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Mendelsohn

FocalPoint Partners is a middle market investment banking firm serving the equipment rental industry. Ira Mendelsohn, founder of U. S. Rentals and Action Holdings, Inc. (the predecessor company to RSC), shares his insights into the market forces which are shaping the equipment rental industry.

Market Outlook

The equipment rental industry has experienced a flurry of activity in the first quarter of 2006. As FocalPoint predicted last year, many industry consolidators are taking advantage of the improved business environment to exit at more attractive valuations or, alternatively, are tapping the strong capital markets. NES Rentals and RSC Equipment Rental announced their intention to sell and H&E Equipment has successfully completed a public offering. FocalPoint anticipates that private equity firms will ultimately emerge as the buyers for some of these large consolidators.

FocalPoint also notes strong activity in the middle-market with an increasing number of private companies seeking to expand into new territories or to acquire smaller, regional competitors. These companies are taking advantage of the aggressive capital markets to access growth capital from banks, mezzanine debt funds and even private equity firms to facilitate and accelerate their regional growth strategies.

In our view, the outlook for the equipment rental industry through 2006 and 2007 remains strong. The stock prices for equipment suppliers JLG, Terex and Caterpillar are at record levels, reflecting an expectation of continued demand for new equipment. Equipment manufacturers report strong backlogs with long lead times and for new equipment. Price increases have been implemented and are holding. This evidence suggests room for equipment rental companies to increase rates.

Rental companies operating in high margin niches are commanding superior valuations as well as are those with premium locations in growth areas. Potential sellers who have been on the sidelines are generating solid interest, but at "disciplined" valuations. The consolidators are making acquisitions but at a more measured pace. Still, it has been a long time since private companies have had such quality opportunities to sell.

Industry News

NES to Explore Investment Alternatives

Chicago-based NES Rentals announced that it has retained Bear, Stearns & Co. as the company's financial adviser to review strategic alternatives, which could include sale of the company, merger, acquisition or other transactions. NES successfully emerged from bankruptcy in February 2004.

RSC For Sale

Atlas Copco, parent company of RSC Equipment Rental, announced its decision to explore a divestment of the equipment rental business. The company recently posted the best quarterly and full-year financial results in its history. Deutsche Bank has been retained as the company's advisor.

H&E Equipment Services Completes Public Offering

H&E Equipment Services, Inc. (NASDAQ:HEES) announced the completion of its public offering of common stock at a price of \$18.00 per share. The company's stock began trading on the Nasdaq National Market on January 31, 2006 under the symbol "HEES."

After deducting underwriter discounts and commissions and estimated offering expenses, total net proceeds to the company from the offering, are approximately \$198,807,813. The company used a portion of the proceeds to fund the acquisition of Eagle High Reach Equipment (see below).

H&E Equipment Services completes acquisition of Eagle High Reach Equipment

H&E Equipment Services, Baton Rouge, La., finalized the acquisition of all of the capital stock of Eagle High Reach Equipment Inc. and financed the purchase price out of the proceeds from its recently completed initial public offering.

Eagle is a privately held construction and industrial equipment rental company serving the southern California construction and industrial markets out of five locations. An estimated 75 percent of Eagle's revenue is derived from the rental of aerial work platforms.

**If you are interested in selling your business or raising growth capital, contact the equipment rental experts,
Ira Mendelsohn and Dan Conway at FocalPoint Partners.**

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Selected Rental Industry M&A Transactions

Q1 2006

Date	Buyer	Seller	Unit Sold
29-Mar-06	Phoenix Associates Land Syndicate	CM Ideal Energy, Inc.	
24-Mar-06	United Rentals, Inc.	Handy Rent-All Center	
21-Mar-06	Rush Enterprises, Inc.	Great Southern Peterbilt, Inc.	Great Southern Peterbilt, Inc./Jacksonville Dealership
20-Mar-06	Lime Rock Partners LP	IDM Equipment Ltd.	
16-Mar-06	MSC Industrial Direct Co, Inc.	Kennametal, Inc.	J&L Industrial Supply
14-Mar-06	Triton Holdings Ltd.	A Royal Wolf Portable Storage, Inc.	
3-Mar-06	IPS Packaging	All-Star Packaging, Inc.	
1-Mar-06	United Rentals, Inc.	Western Power & Equipment Corp.	Western Power & Equipment Corp. /Retail Operations
28-Feb-06	H&E Equipment Services LLC	Eagle High Reach Equipment, Inc.	
27-Feb-06	Allied Capital Corp.	Commercial Credit Group, Inc.	
15-Feb-06	Parker Hannifin Corp.	Denquip Hydraulics Pty Ltd.	Denquip Hydraulics Pty Ltd. /Hydraulic Distribution Ops.
10-Feb-06	Stallion Oilfield Services Ltd.	Trail Blazer Hot Shot, Inc.	
1-Feb-06	Airgas, Inc.	West Point Supply Co.	
30-Jan-06	Terra Firma Capital Partners Ltd.	Morgan Stanley	Ansett Worldwide Aviation Services, Inc.
30-Jan-06	RotorCraft Leasing Co. LLC	Industrial Helicopters	
12-Jan-06	N-1 Technologies	Deutsche Bank AG	Deutsche Bank AG /Gfinance Assets
12-Jan-06	London Merchant Securities Plc	Dynamic Cranes LLC	

Q4 2005

Date	Buyer	Seller	Unit Sold
22-Dec-05	Allis Chalmers Energy, Inc.	Specialty Rental Tools, Inc.	
21-Dec-05	Electro Rent Corp.	Rush Computer Rentals, Inc.	
15-Dec-05	United Rentals, Inc.	Sandvick Equipment & Supply Co.	
5-Dec-05	Aaron Rents, Inc.	Rent-A-Center, Inc.	Rent-A-Center, Inc. /19 Rental Stores
5-Dec-05	DXP Enterprises, Inc.	R.A. Mueller, Inc.	
30-Nov-05	China Media Group Corp.	Good World Investments Ltd.	
14-Nov-05	Tech Laboratories, Inc.	World Rentals & Sales LLC	
1-Nov-05	Gatekeeper Systems LLC	DJ Products, Inc.	DJ Products, Inc. /Retail Division
25-Oct-05	Aaron Rents, Inc.	Georto, Inc.	Georto, Inc. /6 Aaron's Sales & Lease Ownership Store
24-Oct-05	Rent Way Inc	Rent-A-Center, Inc.	Rent A Center, Inc. /12 Rental-Purchase Stores
18-Oct-05	Ashtead Group Plc	Northridge Equipment Services, Inc.	
17-Oct-05	Marron & Associates LLC	Baker Tanks, Inc.	
7-Oct-05	Ashtead Group Plc	Lewis Brothers Tool Rental	
3-Oct-05	Enerven Compression LP	OGE Energy Corp	Enerven Compression Services
3-Oct-05	Electro Rent Corp.	Everest ES NV	
29-Sep-05	Harrington Group Ltd.	Sun Biomedical Laboratories, Inc.	
22-Sep-05	OMNI Energy Services Corp	Preheat, Inc.	
19-Sep-05	Sumitomo Corp.	TBC Corp	
16-Sep-05	Aries Chemical	PSC Water Systems, Inc.	
15-Sep-05	Coates Hire Ltd.	Cummins, Inc.	Cummins, Inc. /Cummins Power Rent Business
1-Sep-05	Airgas, Inc.	Associated Welding Products, Inc.	

Comparative Company Valuations

Company	Ticker	Market Cap	Enterprise Value	EV/EBITDA	Revenue	EBITDA	Stock Price	52 Week Range
Equipment Rental Companies								
Ahern Rentals	-	-	-	-	\$204M	\$80M	-	-
H&E Equipment Services inc.	HEES	\$1.16B	\$1.56B	12.0x	\$600M	\$130M	\$30.37	\$20.25 - \$33.85
Nations Rent	-	-	-	-	\$695M	\$190M	-	-
United Rentals	URI	\$2.75B	\$5.53B	7.1x	\$3.01B	\$780M	\$35.25	\$16.46-\$36.56
Equipment Manufacturers								
Caterpillar	CAT	\$50.32B	\$75.55B	14.1x	\$36.34B	\$5.35B	\$74.92	\$41.31 - \$77.21
JLG Industries Inc.	JLG	\$3.26B	\$3.44B	14.3x	\$2.05B	\$240M	\$30.56	\$9.54 - \$32.49
Terex Corp.	TEX	\$4.33B	\$4.35B	N/A	\$6.13B	N/A	\$84.71	\$35.84 - \$87.26

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