



**GREAT AMERICAN GROUP**

## **Great American Group To Liquidate Tower Records**

### **Sale of Music Giant's Assets Expected to be One of the Largest Ever in U.S.**

LOS ANGELES, CALIF. (October 6, 2006) – Great American Group, one of the nation's leading asset management and retail liquidation firms, announced today that it has been selected by MTS Incorporated and its Subsidiaries (Tower Records), America's leading independent music and entertainment retailer, to handle inventory sales to liquidate all of the company's assets.

The announcement follows a two-day auction, which included bidding on the job by a number of prominent auction and liquidation firms from all over the country. Great American won with a bid of \$134.3 million, and immediately announced that it would liquidate all of the assets of the California-based music retailer. The sale, which also includes various leases and properties, was given final approval today by a Federal bankruptcy judge.

Great American said that it plans to begin the liquidation process and going-out-of-business sales on Saturday, October 7.

Liquidated will be all of the merchandise and equipment at Tower Records' 89 stores across the United States. Included will be hundreds of thousands of music CDs, music and film DVDs, and various audio equipment.

"We are very pleased to have been selected the winning bidder and look forward to conducting an orderly and efficient liquidation," said Andrew Gumaer, President of Great American Group. "All merchandise at Tower stores will go on sale in the morning, with deep discounts never before seen in the retail music business," he added. Sales will continue until all of the inventory has been liquidated.

Founded over 30 years ago, Great American Group has a successful track record in liquidating and downsizing major retail companies. Among the retail companies it has assisted in recent years are Sam Goody/MusicLand, Wherehouse Music, Mervyns, K-Mart and Montgomery Ward.

Tower Records, which has 89 stores in 20 states and owes creditors about \$200 million, filed for Chapter 11 reorganization in August. The industry-wide decline in music sales, downloading of online music and competition from big-box stores such as Wal-Mart was cited by the company as the reasons for its financial problems.

The filing came two years after a reorganization that resulted in bondholders forgiving millions of dollars in debt but taking an 85 percent stake in the company, leaving founder Russ Solomon and his family with 15 percent. Solomon founded Tower in Sacramento, Calif., in 1960.



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### About Great American Group

Based in Woodland Hills, Calif. , with offices in Chicago, New York, Boston and Atlanta, Great American Group provides liquidation services, auctions, wind-down services, appraisals, valuations and related services. The company's services focus on turning excess inventory into immediate cash through strategic retail store-closings and wholesale and industrial liquidations.

### About Tower Records

Since 1960, Tower Records has been recognized and respected throughout the world for its unique brand of retailing. The company was founded with the singular vision to have a music store with unparalleled selection and fair prices. Over the years, it has been the recipient of several awards by the music industry, including "Retailer of the Year" for three consecutive years. Tower owns and operates 89 stores in the U.S. with 144 additional stores run by licensees in nine different countries. The Company opened one of the first Internet music stores on America Online in June 1995 and followed a year later with the launch of Tower.com.

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