

H&E Equipment Services, Inc.  
Form DEF 14A  
April 20, 2009

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
SCHEDULE 14A  
Proxy Statement pursuant to Section 14(a) of the  
Securities Exchange Act of 1934  
(Amendment No. \_\_)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**H&E EQUIPMENT SERVICES, INC.**

**(Name of Registrant as Specified in its Charter)**

N/A

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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April 20, 2009

Dear Stockholder:

I am pleased to invite you to our Annual Meeting of Stockholders of H&E Equipment Services, Inc., to be held at the Hilton Baton Rouge Capitol Center Hotel, 201 Lafayette Street, Baton Rouge, Louisiana 70801, on Tuesday, June 2, 2009, at 8:00 a.m. Central Daylight Time. At the meeting you will be asked to vote for the election of our directors and to ratify the appointment of BDO Seidman, LLP as our independent registered public accounting firm for the year ending December 31, 2009. I encourage you to vote for the nominees for director and for ratification of the appointment of BDO Seidman, LLP.

This year we are pleased to take advantage of the U.S. Securities and Exchange Commission rules that authorize companies to furnish their proxy materials over the Internet. On or about April 20, 2009, we are mailing a Notice of Internet Availability of Proxy Materials to our stockholders of record and beneficial owners as of April 9, 2009, which contains instructions on how to access our Proxy Statement and Annual Report and how to vote on the Internet. As of the date of mailing of the Notice, all stockholders and beneficial owners will have the ability to access all of the proxy materials on a website referred to in the Notice. These proxy materials will be available free of charge. We believe this e-proxy process will expedite stockholders' receipt of proxy materials, while ultimately lowering our printing and delivery costs.

The Notice of Internet Availability of Proxy Materials contains information on how you may request copies of the proxy materials be sent to you by mail or email. The proxy materials accessible on the Internet or sent to you will include a Proxy Card that will provide you with instructions to cast your vote on the Internet, a telephone number you may call to cast your vote, or you may complete, sign and return the Proxy Card by mail.

You are cordially invited to attend the Annual Meeting of Stockholders in person. Even if you choose to attend in person, you are encouraged to review the proxy materials and vote your shares in advance of the meeting. Your vote is extremely important, and we appreciate you taking the time to vote promptly.

Very truly yours,

**H&E EQUIPMENT SERVICES, INC.**

**John M. Engquist**

*President & Chief Executive Officer*

*H&E Equipment Services, Inc.*

*11100 Mead Road, Suite 200*

*Baton Rouge, LA 70816*

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**Notice of Annual Meeting of Stockholders**

To Our Stockholders:

You are invited to attend the H&E Equipment Services, Inc. 2009 Annual Meeting of Stockholders.

*Date:* June 2, 2009  
*Time:* 8:00 a.m. Central Daylight Time  
*Place:* Hilton Baton Rouge Capitol Center Hotel  
Governor's Room  
201 Lafayette Street  
Baton Rouge, Louisiana 70801

Only stockholders who owned stock of record at the close of business on April 9, 2009 can vote at this meeting or any adjournments or postponements thereof that may take place.

The purposes of the Annual Meeting are:

- (1) to elect seven directors, each for a term of one year or until their respective successors have been elected and qualified;
- (2) to ratify our Audit Committee's appointment of BDO Seidman, LLP as our independent registered public accounting firm for the year ending December 31, 2009; and
- (3) to transact any other business that may properly come before the meeting.

We consider your vote important and encourage you to vote as soon as possible.

By Order of the Board of Directors,

Leslie S. Magee  
*Chief Financial Officer and Secretary*

April 20, 2009

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**PROXY STATEMENT**

**FOR ANNUAL MEETING OF STOCKHOLDERS  
H&E EQUIPMENT SERVICES, INC.**

**To Be Held June 2, 2009**

This Proxy Statement sets forth certain information with respect to the accompanying proxy to be used at the Annual Meeting of Stockholders (the Annual Meeting ) of H&E Equipment Services, Inc., or at any adjournments or postponements thereof, for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders. The Board of Directors has designated the Governor s Room of the Hilton Baton Rouge Capitol Center Hotel, 201 Lafayette Street, Baton Rouge, Louisiana as the place of the Annual Meeting. The Annual Meeting will be called to order at 8:00 a.m., Central Daylight Time, on Tuesday, June 2, 2009. This proxy procedure enables all holders of common stock, many of whom are unable to attend the Annual Meeting, to vote. Only stockholders of record as of the close of business on April 9, 2009, the Record Date, are entitled to vote. The Board of Directors solicits this proxy and encourages you to read this document thoroughly and to take this opportunity to vote on the matters to be decided at the Annual Meeting. Unless the context otherwise indicates, reference to we, us, our or the Company in this Proxy Statement means H&E Equipment Services, Inc.

Under rules and regulations of the Securities and Exchange Commission (the SEC ), instead of mailing a printed copy of our proxy materials to each stockholder of record or beneficial owner of our common stock, we are furnishing proxy materials, which include our Proxy Statement and Annual Report, to our stockholders over the Internet and providing a Notice of Internet Availability of Proxy Materials by mail. *You will not receive a printed copy of the proxy materials unless you request to receive a paper copy or an email copy of these materials in hard copy by following the instructions provided in the Notice of Internet Availability of Proxy Materials.* Instead, the Notice of Internet Availability of Proxy Materials will instruct you how you may access and review all of the important information contained in the proxy materials. The Notice of Internet Availability of Proxy Materials also instructs you how you may submit your proxy via telephone or the Internet. If you received a Notice of Internet Availability of Proxy Materials by mail and would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting such materials included in the Notice of Internet Availability of Proxy Materials.

We are mailing the Notice of Internet Availability of Proxy Materials on or about April 20, 2009, to each stockholder at the holder s address of record. SEC rules permit us to deliver only one copy of the Notice of Internet Availability of Proxy Materials or a single set of proxy materials to multiple stockholders sharing the same address. Upon written or oral request, we will deliver separate Notices and/or copies of our 2008 Annual Report and/or this Proxy Statement to any stockholder at a shared address to which a single copy of the Notice was delivered. Stockholders may notify our Company of their requests by calling or writing our Investor Relations Department, H&E Equipment Services, Inc., 11100 Mead Road, Suite 200, Baton Rouge, Louisiana 70816; (225) 298-5200.

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**VOTING PROCEDURES**

*Your vote is very important.* Your shares can only be voted at the Annual Meeting if you are present in person or represented by proxy. Whether or not you plan to attend the Annual Meeting, you are encouraged to vote by proxy to ensure that your shares will be represented. Stockholders can choose among the following methods to vote:

*Via the Internet* Stockholders can simplify their voting by voting their shares via the Internet as instructed on the website identified in the Notice of Internet Availability of Proxy Materials. The Internet procedures are designed to authenticate a stockholder's identity to allow stockholders to vote their shares and confirm that their instructions have been properly recorded. Internet voting for stockholders of record is available 24 hours a day and will close at 7:00 P.M., Eastern Daylight Time, on June 1, 2009. The Notice instructs you how to access and review all important information in the Proxy Statement and Annual Report. You will then be able to request that copies of proxy materials be emailed to you or you will be directed to select a link where you will be able to vote on the proposals presented here.

*By Telephone* The Notice of Internet Availability of Proxy Materials includes a toll-free number you can call to request printed copies of proxy materials. The printed proxy materials include a different toll-free number that you can call for voting.

*By Mail* Stockholders who receive a paper Proxy Card may elect to vote by mail and should complete, sign and date their Proxy Card and mail it in the pre-addressed envelope that accompanies the delivery of a paper Proxy Card. Proxy Cards submitted by mail must be received at the time of the Annual Meeting in order for your shares to be voted. Stockholders who hold shares beneficially in street name may vote by mail by requesting a paper Proxy Card according to the instructions contained in the Notice of Internet Availability of Proxy Materials, and then completing, signing and dating the Proxy Card provided by the brokers or other agents and mailing it in the pre-addressed envelope provided.

*At the Annual Meeting* Shares held in your name as the stockholder of record may be voted by you in person at the Annual Meeting. Shares held beneficially in street name may be voted by you in person at the Annual Meeting only if you obtain a legal proxy from the broker or other agent that holds your shares giving you the right to vote the shares and bring such proxy to the Annual Meeting.

If you vote via the Internet, by telephone or by mailing a Proxy Card, we will vote your shares as you direct. For the election of directors, you can specify whether your shares should be voted for all, some or none of the nominees for director listed. With respect to the ratification of our Audit Committee's appointment of BDO Seidman, LLP as our independent registered public accounting firm, you may vote for or against the ratification, or you may abstain from voting on the ratification.

You may revoke or change a previously delivered proxy at any time before the Annual Meeting by delivering another proxy with a later date, by voting again via the Internet or by telephone, or by delivering written notice of revocation of your proxy to the corporate Secretary of the Company at the Company's principal executive offices before the beginning of the Annual Meeting. You may also revoke your proxy by attending the Annual Meeting and voting in person, although attendance at the Annual Meeting will not, in and of itself, revoke a valid proxy that was previously delivered. If you hold shares through a bank or brokerage firm, you must contact that bank or brokerage firm to revoke any prior voting instructions. You may also vote in person at the Annual Meeting if you obtain a legal proxy as described above. Unless properly revoked, properly executed and delivered proxies that are received before the Annual Meeting's adjournment or any adjournment or postponement thereof will be voted in accordance with the



directions provided. If no directions are provided, those shares will be voted by one of the individuals named on your proxy card as recommended by the Board of Directors as stated in this Proxy Statement and in the Notice of Internet Availability of Proxy Materials, specifically in favor of our nominees for directors and in favor of the ratification of the appointment of BDO Seidman, LLP as our independent registered public accounting firm. If you wish to give a proxy to someone other than those named on the proxy card, you should cross out those names and insert the name(s) of the person(s), not more than three, to whom you wish to give your proxy.

*Who can vote?* Only stockholders of record as of the close of business on April 9, 2009, the Record Date, are entitled to vote. On that day, approximately 34,691,488 shares of common stock were outstanding and eligible to vote, and there were 109 record holders. Each share is entitled to one vote on each matter presented at the Annual

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Meeting. A list of stockholders eligible to vote will be available at the offices of H&E Equipment Services, Inc., 11100 Mead Road, Suite 200, Baton Rouge, Louisiana 70816 beginning May 11, 2009. Stockholders may examine this list during normal business hours for any purpose relating to the Annual Meeting by contacting the Secretary of the Company.

*How does the Board recommend I vote?* The Board recommends a vote FOR each Board nominee and FOR ratification of the appointment of BDO Seidman, LLP as the Company's independent registered public accounting firm for the year ending December 31, 2009.

*How are votes counted?* The Annual Meeting will be held if a quorum, consisting of a majority of the outstanding shares of common stock entitled to vote, is represented at the Annual Meeting in person or by proxy. Broker non-votes, votes withheld and abstentions will be counted for purposes of determining whether a quorum has been reached. Broker non-votes occur when nominees, such as banks and brokers, holding shares on behalf of beneficial owners do not receive voting instructions from the beneficial owners by the tenth day before the Annual Meeting and the nominees may only vote those shares on matters deemed routine. For purposes of this proxy, the election of directors and the ratification of BDO Seidman, LLP as our independent registered accounting firm for the year ending December 31, 2009 are considered routine so there cannot be any broker non-votes for these proposals.

Because each director nominee is elected by the affirmative vote of the holders of a plurality of the shares of common stock voted, abstentions will have no effect on the election of director nominees (Item 1). The ratification of the appointment of BDO Seidman, LLP requires that the votes cast in favor of the ratification exceed the number of votes cast opposing the ratification (Item 2).

*Who will count the vote?* The votes will be tabulated by the Company's Director of Finance, W. Scott Bozzell, the inspector of elections appointed by the Board of Directors for the Annual Meeting.

*Where can I find the results of the Annual Meeting?* We intend to announce preliminary voting results at the Annual Meeting and publish final results in our Quarterly Report on Form 10-Q for the second quarter of 2009.

*Who is soliciting this proxy?* Solicitation of proxies is made on behalf of the Board of Directors of the Company. The cost of soliciting proxies, including preparing, assembling and mailing the Notice of Internet Availability of Proxy Materials, Proxy Statement, form of proxy and other soliciting materials, as well as the cost of forwarding such material to the beneficial owners of stock, will be paid by us, except for some costs associated with individual stockholders' use of the Internet or telephone. In addition to solicitation by e-proxy and/or by mail, directors, officers, regular employees and others may also, but without compensation other than their regular compensation, solicit proxies personally or by telephone or other means of electronic communication. We may reimburse brokers and others holding stock in their names or in the names of nominees for their reasonable out-of-pocket expenses in sending proxy material to principals and beneficial owners.

*What if I can't attend the Annual Meeting?* If you are unable to attend the Annual Meeting in person and you intend to vote, you must vote your shares by proxy, via the Internet or by telephone by the applicable deadline.

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**Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be Held on June 2, 2009.**

The Proxy Statement and the 2008 Annual Report are both available free of charge at [www.he-equipment.com](http://www.he-equipment.com). We will provide without charge to each person to whom this Proxy Statement has been delivered (whether by mail or through the Internet), on the request of any such person, additional copies of the 2008 Annual Report, including the consolidated financial statements and financial statement schedule. Requests should be directed to our investor relations department as described below:

H&E Equipment Services, Inc.  
11100 Mead Road, Suite 200  
Baton Rouge, Louisiana 70816  
Attention: Investor Relations  
Telephone: (225) 298-5200

We make available free of charge through our Internet website ([www.he-equipment.com](http://www.he-equipment.com)) our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (the Exchange Act), as well as reports on Forms 3, 4 and 5 filed pursuant to Section 16 of the Exchange Act, as soon as reasonably practicable after such documents are electronically filed with, or furnished to, the Securities and Exchange Commission (the SEC). The information on our website is not, and shall not be deemed to be, a part of this Proxy Statement or incorporated into any other filings we make with the SEC.

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**CORPORATE GOVERNANCE**

In accordance with the Delaware General Corporation Law and the Company's Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws, the Company's business, property and affairs are managed under the direction of the Board of Directors. Although the Company's non-management directors are not involved in the day-to-day operating details, they are kept informed of the Company's business through written reports and documents provided to them regularly, as well as by operating, financial and other reports presented by the officers of the Company at meetings of the Board of Directors and committees of the Board of Directors.

*Independence.* The Board has determined that four of the Company's seven directors are independent as defined in the applicable listing standards of the Nasdaq Stock Market LLC (NASDAQ), including that each such director is free of any relationship that the Board believes would interfere with his individual exercise of independent judgment. The following directors were determined to be independent: Keith E. Alessi, Paul N. Arnold, Lawrence C. Karlson and John T. Sawyer.

In making its determinations regarding director and director nominee independence, the Board considered, among other things:

any material relationships with the Company, its subsidiaries or its management, aside from such director's or director nominee's service as a director;

transactions between the Company, on the one hand, and the directors and director nominees and their respective affiliates, on the other hand;

transactions outside the ordinary course of business between the Company and companies at which some of its directors are or have been executive officers or significant stakeholders, and the amount of any such transactions with these companies; and

relationships among the directors and director nominees with respect to common involvement with for-profit and non-profit organizations.

*Conflicts of Interest and Corporate Governance Matters.* Under our Code of Conduct and Ethics for Employees, Officers and Directors of H&E Equipment Services, Inc. ( Code of Conduct ), no employee or officer

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may serve as a director of any outside business concern other than on behalf of the Company, without the written approval of the President or the Chief Financial Officer of the Company. The Charter of the Corporate Governance and Nominating Committee empowers the Corporate Governance and Nominating Committee to at least once a year review the independence of the members of the Board of Directors and consider questions of conflicts of interest. The Corporate Governance and Nominating Committee will identify, analyze, and if possible, resolve any actual and potential conflicts of interest a Board member has or may have. In connection with an actual or potential conflict of interest, the Corporate Governance and Nominating Committee may issue to such member instructions concerning the manner in which he should conduct himself, as applicable. There are no pre-determined limitations on the number of other boards of directors on which the directors of the Company may serve; however, the Board expects individual directors to use judgment in accepting other directorships and to allow sufficient time and attention to Company matters. There are no set term limits for directors, however as long as the Board is not classified, the Corporate Governance and Nominating Committee will review each director's continuation on the Board annually.

*Code of Conduct.* The Company is committed to ethical business practices. We have a corporate Code of Conduct that applies to all of the Company's employees and directors and includes the code of ethics for the Company's principal executive officer, principal financial officer and principal accounting officer within the meaning of the SEC regulations adopted under the Sarbanes-Oxley Act of 2002, as amended. The Company's corporate Code of Conduct can be found on the Company's Internet website at [www.he-equipment.com](http://www.he-equipment.com) under the heading Corporate Code of Conduct and Ethics. Please note that none of the information on the Company's website is incorporated by reference in this Proxy Statement.

*Communications with the Board of Directors.* If you would like to communicate with the Company's directors, please send a letter to the following address: H&E Equipment Services, Inc., Attention: Board of Directors c/o corporate Secretary, 11100 Mead Road, Suite 200, Baton Rouge, Louisiana 70816. The Company's corporate Secretary will review each such communication and forward a copy to each member of the Board of Directors.

*Meetings of the Board of Directors and Stockholders.* It is the policy of the Board to meet at least quarterly. The Board of Directors held seven meetings in 2008. In 2008, the Board also held regular executive sessions where non-management directors met without management participation. Additionally, an advisory committee of the Board oversees the Company's implementation of a new enterprise resource planning system, which is expected to be fully implemented in the fourth quarter of 2009 or early 2010. The advisory committee met three times in 2008. Mr. Gary W. Bagley, Mr. Arnold and Mr. Sawyer are members of the advisory committee.

Each incumbent director attended at least 75% of the meetings of the Board and the committees on which he served, except Mr. Sawyer, who attended five of seven, or 71%, of the audit committee meetings in 2008. Directors are encouraged to attend the Annual Meeting of Stockholders. All directors attended the 2008 Annual Meeting of Stockholders.

*Committees of the Board of Directors.* The Board of Directors currently has four standing committees: Audit Committee, Compensation Committee, Corporate Governance and Nominating Committee and Finance Committee. Charters for the Audit Committee, Compensation Committee and Corporate Governance and Nominating Committee can be found on the Company's website at [www.he-equipment.com](http://www.he-equipment.com) under the heading Investor Relations/Corporate Governance.

*Audit Committee* The Audit Committee operates under a written charter adopted by the Board of Directors, which is available on the Company's Internet website. The Audit Committee provides assistance to the Board in fulfilling its oversight responsibility to the stockholders, potential stockholders, the investment community, and others relating to (i) the integrity of the Company's financial statements and financial reporting processes; (ii) the Company's systems of internal accounting and financial controls, including internal controls over financial reporting; (iii) performance of the

Company's internal auditors and independent registered public accounting firm; (iv) the independent registered public accounting firm's qualifications and independence; (v) the annual independent audit of the Company's consolidated financial statements; (vi) the legal compliance and ethics programs established by Company management and the Board; and (vii) the Company's compliance with ethics policies and legal policies and regulatory requirements. In so doing, it is the responsibility of the Audit Committee to maintain free and open communication among the Audit Committee, the independent registered public accounting firm, the internal auditors and Company management. In discharging its oversight role, the Audit

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Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company and the power to retain at the expense of the Company independent outside counsel or other experts or advisers as it deems necessary to carry out its duties. A detailed list of the Audit Committee's functions is included in its charter, a copy of which can be found on the Company's Internet website. In addition, the Company has a policy that the Audit Committee review any transaction in which the Company and its directors, executive officers or their immediate family members are participants to determine whether a related person has a direct or indirect material interest. This policy is evidenced in the Company's Code of Conduct and has been further communicated orally by the Board. See the "Certain Relationships and Related Transactions" "Related Party Transactions" section of this Proxy Statement.

The current members of the Audit Committee are Messrs. Alessi, Karlson and Sawyer and Mr. Alessi is the Chair of this committee. The Board has determined in its business judgment that each member of the Audit Committee is financially literate and that Messrs. Alessi, Karlson and Sawyer are independent as defined in the applicable NASDAQ listing standards and the applicable rules under the Securities & Exchange Act of 1934 (the "Exchange Act"). In addition, the Board has determined that Mr. Alessi is an audit committee financial expert as that term is defined in Item 407(d)(5) of Regulation S-K of the Exchange Act. The Audit Committee held seven meetings in 2008.

*Compensation Committee* The Compensation Committee operates under a written charter adopted by the Board of Directors, which is available on the Company's Internet website. The Compensation Committee discharges the Board's responsibilities relating to the compensation of the Company's Chief Executive Officer, the Company's other executive officers and its directors. The Compensation Committee has overall responsibility for evaluating and approving executive officer and director compensation plans, policies and programs of the Company, as well as all equity-based compensation plans and policies, including the Company's 2006 Stock-Based Incentive Compensation Plan.

On an annual basis, the Compensation Committee reviews and sets the compensation of the Chief Executive Officer taking into account a variety of factors, as more fully described in the "Compensation Discussion & Analysis" section of this Proxy Statement. The Compensation Committee also sets compensation for certain other executive officers after considering recommendations provided by the Chief Executive Officer and/or the Chief Operating Officer and a variety of other factors, as more fully described in the "Compensation Discussion & Analysis" section of this Proxy Statement.

On an as-needed basis, the Compensation Committee may retain independent compensation consultants to assist the Compensation Committee in evaluating and structuring our executive compensation programs and making compensation decisions. In fiscal 2008, the Compensation Committee engaged Axiom Consulting Partners to assist it with a general review of the Company's executive compensation.

The Compensation Committee is authorized to delegate any of its responsibilities to subcommittees, as the Compensation Committee deems appropriate. To date, the Compensation Committee has not exercised this right. For additional description of the Compensation Committee's processes and procedures for consideration and determination of executive officer and director compensation, see the "Compensation Discussion & Analysis" section of this Proxy Statement.

The current members of the Compensation Committee are Messrs. Alessi, Arnold and Karlson and Mr. Arnold is the Chair of this committee. The Board has determined in its business judgment that Messrs. Alessi, Arnold and Karlson are independent as defined in the applicable NASDAQ listing standards. The members of the Compensation Committee are also non-employee directors under SEC Rule 16b-3 and outside directors under Section 162(m) of the Internal Revenue Code of 1986, as amended. The Compensation Committee met eight times in 2008. For additional information on the Compensation Committee, see the Compensation Discussion and Analysis beginning on page 19.

*Corporate Governance and Nominating Committee* The Corporate Governance and Nominating Committee operates under a written charter adopted by the Board of Directors, which is available on the Company's Internet website. The primary functions of the Corporate Governance and Nominating Committee are (i) to assist the Board by identifying individuals qualified to become Board members and members of Board committees, to recommend to the Board the director nominees for the next annual meeting of stockholders, and to recommend to the Board



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nominees for each committee of the Board; (ii) to lead the Board in its annual review of the Board's, its committees and management's performance; (iii) to monitor the Company's corporate governance structure; and (iv) to periodically review and recommend to the Board any proposed changes to corporate governance guidelines applicable to the Company. The Corporate Governance and Nominating Committee identifies individuals, including those properly submitted and recommended by stockholders, believed to be qualified as candidates for Board membership. The Corporate Governance and Nominating Committee has the authority to retain search firms to assist it in identifying candidates to serve as directors. In addition to any other qualifications the Corporate Governance and Nominating Committee may in its discretion deem appropriate, all director candidates, at a minimum, (i) should possess the highest personal and professional ethics, integrity and values, (ii) should have substantial experience which is of particular relevance to the Company, and (iii) should have sufficient time available to devote to the affairs of the Company. In identifying candidates, the Corporate Governance and Nominating Committee will also take into account other factors it considers appropriate, which include ensuring that a majority of directors satisfy the independence requirements of NASDAQ, the SEC or other appropriate governing body and that the Board as a whole is comprised of directors who represent a mix of backgrounds and experiences that will enhance the quality of the Board's deliberations and decisions.

The Corporate Governance and Nominating Committee considers stockholder nominees for directors in the same manner as nominees for director from other sources. Stockholder suggestions for nominees for director should be submitted to the Company's corporate Secretary no later than the date by which stockholder proposals for action must be submitted (see Submission of Stockholder Proposals and Director Nominations below) and should include the following information: (a) the recommending stockholder's name, address, telephone number and the number of shares of the Company's common stock held by such individual or entity and (b) the recommended candidate's biographical data, statement of qualification and written consent to nomination and to serving as a director, if elected.

The Corporate Governance and Nominating Committee consists of three directors, each of whom the Board has determined in its business judgment are independent as defined in the applicable NASDAQ listing standards. The current members of the Corporate Governance and Nominating Committee are Messrs. Alessi, Karlson and Sawyer and Mr. Karlson is the Chair of this committee. The Corporate Governance and Nominating Committee held five meetings during 2008.

*Finance Committee* The Finance Committee was established by the Board of Directors and operates under a written charter. The Finance Committee oversees and reviews the financial affairs and policies of the Company and oversees all material potential business and financial transactions, as well as any other duties assigned to it by the Board of Directors. The current members of the Finance Committee are Messrs. Bagley, Bruckmann, and Engquist and Mr. Bruckmann is the Chair of this Committee. The Finance Committee held seven meetings during 2008.

## **SUBMISSION OF STOCKHOLDER PROPOSALS AND DIRECTOR NOMINATIONS**

Under the rules of the SEC, stockholders wishing to have a proposal included in the Company's Proxy Statement for the 2009 Annual Meeting of Stockholders to be held in 2010 must submit the proposal so that the corporate Secretary of the Company receives it no later than December 21, 2009. The SEC rules set forth standards as to what stockholder proposals are required to be included in a proxy statement. Under the Company's Amended and Restated Bylaws, certain procedures must be followed for a stockholder to nominate persons as directors or to introduce a proposal at an annual meeting of stockholders. A stockholder wishing to make a nomination for election to the Board of Directors or to have a proposal presented at an annual meeting of stockholders must submit written notice of such nomination or proposal so that the corporate Secretary of the Company receives it not less than that date which is 120 days prior to the one year anniversary of the date the Company's proxy statement was released to stockholders in connection with the preceding year's annual meeting of stockholders; provided, however, that in the event that the Company did not hold an annual meeting of stockholders the preceding year or if the date of the annual meeting of stockholders is

changed by more than 30 days from the date of the preceding year's annual meeting of stockholders, notice by the stockholder must be delivered within a reasonable time before the Company prints and mails its proxy materials (or makes them available on the Internet) in connection with the annual meeting of stockholders. The Company's Amended and Restated Bylaws also set forth certain informational requirements for stockholders' nominations of directors and proposals.

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**ITEM 1 ELECTION OF DIRECTORS**

The Company's Amended and Restated Bylaws provide that the Company's business shall be managed by a Board of Directors ranging from five to nine members. The number of directors may be increased or decreased from time to time by resolution of the Board of Directors. The Company's Board of Directors is currently comprised of seven members. Directors shall be elected at the annual meeting of the stockholders and each director elected shall hold office until a successor is duly elected and qualified or until his or her death, resignation or removal.

The Corporate Governance and Nominating Committee identifies and recommends director candidates to serve on the Board. Director candidates are then nominated for election by the Board of Directors. Stockholders are also entitled to nominate director candidates for election in accordance with the procedures set forth in the Company's Amended and Restated Bylaws (see Corporate Governance Committees of the Board Corporate Governance and Nominating Committee and Submission of Stockholder Proposals and Director Nominations above).

At the Annual Meeting, seven directors are to be elected. All of the director nominees are currently directors of the Company and have been recommended for election by the Corporate Governance and Nominating Committee. All nominees have consented to being named as nominees for directors of the Company and have agreed to serve if elected. If some or all of the nominees should become unavailable to serve at the time of the Annual Meeting, the shares represented by proxy will be voted for any remaining nominee(s) and any substitute nominee(s) designated by the Board of Directors. In no event, however, will the shares represented by proxy be voted for more than seven nominees. Director elections are determined by a plurality of the votes cast.

Set forth below is information regarding each nominee for director.

**Nominees for Directors**

*Gary W. Bagley* has served as Chairman and Director of the Company since the formation of the Company in September 2005. He had served as Chairman and Director of H&E Equipment Services LLC ( H&E LLC ), the predecessor to the Company, from its formation in 2002 until its merger with and into the Company in February 2006. Mr. Bagley served as President of ICM Equipment Company L.L.C. ( ICM ) since 1996 and Chief Executive Officer from 1998 until ICM merged with and into H&E LLC in June 2002, when he became executive Chairman of H&E LLC. He retired as an executive of H&E LLC in 2004. Prior to 1996, he held various positions at ICM, including Salesman, Sales Manager and General Manager. Prior to that, Mr. Bagley served as Vice President and General Manager of Wheeler Machinery Co. Since our acquisition of Eagle High Reach Equipment, LLC and Eagle High Reach Equipment, Inc. in February 2006, Mr. Bagley has served as a manager and director, respectively, of Eagle High Reach Equipment, LLC (now H&E Equipment Services (California), LLC) and Eagle High Reach Equipment, Inc. (now H&E California Holdings, Inc.). Previously, Mr. Bagley served as interim Chief Executive Officer and a director of Eagle High Reach Equipment, Inc. from February 2004 to February 2006 and as Chief Executive Officer and as a director of Eagle High Reach Equipment, LLC from December 2004 to February 2006. Mr. Bagley has served in the past on a number of dealer advisory boards and industry association boards.

*John M. Engquist* has served as President, Chief Executive Officer and Director of the Company since its formation in September 2005. He had served as President, Chief Executive Officer and Director of H&E LLC from its formation in 2002 until its merger with and into the Company in February 2006. He served as President and Chief Executive Officer of Head & Engquist Equipment, LLC ( Head and Engquist ) from 1990 and Director of Gulf Wide Industries, LLC ( Gulf Wide ) from 1995, both predecessor companies of H&E LLC. From 1975 to 1990, he held various operational positions at Head & Engquist, starting as a mechanic's helper. Mr. Engquist serves on the Professional

Advisory Board of St. Jude Children's Research Hospital in Memphis, Tennessee; as well as on the Board of Directors for EZ Lube LLC and Business First Bancshares, Inc. in Baton Rouge, Louisiana. Mr. Engquist is the sole manager and member of J R J Development, L.L.C., which owns 30% of the membership interest in New Towne Development Group, L.L.C., for which Mr. Engquist is a member and the chairman of the Board of Managers. Mr. Engquist is a past Board member of Baton Rouge Business Bank and Cajun Constructors, Inc.

*Keith E. Alessi* has been a Director of the Company since its formation in September 2005 and Chairman of the Audit Committee since January 2006. He served as a Director and Chairman of the Audit Committee of H&E LLC

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from November 2002 until its merger with and into the Company in February 2006. Mr. Alessi has served as Chief Executive Officer and President of Westmoreland Coal Company ( Westmoreland ) of Colorado Springs, Colorado since January 2009 and currently serves as a Director and Chairman of the Board of Westmoreland. From May to August 2007, Mr. Alessi served as Westmoreland s interim Chief Executive Officer and President and served as its Chief Executive Officer and President from August 2007 to April 2008. He has been an Adjunct Lecturer at The Ross School of Business at the University of Michigan since 2001. Mr. Alessi was an Adjunct Professor of Law at The Washington and Lee University School of Law from 1999 to 2007 and from 2003 to 2006, he was Chief Executive Officer of Lifestyles Improvement Centers, LLC. Mr. Alessi is a Director of Town Sports International, Inc. and MWI Veterinary Supply, Inc. Mr. Alessi is a Certified Public Accountant.

*Paul N. Arnold* has been a Director of the Company since November 2006. Mr. Arnold has served as a director of Town Sports International Holdings, Inc. since April 1997 and as non-executive Chairman of the Board of Directors since May 2006. Mr. Arnold has served as Chief Executive Officer of Cort Business Services, Inc., a Berkshire Hathaway company, since 2000. From 1992 to 2000, Mr. Arnold served as President, Chief Executive Officer and Director of Cort Business Services. Prior to 1992, Mr. Arnold held various positions over a 24-year period within Cort Furniture Rental, a division of Mohasco Industries, Inc.

*Bruce C. Bruckmann* has been a Director of the Company since its formation in September 2005. He had served as a Director of H&E LLC from its formation in 2002 until its merger with and into the Company in February 2006. Mr. Bruckmann had served as a director of both predecessor companies, Head & Engquist and ICM. Mr. Bruckmann is a founder and has been a Managing Director of Bruckmann, Rosser, Sherrill & Co., Inc. since its formation in 1995. He served as an officer of Citicorp Venture Capital Ltd. from 1983 through 1994. Prior to joining Citicorp Venture Capital, Mr. Bruckmann was an associate at the New York law firm of Patterson, Belknap, Webb & Tyler. Mr. Bruckmann is a director of Mohawk Industries, Inc., MWI Veterinary Supply, Inc., Town Sports International, Inc., Heritage-Crystal Clean, Inc., EZ Lube LLC and a number of other private companies.

*Lawrence C. Karlson* is a private investor and consultant and has been a Director of the Company since its formation in September 2005. He had served as a Director of H&E LLC from its formation in 2002 until its merger with and into the Company in February 2006. In 1983, Mr. Karlson formed Nobel Electronics, an autonomous business unit of AB Bofors. In 1986, Nobel Electronics was merged into Pharos AB, of which Mr. Karlson became President and Chief Executive Officer. In 1990, Mr. Karlson stepped down as President and Chief Executive Officer, and was named Chairman. Later in 1990, Pharos AB and affiliated entities acquired Spectra Physics, Inc. and began operating under the name Spectra Physics, Inc. Mr. Karlson continued serving as Chairman until retiring in 1993. Mr. Karlson currently provides consulting services to a wide variety of businesses. He also serves as a director of CDI Corporation.

*John T. Sawyer* has been a Director of the Company since its formation in September 2005. He had served as a Director of H&E LLC from its formation in 2002 until its merger with and into the Company in February 2006. Mr. Sawyer served as President of Penhall Company ( Penhall ) from 1989 through 2008. On December 31, 2008, Mr. Sawyer retired from Penhall. He joined Penhall in 1978 as the Estimating Manager of the Anaheim Division. In 1980, Mr. Sawyer was appointed Manager of Penhall s National Contracting Division, and in 1984, he assumed the position of Vice President and became responsible for managing all construction services divisions. Mr. Sawyer currently serves as a director of Advanced Materials, Inc.

**The Board of Directors recommends a vote FOR each of the listed nominees.**

**Table of Contents****DIRECTORS AND EXECUTIVE OFFICERS**

The following table sets forth the names, ages and titles of each person who is a current director or executive officer.

<b>Name</b>	<b>Age</b>	<b>Title</b>
Gary W. Bagley	62	Chairman and Director
John M. Engquist	55	President, Chief Executive Officer and Director
Leslie S. Magee	40	Chief Financial Officer and Secretary
Bradley W. Barber	36	Executive Vice President and Chief Operating Officer
William W. Fox	65	Vice President, Cranes and Earthmoving
John D. Jones	51	Vice President, Product Support
Keith E. Alessi	54	Director
Paul N. Arnold	62	Director
Bruce C. Bruckmann	55	Director
Lawrence C. Karlson	66	Director
John T. Sawyer	64	Director

*Gary W. Bagley* is described as a director nominee above.

*John M. Engquist* is described as a director nominee above.

*Leslie S. Magee* has served as Chief Financial Officer and Secretary of the Company since its formation in September 2005. Ms. Magee served as acting Chief Financial Officer of H&E LLC from December 2004 through August 2005, at which time she was appointed Chief Financial Officer and Secretary. She continued as Chief Financial Officer and Secretary until H&E LLC's merger with and into the Company in February 2006. Previously, Ms. Magee served as Corporate Controller for H&E LLC and Head & Engquist. Prior to joining Head & Engquist in 1995, Ms. Magee spent five years working for Hawthorn, Waymouth & Carroll, L.L.P, an accounting firm based in Baton Rouge, Louisiana. Ms. Magee is a Certified Public Accountant and is a member of the American Institute of Certified Public Accountants and the Louisiana Society of Certified Public Accountants.

*Bradley W. Barber* has served as Executive Vice President and Chief Operating Officer of the Company since June 2008. From November 2005 to May 2008, he was Executive Vice President and General Manager. Previously, Mr. Barber served as Vice President, Rental Operations from February 2003 to November 2005 of H&E LLC. Prior to that, Mr. Barber served as Director of Rental Operations for H&E LLC and Head & Engquist from March 1998 to February 2003. Prior to joining Head & Engquist in March 1998, Mr. Barber worked in both outside sales and branch management for a regional equipment company.

*William W. Fox* has served as Vice President, Cranes and Earthmoving of the Company since its formation in September 2005. Prior to that, he served as Vice President, Cranes and Earthmoving of H&E LLC from its formation in 2002 until its merger with and into the Company in February 2006. Mr. Fox served as Executive Vice President and General Manager of Head & Engquist since 1995 and served as President of South Texas Equipment Co., a subsidiary for Head & Engquist, from 1995 to 1997. Prior to that, Mr. Fox held various executive and managerial positions with the Manitowoc Engineering Company and its subsidiary, North Central Crane. He was Executive Vice President/General Manager from 1989 to 1995, Vice President, Sales from 1988 to 1989, and General Manager from

1986 to 1988 of Manitowoc Engineering Company. Mr. Fox was Executive Vice President/General Manager at North Central Crane from 1980 to 1986.

*John D. Jones* has served as Vice President, Product Support of the Company since its formation in September 2005. Prior to that, he served as Vice President, Product Support for H&E LLC from its formation in 2002 until its merger with and into the Company in February 2006. Mr. Jones served as Vice President of Product Support Service at Head & Engquist since 1994. From 1991 to 1994, he was General Manager of Product Support at Louisiana Machinery. From 1987 to 1991 he served as General Manager of the Parts Operation at Holt Company of Louisiana. From 1976 to 1987, Mr. Jones worked in Product Support and Marketing for Boyce Machinery.

*Keith E. Alessi* is described as a director nominee above.

*Paul N. Arnold* is described as a director nominee above.

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*Bruce C. Bruckmann* is described as a director nominee above.

*Lawrence C. Karlson* is described as a director nominee above.

*John T. Sawyer* is described as a director nominee above.

**2008 DIRECTOR COMPENSATION TABLE**

During 2008, Mr. Bagley did not receive compensation for his service as a director of the Company. Mr. Bruckmann did not receive compensation for his service as a director of the Company from January 1, 2008 through September 23, 2008 due to his position as a limited partner of Bruckmann, Rosser, Sherrill & Co. L.P. ( BRS ), which owned substantial amounts of Company common stock. On September 23, 2008, BRS distributed its shares of Company common stock to its limited partners in a pro rata distribution and subsequently, the Board determined that Mr. Bruckmann should receive, on a pro rata basis for the year, compensation for his service as a director after the BRS distribution.

The annual 2008 compensation for our non-employee directors consisted of the following:

**January 1, 2008    June 2, 2008**

Annual Board retainer fee (payable in quarterly installments)	\$ 20,000
Fee per Board meeting attended in person	\$ 2,000
Fee per Board conference call attended	\$ 1,000
Chairman of the Audit Committee, Corporate Governance and Nominating Committee annual retainer fee (payable in quarterly installments)	\$ 2,000
Fee per Committee meeting attended in person	\$ 1,000
Fee per Committee conference call attended	\$ 500

**June 3, 2008    December 31, 2008**

Annual Board retainer fee (payable in quarterly installments)	\$ 30,000
Fee per Board or Committee meeting or call attended, in person or telephonically	\$ 1,500
Chairman of the Audit Committee annual retainer fee (payable in quarterly installments)	\$ 10,000
Chairman of the Corporate Governance and Nominating Committee, the Compensation Committee and the Finance Committee annual retainer fee (payable in quarterly installments)	\$ 5,000

Additionally, for one in person meeting which the Chairman of the Compensation Committee had with the CEO regarding Compensation Committee matters, the Chairman of the Compensation Committee received the same amount as described above for Committee meetings attended.

In addition to the fees described above, on June 30, 2008, Messrs. Alessi, Arnold, Karlson and Sawyer received grants of 500 shares of restricted stock under the Incentive Plan. These grants are described in more detail in the footnotes to the table below.

The table below summarizes the compensation paid by the Company to each non-employee director for the year ended December 31, 2008.



Name	Fees Earned or		Option Awards (\$)(2)	All Other	
	Paid in Cash (\$)(1)	Stock Awards (\$)(2)		Compensation (\$)	Total (\$)
Keith E. Alessi	50,000	1,007	86,514		137,521
Paul N. Arnold	46,000	1,007	5,512		52,519
Gary W. Bagley				171,625(3)	171,625
Bruce C. Bruckmann	11,750				11,750
Lawrence C. Karlson	53,000	1,007	86,514		140,521
John T. Sawyer	46,000	1,007	86,514		133,521
		12			

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- (1) Mr. Bagley did not receive compensation for his service as a director of the Company and Mr. Bruckmann received pro rata compensation for his service as a director from October 1, 2008 through December 31, 2008. All other non-employee directors received a retainer and meeting fees for the Board and its committees and committee chairmanship retainers as described above.
- (2) Represents the dollar amounts recognized as compensation expense in fiscal 2008 for financial reporting purposes in accordance with Statement of Financial Accounting Standard No. 123 (revised 2004), Share-Based Payment ( FAS 123(R) ) (excluding amounts for forfeitures) for restricted stock awards granted in 2008 and stock options granted in 2007 and 2006. The fair value of the restricted stock awards is equal to the market price of our common stock on the date of grant. We use the Black-Scholes formula to calculate an assumed value of the options for compensation expense purposes. Because the formula uses assumptions, the fair values calculated are not necessarily indicative of the actual values of the stock options. The assumptions used in 2007 and 2006 were a dividend yield of 0%; a risk-free interest rate of 5.0%; an expected life of six years; and a stock price volatility ranging from 33.0% to 35.0%. The fair market value, number of shares subject to each outstanding restricted stock award or stock option and the vesting schedule for each award is reported in the supplemental table below.

**Supplemental Stock and Option Award Table**

<b>Director</b>	<b>Grant Date</b>	<b>Total Number of Shares (#)</b>	<b>Fair Value (\$)</b>	<b>Vesting Date</b>	<b>Number of Shares Vesting (#)</b>
<b><i>Stock Options</i></b>					
Keith E. Alessi	2/22/06	15,000	219,324	2/22/09	5,000
	6/05/07	1,500	16,535	6/05/09	500
				6/05/10	500
Paul N. Arnold	6/05/07	1,500	16,535	6/05/09	500
				6/05/10	500
Lawrence C. Karlson	2/22/06	15,000	219,324	2/22/09	5,000
	6/05/07	1,500	16,535	6/05/09	500
				6/05/10	500
John T. Sawyer	2/22/06	15,000	219,324	2/22/09	5,000
	6/05/07	1,500	16,535	6/05/09	500
				6/05/10	500
<b><i>Restricted Stock</i></b>					
Keith E. Alessi	6/30/08	500	6,010	6/30/09	166
				6/30/10	167
				6/30/11	167
Paul N. Arnold	6/30/08	500	6,010	6/30/09	166
				6/30/10	167
				6/30/11	167
Lawrence C. Karlson	6/30/08	500	6,010	6/30/09	166
				6/30/10	167
				6/30/11	167
John T. Sawyer	6/30/08	500	6,010	6/30/09	166
				6/30/10	167

- (3) Represents compensation paid to Mr. Bagley under his consulting agreement, which is described in the Certain Relationships and Related Transactions Consulting Agreement section of this Proxy Statement.

**Table of Contents****SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND DIRECTORS AND OFFICERS**

The following table sets forth certain information with respect to beneficial ownership of the Company's common stock as of April 9, 2009, the Annual Meeting Record Date, by (i) each person, or group of affiliated persons who is known by the Company to own more than 5% of its common stock, (ii) each of the Company's directors and executive officers and (iii) all directors and executives of the Company as a group. The information provided in the table is based on our records, information filed with the SEC and information provided to the Company and includes options which are exercisable within 60 days following the Annual Meeting Record Date.

Beneficial ownership is determined in accordance with the rules of the SEC. To our knowledge, except as set forth in the footnotes to the following table and subject to appropriate community property laws, the persons in this table have sole voting and investment power with respect to all shares shown as beneficially owned by them.

Unless otherwise noted, the address of each person listed below is c/o H&E Equipment Services, Inc., 11100 Mead Road, Suite 200, Baton Rouge, Louisiana 70816.

	<b>Amount and Nature of Beneficial Ownership</b>	
	<b>Shares</b>	<b>Percentage</b>
<b>Stockholders of 5% or more (excludes Directors and Executive Officers)</b>		
T. Rowe Price Associates, Inc.(1)	4,864,994	14.0%
Columbia Wanger Asset Management, L.P.(2)	4,105,500	11.8%
Wellington Management Company, LLP(3)	2,366,891	6.8%
<b>Directors (except Mr. Engquist)</b>		
Bruce C. Bruckmann(4)	2,349,633	6.8%
Gary W. Bagley(5)	314,559	*
Lawrence C. Karlson(6)	29,573	*
Keith E. Alessi(6)	22,000	*
John T. Sawyer(6)	21,805	*
Paul N. Arnold(7)	9,528	*
<b>Executive Officers</b>		
John M. Engquist(8)	4,519,549	13.0%
Bradley W. Barber(8)(9)	55,093	*
John D. Jones(8)(9)	36,317	*
Leslie S. Magee(8)(9)	34,555	*
William W. Fox	1,600	*
All executive officers and directors as a group (11 persons)	7,394,212	21.3%

\* Less than 1%.

(1) T. Rowe Price Associates ( Price Associates ) has sole voting power with respect to 1,151,853 shares and sole dispositive power with respect to 4,671,138 shares. Price Associates does not serve as custodian of the assets of any of its clients; accordingly, in each instance only the client or the client's custodian or trustee bank has the right to receive dividends paid with respect to, and proceeds from the sale of, such securities. The ultimate power

to direct the receipt of dividends paid with respect to, and the proceeds from the sale of, such securities, is vested in the individual and institutional clients which Price Associates serves as investment adviser. Any and all discretionary authority which has been delegated to Price Associates may be revoked in whole or in part at any time. With respect to securities owned by any one of the registered investment companies sponsored by Price Associates for which it also serves as investment adviser ( T. Rowe Price Funds ), only State Street Bank and Trust Company, as custodian for each of such Funds, has the right to receive dividends paid with respect to, and proceeds from the sale of, such securities. No other person is known to have such right, except that the shareholders of each such Fund participate proportionately in any dividends and distributions so paid. For

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purposes of the reporting requirements of the Exchange Act, Price Associates may be deemed to be a beneficial owner of such securities; however, Price Associates expressly disclaims that it is, in fact, the beneficial owner of such securities. The address of Price Associates is 100 E. Pratt Street, Baltimore, MD 21202. Shares beneficially owned is based on the Schedule 13G amendment filed with the SEC on February 12, 2009 by Price Associates for the year ended December 31, 2008.

- (2) The shares reported herein include shares held by Columbia Acorn Trust, a Massachusetts business trust that is advised by Columbia Wanger Asset Management, L.P. The address of Columbia Wanger Asset Management, L.P. is 227 West Monroe Street, Suite 3000, Chicago, IL 60606. Shares beneficially owned is based on the Schedule 13G amendment filed with the SEC on February 6, 2009 by Columbia Wanger Asset Management, L.P. for the year ended December 31, 2008.
- (3) Wellington Management Company, LLC ( Wellington ) has shared voting power with respect to 1,392,691 shares and shared dispositive power with respect to 2,366,891 shares. All of these securities are owned of record by clients of Wellington. Those clients have the right to receive, or the power to direct the receipt of, dividends from, or the proceeds from the sale of, such securities. No such client is known to have such right or power with respect to more than five percent of this class of securities. For purposes of the reporting requirements of the Exchange Act, Wellington may be deemed to be a beneficial owner of such securities. The address of Wellington is 75 State Street, Boston, MA 02109. Shares beneficially owned is based on the Schedule 13G amendment filed with the SEC on February 17, 2009 by Wellington for the year ended December 31, 2008.
- (4) Includes 954,409 shares held by BRSE Associates, Inc. ( BRS Associates ), for which Mr. Bruckmann is a stockholder and officer, and 193,516 shares and 30,313 shares held by BRSE LLC and Bruckmann, Rosser, Sherrill & Co., Inc. ( BRS, Inc. ), respectively. Mr. Bruckmann is a member and manager of BRSE LLC and is managing director of BRS, Inc. Mr. Bruckmann expressly disclaims beneficial ownership of the shares held by BRSE Associates, BRSE LLC and BRS, Inc. These amounts also include 264,226 shares held in a trust for the benefit of Mr. Bruckmann's children and 287,466 shares of common stock held by the following entities and individuals, for which Mr. Bruckmann holds a power of attorney in respect of such shares: The Estate of Donald J. Bruckmann, BCB Family Partners, L.P., NAZ Family Partners, L.P., Nancy A. Zweng, Harold O. Rosser, H. Virgil Sherrill, Stephen C. Sherrill, Paul D. Kaminski, John Rice Edmonds and Marilena Tibrea. Mr. Bruckmann disclaims beneficial ownership of all such shares except those owned by him directly.
- (5) Includes 200,973 shares held by Bagley Family Investments, L.L.C. Mr. Bagley may be deemed to share beneficial ownership of these shares by virtue of his status as manager of Bagley Family Investments, L.L.C. Mr. Bagley expressly disclaims beneficial ownership of any shares held by Bagley Family Investments L.L.C. that exceed his pecuniary interest therein.
- (6) Includes 15,000 shares subject to stock options granted on February 22, 2006, which vested in three equal parts over a three-year period and 1,500 shares subject to stock options granted on June 5, 2007, which vest in three equal parts over three years.
- (7) Includes 1,500 shares subject to stock options granted on June 5, 2007, which vest in three equal parts over three years.
- (8) Includes the June 30, 2008 grant of 8,299 shares, 4,742 shares, 3,952 shares and 2,496 shares of restricted stock to Mr. Engquist, Mr. Barber, Ms. Magee and Mr. Jones, respectively. The shares vest over a three year period and are subject to certain restrictions, as described in the recipient's Restricted Stock Grant Award Letter.
- (9)

Includes grant of 40,650 shares of restricted stock made on February 22, 2006 (but not the shares which were returned to the Company, as described below, as payment for related withholding taxes), which vested over a three year period, and were subject to certain restrictions, as described in the recipient's Restricted Stock Grant Award Letter. One-third of the shares vested on each of February 22, 2007, 2008 and 2009. In accordance with the 2006 Stock-Based Incentive Compensation Plan, on each of the respective vesting dates, Messrs. Barber and Jones and Ms. Magee returned to the Company, as payment for the related employee withholding taxes, on the vesting dates 5,670 shares, 4,383 shares and 5,702 shares, respectively, in 2007; 4,449 shares, 4,511 shares and 4,476 shares, respectively, in 2008; and 4,880 shares, 5,035 shares and 4,969 shares, respectively, in 2009.

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**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

The rules of the SEC require the Company to disclose late filings of stock transaction reports by its executive officers and directors and by certain beneficial owners of the Company's common stock. Based on our records and other information, we believe that each of our executive officers, directors and certain beneficial owners of the Company's common stock complied with all Section 16(a) filing requirements applicable to them during 2008 on a timely basis, except for one late Form 4 filed for each of Mr. Barber, Ms. Magee and Mr. Jones, reporting the return of 4,449 shares, 4,476 shares and 4,511 shares, respectively, of restricted stock to the Company as payment of the related payroll taxes on February 22, 2008. The reports (Forms 3, 4 and 5) filed under Section 16(a) of the Exchange Act reflecting transactions in Company securities are posted on our Internet website by the end of the business day after the report's filing.

**AUDIT COMMITTEE REPORT**

*The information contained in this report shall not be deemed to be soliciting material or filed for purposes of Section 18 of the Exchange Act or otherwise subject to liability under that Section. This report shall not be deemed incorporated by reference into any document filed under the Securities Act of 1933, as amended, or the Exchange Act, whether such filing occurs before or after the date hereof, regardless of any general incorporation language in such filings, except to the extent that the Company specifically incorporates it by reference.*

The Audit Committee assists the Board in meeting its oversight responsibility to stockholders, potential stockholders, the investment community and others. Management of the Company is responsible for (1) the preparation, presentation, and integrity of the Company's financial statements; (2) the appropriateness of the accounting principles and reporting policies that are used by the Company; (3) establishing and maintaining adequate internal control over financial reporting, as such term is defined in the Exchange Act; and (4) maintaining adequate disclosure controls and procedures, as such term is defined by the Exchange Act. The Company's independent registered public accounting firm is responsible for (1) auditing the Company's annual consolidated financial statements and expressing an opinion on the conformity of those consolidated financial statements with accounting principles generally accepted in the United States of America (GAAP); (2) attesting to the Company's internal control over financial reporting based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria); and (3) reviewing the Company's quarterly consolidated financial statements. The Audit Committee's primary responsibility is to monitor and review these processes on behalf of the Board and report the results of its activities to the Board. It is not the Audit Committee's duty or responsibility to conduct auditing or accounting reviews or procedures. The Audit Committee will however take the appropriate actions to set the overall corporate tone for quality financial reporting, sound business risk practices, and ethical behavior.

The Audit Committee is directly responsible for the selection of the independent registered public accounting firm to be retained to audit the Company's consolidated financial statements and internal control over financial reporting, and once retained, the independent registered public accounting firm reports directly to the Audit Committee. The independent registered public accounting firm is ultimately accountable to the Audit Committee and the Board. The Audit Committee consults with and reviews recommendations made by the independent registered public accounting firm with respect to the Company's consolidated financial statements and related disclosures and internal controls over financial reporting of the Company and makes recommendations to the Board as it deems appropriate from time to time. The Audit Committee is responsible for approving both audit and non-audit services to be provided by the independent registered public accounting firm. The Audit Committee is currently composed of three directors, all three of whom the Board has determined to be independent as that term is defined by applicable NASDAQ listing



standards and SEC rules. The Board has determined, in accordance with applicable NASDAQ listing standards, that Mr. Alessi is an audit committee financial expert, as defined in Item 407(d)(5) of Regulation S-K of the Exchange Act. The Audit Committee operates under a written charter adopted by the Board, which is available on the Company's Internet website at [www.he-equipment.com](http://www.he-equipment.com).

The Audit Committee meets with management periodically to consider the adequacy of the Company's internal controls, and discusses these matters with the Company's independent registered public accounting firm. The Audit Committee also discusses with senior management the Company's disclosure controls and procedures.

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The Audit Committee's oversight of the independent registered public accounting firm includes resolution of disagreements between management and the independent registered public accounting firm regarding financial reporting.

In fulfilling its oversight responsibilities, the Audit Committee reviewed and discussed the Company's quarterly earnings releases, Quarterly Reports on Form 10-Q for the periods ended March 31, 2008, June 30, 2008 and September 30, 2008, and the audited consolidated financial statements in the Annual Report on Form 10-K for the year ended December 31, 2008 with management and the Company's independent registered public accounting firm, including a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the consolidated financial statements.

The Audit Committee reviewed with the independent registered public accounting firm, who is responsible for auditing the Company's consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) and expressing an opinion on the presentation of those consolidated financial statements in conformity with GAAP, and such firm's judgment as to the quality, not just the acceptability, of the Company's accounting principles. The Audit Committee discussed with the independent registered public accounting firm, who is responsible for auditing the Company's internal control over financial reporting based on the COSO criteria, the Company's design and operating effectiveness of its internal controls over financial reporting. The Audit Committee also discussed with the Company's independent registered public accounting firm the matters required to be discussed by Statement on Auditing Standards No. 61, as amended by the Auditing Standards Board of the American Institute of Certified Public Accountants and as adopted by the Public Company Accounting Oversight Board in Rule 3200T, SEC Rule 2-07 and such other matters as are required to be discussed under auditing standards generally accepted in the United States of America. The Audit Committee received the written disclosures and the letter from the Company's independent registered public accounting firm required by applicable requirements of the Public Company Accounting Oversight Board. In addition, the Audit Committee discussed with the independent registered public accounting firm its independence, including the compatibility of non-audit services with the independent registered public accounting firm's independence.

The Audit Committee discussed with the Company's independent registered public accounting firm the overall scope and plans for its 2009 audit. The Audit Committee met with the independent registered public accounting firm, with and without management present, to discuss the year 2008 results of its consolidated financial statement audit, its audit of the Company's internal controls over financial reporting and the overall quality of the Company's financial reporting. Both the Director of Internal Audit and the independent registered public accounting firm have direct access to the Audit Committee at any time on any issue of their choosing, and the Audit Committee has the same direct access to the Director of Internal Audit and the independent registered public accounting firm, with and without management present, to discuss the results of their examinations, their evaluations of our internal controls, and the overall quality of our financial reporting.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements be included in the Annual Report on Form 10-K for the year ended December 31, 2008 for filing with the SEC.

The Audit Committee has appointed the firm of BDO Seidman, LLP as independent registered public accounting firm to audit and report upon the Company's consolidated financial statements and internal control over financial reporting for the year ending December 31, 2009. In making this selection, the Audit Committee has considered whether BDO Seidman, LLP's provision of services other than audit services is compatible with maintaining their independence.

***AUDIT COMMITTEE***

Keith E. Alessi, Chairman  
Lawrence C. Karlson  
John T. Sawyer

**Table of Contents****ITEM 2 RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee has appointed BDO Seidman, LLP as the independent registered public accounting firm to audit the Company's consolidated financial statements for the year ending December 31, 2009 and internal control over financial reporting. Although action by the stockholders on this matter is not required under Delaware law or the Sarbanes-Oxley Act of 2002, as amended, or the rules of the SEC promulgated thereunder, the Audit Committee and the Board of Directors believe it is appropriate to seek stockholder ratification of this appointment in light of the role played by the independent registered public accounting firm in reporting on the Company's consolidated financial statements. Ratification requires the affirmative vote of a majority of eligible shares present at the Annual Meeting, in person or by proxy, and voting thereon. If this appointment is not ratified by the stockholders, the Audit Committee may reconsider its appointment. One or more representatives of BDO Seidman, LLP are expected to attend the Annual Meeting. They will have an opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions.

**The Board of Directors recommends a vote FOR ratification of the appointment of BDO Seidman, LLP as the Company's independent registered public accounting firm for the year ending December 31, 2009.**

**Principal Accountant Fees and Services**

The aggregate fees billed by our independent registered public accounting firm for professional services rendered in connection with (i) the audit of our consolidated financial statements as set forth in our Annual Report on Form 10-K for the years ended December 31, 2008 and 2007, (ii) the review of our quarterly consolidated financial statements as set forth in our Quarterly Reports on Form 10-Q for each of our quarters during 2008 and 2007, and (iii) the 2008 and 2007 audit of our internal control over financial reporting with the objective of obtaining reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects, as well as any fees paid our independent registered public accounting firm for audit-related work, tax compliance, tax planning and other consulting services are set forth in the table below:

	<b>2008</b>	<b>2007</b>
Audit Fees(1)	\$ 715,000	\$ 864,822
Audit-Related Fees(2)		501,115
Tax Fees		
All Other Fees		
	\$ 715,000	\$ 1,365,937

(1) Represents fees for professional services provided in connection with the audits of our annual consolidated financial statements; the audit of our internal control over financial reporting and the reviews of our quarterly consolidated financial statements; consultations on accounting matters that arose during the audit and audit services provided in connection with other statutory or regulatory filings.

(2)

Represents fees in connection with our September 1, 2007 acquisition of J.W. Burress, Incorporated ( Burress ), which consisted primarily of due diligence costs related to the audits and reviews of Burress historical financial statements.

The Audit Committee believes that BDO Seidman, LLP's provision of non-audit services is compatible with maintaining such firm's independence. The Audit Committee did not engage BDO Seidman, LLP in 2008 or 2007 in connection with any tax compliance or tax planning matters, or other matters, including matters related to financial information systems design and implementation.

#### **Pre-approval of services**

All audit and permissible non-audit services provided by the Company's independent registered public accounting firm, BDO Seidman, LLP, require pre-approval by the Audit Committee in accordance with the Audit Committee Charter. The Company's Audit Committee approves the independent registered public accounting

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firm's engagement prior to the independent registered public accounting firm rendering any non-audit services. The Audit Committee charter is reviewed on an annual basis by the Audit Committee and is subject to amendment from time to time. The Audit Committee pre-approved 100% of the 2008 and 2007 fees.

**COMPENSATION COMMITTEE REPORT**

*The information contained in this report shall not be deemed to be soliciting material or filed for purposes of Section 18 of the Exchange Act or otherwise subject to liability under that Section. This report shall not be deemed incorporated by reference into any document filed under the Securities Act of 1933, as amended, or the Exchange Act, whether such filing occurs before or after the date hereof, regardless of any general incorporation language in such filings, except to the extent that the Company specifically incorporates it by reference.*

The Compensation Committee of the Company has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K of the Exchange Act with management and, based on such review and discussion, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in the Company's Proxy Statement for the 2009 Annual Meeting.

**COMPENSATION COMMITTEE**

Paul N. Arnold, Chairman  
Keith E. Alessi  
Lawrence C. Karlson

**COMPENSATION DISCUSSION AND ANALYSIS**

**Introduction**

This Compensation Discussion and Analysis ( CD&A ) provides an overview of the Company's executive compensation program together with a description of the material factors underlying the decisions which resulted in the compensation provided to the Company's Chief Executive Officer ( CEO ), Chief Operating Officer ( COO ), Chief Financial Officer ( CFO ) and certain other executive officers (collectively, the named executive officers ( NEOs )) for 2008 (as presented in the tables which follow this CD&A).

**Compensation Committee**

The Compensation Committee (the Committee ) of the Board of Directors is composed of three non-employee directors, all of whom are independent directors under the NASDAQ listing standards and the SEC rules. The Committee has responsibility for determining and implementing the Company's philosophy with respect to executive compensation. Accordingly, the Committee has overall responsibility for approving and evaluating the various components of the Company's executive compensation program. The Committee meets at least twice per year (and more often as necessary) to discuss and review the compensation of the NEOs. The Committee annually reviews and approves the compensation of the CEO. The Committee also reviews and approves the compensation of the other NEOs after considering the recommendations of management. In establishing and reviewing compensation for the NEOs, the Committee considers, among other things, the financial results of the Company, recommendations of management and compensation data for comparable equipment companies. In addition, the Committee retained Axiom Consulting Partners, a compensation consultant, to perform a competitive pay assessment of the Company's CEO, COO and CFO compensation. The consultant's report (the Report ) provided competitive market data for a peer group of companies identified in the Report (see Setting Executive Compensation below). The Committee set base salaries for the NEOs prior to the receipt of this Report and did not rely upon the Report in setting 2008 salaries. The

Committee did take into account the Report, in a general sense, as one of the various considerations in setting other 2008 compensation for the CEO, COO and CFO.

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The Committee operates under a written charter adopted by the Board of Directors of the Company on January 23, 2006. A copy of this charter is available on our Internet website under the Investors/Corporate Governance tab at [www.he-equipment.com](http://www.he-equipment.com).

### **Executive Compensation Philosophy and Objectives**

The Committee's goals in structuring the Company's compensation program for its NEOs are to:

provide incentives to achieve Company financial objectives;

provide long-term incentives for the executive officers; and

set compensation levels sufficiently competitive to attract and retain high quality executives and to motivate them to contribute to the Company's success.

The Committee has determined that to achieve these objectives, the Company's executive compensation program should reward both individual and Company short-term and long-term performance. To this end, the Committee believes that executive compensation packages provided by the Company to its executive officers, including its NEOs, should generally include both cash and stock-based compensation. However, the Committee does not rely on any policy or formula in determining the appropriate mix of cash and equity compensation, nor does it rely on any policy or formula in allocating long-term compensation to different forms of awards.

### **Setting Executive Compensation**

In making compensation decisions, the Committee considers the recommendations of management. The Committee also considers corporate and executive performance, an executive's level of experience and responsibility, an executive's current compensation level and historical compensation practices. In addition, the Committee reviews market data for comparable equipment companies. In determining base salaries for the CEO, COO and CFO, the Committee reviewed compensation data for the following equipment companies: Ahern Rentals, Inc., Ashtead Group plc, Finning International Inc., Neff Corp., NES Rentals Holdings, Inc., Toromont Industries Ltd. and United Rentals, Inc. In determining bonuses and equity awards for the CEO, COO and CFO, the Committee also took into account the Report, which provided compensation data for the Company's industry in general and for the following 13 equipment companies: AAR Corp., Ahern Rentals, Inc., CE Franklin Ltd., Finning International Inc., GATX Corporation, Kaman Corporation, Neff Corp., RSC Holdings Inc., ShawCor Ltd., Titan Machinery Inc., Toromont Industries Ltd., United Rentals, Inc. and Wajax Ltd. (these companies are referred to elsewhere in this CD&A as the Report peer group companies). The Report relied upon the Mercer 2007 Executive Compensation Survey and the Wyatt 2007/2008 Survey Report on Top Management Compensation for industry data. The Committee does not attempt to maintain a specific percentile with respect to peer group companies in determining compensation for the CEO, COO and/or CFO. However, the Committee does periodically review information regarding compensation trends and levels from a variety of sources in making compensation decisions.

### **Committee Processes; Role of Executives in Setting Compensation**

A complete description of the Committee's processes and the role of executives in setting compensation can be found earlier in this Proxy Statement in the section entitled "Corporate Governance - Committees of the Board of Directors Compensation Committee."

### **2008 Executive Compensation Components**



The Company's executive compensation program is composed of three principal components:

base salary;

cash bonuses; and

long-term incentives, consisting of equity awards.

In making decisions with respect to any element of an NEO's compensation, the Committee considers the total current compensation that such NEO may be awarded and any previously granted unvested equity awards. The

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Committee's goal is to award compensation that is reasonable in relation to the Company's compensation philosophy and objectives when all elements of potential compensation are considered.

None of the NEOs currently have employment contracts or had employment contracts in effect during 2008. The Company generally does not employ senior executives pursuant to employment agreements.

## **Base Salaries**

*In General.* The Company provides NEOs with base salaries to compensate them for services rendered during the fiscal year. In determining base salaries, the Committee reviews base salaries paid by the peer group companies and considers other factors, including:

- historical information regarding compensation previously paid to NEOs;
- the individual executive's experience and level of responsibility; and
- the performance of the Company and the executive.

In the absence of a promotion or special circumstances, the Committee reviews and approves executive salaries once annually.

*Consideration of 2008 Base Salaries.* Based on their individual experience, level of responsibility and performance, the recommendations of management and other factors discussed above, the Committee increased Mr. Barber's, Ms. Magee's and Mr. Jones' annual base salary levels to \$300,000, \$250,000 and \$200,000, respectively, for 2008, while Mr. Fox's base salary level was not increased for 2008. In addition, in accordance with Mr. Engquist's request to the Committee at the end of 2007, Mr. Engquist's base salary level was not increased for 2008. The Committee set base salaries for the NEOs prior to the receipt of the Report and did not rely upon the Report in setting 2008 salaries. However, after subsequent review of the Report, which indicated that the base salaries of the CEO, COO and CFO were well below general industry norms and base salaries at the Report peer group companies, even with the approved 2008 increases, the Committee ratified the salaries previously established.

## **Annual Bonuses**

*In General.* Annual cash bonuses are included as part of the executive compensation program because the Committee believes that a significant portion of each NEO's compensation should be contingent on the annual performance of the Company, as well as the individual contribution of the NEO. The Committee believes that this structure is appropriate because it aligns the interests of management and stockholders by rewarding executives for strong annual performance by the Company.

The CEO, COO and CFO are eligible for an annual bonus under the Company's management incentive guidelines, payable at the discretion of the Committee. The guidelines for 2008 were determined by the Committee in consultation with the CEO and other members of management. The guidelines are based on the Company's achievement of financial targets. The Committee reviews and approves these guidelines after discussions among themselves and with the CEO. Once the guidelines are approved, the guidelines are intended to act as a guide to the Committee and CEO in determining bonuses. As the Committee and CEO retain full discretion in determining bonuses, actual bonus amounts may differ from those provided under the guidelines. The other NEOs, Messrs. Fox and Jones, are also eligible for annual bonuses at the discretion of the Committee, the CEO and the COO.

*Consideration of 2008 Annual Bonus.* For the fiscal year 2008, the Committee approved bonus guidelines for the CEO, COO and CFO based on the Company's achievement of specified threshold and target levels of earnings per share (EPS) and return on gross net assets (ROGNA) and the NEO's individual performance and achievements. For the Committee's purposes, ROGNA is defined as income (loss) from continuing operations before interest, income taxes, depreciation and amortization adjusted for non-recurring items (or Adjusted EBITDA) divided by the sum of the average of gross rental equipment, gross property and equipment and net working capital. These financial objectives have been determined by the Committee to be the most appropriate measures of Company performance because they take into account earnings and return on assets. These financial objectives are also

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consistent with the Committee's compensation philosophy of linking executive performance to the Company's financial performance.

Under the guidelines, separate bonus amounts were calculated based on actual EPS and ROGNA levels, as compared to target EPS and ROGNA levels approved by the Committee. The bonus ranges based on EPS were given a weighting of 70%, and the bonus ranges based on ROGNA were given a weighting of 30%, in determining the recommended bonus amount. Bonus amounts are calculated as a percentage of base salary and increase incrementally based on increases in EPS and ROGNA as compared to the target EPS and ROGNA levels.

The 2008 guidelines set no maximum potential bonuses, though all bonus awards are subject to Committee approval. The 2008 target EPS and ROGNA levels were determined based on the Company's prior performance, the Company's forecast for 2008 and economic conditions in the Company's industry. The target amounts were set at aggressive levels designed to (i) motivate high business performance, (ii) recognize the Company's achievement of its financial objectives and (iii) be challenging to attain. The Company does not publicly disclose specific internal income or operation objectives due to the competitive nature of its industry. In addition, specific targets under the management incentive guidelines are not disclosed because (i) the achievement of targets is only one of many factors considered by the Committee, as described above, and the Committee has discretion with respect to the guidelines and (ii) such disclosure would signal where the Company places its strategic focus and would impair the Company's ability to gain a competitive advantage from its business plan. In addition, disclosing short-term compensation objectives would contradict our long-term financial focus and could result in confusion for investors.

In 2008, the Company's ROGNA achieved the guidelines' threshold level but not the target level, and neither the threshold or target for EPS were attained in 2008. The Committee considered the guidelines, which were set at the end of 2007, and the Committee felt that the guidelines were not realistic in light of the deteriorating global economy and its impact on the Company's business. In addition, the Committee considered other factors, such as the overall performance of the Company and the executives, as well as the Report in a general sense. The Committee determined, in its discretion, that in light of the Company's solid performance despite the economic downturn, the contributions of executive management to that performance and the fact that base salaries were below market, bonuses should be paid to Mr. Engquist, Ms. Magee and Mr. Barber. In addition, the Committee felt that the Company needed to continue to provide incentives to retain such executives and to motivate them to contribute to the Company's performance, particularly in a challenging economic environment.

For the 2008 fiscal year, the Committee approved a bonus of \$387,759 for Mr. Engquist, or approximately 64.6% of his base salary, as compared to his 2007 bonus which was approximately 128% of his base salary. The Committee determined that Mr. Engquist's bonus amount was appropriate in light of the Company's overall performance and Mr. Engquist's contributions to this performance.

The Committee approved bonuses of \$146,853 and \$176,223 for Ms. Magee and Mr. Barber, respectively, or approximately 59% of each of their respective base salaries, as compared to their 2007 bonuses which were approximately 119% of their respective base salaries. The Committee determined that the bonus amounts for Ms. Magee and Mr. Barber were appropriate in light of the Company's overall performance and consideration of each executive's contributions to this performance.

Bonuses to Messrs. Engquist and Barber and Ms. Magee for 2008 were paid partially in cash and partially deferred. The deferred portion of each bonus was approximately 31% and the immediately payable portion in cash was approximately 69%. The deferred portion will be paid in two equal annual installments over the next two years. The deferred portion of each bonus will accrue interest at the Prime rate, which will be reset annually each January 1st to the rate then in effect. The Prime rate as of January 1, 2009 was 3.25%. The decision to defer a portion of these bonuses was made in accordance with the above-described 2008 bonus guidelines.

Messrs. Jones and Fox were not evaluated pursuant to the guidelines described above. Mr. Jones has responsibility over product support and as such the Committee determined that his bonus should not be evaluated on Company-wide criteria. Subject to the CEO's approval, the COO recommended to the Committee the bonus amount for Mr. Jones based on his subjective assessment of the performance of the group within Mr. Jones' area of responsibility. Based on the COO's recommendation, the Committee approved a discretionary bonus to Mr. Jones

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for 2008 of \$75,000, or approximately 36% of his base salary, as compared to his 2007 bonus which was approximately 75% of his base salary. No portion of Mr. Jones' bonus was deferred.

The Committee has continued the historical practice of treating Mr. Fox consistent with other divisional managers for bonus purposes. Pursuant to this practice, the COO recommended to the Committee, subject to the CEO's approval, the bonus amount for Mr. Fox based on his subjective assessment of the performance of the group within Mr. Fox's area of responsibility. Based on this recommendation, the Committee approved a discretionary bonus to Mr. Fox for 2008 of \$75,000, or approximately 32% of his base salary, as compared to his 2007 bonus which was approximately 38% of his base salary. No portion of Mr. Fox's bonus was deferred.

After the close of a fiscal year, the Committee determines and approves the amount of the annual, performance-based cash bonus to be paid to each NEO. The payout typically occurs in March of the fiscal year following the fiscal year to which the annual, performance-based cash bonus relates. There is no provision for the adjustment or recovery of a cash bonus paid to an NEO if the results in a previous year are subsequently restated or adjusted in a manner that would have originally resulted in a smaller or larger bonus. However, the annual cash bonus is generally not paid until after the completion of the annual audit of the Company's consolidated financial statements by the Company's independent registered public accounting firm for the applicable fiscal year.

## **Long-Term Incentives**

*In General.* The Committee believes that NEOs should be compensated in part with equity interests in the Company in order to more closely align the long-term interests of stockholders and executives. The Committee also believes that equity awards are an important means of attracting and retaining qualified executives. Accordingly, the Committee provides long-term incentives by means of periodic grants of stock awards under the Company's 2006 Stock-Based Incentive Compensation Plan (the "Incentive Plan"). Stock awards available under the Incentive Plan include restricted stock, stock options and deferred stock.

All grants of equity compensation to NEOs are made by the Committee. Whether grants are made and the type and size of any grants are based upon Company and individual performance, position held, years of service, level of experience and potential of future contribution to the Company's success. The Committee may also consider long-term incentive grants previously awarded to the NEOs, long-term incentive grants given to other executive officers throughout the Company's history and grant practices at comparable equipment companies.

*2008 Equity Grants.* On June 30, 2008, in connection with other awards made to Company management, executive officers and directors under the Incentive Plan, the Committee approved grants of restricted stock to each of Messrs. Engquist, Barber, Jones and Ms. Magee in the amount of 8,299 shares, 4,742 shares, 3,952 shares and 2,496 shares, respectively. The Committee considered a variety of factors, such as the overall performance of the Company and the executives, as well as the Report in a general sense, when approving these equity awards for the CEO, COO and CFO. Each of these awards vest in equal annual installments on the first, second and third anniversaries of the date of grant, conditioned on the executive's continued employment with the Company on the applicable vesting date. The Committee believes that this vesting schedule serves to motivate and retain the recipients, providing continuing benefits to the Company beyond those achieved in the year of grant. Each of the awards granted to Messrs. Engquist and Barber and Ms. Magee will also vest in full upon a change in control of the Company, as described in more detail below in the section entitled "Potential Payments Upon Termination or Change in Control." Under the terms of these awards, in the event that an NEO's employment with the Company is terminated for any reason, such NEO will forfeit all of his or her unvested shares of restricted stock. In addition, in the event that an NEO's employment with the Company is terminated for cause, such NEO will forfeit all of his or her vested and unvested shares of restricted stock.

*Prior Equity Grants.* On February 22, 2006, the Committee granted each of Ms. Magee, Mr. Barber and Mr. Jones \$1,000,000 of restricted shares of the Company's common stock, based on the closing price of such stock on the grant date. This resulted in a grant of 40,650 restricted shares to each such executive, based on a market price of \$24.60 per common share. These awards were granted to reward these executives for their contributions to the Company's performance prior to its initial public offering and in particular, their superior performance in implementing the Company's initial public offering in early 2006. In addition, prior to the granting of these

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awards, none of these executives had significant holdings in the Company. These restricted shares became fully vested on February 22, 2009.

The Company has no formal program, plan or practice to time option grants to its executives in coordination with the release of material non-public information.

*Stock Ownership/Retention Guidelines.* The Company does not require its NEOs to maintain a minimum ownership interest in the Company.

## **Other Compensation and Perquisite Benefits**

In addition to the principal categories of compensation described above, the Company provides its NEOs with coverage under its broad-based health and welfare benefit plans, including medical, dental, disability and life insurance. The Company also sponsors a 401(k) plan. The 401(k) plan is a tax-qualified retirement savings plan pursuant to which all employees, including the NEOs, are able to contribute to the 401(k) plan up to the limit prescribed by the Internal Revenue Code on a before-tax basis. The Company makes a matching contribution of 50% of the first 4% of pay contributed by the employee to the 401(k) plan. Annual salary subject to the Company match is capped at a maximum amount prescribed by the IRS each year. All contributions made by a participant vest immediately and matching contributions made by the Company vest over the employee's first five years of eligible service, in annual increments of 25% beginning after the employee has completed two years of eligible service. These benefits are not tied to any individual or corporate performance objectives and are intended to be part of an overall competitive compensation program.

The NEOs are not generally entitled to benefits that are not otherwise available to all of our employees. In this regard it should be noted that the Company does not provide pension arrangements (other than the 401(k) Plan), post-retirement health coverage or similar benefits for its executives. However, the NEOs are entitled to long-term disability benefits, annual automobile allowances and other automobile allowances, such as fuel costs, which are noted in the All Other Compensation column in the Summary Compensation Table shown on page 25 below. During the 2008 fiscal year, Mr. Engquist did not receive any automobile allowances. Instead, Mr. Engquist was given use of an automobile purchased by the Company in 2007. The Company also provides Mr. Engquist with certain automobile benefits, such as fuel and maintenance costs, in connection with his use of this automobile. The Company also pays club membership dues for Messrs. Engquist and Fox. The Company and the Committee believe that the benefits described above are consistent with the goal of attracting and retaining superior executive talent.

## **Tax and Accounting Implications**

### *Deductibility of Certain Compensation*

Section 162(m) of the Internal Revenue Code limits the deductions that may be claimed by a public company for compensation paid to certain individuals to \$1,000,000 except to the extent that any excess compensation is performance-based compensation. None of the compensation paid to the NEOs for 2008 was considered performance-based under Section 162(m) and therefore, all such compensation is subject to the \$1,000,000 limit. The Committee intends to maintain flexibility to pay compensation that is not entirely deductible when the best interests of the Company make that advisable. In approving the amount and form of compensation for the NEOs, the Committee will continue to consider all elements of the cost to the Company of providing such compensation, including the potential impact of Section 162(m).

### *Section 409A*



Section 409A of the Internal Revenue Code imposes a penalty tax on nonqualified deferred compensation that fails to satisfy the requirements of the statute with respect to the timing of deferral elections, timing of payments and certain other matters. Accordingly, as a general matter, the Company attempts to structure its compensation and benefit plans and arrangements for all of its employees, including the NEOs, so that they are either exempt from, or satisfy the requirements of, Section 409A.

**Table of Contents***Accounting Implications*

The Committee considers the potential accounting impact in connection with equity compensation matters; however, these considerations do not significantly affect decisions on grants of equity compensation.

**COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

None of the Company's executives serve as a member of the board of directors or compensation committee of an entity that has an executive officer serving as a member of the Company's Compensation Committee. Messrs. Alessi, Arnold and Karlson currently serve on the Compensation Committee. In 2008, Mr. Alessi briefly served on an interim basis as Acting CEO of EZ Lube LLC pending a search for a new CEO. Mr. Alessi currently serves as non-executive Chairman of EZ Lube LLC and Mr. Engquist, the Company's President and CEO, currently serves, and in 2008 served, as a director of EZ Lube LLC. No member of the Compensation Committee is a former or current executive officer or employee of the Company or any of its subsidiaries.

**SUMMARY COMPENSATION TABLE**

The table below summarizes the total compensation paid or earned by each of our NEOs for the fiscal years ended December 31, 2008, 2007 and 2006.

Name and Principal Position	Year	Salary (\$)(1)	Bonus (\$)(2)	Stock Awards Compensation Earnings (\$)(3)	Changes in Pension Value and Nonqualified Deferred Compensation All Other Compensation (\$)(4) (\$)(5)		Total (\$)
John M. Engquist	2008	600,000	387,759	16,625	1,197	22,890	1,028,471
Chief Executive Officer,	2007	600,000	768,832		7,304	21,263	1,397,399
President and Director	2006	500,000	783,750			18,222	1,301,972
Leslie S. Magee	2008	248,462	146,853	341,247	426	18,513	755,501
Chief Financial Officer	2007	210,000	249,473	333,330	2,337	16,444	811,584
and Secretary	2006	200,000	250,800	284,719		15,494	751,013
Bradley W. Barber	2008	318,138	176,223	342,830	508	20,853	858,552
Executive Vice	2007	240,000	285,112	333,330	2,629	19,431	880,502
President and General Mgr.	2006	242,308	282,150	284,719		17,389	826,566
John D. Jones	2008	200,000	75,000	338,330	153	16,510	629,993
Vice President	2007	200,000	150,000	333,330	1,622	16,746	701,698
Product Support	2006	188,462	175,000	284,719		16,187	664,368
William W. Fox	2008	234,465	75,000			23,042	332,507
Vice President	2007	234,465	88,500			21,468	344,433
Cranes and Earthmoving	2006	234,465	100,000			21,256	355,721

- (1) Amounts represent base salaries for the NEOs. The amounts reported for Mr. Barber for 2008 and 2006 also include \$20,445 and \$17,308, respectively, of additional paid compensation pursuant to the Company's paid time off policy. Specifically, an employee may request, with certain restrictions, payment of paid time off hours earned in lieu of actually taking the hours off.
- (2) The payout structure of the 2008 bonus amounts for Mr. Engquist, Ms. Magee, and Mr. Barber is as follows:
  - (a) approximately 69% was paid in cash during the first quarter of 2009; and
  - (b) the remaining 31% was deferred. The deferred portion is to be paid annually over two years in equal 50% installments beginning in 2010. The deferred portion of the bonus earns interest at the Prime interest rate in effect at January 1 of the current year and interest earned is paid at the time of the respective payments of the deferred amounts. Mr. Jones and Mr. Fox's bonus amounts were paid 100% in cash during the first quarter of 2009.

The payout structure of the 2007 bonus amounts for Mr. Engquist, Ms. Magee, Mr. Barber and Mr. Jones is as follows: (a) approximately 66% was paid in cash during the first quarter of 2008; and (b) the remaining 34% was deferred. The deferred portion is to be paid annually over two years in equal 50% installments beginning in 2009. The deferred portion of the bonus earns interest at the Prime interest rate in effect at January 1 of the

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current year and interest earned is paid at the time of the respective payments of the deferred amounts. The first 50% installment, together with accrued interest on the deferred amount, was paid in cash in the first quarter of 2009. Mr. Fox's bonus amount was paid in cash during the first quarter of 2008.

The payout structure of the 2006 bonus amounts for Mr. Engquist, Ms. Magee, Mr. Barber and Mr. Jones was as follows: (a) 64% was paid in cash during the first quarter of 2007; and (b) the remaining 36% was deferred. The deferred portion was paid out annually over two years in equal 50% installments beginning in 2008. The deferred portion of the bonus earned interest at the Prime interest rate in effect at January 1 of the current year and interest earned was paid at the time of the respective payments of the deferred amounts. The first 50% installment, together with accrued interest on the deferred amount, was paid in cash in the first quarter of 2008. The second 50% installment, together with accrued interest on the deferred amount, was paid in cash in the first quarter of 2009. Mr. Fox's bonus amount was paid in cash during the first quarter of 2007.

The Prime interest rate in effect at January 1, 2007, 2008 and 2009 was 8.25%, 7.25% and 3.25%, respectively.

- (3) Amounts shown are the dollar amounts recognized as compensation expense for financial reporting purposes in 2008, 2007 and in 2006 in accordance with Statement of Financial Accounting Standard No. 123 (revised 2004), Share-Based Payment (FAS 123(R)) (excluding amounts for forfeitures) for shares of restricted stock granted in 2006 and 2008 that vest over a three year period. The fair value of all the awards is equal to the market price of our common stock on the date of grant. Although the amounts included in the table do not reflect estimated forfeitures, the amounts actually recognized in our consolidated financial statements are reduced, in accordance with FAS 123(R), for estimated forfeitures. There were no NEO forfeitures in 2008, 2007 or 2006. Ms. Magee, Mr. Barber and Mr. Jones received 3,952 shares, 4,742 shares and 2,496 shares, respectively, of restricted stock in 2008, and each received 40,650 shares of restricted stock in 2006.
- (4) The amounts reported for each of the NEOs represent the earnings on non-qualified deferred compensation in excess of approximately 5.35%, 120% of the applicable federal long-term rate, based on annual compounding. With respect to bonus amounts deferred for fiscal year 2007, each NEO earned interest at the rate of 7.25% in 2008 and will earn interest at the rate of 3.25% in 2009. With respect to bonus amounts deferred for fiscal year 2008, each NEO will earn interest at the rate of 3.25%.
- (5) The amounts reported for each of the NEO in All Other Compensation are shown below:

Name	Year	Perquisites and Other	Insurance	Company	Total (\$)
		Personal Benefits (\$)(a)	Premiums (\$)(b)	Contributions to 401(k) Plan (\$)	
John M. Engquist	2008	19,968	693	2,229	22,890
	2007	18,341	693	2,229	21,263
	2006	15,284	630	2,308	18,222
Leslie S. Magee	2008	12,284	693	5,536	18,513
	2007	11,709	693	4,042	16,444
	2006	11,488	630	3,376	15,494
Bradley W. Barber	2008	15,537	693	4,623	20,853
	2007	14,238	693	4,500	19,431
	2006	12,759	630	4,000	17,389

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John D. Jones	2008	11,869	693	3,948	16,510
	2007	12,151	693	3,902	16,746
	2006	12,090	630	3,467	16,187
William W. Fox	2008	18,893	693	3,456	23,042
	2007	17,277	693	3,498	21,468
	2006	16,570	630	4,056	21,256

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(a) Amounts shown in this column include the following for each NEO:

Name	Year	Company		Other	Club Dues (\$)	Total Perquisites and Other Personal Benefits (\$)
		Provided Automobile (\$)(c)	Automobile Allowance (\$)	Automobile Benefits (\$)		
John M. Engquist	2008	8,600		3,812	7,556	19,968
	2007	8,600		2,439	7,302	18,341
	2006	6,110		1,935	7,239	15,284
Leslie S. Magee	2008		9,000	3,284		12,284
	2007		9,000	2,709		11,709
	2006		9,000	2,488		11,488
Bradley W. Barber	2008		9,000	6,537		15,537
	2007		9,000	5,238		14,238
	2006		9,000	3,759		12,759
John D. Jones	2008		9,000	2,869		11,869
	2007		9,000	3,151		12,151
	2006		9,000	3,090		12,090
William W. Fox	2008		9,000	5,357	4,536	18,893
	2007		9,000	4,923	3,354	17,277
	2006		9,000	4,303	3,267	16,570

(b) Includes payments by the Company on behalf of the NEOs of long-term disability insurance premiums.

(c) The value of Mr. Engquist's Company-provided automobile is calculated based on 100% of the annual lease value of the automobile.

**2008 GRANTS OF PLAN-BASED AWARDS TABLE**

The table below sets forth information regarding grants of plan-based awards made to each of the NEOs during 2008.

Name	Grant Date	All Other Stock Awards: Number of Shares of Stock (1)(#)	Grant Date Fair Value of Stock Awards (2)(\$)
John M. Engquist	6/30/08	8,299	99,754
Leslie S. Magee	6/30/08	3,952	47,503
Bradley W. Barber	6/30/08	4,742	56,999
John D. Jones	6/30/08	2,496	30,002
William W. Fox			

- (1) Represents shares of restricted stock granted on June 30, 2008 under the Incentive Plan. One-third of the shares subject to the awards will vest on each of June 30, 2009, June 30, 2010, and June 30, 2011, conditioned on the NEO's continued employment with the Company through the applicable vesting date.
- (2) Dollar values are based on the closing price of the Company's common stock on the grant date of \$12.02 per share.

**Table of Contents****OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END 2008 TABLE**

The table below sets forth the number of securities underlying outstanding plan awards for each NEO as of December 31, 2008.

<b>Name</b>	<b>Number of Shares or Units of Stock That Have Not Vested (#)</b>	<b>Market Value of Shares or Units of Stock That Have Not Vested (\$)(1)</b>
John M. Engquist	8,299 (2)	63,985
Leslie S. Magee	3,952 (2) 13,550 (3)	30,470 104,471
Bradley W. Barber	4,742 (2) 13,550 (3)	36,561 104,471
John D. Jones	2,496 (2) 13,550 (3)	19,244 104,471
William W. Fox		

- (1) Dollar values are based on the closing price of the Company's common stock on December 31, 2008, or \$7.71 per share.
- (2) Represents restricted stock grants made on June 30, 2008 under the Incentive Plan. The number of shares that will vest based on each NEO's continued employment and the applicable vesting dates are reported in the supplemental table below.
- (3) Represents a restricted stock grant of 40,650 shares made on February 22, 2006 to each of Ms. Magee and Messrs. Barber and Jones under the Incentive Plan. The number of shares that may vest based on each NEO's continued employment and the applicable vesting dates are reported in the supplemental table below.

**Supplemental Vesting Table**

<b>Name</b>	<b>Grant Date</b>	<b>Vesting Date</b>	<b>Number of Shares Vesting (#)</b>
John M. Engquist	6/30/08	6/30/09	2,766
		6/30/10	2,766
		6/30/11	2,767
Leslie S. Magee	6/30/08	6/30/09	1,317



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		6/30/10	1,317
		6/30/11	1,318
	2/22/06	2/22/09	13,550
Bradley W. Barber	6/30//08	6/30/09	1,580
		6/30/10	1,581
		6/30/11	1,581
	2/22/06	2/22/09	13,550
John D. Jones	6/30//08	6/30/09	832
		6/30/10	832
		6/30/11	832
	2/22/06	2/22/09	13,550

**Table of Contents****2008 OPTION EXERCISES AND STOCK VESTED**

<b>Name</b>	<b>Stock Awards(1)</b>	
	<b>Number of Shares Acquired on Vesting (#)</b>	<b>Value Realized on Vesting (\$)</b>
John M. Engquist		
Leslie S. Magee	13,550	215,310
Bradley W. Barber	13,550	215,310
John D. Jones	13,550	215,310
William W. Fox		

(1) Represents a restricted stock grant of 40,650 shares made on February 22, 2006 to each of Ms. Magee and Messrs. Barber and Jones under the Incentive Plan. One-third of the shares subject to each grant vested on February 22, 2007, February 22, 2008 and February 22, 2009. Dollar values are based on the closing price of the Company's common stock on February 22, 2008 (the vesting date) of \$15.89 per share.

**2008 NONQUALIFIED DEFERRED COMPENSATION TABLE**

The table below sets forth, for each of our NEOs, information regarding his or her deferred compensation in 2008.

<b>Name</b>	<b>Executive Contributions</b>	<b>Aggregate Earnings in Last Fiscal Year</b>	<b>Aggregate Withdrawals/ Distributions</b>	<b>Aggregate Balance at Last Fiscal Year-End</b>
	<b>in Last Fiscal Year (\$)(1)(2)</b>	<b>Year (\$)(3)</b>	<b>(Distributions) (\$)</b>	<b>Year-End (\$)(4)</b>
John M. Engquist	119,824	30,994	153,580	560,759
Leslie S. Magee	45,541	10,083	49,146	189,079
Bradley W. Barber	54,649	11,452	55,289	217,744
John D. Jones		6,452	34,099	91,551
William W. Fox				

(1) Amounts for Messrs. Engquist and Barber and Ms. Magee represent the deferred portion of their respective bonus amounts for the 2008 fiscal year. Such deferred amounts earn interest at the Prime interest rate in effect at January 1 of the current year and interest earned is paid at the time of the respective payments of the deferred amounts. The Prime interest rate in effect at January 1, 2009 was 3.25%.

(2)

All amounts in this column were reported as compensation for the applicable NEOs in the fiscal year 2008 Bonus column in the Summary Compensation Table on page 25 above.

- (3) Amounts deferred during the 2008 fiscal year earned interest at the Prime interest rate in effect on January 1, 2008 (7.25%). A portion of each amount in this column was reported as compensation for the applicable NEOs in the fiscal year 2008 Change in Pension Value and Nonqualified Deferred Compensation Earnings column in the Summary Compensation Table on page 25 above. Specifically, \$1,197 was reported as compensation for Mr. Engquist, \$426 was reported as compensation for Ms. Magee, \$508 was reported as compensation for Mr. Barber and \$153 was reported as compensation for Mr. Jones.
- (4) A portion of each amount in this column was previously reported as compensation for the applicable NEOs in fiscal years 2007 and 2006. Specifically, \$405,540 was previously reported as compensation for Mr. Engquist, \$132,046 was previously reported as compensation for Ms. Magee, \$150,057 was previously reported as compensation for Mr. Barber and \$84,122 was previously reported as compensation for Mr. Jones.

### **Narrative Description Regarding Nonqualified Deferred Compensation**

The amounts in the table above represent the portion of each NEO's bonus that was deferred under our bonus plan (including interest earned thereon). For the 2008 fiscal year, any bonus amount earned from exceeding target ROGNA was subject to deferral and 40% of any bonus amount attributable to EPS was subject to deferral. Because

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target ROGNA was not met, all amounts deferred in 2008 are attributable to the portion of the 2008 bonus attributable to EPS. Deferred amounts are paid annually over two years, conditioned on the executive's continued employment with the Company on the payment date, in equal 50% installments beginning in the second year following the year in which the bonus was earned. The deferred portion of the bonus earns interest at the Prime interest rate in effect at January 1st of each year in which such amount is deferred, and interest earned is paid at the time of the respective payments of the deferred amounts. The Prime interest rate in effect at January 1, 2007, 2008 and 2009 was 8.25%, 7.25% and 3.25%, respectively.

**POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL**

*Payments Upon Termination of Employment.* None of our NEOs are, or were at any time during the 2008 fiscal year, party to an employment agreement, severance agreement or any other type of agreement which provides benefits upon a termination of employment.

*Payments Upon Change in Control.* Each restricted stock award granted under the Incentive Plan to our NEOs provides for immediate vesting of all unvested shares of restricted stock in the event of a change in control. If a change in control occurred on December 31, 2008, Messrs. Engquist, Barber and Jones and Ms. Magee would have vested in 8,299, 18,292, 13,550 and 17,502 shares of restricted stock, respectively. Based on the closing price of our common stock on December 31, 2008 (\$7.71), the value of such shares held by Messrs. Engquist, Barber and Jones and Ms. Magee would have been \$63,985, \$141,031, \$123,715 and \$134,940, respectively. Mr. Fox is not party to an agreement or arrangement that provides benefits upon a change in control.

Generally, a change in control is defined under the Incentive Plan as:

The acquisition of 35% or more of the Company's voting securities;

A change in the composition of a majority of the Board of Directors;

A merger or consolidation where the Company's shareholders immediately before the merger or consolidation own 70% or less of the voting power of the surviving corporation immediately after the merger or consolidation;

A complete liquidation or dissolution of the Company, or a sale of substantially all of its assets; or

A share exchange in which the shareholders of the Company immediately before such exchange own 70% or less of the voting power of the corporation resulting from such exchange.

**Equity Compensation Plan Information**

The following table provides information as of December 31, 2008 about the shares of our common stock that may be issued upon the exercise of options under our Incentive Plan.

<b>Number of Securities to be Issued Upon Exercise of  Outstanding</b>	<b>Weighted-Average Exercise Price of  Outstanding</b>	<b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans</b>
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<b>Plan Category</b>	<b>Options, Warrants and Rights (a)</b>		<b>Options, Warrants and Rights (b)</b>	<b>(Excluding Securities Reflected in Column (a)) (c)</b>
Equity compensation plans approved by security holders	51,000	\$	24.80	4,350,172
Equity compensation plans not approved by security holders				
<b>Total</b>	<b>51,000</b>	<b>\$</b>	<b>24.80</b>	<b>4,350,172</b>

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**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

**Consulting Agreement**

On April 30, 2007, the Company entered into a Consulting Agreement with Gary W. Bagley, Chairman of the Board of the Company (the Agreement). This Agreement supersedes the Consulting and Noncompetition Agreement, dated July 31, 2004, between the Company and Mr. Bagley.

This Agreement provides for, among other things:

an initial term of five years; thereafter this Agreement may be renewed on a year to year basis, subject to mutual agreement of the parties;

a consulting fee of \$167,000 per year together with a cost-of-living increase of 4% annually, plus reimbursement of all reasonable and actual out-of-pocket expenses;

welfare benefits, including medical, dental, life and disability insurance; and

confidentiality of information obtained during employment, non-competition and non-solicitation.

We paid \$171,625 to Mr. Bagley in the year ended December 31, 2008 related to this consulting agreement between Mr. Bagley and the Company.

**Securityholders Agreement**

In connection with the formation of H&E Holding L.L.C. ( H&E Holdings ) and the related combination of the ICM and Head & Engquist businesses in 2002 (the 2002 Transactions ), H&E Holdings entered into a securityholders agreement with affiliates of BRS, certain members of management and other members of H&E Holdings. In connection with our initial public offering of common stock in February 2006 and the related reincorporation merger of H&E Holdings and H&E LLC with and into H&E Equipment Services, Inc. (the Reorganization Transactions ), the Company entered into an amended and restated securityholders agreement with certain stockholders, which eliminated certain provisions which would not be appropriate for a company with publicly traded equity securities and, among other things, provided for restrictions on the transfer of equity interests.

This agreement was terminated in September 2008 with the distribution by BRS of its shares of Company common stock to its limited partners in a pro rata distribution.

**Registration Rights Agreement**

In connection with the financing of the 2002 Transactions, H&E Holdings entered into a registration rights agreement with affiliates of BRS, certain members of management and other members of H&E Holdings. In connection with the Reorganization Transactions and our initial public offering in February 2006, the parties amended and restated the registration rights agreement to provide that the registration rights agreement thereafter applies to our common stock held by the parties. The restated agreement provides that the registration rights that previously applied to units of H&E Holdings thereafter apply to the common stock held by the parties thereto.

**Investor Rights Agreement**

In connection with the financing of the 2002 Transactions, H&E Holdings entered into an investor rights agreement with affiliates of BRS, Credit Suisse First Boston Corporation and other members of H&E Holdings. Certain provisions of the investor rights agreement, including the provisions concerning tag-along rights, consent to a sale of H&E Holdings, and the grant of preemptive rights terminated upon the consummation of our initial public offering in February 2006. In connection with the Reorganization Transactions and our initial public offering in February 2006, the parties amended and restated the investor rights agreement to terminate the non-voting observer rights of one of the holders of our senior subordinated notes. Pursuant to the terms of the restated investor rights agreement, subject to certain conditions, on any two occasions after 180 days after the first public offering, the holders of 33% or more of the equity interests issued to the investor on the date of the investor rights agreement (or successor securities) have the right to require H&E Holdings to register all or part of such equity interests under the

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Securities Act of 1933 at H&E Holdings expense. In addition, the investor is entitled to request the inclusion of any equity interests subject to the investor rights agreement in any registration statement at the expense of H&E Holdings whenever H&E Holdings proposes to register any of its equity interests under the Securities Act. In connection with all such registrations, H&E Holdings has agreed to indemnify the investor against certain liabilities, including liabilities under the Securities Act. In connection with the Reorganization Transactions, the parties amended and restated the investor rights agreement to provide that the investor rights agreement thereafter applies to our common stock held by the parties.

## **Senior Unsecured Notes**

On August 4, 2006, the Company issued \$250 million aggregate principal of 8.375% senior unsecured notes due 2016 (the H&E Bonds). The H&E Bonds are registered under the Securities Act of 1933 and are publicly traded. As of December 31, 2008, the following directors held the following face value amounts of H&E Bonds:

Keith E. Alessi \$2,000,000

John T. Sawyer \$88,000

Additionally, Pepperidge Trust L.P., for which Mr. Bruckmann is a limited partner, held \$1,780,000 face value of H&E Bonds as of December 31, 2008.

## **Related Party Transactions**

The Company has a policy that the Audit Committee review any transaction in which the Company and its directors, executive officers or their immediate family members are participants to determine whether a related person has a direct or indirect material interest. The Audit Committee is responsible for reviewing and, if appropriate, approving or ratifying any such related party transaction. This policy is evidenced in the Company's Code of Conduct and has been further communicated orally by the Board.

In determining whether to approve, disapprove or ratify a related party transaction, the Audit Committee will take into account, among other factors it deems appropriate, (1) whether the transaction is on terms no less favorable to the Company than terms that would otherwise be generally available to the Company if the transaction was entered into under the same or similar circumstances with a party unaffiliated with the Company and (2) the extent of the interest of the related party in the transaction.

Below are the related party transactions which occurred during the year ended December 31, 2008. All such related party transactions have been approved or ratified by the Company's Audit Committee or are pursuant to contractual arrangements entered into prior to the Company's initial public offering in February 2006.

John M. Engquist, our Chief Executive Officer and President, and his sister, Kristan Engquist Dunne, each have a 16.7% beneficial ownership interest in a joint venture, from which we lease our Baton Rouge, Louisiana and Kenner, Louisiana branch facilities. Four trusts in the names of the children of John M. Engquist and Kristan Engquist Dunne hold in equal amounts the remaining 16.6% of such joint venture. The remaining 50% interest is held by Tomarlee Commercial Properties, L.L.C., for which Mr. Engquist and Ms. Engquist Dunne each have a 25% interest and Mr. Engquist's mother has a 50% interest. We paid the joint venture a total of \$328,800 in lease payments for the year ended December 31, 2008.

Mr. Engquist has a 62.5% ownership interest in T&J Partnership, from which we lease our Shreveport, Louisiana facility. Mr. Engquist's mother beneficially owns 25% of the entity and Kristan Engquist Dunne owns the remaining



12.5%. In 2008, we paid the entity a total of \$159,600 in lease payments.

We charter an aircraft from Gulf Wide Aviation, in which Mr. Engquist has a 62.5% ownership interest. Mr. Engquist's mother and sister hold interests of 25% and 12.5%, respectively, in this entity. We pay an hourly rate to Gulf Wide Aviation for the use of the aircraft by various members of our management. In 2008, our payments to Gulf Wide Aviation in respect of charter costs totaled \$466,947.

Mr. Engquist has a 31.25% ownership interest in Perkins-McKenzie Insurance Agency, Inc. ( Perkins-McKenzie ), an insurance brokerage firm. Mr. Engquist's mother and sister have a 12.5% and 6.25% interest,

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respectively, in Perkins-McKenzie. Perkins-McKenzie brokers a substantial portion of our commercial liability insurance. As the broker, Perkins-McKenzie receives from our insurance provider as a commission a portion of the premiums we pay to the insurance provider. In 2008, commissions paid to Perkins-McKenzie on our behalf as insurance broker totaled \$729,969.

We purchase products and services from, and sell products and services to, B-C Equipment Sales, Inc., in which Mr. Engquist has a 50% ownership interest. For the year ended December 31, 2008, our purchases totaled \$102,074 and our sales totaled \$38,566.

During 2008, we rented and sold equipment in the normal course of business to Penhall Company totaling \$21,787. Mr. Sawyer, a director of the Company, was President of Penhall Company in 2008 and retired from Penhall Company as of December 31, 2008.

In connection with the recapitalization of Head & Engquist in 1999, we entered into a \$3.0 million consulting and non-competition agreement with Thomas R. Engquist, the father of John M. Engquist, our Chief Executive Officer and President. The agreement provided for total payments over a ten-year term, payable in increments of \$25,000 per month. Mr. Engquist was obligated to provide us consulting services and was to comply with the non-competition provision set forth in the Recapitalization Agreement between us and others dated June 19, 1999. The parties specifically acknowledged and agreed that in the event of the death of Mr. Engquist during the term of the agreement, the payments that otherwise would have been payable to Mr. Engquist under the agreement shall be paid to his heirs (including John M. Engquist). Due to Mr. Engquist's passing away during 2003, we will not be provided with any further consulting services. The total amount paid under this agreement was \$300,000 for the year ended December 31, 2008.

Mr. Engquist's mother receives an annual stipend of \$42,000 and participates in the Company's health and dental insurance plans.

Mr. Engquist's son is an employee and received compensation of \$254,504 for the year ended December 31, 2008.

Bradley W. Barber's brother is an employee and received compensation of \$219,226 for the year ended December 31, 2008. Compensation amounts include salaries and wages and employee relocation costs.

**HOUSEHOLDING**

Some banks, brokers and other nominee record holders may be participating in the practice of "householding" proxy statements and annual reports. This means that only one copy of the Company's Notice may have been sent to multiple stockholders in your household. The Company will promptly deliver a separate Notice to you if you request one by writing or calling as follows: Investor Relations, 11100 Mead Road, Suite 200, Baton Rouge, LA 70816; Telephone: (225) 298-5200. If you want to receive separate copies of the Notice of Internet Availability of Proxy Materials in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you should contact your bank, broker or other nominee record holder, or you may contact the Company at the above address and phone number.

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**OTHER BUSINESS**

The Company is not aware of any other matters that will be presented for stockholder action at the Annual Meeting. If other matters are properly introduced, the person named in the accompanying proxy will vote the shares they represent as recommended by the Board of Directors.

By Order of the Board of Directors

Leslie S. Magee  
*Chief Financial Officer and Secretary*

April 20, 2009

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**H&E Equipment Services, Inc.**  
**ANNUAL MEETING OF STOCKHOLDERS**  
**June 2, 2009**  
**8:00 a.m. Central Daylight Time**  
**Hilton Baton Rouge Capitol Center Hotel**  
**The Governor's Room**  
**201 Lafayette Street**  
**Baton Rouge, LA 70801**

**H&E Equipment Services, Inc.**  
**11100 Mead Road, Suite 200**  
**Baton Rouge, LA 70816**

**proxy**

**This proxy is solicited by the Board of Directors for use at the Annual Meeting on June 2, 2009.**

The shares of stock you hold in your account will be voted as you specify on the reverse side.

**If no choice is specified, the proxy will be voted FOR Items 1 and 2.**

By signing the proxy, you revoke all prior proxies and appoint John M. Engquist and Leslie S. Magee, each of them with full power of substitution, to vote your shares on the matters shown on the reverse side and any other matters which may come before the Annual Meeting and all adjournments.

*See reverse for voting instructions.*

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**VOTE BY INTERNET OR TELEPHONE**

*Voting by Internet or telephone is quick, easy and immediate.* As a H&E Equipment Services, Inc. common stockholder of record, you have the option of voting your common shares electronically through the Internet or on the telephone, eliminating the need to return this proxy card. Your electronic vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed, dated and returned the proxy card. Votes submitted electronically over the Internet or by telephone must be received by 7:00 p.m. Eastern Daylight Time, on June 1, 2009.

***To Vote Your Proxy Over the Internet***

**Go to [www.continentalstock.com](http://www.continentalstock.com)**

Have your proxy card available when you access the above website. Follow the prompts to vote your shares.

***To Vote Your Proxy By Phone***

**1 (866) 894-0537**

Use any touch-tone telephone to vote your proxy. Have your proxy card available when you call. Follow the voting instructions to vote your shares.

**PLEASE DO NOT RETURN THE PROXY CARD IF YOU ARE VOTING ELECTRONICALLY OR BY PHONE.**

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**VOTE BY MAIL**

***To Vote Your Proxy by Mail***

Mark, sign and date your proxy card and return it in the enclosed reply envelope.

**6 FOLD AND DETACH HERE AND READ THE REVERSE SIDE 6 PROXY**

**THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED AS DIRECTED OR, IF NO DIRECTION IS GIVEN, WILL BE VOTED FOR EACH PROPOSAL.** **Please Mark your notes like this**

on of directors: ry W Bagley n M. Engquist ith E. Alessi ul N. Arnold uce C. Bruckmann wrence C. Karlson n T. Sawyer	FOR  o	WITHHELD AUTHORITY  o	<b>2.</b> Ratification of Appointment Of BDO Seidman, LLP as Independent Registered Public Accounting Firm for the year ending December 31, 2009. The Board recommends a vote FOR each Board nominee and FOR ratification appointment of BDO Seidman, LLP as the Company's independent registered accounting firm for the year ending December 31, 2009.	FOR AGAINST A o           o
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Withhold authority to vote for individual nominee, strike a through the nominee's name in (t above)

Address Change? Mark Box to the Right and indicate changes:

Signature:

Signature:

Date:

Please sign exactly as your name(s) appears on Proxy. If held in joint tenancy, all persons should sign. Trustees, administrators, etc., should include title and authority. Corporations should provide full name of corporation and title of authorized officer signing the proxy.