Atlantic region distributor and rental specialist Modern Equipment (No. 38) says he expects business to remain on a strong cycle through 2008, and Lance Bohne, of Chicago-area crane and aerial specialist Imperial Crane Services (No. 44) expects a strong market through 2009. While most others expect a continuing strong cycle, they were reluctant to attach a time frame.

While overall optimism prevailed among the RER 100, some executives weren't quite ready to join the chorus. And while most companies noted strong rental rate increases, others, especially in the crane area, reported continuing resistance.

"Our volume did increase, but because of increased fuel prices, insurance rates, costs of new equipment and increased labor costs, the profit margins were not comparable," said Bohne. "One of the biggest problems is that our costs across the board are up as much as 20 percent to 30 percent and the rates are barely moving."

Many doubted the upturn would continue with the rocket-like strength and staying power it showed in 2005.

Others cited materials costs issues.

"Profit margins are continually squeezed by the market pricing demands that are present and the increases in steel, fuel and aluminum," said John Sotiroff, CEO of Spider, Div. of SafeWorks (No. 66). Fuel costs were cited by a number of owners.

There's nothing like good volume, but what rental companies do with it will chart their course into the coming years and potential future downturns, which may seem far away at present, but are part of the business cycle. Many rental companies are making dramatic improvements in cost management. As Sotiroff says, "We aggressively managed costs and executed several continuous improvement initiatives to take cost out of the system."

Focusing in on the RER 100, 2005's strength was impressive. For companies that reported revenue for both

this year's RER 100 covering 2005, and last year's covering 2004, the year-over-year rental volume increase was more than 16 percent. The RER 100 as a whole jumped 15 percent, rising from \$10.1 billion last year to a record \$11.6 billion this year. And rental volume of the top 10 climbed 12.9 percent from a shade over \$7 billion to \$7.9 billion (see charts page 37).

Revenue increases can, temporarily, mask inefficiencies that become glaringly obvious the next time demand slows down. When the recession hit in the early part of this decade, many rental companies that had expanded and grown significantly during the booming '90s, suddenly found themselves over-leveraged and faced with a glut of equipment that contributed powerful downward pressure on rental rates. Many of these companies were forced to cut back significantly on staff, often compromising the quality of the service they offered. A number of companies, particularly the larger regional and national firms, found that far-reaching overhauls were necessary to root out inefficiencies and energize their companies. In some cases, new CEOs presided over the overhaul.

Most RER 100 executives appear acutely aware of this history and are determined to avoid falling into the same trap. Many are making sure growth is not unbridled, that it is based on a firm financial foundation and a balance sheet with the proper fundamentals.

"Our company goals include positive revenue growth while maintaining a strong debt-to-equity ratio," says Michael Rolls, CEO of Rolls Scaffold & High Reach (No. 83). "This may have hampered growth [in 2005] but insured company value. We are very optimistic on revenue and profitability growth in 2006 with the momentum that was established during 2005."

Rental companies are also taking advantage of strong demand and volume to add to their rental fleet, or reduce its age. Hertz Equipment Rental Corp. CEO Gerry Plescia says HERC (No. 3) is reducing the average age of its fleet to a company-record 28 months. And in addition to reducing fleet age, quite a few companies are adding to their fleet significantly, led by top-ranked United Rentals. "We have budgeted for \$175 million to \$200 million in growth capital for new rental equipment, and \$625 to \$650 million in replacement capital to maintain the size and age of our rental fleet," says CEO Wayland Hicks. And while other rental companies don't have United-like quantities to spend, many RER 100 firms spoke of plans to upgrade and add to their fleets, and the staffs to rent, sell and maintain them as well.

Many rental companies are running far more efficiently now than they were a few years ago, showing that while the primary driver of improved volume is clearly customer demand, the corrections rental companies made have been significant factors. Rental rates have gone up, with RER 100 companies reporting significant rate increases.

Bob Kendall, CEO of Seattle-based Star Rentals (No. 34)

The RER 100 Rockets

says an 18-percent rental rate rise has been a major factor in Star's improving fortunes. NES (No. 7) raised its rental rates between 9 and 15 percent, depending on equipment category, CEO Andy Studdert says. Ahern Rentals' (No. 12) rates hiked 11 percent, according to its SEC filing, and Sunbelt Rentals (No. 4) reports an 11.7-percent increase for the first three quarters. And Joe Pustizzi, CEO of Trico Equipment (No. 40) says, "Improved processes and better rate management have given Trico a same-store growth rate of 10 percent."

Hicks says United Rentals raised its rates 6 percent in 2005, adding to a 7.5-percent increase in 2004. "Our focus on rates is the single most important initiative we can take to improve our margins and increase our return on capital," he says.

"We are very focused on trying to maximize rental rates," adds Cowin Equipment (No. 52) CEO Jamie Cowin. "We are not interested in volume growth just for volume's sake."

Of course, revenue in itself is not the object if a business isn't profitable. Most RER 100 companies reported improved margins in 2005, in some cases vastly, although some reported that increased equipment and other operating costs kept margins from increasing as much as they would have liked.

During the early '00s, companies examined their own workforce deployment. Many were forced to adjust head count because of exploding costs and dwindling revenues and have had to look for ways to utilize staff more efficiently. "Now we have 260 employees, while we had 285 a few years ago, and yet we've added two new branches since that time and we will be adding another this month," says Star's Kendall.

Investing in those employees and training them is also being mentioned by many RER 100 executives, who are expanding the depth and breadth of their training programs. "At the end of the day it's talent that makes the business sing, not iron," says Modern's Griffith.

Investments in technology have contributed greatly to improved efficiencies. "We wrote and developed our own sales management software that allows us to tie together all of our quote activity, sales call activity, and account history in real time," says Tony Fiscelli, general manager of Lifting Gear Hire Corp. (No. 87). "Our outside sales team is supplied with laptops and wireless remote capabilities, thus allowing everyone from the inside and outside teams to be in constant real-time communication."

Numerous RER 100 companies have added computerized or Internet-based dispatching systems over the past couple of years. Rolls, for example, hired a programmer to develop a dispatching system customized to the company's needs, a system that, at the same time, made for easier tracking of equipment by location and improved the logging of service information. Global positioning and other types of telematics systems have become increasingly popular among RER 100 companies. "We ramped up our

'telematics' programs (Lojack and Qualcomm) during the year, which resulted in big improvements in the area of equipment recovery that 'paid for' our investments thus far," says NationsRent (No. 6) CEO Jeff Putman.

Several companies credited a growing customer interest in electronic communications with helping them cut costs. "We're making much more use of electronic communications, doing a lot more e-mailing invoices, and customers are looking to do electronic transfers," says Kendall. "Also, we used to use overnight mail to shuttle data between branches, now we e-mail it. We all have combination scanner/fax machines, so documents can be transferred electronically."

Star is one of many companies to improve efficiencies by ordering parts electronically and has developed its own system to put parts and equipment manuals and schematics online.

Many companies, learning lessons from the last downturn, set the stage for improved performance through efficiencies — electronic, fiscal and otherwise. But ultimately the market itself is the Most Valuable Player in the current boom, and with non-residential and commercial construction expected to continue strong for the next year, if not the next two or three, the good times should continue for a while at least.

More than one RER 100 executive expressed concern over the likelihood of a housing slowdown in some markets. Others express concern over potential interest rate hikes, or spiraling fuel costs. But the consensus among RER 100 executives is that costs can be managed and adjusted to, that interest hikes are likely to remain modest, and that work is on the books for a while to come.

Rental rates have gone up, with RER 100 companies reporting significant rate increases.

"We believe non-residential construction spending, the key driver of our business, is in the early stages of a multi-year expansion," says John Engquist, CEO of H&E Equipment Services (No. 11).

If that prediction turns out to be true, we can project the same for the RER 100. **RER**

| Company Name (Last year's rank) | 2005 Rental Volume in Millions | 2005 Total Volume in Millions | Total Number of Outlets | Editorial Comments |
|---------------------------------|--------------------------------|-------------------------------|-------------------------|--------------------|
|---------------------------------|--------------------------------|-------------------------------|-------------------------|--------------------|

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|---|----------------------------------------------------------------------------------------------------|------------|------------|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | UNITED RENTALS (1) Greenwich, Conn. Wayland Hicks www.unitedrentals.com | \$2,583.0 | \$3,563.0 | 751 | An SEC inquiry, delayed reporting, a management reshuffling and the ouster of co-founder John Milne didn't deter United from posting 12.2% and 14.6% increases in rental and total volume. Continuing to expand with recent acquisition of Handy Rent-All Centers and 37 startups in 2005, with a comparable number on the boards for 2006. Dollar utilization reached record level of 65.1%, up 5.2 percentage points from 2004. |
| 2 | RSC EQUIPMENT RENTAL (2) Scottsdale, Ariz. Tom Zorn www.RSCrental.com | \$1,276.5 | \$1,776.0 | 470 | Parent Atlas Copco is seeking a buyer — only multi-billion dollar buyers need bid — on the strength of record volume and profitability. Bar code scanners helped transaction quickness and accuracy. Internal benchmarks on all levels improved accountability, with greater best-practice sharing. Costs as percentage of revenue decreased. Utilization at 70%, a company record. Training programs multiplying; satellite tracking for delivery vehicles reduced pick-up response time by more than 50%. |
| 3 | HERTZ EQUIPMENT RENTAL CORP. (3) Park Ridge, N.J. Gerry Plescia www.hertzequip.com | \$1,140.0* | \$1,575.0* | 265 | Ford sold Hertz. The strength of the equipment rental division could convince new owners to hold on to it. The remodeling of locations and inclusion of contractor supplies and smaller equipment has helped broaden HERC's approach to the market and fueled resurgence. Greater strength in industrial and general rental marketplaces broadened market base diversity. Reduced average fleet age to 28 months. |
| 4 | SUNBELT RENTALS (4) Charlotte, N.C. Cliff Miller www.sunbeltrentals.com | \$739.7 | \$835.5 | 210 | Pump and power division played major role in hurricane cleanup. Acquisition of Northridge Equipment Rentals propelled company into California market in big way; also acquired RentX branches in several states and made other key acquisitions. Major investments in personnel training and added significantly to fleet. Rental rate rise of 11.7% for first nine months. Plans to continue expansion, mostly through greenfields. Improved fleet management and budgeting processes at branch level. |
| 5 | HOME DEPOT RENTALS (7) Atlanta www.homedepot.com | \$510.0* | n/a | 1,170 | Continues to grow store count, rental volume and inventory mix, although rental focus may have diminished with loss of Joe Dixon in 2005 and the recent transfer of Dan McAreavey to different department. Still nobody comes close in arena of home-improvement center rental departments. |
| 6 | NATIONSRENT (6) Fort Lauderdale, Fla. Jeff Putman www.nationsrent.com | \$490.7 | \$695.3 | 269 | Strong performance and fast reaction to Katrina, Rita and Wilma. NationsRent's transformation into full-service provider continues, taking on more lines as equipment dealers, with 19% total volume increase and a return to profitability. Used equipment pricing helped company replace about 25% of fleet. Now dealer for JLG, Case, Sullivan, and others in various markets. Converted point-of-sale to Wynne and reduced theft, improved fleet management efficiency with telematics. |
| 7 | NES RENTALS (5) Chicago Andrew Studdert www.nesrentals.com | \$446.8 | \$581.8 | 117 | On the selling block as investors that helped company out of bankruptcy seek to recoup their investment and find long-term capital solution. Renewing fleet by spending \$100 million on equipment in '05 and plan for the same in '06. Same-store revenue increase was 9%, rental rates increased from 9% to 15%, depending on category. |
| 8 | MAXIM CRANE (8) Bridgeville, Pa. Art Innamorato www.maximcrane.com | \$285.0* | \$325.0* | 37 | Downsized the company after emerging from bankruptcy protection, closing a few branches, shrinking inventory. Still North America's largest crane rental company. Handles Manitowoc, Grove, Link-Belt, DeMag, Terex and others. Does heavy hauling and rigging, crawler cranes and towers, rough terrain cranes and more. Has nearly 2,000 mobile cranes in its fleet. |

*Denotes RER estimate based on regional economic conditions, industry sources and interviews by members of the RER staff. Other revenue figures are based on actual reported revenue for North American operations as of April 25, 2006. Location data are as of April 25, 2006, to the best of the knowledge of the RER staff. While every effort is made to ensure accuracy and thoroughness, omissions sometimes occur. All figures are in U.S. dollars. In the case of some Canadian companies that reported figures in Canadian dollars, the figure listed is based on the average conversion rate for the year according to the Bank of Canada.

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|----|-----------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|-------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 9 | NEFF RENTAL (9) Miami Juan Carlos Mas www.neffcorp.com | \$230.0 | \$280.0 | 67 | Investment by Odyssey Partners of more than \$500 million gave Neff substantial capital for fleet improvements and potential expansion. The investment is Odyssey's fourth major investment in equipment management companies, including modular-space rental company Williams Scotsman. Neff's strength across sunbelt states helped attract investors after effective internal reorganization to profitability. |
| 10 | SUNSTATE EQUIPMENT CO. (11) Phoenix Mike Watts www.sunstateequip.com | \$202.0* | n/a | 45 | With close to 40% rental volume growth, entirely on same-store basis, Sunstate plans expansions in '06, concentrating on further penetration of existing markets. Continuing to add efficiencies, developing internal systems for dispatch, security, tracking. With improved capital structure and locations in strong markets, company is off to good start in '06. |
| 11 | H&E EQUIPMENT SERVICES (10) Baton Rouge, La. John Engquist www.he-equipment.com | \$190.8 | \$600.2 | 48 | Raised nearly \$200 million in IPO, made major acquisition of L.A.-based Eagle High Reach, giving company a strong foothold in lucrative SoCal market. With total revenue growth of 25% and rental nearly 20%, strength in nonresidential construction in key H&E markets, future looks bright. Spent more than \$50 million on fleet in '05, more than 60% of which is now aerial. Equipment rentals gross profit increased 22.7%. |
| 12 | AHERN RENTALS (13) Las Vegas Don Ahern www.ahernrentals.com | \$179.9 | \$203.7 | 32 | Raising \$200 million added to capital base and revenues exploded in 2005: a 32% jump in rental volume, 31% in total revenue, 40% in EBITDA. Dollar utilization jumped from 46% to 51%, rental rates leaped 11%, and time utilization on high-reach fleet jumped as well. Strong in technology among sales staff and in-house systems; has large parts capability, centralized dispatch; and high-end forklift and truck bed manufacturing operations. |
| 13 | AGGREKO NORTH AMERICA (12) Houston George Walker www.aggreko.com | \$178.0 | \$257.0 | 51 | Strong base business growth across all areas coupled with an extraordinary hurricane season fueled a 31% revenue increase, with rental revenue up 26% and service revenue up 43%. Power rental revenue jumped 23%, temperature control 36% and oil-free air rental revenue 12%. Warm temperatures well into autumn, plus acquisition of Prime Energy's fleet helped fuel temp-control segment. |
| 14 | ALL ERECTION & CRANE RENTAL CORP. (14) Cleveland Jack Swan www.allcrane.com | \$175.0* | n/a | 29 | Recently added tower crane division and new Alabama facility. Inventory includes crawlers, lattice trucks, hydraulic trucks, all-terrains, rough terrains and industrial carry-decks. Also rents aerial work platforms and telehandlers. |
| 15 | VOLVO RENTS (16) Asheville, N.C. Barry Natwick www.volvorents.com | \$165.0* | \$210.0* | 67 | Devoted more effort to increasing fleet and penetration of existing markets, adding more than 30,000 customers in '05. Enhancing training programs for new and established franchisees, covering sales, service, management and fiscal fitness. RER estimates '05 rental revenue growth at close to 40%. Advertising in <i>Wall Street Journal</i> attracting franchisees with greater financial wherewithal. Dollar utilization and same-store growth up significantly. Strengthened organization with key executive hires. |
| 16 | FINNING (17) Edmonton, Alberta Paul Gour/Harry Hoyer www.finning.ca | \$161.3 | \$1,691.7 | 27 | With greater than 40% rental volume growth, Finning continues as Canada's largest rental player and the 100's largest Cat dealer. Growth is particularly strong in Alberta's oil sands region, home to possibly the world's largest oil deposits. Plans to open two new Cat Rental Store locations in '06. Western Canada's economy poised for continued growth, with additional boost to come from 2010 Winter Olympics in Vancouver. |

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Going Electronic

Star Rentals, No. 34, has used electronic customer communication and an IntraWeb system to help improve utilization. An 18-percent jump in rental rates hasn't hurt either.

RER: It looks as though in addition to increased volume, that Star Rentals is operating more efficiently and profitably.

Bob Kendall: It started a few years ago with changes we made to our inventory. And two-and-a-half years ago, when business was still slow, we made the decision to keep all our key people rather than lay people off and that decision is paying dividends now. Now we have 260 employees, while we had 285 a few years ago, and yet we've added two new branches since that time and we will be adding another [this month] in Salem, Ore.

Give an example of how you've managed to operate more efficiently.

It used to be a rule of thumb that for every \$50,000 in rental volume, you'd need one journeyman mechanic. Since we lowered our average fleet age to 36 months, and we're on our way to 32 months, we're managing to have \$75,000 to \$80,000 in fleet per journeyman mechanic. And we're train-

We're making much more use of electronic communications, doing a lot more e-mailing invoices, and customers are looking to do electronic transfers.

ing our people much more effectively than in the past.

And for Star, much of our success has been because of improved rental rates. Our rates are up about 18 percent; I don't know if we can get them up much more than that.

We went through the winter months with a lot of rain, it rained 30 days straight here in January, and during such times utilization drops off and irrational pricing drops into the marketplace, but we kept ours strong and didn't drop our rates.

How has technology helped you?

We're making much more use of electronic communications, doing a lot more e-mailing invoices, and customers are looking to do electronic transfers. We used to use overnight mail to shuttle data between branches, now we e-mail it. We all have combination scanner/fax machines, so documents can be transferred electronically. Those are little simple things that we're working on.

We have our own developing IntraWeb site, linking all 17 branches together, so reports on equipment status can all be done in real time. All our parts ordering is electronic; we are developing our own database with help from manufacturers to order online. We have our own system with parts and equipment manuals, schematics and more. It's a work-in-progress, but it is already making us more efficient.

Any changes in your market outreach?

We are really focusing on growth in the industrial segment. It's a growing market and it tends to be less rate competitive.

Your rental volume is up significantly, how about profitability?

We've been much more profitable. When cost control is good and you get increased utilization, it goes right to the bottom line.

Do you plan further growth and expansion?

We are opening in Salem, and we are looking at three or four other markets for expansion. We are also really trying to grow our same-store revenue. We have also grown significantly in the power-generation market. We have a dedicated person for the whole company and we are doing three times as much as we were a couple of years ago in big generators.

Do you expect 2006 to continue strong?

Yes, it should be strong, and barring the unforeseen, I feel the same about 2007, although I'm not sure if the volume curve will be quite as strong. **RER**

Company Name (Last year's rank)
Headquarters
Top Officer
Website

2005 Rental
Volume in
Millions

2005 Total
Volume in
Millions

Total
Number
of Outlets

Editorial Comments

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|----|---------------------------------------------------------------------------------------------------------------------------------|----------|----------|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 17 | RING POWER (19) Jacksonville, Fla. Randy Ringhaver www.ringpower.com | \$158.0* | n/a | 14 | The U.S.' largest Caterpillar dealer has benefited from hot Florida market as well as hurricane-related reconstruction. New huge St. Augustine headquarters has massive service capability. Continues strong in power generation as well as construction rentals. |
| 18 | AMECO (15) Greenville, S.C. Gary Bernardez www.ameco.com | \$130.0 | n/a | 23 | Sent more than 2,000 units to Louisiana after hurricanes. Focusing on fleet outsourcing and site services in most of the world, still strong in conventional rental business in Canada, Mexico and Puerto Rico. Still safely conducting rental business in Iraq. Runs successful fleet management programs, taking control of customers' fleet and operating it more efficiently. |
| 19 | BRIGGS EQUIPMENT (18) Dallas David Bratton, industrial/Dennis Romanson, construction www.briggsequipment.com | \$121.1 | \$484.5 | 38 | With more than 20% of rental volume coming from Mexico, Briggs is becoming one of Mexico's leading rental players. Particularly strong in forklifts, also rents trailer spotters, rail car movers, Case construction equipment and Hamm compaction equipment to construction and industrial markets. Has \$3-million plus parts inventory with quick delivery capability. |
| 20 | ESSEX CRANE RENTAL CORP. (21) Buffalo Grove, Ill. Ron Schad www.essexcrane.com | \$101.5* | n/a | 19 | With more than 420 cranes and attachments in its fleet, believed to have the largest fleet of Manitowoc lattice-boom crawler cranes. Parts department works 24/7 shipping crane parts to customers around the world. Particularly strong in industrial market, with plenty of commercial construction as well. |
| 21 | G.E. ENERGY RENTALS (20) Atlanta Luis Ramirez www.gepower.com | \$98.0* | n/a | 18 | Specializing in power-generation and climate-control rentals, offering quick response in case of natural disaster or unplanned outage. Big in international events such as Olympics and other sporting and entertainment events. Can provide distribution and auxiliary equipment such as pumps, light towers, transformers and switchgears. |
| 22 | HOLT CAT RENTAL (22) San Antonio Peter Holt www.holtcat.com | \$75.0 | \$750.0+ | 16 | Added stores in Grand Prairie and Lewisville; expanding its coverage of Dallas-Fort Worth area. |
| 23 | BATTLEFIELD EQUIPMENT RENTALS (23) Stoney Creek, Ontario Randy Casson www.battlefieldequipment.ca | \$74.0 | \$148.0 | 33 | Another major increase for eastern Canada's biggest Cat dealer rental specialist. Particularly large in "allied" equipment, with more than 30,000 pieces of equipment, including compressors, tools, generators, lawn and garden equipment, pumps, welders and more. Offers safety training and certification on wide range of equipment, including skid-steers, concrete cutting, chain saws, traffic control and scaffolding. |
| 24 | EMPIRE MACHINERY (24) Mesa, Ariz. Dave Mullaney empire.cat.com | \$64.0* | n/a | 9 | Cat dealer for Arizona and southeastern California, strong in equipment rental, power systems sales and rental, machining, hydraulic services and heavy equipment hauling for itself as well as customers. |
| 25 | ECCO EQUIPMENT (26) Santa Ana, Calif. Don Schmid www.eccoequipment.com | \$61.0 | \$63.0 | 7 | Has more than 700 machines in inventory, offering heavy equipment rental, bare or operated. 27% rental volume increase. |

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ACQUIRED

Three acquired companies from last year's *RER* 100 are no longer listed.

| Company (last year's rank) | Acquired by |
|-----------------------------------|---------------------|
| Northridge Equipment Rentals (39) | Sunbelt Rentals |
| Handy Rent-All Centers (73) | United Rentals |
| River Valley Equipment (91) | Emeco North America |

ORGANIC GROWTH

| Year | Rental Revenue (in billions) | % Change |
|------|------------------------------|----------|
| 2005 | \$11.60 | +15.1 |
| 2004 | \$10.08 | +12.2 |
| 2003 | \$8.98 | +1 |
| 2002 | \$8.86 | -6 |
| 2001 | \$9.41 | +7 |
| 2000 | \$8.79 | +25 |
| 1999 | \$7.01 | +59 |
| 1998 | \$4.41 | -1 |
| 1997 | \$4.45 | --- |

The 15.1-percent increase was the largest for the *RER* 100 since the era of consolidation in 1999 and 2000 when the dramatic volume increases were fueled by acquisitions. Acquisitions were few in 2004 and 2005, making the growth primarily organic.

TOP 10 TOPS \$7.9 BILLION

| Year | Rental Revenue (in billions) | % Change |
|------|------------------------------|----------|
| 2005 | \$7.90 | +12.9 |
| 2004 | \$7.00 | +8.9 |
| 2003 | \$6.43 | -0.5 |
| 2002 | \$6.46 | -6 |
| 2001 | \$6.89 | +6 |
| 2000 | \$6.49 | +32 |
| 1999 | \$4.94 | +56 |
| 1998 | \$3.16 | +36 |
| 1997 | \$2.32 | +55 |
| 1996 | \$1.50 | +25 |
| 1995 | \$1.20 | +20 |
| 1994 | \$998.4 million | +25 |

The top 10 increased 12.9 percent in 2005. For the third consecutive year, the top 10 increased less than the overall 100.

BLAZING SADDLES

It's not easy to grow rental volume 30 percent. According to reported numbers and *RER* estimates, at least 14 companies did it last year. * denotes *RER* estimate.

| Company (ranking) | 2005 Rental Volume (in millions) | 2004 Rental Volume (in millions) | % Increase |
|--------------------------------|----------------------------------|----------------------------------|------------|
| Blanchard Rental Services (30) | \$44.7 | \$25.3 | 76.7 |
| Lifting Gear Hire Corp. (87) | \$12.1 | \$7.7 | 57.1 |
| Ring Power (17) | \$158.0* | \$105.0* | 50.5* |
| Finning (16) | \$161.3 | \$114.2 | 41.2 |
| Cowin Equipment (52) | \$25.5 | \$18.1 | 40.9 |
| Rebel Rents (63) | \$21.0 | \$15.0 | 40.0 |
| Volvo Rents (15) | \$165.0* | \$120.0 | 37.5* |
| Topp Portable Air (90) | \$11.0 | \$8.0 | 37.5 |
| United Scaffolding (77) | \$14.4 | \$10.5 | 37.1 |
| Diamond Rental (68) | \$18.0 | \$13.5 | 33.3 |
| Ahern Rentals (12) | \$179.9 | \$135.0 | 33.3 |
| Red Mountain Machinery (51) | \$27.7 | \$21.1 | 31.3 |
| Sunstate Equipment Rental (10) | \$202.0* | \$154.0* | 31.2* |
| Modern Group (38) | \$34.7 | \$26.5 | 30.9 |

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| 26 | WAGNER RENTS (25) Denver Bruce Wagner www.wagnerequipment.com | \$56.1* | n/a | 15 | Caterpillar dealer for Colorado, New Mexico and far west Texas; continuing strong growth throughout the region. Enough demand to more effectively spread work through winter months. International division offers sales and rental in Russia and Mongolia. |
| 27 | CASHMAN EQUIPMENT (31) Las Vegas Mary Kaye Cashman www.cashmanequipment.com | \$54.5 | \$527.1 | 5 | Celebrating 75 years in business, Mary Kaye Cashman is third generation of family members to run company, ranked as the largest woman-owned business employer in Las Vegas. Honored by Cat for its mining rebuild facility, tops in skid-steer loader sales among North American Cat dealers. Nearly 800 items for rent in general construction, compact construction and electric power generation lines. Used part division for Cat and non-Cat parts. |
| 28 | SIMS CRANE & EQUIPMENT CO. (-) Tampa, Fla. Steve Stodghill www.sims Crane.com | \$49.5 | \$53.0 | 8 | Florida crane rental specialist rents wide variety of cranes, plus boomlifts and rough terrain forklifts. Has one of Florida's largest service and parts departments. Handles Kobelco, Tadano, JLG and more. |
| 29 | RED-D-ARC WELDERENTALS (27) Austell, Ga. Mitch Imielinski www.red-d-arc.com | \$49.0 | \$70.0 | 38 | A 22.5% rental volume increase for this welder rental specialist with headquarters in Atlanta and Toronto. Rental fleet includes more than 30,000 welders and 2,000 positioners. Diverse fleet includes specialty items such as pipe bevellers, electrode ovens and plasma cutters. As a master of a unique niche, Red-D-Arc provides recommendations to customers about welding and cutting processes. |
| 30 | BLANCHARD RENTAL SERVICES (51) West Columbia, S.C. Joe Blanchard, president; Bill Gregory, rentals www.blanchardmachinery.com | \$44.7 | n/a | 7 | Poster child for 2005 boom, Blanchard enjoyed 77% rental volume growth. Aggressively increased inventory and personnel levels, and opened two new branches. South Carolina Cat dealer has one of region's biggest generator fleets, up to 2,000 kW. Also rents aerial equipment, pumps, material handling and more. |
| 31 | OHIO CAT (29) Broadview Heights, Ohio Kenneth Taylor www.ohiocat.com | \$44.2* | n/a | 7 | Cat dealer for Ohio, with rental focus firmly on Cat products, also handling GME trench shields, Genie aerial equipment, along with power generation and temperature-control equipment. Continues strong growth trend. |
| 32 | LOCATION SIMPLEX (28) Montreal Andre Veronneau www.simplex.ca | \$41.3 | \$52.0 | 31 | Consistent year-over-year growth characterizes leading rental player in <i>la belle province</i> . Created successful online rental reservation system. Addition of 135-foot boomlift to fleet makes it more formidable in high-reach arena. |
| 33 | MUSTANG RENTAL SERVICES (36) Channelview, Texas Louis Tucker www.mustangcat.com | \$41.1 | n/a | 8 | More than 20% rental revenue growth for Houston area Cat dealer with long history in rental. Strong in power generation and a hydraulic services specialist. |
| 34 | STAR RENTALS (30) Seattle Bob Kendall www.starrentals.com | \$40.5 | \$58.3 | 17 | With 18% rental rate increase and companywide efficiency improvements, Star enjoyed greater profitability and strong rental volume increase. Reduction of fleet age to 36 months helped decrease number of journeyman mechanics relative to volume. Increased use of electronic communication with customers. Opening branch in Salem, Ore., this month. North-west economy far stronger than a few years ago. |

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Investment in Training

Red Mountain Machinery, No. 51, specializes in heavy equipment rental. Based in Escondido, Calif., with branches in Chandler, Ariz., and Las Vegas, Red Mountain enjoyed better than 30 percent rental volume growth in 2005.

RER: Any particular achievements by Red Mountain in 2005 that you feel most proud of?

Owen Cowing: Our investment in training is starting to provide payback. We see improvements in management, communication and efficiencies.

In what areas did Red Mountain improve the most in 2005?

Dollar utilization was our biggest area of improvement. This improvement was mainly caused by longer-term rentals and higher rental rates.

Your volume grew more than 30 percent in 2005. Were profit margins comparable?

Profit margins were actually higher than previous years because of better rates, additional equipment and little growth in overhead.

Did any type of software or technology have a particularly strong impact in 2005?

All management is learning to use our data more each year to track vital factors in each department. Though we have not made many additional changes to software, we are getting better at getting the most out of additions from two to three years ago.

We installed video conferencing between all our stores in 2004/2005 and, through its use, we are seeing improvements in management and cooperation between stores — with virtually no increased time requirements of our people. Since there is little additional time requirement with a few additional meetings, we have been able to monitor and initiate consistent procedures between stores. Travel time has been greatly reduced.

Do you plan to open new branches or are you more focused on further penetration of the markets you're already in?

We will start construction of our new facility in Las Vegas

in the spring, with an expected move-in date in late 2006 or early 2007.

Our machine additions are oriented toward existing markets. Lost rental reporting has shown us where we have the largest holes in our fleet, and has become another area of input impacting fleet selection.

Did you get involved in new product segments in 2005 or do you plan to in 2006?

Emphasis will be emission control requirements coming from California. Each purchase will be influenced on the Tier level of the engine in the machine.

Our investment in training is starting to provide payback. We see improvements in management, communication and efficiencies.

Most people in the industry expect 2006 and 2007 to continue very strong. Do you feel the same? Any projections on the market?

We expect a strong 2006, particularly in Arizona and Nevada, with a small decline in California primarily due to the slowdown in new home construction in San Diego. **RER**

| | Company Name (Last year's rank) Headquarters Top Officer Website | 2005 Rental Volume in Millions | 2005 Total Volume in Millions | Total Number of Outlets | Editorial Comments |
|----|------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|-------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 35 | KELLY TRACTOR (35) Miami John Socol www.kellytractor.com | \$40.2* | n/a | 9 | In addition to complete Caterpillar line, Kelly's Cat Rental Stores offer a variety of forklifts, rough terrain and crawler cranes, foundation drilling equipment, and compaction. Company has separate service departments: one for Caterpillar heavy equipment and cranes, the other for lift trucks and utility equipment. |
| 36 | HAWTHORNE RENT-IT SERVICE (34) San Diego Tom Hawthorne hawthorne.cat.com | \$37.0 | n/a | 14 | Involved in rental since the 1950s, Hawthorne has generators, lighting, welders, compressors, dump trucks, pumps, aerial and other equipment in addition to Caterpillar. Power generation equipment up to 2,000 kW power modules. |
| 37 | HOLT OF CALIFORNIA (33) Pleasant Grove, Calif. John Johnson holtca.cat.com | \$36.9* | n/a | 7 | Another strong year for northern California Cat dealer. 2006 off to a wet start, but overall business prospects appear solid. |
| 38 | MODERN GROUP LTD. (47) Bristol, Pa. Dave Griffith www.moderngroup.com | \$34.7 | \$167.0 | 21 | Significant improvement in profitability along with a 30% rental volume increase. Home builders and industrial segments particularly strong in '05. Customer trend toward increased electronic communications benefiting efficiency. Aggressively growing New Holland, JLG and Generac business. Continually adding training and education for employees. |
| 39 | EQUIPMENT DEPOT (44) Waco, Texas Don Moes www.eqdepot.com | \$34.5* | \$125.0* | 9 | Acquisition of Houston-based Southline Equipment brought three major new locations, giving company greater access to customers in Houston and Gulf Coast markets, more than 12,000 forklifts under routine service contracts and more than 1,100 units in short-term rental fleets. Also expanded construction equipment rental operations. A 21%-plus rental revenue growth shows ongoing strength. |
| 40 | CLAIREMONT EQUIPMENT (45) San Diego Jerry Zagami www.clairemontequipment.com | \$34.0 | n/a | 5 | 24% volume increase for San Diego Komatsu dealer, with a long profitable history in rental. Also represents JLG and Bomag, with branches in metro San Diego, Inland Empire and the desert. Jerry Zagami runs the rental division, while brother Ron takes care of machinery sales. |
| 40 | TRICO EQUIPMENT (40) Vineland, N.J. Joseph Pustizzi Jr. www.tricoequipment.com | \$34.0 | \$67.0 | 9 | Improved processes and better rate management has given Trico a same-store growth rate of 10%. Plans to stimulate growth in next few years by increasing marketshare in existing markets and expand into new ones, possibly through partnerships. |
| 42 | MacALLISTER MACHINERY (43) Indianapolis Chuck MacAllister www.macallister.com | \$33.5* | n/a | 6 | One of the Midwest's top Caterpillar rental programs. Represents Exmark, Echo, JLG, Kubota, LeeBoy, Polaris, Stihl, Sullair and many more. |
| 43 | LOUISIANA MACHINERY (37) Reserve, La. Jay Dinger www.louisianamachinery.com | \$32.1 | \$38.9 | 6 | Has decreased smaller tools and offshore rentals to concentrate more on core competency of Caterpillar earth-moving, although still handles some allied brands. Played important role in hurricane relief after Katrina, despite damage to Belle Chasse Cat Rental Store. |

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Company Name (Last year's rank)
Headquarters
Top Officer
Website

2005 Rental
Volume in
Millions

2005 Total
Volume in
Millions

Total
Number
of Outlets

Editorial Comments

| | | | | | |
|----|------------------------------------------------------------------------------------------------------------|---------|----------|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 44 | IMPERIAL CRANE SERVICES (32) Bridgeview, Ill. B.J. Bohne/Lance Bohne www.imperialcrane.com | \$32.0 | \$36.0 | 3 | Acquisition of two local crane rental companies enabled Imperial to expand footprint within vast Chicago metro area. Company made vast efficiency improvements, upgraded engineering, adding CAD drawings to pre-lift safety system. Kept almost 60 rough terrain cranes on rent the entire year. Good volume increase after softer 2004. |
| 45 | THOMPSON PUMP & MFG. (41) Port Orange, Fla. Bill Thompson www.thompsonpump.com | \$31.7 | \$54.5 | 18 | Opened new Kansas City branch and moved into larger facility in Maryland. Played major role in pumping New Orleans dry after Katrina as well as assisting in recovery from other hurricanes. Specializes in bypass, wellpoint and all forms of dewatering. |
| 46 | SCOTT CONSTRUCTION EQUIPMENT (55) Monroe, La. Scott Cummins www.scottcompanies.com | \$31.6 | n/a | 7 | Nice increase for multi-faceted company with long history in Louisiana, Arkansas and West Texas agricultural and forestry markets as well as growing construction equipment rental operations. Also a major player in lawn-and-garden tractors. |
| 47 | GREGORY POOLE EQUIPMENT (46) Charlotte, N.C. Gregory Poole III www.gregorypoole.com | \$30.2 | \$360.0 | 10 | Caterpillar dealer in eastern Carolinas and Virginia, with long history in rental. Continuing consistent growth. Strong in construction, industrial material handling, and power generation markets. Top products include skid-steer loaders, excavators, backhoes, wheel loaders, aerial work platforms, light towers, welders, air compressors and work tools. |
| 48 | STEPHENSON'S RENTAL SERVICE (48) Mississauga, Ontario Willie Swisher www.stephensons.ca | \$30.0 | \$39.0 | 19 | Raised about \$70 million through public offering, increasing capital base. Partnership with Internet-based Cube Route dispatching system has enabled company to improve delivery efficiency in spread-out, congested Toronto metro area. Gold Loyalty "frequent renter"-type program rewards regular customers; involvement with growing Canadian online home-renovation source expands rental opportunity. Grew contractor heating business. |
| 49 | YANCEY BROS. (49) Austell, Ga. Tom Tucker www.yanceybros.com | \$29.8* | n/a | 13 | Atlanta Better Business Bureau awarded company for marketplace ethics. Yancey Bros. is the host dealership for Caterpillar's Southeastern United States Regional Training Center. Covers Georgia well through 13 branches. |
| 50 | ART'S RENTAL EQUIPMENT (50) Newport, Ky. Ken Arlinghaus www.artsrental.com | \$29.4 | \$39.2 | 11 | Still the dominant rental company in Cincinnati, south Ohio and northern Kentucky region. User-friendly online rental reservation system growing in popularity. |
| 51 | RED MOUNTAIN MACHINERY (59) Escondido, Calif. Owen Cowing www.redmountain.com | \$27.7 | \$34.5 | 3 | A huge 31% rental volume increase for Red Mountain. Longer-term rentals and higher rental rates made '05 especially profitable. About to start construction on new Las Vegas facility. Major investments in training a few years ago are now paying big dividends. |
| 52 | COWIN EQUIPMENT CO. (66) Birmingham, Ala. James Cowin www.cowin.com | \$25.5 | \$100.0+ | 8 | Big 41% rental volume increase, but to owner Cowin, improved margins are still key. May add branch but primarily interested in increasing penetration in existing market area. |
| 53 | ANDERSON EQUIPMENT CO. (41) Bridgeville, Pa. Judy Anderson www.andersonequip.com | \$25.0 | n/a | 14 | Rental volume declined, but total volume increased with strong sales activity. Anderson technicians won the Komatsu Advanced Technic contest for the fourth time in the past five years, demonstrating troubleshooting skill in hydraulic excavators, wheel loaders, dozers, backhoe loaders and Tier 3 engines. |

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10 LONG YEARS

What a difference a decade makes.
Here's a quick look at how the *RER* 100 has changed since the 1996 edition.

How many companies listed in 1996 are listed in 2006? 20
 How many of those 20 have the same CEO in 2006? 10
 How many of those 20 currently occupy a higher ranking 13
 Total 1995 rental volume of those 20 companies (in millions)..... \$812.3
 Total 2005 rental volume of those 20 companies (in millions)..... \$4,312.4

| BIG CHANGERS <small>* denotes RER estimate</small> | |
|----------------------------------------------------|--------------------------------|
| 1996 RER 100 (rank and volume) | 2006 RER 100 (rank and volume) |
| RSC (No. 6 ... \$89.0*) | No. 2 ... \$1,276.5 |
| Hertz (No. 1 ... \$343.0) | No. 3 ... \$1,140.0* |
| Sunbelt (No. 15 ... \$35.0) | No. 4 ... \$739.7 |
| Neff Rentals (No. 17 ... \$33.2) | No. 9 ... \$230.0 |
| Sunstate (No. 14 ... \$35.5*) | No. 10 ... \$202.0* |
| Ahern Rentals (No. 43 ... \$17.4) | No. 12 ... \$179.9 |
| Battlefield (No. 58 ... \$12.4) | No. 23 ... \$74.0 |
| Clairemont (No. 87 ... \$5.6) | No. 41 ... \$34.0 |
| Compresores (No. 98 ... \$5.2) | No. 65 ... \$19.7 |

WAIT 'TIL NEXT YEAR

There are always a few companies close to the list.
They may not be on the *RER* 100, but they are on the *RER* 110.

| Company (Last year's rank) | Rental Volume in Millions | Total Volume in Millions | Locations | Company (Last year's rank) | Rental Volume in Millions | Total Volume in Millions | Locations |
|----------------------------------------------------------------------------------------------------------|---------------------------|--------------------------|-----------|------------------------------------------------------------------------------------------------------------------|---------------------------|--------------------------|-----------|
| 101 A TO Z EQUIPMENT RENTAL & SALES (-) Phoenix Fred Matricardi www.a-zequipment.com | \$7.4 | \$23.8 | 3 | 106 W.I. CLARK CO. (-) Wallingford, Conn. Doug Hansen www.wiclark.com | \$6.7 | n/a | 3 |
| 101 KNICKERBOCKER RUSSELL CO. (98) Pittsburgh Howard Creese www.knickerbockerrussell.com | \$7.4 | \$18.5 | 1 | 107 ILLINI HI-REACH (-) Lemont, Ill. Larry Workman www.hi-reach.com | \$6.5 | \$8.7 | 1 |
| 103 KROPP EQUIPMENT (-) Schererville, Ind. Albert Kropp www.kropp.us | \$7.0 | \$8.2 | 3 | 108 EEC RENTAL CORP. (90) Aurora, Colo. Steve Carlson www.ellenequipment.com | \$6.2 | \$13.3 | 4 |
| 103 METROLIFT (-) Sugar Grove, Ill. Rick Dahl www.metrolift.com | \$7.0 | \$10.2 | 1 | 109 MUSSELMAN RENTALS & SALES (-) Lewiston, Idaho Jerry Musselman www.musselmanequipment.com | \$6.0 | \$10.0 | 2 |
| 103 ROAD MACHINERY LLC (94) Phoenix Chuck Paugh www.roadmachinery.com | \$7.0 | n/a | 6 | 109 RASMUSSEN EQUIPMENT CO. (-) West Valley City, Utah Dick Rasmussen www.rasmussenequipment.com | \$6.0 | \$25.0 | 2 |

Company Name (Last year's rank)
Headquarters
Top Officer
Website

2005 Rental
Volume in
Millions

2005 Total
Volume in
Millions

Total
Number
of Outlets

Editorial Comments

| | | | | | |
|----|--------------------------------------------------------------------------------------------------------|---------|---------|----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 54 | SOUTHEASTERN EQUIPMENT (53) Cambridge, Ohio William L. Baker www.southeasternequip.com | \$24.8 | \$119.0 | 17 | Handles Case, Bandit, Bomag, Broce, Terex, New Holland, Kent and more from 17 branches in Ohio, Kentucky and Indiana. |
| 55 | PUCKETT RENTS (58) Richland, Miss. Hastings Puckett www.puckettrents.com | \$24.7* | n/a | 9 | Mississippi Caterpillar dealer continuing market strength as the leading rental player in central and southern Mississippi. Opened new Cat Rental Store in Madison. |
| 56 | WACO SCAFFOLDING & EQUIPMENT (54) Cleveland Marty Coughlin www.wacoscaf.com | \$24.5 | \$88.0 | 17 | CEO Coughlin led management group in acquiring company from parent corporation in September. Performs full-service erection of full range of scaffolding products and offers high-reach equipment as well. Opened locations in Las Vegas and Honolulu in 2005. |
| 57 | PETERSON RENTS (56) San Leandro, Calif. Eric Martin www.petersontractor.com | \$24.2* | \$52.0* | 6 | Bay Area-based Caterpillar dealer serving a 30,000-square-mile region of northern California opened in-house cylinder repair shop in Redding, Calif. Celebrating 70 years in business. |
| 58 | STOWERS MACHINERY (60) Knoxville, Tenn. Wes Stowers stowers.cat.com | \$24.0 | \$180.0 | 6 | East Tennessee Cat dealer enjoyed 19% rental volume increase and 25% total volume jump in 2005. Opened new Knoxville rental store this month, 42,000-square-foot building on 10-acre lot. Has wide-ranging inventory of allied products for rent. |
| 59 | CONECO EQUIPMENT (57) Edmonton, Alberta Kelly Scott www.coneco.ca | \$23.8* | n/a | 10 | Komatsu dealership enjoying strong Alberta economic growth, along with oil sands development. Earthmoving specialist with large fleet of Ingersoll Rand compaction equipment. |
| 60 | PATTEN INDUSTRIES (67) Elmhurst, Ill. Crain Patten www.pattenindustries.com | \$22.0 | n/a | 7 | Company continues growth and continually evolves work tool inventory, seeking to grow existing markets. Enjoyed improved profits and utilization in '05. 40% rental volume increase is one of the industry's biggest jumps. |
| 60 | WORLDWIDE RENTAL SERVICES (-) Aurora, Colo. Jim Maetzold www.worldwidemachinery.com | \$22.0 | \$32.0 | 4 | Based near Denver with branches in Boise, Albuquerque and Salt Lake City, specializing in heavy equipment rental. First time on RER 100. Operates large Denver service facility with fleet of mobile service trucks. Founded rental division in 1997, rents a lot of Caterpillar machines. Rental executive Maetzold is a Caterpillar veteran. A family-owned business since the 1950s. |
| 62 | ADMAR SUPPLY CO. (65) Rochester, N.Y. Richard DiMarco www.admarsupply.com | \$21.5 | \$34.5 | 5 | Upstate New York's leading rental player, a family-owned company for more than 30 years, known for strong multi-generation leadership and service. Family also owns construction firm, giving company deep roots in the construction process. Large aerial fleet, along with general construction rental and supply inventory. |
| 63 | REBEL RENTS (69) Temecula, Calif. Rick Clause www.rebelrents.com | \$21.0 | n/a | 9 | 40% rental volume increase for southern California rental company. Added water trailers to inventory. Remodeled Santee location. Ongoing safety training program keeps performance and service at high level. Ongoing website blogs keep customers informed about company events and equipment specials. |

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| | Company Name (Last year's rank) Headquarters Top Officer Website | 2005 Rental Volume in Millions | 2005 Total Volume in Millions | Total Number of Outlets | Editorial Comments |
|----|---------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|-------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 64 | PUERTO RICO WIRE (61) San Juan, P.R. Jose Cestero www.puertoricowire.com | \$20.9* | \$62.0* | 4 | Name originated in 1945 when founder Jose Cestero sold concrete wire fasteners to reinforce concrete. Still owned by Cestero family offering thousands of parts and supply materials for sale. Rental division has large wide-ranging rental inventory including aerials, traffic control and trench safety equipment, welding, scaffolding, forklifts, earthmoving, air compressors and more. |
| 65 | COMPRESORES & EQUIPOS (62) San Juan, P.R. Francisco de Armas www.compresores.com | \$19.7 | \$24.3 | 6 | Puerto Rico's other equipment rental giant continues to grow every year with wide-ranging construction inventory. Also has branch in Dominican Republic. |
| 66 | SPIDER, DIV. OF SAFEWORKS (64) Tukwila, Wash. John Sotiroff www.spiderstaging.com | \$19.2 | \$39.3 | 25 | Continues to work on high-profile projects such as Chicago Convention Center; New York's Trump World Tower, Detroit's General Motors Renaissance Center and more. Company turns 60 this year. Recently opened San Diego branch. Re-opened New Orleans branch two days after Katrina, mobilized quickly to assist in restoration of hospitals and hotels. Produced new 300-page catalog to improve branding. Developed quote-tracking tool to better manage project opportunities. |
| 67 | NORTH CENTRAL RENTAL & LEASING (70) Fargo, N.D. Dan Butler www.butler-machinery.com | \$18.5 | n/a | 9 | A 25% rental volume increase after a decrease in 2004. Cat dealer for Dakotas and western Minnesota has more than 400 Caterpillar units in rent-to-rent fleet, along with diesel gensets, Allmand Bros. light towers, Load King gravel trailers, Metro crushing and screening equipment and Challenger agricultural tractors. Offers variety of operator training programs, has modern machinery training center. |
| 68 | DIAMOND RENTAL (73) Salt Lake City Mark Clawson www.diamondrental.com | \$18.0 | \$19.5 | 15 | With a 33% rental volume increase, Diamond continues its growth as Utah's leading rental player and a major factor in the Intermountain region. Recent expansion into new market areas has led to greater demand for heavier equipment. Looking to expand beyond Utah's Wasatch front but within Intermountain west. |
| 68 | TEMP-AIR/RUPP INDUSTRIES (63) Burnsville, Minn. Dick Brown www.tempair.com | \$18.0 | \$25.0 | 12 | Offers temporary portable heating, cooling and dehumidification services. Also has environmental air systems unit to clean contaminated air, and patented heat treatment for pest management. |
| 70 | WAJAX LTD. (38) Mississauga, Ontario Neil Manning www.wajax.com | \$16.8 | \$459.6 | 30 | Rental decreased, but total volume up 33%. Equipment lines include Hitachi, JCB, Hyster and Euclid. Particularly strong results in booming western Canada. Profitability improvement initiatives contributed to company results. Recently acquired Toronto-based JCB dealer. |
| 71 | HUGG & HALL EQUIPMENT (72) Little Rock, Ark. John Hugg/Robert Hall www.hughhall.com | \$16.5 | \$81.0 | 7 | 20% rental volume and 19% total volume increase for Arkansas' top rental company with large fleet of aerials, excavators, haul trucks and forklifts from 2,000 to 35,000-pound capacity. Has large unit of road technicians and centralized dispatch. Lines include Bobcat, Volvo, Hitachi, JLG, Genie and Atlas Copco. |
| 71 | ROLAND MACHINERY (68) Springfield, Ill. Ray Roland www.rolandmachinery.com | \$16.5 | \$188.0 | 15 | Business is 70% Komatsu, but includes Wirtgen and Metso machines. A 23% total volume increase in '05. |

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Rolls Forward

One of the top independents in the ultra-competitive Southern California markets, Rolls Scaffold & High Reach, No. 83, is maintaining strong debt-to-equity ratio, and improving dispatching and training programs. *RER* had an opportunity to speak with CEO Michael Rolls.

RER: Were there any particular achievements by Rolls Scaffold & High Reach you feel particularly good about?

Michael Rolls: The successful implementation of our central dispatch system. And we improved the most in inter-department communications, which is the key to customer service.

Were any particular market areas or customer segments particularly strong in 2005?

Our company focus is in the commercial and industrial markets. These areas continue to show positive expansion with new construction or ongoing facility maintenance.

Your volume was strong in 2005. How about your margins?

Our company goals include positive revenue growth while maintaining a strong debt-to-equity ratio. This may have hampered growth but insured company value. We are very optimistic on revenue and profitability growth in 2006 with the momentum that was established during 2005.

Did any type of software or technology have an impact on your company in 2005?

In conjunction with our establishment of central dispatch, we had system adjustments made for easier tracking of equipment by location. Updated point-of-service

log information is now being generated for on-time status checks of all outgoing or incoming equipment.

Do you plan to open new branches or are you more focused on further penetration of the markets you're already in?

In 2005 we substantially upgraded our Long Beach facility that we acquired in 2004. We opened a start up in Riverside during 2005. In 2006 we are growing our customer base in the areas that we serve. We are exploring acquisitions. We are currently examining another start-up location that stays within the footprint of our service area.

Anything new from the equipment/fleet perspective?

Due to new equipment purchase lead times we mapped a strategy for 2006 that not only takes into account fleet growth but fleet turnover. Our goal is to maintain an average fleet age of 3 years or less and by year end we should exceed that goal. We are an aerial company that focuses primarily on scissorlifts, booms and forklifts. We see a lot of untapped potential available within these market segments.

Is Rolls dedicating resources for customer training?

We are continuing the expansion of employee training programs focusing on customer service for all areas of the company. This will help our employees forge a stronger bond in customer relationships.

Most people in the industry expect 2006 and 2007 to continue very strong. Do you feel the same?

We are confident that 2006 will bring revenue growth between 15 to 20 percent. We must continue to solidify rental rates while increasing other rates relative to new acquisition costs. We are optimistic about the first half of 2007 but that may be tempered somewhat if interest rates and fuel costs continue to climb upward.

It will be interesting to watch the rental company landscape evolve with multiple companies within the *RER* Top 10 being available for sale. The dynamics of those transactions could change the entire perception of the equipment rental industry. **RER**

Our company goals include positive revenue growth while maintaining a strong debt-to-equity ratio.

Company Name (Last year's rank)
Headquarters
Top Officer
Website

2005 Rental
Volume in
Millions

2005 Total
Volume in
Millions

Total
Number
of Outlets

Editorial Comments

73

FABICK CAT (-)
Fenton, Mo.
Keith Jackson
www.fabickcat.com

\$16.0

\$24.1

6

Caterpillar dealer for St. Louis, southern and central Missouri and southern Illinois. Handles JLG, Wacker, Allman, AUSA, Polaris, Sullair, Trane, York and more. Strong volume in equipment and power systems rental. Opened state-of-the-art corporate facility in Fenton with general rentals and power systems under same roof. Plans a new Illinois location this year. Currently focusing on large compressed air business.

74

ALL STAR RENTS (79)
Fairfield, Calif.
Ken deVries
www.allstarrents.com

\$15.4

\$16.8

11

Recently opened Carson City, Nev., branch and is preparing large regional hub near founding branch in Vallejo. Has made huge improvements in operating efficiency, quickness of response to breakdowns. A 29% rental volume jump, following '04's 25%, shows northern California regional company becoming northern California's rental market leader.

75

BERRY COMPANIES (75)
Wichita, Kan.
Walter Berry
www.berrycompaniesinc.com

\$14.7

\$174.3

21

Solid increases in sales and rental for Berry Cos., specializing in Bobcat in Kansas City, Colorado and Houston, Manitou forklifts and Komatsu earthmoving equipment. Has supply division and more.

76

EMECO NORTH AMERICA (-)
Houston
Don Jeffery
www.emecoequipment.com

\$14.6

\$33.2

3

North American division of Perth, Australia-based Emeco, company burst into Alberta oil sands construction market with acquisition of Edmonton-based River Valley Equipment. Also recently set up branches in Houston and Atlanta, specializing in heavy earthmoving equipment, particularly Caterpillar and Hitachi. Company indicates plans to invest in North American market. Also active in rental in Australia, Indonesia and the Netherlands.

77

**UNITED SCAFFOLDING
AN XSERV CO. (82)**
Houston
Mike Appling Jr.
www.unitedscaffold.com

\$14.4

\$64.9

8

A 39% rental volume increase for system and frame scaffold specialist serving petrochemical, refining, offshore, and power generation markets. Provides sales and rental; scaffold erection and dismantling; engineering and CAD design; maintenance and turnarounds; tracking and safety training programs.

78

ENTECH SALES & SERVICE (-)
Dallas
Pat Rucker
www.entechsales.com

\$14.0

\$50.9

6

Rents emergency power and cooling equipment, specializes in mechanical and automations services for the existing building market. Rents generators up to 2,000 kW; air- and water-cooled chillers up to 1,000 tons; air-conditioning units to 75 tons. Six Texas locations. Also offers service and repair to customers' generator fleets. Provides accessories such as hose, ducts, cables, pumps, cooling towers, transformers, fuel tanks, load banks.

78

MIDWEST AERIALS & EQUIPMENT (80)
St. Louis
Daniel Tumminello
www.midwestaerials.com

\$14.0

\$20.0

3

A 22% rental volume increase for aerial specialist with about 1,450 units at three large facilities. Profitability jumped 400% in '05, and the first few months of '06 continued to increase. Improving internal systems, may install dispatching software. The company now owns its locations, and is planning a new, larger facility in Kansas City market.

80

CAPITAL RENTALS (76)
Sterling, Va.
Brian Vaughan
www.capitalrentals.com

\$13.7

\$23.3

7

Opened branch in Triangle, Va., earlier this year, the company's seventh location. Has served greater Washington, D.C., area since late 1960s. Authorized dealer for Target, Multiquip, Hitachi, Partner, Edco and Airman.

81

AMERICAN EQUIPMENT RENTALS (71)
Providence, R.I.
Chris Tribelli
www.aerentals.com

\$13.6

\$15.7

3

Opened third branch in Providence, R.I., recently. Had slow start to '05 because of severe weather, but last three quarters finished strong. Building improvements and beefed up staff should lead to volume growth in '06.

*Denotes RER estimate based on regional economic conditions, industry sources and interviews by members of the RER staff. Other revenue figures are based on actual reported revenue for North American operations as of April 25, 2006. Location data are as of April 25, 2006, to the best of the knowledge of the RER staff. While every effort is made to ensure accuracy and thoroughness, omissions sometimes occur. All figures are in U.S. dollars. In the case of some Canadian companies that reported figures in Canadian dollars, the figure listed is based on the average conversion rate for the year according to the Bank of Canada.

| | Company Name (Last year's rank) Headquarters Top Officer Website | 2005 Rental Volume in Millions | 2005 Total Volume in Millions | Total Number | Editorial Comments of Outlets |
|----|----------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|-----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 81 | ROMCO EQUIPMENT CO. (77) Dallas Robert Mullins www.romco.com | \$13.6 | \$141.3 | 8 | A 40-year veteran of the Texas heavy-equipment sales and rental equipment market continuing its steady growth with a 25% total volume jump in '05, with a double-digit rental volume spike as well. Represents Volvo, Hitachi, Blaw-Knox, Ingersoll Rand, among others. |
| 83 | HALTON RENTAL (--) Portland, Ore. Matt Pierce www.haltonrental.com | \$12.6 | \$17.5 | 5 | Oregon Cat dealer runs the whole rental gamut, from air tools to aerials and cranes, welders to trailers. Well-established rental program, representing top lines such as Towmaster, Wacker, Honda, Bomag, Multiquip, Partner, Vermeer, JLG, Allmand Bros. and Genie. |
| 83 | ROLLS SCAFFOLD & HIGH REACH (--) Ventura, Calif. Michael Rolls www.rollsscaffold.com | \$12.6 | \$13.1 | 3 | Southern California high-reach and scaffolding specialist opened branches in Long Beach and Riverside in 2005. Developed centralized dispatching system with system adjustments made for easier tracking of equipment by location. Close to goal of fleet age of less than 3 years. Expanding employee training programs focusing on customer service for all areas of the company. |
| 85 | MIDLANTIC MACHINERY (78) Hatfield, Pa. Jim McKeever www.midlanticmachinery.com | \$12.5 | \$100.0+ | 7 | Strong in rent-to-rent as well as rent-to-own arenas. Representing Komatsu since 1974, claiming to be longest continuous Komatsu dealer in North America, making successful transition to rental business. Has programs for training operators as well as maintenance personnel. |
| 86 | COLORADO MACHINERY (--) Colorado Springs, Colo. Keith Olson www.coloradomachinery.com | \$12.3 | \$77.6 | 9 | A recent merger gave the company four new branches. Now with three divisions, the company has branches specializing in Deere construction and forestry equipment, others focusing on Deere agricultural machinery, and others on Bobcat and Ingersoll Rand compact utility equipment, offering rental, sales and service at all locations. |
| 87 | LIFTING GEAR HIRE CORP. (95) Bridgeview, Ill. Pat Fiscelli www.lgh-usa.com | \$12.1 | \$16.5 | 8 | A 57% rental volume and 54% total volume boost moves Lifting Gear up in the chart. Acquired MaxiBar Spreader Bar in October, and opened Houston branch. Implementing new sales management structure because of large rental growth. Also implemented GPS tracking program to assist local delivery trucks. Opened New Orleans branch just in time for Katrina, but escaped major damage. |
| 88 | NUECES POWER EQUIPMENT (--) Corpus Christi, Texas Clifton Bradshaw www.nuecespower.com | \$12.0 | \$48.8 | 6 | Has six Texas branches, the most recent opening is El Paso. Case, Kobelco, Ingersoll Rand and Kawasaki are the company's top brands. It also represents LeeBoy asphalt pavers and motor graders, Tramac hydraulic breakers and plate compactors, Astec trenchers, ASV skid-steer loaders, Broce brooms and more. |
| 89 | PDQ RENTALS (85) Santa Fe Springs, Calif. Dennis Turner www.pdqrentals.com | \$11.1 | \$14.6 | 2 | One of Southern California's longest-running independent rental companies owned by the Turner family since the 1950s. Komatsu line has fueled growth in recent years. |
| 90 | TOPP PORTABLE AIR (92) Aston, Pa. Daniel Topp www.etopp.com | \$11.0 | \$19.0 | 8 | Portable air conditioning and heating specialist enjoyed 37.5% rental volume increase on top of 25% jump the year before. Construction, industrial, special event and commercial applications. |
| 91 | LYNN LADDER & SCAFFOLDING (81) Lynn, Mass. Frank Koughan www.lynnladder.com | \$10.8 | \$44.3 | 11 | Slight volume decrease for East Coast scaffolding specialist in an ever-more-competitive market. Company has wide range of racks for trucks, swing-stage systems, ladders of all kinds, and more. |

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Company Name (Last year's rank)
Headquarters
Top Officer
Website

2005 Rental
Volume in
Millions

2005 Total
Volume in
Millions

Total
Number

Editorial Comments
of Outlets

92

THEROS EQUIPMENT (--)
Gainesville, Va.
Joel Theros
www.therosequipment.com

\$10.6

\$41.0

4

First time on *REER* 100 for one of northern Virginia's leading rental companies focusing on metro D.C. area. Founded in 1996 by former owners of past *REER* 100 company McLean Rentals. From large excavators and dozers to homeowner equipment and hand tools, Theros is a full-line dealer for wide range of New Holland equipment, JLG scissorlifts and more.

93

NATIONAL LIFT TRUCK (87)
Franklin Park, Ill.
Jim Dietz
www.nlt.com

\$10.3

\$21.2

1

Purchased more industrial cranes in 2005 and for 2006. Became a JLG material handling dealer in 2005. Looking to increase industrial customer base. Expects to increase used equipment sales to buy new and reduce age of fleet, and also grow rental fleet. May add locations to improve freight and service response in south and west suburbs of Chicago. Specializes in industrial forklifts and aerial work platforms.

94

CALIFORNIA HIGH REACH (85)
Modesto, Calif.
Roy Airington
--

\$10.2

\$10.9

1

One of few major rental companies without a website, but it doesn't stop this Central Valley high-reach specialist from growing in rental and total volume every year. Handles JLG, Snorkel and Sky Trak equipment.

95

A TOOL SHED (83)
Campbell, Calif.
Larry Pedersen
www.atoolshed.com

\$10.0

\$10.0

7

Closed the company's most far-flung branch — Salinas — and redistributed people and equipment to other branches. Cut costs and increased volume, making '05 a strong year for the bottom line. Had blistering start to '06 until six weeks of rain hit.

96

RENTALMAX (84)
Wheaton, Ill.
Terry Hagy
www.rentalmax.com

\$9.9

\$10.7

10

Acquired a rental business, enabling RentalMax to close one store and move to a larger, more visible facility. Continues as leading general rental player in the Chicago area with branches well spread out through the metro area.

97

COASTLINE EQUIPMENT (96)
Long Beach, Calif.
Del Hosler
www.coastlineequipment.com

\$9.0

\$98.0

7

Long-time Deere dealer can't complain about 21.6% rental volume increase and 36% total volume jump. Also handles Hitachi earthmoving equipment and Manitex truck-mounted cranes.

98

EL CAMINO RENTAL (--)
Carlsbad, Calif.
Bill Miholich
www.elcaminorental.com

\$8.7

\$9.0

3

San Diego-area general rental company celebrated its 30th anniversary in 2005. Specializes in home improvement, contractor and industrial rentals, including lawn and garden equipment.

99

TK-O EQUIPMENT CO. (93)
Grand Prairie, Texas
Wilburn Smith/Marlin Smith
www.tkoequipment.com

\$8.6

\$25.2

3

73% total volume increase for heavy- and crushing-equipment specialist. In business since 1978, TK-O maintains a fleet of more than 200 primarily Caterpillar machines. Also represents Kolberg-Pioneer and Eagle rock crusher lines.

100

PIONEER EQUIPMENT RENTAL (100)
Ponca City, Okla.
John Redwine/Larry Redwine
www.pioneerrental.net

\$7.5

\$9.7

7

Added new computer system linking all locations, improving same-store revenue with better utilization. Increased employee benefits and overall professionalism. Added GPS units to a number of pieces. Made significant increases to earthmoving and high-reach fleets. Expects strong customer demand through 2007.

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Rational Fleet Movements

Spider, Div. of Safeworks, No. 66, does unique work as a national provider of suspended access equipment. CEO John Sotiroff talks of the company's financial and fleet progress.

RER: What were Spider's key achievements in 2005?

John Sotiroff: There's a lot — double-digit growth, implementing asset management protocols for better utilization, great results from our location rationalization work, and solid improvements in our branding with a new 300-page catalog and higher visibility people, trucks and locations. I'm extremely proud of our Katrina response. With our Houston regional operations center handling customer service, our New Orleans team mobilized quickly to assist in restorations of hospitals and hotels. We were open for business two days after the hurricane.

In what areas did Spider improve the most in 2005?

We put real focus on rational fleet movements into hot markets. As the only national provider of suspended access equipment, the power of that national footprint is significant.

Were any particular market areas or customer segments particularly strong in 2005?

In commercial construction and restoration, the Southeast and West were particularly strong. Our power and petrochemical business was strong in most geographies.

Your volume grew in 2005. Were profit margins comparable?

Profit margins are continually squeezed by the market pricing demands that are present and the increases in steel, fuel and aluminum. We aggressively managed costs and executed several continuous improvement initiatives to take cost out of the system.

Did any type of software or technology have a particularly strong impact in 2005?

We developed a quote-tracking tool that interfaced with our ERP system to better manage project opportunities and simplify order entry. We built multiple tools to metric operating data and location performance, and built review processes around the tools. Data is a key element of strategy for us.

Anything new from the equipment/fleet perspective? Did you get involved in new product segments in 2005 or do you plan to in 2006?

We launched the SC 1000 traction hoist, which greatly reduces our fleet operating costs. The market acceptance of the hoist has been fantastic — we expect this to be the cornerstone of traction hoist fleets in the future. Extensions on the product will be in our fleet this year. We're evaluating some new segment opportunities for 2006. **RER**



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Alphabetical List With Rank

| | | | |
|-----------------------------------|----|-------------------------------|----|
| Admar Supply Co. | 62 | American Equipment Rentals | 81 |
| Aggreko North America | 13 | Anderson Equipment Co. | 53 |
| Ahern Rentals | 12 | Art's Rental Equipment | 50 |
| All Erection & Crane Rental Corp. | 14 | A Tool Shed | 95 |
| All Star Rents | 74 | Battlefield Equipment Rentals | 23 |
| AMECO | 18 | Berry Companies | 75 |

| | |
|------------------------------|----|
| Blanchard Rental Services | 30 |
| Briggs Equipment | 19 |
| California High Reach | 94 |
| Capital Rentals | 80 |
| Cashman Equipment | 27 |
| Clairemont Equipment | 40 |
| Coastline Equipment | 97 |
| Colorado Machinery | 86 |
| Compresores & Equipos | 65 |
| Coneco Equipment | 59 |
| Cowin Equipment Co. | 52 |
| Diamond Rental | 68 |
| ECCO Equipment | 25 |
| El Camino Rental | 98 |
| Emeco North America | 76 |
| Empire Machinery | 24 |
| Entech Sales & Service | 78 |
| Equipment Depot | 39 |
| Essex Crane Rental Corp. | 20 |
| Fabick Cat | 73 |
| Finning | 16 |
| G.E. Energy Rentals | 21 |
| Gregory Poole Equipment | 47 |
| H&E Equipment Services | 11 |
| Halton Rental | 83 |
| Hawthorne Rent-It Service | 36 |
| Hertz Equipment Rental Corp. | 3 |
| Holt Cat Rental | 22 |
| Holt of California | 37 |
| Home Depot Rentals | 5 |
| Hugg & Hall Equipment | 71 |
| Imperial Crane Services | 44 |
| Kelly Tractor | 35 |
| Lifting Gear Hire Corp. | 87 |
| Location Simplex | 32 |
| Louisiana Machinery | 43 |
| Lynn Ladder & Scaffolding | 91 |
| MacAllister Machinery | 42 |



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| | |
|--------------------------------|-----|
| Maxim Crane | 8 |
| Midlantic Machinery | 85 |
| Midwest Aerials & Equipment | 78 |
| Modern Group Ltd. | 38 |
| Mustang Rental Services | 33 |
| National Lift Truck | 93 |
| NationsRent | 6 |
| Neff Rental | 9 |
| NES Rentals | 7 |
| North Central Rental & Leasing | 67 |
| Nueces Power Equipment | 88 |
| Ohio Cat | 31 |
| Patten Industries | 60 |
| PDQ Rentals | 89 |
| Peterson Rents | 57 |
| Pioneer Equipment Rental | 100 |
| Puckett Rents | 55 |
| Puerto Rico Wire | 64 |
| Rebel Rents | 63 |
| Red Mountain Machinery | 51 |
| Red-D-Arc Welderentals | 29 |
| Rentalmax | 96 |
| Ring Power | 17 |
| Roland Machinery | 71 |
| Rolls Scaffold & High Reach | 83 |
| Romco Equipment Co. | 81 |
| RSC Equipment Rental | 2 |
| Scott Construction Equipment | 46 |
| Sims Crane & Equipment Co. | 28 |
| Southeastern Equipment | 54 |
| Spider, Div. of Safeworks | 66 |
| Star Rentals | 34 |
| Stephenson's Rental Service | 48 |
| Stowers Machinery | 58 |
| Sunbelt Rentals | 4 |
| Sunstate Equipment Co. | 10 |
| Temp-Air/Rupp Industries | 68 |
| Theros Equipment | 92 |
| Thompson Pump & Mfg. | 45 |
| T-K-O Equipment Co. | 99 |
| Topp Portable Air | 90 |
| Trico Equipment | 40 |
| United Rentals | 1 |
| United Scaffolding | 77 |

| | |
|------------------------------|----|
| Volvo Rents | 15 |
| Waco Scaffolding & Equipment | 56 |
| Wagner Rents | 26 |
| Wajax Ltd. | 70 |
| Worldwide Rental Services | 60 |
| Yancey Bros. | 49 |

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