
Open Auction Competitive Sales

Speer Financial, Inc. has conducted closed electronic sales since mid-1999. Identical to closed bids, these have the advantage of easy accessibility nationwide. With 275 sales, over \$2.75 Billion has been issued on our Speer Auction.com site. Due to its efficiency and speed, the closed and blind sealed bid electronic sales enable the issuer to obtain the freshest bid possible and is now preferred by bidders to the "traditional" faxed bid method.

In mid-2006 Speer Financial began a selective initiation of an electronic open auction as the next step in the progression of bidding. The open auction is still a blind bid environment but it opens the information window to enable the bidder to see their bid placement (1st place, 2nd place, etc.) while they do not see other bidders or other bids. Knowing their place encourages increased competition and allows bidders to improve their bid if they wish to do so. This creates the possibility for a fluid exchange between bidders until the lowest and best bidder remains unchanged for two minutes. While not every open auction results in trailing bidders overtaking a leader, the fact that bidders can and do improve bids and eventually win creates an atmosphere of increased competition that tends to drive borrowing costs to lower levels. The technology encourages an exchange among the bidders and each bid improvement is to the issuers advantage.

A significant number of sales have seen improvement in bids in the \$5,000 to \$10,000 area, far outweighing the incremental cost of the process. One large issue realized \$41,000 in savings.

To observe an Open Auction Replay, you can go to the www.SpeerAuction.com site and go to the [Replay](#) link and choose an auction to replay. The log-in ID is "demo-id" with your e-mail address, then select the replay speed (15 minutes real time up to 6X fast forward), then click "start replay." You'll observe that in some auctions, there is a give-and-take among the top bidders until one emerges whose bid is not bettered during the two-minute response time while in other auctions, the leading bidder is so far ahead, that they are not overtaken in spite of numerous incremental improvements by the trailing bidders.

Speer is aggressive in the use of technology on behalf of clients.

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