



2005 Construction Equipment Theft Study

LO/JACK[®]

FOR CONSTRUCTION EQUIPMENT



Heavy Construction Equipment and Theft — A Growing Criminal Trend

The LoJack Corporation Study On Construction Equipment Theft

The criminal world has discovered a lucrative and growing market: heavy construction equipment. According to the National Insurance Crime Bureau, close to \$1 billion a year is lost nationwide due to the theft of construction equipment and tools. A 2003 Equipment Theft Study done by *Equipment World* magazine shows almost 70% of respondents have experienced equipment theft. LoJack also saw an 82% increase in reported thefts from 2003 - 2004.

Despite the value of construction equipment and the direct impact that equipment loss has for the independent contractor, for the multi-million dollar contracting firm and for the economy in general, few hard statistics are available that document the issue of construction equipment loss on the local, state or national level.

In an effort to document and develop a picture of what construction equipment theft looks like nationwide, LoJack Corporation is compiling statistics from states and communities where construction thefts have occurred, and where police have succeeded in recovering LoJack-equipped construction equipment and vehicles.

LoJack realizes that the scope of the company's research cannot paint a complete picture of construction theft in the United States. The company believes, however, that the data collected over the past year, and portrayed in this study, does illustrate a number of trends that may be useful to law enforcement and to equipment owners in the ongoing fight against crime.

During the twelve-month period from January through December 2004, LoJack tracked recovery reports in twenty-one states where equipment theft was reported and where construction equipment outfitted with LoJack led police to recover the stolen assets. In those twenty one states, police reported that after tracking stolen equipment with a LoJack device, twelve theft rings and nine chop shops were disbanded. Overall, over \$12,800,000 worth of assets were recovered in 2004 as a direct result of LoJack. Since 2000, more than \$31,000,000 worth of stolen assets have been recovered with LoJack.

Most popular equipment with thieves are the most popular on the jobsite.

The equipment recovery data illustrated the most popular types of equipment for thieves. While a wide range of equipment is stolen every year, the following categories (ranked by frequency of theft) proved the most popular with thieves in 2004:

1) Backhoe Loaders/Skid Loaders/Wheel Loaders

Backhoes are multi-purpose pieces of equipment needed on most jobsites. Since they can be used for many different jobs, they are a profitable piece of equipment. There is little visual differentiation from one backhoe to another, and they typically share a common key. So, they are prime targets for thieves based on the ease of theft and how hard they are to track.

2) Skid Steers

Skid steers are a very popular smaller piece of equipment that is multifunctional and can be easily moved from jobsite to jobsite. Based on ease of transport and the high demand on a jobsite, skid steers are a common equipment type for thieves. This trend is likely to continue since skid steer sales are projected to grow.

3) Generators and Air Compressors

Generators and air compressors are versatile pieces of equipment, have high rental costs, and are easily attached to any trailer hitch. Generators are useful in the private as well as commercial sector; and with such a high cost of energy today they are prime targets for theft. Air compressors are attractive to thieves looking to use them on another job or resell them below market value.

4) Dump Trucks

2004 saw a significant increase in the incidence of dump truck theft. Dump trucks are both high in value and demand, making them a likely target for thieves. They are also commonly stolen, disassembled and re-sold for their parts.

5) Welders and Untethered Trailers

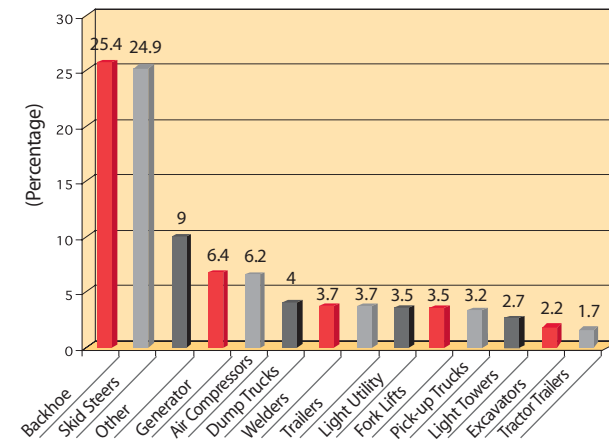
Welders are easy to transport and are high in demand, making them a target for thieves. Untethered Trailers are often stolen to transport other pieces of stolen equipment easily.

6) Light Utility/Work Trucks and Forklifts

Light Utility Trucks and Work Trucks often carry expensive equipment and parts. They can be quickly disassembled and sold and are stolen for both their contents and their parts. Forklifts are small and versatile and relatively easy to steal. They are commonly stolen from both warehouses and job sites.

Percentage of Recoveries by Type

January 2004 to December 2004



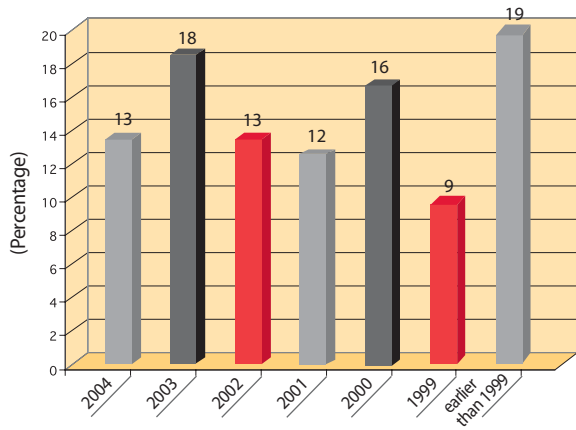
Newer models have greatest incidence of theft.

Not surprisingly, newer models are more often stolen than older equipment, as the resale value of new equipment is greatest. In 2004, 72% of the equipment stolen was five years old or less.

Professional construction theft rings are growing.

Professional thieves appear to have discovered a lucrative market in construction equipment. Thieves appear to be re-selling the equipment to unsuspecting contractors or in a few cases, disassembling the equipment into pieces for re-sale as parts. Over 10% of recoveries of LoJack-equipped construction equipment led police to the discovery and subsequent recovery of additional construction equipment. In 2004, these cases represented recovered equipment with a combined value of almost \$3,000,000. Specifically, nine chop shops and twelve theft rings were uncovered.

Percentage of Recoveries by Model Year
January 2004 to December 2004



There are a few causes for this growth in theft:

- 1) Titling and registration of equipment is not mandated.
- 2) Equipment is identified by Product Identification Numbers (PIN)s, not the standard 17 digit Vehicle Identification Numbers (VIN)s used for cars and trucks.
- 3) There is a high demand for construction equipment.
- 4) There is often poor security — remote, poorly secured work sites on private land, open cab machines, and sometimes one key works on a number of pieces of equipment.
- 5) Thieves are becoming more sophisticated on the method of stealing.

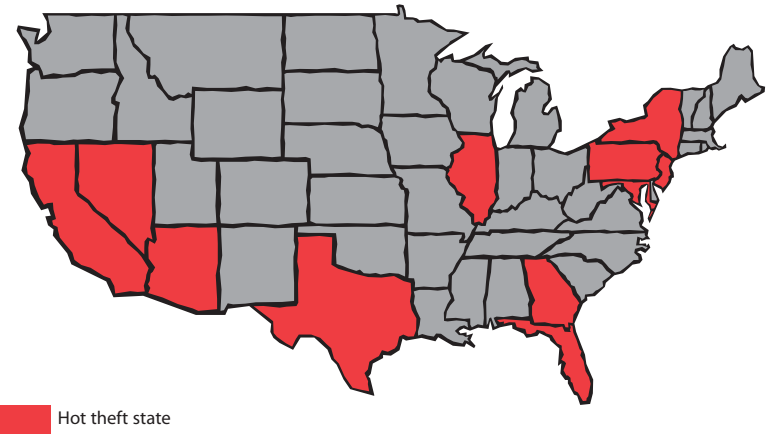
Theft is concentrated in those states that are growing rapidly.

Rates of equipment theft and recovery were highest in those states where a rapid growth rate is fueling many construction projects. Theft in California was up significantly.

The states with the highest occurrence of equipment theft are:

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|---------------|--------------------------------|-----------------|
| 1) California | 5) Georgia | 8) Nevada |
| 2) Florida | 6) Illinois | 9) Pennsylvania |
| 3) Texas | 7) New York and Maryland (tie) | 10) New Jersey |
| 4) Arizona | | |

Hot States for Theft
January 2004 to December 2004

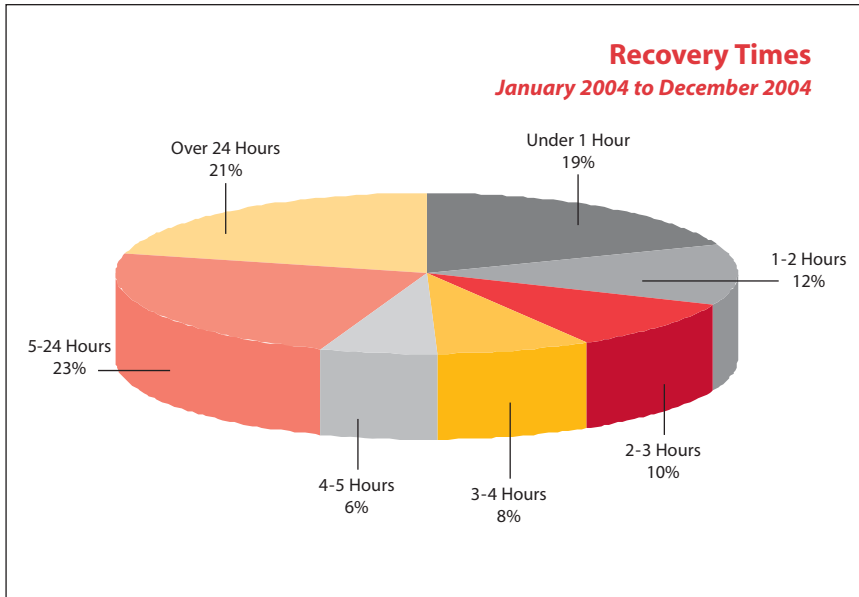


Theft is localized.

Construction theft continues to be a local issue. In most cases, the stolen equipment was recovered in the same general area. It was either in storage or in use on a local jobsite. Unlike auto theft, which has a higher incidence in major cities around the country, construction theft is not confined to city streets and urban areas. Suburban regions where growth is prevalent and where construction vehicles are at work on active jobsites are high-risk areas.

Short recovery times result in minimal damage to equipment.

Some 79% of the LoJack-equipped construction equipment was recovered in less than twenty-four hours after being reported to the police, with 19% recovered in less than sixty minutes. This quick recovery has resulted in minimal damage for equipment managers outfitting their fleet with LoJack. Most of the equipment stolen and recovered with LoJack was undamaged. Conversely, a 2003 survey done by *Equipment World* showed that 84% of the responders who lost equipment due to theft didn't recover it until one week later or longer and it was returned damaged 71% of the time.



Conclusion:

Based on LoJack’s 20 years of tracking trends in vehicle theft, it has become clear that thieves target lucrative properties that can be stolen with as little difficulty as possible, and then turned around quickly for cash. While police around the country have actively cracked down on auto theft, criminals who would have traditionally stolen automobiles have now discovered that equipment theft is also a lucrative business. The data collected during this twelve-month review of construction thefts and recoveries begins to illustrate how and why construction theft is becoming an issue of concern to the industry as well as the police.

Note: This report represents an analysis of twelve months of construction recovery data by the LoJack Corporation. Every twelve months ongoing, the LoJack Corporation will release recovery data and analyze trends.

To learn more about LoJack for construction equipment and recent recoveries, visit the LoJack website at www.lojack.com/construction.

Selected LoJack Testimonials

HCI, Inc.

I was reading the bulletin I got in the mail today from LoJack and would like to add to your praises. We have recovered two John Deere Backhoes because of LoJack.

We had started to install LoJack two years ago as an additional layer of protection. Shortly after our initial install, our first backhoe was reported stolen. We called the police department and filed a theft report in a matter of a few hours the police task force was tracking the unit which led them to a possible theft ring. We let them have their time and let this play out. I picked up the backhoe the next day where a police officer was there to thank me and HCI for our help in this fight against equipment theft.

The next time LoJack saved us money was about 9 months ago when another backhoe was stolen. I reported it to the police at 7 am and at 11 am police dispatch called me to say they were tracking the unit and asked if we could do without the equipment while they staked out the area in hopes of catching the people involved.

I can say by having LoJack in our equipment we have saved at least \$140,000. When all is said and done we will have approx 300 LoJack units installed. I want to let you know how much HCI and I appreciate all of LoJack’s hard work.

Thanks,
Tim Fant

CAT Equipment Dealer

We run a Caterpillar dealership and rental store — and we put a LoJack unit on every piece of heavy construction equipment, some of which is worth upwards of \$500,000. In the past 18 months, our recovery rate on stolen equipment has been 93% — a phenomenal statistic — with some recoveries taking place in as little as four hours. I’m sold on LoJack — and on the Return On Investment it brings.

General Manager

Selected LoJack Recovery Stories

Two Dump Trucks Found "Somewhere in the Swamps of Jersey"

On October 14th, a New York construction company discovered that two of their heavy duty tandem Mack Dump Trucks were missing from one of their construction sites. Since this company had previously experienced construction equipment theft they had equipped these trucks with LoJack.

The company notified NYPD of the theft and the police immediately entered the vehicles as stolen in their "finest" computer system. This action automatically activated the LoJack tracker hidden in the vehicles. A sergeant from the Staten Island Auto Squad was the first to pick up the signal. As a result of his expertise with LoJack he determined that the signal was emanating from a location somewhere in the Newark/Kearny NJ area. He then notified those authorities of the situation. A Kearny Police Department officer picked up the track from there and found that the vehicles had been hidden on a marshy lot along the Raritan River.

According to police, because of the remote location, the vehicles would likely not have been found without LoJack before the thieves had decided on their final disposition. Needless to say the NY construction company is very happy about the recovery of some very expensive units.

Total Assets Recovered: Approximately \$200,000

2004 Caterpillar Wheel Loader Recovered in Houston

A Caterpillar 950G Wheel Loader was stolen from a construction site in Houston, TX on November 12, 2004. A theft report was made to the Houston Police Department and the VIN entered in the State and National crime computer. This action automatically activated the LoJack transmitter hidden on the loader.

On the morning of November 15, 2004 a Houston Police Officer picked up the LoJack signal on his police tracking computer. After obtaining a description of the vehicle the officer used the directional arrow to track the loader to a place of business in Houston. After determining the vehicle was located inside the building the officer observed an employee painting over the VIN, make, and model of the loader. Auto Theft officers were called to the location to continue the investigation.

Officers identified the Cat 95G and two additional units found inside the business. The owner of the business was arrested and charged with First Degree Felony Theft, 3 counts.

Additional recovered vehicles include a Cat Loader and a Cat Tool Carrier.

Total Assets Recovered: \$395,000



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