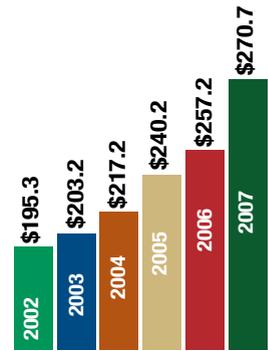


2007 Auction Industry Growth **\$270.7 BILLION**



AUCTION INDUSTRY GROWS 5.3% IN 2007

The live auction industry's revenue grew 5.3% translating into \$270.7 billion and is documented in this report produced by the National Auctioneers Association. With an increase in all sectors of the real estate market and charity auctions, public perception of auctions is changing and becoming the first choice for people who want to sell and buy real and personal property.

For the fifth consecutive year, the auction industry showed significant growth. This report shows this growth overall and by sector. This report only measures live auctions and does not include online auction sales.

Value of goods sold at auction	
2002	= \$195.3 billion
2003	= \$203.2 billion
2004	= \$217.2 billion
2005	= \$240.2 billion
2006	= \$257.2 billion
2007	= \$270.7 billion



**COMMERCIAL AND INDUSTRIAL
REAL ESTATE SALES CLIMBED
32.7% FROM 2003 TO 2007.**

APPROACH TO ESTIMATING INDUSTRY SALES

Prior to 2003, no extensive and professional data collection about auction industry gross sales was available. NAA selected the internationally-known market research firm, Morpace Inc., to create a survey tool and collect this data from the live auction industry. A national sample of more than 1,300 interviews was conducted with auction firms. This sample included NAA members, non-NAA members, and large companies that accounted for

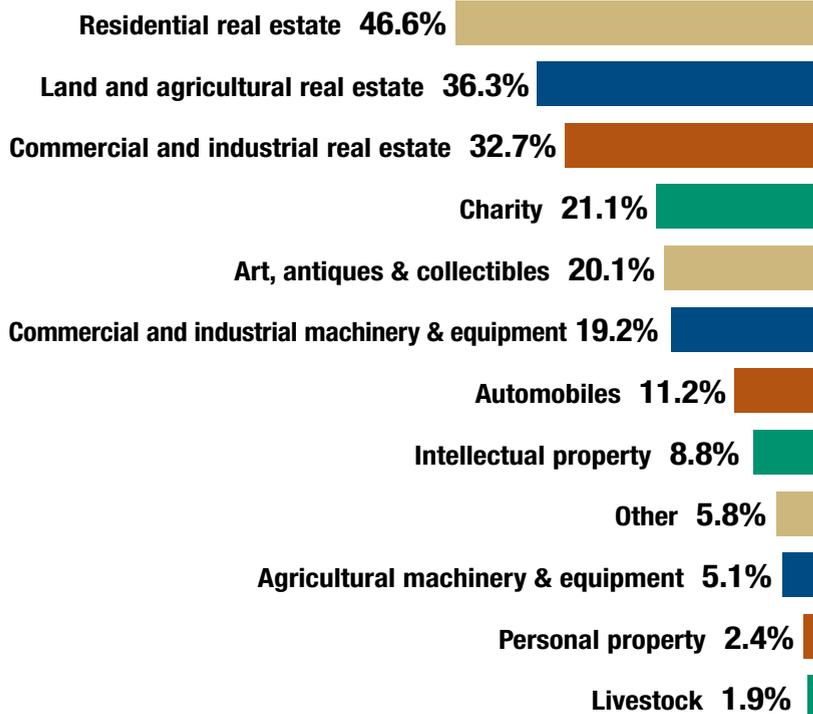
significant market share in various auction specialty areas. Based on this comprehensive information, a model was developed to project industry-wide sales.

Using the original 2003 sales relationships between NAA members and the industry, the Morpace model projects industry-wide sales based primarily on data collected from NAA member interviews. Since 2004, industry-wide gross sales receipts have been derived from quarterly interviews with NAA members and collecting year-end sales activity of mega-firms within specific auction specialties.

In 2007, MORPACE conducted a total of 1,372 Internet interviews with NAA members. Members estimated changes in their annual gross sales receipts from 2006 as well as within auction specialty areas. Data was also collected on marketing and advertising spending as well as the number of total auctions conducted in 2007.

PERCENTAGE REVENUE GROWTH WITHIN AUCTION SEGMENTS

Percent Total Sales Growth 2003-2007



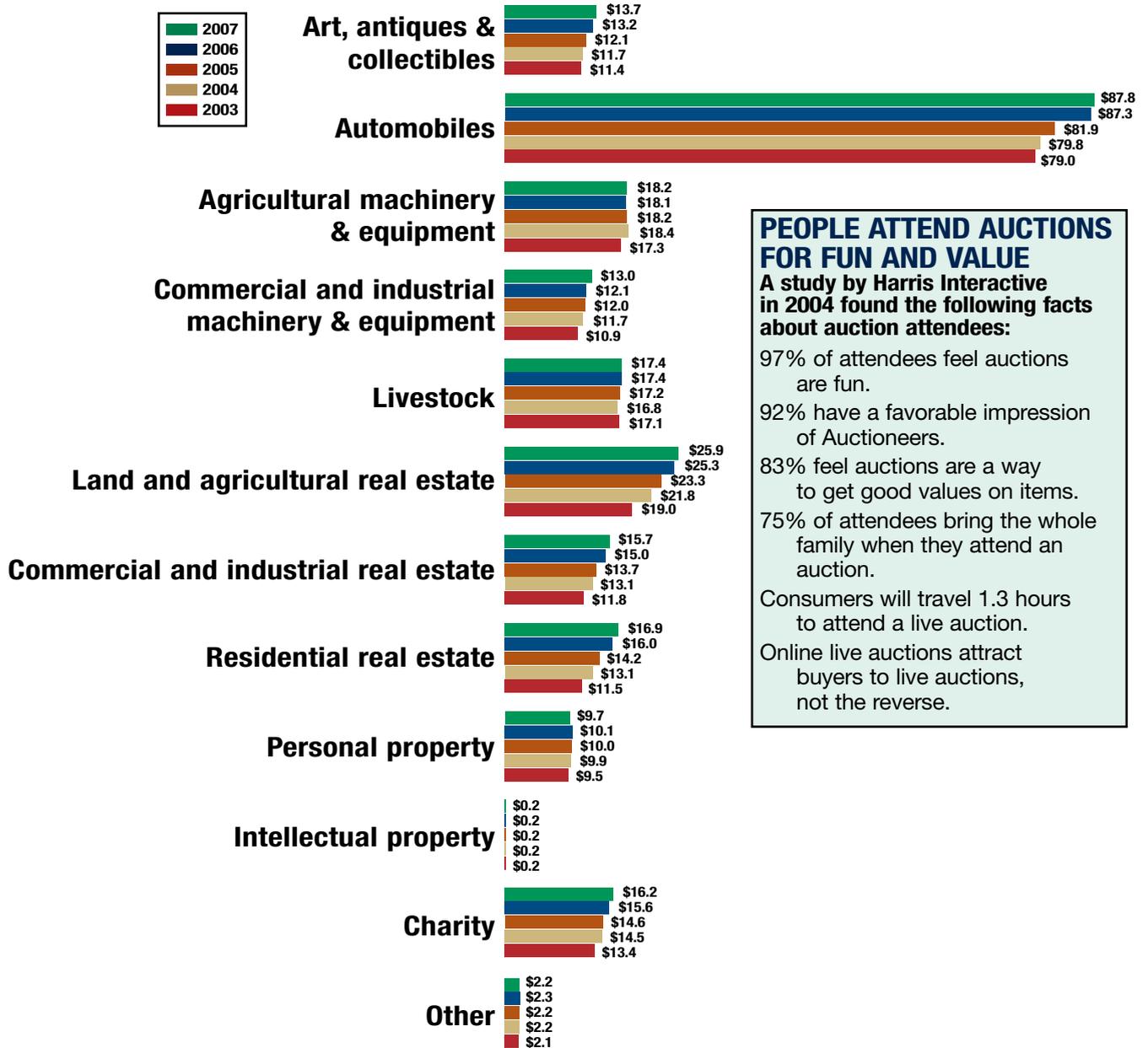
The fastest growing specialty auction segments since 2003 are real estate-related. The adjacent chart shows total percentage change in gross sales for different auction specialties from 2003-2007. Residential real estate experienced the highest growth since 2003, increasing 46.6%. Gross sales of residential real estate rose from \$11.5 billion in 2003 to \$16.9 billion in 2007.

Land and agricultural real estate grew 36.3%, while commercial and industrial real estate climbed 32.7% from 2003 to 2007. The charity auction specialty showed the fourth-fastest growth, rising 21.1%. Gross sales from charity auctions advanced from \$13.4 billion to \$16.2 billion in the 2003-2007 period.

The automotive sector represents the largest specialty category, accounting for about one-third of total industry-wide sales. The growth of total sales in this sector has increased only 11.2% since 2003.

Online competitors might contribute to slower revenue growth in this segment.

Gross Sales Revenue (in billions) By Auction Area – 2003 to 2007



PEOPLE ATTEND AUCTIONS FOR FUN AND VALUE

A study by Harris Interactive in 2004 found the following facts about auction attendees:

- 97% of attendees feel auctions are fun.
- 92% have a favorable impression of Auctioneers.
- 83% feel auctions are a way to get good values on items.
- 75% of attendees bring the whole family when they attend an auction.
- Consumers will travel 1.3 hours to attend a live auction.
- Online live auctions attract buyers to live auctions, not the reverse.

2007 REVENUE ESTIMATES BY AUCTION SPECIALTY AREA

With 2007 gross sales revenue of \$87.8 billion, the automotive sector continues to account for about one-third of all live auction revenue. There is a small difference between gross sales receipts for 2007 and combined total revenue for specific auction segments. The survey asked members to estimate changes in their cumulative gross sales receipts for 2007 compared to 2006. Members' estimates for specific auction categories were slightly less than their percent estimates for total annual sales growth.

REAL ESTATE FOCUS

Despite a slump in sales of new and existing homes in 2007, revenues from residential real estate sold at live auction grew a solid 5.3% from 2006, and 46.6% since 2003. What might account for this performance?

One explanation might be the greater acceptance of the auction method of marketing among homeowners, buyers, institutions, and real estate professionals. Public recognition of the benefits and successful results of live auctions should bring even greater growth to this sector as the housing market recovers.

As the sale of real estate through live auction has increased, real estate agents have discovered the opportunity that live auctions provide for quicker turnaround of property. Finally, Auctioneers' interest in marketing real estate has accelerated, particularly using multi-tract sales to increase a property's value.

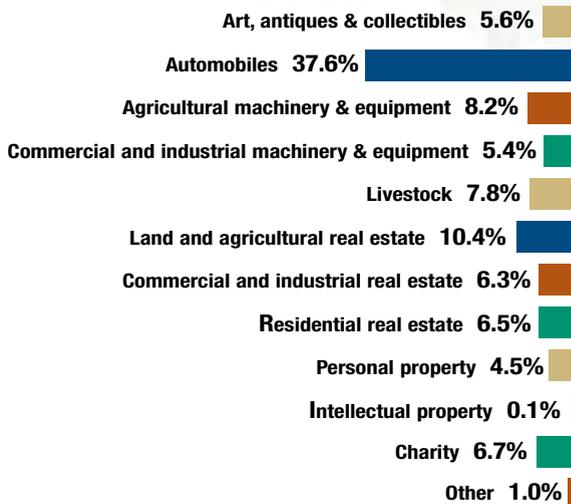
SNAPSHOT ON CHARITY AUCTIONS

Charity auctions are the fourth-fastest growing specialty segment within the auction industry. Estimated gross sales revenue increased to \$16.2 billion in 2007, a 4.1% increase from 2006. Since 2003, total growth of this auction segment has climbed 21.1%. Approximately two-thirds of NAA members conducted one or more charity auctions in 2007.

Non-profit organizations realize that using a professional Auctioneer for fund-raisers can raise more money, provide greater entertainment, and protect the organization from problems and legal liabilities compared to a non-professional.

DISTRIBUTION OF TOTAL REVENUES BY AUCTION SEGMENTS

Distribution of Sales by Auction Specialty 2003-2007 Average



The chart below shows how gross sales revenue is distributed among auction specialties based on a five-year average. This period of time provides a longer-term perspective for evaluating the share of total auction revenues among various specialty areas.

The automotive area, with 37.6% of total sales, leads all other segments in the distribution of auction revenue that can be linked to an auction specialty. Combined, the three real estate segments represent an average of 23.2% of total revenues over the past five years. As a percent of total specialty sales, the share of real estate sales has risen each year since 2003.

MARKETING COSTS

Auctioneers spent approximately \$3.8 billion in marketing and advertising in 2007, an 8.9% increase from 2006. A recent Cost of Doing Business study by NAA indicated that about 20% of the average firm's expenses were earmarked for marketing and advertising.

That percentage includes both dollars to promote customers' auctions and funds to market the Auctioneer's company.

GROWTH IN THE NUMBER OF AUCTIONS

The number of live auctions increased 4.6% from 2006. Growing public acceptance and enthusiasm to sell and purchase goods through live auction is undoubtedly a leading factor for this rise. A commitment by Auctioneers to expand their business through advertising and other types of marketing also contributes to more auctions.