



***William R. Barker, President***

Bill Barker, founder and president of on-line retailer TradeInWatches (TIW), is a veteran of more than 9,000 watch transactions on eBay. Since its inception in 2004, TIW has established itself as an industry leader for both its unique trade-in program for targeted-brand watches and its consumer-friendly on-line transactions.

Mr. Barker began his career in the watch trade in 2000. Working on a graduate school project, he provided advice to a retailer on how to best compete in the emerging on-line environment. Encouraged by the opportunities he saw with Internet auctions, Mr. Barker then purchased 5,000 pieces of a discontinued line of fine watches and put into practice what he learned about auction theory. This led to his creating an on-line branded watch trade-in program, TIW.

Mr. Barker's experience uniquely blends first-hand exchange marketplace knowledge and e-commerce planning and implementation. He spent five years at Wedbush Morgan Securities where, as the Syndicate Manager, Mr. Barker was involved in the valuation, pricing, placement and open market trading of new securities.

Mr. Barker holds an MBA in Entrepreneurial Studies from the Anderson School at UCLA and a BA in Economics from UCSB. He resides in South Pasadena, California.

***Jon Pariseau, Director of Customer Service and Dealer Relations***

Mr. Pariseau brings to his profession a passion for luxury-brand watches and solid marketing experience gained from working with Watch Works, a leading luxury-brand retail chain. His position at TIW keeps Mr. Pariseau active in signing up retailers around the country for the TIW program and handling all customer and client relations.

Mr. Pariseau began his career in 1990 in the world of professional golf. His early years were split between touring and golf instruction. As golf pro, Mr. Pariseau gained valuable entrepreneurial experience while creating, implementing and conducting a successful Junior Golf Program. He also worked with Storm Traders, an eBay auto sales company.

As a certified P.G.A. Professional, Mr. Pariseau also worked in the area of sports marketing. He is certified by the PGA in Merchandising and Retail Management, and worked in pro golf customer relations.

Mr. Pariseau holds a BA from California State University Fullerton. He resides in South Pasadena, California.

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## **FACT SHEET**

Surplus Advisors Inc., dba TradeInWatches.com (TIW) began operations in May 2004. TIW runs a trade-in program for retailers of branded luxury goods. This business is modeled after existing trade-in businesses that target upper-income demographics with such luxury goods as autos and golf clubs.

Since mid-2004, TIW has signed more than 150 retailers in 36 states. TIW has processed more than 5,000 trade-in requests for participating retailers and customers who contacted TIW directly. TIW has completed more than 1,500 transactions.

While currently serving the U.S. and Canadian markets, TIW is also making plans to expand into the international marketplace.

Mr. Barker points out, "I started TIW when I realized that people wanting to use their current watch as tender in order to trade-up were being underserved. Retailers around the country were ill-equipped to process pre-owned pricing and inventory." He adds, "TIW creates value for the customer and the participating retailer; we bring liquidity to a previously illiquid asset, many of which are worth thousands of dollars."

Mr. Pariseau adds, "I have a drive to work in a business that utilizes my fondness for quality timepieces. TIW is the perfect solution for me. I knew that I could bring my background in customer service to TIW. It has enabled me to successfully bring retailers into our program." He notes, "Having an opportunity to work with Bill and be a part of a business in its infancy stage was just the thing I was looking for."

### *The pre-owned watch market:*

The upper middle and luxury watch market accounted for \$1.8B in new sales in 2003. The market size for pre-owned watches is at least \$450M annually by TIW estimates.

### *How we do business:*

Customers of watch retailers in the TIW network are able to trade-in, or use their current watch as tender, towards the purchase of a new product. Customers requesting a price quote on their existing watch can go through their watch retailer, use the TIW website, or phone TIW.

Customers receive a trade-in credit instantly if using their local participating retailer or within 24 hours if using the TIW website.

Trade-in pricing is done real-time through the use of a proprietary transaction database. TIW uses actual transaction data to set their prices, versus the previous industry standard of a percentage of retail or static price lists.

TIW resells the product through multiple channels: eBay, the "Wish List" on the TIW website, and to dealers and customers directly.

*What consumers find unique about TradeInWatches:*

TIW unlocks value. Customers can turn watches that were previously illiquid into cash towards a purchase.

TIW allows customers to trade-in watches from both high-end and middle-market price points. Previously, only premium brands were professionally brokered.

TIW can quickly establish a price the market will bear for the consumer. Formerly, a consumer selling for themselves would either under-price their pre-owned watch and lose money or over-price their watch and have it never sell. TIW's technologically-driven business model creates greater efficiency and greater value to the consumer than previously available. For example, a customer may choose to use a "drop-off" eBay seller such as iSoldit or a consignment store (Portero et al.). They then wait up to 30 days or more for receipt of payment and the seller takes a "commission" of up to 30% or more of the selling price. A customer using a TIW retailer gets immediate credit towards the purchase of a new product and receives greater net than if sold by iSoldit or a consignment store.

TIW allows consumers to respond to new trends in the watch world. They now have a market for their old watch and can jump into new, larger-faced watches popular today.

*Why the watch industry finds TIW's unique program attractive:*

There is no cost to the retailer to join the TIW program. There is no start-up cost or maintenance cost associated with handling trade-ins, and no inventory risk.

TIW allows retailers to close a deal on a new watch more easily since the retailer can offer a professional trade-in service that will price the consumer's watch fairly and immediately.

TIW offers retailers an opportunity to take trade-in watches, thereby generating higher revenues and a greater margin on new watch sales.

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