GREAT AMERICAN GROUP ADVISORY & VALUATION SERVICES

Heavy Mobile Equipment Monitor

August 2011—Volume 2

In this Issue:

Introduction

Welcome to the August 2011 edition of the *Heavy Mobile Equipment Monitor* from Great American Group Advisory & Valuation Services, L.L.C. ("GA"). This publication will provide you with market value and industry trends for a variety of heavy mobile equipment ("HME") assets.

The enclosed information represents a composite of GA's industry expertise, well-respected industry publications, liquidation and appraisal experience, and contact with industry personnel. Due to the nature of certain HME assets, timely reporting is necessary to understand an ever-changing marketplace. GA strives to contextualize important indicators in order to provide a more in-depth perspective of the market as a whole.

This issue relates information covering most HME products, including industry trends, market pricing, and their relation to the valuation process. GA provides our customer base with a concise document highlighting the HME industry.

GA welcomes the opportunity to make our expertise available to you in every possible way. Please feel free to contact us at any time.

This Monitor provides you with information concerning the major types of assets within the HME industry: cranes and lift equipment; construction equipment; intermodal freight transportation; oilfield and gas equipment; and rolling stock. We are always mindful to adhere to your request for a simple reference

document. Should you need any further information or wish to discuss recovery ranges for a particular segment, please feel free to contact your GA Business Development Officer.

ABOUT GREAT AMERICAN GROUP

Great American Group is a leading provider of asset disposition solutions and valuation and appraisal services to a wide range of retail, wholesale, and industrial clients, as well as lenders, capital providers, private equity investors, and professional services firms. In addition to the *HME Monitor*, GA also provides clients with industry expertise in the form of monitors for the metals, building products, food, automotive, and chemicals industries, among many others.

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EXPERIENCE

GA has been involved in the asset disposition of many industrial contractors, rental construction equipment companies, oil and gas service companies, and freight haulers. Recent transactions include:

- Affholder Construction
- Canron Construction
- Chesapeake Construction
- Cook Harriet Construction
- DE Rice Equipment Construction
- Ibarra Concrete
- Joe Bland Construction
- Marine Pipeline
- Mohawk Concrete
- Pickus Construction
- R.E. Holland/American Excavating
- Rinker Material Group/Twin Mountain Rock
- Roads Construction
- SelectBuild (BMC West)
- Stigler Construction
- Super Transport
- Tamrock Drill Rigs
- U-Brothers
- Victory Industrial

In addition, we have conducted a wide variety of appraisals of HME assets. Given our experience in both the valuation *and* disposition of heavy mobile equipment, GA is uniquely qualified to not only render value opinions, but to help your liquidity needs through the sales of surplus and/or idle HME assets.

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OVERVIEW

Recovery values for the HME sector in the second quarter of 2011 continued to increase as was the trend in the first quarter of the year. While gains were still achieved, the rate of increase has slowed from the preceding three to six month period due to a slower-than-anticipated recovery from the economic downturn. National and global economies continue to improve, but the lack of consistent growth, due to ongoing consumer uncertainty, has hindered the improved recovery of the HME sector.

Construction equipment continues to generate strong recovery values as infrastructure spending remains elevated from enacted government stimulus packages. Rolling stock assets have remained in high demand as the demand for consumer goods has remained elevated from 2008 levels, while the demand for intermodal equipment continues to outweigh the current available supply.

As has been observed through the last 6 to 9 months, high tonnage cranes continue to generate higher recovery values from preceding quarters, while tower cranes have experienced a slight uptick in demand. Oilfield and gas related equipment remains a strong commodity as the demand for goods from this sector remains high.

New housing and commercial constructions starts remain at relatively low levels from the highs of 2006 to 2008, and while they have been increasing in recent months, they have done so from previous record lows. Additionally, concerns over the pace of the economic recovery as well as the recent domestic debt ceiling crisis and the subsequent credit rating downgrade may preclude substantial increase in the HME sectors moving forward through the rest of 2011. While the demand for HME assets grows, it does so with a more educated buyer who has a fresh memory of recent economic instability.

MONITORING POINTS

Monitoring Point	Impact
Monitor housing and commercial and industrial construction growth.	As these markets are large users of heavy equipment, they are vital to the construction equipment and rental industries and can increase the demand for construction equipment, thus increasing recovery values.
Monitor the price of oil and gas.	As the price of oil and gas increases, it becomes more profitable to source oil from deeper, less-accessible reservoirs. This type of drilling requires heavier-duty equipment for inaccessible, high-pressure drilling.
Monitor international infrastructure improvement initiatives.	Heavy infrastructure construction continues to bring accelerated growth to the construction equipment industry. Growth has expanded on an international level, with major players such as John Deere and Caterpillar expanding in emerging markets throughout Asia, Latin America, and Eastern Europe.

MONITORING POINTS

Monitoring Point	Impact
Monitor alternative energy construction and growth.	As the energy market shifts to cleaner energy sources, growth is expected in the construction of sustainable energy solutions, such as wind turbines, leading to growth for high-capacity cranes and other excavation equipment for the construction of wind farms.
Monitor rate of economic recovery and effects of credit downgrade.	The pace of the economic recovery has slowed in recent months with consumer confidence waning and credit availability still low. The addition of the credit downgrade may further hinder growth with fears of a second recession growing.
Monitor manufacturing production and retail spending.	Lower manufacturing production and decreased retail spending caused a decline in demand for local freight trucking during the economic downturn. This, accompanied by rising fuel costs, has engaged industry operators in price competition and lower profit margins. Recently the manufacturing base has improved, increasing demand for over-the-road freight trucking.

RECENT APPRAISAL TRENDS

CRANES AND LIFT EQUIPMENT

While new housing and commercial construction starts remain relatively low as compared to the highs experienced in middle part of the last decade, infrastructure as well as industrial construction projects push the demand for high-tonnage equipment. Items such as crawler cranes, and higher-tonnage rough terrain and all terrain cranes utilized in the maintenance and construction of highways, bridges, utility plants, and other non building-related projects continue to do well in the secondary marketplace. However, demand for these assets remains somewhat regional as spending on these types of projects varies from location to location, with California, Texas, and New York securing the largest amount of funds. Supply of these assets has begun to match the current demand which has led to slower growth in recent months than was experienced at the end of 2010 and the beginning of 2011.

Tower cranes, which have suffered in demand greatly over the last few years due to the decline of commercial building construction globally, have experienced a slight increase in demand as larger companies with available capital have again started to expand operations both domestically and internationally. While the demand for these items is not at levels once observed in previous years, the increase marks a sharp change from recent months.

Lower-capacity equipment tied to housing construction continues to recover poorly. New housing starts continue to remain low and, while improving slightly in recent months, equipment associated with this sector of the industry is in surplus and oftentimes idle. Until housing construction starts can consistently grow from month to month, demand for these assets will remain tepid.

Recovery values of personnel lift equipment have remained relatively flat as compared to the first quarter of 2011 with some moderate gains in the last month of the second quarter. Continued growth for this type of equipment will remain consistent and will improve as capital expenditure in the overall HME market continues to improve. However, recovery values as a percentage of cost have traditionally remained relatively low for this category of equipment.

CONSTRUCTION EQUIPMENT

Construction equipment continues to do well in the wake of the economic downturn as spending by both local and federal government agencies on infrastructure remain high. The demand for late model equipment and equipment in good condition has experienced the most gains as end-users continue to update their fleet with the best available equipment. While the supply of available equipment is still high, the demand continues to outweigh the supply for the late model equipment in particular.

Equipment specifically tied to the construction and improvement of roads, highways, and bridges continues to fare very well. Paving equipment, grading equipment, and any other types related to infrastructure maintenance have seen increases in recovery values in the secondary marketplace. Additionally, the increase in oil and gas prices has lead to the expansion of drilling operations throughout the oil rich parts of the country. Related to this, site preparation and cleanup equipment have seen an upswing in value. In some cases, the strength of the oilfield and gas exploration sector has driven the recovery values of related site preparation assets to levels near their peak in 2007.

A portion of the demand for construction equipment stems from the increase in capital expenditures from rental firms throughout North America. Levels of capital expenditure have seen increases in the first half of the year as compared to the same period of time in 2008, 2009, and 2010 with growth anticipated through 2012. However, recent concerns related to the slowed growth of the U.S. economy, drops in consumer confidence, and the recent credit downgrade, may curb the amount of future growth in this sector.

RECENT APPRAISAL TRENDS

INTERMODAL FREIGHT TRANSPORTATION

Growth through the second quarter of 2011 has remained steady and/or improved for the intermodal industry as the use of rail to transport industrial materials, finished goods, and other products continues to increase. Additionally, intermodal chassis and container usage has seen an increase in recovery values as the demand for new inventory from manufacturers has increased. High gas prices coupled with the weakness of many long distance trucking companies during, and after, the recent recession, have helped intermodal companies achieve a stronger position in the industry.

The 45' and 48' containers that have been traditionally used in the past have begun to be phased out for 53' containers, thereby increasing the demand for these items. Additionally, the demand for rail cars and more specifically, double stack cars which can accommodate a 53' container, has seen an increase. New car orders have seen an increase in recent months as end-users look to update their existing fleets. The downside of this has been the surplus of 45' and 48' containers and related transportation equipment used to move them, and the decrease of related recovery values in the secondary marketplace.

Both domestic and international container usage experienced increases in the second quarter of 2011 as compared to the same timeframe in 2010. The increased usage of the 53' container has come in direct competition to over-the-road trailers of the same size. Competition between the two modes of transportation will dictate both pricing by transportation brokers and the subsequent demand for the product and related

OILFIELD AND GAS EQUIPMENT

While the price of oil has experienced a sharp decline in recent weeks, the price has remained consistently in the $80 to $100 a barrel range for the last three to four months. For the foreseeable future, the price of oil will continue to remain at these levels due to increased demand both domestically and internationally from developing nations. Subsequently, the value of assets related to this industry will also remain in high demand, yielding increasing recovery values in the secondary marketplace. Equipment related to the natural gas industry has remained in stable demand through the first half of 2011. While natural gas prices have dropped in recent weeks, they still hover around $4 per thousand cubic feet.

The price of both oil as well as natural gas will continue to dictate the demand for related assets. Higher values for these commodities will yield a higher demand in both exploration and finished product and the equipment used to provide both services. However, the market for both oil and natural gas can be fickle as has been the case in recent years, and while prices are anticipated to remain high for these goods in the coming years, any decreases in demand will lead to reduced recovery values in the future.

RECENT APPRAISAL TRENDS

OILFIELD AND GAS EQUIPMENT (Continued)

According to Baker Hughes data from August 12, 2011, the U.S. rig count totaled 1,959 rigs actively exploring for or developing oil or natural gas, increasing by 39 rigs from the previous week and up by 319 rigs versus August 13, 2010. The rig count peaked at 4,530 rigs in 1981, with a bottom of 488 rigs in 1999.

	United States	Canada	International
Date of Recent Rig Count	August 12, 2011	August 12, 2011	June 2011
Count	1959	464	1158
Date of Prior Rig Count	August 5, 2011	August 5, 2011	May 2011
Change From Prior Count	39	30	7
Date of Last Year's Rig Count	August 13, 2011	August 13, 2011	June 2010
Change From Last Year's Count	319	69	59

ROLLING STOCK

Late-model truck tractors continue to see strong recovery values in the secondary marketplace due to the demand for low-mileage equipment. However, older model items (e.g. 1998 – 2005) have also seen an increase in recovery values in recent months. Operators note that equipment in this age range that was underutilized during the recent economic downturn has in many cases been phased out by late-model equipment. These assets maintain low mileages and are serviceable for their needs. As is the case in many industries, more informed buyers are willing to purchase a slightly older asset which may have marginally higher mileage, but may be purchased at a significant discount.

Additionally, a portion of the older rolling stock fleets have experienced increased demand from overseas markets, specifically South America and Asia. Older assets that may not be desirable domestically have found a new market internationally. However, higher mileage assets have seen demand decrease in recent months as the supply of low mileage assets increases.

Tanker trailers continue to do well in the secondary marketplace and are in high demand. Dry van trailers, while improving, still yield recovery values lower than what has traditionally been realized. The abundance of both late model and older equipment has led to a buyer's market for these assets.

Class 8 Heavy-Duty Truck Sales Forecast