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

Form 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): 01/29/2013

H&E Equipment Services, Inc.
(Exact name of registrant as specified in its charter)

Commission File Number: 000-51759

Delaware	**81-0553291**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

7500 Pecue Lane
Baton Rouge, LA 70809
(Address of principal executive offices, including zip code)

(225) 298-5200
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ **Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)**

☐ **Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)**

☐ **Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))**

☐ **Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))**

Item 1.01. Entry into a Material Definitive Agreement

On January 29, 2013, H&E Equipment Services, Inc. (the "Company") amended its existing $402.5 million senior secured credit facility with General Electric Capital Corporation as administrative agent by entering into Amendment No. 4 (the "Amendment") to the Third Amended and Restated Credit Agreement by and among the Company, Great Northern Equipment, Inc., H&E Equipment Services (California), LLC, the other credit parties named therein, the lenders named therein, General Electric Capital Corporation, as administrative agent, Bank of America, N.A. as co-syndication agent and documentation agent, and Wells Fargo Capital Finance, LLC, as co-syndication agent.

The Amendment permits the issuance of the New Notes (as defined below).

The foregoing summary of the Amendment does not purport to be complete and is qualified in its entirety by the full text of the Amendment, which is attached hereto as Exhibit 10.1 and is incorporated by reference.

Item 7.01. Regulation FD Disclosure

The Company intends to offer $100 million in aggregate principal amount of 7% senior notes due 2022 (the "New Notes"). The New Notes will be issued as additional notes under an indenture dated as of August 20, 2012 pursuant to which the Company previously issued $530,000,000 of 7% senior notes due 2022 (the "Existing Notes"). The New Notes will rank equally with and form a part of a single class of securities with such Existing Notes for all purposes under the indenture. The New Notes will be senior unsecured obligations of the Company and will be guaranteed by the Company's subsidiaries.

The Company expects to use the proceeds from the offering to repay indebtedness outstanding under its senior secured credit facility and for the payment of related fees and expenses.

The New Notes and related guarantees are being offered in a private placement, solely to qualified institutional buyers in reliance on Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"), or outside the United States to persons other than "U.S. persons" in compliance with Regulation S under the Securities Act. The New Notes and related guarantees have not been registered under the Securities Act or the securities laws of any other jurisdiction and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. This filing does not constitute an offer to sell the New Notes or any other securities, nor a solicitation for an offer to purchase the New Notes or any other securities, and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offer or solicitation would be unlawful. Any offer of the New Notes will be made only by means of a private offering memorandum. This Current Report is being filed pursuant to and in accordance with Rule 135c under the Securities Act.

Forward-Looking Statements

Certain statements contained herein are "forward-looking statements" within the meaning of the federal securities laws. Statements that are not historical facts, including statements about our beliefs and expectations are forward-looking statements. Statements containing the words "may", "could", "would", "should", "believe", "expect", "anticipate", "plan", "estimate", "target", "project", "intend" and similar expressions constitute forward-looking statements. Forward-looking statements involve known and unknown risks and uncertainties, which could cause actual results to differ materially from those contained in any forward-looking statement. Such factors include, but are not limited to, the following: (1) the Company's ability to consummate the offering of the New Notes on terms acceptable to it; and (2) other factors discussed in our public filings, including the risk factors included in the Company's most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q. Readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. Except as required by applicable law, including the securities laws of the United States and the rules and regulations of the SEC, we are under no obligation to publicly update or revise any forward-looking statements after the date hereof.

Certain Information

Attached as Exhibit 99.1 hereto are selected portions of information from an offering memorandum that the Company expects to disclose to investors in connection with the private placement. There can be no assurance that the placement will be completed as described in the offering memorandum or at all.

The information in Exhibit 99.1 is being furnished pursuant to Item 7.01 and shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed to be incorporated by reference in any filing under the Securities Act or the Exchange Act.

Item 8.01. Other Events

Management has determined to restate the Company's condensed consolidating balance sheet and consolidating statement of cash flows in Footnote 18 of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2011 (the "Company's Form 10-K") and Footnote 10 of the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2012 (the "Company's Form 10-Q") to reclassify "Intercompany balances" to "Investment in guarantor subsidiaries." The reclassification of intercompany balances to investment in guarantor subsidiaries is based on management's determination that such intercompany transactions were more akin to capital contributions and therefore should be classified within the condensed consolidating balance sheet as an investment. As capital contributions, the condensed consolidating statement of cash flows now reflects such activity as an investing activity on the Company's books and a financing activity on the guarantor subsidiaries' books rather than the previous presentation as an operating activity on the books of both the Company and the guarantor subsidiaries.

The reclassifications only affect the consolidating financial information previously presented in the footnotes referred to above and do not have any effect on the Company's consolidated financial statements. The Company is filing as Exhibits 99.2 and 99.3 hereto a full set of the financial statements previously filed as part of the Company's Form 10-K and the Company's Form 10-Q, respectively. No changes have been made to the consolidated financial statements previously filed. The only changes made to the previous filings consist of a restated Footnote 18 of the Company's Form 10-K and a restated Footnote 10 of the Company's Form 10-Q, in each case, solely to reflect the foregoing reclassifications. Except for such reclassifications, no part of Exhibit 99.2 or Exhibit 99.3 has otherwise been updated to reflect events subsequent to the filing of the Company's Form 10-K or the Company's Form 10-Q, as applicable, or otherwise modified or revised.

The table below presents the specific line items within the condensed consolidating balance sheet and the condensed consolidating statement of cash flows that changed as a result of the reclassifications discussed above.

CONDENSED CONSOLIDATING BALANCE SHEET

	H&E Equipment Services		Guarantor Subsidiaries		Elimination		Consolidated	
	As Originally Filed	As Amended	As Originally Filed	As Amended	As Originally Filed	As Amended	As Originally Filed	As Amended
As of September 30, 2012								
Investment in guarantor subsidiaries	(26,219)	163,787	—	—	26,219	(163,787)	—	—
Total assets	741,308	931,314	172,699	172,699	26,219	(163,787)	940,226	940,226
Intercompany balances	(190,006)	—	190,006	—	—	—	—	—
Total liabilities	704,015	894,021	198,918	8,912	—	—	902,933	902,933
Stockholders' equity (deficit)	37,293	37,293	(26,219)	163,787	26,219	(163,787)	37,293	37,293
Total liabilities and stockholders' equity	741,308	931,314	172,699	172,699	26,219	(163,787)	940,226	940,226
As of December 31, 2011								
Investment in guarantor subsidiaries	(25,142)	139,089	—	—	25,142	(139,089)	—	—
Total assets	581,785	746,016	146,378	146,378	25,142	(139,089)	753,305	753,305
Intercompany balances	(164,231)	—	164,231	—	—	—	—	—
Total liabilities	317,578	481,809	171,520	7,289	—	—	489,098	489,098
Stockholders' equity (deficit)	264,207	264,207	(25,142)	139,089	25,142	(139,089)	264,207	264,207
Total liabilities and stockholders' equity	581,785	746,016	146,378	146,378	25,142	(139,089)	753,305	753,305
As of December 31, 2010								
Investment in guarantor subsidiaries	(18,509)	146,013	—	—	18,509	(146,013)	—	—
Total assets	562,911	727,433	153,001	153,001	18,509	(146,013)	734,421	734,421
Intercompany balances	(164,522)	—	164,522	—	—	—	—	—
Total liabilities	308,661	473,183	171,510	6,988	—	—	480,171	480,171
Stockholders' equity (deficit)	254,250	254,250	(18,509)	146,013	18,509	(146,013)	254,250	254,250
Total liabilities and stockholders' equity	562,911	727,433	153,001	153,001	18,509	(146,013)	734,421	734,421

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

	H&E Equipment Services		Guarantor Subsidiaries		Elimination		Consolidated	
	As Originally Filed	As Amended	As Originally Filed	As Amended	As Originally Filed	As Amended	As Originally Filed	As Amended
Nine Months Ended September 30, 2012								
Intercompany balances	(25,775)	—	25,775	—	—	—	—	—
Net cash provided (used) by operating activities	(3,454)	22,321	25,131	(644)	—	—	21,677	21,677
Investment in subsidiaries	—	(25,775)	—	—	—	25,775	—	—
Net cash provided by (used in) investing activities	(147,471)	(173,246)	(25,013)	(25,013)	—	25,775	(172,484)	(172,484)
Capital contributions	—	—	—	25,775	—	(25,775)	—	—
Net cash provided by (used in) financing activities	129,960	129,960	(118)	25,657	—	(25,775)	129,842	129,842
Nine Months Ended September 30, 2011								
Intercompany balances	(6,589)	—	6,589	—	—	—	—	—
Net cash provided (used) by operating activities	8,185	14,774	8,707	2,118	—	—	16,892	16,892
Investment in subsidiaries	—	(6,589)	—	—	—	6,589	—	—
Net cash provided by (used in) investing activities	(45,723)	(52,312)	(8,596)	(8,596)	—	6,589	(54,319)	(54,319)
Capital contributions	—	—	—	6,589	—	(6,589)	—	—
Net cash provided by (used in) financing activities	13,283	13,283	(111)	6,478	—	(6,589)	13,172	13,172
Year Ended December 31, 2011								
Intercompany balances	291	—	(291)	—	—	—	—	—
Net cash provided (used) by operating activities	50,455	50,164	9,930	10,221	—	—	60,385	60,385
Investment in subsidiaries	—	291	—	—	—	(291)	—	—
Net cash provided by (used in) investing activities	(71,147)	(70,856)	(9,781)	(9,781)	—	(291)	(80,928)	(80,928)
Capital contributions	—	—	—	(291)	—	291	—	—
Net cash provided by (used in) financing activities	15,758	15,758	(149)	(440)	—	291	15,609	15,609
Year Ended December 31, 2010								
Intercompany balances	4,691	—	(4,691)	—	—	—	—	—
Net cash provided (used) by operating activities	12,266	7,575	5,672	10,363	—	—	17,938	17,938
Investment in subsidiaries	—	4,691	—	—	—	(4,691)	—	—
Net cash provided by (used in) investing activities	(24,127)	(19,436)	(5,542)	(5,542)	—	(4,691)	(29,669)	(29,669)
Capital contributions	—	—	—	(4,691)	—	4,691	—	—
Net cash provided by (used in) financing activities	(4,316)	(4,316)	(140)	(4,831)	—	4,691	(4,456)	(4,456)
Year Ended December 31, 2009								
Intercompany balances	22,248	—	(22,248)	—	—	—	—	—
Net cash provided (used) by operating activities	69,892	47,644	3,009	25,257	—	—	72,901	72,901
Investment in subsidiaries	—	22,248	—	—	—	(22,248)	—	—
Net cash provided by (used in) investing activities	40,783	63,031	(2,883)	(2,883)	—	(22,248)	37,900	37,900
Capital contributions	—	—	—	(22,248)	—	22,248	—	—
Net cash provided by (used in) financing activities	(76,600)	(76,600)	(131)	(22,379)	—	22,248	(76,731)	(76,731)

Item 9.01. Financial Statements and Exhibits

10.1 Amendment No. 4, dated January 29, 2013, to the Third Amended and Restated Credit Agreement by and among the Company, Great Northern Equipment, Inc., and H&E Equipment Services (California), LLC (collectively, the borrowers), General Electric Capital Corporation, as agent for the lenders, Bank of America, N.A., as co-syndication agent and documentation agent, Wells Fargo Capital Finance, LLC, as co-syndication agent, and the lenders from time to time party thereto.

99.1 Selected portions of information from an offering memorandum that the Company expects to disclose to investors in connection with its private placement.

99.2 Audited consolidated financial statements of the Company from its Annual Report on Form 10-K for the fiscal year ended December 31, 2011, as revised.

99.3 Unaudited consolidated financial statements of the Company from its Quarterly Report on Form 10-Q for the period ended September 30, 2012, as revised.

The information in Exhibit 99.1 shall not be deemed to be “filed” for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that section and shall not be deemed incorporated by reference in any filing under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

SIGNATURES

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

	H&E Equipment Services, Inc.
Date: January 30, 2013	By: /s/ Leslie S. Magee
	Leslie S. Magee
	Chief Financial Officer

Exhibit 10.1

EXECUTION COPY

AMENDMENT NO. 4

This AMENDMENT NO. 4 (this "Amendment") to the Third Amended and Restated Credit Agreement, dated as of July 29, 2010 (as amended by Amendment No. 1, dated as of February 29, 2012, Amendment No. 2, dated as of August 9, 2012, and Amendment No. 3, dated as of August 17, 2012, the "Original Credit Agreement"), and the Original Credit Agreement is amended hereby and further amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), by and among H&E EQUIPMENT SERVICES, INC., a Delaware corporation ("H&E Delaware"), GREAT NORTHERN EQUIPMENT, INC., a Montana corporation ("Great Northern"), H&E EQUIPMENT SERVICES (CALIFORNIA), LLC, a Delaware limited liability company ("H&E California" and, together with H&E Delaware and Great Northern, each, a "Borrower" and, collectively, the "Borrowers"), the other Credit Parties named therein, the Lenders named therein, GENERAL ELECTRIC CAPITAL CORPORATION, a Delaware corporation, as Agent, BANK OF AMERICA, N.A., as Co-Syndication Agent and Documentation Agent, and WELLS FARGO CAPITAL FINANCE, LLC, as Co-Syndication Agent, is entered into as of January 29, 2013 by and among the Borrowers, the Lenders signatory hereto and the Agent. Unless otherwise provided, all capitalized terms used herein shall have the meanings ascribed thereto in the Credit Agreement.

R E C I T A L S:

WHEREAS, the Borrowers have requested that the Lenders amend the Credit Agreement in the manner set forth below; and

WHEREAS, the Lenders signatory hereto (which constitute the Requisite Lenders under the Credit Agreement) are willing to agree to such request, but only on the terms and conditions set forth in this Amendment.

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained, and subject to the terms and conditions hereof, the Borrowers, the Lenders whose signatures appear below and the Agent agree as follows:

Section 1.

AMENDMENTS

Subject to the satisfaction of the conditions to effectiveness referred to in Section 2 hereof, the Original Credit Agreement is hereby amended as follows:

(a) Annex A of the Original Credit Agreement is amended by adding the following new definitions in their proper alphabetical places:

"'**Additional Notes Issuance**' means the issuance on one occasion on or prior to the date that is ninety (90) days after the Amendment No. 4 Effective Date by H&E Delaware (and those Credit Parties that are obligors in accordance with this Agreement in respect of the Permitted Senior Unsecured Notes) of Additional Senior Unsecured Notes; *provided* that each of the following conditions are satisfied:

(a) the aggregate principal amount of the Indebtedness incurred in connection with such Additional Notes Issuance shall be no greater than the applicable Permitted Notes Amount for Additional Senior Unsecured Notes;

(b) such Indebtedness shall be substantially on the terms described in the Description of Additional Notes, and in any event shall provide for (i) no amortization prior to the date six months following the Commitment Termination Date and (ii) a final scheduled maturity date that is not prior to the date six months following the Commitment Termination Date;

(c) the Indebtedness incurred in connection with such issuance shall be unsecured; and

(d) the Additional Senior Unsecured Notes and the Indebtedness thereunder incurred (i) do not contravene any provision of such Credit Party's certificate of formation, operating agreement, charter or bylaws, as applicable; (ii) do not violate any law or regulation, or any order or decree of any court or Governmental Authority where such violations individually or in the aggregate could reasonably be expected to have a Material Adverse Effect; (iii) do not conflict with or result in the breach or termination of, constitute a default under or accelerate or permit the acceleration of any performance required by, any indenture, mortgage, deed of trust, lease, agreement or other instrument to which such Credit Party is a party or by which such Credit Party or any of its property is bound that alone or in the aggregate could reasonably be expected to have a Material Adverse Effect; (iv) do not result in the creation or imposition of any Lien upon any of the property of such Credit Party; and (v) do not require the consent or approval of any Governmental Authority or any other Person (other than the Requisite Lenders), except any such consent or approval as has been obtained or where failure to obtain such consent or approval would not reasonably be expected to have a Material Adverse Effect, and the Agent shall have received a certificate (in form and substance reasonably satisfactory to the Agent) of an Authorized Officer to such effect."

"'**Additional Senior Unsecured Notes**' means senior unsecured notes substantially on the terms of the Description of Additional Notes in the aggregate original principal amount not exceeding the Permitted Notes Amount, issued by H&E Delaware pursuant to the Additional Notes Issuance, together with any amendments, modifications or supplements thereto made or issued in accordance with the terms of the Permitted Refinancing Senior Unsecured Note Indenture and this Agreement."

"'**Amendment No. 4**' means Amendment No. 4, dated as of January 29, 2013, among the Borrowers, the Lenders signatory thereto and the Agent."

"'**Amendment No. 4 Effective Date**' means the Effective Date, as such term is defined in Amendment No. 4."

"'**Description of Additional Notes**' means the description of the Additional Senior Unsecured Notes in the form attached hereto as Exhibit F."

"'**Existing Senior Unsecured Notes**' has the meaning assigned to it in the definition of "Permitted Refinancing Senior Unsecured Notes"."

(b) Annex A of the Original Credit Agreement is amended:

(i) by deleting the definition of "Permitted Notes Amount" therefrom and substituting in its place the following revised definition:

"'**Permitted Notes Amount**' means (i) with respect to Existing Senior Unsecured Notes, $530,000,000, and (ii) with respect to Additional Senior Unsecured Notes, $100,000,000."

(ii) by deleting clause (a) of the definition of "Permitted Notes Refinancing" therefrom and substituting in its place the following revised clause (a):

"(a) the aggregate principal amount of the Indebtedness incurred in connection with such Permitted Notes Refinancing shall be no less than $200,000,000 and no greater than the Permitted Notes Amount for Existing Senior Unsecured Notes;"

(iii) by deleting the text "Permitted Refinancing Senior Unsecured Notes" in clause (d) of the definition of "Permitted Notes Refinancing" and substituting in its place the text "Existing Senior Unsecured Notes"

(iv) by deleting the text "Permitted Refinancing Unsecured Notes" in the definition of "Permitted Refinancing Senior Unsecured Note Indenture" and substituting in its place the text "Permitted Refinancing Senior Unsecured Notes"

(v) by deleting the definition of "Permitted Refinancing Senior Unsecured Notes" therefrom and substituting in its place the following revised definition:

"'**Permitted Refinancing Senior Unsecured Notes**' means (i) senior unsecured notes substantially on the terms of the Description of Notes in the aggregate original principal amount not exceeding the Permitted Notes Amount, issued on August 20, 2012 by H&E Delaware pursuant to the Permitted Notes Refinancing, together with any amendments, modifications or supplements thereto made or issued in accordance with the terms of the Permitted Refinancing Senior Unsecured Note Indenture and this Agreement (the "**Existing Senior Unsecured Notes**"), and (ii) Additional Senior Unsecured Notes."

Section 2.
CONDITIONS TO EFFECTIVENESS

The amendments provided in Section 1 hereof shall become effective at the date and time (the "Effective Date"), which must be on or before January 30, 2013, that:

(a) the Agent shall have received one or more counterparts of (i) this Amendment, executed and delivered by the Borrowers, the Requisite Lenders and the Agent, and (ii) the Consent and Reaffirmation in the form of Exhibit I attached hereto, executed and delivered by the Guarantors; and

(b) there shall be no continuing Default or Event of Default (after giving effect to the amendments contemplated by this Amendment), and the representations and warranties of the Borrowers contained in this Amendment shall be true and correct in all material respects.

Section 3.
LIMITATION ON SCOPE

Except as expressly provided herein, the Loan Documents shall remain in full force and effect in accordance with their respective terms. The amendments set forth herein shall be limited precisely as provided for herein and shall not be deemed to be amendments or waivers of or consents to or modifications of any term or provision of the Loan Documents or any other document or instrument referred to therein or of any transaction or further or future action on the part of any Credit Party requiring the consent of the Agent or the Lenders except to the extent specifically provided for herein. The Agent and the Lenders have not and shall not be deemed to have waived any of their respective rights and remedies against any Credit Party for any existing or future Defaults or Events of Default.

Section 4.
MISCELLANEOUS

(a) Each Borrower hereby represents and warrants as follows:

(i) this Amendment has been duly authorized and executed by such Borrower and is the legal, valid and binding obligation of such Borrower, enforceable in accordance with its terms, except as (1) such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the rights of creditors in general and (2) the availability of equitable remedies may be limited by equitable principles of general applicability; and

(ii) such Borrower repeats and restates the representations and warranties of such Borrower contained in the Credit Agreement as of the Effective Date, except to the extent such representations and warranties relate to a specific date; provided that references to the “Credit Agreement” or “this Agreement” in such representations and warranties shall be deemed to be references to the Credit Agreement as amended pursuant to this Amendment.

(b) This Amendment is being delivered in the State of New York.

(c) Each Borrower ratifies and confirms that all Loan Documents remain in full force and effect notwithstanding the execution and delivery of this Amendment and that nothing contained in this Amendment shall constitute a defense to the enforcement of any Loan Document.

(d) This Amendment may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all of which counterparts together shall constitute but one and the same instrument.

(e) This Amendment is a “Loan Document” and each of the following provisions of the Credit Agreement is hereby incorporated herein by this reference with the same effect as though set forth in its entirety herein, *mutatis mutandis*, and as if “this Agreement” in any such provision read “this Amendment”: Section 11.6 (Severability), Section 11.9 (Governing Law), Section 11.10 (Notices), Section 11.11 (Electronic Transmissions), Section 11.12 (Section Titles), Section 11.14 (Waiver of Jury Trial), Section 11.17 (Advice of Counsel) and Section 11.18 (No Strict Construction).

[Signature page follows]

Witness the due execution of this Amendment by the respective duly authorized officers of the undersigned as of the date first written above.

H&E EQUIPMENT SERVICES, INC.

By: /S/ LESLIE S. MAGEE
Name: Leslie S. Magee
Title: Chief Financial Officer

H&E EQUIPMENT SERVICES (CALIFORNIA), LLC

By: /S/ LESLIE S. MAGEE
Name: Leslie S. Magee
Title: Chief Financial Officer

GREAT NORTHERN EQUIPMENT, INC.

By: /S/ LESLIE S. MAGEE
Name: Leslie S. Magee
Title: Chief Financial Officer

[Signature Page to Amendment No. 4]

GENERAL ELECTRIC CAPITAL CORPORATION,
as Agent and a Lender

By: /s/ TOM D. CHAPMAN
Name: Tom D. Chapman
Title: Duly Authorized Signatory

[Signature Page to Amendment No. 4]

BANK OF AMERICA, N.A.,
as a Lender

By: /s/ CHRISTOPHER GODFREY
Name: Christopher Godfrey
Title: Senior Vice President

[Signature Page to Amendment No. 4]

PNC BANK, NATIONAL ASSOCIATION,
as a Lender

By: /s/ JAY DANFORTH
Name: Jay Danforth
Title: Vice President

[Signature Page to Amendment No. 4]

WELLS FARGO CAPITAL FINANCE, LLC,
as a Lender

By: /s/ TODD NAKAMOTO
Name: Todd Nakamoto
Title: Senior Relationship Manager

[Signature Page to Amendment No. 4]

REGIONS BANK,
as a Lender

By: /s/ DANIEL WELLS
Name: Daniel Wells
Title: Attorney in Fact

[Signature Page to Amendment No. 4]

CAPITAL ONE LEVERAGE FINANCE CORP.,
as a Lender

By: /s/ JULIANNE LOW
Name: Julianne Low
Title: Vice President

[Signature Page to Amendment No. 4]

JPMORGAN CHASE BANK, N.A.,
as a Lender

By: /s/ MARIO QUINTANILLA
Name: Mario Quintanilla
Title: Authorized Officer

[Signature Page to Amendment No. 4]

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as a Lender

By: /s/ FRANK FAZIO
Name: Frank Fazio
Title: Managing Director

By: /s/ STEPHEN R. LAPIDUS
Name: Stephen R. Lapidus
Title: Director

[Signature Page to Amendment No. 4]

EXHIBIT I

CONSENT AND REAFFIRMATION

Each of the undersigned (the "Guarantors") hereby (i) acknowledges receipt of a copy of Amendment No. 4, dated as of January 29, 2013 ("Amendment No. 4"), to the Third Amended and Restated Credit Agreement, dated as of July 29, 2010, among H&E Equipment Services, Inc., Great Northern Equipment, Inc., H&E Equipment Services (California), LLC (collectively, the "Borrowers"), the other Credit Parties named therein, the Lenders named therein, General Electric Capital Corporation, as Agent, Bank of America, N.A., as Co-Syndication Agent and Documentation Agent, and Wells Fargo Capital Finance, LLC, as Co-Syndication Agent; (ii) consents to the Borrowers' execution and delivery thereof and approves and consents to the transactions contemplated thereby; (iii) agrees to be bound thereby; and (iv) affirms that nothing contained therein shall modify or diminish in any respect whatsoever its obligations under its Guaranty and the other Loan Documents to which it is a party and reaffirms that such Guaranty is and shall continue to remain in full force and effect. The acknowledgements contained herein by the Guarantors are made and delivered to induce the Agent and the Lenders to enter into Amendment No. 4, and the Guarantors acknowledge that the Agent and the Lenders would not enter into Amendment No. 4 in the absence of such acknowledgements. Although the Guarantors have been informed of the matters set forth herein and have acknowledged and agreed to same, the Guarantors understand that the Agent and the Lenders have no obligation to inform the Guarantors of such matters in the future or to seek the Guarantors' acknowledgment or agreement to future amendments or waivers, and nothing herein shall create such a duty. Capitalized terms used herein without definition shall have the meanings given to such terms in Amendment No. 4.

[Signature page follows]

IN WITNESS WHEREOF, the undersigned have executed this Consent and Reaffirmation on and as of the date of Amendment No. 4.

GNE INVESTMENTS, INC.

By: ____________________________
Name:
Title:

H&E FINANCE CORP.

By: ____________________________
Name:
Title:

H&E CALIFORNIA HOLDING, INC.

By: ____________________________
Name:
Title:

H&E EQUIPMENT SERVICES (MID-ATLANTIC), INC.

By: ____________________________
Name:
Title:

Exhibit 99.1

SUMMARY HISTORICAL FINANCIAL DATA

The following tables set forth, for the periods and dates indicated, our summary historical financial data. The summary historical consolidated financial data for our fiscal years ended December 31, 2009, 2010 and 2011 have been derived from our audited consolidated financial statements. The summary historical financial data for the nine months ended September 30, 2011 and 2012 have been derived from our unaudited condensed consolidated financial statements. The unaudited condensed consolidated financial statements have been prepared on the same basis as our audited consolidated financial statements and, in the opinion of our management, reflect all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results for those periods. The results for any interim period are not necessarily indicative of the results that may be expected for a full year. The historical results included here are not necessarily indicative of future performance or results of operations.

You should read this information in conjunction with "Selected Financial Data" and the accompanying "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2011 and "Financial Statements" and the accompanying "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2012.

	For the Year, Ended December 31,			For the Nine Months Ended September 30,	
	2009	2010	2011	2011	2012
	(Amounts in thousands)			(Unaudited)	
Statement of operations data(1):					
Revenues:					
Equipment rentals	$191,512	$177,970	$228,038	$165,440	$207,941
New equipment sales	208,916	167,303	220,211	133,629	154,710
Used equipment sales	86,982	62,286	85,347	65,655	75,100
Parts sales	100,500	86,686	94,511	71,166	74,161
Services revenues	58,730	49,629	53,954	40,072	41,615
Other	33,092	30,280	38,490	27,570	33,671
Total revenues	679,732	574,154	720,551	503,532	587,198
Cost of revenues:					
Rental depreciation	87,902	78,583	86,781	64,146	74,727
Rental expense	42,086	40,194	46,599	34,484	36,375
New equipment sales	183,885	150,665	196,152	118,271	136,945
Used equipment sales	70,305	48,269	65,042	50,444	53,426
Parts sales	72,786	63,902	69,222	52,174	53,826
Services revenues	21,825	18,751	21,024	15,499	15,907
Other	35,445	37,851	43,028	31,862	32,183
Total cost of revenues	514,234	438,215	527,848	366,880	403,389
Gross profit (loss):					
Equipment rentals	61,524	59,193	94,658	66,810	96,839
New equipment sales	25,031	16,638	24,059	15,358	17,765
Used equipment sales	16,677	14,017	20,305	15,211	21,674
Parts sales	27,714	22,784	25,289	18,992	20,335
Services revenues	36,905	30,878	32,930	24,573	25,708
Other	(2,353)	(7,571)	(4,538)	(4,292)	1,488
Total gross profit	165,498	135,939	192,703	136,652	183,809
Selling, general and administrative expenses(2)	144,460	148,277	153,354	114,681	124,504
Impairment of goodwill and intangible assets(3)	8,972	—	—	—	—
Gain from sales of property and equipment, net	533	443	793	521	1,478
Income (loss) from operations	12,599	(11,895)	40,142	22,492	60,783
Other income (expense):					
Interest expense(4)	(31,339)	(29,076)	(28,727)	(21,607)	(23,668)
Loss on early extinguishment of debt(5)	—	—	—	—	(10,180)
Other, net	619	591	726	626	751
Total other expense, net	(30,720)	(28,485)	(28,001)	(20,981)	(33,097)
Income (loss) before income taxes	(18,121)	(40,380)	12,141	1,511	27,686
Income tax provision (benefit)	(6,178)	(14,920)	3,215	447	9,554
Net income (loss)	$ (11,943)	$ (25,460)	$ 8,926	$ 1,064	$ 18,132

	For the Year, Ended December 31,			For the Nine Months, Ended September 30,	
	2009	2010	2011	2011	2012
	(Amounts in thousands, except for ratios)			(Unaudited)	
Other financial data:					
EBITDA(6)	$ 112,511	$ 80,962	$ 140,266	$ 96,911	$ 136,144
Adjusted EBITDA(6)	121,483	80,962	140,266	96,911	146,324
Adjusted Net Income (loss)(7)	(11,943)	(25,460)	8,926	1,064	24,800
Depreciation and amortization(8)	99,293	92,266	99,398	73,793	84,790
Total capital expenditures (gross)(9)	45,539	107,179	174,024	130,318	266,958
Total capital expenditures (net)(10)	(26,877)	58,947	109,284	82,018	200,094
Ratio of earnings to fixed charges(11)	—	—	1.4x	1.1x	2.0x

	As of September 30, 2012	
	Actual	As Adjusted (13)
	(Amounts in thousands) (Unaudited)	
Balance sheet data:		
Cash	$ 3,250	$ 3,250
Rental equipment, net	571,936	571,936
Goodwill(3)	32,560	32,560
Deferred financing costs, net	14,313	15,313
Total assets	940,226	941,226
Total debt(12)	663,212	664,212
Stockholders' Equity	37,293	37,293

	Twelve Months Ended September 30, 2012
	(Amounts in thousands, except for ratios)
Selected financial data and ratios:	
Pro forma interest expense(14)	$ 37,980
Pro forma net income(14)	21,118
Adjusted EBITDA(6)	189,679
Ratio of Adjusted EBITDA to pro forma interest expense	5.0x
Ratio of As Adjusted total debt to Adjusted EBITDA	3.5x

(1) See note 17 to the audited consolidated financial statements discussing segment information.

(2) Stock-based compensation expense included in selling, general and administrative expenses for the years ended December 31, 2011, 2010 and 2009 totaled $1.3 million, $1.0 million and $0.7 million, respectively.

(3) As more fully described in note 2 to the audited consolidated financial statements, and in connection with our annual impairment test, we recorded in 2009 a non-cash goodwill impairment of approximately $9.0 million, or $5.5 million after tax, related to our Equipment Rentals Component 1 reporting unit.

(4) Interest expense is comprised of cash-pay interest (interest recorded on debt and other obligations requiring periodic cash payments) and non-cash pay interest comprised of amortization of deferred financing costs and accretion of loan discounts.

(5) In the third quarter of 2012, we repurchased or redeemed the entire $250 million aggregate principal amount of our senior notes due 2016. In connection with this repurchase and redemption, we recorded a loss on the on the early extinguishment of debt of approximately $10.2 million.

(6) We define EBITDA as net income (loss) before interest expense, income taxes, depreciation and amortization. We define Adjusted EBITDA for the year ended December 31, 2009 as EBITDA adjusted for the $9.0 million goodwill impairment charge recorded in the fourth quarter of 2009. We define Adjusted EBITDA for the nine month period ended September 30, 2012 as EBITDA adjusted for the $10.2 million loss from early extinguishment of debt incurred in the third quarter ended September 30, 2012. We use EBITDA and Adjusted EBITDA in our business operations to, among other things, evaluate the performance of our business, develop budgets and measure our

performance against those budgets. We also believe that analysts and investors use EBITDA and Adjusted EBITDA as supplemental measures to evaluate a company's overall operating performance. However, EBITDA and Adjusted EBITDA have material limitations as analytical tools and you should not consider them in isolation, or as substitutes for analysis of our results as reported under GAAP. We consider them useful tools to assist us in evaluating performance because they eliminate items related to capital structure, taxes and non-cash charges. The items that we have eliminated in determining EBITDA for the periods presented are interest expense, income taxes, depreciation of fixed assets (which includes rental equipment and property and equipment), and amortization of intangible assets and, in the case of Adjusted EBITDA, any goodwill and intangible asset impairment charges and the other items described above applicable to the particular period and the loss from early extinguishment of debt incurred in the third quarter ended September 30, 2012. However, some of these eliminated items are significant to our business. For example, (i) interest expense is a necessary element of our costs and ability to generate revenue because we incur a significant amount of interest expense related to our outstanding indebtedness; (ii) payment of income taxes is a necessary element of our costs; and (iii) depreciation is a necessary element of our costs and ability to generate revenue because rental equipment is the single largest component of our total assets and we recognize a significant amount of depreciation expense over the estimated useful life of this equipment. Any measure that eliminates components of our capital structure and costs associated with carrying significant amounts of fixed assets on our consolidated balance sheet has material limitations as a performance measure. In light of the foregoing limitations, we do not rely solely on EBITDA and Adjusted EBITDA as performance measures and also consider our GAAP results. EBITDA and Adjusted EBITDA are not measurements of our financial performance under GAAP and should not be considered alternatives to net income (loss), operating income (loss) or any other measures derived in accordance with GAAP. Because EBITDA and Adjusted EBITDA are not calculated in the same manner by all companies, they may not be comparable to other similarly titled measures used by other companies.

Set forth below is a reconciliation of net income (loss) to EBITDA and Adjusted EBITDA for the periods presented.

	For the Year Ended December 31,			For the Nine Months Ended September 30,	
	2009	2010	2011	2011	2012
	(Amounts in thousands)			(Unaudited)	
Net income (loss)	$ (11,943)	$(25,460)	$ 8,926	$ 1,064	$ 18,132
Income tax provision (benefit)	(6,178)	(14,920)	3,215	447	9,554
Interest expense	31,339	29,076	28,727	21,607	23,668
Depreciation and amortization(8)	99,293	92,266	99,398	73,793	84,790
EBITDA	112,511	80,962	140,266	96,911	136,144
Impairment of goodwill	8,972	—	—	—	—
Loss on early extinguishment of debt	—	—	—	—	10,180
Adjusted EBITDA	$121,483	$ 80,962	$140,266	$ 96,911	$ 146,324

(7) We define Adjusted Net Income for the nine month period ended September 30, 2012 as Net Income adjusted for the loss from early extinguishment of debt, net of income taxes, incurred in the third quarter ended September 30, 2012. We use Adjusted Net Income in our business operations to, among other things, analyze our financial performance on a comparative period basis without the effects of significant one-time, non-recurring items. Additionally, we believe Adjusted Net Income provides useful information concerning future profitability. However, Adjusted Net Income is not a measure of financial performance under GAAP, and, accordingly, this measure should not be considered as an alternative to GAAP Net Income. Because Adjusted Net Income is not calculated in the same manner by all companies, it may not be comparable to other similarly titled measures used by other companies.

Set forth below is a reconciliation of net income to Adjusted Net Income for the periods presented.

	For the Year Ended								
	December 31, 2009			December 31, 2010			December 31, 2011		
	(Amounts in thousands)								
	As Reported	Adjustment	Adjusted	As Reported	Adjustment	Adjusted	As Reported	Adjustment	Adjusted
Income (loss) before income taxes	$ (18,121)	—	$ (18,121)	$ (40,380)	—	$ (40,380)	$ 12,141	—	$ 12,141
Income tax provision (benefit)	(6,178)	—	(6,178)	(14,920)	—	(14,920)	3,215	—	3,215
Net income (loss)	$ (11,943)	—	$ (11,943)	$ (25,460)	—	$ (25,460)	$ 8,926	—	$ 8,926

	For the Nine Months Ended					
	September 30, 2011			September 30, 2012		
	(Amounts in thousands)					
	As Reported	Adjustment	Adjusted	As Reported	Adjustment	Adjusted
Income before income taxes	$ 1,511	—	$ 1,511	$ 27,686	$ 10,180	$ 37,866
Income tax provision	447	—	447	9,554	3,512	13,066
Net income	$ 1,064	—	$ 1,064	$ 18,132	$ 6,668	$ 24,800

(8) Excludes amortization of deferred financing costs and accretion of loan discounts, which are both included in interest expense.

(9) Total capital expenditures (gross) include rental equipment purchases, assets transferred from new and used inventory to rental fleet and property and equipment purchases.

(10) Total capital expenditures (net) include rental equipment purchases, assets transferred from new and used inventory to rental fleet and property and equipment purchases less proceeds from the sale of these assets.

(11) To achieve a coverage ratio of 1:1, we would need additional pre-tax earnings of $17,679 and $40,116 in 2009 and 2010, respectively.

(12) Total debt (Actual) represents the amounts outstanding, as applicable for the periods presented, under our senior secured credit facility, the Existing Notes, notes payable and capital leases. On September 19, 2012, we paid a special, one-time cash dividend of approximately $244.4 million in the aggregate to our stockholders. This dividend was paid using a portion of the proceeds from the issuance of the Existing Notes.

(13) The amounts shown in the “As Adjusted” column give pro forma effect to the offering of the New Notes and the use of proceeds therefrom as if such offering and use of proceeds had occurred on September 30, 2012.

(14) Pro forma interest expense and pro forma net income give effect to the offering of the New Notes and the use of proceeds therefrom as if such offering and use of proceeds had occurred on October 1, 2011.

Item 8. Financial Statements and Supplementary Data

Index to consolidated financial statements of H&E Equipment Services, Inc. and Subsidiaries

See note 16 to the consolidated financial statements for summarized quarterly financial data.

Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
H&E Equipment Services, Inc.
Baton Rouge, Louisiana

We have audited the accompanying consolidated balance sheets of H&E Equipment Services, Inc. and subsidiaries as of December 31, 2011 and 2010 and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2011. In connection with our audits of the financial statements, we have also audited the financial statement schedule listed in Item 15(a) (2) of this annual report on Form 10-K. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and schedule. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of H&E Equipment Services, Inc. and subsidiaries at December 31, 2011 and 2010, and the results of its operations and their cash flows for each of the three years in the period ended December 31, 2011, in conformity with accounting principles generally accepted in the United States of America.

Also, in our opinion, the financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), H&E Equipment Services, Inc.'s internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated March 2, 2012 expressed an unqualified opinion thereon.

/s/ BDO USA, LLP

Dallas, Texas
March 2, 2012

H&E EQUIPMENT SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31,

	2011	2010
	(Amounts in thousands, except share amounts)	
Assets		
Cash	$ 24,215	$ 29,149
Receivables, net of allowance for doubtful accounts of $5,581 and $6,004, respectively	105,339	99,139
Inventories, net of reserves for obsolescence of $861 and $1,105, respectively	65,151	72,156
Prepaid expenses and other assets	5,223	8,679
Rental equipment, net of accumulated depreciation of $281,493 and $254,662, respectively	450,877	426,637
Property and equipment, net of accumulated depreciation and amortization of $62,050 and $53,941, respectively	62,775	57,186
Deferred financing costs, net of accumulated amortization of $11,844 and $10,456, respectively	5,640	7,027
Intangible assets, net of accumulated amortization of $722 and $3,050, respectively	66	429
Goodwill	34,019	34,019
Total assets	$ 753,305	$ 734,421
Liabilities and Stockholders' Equity		
Liabilities:		
Amounts due on senior secured credit facility	$ 16,055	$ —
Accounts payable	63,006	58,437
Manufacturer flooring plans payable	58,318	75,058
Accrued expenses payable and other liabilities	38,490	35,999
Senior unsecured notes	250,000	250,000
Capital leases payable	2,605	2,754
Deferred income taxes	58,616	55,919
Deferred compensation payable	2,008	2,004
Total liabilities	489,098	480,171
Commitments and Contingencies (Note 12)		
Stockholders' equity:		
Preferred stock, $0.01 par value, 25,000,000 shares authorized; no shares issued	—	—
Common stock, $0.01 par value, 175,000,000 shares authorized; 38,808,941 and 38,699,666 shares issued at December 31, 2011 and 2010, respectively, and 35,084,737 and 35,029,804 shares outstanding at December 31, 2011 and 2010, respectively	387	386
Additional paid-in capital	210,695	209,111
Treasury stock at cost, 3,724,204 and 3,669,862 shares of common stock held at December 31, 2011 and 2010, respectively	(56,884)	(56,330)
Retained earnings	110,009	101,083
Total stockholders' equity	264,207	254,250
Total liabilities and stockholders' equity	$ 753,305	$ 734,421

The accompanying notes are an integral part of these consolidated statements.

H&E EQUIPMENT SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31,

	2011	2010	2009
	(Amounts in thousands, except per share amounts)		
Revenues:			
Equipment rentals	$228,038	$177,970	$191,512
New equipment sales	220,211	167,303	208,916
Used equipment sales	85,347	62,286	86,982
Parts sales	94,511	86,686	100,500
Services revenues	53,954	49,629	58,730
Other	38,490	30,280	33,092
Total revenues	720,551	574,154	679,732
Cost of revenues:			
Rental depreciation	86,781	78,583	87,902
Rental expense	46,599	40,194	42,086
New equipment sales	196,152	150,665	183,885
Used equipment sales	65,042	48,269	70,305
Parts sales	69,222	63,902	72,786
Services revenues	21,024	18,751	21,825
Other	43,028	37,851	35,445
Total cost of revenues	527,848	438,215	514,234
Gross profit	192,703	135,939	165,498
Selling, general and administrative expenses	153,354	148,277	144,460
Impairment of goodwill and intangible assets	—	—	8,972
Gain from sales of property and equipment, net	793	443	533
Income (loss) from operations	40,142	(11,895)	12,599
Other income (expense):			
Interest expense	(28,727)	(29,076)	(31,339)
Other, net	726	591	619
Total other expense, net	(28,001)	(28,485)	(30,720)
Income (loss) before provision (benefit) for income taxes	12,141	(40,380)	(18,121)
Provision (benefit) for income taxes	3,215	(14,920)	(6,178)
Net income (loss)	$ 8,926	$ (25,460)	$ (11,943)
Net income (loss) per common share:			
Basic	$ 0.26	$ (0.73)	$ (0.35)
Diluted	$ 0.26	$ (0.73)	$ (0.35)
Weighted average common shares outstanding:			
Basic	34,759	34,668	34,607
Diluted	34,887	34,668	34,607

The accompanying notes are an integral part of these consolidated statements.

H&E EQUIPMENT SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2011, 2010 AND 2009
(Amounts in thousands, except share amounts)

	Common Stock					
	Shares Issued	Amount	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Total Stockholders' Equity
Balances at December 31, 2008	38,287,848	$ 383	$207,346	$(56,008)	$138,486	$ 290,207
Stock-based compensation	—	—	726	—	—	726
Surrendered restricted common stock	—	—	—	(110)	—	(110)
Issuance of non-vested restricted common stock	237,840	2	—	—	—	2
Net loss	—	—	—	—	(11,943)	(11,943)
Balances at December 31, 2009	38,525,688	385	208,072	(56,118)	126,543	278,882
Stock-based compensation	—	—	1,039	—	—	1,039
Issuance of non-vested restricted common stock	173,978	1	—	—	—	1
Repurchases of 23,157 shares of restricted common stock	—	—	—	(212)	—	(212)
Net loss	—	—	—	—	(25,460)	(25,460)
Balances at December 31, 2010	38,699,666	386	209,111	(56,330)	101,083	254,250
Stock-based compensation	—	—	1,327	—	—	1,327
Tax benefits associated with stock-based awards	—	—	257	—	—	257
Issuance of non-vested restricted common stock	109,275	1	—	—	—	1
Repurchases of 42,016 shares of restricted common stock	—	—	—	(554)	—	(554)
Net income	—	—	—	—	8,926	8,926
Balances at December 31, 2011	38,808,941	$ 387	$210,695	$(56,884)	$110,009	$ 264,207

The accompanying notes are an integral part of these consolidated statements.

H&E EQUIPMENT SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	2011	2010	2009
		(Amounts in thousands)	
Cash flows from operating activities:			
Net income (loss)	$ 8,926	$ (25,460)	$ (11,943)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization of property and equipment	12,255	13,124	10,800
Depreciation of rental equipment	86,781	78,583	87,902
Amortization of deferred financing costs	1,388	1,406	1,419
Amortization of intangible assets	362	559	591
Provision for losses on accounts receivable	3,182	3,164	3,246
Provision for inventory obsolescence	210	315	48
Provision for deferred income taxes	2,697	(13,227)	(5,963)
Stock-based compensation expense	1,327	1,039	726
Impairment of goodwill and intangible assets	—	—	8,972
Gain from sales of property and equipment, net	(793)	(443)	(533)
Gain from sales of rental equipment, net	(18,788)	(12,931)	(15,676)
Changes in operating assets and liabilities, net of impact of acquisitions:			
Receivables, net	(9,382)	(30,302)	75,046
Inventories, net	(21,561)	(6,762)	23,182
Prepaid expenses and other assets	3,457	(1,680)	4,722
Accounts payable	4,569	29,571	(64,801)
Manufacturer flooring plans payable	(16,740)	(17,810)	(34,822)
Accrued expenses payable and other liabilities	2,491	(1,271)	(9,930)
Deferred compensation payable	4	63	(85)
Net cash provided by operating activities	60,385	17,938	72,901
Cash flows from investing activities:			
Purchases of property and equipment	(18,433)	(4,652)	(19,395)
Purchases of rental equipment	(127,235)	(73,249)	(15,121)
Proceeds from sales of property and equipment	1,382	587	1,448
Proceeds from sales of rental equipment	63,358	47,645	70,968
Net cash provided by (used in) investing activities	(80,928)	(29,669)	37,900
Cash flows from financing activities:			
Excess tax benefit (deficiency) from stock-based awards	257	—	—
Purchases of treasury stock	(554)	(212)	(110)
Borrowings on senior secured credit facility	557,884	—	536,311
Payments on senior secured credit facility	(541,829)	—	(612,633)
Payments of deferred financing costs	—	(2,888)	—
Payments of related party obligation	—	—	(150)
Payments of capital lease obligations	(149)	(140)	(131)
Principal payments on note payable	—	(1,216)	(18)
Net cash provided by (used in) financing activities	15,609	(4,456)	(76,731)
Net increase (decrease) in cash	(4,934)	(16,187)	34,070
Cash, beginning of year	29,149	45,336	11,266
Cash, end of year	$ 24,215	$ 29,149	$ 45,336

The accompanying notes are an integral part of these consolidated statements.

H&E EQUIPMENT SERVICES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
FOR THE YEARS ENDED DECEMBER 31,

	2011	2010	2009
	(Amounts in thousands)		
Supplemental schedule of non-cash investing and financing activities:			
Non-cash asset purchases:			
Assets transferred from new and used inventory to rental fleet	$28,356	$29,278	$11,023
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	$27,345	$27,603	$30,110
Income taxes, net of refunds received	$ (1,694)	$ (149)	$ (567)

(1) Organization and Nature of Operations

Organization

In connection with our initial public offering of common stock in February 2006, we converted H&E Equipment Services L.L.C. ("H&E LLC"), a Louisiana limited liability company and the wholly-owned operating subsidiary of H&E Holding L.L.C. ("Holdings"), into H&E Equipment Services, Inc., a Delaware corporation. Prior to our initial public offering, our business was conducted through H&E LLC. In order to have an operating Delaware corporation as the issuer of our initial public offering, immediately prior to the closing of the initial public offering, on February 3, 2006, H&E LLC and Holdings merged with and into us (H&E Equipment Services, Inc.), with us surviving the reincorporation merger as the operating company. Effective February 3, 2006, H&E LLC and Holdings no longer existed under operation of law pursuant to the reincorporation merger. In these transactions (collectively, the "Reorganization Transactions"), holders of preferred limited liability company interests and holders of common limited liability company interests in Holdings received shares of our common stock.

Nature of Operations

As one of the largest integrated equipment services companies in the United States focused on heavy construction and industrial equipment, we rent, sell and provide parts and service support for four core categories of specialized equipment: (1) hi-lift or aerial work platform equipment; (2) cranes; (3) earthmoving equipment; and (4) industrial lift trucks. By providing equipment sales, rental, on-site parts, and repair and maintenance functions under one roof, we are a one-stop provider for our customers' varied equipment needs. This full-service approach provides us with multiple points of customer contact, enables us to maintain a high quality rental fleet, as well as an effective distribution channel for fleet disposal and provides cross-selling opportunities among our new and used equipment sales, rental, parts sales and service operations.

(2) Summary of Significant Accounting Policies

Principles of Consolidation and Basis of Presentation

Our consolidated financial statements include the financial position and results of operations of H&E Equipment Services, Inc. and its wholly-owned subsidiaries H&E Finance Corp., GNE Investments, Inc., Great Northern Equipment, Inc., H&E California Holdings, Inc., H&E Equipment Services (California) LLC and H&E Equipment Services (Mid-Atlantic), Inc., collectively referred to herein as "we" or "us" or "our" or the "Company."

All significant intercompany accounts and transactions have been eliminated in these consolidated financial statements. Business combinations are included in the consolidated financial statements from their respective dates of acquisition.

The nature of our business is such that short-term obligations are typically met by cash flows generated from long-term assets. Consequently, and consistent with industry practice, the accompanying consolidated balance sheets are presented on an unclassified basis.

Use of Estimates

We prepare our consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, which requires management to use its judgment to make estimates and assumptions that affect the reported amounts of assets and liabilities and related disclosures at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reported period. These assumptions and estimates could have a material effect on our consolidated financial statements. Actual results may differ materially from those estimates. We review our estimates on an ongoing basis based on information currently available, and changes in facts and circumstances may cause us to revise these estimates.

Revenue Recognition

In Staff Accounting Bulletin No. 104 ("SAB 104"), the SEC Staff believes that revenue generally is realized or realizable and earned when all of the following criteria are met: (1) persuasive evidence of an arrangement exist; (2) delivery has occurred or services have been rendered; (3) the seller's price to the buyer is fixed or determinable; and (4) collectibility is reasonably assured. Consistent with SAB 104, our policy recognizes revenue from equipment rentals in the period earned on a straight-line basis, over the contract term, regardless of the timing of the billing to customers. A rental contract term can be daily, weekly or monthly. Because the term of the contracts can extend across multiple financial reporting periods, we record unbilled rental revenue and deferred revenue at the end of reporting periods so that rental revenues earned are appropriately stated in the periods presented. Revenue from the sale of new and used equipment and parts is recognized at the time of delivery to, or pick-up by, the customer and when all obligations under the sales contract have been fulfilled, risk of ownership has been transferred and collectibility is reasonably assured. Services revenue is recognized at the time the services are rendered. Other revenues consist primarily of billings to customers for rental equipment delivery and damage waiver charges and are recognized at the time an invoice is generated and after the service has been provided.

Inventories

New and used equipment inventories are stated at the lower of cost or market, with cost determined by specific-identification. Inventories of parts and supplies are stated at the lower of the average cost or market.

Long-lived Assets, Goodwill and Intangible Assets

Rental Equipment

The rental equipment we purchase is stated at cost and is depreciated over the estimated useful lives of the equipment using the straight-line method. Estimated useful lives vary based upon type of equipment. Generally, we depreciate cranes and aerial work platforms over a ten year estimated useful life, earthmoving equipment over a five year estimated useful life with a 25% salvage value, and industrial lift trucks over a seven year estimated useful life. Attachments and other smaller type equipment are depreciated generally over a three year estimated useful life. We periodically evaluate the appropriateness of remaining depreciable lives and any salvage value assigned to rental equipment.

Ordinary repair and maintenance costs and property taxes are charged to operations as incurred. However, expenditures for additions or improvements that significantly extend the useful life of the asset are capitalized in the period incurred. When rental equipment is sold or disposed of, the related cost and accumulated depreciation are removed from the respective accounts and any gains or losses are included in income. We receive individual offers for fleet on a continual basis, at which time we perform an analysis on whether or not to accept the offer. The rental equipment is not transferred to inventory under the held for sale model as the equipment is used to generate revenues until the equipment is sold.

Property and Equipment

Property and equipment are recorded at cost and are depreciated over the assets' estimated useful lives using the straight-line method. Ordinary repair and maintenance costs are charged to operations as incurred. However, expenditures for additions or improvements that significantly extend the useful life of the asset are capitalized in the period incurred. At the time assets are sold or disposed of, the cost and accumulated depreciation are removed from their respective accounts and the related gains or losses are reflected in income.

We capitalize interest on qualified construction projects. Costs associated with internally developed software are accounted for in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 350-40, *Internal-Use Software* ("ASC 350-40"), which provides guidance for the treatment of costs associated with computer software development and defines the types of costs to be capitalized and those to be expensed.

We periodically evaluate the appropriateness of remaining depreciable lives assigned to property and equipment. Leasehold improvements are amortized using the straight-line method over their estimated useful lives or the remaining term of the lease, whichever is shorter. Generally, we assign the following estimated useful lives to these categories:

Category	Estimated Useful Life
Transportation equipment	5 years
Buildings	39 years
Office equipment	5 years
Computer equipment	3 years
Machinery and equipment	7 years

In accordance with ASC 360, *Property, Plant and Equipment* ("ASC 360"), when events or changes in circumstances indicate that the carrying amount of our rental fleet and property and equipment might not be recoverable, the expected future undiscounted cash flows from the assets are estimated and compared with the carrying amount of the assets. If the sum of the estimated undiscounted cash flows is less than the carrying amount of the assets, an impairment loss is recorded. The impairment loss is measured by comparing the fair value of the assets with their carrying amounts. Fair value is determined based on discounted cash flows or appraised values, as appropriate. We did not record any impairment losses related to our rental equipment or property and equipment during 2011, 2010 or 2009.

Goodwill

We have made acquisitions in the past that included the recognition of goodwill, which was determined based upon previous accounting principles. Pursuant to ASC 350, *Intangibles-Goodwill and Other* ("ASC 350"), effective January 1, 2009, goodwill is recorded as the excess of the consideration transferred plus the fair value of any non-controlling interest in the acquiree at the acquisition date over the fair value of any non-controlling interest in the acquiree at the acquisition date over the fair values of the identifiable net assets acquired.

We evaluate goodwill for impairment at least annually, or more frequently if triggering events occur or other impairment indicators arise which might impair recoverability. Impairment of goodwill is evaluated at the reporting unit level. A reporting unit is defined as an operating segment (i.e. before aggregation or combination), or one level below an operating segment (i.e. a component). A component of an operating segment is a reporting unit if the component constitutes a business for which discrete financial information is available and segment management regularly reviews the operating results of that component. We have identified two components within our Rental operating segment and have determined that each of our other operating segments (New, Used, Parts and Service) represent a reporting unit, resulting in six total reporting units.

In September 2011, the FASB issued ASU 2011-08, *Intangibles-Goodwill and Other (Topic 350)-Testing Goodwill for Impairment* ("ASU 2011-08"), to allow entities to first use a qualitative approach to test goodwill for impairment. ASU 2011-08 permits an entity to first perform a qualitative assessment to determine whether it is more likely than not (a likelihood of greater than 50%) that the fair value of a reporting unit is less than its carrying value. If it is concluded that this is the case, the currently prescribed two-step goodwill test must be performed. Otherwise, the two-step goodwill impairment test is not required. We adopted ASU 2011-08 in conjunction with our annual impairment test as of October 1, 2011. As a result of our adoption of this guidance, we performed a qualitative assessment and determined that it is more likely than not that the fair value of our reporting units exceed their respective carrying values at the October 1, 2011 valuation date and, therefore, did not perform the prescribed two-step goodwill impairment test. We considered various factors in performing the qualitative test, including macroeconomic conditions, industry and market considerations, the overall financial performance of our reporting units, the Company's stock price and the excess amount or "cushion" between our reporting unit's fair value and carrying value as indicated on our most recent quantitative assessment.

Based upon improving macroeconomic conditions and positive trends within our industry and market, combined with recent positive operating results in comparison to prior periods and our internal forecasts, and with consideration of the cushion between the reporting unit's fair value and carrying value from our most recent quantitative analysis, we determined that it is more likely than not that the fair value of our reporting units exceeds their respective carrying values at the October 1, 2011 valuation date and there was no goodwill impairment at October 1, 2011.

To determine if any of our reporting units are impaired under the prescribed two-step goodwill test, we must determine whether the fair value of each of our reporting units is greater than their respective carrying value. If the fair value of a reporting unit is less than its carrying value, then the implied fair value of goodwill must be calculated and compared to its carrying value to measure the amount of impairment. The implied fair value of goodwill is calculated by allocating the fair value of the reporting unit to all assets and liabilities of that unit (including any unrecognized intangible assets) as if the reporting unit had been acquired in a business combination (purchase price allocation). The excess of the fair value of the reporting unit over the amounts assigned is the implied fair value of goodwill. If the carrying amount of the goodwill exceeds the implied fair value of goodwill, an impairment loss is recognized for the excess amount.

We determine the fair value of our reporting units using a discounted cash flow analysis or by applying various market multiples or a combination thereof. As a result of our annual goodwill impairment test as of October 1, 2009, we determined that the goodwill associated with our Equipment Rentals Component 1 reporting unit was impaired and recorded a $9.0 million, or $5.5 million after tax, non-cash goodwill impairment charge The impairment charges are largely due to worsening macroeconomic conditions in 2009. The impairments also reflect a decrease in projected cash flows as of the impairment testing date. The impairment charge was a non-cash item and did not affect our cash flows, liquidity or borrowing capacity under our senior credit facility, and the charge is excluded from our financial results in evaluating our financial covenant under the senior secured credit facility.

There were no changes in the carrying amount of goodwill for our reporting units for the years ended December 31, 2011 and 2010.

Intangible Assets

Our intangible assets are comprised of the intangible assets that we acquired in the September 1, 2007 Burress Acquisition. Specifically, we recognized intangible assets for (i) non-compete agreements; (ii) tradenames; and (iii) customer relationships. At December 31, 2011, the tradename and customer relationships intangible assets were fully amortized. The net carrying amount our our non-compete agreements intangible asset as of December 31, 2011 was approximately $66,000 and will be fully amortized during our fiscal year ending December 31, 2012.

The intangible asset related to various non-compete agreements are amortized on a straight-line basis with estimated useful lives ranging from three to five years from the date of the Burress Acquisition. The straight-line method of amortization of these intangible assets reflects an appropriate allocation of the costs of these intangible assets to earnings in proportion to the amount of economic benefits obtained in each reporting period.

Intangible assets are tested for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss would be recognized when the carrying amount of the asset exceeds the estimated undiscounted future cash flows expected to result from the use of the asset and its eventual disposition. The impairment loss to be recorded would be the excess of the asset's carrying value over its fair value. Fair value is generally determined using a discounted cash flow analysis or other valuation technique.

There were no impairment charges to our intangible assets for the years ended December 31, 2011, 2010 or 2009. Total amortization expense for the years ended December 31, 2011, 2010, 2009 totaled $0.4 million, $0.6 million, and $0.6 million, respectively.

Closed Branch Facility Charges

We continuously monitor and identify branch facilities with revenues and operating margins that consistently fall below Company performance standards. Once identified, we continue to monitor these branches to determine if operating performance can be improved or if the performance is attributable to economic factors unique to the particular market with unfavorable long-term prospects. If necessary, branches with unfavorable long-term prospects are closed and the rental fleet and new and used equipment inventories are deployed to more profitable branches within our geographic footprint where demand is higher.

As a result of the downturn in construction and industrial activities and its impact on our business, we closed or consolidated four branches during the year ended December 31, 2009, one branch during 2010 and three branches during 2011 in markets where long-term prospects did not support continued operations. Under ASC 420, *Exit or Disposal Cost Obligations* (“ASC 420”), exit costs include, but are not limited to, the following: (a) one-time termination benefits; (b) contract termination costs, including costs that will continue to be incurred under operating leases that have no future economic benefit; and (c) other associated costs. A liability for costs associated with an exit or disposal activity is recognized and measured at its fair value in the period in which the liability is incurred, except for one-time termination benefits that are incurred over time. Although we do not expect to incur material charges related to branch closures, additional charges are possible to the extent that actual future settlements differ from our estimates of such costs. Costs incurred for the closed branches in 2009, 2010 and 2011 did not have a material impact on the Company’s consolidated financial statements. As of the date of this Annual Report on Form 10-K, the Company has not identified any other branch facilities with a more than likely probability of closing where the associated costs pursuant to ASC 420 are expected to be material.

Deferred Financing Costs and Initial Purchasers’ Discounts

Deferred financing costs include underwriting, legal, accounting and other direct costs incurred in connection with the issuance, and amendments thereto, of the Company’s debt. These costs are amortized over the terms of the related debt using the straight-line method which approximates amortization using the effective interest method. The amortization expense of deferred financing costs and accretion of initial purchasers’ discounts is included in interest expense as an overall cost of the related financings. As further described in note 9 to the consolidated financial statements, we incurred approximately $2.9 million in transaction costs related to the 2010 amendment and restatement of our Senior Secured Credit Facility.

Reserves for Claims

We are exposed to various claims relating to our business, including those for which we provide self-insurance. Claims for which we self-insure include: (1) workers compensation claims; (2) general liability claims by third parties for injury or property damage caused by our equipment or personnel; (3) automobile liability claims; and (4) employee health insurance claims. These types of claims may take a substantial amount of time to resolve and, accordingly, the ultimate liability associated with a particular claim, including claims incurred but not reported as of a period-end reporting date, may not be known for an extended period of time. Our methodology for developing self-insurance reserves is based on management estimates and independent third party actuarial estimates. Our estimation process considers, among other matters, the cost of known claims over time, cost inflation and incurred but not reported claims. These estimates may change based on, among other things, changes in our claim history or receipt of additional information relevant to assessing the claims. Further, these estimates may prove to be inaccurate due to factors such as adverse judicial determinations or other claim settlements at higher than estimated amounts. Accordingly, we may be required to increase or decrease our reserve levels. At December 31, 2011, our claims reserves related to workers compensation, general liability and automobile liability, which are included in “Accrued expenses and other liabilities” in our consolidated balance sheets, totaled $2.9 million and our health insurance reserves totaled $1.2 million. At December 31, 2010, our claims reserves related to workers compensation, general liability and automobile liability totaled $2.8 million and our health insurance reserves totaled $1.6 million.

Sales Taxes

We impose and collect significant amounts of sales taxes concurrent with our revenue-producing transactions with customers and remit those taxes to the various governmental agencies as prescribed by the taxing jurisdictions in which we operate. We present such taxes in our consolidated statements of operations on a net basis.

Advertising

Advertising costs are expensed as incurred and totaled $0.2 million, $0.6 million and $0.6 million for the years ended December 31, 2011, 2010 and 2009, respectively.

Shipping and Handling Fees and Costs

Shipping and handling fees billed to customers are recorded as revenues while the related shipping and handling costs are included in other cost of revenues.

Income Taxes

The Company files a consolidated federal income tax return with its wholly-owned subsidiaries. The Company is a C-Corporation under the provisions of the Internal Revenue Code. We utilize the asset and liability approach to measuring deferred tax assets and liabilities based on temporary differences existing at each balance sheet date using currently enacted tax rates in accordance with ASC 740. ASC 740 takes into account the differences between financial statement treatment and tax treatment of certain transactions. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rate is recognized as income or expense in the period that includes the enactment date of that rate.

In accordance with ASC 740, the Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax provisions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Company recognizes both interest and penalties related to uncertain tax positions as part of the income tax provision.

Our deferred tax calculation requires management to make certain estimates about future operations. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Fair Value of Financial Instruments

The carrying value of financial instruments reported in the accompanying consolidated balance sheets for cash, accounts receivable, accounts payable and accrued expenses payable and other liabilities approximate fair value due to the immediate or short-term nature or maturity of these financial instruments. The fair value of our letter of credit is based on fees currently charged for similar agreements. The carrying amounts and fair values of our other financial instruments subject to fair value disclosures as of December 31, 2011 and 2010 are presented in the table below (amounts in thousands) and have been calculated based upon market quotes and present value calculations based on market rates.

	December 31, 2011	
	Carrying Amount	Fair Value
Manufacturer flooring plans payable with interest computed at 5.38%	$ 58,318	$ 52,069
Senior unsecured notes with interest computed at 8.375%	250,000	252,500
Capital leases payable with interest computed at 5.929 to 9.55%	2,605	1,839
Letter of credit	—	192

	December 31, 2010	
	Carrying Amount	Fair Value
Manufacturer flooring plans payable with interest computed at 7.00%	$ 75,058	$ 63,105
Senior unsecured notes with interest computed at 8.375%	250,000	251,250
Capital leases payable with interest computed at 5.929% to 9.55%	2,754	2,199
Letters of credit	—	216

Concentrations of Credit and Supplier Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of trade accounts receivable. Credit risk can be negatively impacted by adverse changes in the economy or by disruptions in the credit markets. However, we believe that credit risk with respect to trade accounts receivable is somewhat mitigated by our large number of geographically diverse customers and our credit evaluation procedures. Although generally no collateral is required, when feasible, mechanics' liens are filed and personal guarantees are signed to protect the Company's interests. We maintain reserves for potential losses.

We record trade accounts receivables at sales value and establish specific reserves for certain customer accounts identified as known collection problems due to insolvency, disputes or other collection issues. The amounts of the specific reserves estimated by management are based on the following assumptions and variables: the customer's financial position, age of the customer's receivables and changes in payment schedules. In addition to the specific reserves, management establishes a non-specific allowance for doubtful accounts by applying specific percentages to the different receivable aging categories (excluding the specifically reserved accounts). The percentage applied against the aging categories increases as the accounts become further past due. The allowance for doubtful accounts is charged with the write-off of uncollectible customer accounts.

We purchase a significant amount of equipment from the same manufacturers with whom we have distribution agreements. During the year ended December 31, 2011, we purchased approximately 64% from three manufacturers (Grove/Manitowoc, Komatsu, and Genie Industries (Terex)) providing our rental and sales equipment. We believe that while there are alternative sources of supply for the equipment we purchase in each of the principal product categories, termination of one or more of our relationships with any of our major suppliers of equipment could have a material adverse effect on our business, financial condition or results of operation if we were unable to obtain adequate or timely rental and sales equipment.

Earnings (Loss) per Share

Earnings (loss) per common share for the years ended December 31, 2011, 2010 and 2009 are based on the weighted average number of common shares outstanding during the period. The effect of potentially dilutive securities that are anti-dilutive are not included in the computation of dilutive income (loss) per share. The following table sets forth the computation of basic and diluted net income (loss) per common share for the years ended December 31, (amounts in thousands, except per share amounts):

	2011	2010	2009
Basic net income (loss) per share:			
Net income (loss)	$ 8,926	$(25,460)	$(11,943)
Weighted average number of common shares outstanding	34,759	34,668	34,607
Net income (loss) per common share — basic	$ 0.26	$ (0.73)	$ (0.35)
Diluted net income (loss) per share:			
Net income (loss)	$ 8,926	$(25,460)	$(11,943)
Weighted average number of common shares outstanding	34,759	34,668	34,607
Effect of dilutive securities:			
Effect of dilutive non-vested stock	128	—	—
Weighted average number of common shares outstanding — diluted	34,887	34,668	34,607
Net income (loss) per common share — diluted	$ 0.26	$ (0.73)	$ (0.35)
Common shares excluded from the denominator as anti-dilutive:			
Stock options	51	51	51
Non-vested stock	—	330	279

Stock-Based Compensation

We adopted our 2006 Stock-Based Incentive Compensation Plan (the “Stock Incentive Plan”) in January 2006 prior to our initial public offering of common stock. The Stock Incentive Plan was further amended and restated with the approval of our stockholders at the 2006 annual meeting of the stockholders of the Company to provide for the inclusion of non-employee directors as persons eligible to receive awards under the Stock Incentive Plan. Prior to the adoption of the Stock Incentive Plan in January 2006, no share-based payment arrangements existed. The Stock Incentive Plan is administered by the Compensation Committee of our Board of Directors, which selects persons eligible to receive awards and determines the number of shares and/or options subject to each award, the terms, conditions, performance measures, if any, and other provisions of the award. Under the Stock Incentive Plan, we may offer deferred shares or restricted shares of our common stock and grant options, including both incentive stock options and nonqualified stock options, to purchase shares of our common stock. Shares available for future stock-based payment awards under our Stock Incentive Plan were 3,829,079 shares of common stock as of December 31, 2011.

We account for our stock-based compensation plan using the fair value recognition provisions of ASC 718, *Stock Compensation* (“ASC 718”). Under the provisions of ASC 718, stock-based compensation is measured at the grant date, based on the calculated fair value of the award, and is recognized as an expense over the requisite employee service period (generally the vesting period of the grant).

Non-vested Stock

From time to time, we issue shares of non-vested stock typically with vesting terms of three years. The following table summarizes our non-vested stock activity for the years ended December 31, 2011 and 2010:

	Number of Shares	Weighted Average Grant Date Fair Value
Non-vested stock at January 1, 2010	279,223	$ 7.79
Granted	173,978	$ 9.54
Vested	(97,650)	$ 8.20
Forfeited	(25,614)	$ 8.18
Non-vested stock at December 31, 2010	329,937	$ 8.57
Granted	109,275	$ 14.46
Vested	(148,252)	$ 8.69
Forfeited	(12,326)	$ 9.54
Non-vested stock at December 31, 2011	278,634	$ 10.77

As of December 31, 2011, we had unrecognized compensation expense of approximately $2.0 million related to non-vested stock award payments that we expect to be recognized over a weighted average period of 2.0 years.

The following table summarizes compensation expense related to stock-based awards included in selling, general and administrative expenses in the accompanying consolidated statements of operations for the years ended December 31, (amounts in thousands):

	2011	2010	2009
Compensation expense	$1,328	$1,030	$669

We receive a tax deduction when non-vested stock vests at a higher value than the value used to recognize compensation expense at the date of grant. In accordance with ASC 718, we are required to report excess tax benefits from the award of equity instruments as financing cash flows. Excess tax benefits will be recorded when a deduction reported for tax return purposes for an award of equity instruments exceeds the cumulative compensation cost for the instruments recognized for financial reporting purposes.

Stock Options

No stock options were granted during 2011, 2010 or 2009. At December 31, 2011, we had no unrecognized compensation expense related to prior stock option awards.

The following table summarizes compensation expense related to stock-based awards included in selling, general and administrative expenses in the accompanying consolidated statements of operations for the years ended December 31, (amounts in thousands):

	2011	2010	2009
Compensation expense	$—	$ 9	$57

The following table represents stock option activity for the years ended December 31, 2011 and 2010:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Contractual Life In Years
Outstanding options at January 1, 2010	51,000	$ 24.80	
Granted	—	—	
Exercised	—	—	
Canceled, forfeited or expired	—	—	
Outstanding options at December 31, 2010	51,000	$ 24.80	5.5
Granted	—	—	
Exercised	—	—	
Canceled, forfeited or expired	—	—	
Outstanding options at December 31, 2011	51,000	$ 24.80	4.5
Options exercisable at December 31, 2011	51,000	$ 24.80	4.5

The closing price of our common stock on December 31, 2011 was $13.42. All options outstanding at December 31, 2011 have grant date fair values which exceed our December 31, 2011 closing stock price.

The following table summarizes non-vested stock option activity for the years ended December 31, 2011 and 2010:

	Number of Shares	Weighted Average Grant Date Fair Value
Non-vested stock options at January 1, 2010	2,000	$ 26.27
Granted	—	—
Vested	(2,000)	$ 26.27
Forfeited	—	—
Non-vested stock options at December 31, 2010	—	—
Granted	—	—
Vested	—	—
Forfeited	—	—
Non-vested stock options at December 31, 2011	—	—

We receive a tax deduction for stock option exercises during the period in which the options are exercised, generally for the excess of the price at which the stock is sold over the exercise price of the options.

Purchases of Company Common Stock

Purchases of our common stock are accounted for as treasury stock in the accompanying consolidated balance sheets using the cost method. Repurchased stock is included in authorized shares, but is not included in shares outstanding.

Segment Reporting

We have determined in accordance with ASC 280, *Segment Reporting* ("ASC 280") that we have five reportable segments. We derive our revenues from five principal business activities: (1) equipment rentals; (2) new equipment sales; (3) used equipment sales; (4) parts sales; and (5) repair and maintenance services. These segments are based upon how we allocate resources and assess performance. See note 17 to the consolidated financial statements regarding our segment information.

Recent Accounting Pronouncements

In October 2009, the FASB issued ASU 2009-13, *Multiple-Deliverable Revenue Arrangements* (amendments to ASC 605, *Revenue Recognition*) ("ASU 2009-13"). ASU 2009-13 addresses how to determine whether an arrangement involving multiple deliverables contains more than one unit of accounting and requires entities to allocate revenue in an arrangement containing more than one unit of accounting using estimated selling prices of the delivered goods and services based on a selling price hierarchy. The amendments eliminate the residual method of revenue allocation and require revenue to be allocated using the relative selling price method. We adopted the provisions of ASU 2009-13 effective January 1, 2011, and such adoption did not have a material impact on our consolidated financial statements.

In September 2011, the FASB issued ASU 2011-08, *Intangibles—Goodwill and Other (Topic 350)—Testing Goodwill for Impairment* ("ASU 2011-08"), to allow entities to first use a qualitative approach to test goodwill for impairment. ASU 2011-08 permits an entity to first perform a qualitative assessment to determine whether it is more likely than not (a likelihood of greater than 50%) that the fair value of a reporting unit is less than its carrying value. If it is concluded that this is the case, the currently prescribed two-step goodwill impairment test must be performed. Otherwise, the two-step goodwill impairment test is not required. Entities are not required to perform the qualitative assessment and are permitted to skip the qualitative assessment for any reporting unit in any period and proceed directly to Step 1 of the two-step goodwill impairment test. ASU 2011-08 is effective for us in fiscal 2012 and earlier adoption is permitted. We adopted ASU 2011-08 in conjunction with our annual impairment test as of October 1, 2011. As a result of our adoption of this guidance, we performed a qualitative assessment and determined that it is more likely than not that the fair value of a reporting unit is not less than its carrying value and therefore, did not perform the prescribed two-step goodwill impairment test. See also Critical Accounting Policies in Item 7-Management's Discussion and Analysis of Financial Condition and Operating Results for further information on goodwill impairment testing.

In December 2010, the FASB issued updated accounting guidance related to the calculation of the carrying amount of a reporting unit when performing the first step of a goodwill impairment test. More specifically, this update requires an entity to use an equity premise when performing the first step of a goodwill impairment test and if a reporting unit has a zero or negative carrying amount, the entity must assess and consider qualitative factors and whether it is more likely than not that a goodwill impairment exists. The new accounting guidance became effective for us on January 1, 2011 for impairment tests performed during fiscal 2011. We adopted the new disclosures in conjunction with our annual impairment test as of October 1, 2011. As we currently do not have any reporting units with a zero or negative carrying amount, the application of this guidance did not have an impact on our consolidated financial statements.

(3) Receivables

Receivables consisted of the following at December 31, (amounts in thousands):

	2011	2010
Trade receivables	$107,907	$100,357
Unbilled rental revenue	2,989	2,735
Income tax receivables	14	2,047
Other	10	4
	110,920	105,143
Less allowance for doubtful accounts	(5,581)	(6,004)
Total receivables, net	$105,339	$ 99,139

We charge off customer account balances when we have exhausted reasonable collection efforts and determined that the likelihood of collection is remote.

(4) Inventories

Inventories consisted of the following at December 31, (amounts in thousands):

	2011	2010
New equipment	$45,939	$50,586
Used equipment	6,633	6,954
Parts, supplies and other	12,579	14,616
Total inventories, net	$65,151	$72,156

The above amounts are net of reserves for inventory obsolescence at December 31, 2011 and 2010 totaling $0.9 million and $1.1 million, respectively.

(5) Property and Equipment

Net property and equipment consisted of the following at December 31, (amounts in thousands):

	2011	2010
Land	$ 6,833	$ 5,947
Transportation equipment	43,303	38,356
Building and leasehold improvements	18,444	17,625
Office and computer equipment	39,095	37,280
Machinery and equipment	8,552	7,974
Property under capital leases	3,217	3,217
Construction in progress	5,381	728
	124,825	111,127
Less accumulated depreciation and amortization	(62,050)	(53,941)
Total net property and equipment	$ 62,775	$ 57,186

Total depreciation and amortization on property and equipment was $12.3 million, $13.1 million and $10.8 million for the years ended December 31, 2011, 2010 and 2009, respectively. Included in the office and computer equipment category above at December 31, 2011 and 2010 is approximately $26.9 million of capitalized costs, including $0.6 million, of capitalized interest, related to the implementation of our employee resource planning system. Unamortized computer software costs related to the new employee resource planning system at December 31, 2011 and 2010 was $19.1 million and $23.3 million, respectively, while related amortization expense in 2011 and 2010 totalled $3.8 million and $3.9 million, respectively. The employee resource planning system was substantially complete and ready for its intended use on or around January 19, 2010. Amounts of construction in progress at December 31, 2011 and 2010 represent costs incurred related to the construction of the Company’s new corporate office in Baton Rouge, Louisiana, which is expected to be completed during the third quarter of 2012. Interest costs capitalized for the year ended December 31, 2011 were $0.1 million. Total costs for the facility are expected to approximate $15 million.

(6) Manufacturer Flooring Plans Payable

Manufacturer flooring plans payable are financing arrangements for inventory and rental equipment. The interest cost incurred on the manufacturer flooring plans ranged between 0% to the prime rate (3.25% at December 31, 2011) plus an applicable margin at December 31, 2011. Certain manufacturer flooring plans provide for a one to twelve-month reduced interest rate term or a deferred payment period. We recognize interest expense based on the effective interest method. We make payments in accordance with the original terms of the financing agreements. However, we routinely sell equipment that is financed under manufacturer flooring plans prior to the original maturity date of the financing agreement. The related manufacturer flooring plan payable is then paid at the time the equipment being financed is sold. The manufacturer flooring plans payable are secured by the equipment being financed.

Maturities (based on original financing terms) of the manufacturer flooring plans payable as of December 31, 2011 for each of the next five years ending December 31 are as follows (amounts in thousands):

2012	$24,931
2013	32,990
2014	397
2015	—
2016	—
Thereafter	—
Total	$58,318

(7) Accrued Expenses Payable and Other Liabilities

Accrued expenses payable and other liabilities consisted of the following at December 31, (amounts in thousands):

	2011	2010
Payroll and related liabilities	$13,384	$11,023
Sales, use and property taxes	5,452	5,990
Accrued interest	10,078	10,148
Accrued insurance	2,782	2,996
Deferred revenue	3,640	3,728
Other	3,154	2,114
Total accrued expenses payable and other liabilities	$38,490	$35,999

(8) Senior Unsecured Notes

We currently have outstanding $250.0 million aggregate principal amount of 8 3/8% senior unsecured notes due 2016. The senior unsecured notes are guaranteed, jointly and severally, on an unsecured senior basis by all of our existing and future domestic restricted subsidiaries.

The senior unsecured notes were issued at par and require semiannual interest payments on January 15th and July 15th of each year. No principal payments are due until maturity (January 15, 2016). We may redeem the senior unsecured notes at specified redemption prices plus accrued and unpaid interest and additional interest. In addition, if we experience a change of control, we will be required to make an offer to repurchase the senior unsecured notes at a price equal to 101% of the principal amount thereof, plus accrued and unpaid interest and additional interest.

The senior unsecured notes rank equal in right of payment to all of our and our guarantors' existing and future unsecured senior indebtedness and senior in right of payment to any of our or our guarantors' future subordinated indebtedness and are effectively junior in priority to our and our guarantors' obligations under all of our existing and future secured indebtedness, including borrowings under our senior secured credit facility and any other secured obligations, in each case, to the extent of the value of the assets securing such obligations. The senior unsecured notes are also effectively junior to all liabilities (including trade payables) of our non-guarantor subsidiaries.

The indenture governing our senior secured notes contains certain covenants that, among other things, limit our ability and the ability of our restricted subsidiaries to: (i) incur additional indebtedness, assume a guarantee or issue preferred stock; (ii) pay dividends or make other equity distributions or payments to or affecting our subsidiaries; (iii) purchase or redeem our capital stock; (iv) make certain investments; (v) create liens; (vi) sell or dispose of assets or engage in mergers or consolidation; (vii) engage in certain transactions with subsidiaries or affiliates; (viii) enter into sale leaseback transactions with subsidiaries or affiliates; (viii) enter into sale leaseback transactions; and (ix) engage in certain business activities. Each of the covenants is subject to exceptions and qualifications. As of December 31, 2011, we were in compliance with these covenants.

(9) Senior Secured Credit Facility

We and our subsidiaries are parties to a $320.0 million senior secured credit facility with General Electric Capital Corporation as agent, and the lenders named therein. On February 29, 2012, we amended the credit facility (the “Amendment”). The Amendment (i) permits the refinancing of the Company’s 8 3/8% senior unsecured notes due 2016 in an amount not less than $200.0 million and not greater than the outstanding principal amount of such notes at the time of such refinancing and with no amortization or final maturity prior to the date six months following the maturity of the Credit Agreement, (ii) extends the maturity date of the credit facility from July 29, 2015 to the earlier to occur of, *inter alia*, February 29, 2017, and, unless previously refinanced, the date that is six months prior to the maturity of the senior unsecured notes (giving effect to any extensions thereof), (iii) provides that the unused commitment fee margin will be either 0.50% or 0.375%, depending on the ratio of the average of the daily closing balances of the aggregate revolving loans, swing line loans and letters of credit outstanding during each month to the aggregate commitments for the revolving loans, swing line loans and letters of credit, (iv) lowers the interest rate (a) in the case of index rate revolving loans, to the index rate plus an applicable margin of 1.00% to 1.50% depending on the leverage ratio and (b) in the case of LIBOR revolving loans, to LIBOR plus an applicable margin of 2.00% to 2.50%, depending on the leverage ratio, (v) lowers the margin applicable to the letter of credit fee to between 2.00% and 2.50%, depending on the leverage ratio, and (vi) adds provisions whereby the Company represents that it, its subsidiaries and other related parties are in compliance with federal anti-terrorism laws and regulations.

The credit facility continues to provide, among other things, a $320.0 million senior secured asset based revolver, which includes a $30.0 million letter of credit facility and a $130.0 million incremental facility. In addition, the borrowers under the credit facility remain the same, the credit facility remains secured by substantially all of the assets of the Company and its subsidiaries, and the Company and each of its subsidiaries continue to provide a guaranty of the obligations under the credit facility. The credit facility requires us to maintain a minimum fixed charge coverage ratio in the event that our excess borrowing availability is below $40.0 million (as adjusted if the incremental facility is exercised). The credit facility also requires us to maintain a maximum total leverage ratio of 5.0 to 1.0, which is tested if excess availability is less than $40 million (as adjusted if the incremental facility is exercised). As of December 31, 2011, we were in compliance with our financial covenants under the senior secured credit facility.

We had $16.1 million outstanding under our senior secured credit facility as of December 31, 2011. Borrowing availability under the terms of the senior secured credit facility as of December 31, 2011, net of $7.0 million of standby letters of credit outstanding, totaled $296.9 million.

(10) Capital Lease Obligations

As of December 31, 2011, we had two capital lease obligations, expiring in 2022 and 2029, respectively. Future minimum capital lease payments, in the aggregate, existing at December 31, 2011 for each of the next five years ending December 31 and thereafter are as follows (amounts in thousands):

2012	$ 333
2013	333
2014	333
2015	333
2016	333
Thereafter	2,296
Total minimum lease payments	3,961
Less: amount representing interest	(1,356)
Present value of minimum lease payments	$ 2,605

(11) Income Taxes

Our income tax provision (benefit) for the years ended December 31, 2011, 2010 and 2009, consists of the following (amounts in thousands):

	Current	Deferred	Total
Year ended December 31, 2011:			
U.S. Federal	$ —	$ 2,621	$ 2,621
State	262	332	594
	$ 262	$ 2,953	$ 3,215
Year ended December 31, 2010:			
U.S. Federal	$ —	$(13,345)	$(13,345)
State	329	(1,904)	(1,575)
	$ 329	$(15,249)	$(14,920)
Year ended December 31, 2009:			
U.S. Federal	$(199)	$ (5,455)	$ (5,654)
State	(16)	(508)	(524)
	$(215)	$ (5,963)	$ (6,178)

Significant components of our deferred income tax assets and liabilities as of December 31 are as follows (amounts in thousands):

	2011	2010
Deferred tax assets:		
Accounts receivable	$ 2,140	$ 2,305
Inventories	336	431
Net operating losses	32,308	38,840
AMT and general business tax credits	1,356	1,356
Sec 263A costs	731	811
Accrued liabilities	3,236	2,779
Deferred compensation	645	394
Accrued interest	567	543
Stock-based compensation	398	385
Goodwill and intangible assets	5,756	7,143
Other assets	123	340
	47,596	55,327
Deferred tax liabilities:		
Property and equipment	(104,623)	(109,663)
Investments	(1,589)	(1,583)
	(106,212))	(111,246)
Net deferred tax liabilities	(58,616)	$ (55,919)

The reconciliation between income taxes computed using the statutory federal income tax rate of 35% to the actual income tax expense (benefit) is below for the years ended December 31 (amounts in thousands):

	2011	2010	2009
Computed tax at statutory rates	$ 4,249	$(14,133)	$(6,342)
Permanent items—other	415	317	589
Permanent items—excess of tax deductible goodwill	(2,130)	—	—
State income tax (benefit), net of federal tax effect	342	(1,023)	(340)
Increase in uncertain tax positions	339	—	—
Other	—	(81)	(85)
	$ 3,215	$(14,920)	$(6,178)

At December 31, 2011, we had available federal net operating loss carry forwards of approximately $130.6 million, which expire in varying amounts from 2022 through 2030. We also had federal alternative minimum tax credit carry forwards at December 31, 2011 of approximately $0.8 million which do not expire and $0.5 general business credit carryforwards that expire in varying amounts from 2025 and 2026.

Management has concluded that it is more likely than not that the deferred tax assets are fully realizable through future reversals of existing taxable temporary differences and future taxable income. Therefore, a valuation allowance is not required to reduce the deferred tax assets as of December 31, 2011.

A reconciliation of the beginning and ending balances of the total amounts of gross unrecognized tax benefits is as follow (in thousands):

	2011	2010
Gross unrecognized tax benefits at January 1	$6,498	$6,478
Increases in tax positions taken in prior years	434	20
Decreases in tax positions taken in prior years	—	—
Increases in tax positions taken in current year	—	—
Decreases for tax positions taken in current year	—	—
Settlements with taxing authorities	(269)	—
Lapse in statute of limitations	—	—
Gross unrecognized tax benefits at December 31	$6,663	$6,498

The gross amount of unrecognized tax benefits as of December 31, 2011 includes $0.3 million of net unrecognized tax benefits that, if recognized, would affect the effective income tax rate. Consistent with our historical financial reporting, to the extent we incur interest income, interest expense, or penalties related to unrecognized income tax benefits, they are recorded in “Other net income or expense.” At this time, we do not expect to recognize significant increases or decreases in unrecognized tax benefits during the next twelve months.

Our U.S. federal tax returns for 2005 and subsequent years remain subject to examination by tax authorities. We are also subject to examination in various state jurisdictions for 2007 and subsequent years. Our Federal Tax Returns for the tax years 2005 through 2009 are currently under examination by the IRS. We currently do not expect any material adjustment resulting from the IRS examination.

(12) Commitments and Contingencies

Operating Leases

As of December 31, 2011, we lease certain real estate related to our branch facilities and corporate headquarters, as well as certain office equipment under non-cancelable operating lease agreements expiring at various dates through 2031. Our real estate leases provide for varying terms, including customary renewal options and base rental escalation clauses, for which the related rent expense is accounted for on a straight-line basis during the terms of the respective leases. Additionally, certain real estate leases may require us to pay maintenance, insurance, taxes and other expenses in addition to the stated rental payments. Rent expense on property leases and equipment leases under non-cancelable operating lease agreements for the years ended December 31, 2011, 2010 and 2009 amounted to approximately $12.6 million, $11.8 million and $11.5 million, respectively.

Future minimum operating lease payments existing at December 31, 2011 for each of the next five years ending December 31 and thereafter are as follows (amounts in thousands):

2012	$11,851
2013	10,078
2014	8,510
2015	7,208
2016	6,435
Thereafter	41,313
	$85,395

Legal Matters

We are also involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, after consultation with legal counsel, the ultimate disposition of these various matters will not have a material adverse effect on the Company's consolidated financial position, results of operations or liquidity.

Letters of Credit

The Company had outstanding letters of credit issued under its senior secured credit facility totaling $7.0 million and $8.0 million as of December 31, 2011 and 2010, respectively. The 2011 letter of credit expired in January 2012 and was renewed for $6.5 million, and now expires in January 2013.

(13) Employee Benefit Plan

We offer substantially all of our employees' participation in a qualified 401(k)/profit-sharing plan in which we match employee contributions up to predetermined limits for qualified employees as defined by the plan. For the years ended December 31, 2011, 2010 and 2009, we contributed to the plan, net of employee forfeitures, $1.2 million, $1.1 million and $0.6 million, respectively.

(14) Deferred Compensation Plans

In 2001, we assumed in a business combination nonqualified employee deferred compensation plans under which certain employees had previously elected to defer a portion of their annual compensation. Upon assumption of the plans, the plans were amended to not allow further participant compensation deferrals. Compensation previously deferred under the plans is payable upon the termination, disability or death of the participants. At December 31, 2011, we had obligations remaining under one deferred compensation plan. All other plans have terminated pursuant to the provisions of each respective plan. The remaining plan accumulates interest each year at a bank's prime rate in effect at the beginning of January of each year. This rate remains constant throughout the year. The effective rate for the 2011 calendar plan year was 3.25%. The aggregate deferred compensation payable at December 31, 2011 and December 31, 2010 was $2.0 million. Included in these amounts at December 31, 2011 and 2010 was accrued interest of $1.5 million and $1.4 million, respectively.

(15) Related Party Transactions

John M. Engquist, our Chief Executive Officer and President, and his sister, Kristan Engquist Dunne, each have a 29.2% beneficial ownership interest in a joint venture, from which we leased our Baton Rouge, Louisiana and Kenner, Louisiana branch facilities during the years ended December 31, 2011, 2010 and 2009. Four trusts in the names of the children of John M. Engquist and Kristan Engquist Dunne hold in equal amounts interests totaling 16.6% of such joint venture. The remaining 25% interest is beneficially owned by Mr. Engquist's mother. We paid such entity a total of $0.2 million, $0.3 million and $0.3 million in lease payments for the years ended December 31, 2011, 2010 and 2009, respectively. On January 11, 2011, we purchased the Kenner, Louisiana branch facility from the joint venture for approximately $1.6 million.

Mr. Engquist has a 50.0% ownership interest in T&J Partnership from which we lease our Shreveport, Louisiana facility. Mr. Engquist's mother beneficially owns 50% of the entity. In 2011, 2010 and 2009, we paid T&J Partnership a total of approximately $0.2 million each year in lease payments.

We are party to aircraft charter arrangements with 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 plus fuel and expenses to Gulf Wide Aviation as well as a management service fee to an unrelated third party for the use of the aircraft by various members of our management. In each of the years ended December 31, 2011, 2010 and 2009, our payments in respect of charter (and related) costs to Gulf Wide Aviation totaled approximately $0.4 million, $0.4 million and $0.5 million, respectively.

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 each have a 12.5% and 6.25% interest, 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. Commissions paid to Perkins-McKenzie on our behalf as insurance broker totaled approximately $0.5 million, $0.7 million and $0.7 million for the years ended December 31, 2011, 2010 and 2009, respectively.

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. In each of the years ended December 31, 2011, 2010 and 2009, our purchases totaled approximately $0.2 million, $0.2 million and $0.2 million, respectively, and our sales to B-C Equipment Sales, Inc. totaled approximately $20,000, $14,000 and $0.6 million, respectively.

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:

- a term of five years;
- a consulting fee of $167,000 per year together with a cost-of-living increase of 4% compounded annually, plus reimbursement of all reasonable and actual out-of-pocket expenses;
- welfare benefits, including medical, dental, life and disability insurance; and
- the protection of confidential information obtained during employment.

We expensed approximately $0.2 million for each of the years ended December 31, 2011, 2010 and 2009 related to this agreement.

(16) Summarized Quarterly Financial Data (Unaudited)

The following is a summary of our unaudited quarterly financial results of operations for the years ended December 31, 2011 and 2010 (amounts in thousands, except per share amounts):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2011:				
Total revenues	$134,908	$184,335	$184,289	$217,019
Operating income (loss)	(2,880)	10,301	15,071	17,650
Income (loss) before provision (benefit) for income taxes	(9,764)	3,308	7,967	10,630
Net income (loss)	(6,473)	2,689	4,848	7,862
Basic net income (loss) per common share[(1)]	(0.19)	0.08	0.14	0.23
Diluted net income (loss) per common share[(1)]	(0.19)	0.08	0.14	0.23

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2010:				
Total revenues	$114,686	$131,006	$153,844	$174,618
Operating income (loss)	(11,925)	(4,251)	1,451	2,830
Loss before benefit for income taxes	(19,166)	(11,348)	(5,826)	(4,040)
Net loss[(2)]	(12,078)	(7,093)	(3,780)	(2,509)
Basic net loss per common share	(0.35)	(0.20)	(0.11)	(0.07)
Diluted net loss per common share	(0.35)	(0.20)	(0.11)	(0.07)

(1) Because of the method used in calculating per share data, the summation of quarterly per share data may not necessarily total to the per share data computed for the entire year.

(17) Segment Information

We have identified five reportable segments: equipment rentals, new equipment sales, used equipment sales, parts sales and service revenues. These segments are based upon how management of the Company allocates resources and assesses performance. Non-segmented revenues and non-segmented costs relate to equipment support activities including transportation, hauling, parts freight and damage-waiver charges and are not allocated to the other reportable segments. There were no sales between segments for any of the periods presented. Selling, general, and administrative expenses as well as all other income and expense items below gross profit are not generally allocated to our reportable segments.

We do not compile discrete financial information by our segments other than the information presented below. The following table presents information about our reportable segments (amounts in thousands):

	Years Ended December 31, 2011	2010	2009
Segment Revenues:			
Equipment rentals	$228,038	$177,970	$191,512
New equipment sales	220,211	167,303	208,916
Used equipment sales	85,347	62,286	86,982
Parts sales	94,511	86,686	100,500
Services revenues	53,954	49,629	58,730
Total segmented revenues	682,061	543,874	646,640
Non-Segmented revenues	38,490	30,280	33,092
Total revenues	$720,551	$574,154	$679,732
Segment Gross Profit (Loss):			
Equipment rentals	$ 94,658	$ 59,193	$ 61,524
New equipment sales	24,059	16,638	25,031
Used equipment sales	20,305	14,017	16,677
Parts sales	25,289	22,784	27,714
Services revenues	32,930	30,878	36,905
Total gross profit from revenues	197,241	143,510	167,851
Non-Segmented gross profit (loss)	(4,538)	(7,571)	(2,353)
Total gross profit	$192,703	$135,939	$165,498

	December 31, 2011	2010
Segment identified assets:		
Equipment sales	$ 52,572	$ 57,540
Equipment rentals	450,877	426,637
Parts and service	12,579	14,617
Total segment identified assets	516,028	498,794
Non-Segmented identified assets	237,277	235,627
Total assets	$753,305	$734,421

The Company operates primarily in the United States and our sales to international customers for the years ended December 31, 2011, 2010 and 2009 were 1.9%, 2.1% and 3.1%, respectively, of total revenues for the periods presented. No one customer accounted for more than 10% of our revenues on an overall or segmented basis for any of the periods presented.

(18) Consolidating Financial Information of Guarantor Subsidiaries (Restated)

All of the indebtedness of H&E Equipment Services, Inc. is guaranteed by GNE Investments, Inc. and its wholly-owned subsidiary Great Northern Equipment, Inc., H&E Equipment Services (California), LLC, H&E California Holdings, Inc. and H&E Equipment Services (Mid-Atlantic), Inc. The guarantor subsidiaries are all wholly-owned and the guarantees, made on a joint and several basis, are full and unconditional (subject to subordination provisions and subject to a standard limitation which provides that the maximum amount guaranteed by each guarantor will not exceed the maximum amount that can be guaranteed without making the guarantee void under fraudulent conveyance laws). There are no restrictions on H&E Equipment Services, Inc.'s ability to obtain funds from the guarantor subsidiaries by dividend or loan.

The consolidating financial statements of H&E Equipment Services, Inc. and its subsidiaries are included below. The financial statements for H&E Finance Corp., the subsidiary co-issuer, are not included within the consolidating financial statements because H&E Finance Corp. has no assets or operations.

The condensed consolidating balance sheet and condensed consolidating statement of cash flows presented below have been restated to reclassify "Intercompany balances" to "Investment in guarantor subsidiaries." Upon further review of the balances and related activity of intercompany transactions between H&E Equipment Services, Inc. and its subsidiaries, the Company determined that such transactions were more akin to capital contributions and has reclassified such amounts within the condensed consolidating balance sheet as an investment. As capital contributions, the condensed consolidating statement of cash flows below now reflects such activity as an investing activity on the parent's books and a financing activity on the subsidiaries' books rather than the previous presentation as an operating activity on the books of the both the parent and the guarantor subsidiaries.

CONDENSED CONSOLIDATING BALANCE SHEET

	As of December 31, 2011			
	H&E Equipment Services	Guarantor Subsidiaries	Elimination	Consolidated
	(Amounts in thousands)			
Assets:				
Cash	$ 24,215	$ —	$ —	$ 24,215
Receivables, net	93,840	11,499	—	105,339
Inventories, net	55,052	10,099	—	65,151
Prepaid expenses and other assets	5,098	125	—	5,223
Rental equipment, net	366,568	84,309	—	450,877
Property and equipment, net	52,021	10,754	—	62,775
Deferred financing costs, net	5,640	—	—	5,640
Intangible assets, net	—	66	—	66
Investment in guarantor subsidiaries	139,089	—	(139,089)	—
Goodwill	4,493	29,526	—	34,019
Total assets	$746,016	$ 146,378	$(139,089)	$ 753,305
Liabilities and Stockholders' Equity:				
Amount due on senior secured credit facility	$ 16,055	$ —	$ —	$ 16,055
Accounts payable	59,095	3,911	—	63,006
Manufacturer flooring plans payable	58,249	69	—	58,318
Accrued expenses payable and other liabilities	37,786	704	—	38,490
Senior unsecured notes	250,000	—	—	250,000
Capital leases payable	—	2,605	—	2,605
Deferred income taxes	58,616	—	—	58,616
Deferred compensation payable	2,008	—	—	2,008
Total liabilities	481,809	7,289	—	489,098
Stockholders' equity (deficit)	264,207	139,089	(139,089)	264,207
Total liabilities and stockholders' equity	$746,016	$ 146,378	$(139,089)	$ 753,305

CONDENSED CONSOLIDATING BALANCE SHEET

	As of December 31, 2010			
	H&E Equipment Services	Guarantor Subsidiaries	Elimination	Consolidated
	(Amounts in thousands)			
Assets:				
Cash	$ 29,149	$ —	$ —	$ 29,149
Receivables, net	87,629	11,510	—	99,139
Inventories, net	57,698	14,458	—	72,156
Prepaid expenses and other assets	8,479	200	—	8,679
Rental equipment, net	339,644	86,993	—	426,637
Property and equipment, net	47,301	9,885	—	57,186
Deferred financing costs, net	7,027	—	—	7,027
Intangible assets, net	—	429	—	429
Investment in guarantor subsidiaries	146,013	—	(146,013)	—
Goodwill	4,493	29,526	—	34,019
Total assets	$727,433	$ 153,001	$(146,013)	$ 734,421
Liabilities and Stockholders' Equity:				
Accounts payable	$ 55,482	$ 2,955	—	$ 58,437
Manufacturer flooring plans payable	74,882	176	—	75,058
Accrued expenses payable and other liabilities	34,896	1,103	—	35,999
Senior unsecured notes	250,000	—	—	250,000
Capital leases payable	—	2,754	—	2,754
Deferred income taxes	55,919	—	—	55,919
Deferred compensation payable	2,004	—	—	2,004
Total liabilities	473,183	6,988	—	480,171
Stockholders' equity (deficit)	254,250	146,013	(146,013)	254,250
Total liabilities and stockholders' equity	$727,433	$ 153,001	$(146,013)	$ 734,421

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS

	Year Ended December 31, 2011			
	H&E Equipment Services	Guarantor Subsidiaries	Elimination	Consolidated
	(Amounts in thousands)			
Revenues:				
Equipment rentals	$182,822	$ 45,216	$ —	$ 228,038
New equipment sales	200,298	19,913	—	220,211
Used equipment sales	70,485	14,862	—	85,347
Parts sales	80,153	14,358	—	94,511
Services revenues	47,325	6,629	—	53,954
Other	31,573	6,917	—	38,490
Total revenues	612,656	107,895	—	720,551
Cost of revenues:				
Rental depreciation	68,327	18,454	—	86,781
Rental expense	37,264	9,335	—	46,599
New equipment sales	178,413	17,739	—	196,152
Used equipment sales	52,978	12,064	—	65,042
Parts sales	58,827	10,395	—	69,222
Services revenues	18,658	2,366	—	21,024
Other	34,066	8,962	—	43,028
Total cost of revenues	448,533	79,315	—	527,848
Gross profit (loss):				
Equipment rentals	77,231	17,427	—	94,658
New equipment sales	21,885	2,174	—	24,059
Used equipment sales	17,507	2,798	—	20,305
Parts sales	21,326	3,963	—	25,289
Services revenues	28,667	4,263	—	32,930
Other	(2,493)	(2,045)	—	(4,538)
Gross profit	164,123	28,580	—	192,703
Selling, general and administrative expenses	126,880	26,474	—	153,354
Equity in loss of guarantor subsidiaries	(6,633)	—	6,633	—
Gain from sales of property and equipment, net	384	409	—	793
Income from operations	30,994	2,515	6,633	40,142
Other income (expense):				
Interest expense	(19,536)	(9,191)	—	(28,727)
Other, net	683	43	—	726
Total other expense, net	(18,853)	(9,148)	—	(28,001)
Income (loss) before income taxes	12,141	(6,633)	6,633	12,141
Income tax expense	3,215	—	—	3,215
Net income (loss)	$ 8,926	$ (6,633)	$ 6,633	$ (8,926)

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS

	Year Ended December 31, 2010			
	H&E Equipment Services	Guarantor Subsidiaries	Elimination	Consolidated
	(Amounts in thousands)			
Revenues:				
Equipment rentals	$141,180	$ 36,790	$ —	$ 177,970
New equipment sales	151,906	15,397	—	167,303
Used equipment sales	53,789	8,497	—	62,286
Parts sales	73,369	13,317	—	86,686
Services revenues	43,602	6,027	—	49,629
Other	24,786	5,494	—	30,280
Total revenues	488,632	85,522	—	574,154
Cost of revenues:				
Rental depreciation	61,507	17,076	—	78,583
Rental expense	32,485	7,709	—	40,194
New equipment sales	136,899	13,766	—	150,665
Used equipment sales	41,789	6,480	—	48,269
Parts sales	54,066	9,836	—	63,902
Services revenues	16,699	2,052	—	18,751
Other	29,878	7,973	—	37,851
Total cost of revenues	373,323	64,892	—	438,215
Gross profit (loss):				
Equipment rentals	47,188	12,005	—	59,193
New equipment sales	15,007	1,631	—	16,638
Used equipment sales	12,000	2,017	—	14,017
Parts sales	19,303	3,481	—	22,784
Services revenues	26,903	3,975	—	30,878
Other	(5,092)	(2,479)	—	(7,571)
Gross profit	115,309	20,630	—	135,939
Selling, general and administrative expenses	123,279	24,998	—	148,277
Equity in loss of guarantor subsidiaries	(13,972)	—	13,972	—
Gain from sales of property and equipment, net	389	54	—	443
Loss from operations	(21,553)	(4,314)	13,972	(11,895)
Other income (expense):				
Interest expense	(19,403)	(9,673)	—	(29,076)
Other, net	576	15	—	591
Total other expense, net	(18,827)	(9,658)	—	(28,485)
Loss before income taxes	(40,380)	(13,972)	13,972	(40,380)
Income tax benefit	(14,920)	—	—	(14,920)
Net loss	$ (25,460)	$ (13,972)	$ 13,972	$ (25,460)

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS

	Year Ended December 31, 2009			
	H&E Equipment Services	Guarantor Subsidiaries	Elimination	Consolidated
	(Amounts in thousands)			
Revenues:				
Equipment rentals	$155,583	$ 35,929	$ —	$ 191,512
New equipment sales	173,494	35,422	—	208,916
Used equipment sales	75,862	11,120	—	86,982
Parts sales	85,043	15,457	—	100,500
Services revenues	51,657	7,073	—	58,730
Other	27,076	6,016	—	33,092
Total revenues	568,715	111,017	—	679,732
Cost of revenues:				
Rental depreciation	69,791	18,111	—	87,902
Rental expense	33,997	8,089	—	42,086
New equipment sales	152,640	31,245	—	183,885
Used equipment sales	61,264	9,041	—	70,305
Parts sales	61,597	11,189	—	72,786
Services revenues	19,403	2,422	—	21,825
Other	27,855	7,590	—	35,445
Total cost of revenues	426,547	87,687	—	514,234
Gross profit (loss):				
Equipment rentals	51,795	9,729	—	61,524
New equipment sales	20,854	4,177	—	25,031
Used equipment sales	14,598	2,079	—	16,677
Parts sales	23,446	4,268	—	27,714
Services revenues	32,254	4,651	—	36,905
Other	(779)	(1,574)	—	(2,353)
Gross profit	142,168	23,330	—	165,498
Selling, general and administrative expenses	119,920	24,540	—	144,460
Impairment of goodwill	8,972	—	—	8,972
Equity in loss of guarantor subsidiaries	(12,985)	—	12,985	—
Gain from sales of property and equipment, net	455	78	—	533
Income (loss) from operations	746	(1,132)	12,985	12,599
Other income (expense):				
Interest expense	(19,415)	(11,924)	—	(31,339)
Other, net	548	71	—	619
Total other expense, net	(18,867)	(11,853)	—	(30,720)
Loss before income taxes	(18,121)	(12,985)	12,985	(18,121)
Income tax benefit	(6,178)	—	—	(6,178)
Net loss	$ (11,943)	$ (12,985)	$ 12,985	$ (11,943)

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

	Year Ended December 31, 2011			
	H&E Equipment Services	Guarantor Subsidiaries	Elimination	Consolidated
	(Amounts in thousands)			
Cash flows from operating activities:				
Net income (loss)	$ 8,926	$ (6,633)	$ 6,633	$ 8,926
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization on property and equipment	10,498	1,757	—	12,255
Depreciation on rental equipment	68,327	18,454	—	86,781
Amortization of deferred financing costs	1,388	—	—	1,388
Amortization of intangible assets	—	362	—	362
Provision for losses on accounts receivable	2,172	1,010	—	3,182
Provision for inventory obsolescence	210	—	—	210
Provision for deferred income taxes	2,697	—	—	2,697
Stock-based compensation expense	1,327	—	—	1,327
Gain from sales of property and equipment, net	(384)	(409)	—	(793)
Gain from sales of rental equipment, net	(16,002)	(2,786)	—	(18,788)
Equity in loss of guarantor subsidiaries	6,633	—	(6,633)	—
Changes in operating assets and liabilities:				
Receivables, net	(8,383)	(999)	—	(9,382)
Inventories, net	(20,500)	(1,061)	—	(21,561)
Prepaid expenses and other assets	3,381	76	—	3,457
Accounts payable	3,613	956	—	4,569
Manufacturer flooring plans payable	(16,633)	(107)	—	(16,740)
Accrued expenses payable and other liabilities	2,890	(399)	—	2,491
Deferred compensation payable	4	—	—	4
Net cash provided by operating activities	50,164	10,221	—	60,385
Cash flows from investing activities:				
Purchases of property and equipment	(15,757)	(2,676)	—	(18,433)
Purchases of rental equipment	(106,490)	(20,745)	—	(127,235)
Proceeds from sales of property and equipment	923	459	—	1,382
Proceeds from sales of rental equipment	50,177	13,181	—	63,358
Investment in subsidiaries	291	—	(291)	—
Net cash used in investing activities	(70,856)	(9,781)	(291)	(80,928)
Cash flows from financing activities:				
Excess tax benefit (deficiency) from stock-based awards	257	—	—	257
Purchases of treasury stock	(554)	—	—	(554)
Borrowing on senior secured credit facility	557,884	—	—	557,884
Payments on senior secured credit facility	(541,829)	—	—	(541,829)
Payments on capital lease obligations	—	(149)	—	(149)
Capital contributions	—	(291)	291	—
Net cash provided by (used in) financing activities	15,758	(440)	291	15,609
Net decrease in cash	(4,934)	—	—	(4,934)
Cash, beginning of year	29,149	—	—	29,149
Cash, end of year	$ 24,215	$ —	$ —	$ 24,215

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

	Year Ended December 31, 2010			
	H&E Equipment Services	Guarantor Subsidiaries	Elimination	Consolidated
	(Amounts in thousands)			
Cash flows from operating activities:				
Net loss	$(25,460)	$ (13,972)	$ 13,972	$ (25,460)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Depreciation and amortization on property and equipment	11,239	1,885	—	13,124
Depreciation on rental equipment	61,507	17,076	—	78,583
Amortization of deferred financing costs	1,406	—	—	1,406
Amortization of intangible assets	—	559	—	559
Provision for losses on accounts receivable	2,609	555	—	3,164
Provision for inventory obsolescence	315	—	—	315
Provision for deferred income taxes	(13,227)	—	—	(13,227)
Stock-based compensation expense	1,039	—	—	1,039
Gain from sales of property and equipment, net	(389)	(54)	—	(443)
Gain from sales of rental equipment, net	(11,010)	(1,921)	—	(12,931)
Equity in loss of guarantor subsidiaries	13,972	—	(13,972)	—
Changes in operating assets and liabilities:				
Receivables, net	(31,833)	1,531	—	(30,302)
Inventories, net	(8,891)	2,129	—	(6,762)
Prepaid expenses and other assets	(1,603)	(77)	—	(1,680)
Accounts payable	26,616	2,955	—	29,571
Manufacturer flooring plans payable	(17,986)	176	—	(17,810)
Accrued expenses payable and other liabilities	(792)	(479)	—	(1,271)
Deferred compensation payable	63	—	—	63
Net cash provided by operating activities	7,575	10,363	—	17,938
Cash flows from investing activities:				
Purchases of property and equipment	(4,067)	(585)	—	(4,652)
Purchases of rental equipment	(60,504)	(12,745)	—	(73,249)
Proceeds from sales of property and equipment	588	(1)	—	587
Proceeds from sales of rental equipment	39,856	7,789	—	47,645
Investment in subsidiaries	4,691	—	(4,691)	—
Net cash used in investing activities	(19,436)	(5,542)	(4,691)	(29,669)
Cash flows from financing activities:				
Purchase of treasury stock	(212)	—	—	(212)
Payments of deferred financing costs	(2,888)	—	—	(2,888)
Payments on capital lease obligations	—	(140)	—	(140)
Principal payments on note payable	(1,216)	—	—	(1,216)
Capital contributions	—	(4,691)	4,691	—
Net cash used in financing activities	(4,316)	(4,831)	4,691	(4,456)
Net decrease in cash	(16,177)	(10)	—	(16,187)
Cash, beginning of year	45,326	10	—	45,336
Cash, end of year	$ 29,149	$ —	$ —	$ 29,149

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

	Year Ended December 31, 2009			
	H&E Equipment Services	Guarantor Subsidiaries	Elimination	Consolidated
	(Amounts in thousands)			
Cash flows from operating activities:				
Net loss	$ (11,943)	$ (12,985)	$ 12,985	$ (11,943)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Depreciation and amortization on property and equipment	8,611	2,189	—	10,800
Depreciation on rental equipment	69,791	18,111	—	87,902
Amortization of deferred financing costs	1,419	—	—	1,419
Amortization of intangible assets	—	591	—	591
Provision for losses on accounts receivable	3,246	—	—	3,246
Provision for inventory obsolescence	48	—	—	48
Provision for deferred income taxes	(5,963)	—	—	(5,963)
Stock-based compensation expense	726	—	—	726
Impairment of goodwill	1,150	7,822	—	8,972
Gain from sales of property and equipment, net	(455)	(78)	—	(533)
Gain from sales of rental equipment, net	(13,735)	(1,941)	—	(15,676)
Equity in loss of guarantor subsidiaries	12,985	—	(12,985)	—
Changes in operating assets and liabilities, net of impact of acquisition:				
Receivables, net	63,106	11,940	—	75,046
Inventories, net	24,047	(865)	—	23,182
Prepaid expenses and other assets	4,590	132	—	4,722
Accounts payable	(64,801)	—	—	(64,801)
Manufacturer flooring plans payable	(34,822)	—	—	(34,822)
Accrued expenses payable and other liabilities	(10,271)	341	—	(9,930)
Deferred compensation payable	(85)	—	—	(85)
Net cash provided by operating activities	47,644	25,257	—	72,901
Cash flows from investing activities:				
Purchases of property and equipment	(18,816)	(579)	—	(19,395)
Purchases of rental equipment	(4,080)	(11,041)	—	(15,121)
Proceeds from sales of property and equipment	1,505	(57)	—	1,448
Proceeds from sales of rental equipment	62,174	8,794	—	70,968
Investment in subsidiaries	22,248	—	(22,248)	—
Net cash provided by (used in) investing activities	63,031	(2,883)	(22,248)	37,900
Cash flows from financing activities:				
Purchase of treasury stock	(110)	—	—	(110)
Borrowings on senior secured credit facility	536,311	—	—	536,311
Payments on senior secured credit facility	(612,633)	—	—	(612,633)
Payments of related party obligation	(150)	—	—	(150)
Payments on capital lease obligations	—	(131)	—	(131)
Principal payments on note payable	(18)	—	—	(18)
Capital contributions	—	(22,248)	22,248	—
Net cash used in financing activities	(76,600)	(22,379)	(22,248)	(76,731)
Net increase (decrease) in cash	34,075	(5)	—	34,070
Cash, beginning of year	11,251	15	—	11,266
Cash, end of year	$ 45,326	$ 10	$ —	$ 45,336

Exhibit 99.3

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

H&E EQUIPMENT SERVICES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except share amounts)

	Balances at	
	September 30, 2012 (Unaudited)	December 31, 2011
ASSETS		
Cash	$ 3,250	$ 24,215
Receivables, net of allowance for doubtful accounts of $4,677 and $5,581, respectively	123,902	105,339
Inventories, net of reserves for obsolescence of $834 and $861, respectively	109,751	65,151
Prepaid expenses and other assets	5,108	5,223
Rental equipment, net of accumulated depreciation of $297,328 and $281,493, respectively	571,936	450,877
Property and equipment, net of accumulated depreciation and amortization of $67,063 and $62,050, respectively	79,406	62,775
Deferred financing costs, net of accumulated amortization of $8,943 and $11,844, respectively	14,313	5,640
Intangible assets, net of accumulated amortization of $722 at December 31, 2011	—	66
Goodwill	32,560	34,019
Total assets	$ 940,226	$ 753,305
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Amounts due on senior secured credit facility	$ 130,725	$ 16,055
Accounts payable 1	75,708	63,006
Manufacturer flooring plans payable	56,925	58,318
Dividends payable	1,488	—
Accrued expenses payable and other liabilities	37,564	38,490
Senior unsecured notes	530,000	250,000
Capital leases payable	2,487	2,605
Deferred income taxes	66,076	58,616
Deferred compensation payable	1,960	2,008
Total liabilities	902,933	489,098
Commitments and Contingencies		
Stockholders' equity:		
Preferred stock, $0.01 par value, 25,000,000 shares authorized; no shares issued	—	—
Common stock, $0.01 par value, 175,000,000 shares authorized; 38,917,619 and 38,808,941 shares issued at September 30, 2012 and December 31, 2011, respectively and 35,143,886 and 35,084,737 shares outstanding at September 30, 2012 and December 31, 2011, respectively	388	387
Additional paid-in capital	212,211	210,695
Treasury stock at cost, 3,773,733 and 3,724,204 shares of common stock held at September 30, 2012 and December 31, 2011, respectively	(57,578)	(56,884)
Retained earnings (deficit)	(117,728)	110,009
Total stockholders' equity	37,293	264,207
Total liabilities and stockholders' equity	$ 940,226	$ 753,305

The accompanying notes are an integral part of these condensed consolidated financial statements.

H&E EQUIPMENT SERVICES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(Amounts in thousands, except per share amounts)

	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
Revenues:				
Equipment rentals	$ 77,808	$ 61,190	$207,941	$165,440
New equipment sales	49,009	46,543	154,710	133,629
Used equipment sales	24,990	27,172	75,100	65,655
Parts sales	26,058	24,647	74,161	71,166
Services revenues	14,436	14,191	41,615	40,072
Other	12,208	10,546	33,671	27,570
Total revenues	204,509	184,289	587,198	503,532
Cost of revenues:				
Rental depreciation	27,150	22,076	74,727	64,146
Rental expense	12,579	12,176	36,375	34,484
New equipment sales	43,367	41,123	136,945	118,271
Used equipment sales	18,399	20,824	53,426	50,444
Parts sales	19,092	18,073	53,826	52,174
Services revenues	5,615	5,451	15,907	15,499
Other	11,384	10,825	32,183	31,862
Total cost of revenues	137,586	130,548	403,389	366,880
Gross profit	66,923	53,741	183,809	136,652
Selling, general and administrative expenses	42,402	39,042	124,504	114,681
Gain on sales of property and equipment, net	514	372	1,478	521
Income from operations	25,035	15,071	60,783	22,492
Other income (expense):				
Interest expense	(9,825)	(7,222)	(23,668)	(21,607)
Loss on early extinguishment of debt	(10,180)	—	(10,180)	—
Other, net	243	118	751	626
Total other expense, net	(19,762)	(7,104)	(33,097)	(20,981)
Income before provision for income taxes	5,273	7,967	27,686	1,511
Provision for income taxes	1,564	3,119	9,554	447
Net income	$ 3,709	$ 4,848	$ 18,132	$ 1,064
Net income per common share:				
Basic	$ 0.11	$ 0.14	$ 0.52	$ 0.03
Diluted	$ 0.11	$ 0.14	$ 0.52	$ 0.03
Weighted average common shares outstanding:				
Basic	34,958	34,804	34,867	34,743
Diluted	34,974	34,860	34,963	34,884
Dividends declared per common share outstanding	$ 7.00	$ —	$ 7.00	$ —

The accompanying notes are an integral part of these condensed consolidated financial statements.

H&E EQUIPMENT SERVICES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Amounts in thousands)

	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
Cash flows from operating activities:		
Net income	$ 18,132	$ 1,064
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization on property and equipment	9,997	9,310
Depreciation on rental equipment	74,727	64,146
Amortization of loan discounts and deferred financing costs	1,076	1,042
Amortization of intangible assets	66	337
Provision for losses on accounts receivable	2,565	2,186
Provision for inventory obsolescence	124	170
Decrease in deferred income taxes	7,460	69
Stock-based compensation expense	1,223	994
Loss on early extinguishment of debt	10,180	—
Gain on sales of property and equipment, net	(1,478)	(521)
Gain on sales of rental equipment, net	(20,842)	(14,103)
Writedown of goodwill for tax-deductible goodwill in excess of book goodwill	1,458	—
Changes in operating assets and liabilities:		
Receivables, net	(21,128)	(2,784)
Inventories, net	(72,334)	(32,985)
Prepaid expenses and other assets	115	3,177
Accounts payable	12,702	1,649
Manufacturer flooring plans payable	(1,393)	(12,147)
Accrued expenses payable and other liabilities	(925)	(4,700)
Deferred compensation payable	(48)	(12)
Net cash provided by operating activities	21,677	16,892
Cash flows from investing activities:		
Purchases of property and equipment	(27,011)	(11,950)
Purchases of rental equipment	(212,337)	(90,669)
Proceeds from sales of property and equipment	1,861	763
Proceeds from sales of rental equipment	65,003	47,537
Net cash used in investing activities	(172,484)	(54,319)
Cash flows from financing activities:		
Purchases of treasury stock	(694)	(554)
Excess tax benefit from stock-based awards	293	257
Dividends paid	(244,381)	—
Principal payments on senior unsecured notes	(257,576)	—
Proceeds from issuance of senior unsecured notes	530,000	—
Borrowings on senior secured credit facility	776,171	352,711
Payments on senior secured credit facility	(661,501)	(339,131)
Payments of deferred financing costs	(12,352)	—
Payments of capital lease obligations	(118)	(111)
Net cash provided by financing activities	129,842	13,172
Net decrease in cash	(20,965)	(24,255)
Cash, beginning of period	24,215	29,149
Cash, end of period	$ 3,250	$ 4,894

H&E EQUIPMENT SERVICES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(Unaudited)
(Amounts in thousands)

	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
Supplemental schedule of noncash investing and financing activities:		
Noncash asset purchases:		
Assets transferred from new and used inventory to rental fleet	$27,610	$27,699
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	$27,868	$25,793
Income taxes paid, net of refunds received	$ 334	$ (1,635)

The accompanying notes are an integral part of these condensed consolidated financial statements.

(1) Organization and Nature of Operations

Basis of Presentation

Our condensed consolidated financial statements include the financial position and results of operations of H&E Equipment Services, Inc. and its wholly-owned subsidiaries H&E Finance Corp., GNE Investments, Inc., Great Northern Equipment, Inc., H&E California Holding, Inc., H&E Equipment Services (California), LLC and H&E Equipment Services (Mid-Atlantic), Inc., collectively referred to herein as "we" or "us" or "our" or the "Company."

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such regulations. In the opinion of management, all adjustments (consisting of all normal and recurring adjustments) considered necessary for a fair presentation have been included. Operating results for the three and nine months ended September 30, 2012 are not necessarily indicative of the results that may be expected for the year ending December 31, 2012, and, therefore, the results and trends in these interim condensed consolidated financial statements may not be the same for the entire year. These interim condensed consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements and related notes in our Annual Report on Form 10-K for the year ended December 31, 2011, from which the balance sheet amounts as of December 31, 2011 were derived.

All significant intercompany accounts and transactions have been eliminated in these condensed consolidated financial statements. Business combinations accounted for as purchases are included in the condensed consolidated financial statements from their respective dates of acquisition.

The nature of our business is such that short-term obligations are typically met by cash flows generated from long-term assets. Consequently, and consistent with industry practice, the accompanying condensed consolidated balance sheets are presented on an unclassified basis.

Nature of Operations

As one of the largest integrated equipment services companies in the United States focused on heavy construction and industrial equipment, we rent, sell and provide parts and service support for four core categories of specialized equipment: (1) hi-lift or aerial work platform equipment; (2) cranes; (3) earthmoving equipment; and (4) industrial lift trucks. By providing equipment sales, rental, on-site parts, and repair and maintenance functions under one roof, we are a one-stop provider for our customers' varied equipment needs. This full-service approach provides us with multiple points of customer contact, enables us to maintain a high quality rental fleet, as well as an effective distribution channel for fleet disposal and provides cross-selling opportunities among our new and used equipment sales, rental, parts sales and service operations.

(2) Significant Accounting Policies

We describe our significant accounting policies in note 2 of the notes to consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2011. During the three and nine month periods ended September 30, 2012, there were no significant changes to those accounting policies.

Use of Estimates

We prepare our condensed consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, which requires management to use its judgment to make estimates and assumptions that affect the reported amounts of assets and liabilities and related disclosures at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reported period. These assumptions and estimates could have a material effect on our condensed consolidated financial statements. Actual results may differ materially from those estimates. We review our estimates on an ongoing basis based on information currently available, and changes in facts and circumstances may cause us to revise these estimates.

Recent Accounting Pronouncements

There are no recently issued accounting pronouncements that are expected to affect the Company's financial reporting.

(3) Fair Value of Financial Instruments

The carrying value of financial instruments reported in our accompanying condensed consolidated balance sheets for cash, accounts receivable, accounts payable and accrued expenses payable and other liabilities approximate fair value due to the immediate or short-term nature or maturity of these financial instruments. The carrying amount for our senior secured credit facility approximates fair value because the underlying instrument includes provisions that adjust our interest rates based on current market rates. The determination of the fair value of our letters of credit is based on fees currently charged for similar agreements. The carrying amounts and fair values of our other financial instruments subject to fair value disclosures have been calculated based upon market quotes and present value calculations based on our current estimated incremental borrowing rates for similar types of borrowing arrangements, which are presented in the table below (amounts in thousands):

	September 30, 2012	
	Carrying Amount	Fair Value
Manufacturer flooring plans payable with interest computed at 5.25%	$ 56,925	$ 50,243
Senior unsecured notes with interest compounded at 7.0%	530,000	552,525
Capital lease payable with interest computed at 5.929% to 9.55%	2,487	1,921
Letters of credit	—	130

	December 31, 2011	
	Carrying Amount	Fair Value
Manufacturer flooring plans payable with interest computed at 5.38%	$ 58,318	$ 52,069
Senior unsecured notes with interest compounded at 8.375%	250,000	252,500
Capital lease payable with interest computed at 5.929% to 9.55%	2,605	1,839
Letters of credit	—	192

(4) Stockholders' Equity

The following table summarizes the activity in Stockholders' Equity for the nine month period ended September 30, 2012 (amounts in thousands, except share data):

	Common Stock		Additional		Retained	Total
	Shares Issued	Amount	Paid-in Capital	Treasury Stock	Earnings (Deficit)	Stockholders' Equity
Balances at December 31, 2011	38,808,941	$ 387	$210,695	$(56,884)	$ 110,009	$ 264,207
Stock-based compensation	—	—	1,223	—	—	1,223
Tax benefits associated with stock-based awards	—	—	293	—	—	293
Issuance of non-vested restricted common stock	108,678	1	—	—	—	1
Repurchases of 46,064 shares of restricted common stock	—	—	—	(694)	—	(694)
Cash dividend on common stock ($7.00 per share)	—	—	—	—	(245,869)	(245,869)
Net income	—	—	—		18,132	18,132
Balances at September 30, 2012	38,917,619	$ 388	$212,211	$(57,578)	$(117,728)	$ 37,293

(5) Stock-Based Compensation

We account for our stock-based compensation plan using the fair value recognition provisions of ASC 718, *Stock Compensation* ("ASC 718"). Under the provisions of ASC 718, stock-based compensation is measured at the grant date, based on the calculated fair value of the award, and is recognized as an expense over the requisite employee service period (generally the vesting period of the grant). Shares available for future stock-based payment awards under our 2006 Stock-Based Incentive Compensation Plan were 3,720,401 shares as of September 30, 2012.

Non-vested Stock

The following table summarizes our non-vested stock activity for the nine months ended September 30, 2012:

	Number of Shares	Weighted Average Grant Date Fair Value
Non-vested stock at December 31, 2011	278,634	$ 10.77
Granted	108,678	$ 15.16
Vested	(151,416)	$ 9.48
Forfeited	(3,465)	$ 10.87
Non-vested stock at September 30, 2012	232,431	$ 13.66

As of September 30, 2012, we had unrecognized compensation expense of approximately $2.6 million related to non-vested stock that we expect to be recognized over a weighted-average period of 2.1 years. The following table summarizes compensation expense related to non-vested stock, which is included in selling, general and administrative expenses in the accompanying condensed consolidated statements of income for the three and nine months ended September 30, 2012 and 2011 (amounts in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2012	2011	2012	2011
Compensation expense	$ 426	$ 334	$ 1,223	$ 994

Stock Options

At September 30, 2012, there is no unrecognized compensation expense as all stock option awards have fully vested. The following table represents stock option activity for the nine months ended September 30, 2012:

	Number of Shares	Weighted Average Exercise Price (1)	Weighted Average Contractual Life In Years
Outstanding options at December 31, 2011	51,000	$ 17.80	
Granted	–	–	
Exercised	–	–	
Canceled, forfeited or expired	–	–	
Outstanding options at September 30, 2012	51,000	$ 17.80	3.8
Options exercisable at September 30, 2012	51,000	$ 17.80	3.8

(1) Weighted average exercise prices shown above include a reduction of $7.00 per share to reflect the equitable adjustment to the exercise prices in connection with the declaration and payment of a $7.00 per share dividend in the third quarter.

In connection with the Company's payment of the $7.00 per share dividend, the exercise prices of all outstanding stock option grants were adjusted downward by $7.00 per share. The modification of stock options resulted in an additional $0.1 million of stock compensation expense.

The closing price of our common stock on September 30, 2012 was $12.12. All options outstanding at September 30, 2012 have grant date fair values (as adjusted for the $7.00 per share reduction in exercise price) which exceed the September 30, 2012 closing stock price.

(6) Income per Share

Income per common share for the three and nine months ended September 30, 2012 and 2011 are based on the weighted average number of common shares outstanding during the period. The effects of potentially dilutive securities that are anti-dilutive are not included in the computation of dilutive income per share. The following table sets forth the computation of basic and diluted net income per common share for the three and nine month periods ended September 30, 2012 and 2011 (amounts in thousands, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Basic net income per share:				
Net income	$ 3,709	$ 4,848	$18,132	$ 1,064
Weighted average number of shares of common stock outstanding	34,958	34,804	34,867	34,743
Net income per share of common stock – basic	$ 0.11	$ 0.14	$ 0.52	$ 0.03
Diluted net income per share:				
Net income	$ 3,709	$ 4,848	$18,132	$ 1,064
Weighted average number of shares of common stock outstanding	34,958	34,804	34,867	34,743
Effect of dilutive securities:				
Effect of dilutive stock options	—	—	—	—
Effect of dilutive non-vested restricted stock	16	56	96	141
Weighted average number of shares of common stock outstanding – diluted	34,974	34,860	34,963	34,884
Net income per share of common stock – diluted	$ 0.11	$ 0.14	$ 0.52	$ 0.03
Common shares excluded from the denominator as anti-dilutive:				
Stock options	51	51	51	51
Non-vested restricted stock	86	52	20	—

(7) Senior Unsecured Notes

On August 20, 2012, the Company closed on its offering of $530 million aggregate principal amount of 7% senior notes due 2022 (the “New Notes”) in an unregistered offering. The New Notes and related guarantees were offered in a private placement solely to qualified institutional buyers in reliance on Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”), or outside the United States to persons other than “U.S. persons” in compliance with Regulation S under the Securities Act. The New Notes and related guarantees have not been registered under the Securities Act or the securities laws of any other jurisdiction and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements thereunder.

Net proceeds to the Company from the sale of the New Notes, after deducting the initial purchasers’ discount, totaled approximately $520.7 million. The Company used a portion of the net proceeds from the sale of the New Notes to repurchase $158.7 million of its $250 million aggregate principal amount of 8 3/8% Senior Notes due 2016 (the “Old Notes”) in early settlement of a tender offer and consent solicitation (the “Tender Offer”) that the Company launched on August 6, 2012. Holders who tendered their Old Notes prior to the early tender deadline received $1,031.67 per $1,000 principal amount of Old Notes tendered, plus accrued and unpaid interest to the redemption date. Having received the requisite consents from the holders of the Old Notes in the Tender Offer, the Company, certain of its subsidiaries and The Bank of New York Mellon Trust Company, N.A., as trustee, executed a supplemental indenture (the “Supplemental Indenture”) amending the indenture relating to the Old Notes. The Supplemental Indenture eliminated substantially all of the restrictive covenants and certain events of default from the indenture relating to the Old Notes. Also on August 20, 2012, the Company satisfied and discharged its obligations under the indenture relating to the Old Notes and issued a notice of redemption for the remaining outstanding principal amount of the Old Notes. On September 19, 2012, the Company redeemed the remaining $91.3 million principal amount outstanding of the Old Notes at a redemption price equal to 102.792% of the aggregate principal amount of the Old Notes to be redeemed, plus accrued and unpaid interest on the Old Notes to the redemption date.

The Company used the remaining net proceeds of the offering of the New Notes to pay on September 19, 2012 a one-time special dividend. Actual dividends paid totaled approximately $244.4 million, representing $7.00 per share paid on 34,911,455 outstanding shares of common stock of the Company. Dividends on 232,431 outstanding shares of non-vested common stock totaling an estimated $1.4 million are to be paid upon vesting of those shares pursuant to their respective stock awards’ terms and conditions.

In connection with the above transactions, the Company recorded a one-time loss on the early extinguishment of debt in the three month period ended September 30, 2012 of approximately $10.2 million, or approximately $7.2 million after-tax, reflecting payment of $5.0 million of tender premiums and $2.6 million to redeem the Old Notes that remained outstanding following completion of the Tender Offer, combined with the write off of approximately $2.6 million of unamortized deferred financing costs of the Old Notes. Transaction costs incurred totaled approximately $10.9 million.

The New Notes were issued at par and require semiannual interest payments on March 1st and September 1st of each year, commencing on March 1, 2013. No principal payments are due until maturity (September 1, 2022). We may redeem up to 35% of the aggregate principal amount of the New Notes before September 1, 2015 with the net cash proceeds from certain equity offerings. We may also redeem the New Notes prior to September 1, 2017 at a specified "make-whole" redemption price plus accrued and unpaid interest to the date of redemption.

The New Notes rank equally in right of payment to all of our existing and future senior indebtedness and rank senior to any of our subordinated indebtedness. The New Notes are unconditionally guaranteed on a senior unsecured basis by all of our current and future significant domestic restricted subsidiaries. In addition, the New Notes are effectively subordinated to all of our and the guarantors' existing and future secured indebtedness, including the senior secured credit facility, to the extent of the assets securing such indebtedness, and are structurally subordinated to all of the liabilities and preferred stock of any of our subsidiaries that do not guarantee the New Notes.

Pursuant to a registration rights agreement entered into between the Company, the guarantors of the New Notes and the initial purchasers of the New Notes, we have agreed to make an offer to exchange the New Notes and guarantees for registered, publicly tradable notes and guarantees that have substantially identical items. A copy of the registration rights agreement is attached as Exhibit 4.2 to the Company's Current Report on Form 8-K filed with the SEC on August 20, 2012.

(8) Senior Secured Credit Facility

We and our subsidiaries are parties to a senior secured credit facility (the "Credit Facility") with General Electric Capital Corporation as agent, and the lenders named therein (the "Lenders"). On February 29, 2012, the Company amended its existing $320.0 million credit facility ("Amendment No. 1") with its Lenders. Amendment No. 1 (i) permitted the refinancing of the Old Notes in an amount not less than $200.0 million and not greater than the outstanding principal amount of such notes at the time of such refinancing and with no amortization or final maturity prior to the date six months following the maturity of the Credit Agreement, (ii) extended the maturity date of the Credit Facility from July 29, 2015 to the earlier to occur of, *inter alia*, February 29, 2017, and, unless previously refinanced, the date that is six months prior to the maturity of the Old Notes (giving effect to any extensions thereof), (iii) provides that the unused commitment fee margin will be either 0.50% or 0.375%, depending on the ratio of the average of the daily closing balances of the aggregate revolving loans, swing line loans and letters of credit outstanding during each month to the aggregate commitments for the revolving loans, swing line loans and letters of credit, (iv) lowered the interest rate (a) in the case of index rate revolving loans, to the index rate plus an applicable margin of 1.00% to 1.50% depending on the leverage ratio and (b) in the case of LIBOR revolving loans, to LIBOR plus an applicable margin of 2.00% to 2.50%, depending on the leverage ratio, (v) lowered the margin applicable to the letter of credit fee to between 2.00% and 2.50%, depending on the leverage ratio, and (vi) adds provisions whereby the Company represents that it, its subsidiaries and other related parties are in compliance with federal anti-terrorism laws and regulations. Total transaction costs on Amendment No. 1 totaled approximately $0.8 million.

On August 9, 2012, the Company amended the Credit Facility by entering into Amendment No. 2 to the Credit Facility ("Amendment No. 2"). Amendment No. 2, among other things, (i) permitted the refinancing of the Old Notes in an amount not less than $200.0 million and not greater than $530 million and with no amortization or final scheduled maturity prior to the date six months following the maturity of the Credit Facility, (ii) changed the maturity date of the Credit Facility to the earlier to occur of February 29, 2017, and the date that is six months prior to the scheduled maturity of the New Notes (giving effect to any extensions thereof) (subject to earlier termination upon the occurrence of, under certain circumstances, an event of default or prepayment in full of the amounts owing under the Credit Facility), (iii) permitted the one-time dividend by the Company that was paid on September 19, 2012.

On August 17, 2012, the Company again amended the Credit Facility by entering into Amendment No. 3 to the Credit Facility (Amendment No. 3"), which, among other things, exercises the Credit Facility's existing incremental facility by $82.5 million, increasing the Lenders' aggregate revolving loan commitments from $320.0 million to $402.5 million. Total transaction costs related to Amendment No. 2 and Amendment No. 3 totaled approximately $0.7 million.

As amended, the Credit Facility provides, among other things, a $402.5 million senior secured asset based revolver which includes a $30.0 million letter of credit facility, and, after giving effect to the increase provided for in Amendment No. 3, a $47.5 million incremental facility. In addition, the borrowers under the Credit Facility remain the same, the Credit Facility remains secured by substantially all of the assets of the Company and its subsidiaries, and the Company and each of its subsidiaries continue to provide a guaranty of the obligations under the Credit Facility. The Credit Facility requires us to maintain a minimum fixed charge coverage ratio in the event that our excess borrowing availability is below approximately $50.3 million (as adjusted if the $47.5 million incremental facility is exercised). The Credit Facility also requires us to maintain a maximum total leverage ratio of 5.0 to 1.0, which is tested if excess availability is less than approximately $50.3 million (as adjusted if the $47.5 million incremental facility is exercised). As of September 30, 2012, we were in compliance with our financial covenants under the Credit Facility.

At September 30, 2012, the interest rate on the Credit Facility was based on a 3.25% U.S. Prime Rate plus 100 basis points and LIBOR plus 200 basis points. The weighted average interest rate at September 30, 2012 was 3.1%. At October 26, 2012, we had $253.3 million of available borrowings under our Credit Facility, net of $6.5 million of outstanding letters of credit.

(9) Segment Information

We have identified five reportable segments: equipment rentals, new equipment sales, used equipment sales, parts sales and service revenues. These segments are based upon how management of the Company allocates resources and assesses performance. Non-segmented revenues and non-segmented costs relate to equipment support activities including transportation, hauling, parts freight and damage-waiver charges and are not allocated to the other reportable segments. There were no sales between segments for any of the periods presented. Selling, general and administrative expenses as well as all other income and expense items below gross profit are not generally allocated to reportable segments.

We do not compile discrete financial information by segments other than the information presented below. The following table presents information about our reportable segments (amounts in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Revenues:				
Equipment rentals	$ 77,808	$ 61,190	$207,941	$165,440
New equipment sales	49,009	46,543	154,710	133,629
Used equipment sales	24,990	27,172	75,100	65,655
Parts sales	26,058	24,647	74,161	71,166
Services revenues	14,436	14,191	41,615	40,072
Total segmented revenues	192,301	173,743	553,527	475,962
Non-segmented revenues	12,208	10,546	33,671	27,570
Total revenues	$204,509	$184,289	$587,198	$503,532
Gross Profit (Loss):				
Equipment rentals	$ 38,079	$ 26,938	$ 96,839	$ 66,810
New equipment sales	5,642	5,420	17,765	15,358
Used equipment sales	6,591	6,348	21,674	15,211
Parts sales	6,966	6,574	20,335	18,992
Services revenues	8,821	8,740	25,708	24,573
Total segmented gross profit	66,099	54,020	182,321	140,944
Non-segmented gross profit (loss)	824	(279)	1,488	(4,292)
Total gross profit	$ 66,923	$ 53,741	$183,809	$136,652

	Balances at	
	September 30, 2012	December 31, 2011
Segment identified assets:		
Equipment sales	$ 92,870	$ 52,572
Equipment rentals	571,936	450,877
Parts and services	16,881	12,579
Total segment identified assets	681,687	516,028
Non-segment identified assets	258,539	237,277
Total assets	$ 940,226	$ 753,305

The Company operates primarily in the United States and our sales to international customers for the three and nine month periods ended September 30, 2012 were 0.9% and 2.8%, respectively, of total revenues compared to 1.5% and 2.4% for the three and nine month periods ended September 30, 2011. No one customer accounted for more than 10% of our revenues on an overall or segment basis for any of the periods presented.

(10) Condensed Consolidating Financial Information of Guarantor Subsidiaries (Restated)

All of the indebtedness of H&E Equipment Services, Inc. is guaranteed by GNE Investments, Inc. and its wholly-owned subsidiary Great Northern Equipment, Inc., H&E Equipment Services (California), LLC, H&E California Holding, Inc. and H&E Equipment Services (Mid-Atlantic), Inc. The guarantor subsidiaries are all wholly-owned and the guarantees, made on a joint and several basis, are full and unconditional (subject to subordination provisions and subject to a standard limitation which provides that the maximum amount guaranteed by each guarantor will not exceed the maximum amount that can be guaranteed without making the guarantee void under fraudulent conveyance laws). There are no restrictions on H&E Equipment Services, Inc.'s ability to obtain funds from the guarantor subsidiaries by dividend or loan.

The condensed consolidating financial statements of H&E Equipment Services, Inc. and its subsidiaries are included below. The financial statements for H&E Finance Corp. are not included within the condensed consolidating financial statements because H&E Finance Corp. has no assets or operations. The condensed consolidating balance sheet amounts as of December 31, 2011 included herein were derived from our annual audited consolidated financial statements and related notes in our Annual Report on Form 10-K for the year ended December 31, 2011.

The condensed consolidating balance sheet and condensed consolidating statement of cash flows presented below have been restated to reclassify "Intercompany balances" to "Investment in guarantor subsidiaries." Upon further review of the balances and related activity of intercompany transactions between H&E Equipment Services, Inc. and its subsidiaries, the Company determined that such transactions were more akin to capital contributions and has reclassified such amounts within the condensed consolidating balance sheet as an investment. As capital contributions, the condensed consolidating statement of cash flows below now reflects such activity as an investing activity on the parent's books and a financing activity on the subsidiaries' books rather than the previous presentation as an operating activity on the books of the both the parent and the guarantor subsidiaries.

CONDENSED CONSOLIDATING BALANCE SHEET

	As of September 30, 2012			
	H&E Equipment Services	Guarantor Subsidiaries	Elimination	Consolidated
	(Amounts in thousands)			
Assets:				
Cash	$ 3,250	$ —	$ —	$ 3,250
Receivables, net	108,497	15,405	—	123,902
Inventories, net	94,863	14,888	—	109,751
Prepaid expenses and other assets	4,993	115	—	5,108
Rental equipment, net	471,099	100,837	—	571,936
Property and equipment, net	67,478	11,928	—	79,406
Deferred financing costs, net	14,313	—	—	14,313
Investment in guarantor subsidiaries	163,787	—	(163,787)	—
Goodwill	3,034	29,526	—	32,560
Total assets	$ 931,314	$ 172,699	$(163,787)	$ 940,226
Liabilities and Stockholders' Equity:				
Amounts due on senior secured credit facility	$ 130,725	$ —	$ —	$ 130,725
Accounts payable	70,484	5,224	—	75,708
Manufacturer flooring plans payable	56,545	380	—	56,925
Dividends payable	1,488	—	—	1,488
Accrued expenses payable and other liabilities	36,743	821	—	37,564
Senior unsecured notes	530,000	—	—	530,000
Capital lease payable	—	2,487	—	2,487
Deferred income taxes	66,076	—	—	66,076
Deferred compensation payable	1,960	—	—	1,960
Total liabilities	894,021	8,912	—	902,933
Stockholders' equity (deficit)	37,293	163,787	(163,787)	37,293
Total liabilities and stockholders' equity	$ 931,314	$ 172,699	$(163,787)	$ 940,226

CONDENSED CONSOLIDATING BALANCE SHEET

	As of December 31, 2011			
	H&E Equipment Services	Guarantor Subsidiaries	Elimination	Consolidated
	(Amounts in thousands)			
Assets:				
Cash	$ 24,215	$ —	$ —	$ 24,215
Receivables, net	93,840	11,499	—	105,339
Inventories, net	55,052	10,099	—	65,151
Prepaid expenses and other assets	5,098	125	—	5,223
Rental equipment, net	366,568	84,309	—	450,877
Property and equipment, net	52,021	10,754	—	62,775
Deferred financing costs, net	5,640	—	—	5,640
Intangible assets, net	—	66	—	66
Investment in guarantor subsidiaries	139,089	—	(139,089)	—
Goodwill	4,493	29,526	—	34,019
Total assets	$ 746,016	$ 146,378	$(139,089)	$ 753,305
Liabilities and Stockholders' Equity:				
Amounts due on senior secured credit facility	$ 16,055	$ —	$ —	$ 16,055
Accounts payable	59,095	3,911	—	63,006
Manufacturer flooring plans payable	58,249	69	—	58,318
Accrued expenses payable and other liabilities	37,786	704	—	38,490
Intercompany balances	(164,231)	164,231	—	—
Senior unsecured notes	250,000	—	—	250,000
Capital lease payable	—	2,605	—	2,605
Deferred income taxes	58,616	—	—	58,616
Deferred compensation payable	2,008	—	—	2,008
Total liabilities	481,809	7,289	—	489,098
Stockholders' equity (deficit)	264,207	139,089	(139,089)	264,207
Total liabilities and stockholders' equity	$ 746,016	$ 146,378	$(139,089)	$ 753,305

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS

	Three Months Ended September 30, 2012			
	H&E Equipment Services	Guarantor Subsidiaries	Elimination	Consolidated
	(Amounts in thousands)			
Revenues:				
Equipment rentals	$ 63,607	$ 14,201	$ —	$ 77,808
New equipment sales	45,514	3,495	—	49,009
Used equipment sales	21,222	3,768	—	24,990
Parts sales	22,369	3,689	—	26,058
Services revenues	12,441	1,995	—	14,436
Other	9,943	2,265	—	12,208
Total revenues	175,096	29,413	—	204,509
Cost of revenues:				
Rental depreciation	21,912	5,238	—	27,150
Rental expense	10,083	2,496	—	12,579
New equipment sales	40,295	3,072	—	43,367
Used equipment sales	15,713	2,686	—	18,399
Parts sales	16,448	2,644	—	19,092
Services revenues	4,921	694	—	5,615
Other	9,024	2,360	—	11,384
Total cost of revenues	118,396	19,190	—	137,586
Gross profit (loss):				
Equipment rentals	31,612	6,467	—	38,079
New equipment sales	5,219	423	—	5,642
Used equipment sales	5,509	1,082	—	6,591
Parts sales	5,921	1,045	—	6,966
Services revenues	7,520	1,301	—	8,821
Other	919	(95)	—	824
Gross profit	56,700	10,223	—	66,923
Selling, general and administrative expenses	34,350	8,052	—	42,402
Equity in loss of guarantor subsidiaries	(228)	—	228	—
Gain on sales of property and equipment, net	341	173	—	514
Income from operations	22,463	2,344	228	25,035
Other income (expense):				
Interest expense	(7,238)	(2,587)	—	(9,825)
Loss on early extinguishment of debt	(10,180)	—	—	(10,180)
Other, net	228	15	—	243
Total other expense, net	(17,190)	(2,572)	—	(19,762)
Income (loss) before income taxes	5,273	(228)	228	5,273
Income tax expense	1,564	—	—	1,564
Net income (loss)	$ 3,709	$ (228)	$ 228	$ 3,709

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS

	Three Months Ended September 30, 2011			
	H&E Equipment Services, Inc.	Guarantor Subsidiaries	Elimination	Consolidated
	(Amounts in thousands)			
Revenues:				
Equipment rentals	$ 48,565	$ 12,625	$ —	$ 61,190
New equipment sales	42,175	4,368	—	46,543
Used equipment sales	22,471	4,701	—	27,172
Parts sales	20,935	3,712	—	24,647
Services revenues	12,411	1,780	—	14,191
Other	8,610	1,936	—	10,546
Total revenues	155,167	29,122	—	184,289
Cost of revenues:				
Rental depreciation	17,328	4,748	—	22,076
Rental expense	9,520	2,656	—	12,176
New equipment sales	37,193	3,930	—	41,123
Used equipment sales	16,882	3,942	—	20,824
Parts sales	15,416	2,657	—	18,073
Services revenues	4,786	665	—	5,451
Other	8,580	2,245	—	10,825
Total cost of revenues	109,705	20,843	—	130,548
Gross profit (loss):				
Equipment rentals	21,717	5,221	—	26,938
New equipment sales	4,982	438	—	5,420
Used equipment sales	5,589	759	—	6,348
Parts sales	5,519	1,055	—	6,574
Services revenues	7,625	1,115	—	8,740
Other	30	(309)	—	(279)
Gross profit	45,462	8,279	—	53,741
Selling, general and administrative expenses	32,217	6,825	—	39,042
Equity in loss of guarantor subsidiaries	(759)	—	759	—
Gain on sales of property and equipment, net	250	122	—	372
Income from operations	12,736	1,576	759	15,071
Other income (expense):				
Interest expense	(4,870)	(2,352)	—	(7,222)
Other, net	101	17	—	118
Total other expense, net	(4,769)	(2,335)	—	(7,104)
Income (loss) before income taxes	7,967	(759)	759	7,967
Income tax expense	3,119	—	—	3,119
Net income (loss)	$ 4,848	$ (759)	$ 759	$ 4,848

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS

	Nine Months Ended September 30, 2012			
	H&E Equipment Services	Guarantor Subsidiaries	Elimination	Consolidated
	(Amounts in thousands)			
Revenues:				
Equipment rentals	$ 170,492	$ 37,449	$ —	$ 207,941
New equipment sales	137,915	16,795	—	154,710
Used equipment sales	60,960	14,140	—	75,100
Parts sales	63,120	11,041	—	74,161
Services revenues	35,926	5,689	—	41,615
Other	27,595	6,076	—	33,671
Total revenues	496,008	91,190	—	587,198
Cost of revenues:				
Rental depreciation	60,264	14,463	—	74,727
Rental expense	29,181	7,194	—	36,375
New equipment sales	121,950	14,995	—	136,945
Used equipment sales	42,798	10,628	—	53,426
Parts sales	45,935	7,891	—	53,826
Services revenues	13,930	1,977	—	15,907
Other	25,702	6,481	—	32,183
Total cost of revenues	339,760	63,629	—	403,389
Gross profit (loss):				
Equipment rentals	81,047	15,792	—	96,839
New equipment sales	15,965	1,800	—	17,765
Used equipment sales	18,162	3,512	—	21,674
Parts sales	17,185	3,150	—	20,335
Services revenues	21,996	3,712	—	25,708
Other	1,893	(405)	—	1,488
Gross profit	156,248	27,561	—	183,809
Selling, general and administrative expenses	102,625	21,879	—	124,504
Equity in loss of guarantor subsidiaries	(1,077)	—	1,077	—
Gain on sales of property and equipment, net	1,127	351	—	1,478
Income from operations	53,673	6,033	1,077	60,783
Other income (expense):				
Interest expense	(16,512)	(7,156)	—	(23,668)
Loss on early extinguishment of debt	(10,180)	—	—	(10,180)
Other, net	705	46	—	751
Total other expense, net	(25,987)	(7,110)	—	(33,097)
Income (loss) before income taxes	27,686	(1,077)	1,077	27,686
Income tax expense	9,554	—	—	9,554
Net income (loss)	$ 18,132	$ (1,077)	$ 1,077	$ 18,132

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS

	Nine Months Ended September 30, 2011			
	H&E Equipment Services, Inc.	Guarantor Subsidiaries	Elimination	Consolidated
	(Amounts in thousands)			
Revenues:				
Equipment rentals	$ 132,313	$ 33,127	$ —	$ 165,440
New equipment sales	118,099	15,530	—	133,629
Used equipment sales	54,294	11,361	—	65,655
Parts sales	60,234	10,932	—	71,166
Services revenues	35,189	4,883	—	40,072
Other	22,532	5,038	—	27,570
Total revenues	422,661	80,871	—	503,532
Cost of revenues:				
Rental depreciation	50,317	13,829	—	64,146
Rental expense	27,595	6,889	—	34,484
New equipment sales	104,488	13,783	—	118,271
Used equipment sales	41,058	9,386	—	50,444
Parts sales	44,250	7,924	—	52,174
Services revenues	13,784	1,715	—	15,499
Other	25,128	6,734	—	31,862
Total cost of revenues	306,620	60,260	—	366,880
Gross profit (loss):				
Equipment rentals	54,401	12,409	—	66,810
New equipment sales	13,611	1,747	—	15,358
Used equipment sales	13,236	1,975	—	15,211
Parts sales	15,984	3,008	—	18,992
Services revenues	21,405	3,168	—	24,573
Other	(2,596)	(1,696)	—	(4,292)
Gross profit	116,041	20,611	—	136,652
Selling, general and administrative expenses	95,057	19,624	—	114,681
Equity in loss of guarantor subsidiaries	(5,819)	—	5,819	—
Gain on sales of property and equipment, net	378	143	—	521
Income from operations	15,543	1,130	5,819	22,492
Other income (expense):				
Interest expense	(14,629)	(6,978)	—	(21,607)
Other, net	597	29	—	626
Total other expense, net	(14,032)	(6,949)	—	(20,981)
Income (loss) before income taxes	1,511	(5,819)	5,819	1,511
Income tax benefit	447	—	—	447
Net income (loss)	$ 1,064	$ (5,819)	$ 5,819	$ 1,064

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

	Nine Months Ended September 30, 2012			
	H&E Equipment Services	Guarantor Subsidiaries	Elimination	Consolidated
	(Amounts in thousands)			
Cash flows from operating activities:				
Net income (loss)	$ 18,132	$ (1,077)	$ 1,077	$ 18,132
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization on property and equipment	8,605	1,392	—	9,997
Depreciation on rental equipment	60,264	14,463	—	74,727
Amortization of loan discounts and deferred financing costs	1,076	—	—	1,076
Amortization of intangible assets	—	66	—	66
Provision for losses on accounts receivable	1,820	745	—	2,565
Provision for inventory obsolescence	124	—	—	124
Provision for deferred income taxes	7,460	—	—	7,460
Stock-based compensation expense	1,223	—	—	1,223
Loss on early extinguishment of debt	10,180	—	—	10,180
Gain on sales of property and equipment, net	(1,127)	(351)	—	(1,478)
Gain on sales of rental equipment, net	(17,341)	(3,501)	—	(20,842)
Writedown of goodwill for tax-deductible goodwill in excess of book goodwill	1,458	—	—	1,458
Equity in loss of guarantor subsidiaries	1,077	—	(1,077)	—
Changes in operating assets and liabilities:				
Receivables, net	(16,477)	(4,651)	—	(21,128)
Inventories, net	(62,853)	(9,481)	—	(72,334)
Prepaid expenses and other assets	105	10	—	115
Accounts payable	11,389	1,313	—	12,702
Manufacturer flooring plans payable	(1,704)	311	—	(1,393)
Accrued expenses payable and other liabilities	(1,042)	117	—	(925)
Deferred compensation payable	(48)	—	—	(48)
Net cash provided by (used in) operating activities	22,321	(644)	—	21,677
Cash flows from investing activities:				
Purchases of property and equipment	(24,543)	(2,468)	—	(27,011)
Purchases of rental equipment	(176,019)	(36,318)	—	(212,337)
Proceeds from sales of property and equipment	1,608	253	—	1,861
Proceeds from sales of rental equipment	51,483	13,520	—	65,003
Investment in subsidiaries	(25,775)	—	25,775	—
Net cash used in investing activities	(173,246)	(25,013)	25,775	(172,484)
Cash flows from financing activities:				
Purchases of treasury stock	(694)	—	—	(694)
Excess tax benefit from stock-based awards	293	—	—	293
Dividends paid	(244,381)	—	—	(244,381)
Principal payments on senior unsecured notes	(257,576)	—	—	(257,576)
Proceeds from issuance of senior unsecured notes	530,000	—	—	530,000
Borrowings on senior secured credit facility	776,171	—	—	776,171
Payments on senior secured credit facility	(661,501)	—	—	(661,501)
Payments of deferred financing costs	(12,352)	—	—	(12,352)
Payments on capital lease obligations	—	(118)	—	(118)
Capital contributions	—	25,775	(25,775)	—
Net cash provided by (used in) financing activities	129,960	25,657	(25,775)	129,842
Net decrease in cash	(20,965)	—	—	(20,965)
Cash, beginning of period	24,215	—	—	24,215
Cash, end of period	$ 3,250	$ —	$ —	$ 3,250

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

	Nine Months Ended September 30, 2011			
	H&E Equipment Services, Inc.	Guarantor Subsidiaries	Elimination	Consolidated
	(Amounts in thousands)			
Cash flows from operating activities:				
Net income (loss)	$ 1,064	$ (5,819)	$ 5,819	$ 1,064
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization on property and equipment	7,948	1,362	—	9,310
Depreciation on rental equipment	50,317	13,829	—	64,146
Amortization of loan discounts and deferred financing costs	1,042	—	—	1,042
Amortization of intangible assets	—	337	—	337
Provision for losses on accounts receivable	2,849	(663)	—	2,186
Provision for inventory obsolescence	170	—	—	170
Provision for deferred income taxes	69	—	—	69
Stock-based compensation expense	994	—	—	994
Gain on sales of property and equipment, net	(378)	(143)	—	(521)
Gain on sales of rental equipment, net	(12,121)	(1,982)	—	(14,103)
Equity in loss of guarantor subsidiaries	5,819	—	(5,819)	—
Changes in operating assets and liabilities:				
Receivables, net	(1,417)	(1,367)	—	(2,784)
Inventories, net	(29,242)	(3,743)	—	(32,985)
Prepaid expenses and other assets	3,129	48	—	3,177
Accounts payable	1,132	517	—	1,649
Manufacturer flooring plans payable	(12,091)	(56)	—	(12,147)
Accrued expenses payable and other liabilities	(4,498)	(202)	—	(4,700)
Deferred compensation payable	(12)	—	—	(12)
Net cash provided by operating activities	14,774	2,118	—	16,892
Cash flows from investing activities:				
Purchases of property and equipment	(9,982)	(1,968)	—	(11,950)
Purchases of rental equipment	(73,897)	(16,772)	—	(90,669)
Proceeds from sales of property and equipment	616	147	—	763
Proceeds from sales of rental equipment	37,540	9,997	—	47,537
Investment in subsidiaries	(6,589)	—	6,589	—
Net cash used in investing activities	(52,312)	(8,596)	6,589	(54,319)
Cash flows from financing activities:				
Excess tax benefit from stock-based awards	257	—	—	257
Purchases of treasury stock	(554)	—	—	(554)
Borrowings on senior secured credit facility	352,711	—	—	352,711
Payments on senior secured credit facility	(339,131)	—	—	(339,131)
Payments on capital lease obligations	—	(111)	—	(111)
Capital contributions	—	6,589	(6,589)	—
Net cash provided by (used in) financing activities	13,283	6,478	(6,589)	13,172
Net decrease in cash	(24,255)	—	—	(24,255)
Cash, beginning of period	29,149	—	—	29,149
Cash, end of period	$ 4,894	$ —	$ —	$ 4,894