

Auction Design:

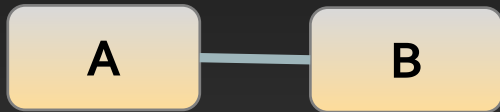
Indirect Contention

Discussion Points

- Background / Terminology
- Key Considerations
- Proposed Solution
- Path Forward

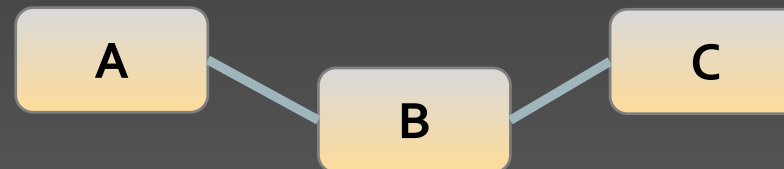
Contention

More than one application for the same or confusingly similar string



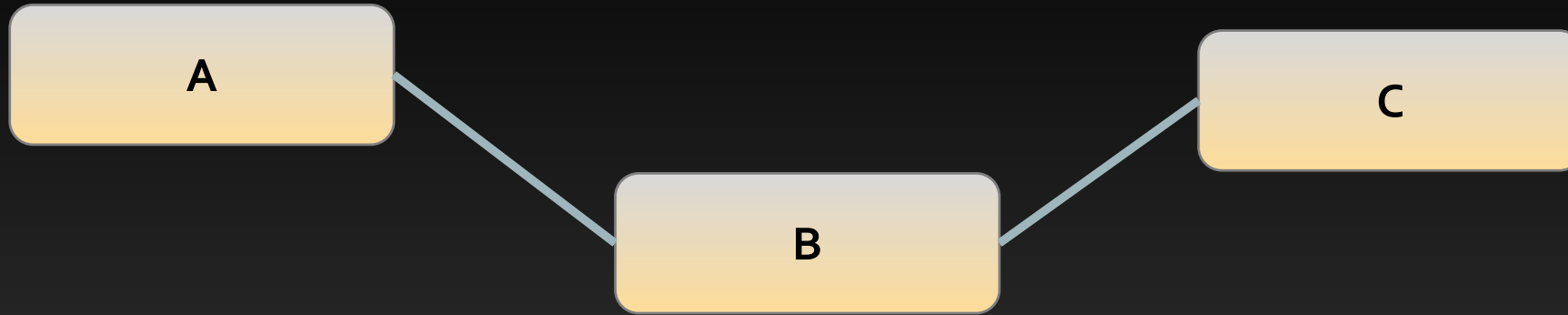
Indirect Contention

When two applications are both in direct contention with a third, but not with one another



Discussion Points

- **Background / Terminology**
- Key Considerations
- Proposed Solution
- Path Forward

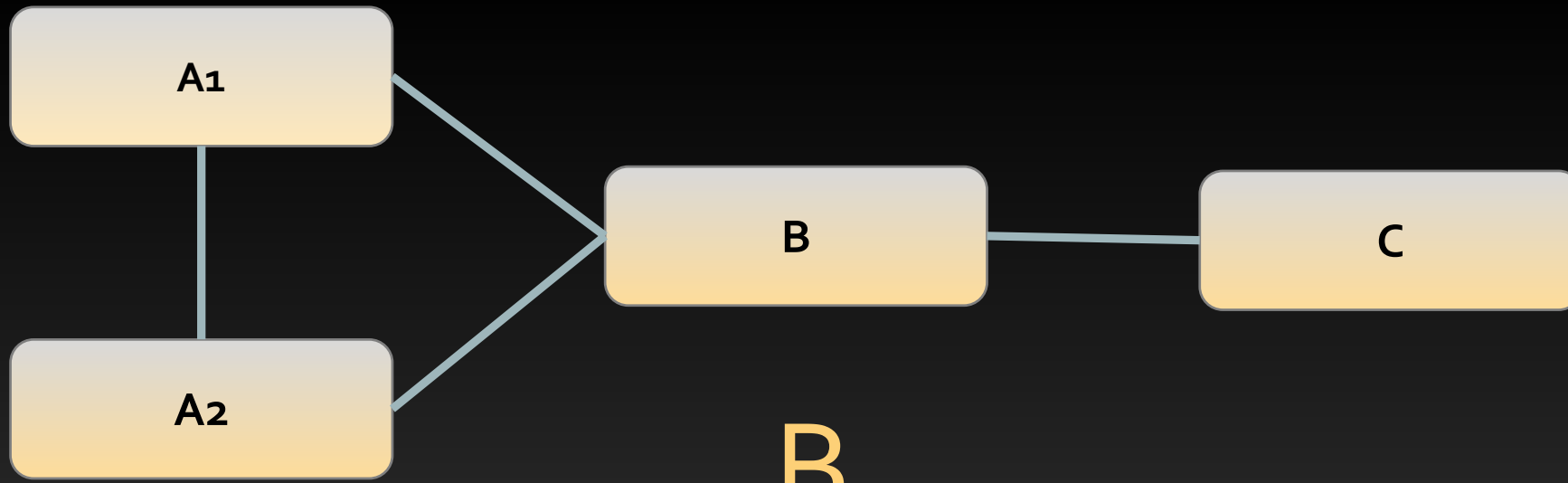


B
or
A & C

Discussion Points

- Background / Terminology
- Key Considerations
- Proposed Solution
- Path Forward

Feasible Set



B
or
A1 & C
or
A2 & C

Discussion Points

- Background / Terminology
- Key Considerations
- Proposed Solution
- Path Forward

Feasible Set

4 Contention Sets

30 Applications

Discussion Points

- **Background / Terminology**
- Key Considerations
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- Path Forward

AGB Section 4.3.1

The auctioneer successively increases the prices associated with applications within the contention set, and the respective applicants indicate their willingness to pay these prices. As the prices rise, applicants will successively choose to exit from the auction. When a sufficient number of applications have been eliminated so that no direct contentions remain (i.e., the remaining applications are no longer in contention with one another and all the relevant strings can be delegated as TLDs), the auction will be deemed to conclude.

Discussion Points

- Background / Terminology
- Key Considerations
- Proposed Solution
- Path Forward

Auction Challenges

- Respecting Contention Relationships
- AGB Principles
- Timing & Fairness
- Clarity to Bidders
- Cost Allocation

Discussion Points

- Background / Terminology
- **Key Considerations**
- Proposed Solution
- Path Forward

Proposed Solution

- Ascending clock auction
- Second Price Auction
- Feasible Set: $A_x + C_x$ vs. B

Discussion Points

- Background / Terminology
- Key Considerations
- **Proposed Solution**
- Path Forward

After bidding for a round ends:

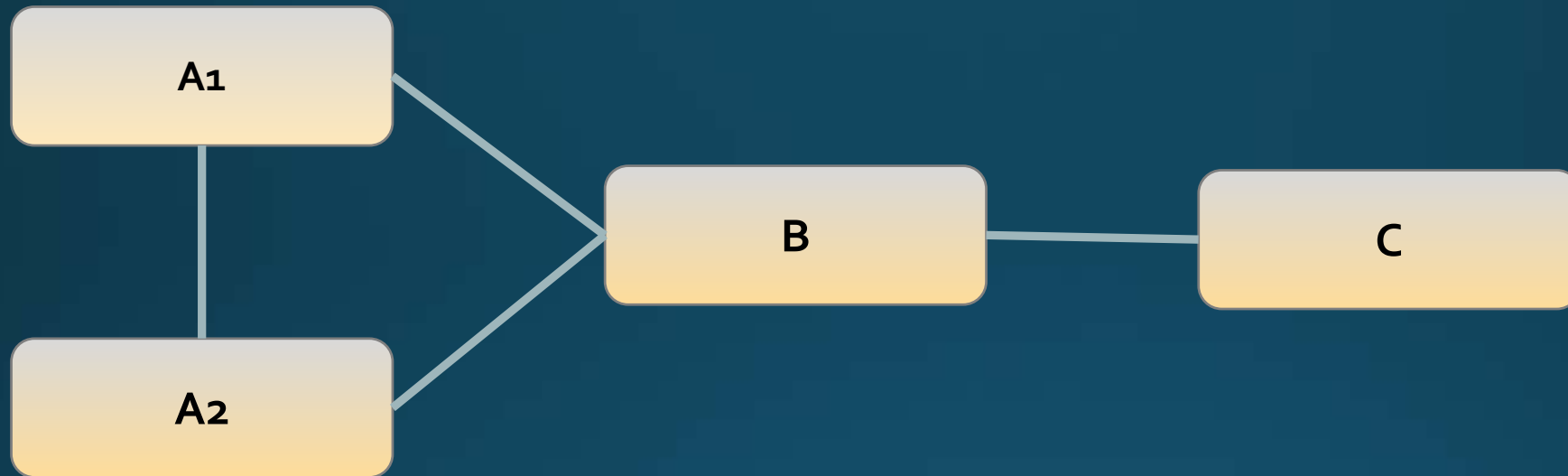
- 1** Any application that met the End of Round Price, remains in the auction for the next round.
- 2** If an application, X, did not meet the End of Round Price, and an application, Y, Positioned the Same or Better than application X, outbid application X, then application X is eliminated.
- 3** When..
 - Neither condition (1) or (2), above, are satisfied for application X
 - And application X is part of a Feasible Set that remains eligible to bid in the auction,
 - Then we compare the sum of the bids of the applications in the Feasible Set to the End of Round Price or other remaining Feasible Sets

Discussion Points

- Background / Terminology
- Key Considerations
- **Proposed Solution**
- Path Forward

Applications eligible for the next round are termed: **Enduring Applications**

who wins?



Discussion Points

- Background / Terminology
- Key Considerations
- **Proposed Solution**
- Path Forward

Basic Set

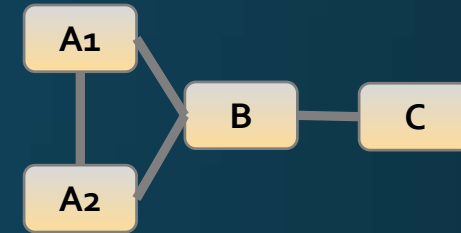
Example 1

The first example will include (1), (2), and (3) references next to the action that correlates to those referenced in slide 10

Discussion Points

- Background / Terminology
- Key Considerations
- **Proposed Solution**
- Path Forward

Round	End of Round Price	A1	A2	B	C
1	\$400k	\$400k	\$400k	\$400k	\$400k
2					
3					
Result					

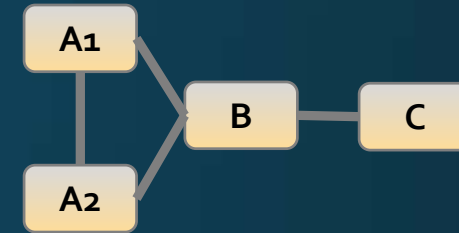


Discussion Points

- Background / Terminology
- Key Considerations
- **Proposed Solution**
- Path Forward

Round 1: Enduring Applications:
 (1) A1, A2, B, and C met the End of Round Price

Round	End of Round Price	A1	A2	B	C
1	\$400k	\$400k	\$400k	\$400k	\$400k
2	\$900k	\$600k	\$700k	\$900k	\$500k
3					
Result					



Discussion Points

- Background / Terminology
- Key Considerations
- **Proposed Solution**
- Path Forward

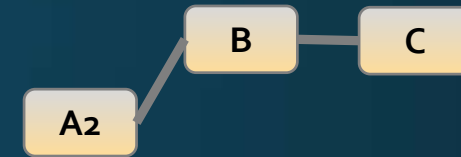
Round 2: Enduring Applications:

- (1) B met the End of Round Price
- (3) Feasible set {A2, C} sum to meet or exceed the end of round price

Eliminated:

- (2) A1 it did not meet the End of Round Price while A2, Positioned the Same, bid more

Round	End of Round Price	A1	A2	B	C
1	\$400k	\$400k	\$400k	\$400k	\$400k
2	\$900k	\$600k	\$700k	\$900k	\$500k
3	\$1.5m	Eliminated	\$750k	\$1.4m	\$550k
Result					



Discussion Points

- Background / Terminology
- Key Considerations
- **Proposed Solution**
- Path Forward

Round 3: No application met the End of Round Price
 Neither Feasible Set {A2,C} nor {B} met the End of Round Price
 Thus, this is the final round in the Auction

Winning Application: B

Round	End of Round Price	A1	A2	B	C
1	\$400k	\$400k	\$400k	\$400k	\$400k
2	\$900k	\$600k	\$700k	\$900k	\$500k
3	\$1.5m	Eliminated	\$750k	\$1.4m	\$550k
Result		Eliminated	Eliminated	Prevailed	Eliminated

B

Discussion Points

- Background / Terminology
- Key Considerations
- **Proposed Solution**
- Path Forward

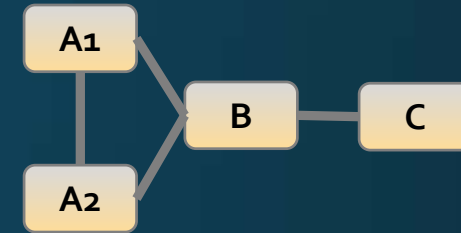
Result: **Winning Payment: B will pay \$1.3m**
 (\$1.4m > \$750k + \$550k (\$1.3m))

Example 2

Discussion Points

- Background / Terminology
- Key Considerations
- **Proposed Solution**
- Path Forward

Round	End of Round Price	A1	A2	B	C
1	\$400k	\$400k	\$400k	\$400k	\$50k
2					
3					
Result					



Discussion Points

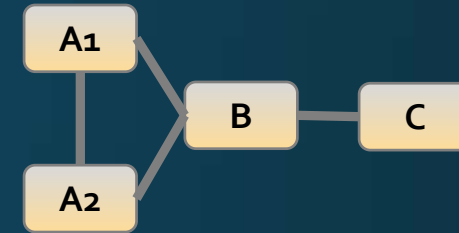
- Background / Terminology
- Key Considerations
- **Proposed Solution**
- Path Forward

Round 1: Enduring Applications:

A1, A2, and B met the End of Round Price

C did not meet the End of Round Price; however, is part of Feasible Set {A1,C} and {A2,C}

Round	End of Round Price	A1	A2	B	C
1	\$400k	\$400k	\$400k	\$400k	\$50k
2	\$900k	\$600k	\$900k	\$900k	\$100k
3					
Result					



Discussion Points

- Background / Terminology
- Key Considerations
- **Proposed Solution**
- Path Forward

Round 2: Enduring Applications:

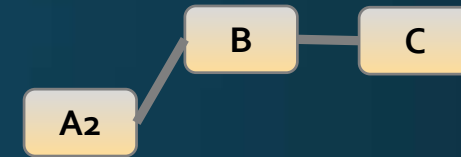
A2 and B met the End of Round Price

C did not meet the End of Round Price; however, is part of Feasible Set {A2,C}

Eliminated:

A1 did not meet the End of Round Price and bid less than A2, who is Positioned the Same

Round	End of Round Price	A1	A2	B	C
1	\$400k	\$400k	\$400k	\$400k	\$50k
2	\$900k	\$600k	\$900k	\$900k	\$100k
3	\$1.5m	Eliminated	\$1.2m	\$1.3m	\$200k
Result					



Discussion Points

- Background / Terminology
- Key Considerations
- **Proposed Solution**
- Path Forward

Round 3: No Bidder met the End of Round Price
 Neither Feasible Set {B} nor {A2,C} met the End of Round Price, thus Round 3 is the final round

Winning Applications: A2 and C

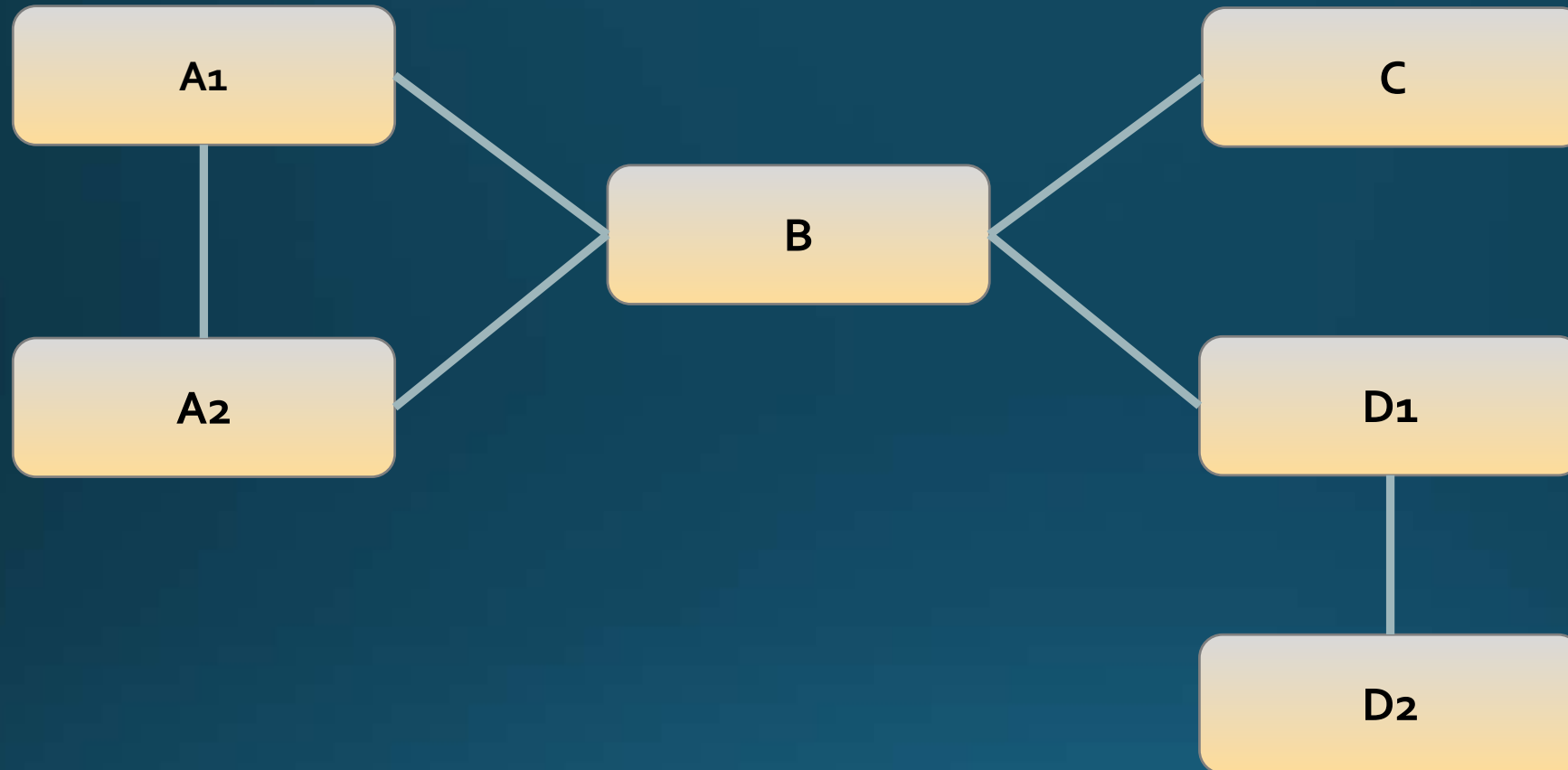
Round	End of Round Price	A1	A2	B	C
1	\$400k	\$400k	\$400k	\$400k	\$50k
2	\$900k	\$600k	\$900k	\$900k	\$100k
3	\$1.5m	Eliminated	\$1.2m	\$1.3m	\$200k
Result		Eliminated	Prevailed	Eliminated	Prevailed



Discussion Points

- Background / Terminology
- Key Considerations
- **Proposed Solution**
- Path Forward

Result: **Winning Payments:**
 A2 will pay **\$1,114,286** (the greater of \$600k (A1) and the proportion of \$1.3m (B))
 C will pay **\$185,714** (the proportion of \$1.3m (B))

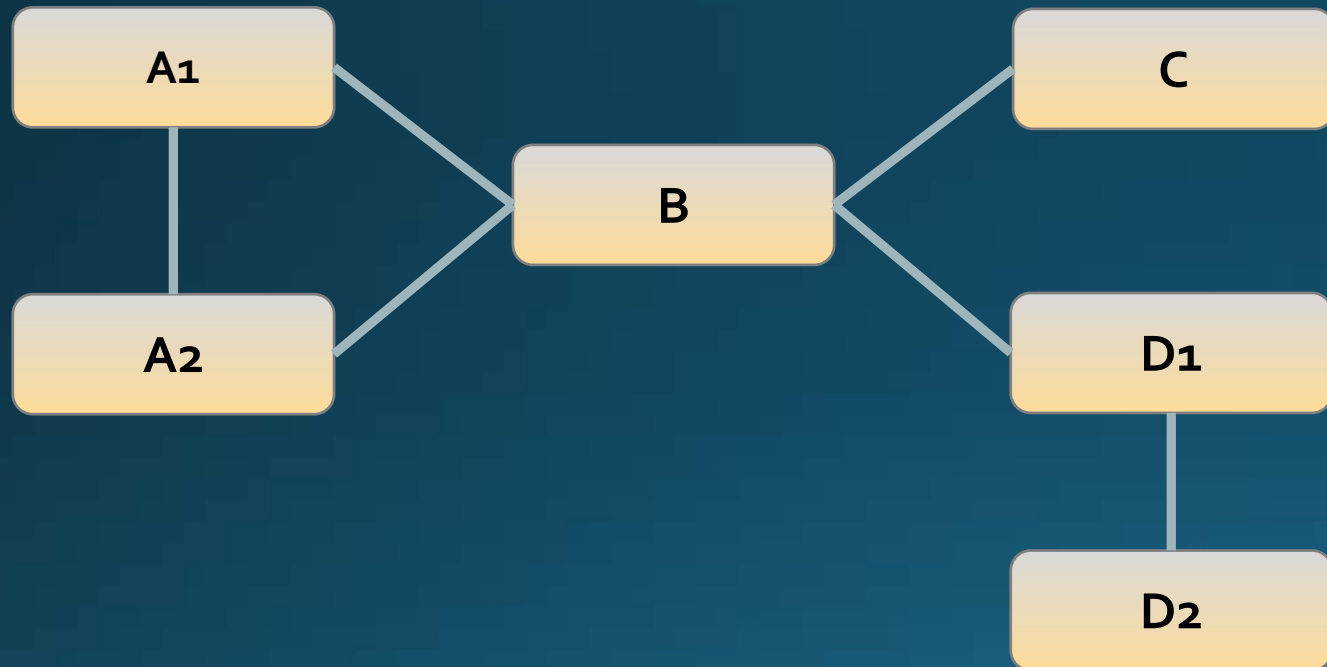


Discussion Points

- Background / Terminology
- Key Considerations
- **Proposed Solution**
- Path Forward

Complex Set

Feasible Sets



$B + D_2$

or

$A_1 + C + D_1$

or

$A_1 + C + D_2$

or

$A_2 + C + D_1$

or

$A_2 + C + D_2$

Discussion Points

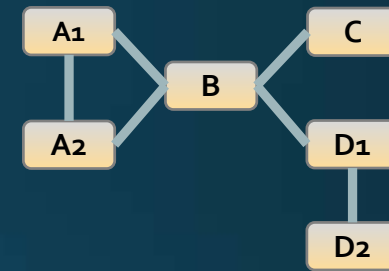
- Background / Terminology
- Key Considerations
- **Proposed Solution**
- Path Forward

Example 3

Discussion Points

- Background / Terminology
- Key Considerations
- **Proposed Solution**
- Path Forward

Round	End of Round Price	A1	A2	B	C	D1	D2
1	\$400k	\$400k	\$400k	\$400k	\$200k	\$400k	\$400k
2							
3							
4							
Results							



Discussion Points

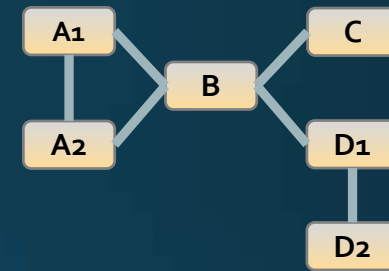
- Background / Terminology
- Key Considerations
- **Proposed Solution**
- Path Forward

Round 1: Enduring Applications:

A1, A2, B, D1, and D2 bid the End of Round Price

C is part of Feasible Set {A1,C, D1}, {A1,C,D2}, {A2,C,D1}, and {A2,C,D2}

Round	End of Round Price	A1	A2	B	C	D1	D2
1	\$400k	\$400k	\$400k	\$400k	\$200k	\$400k	\$400k
2	\$900k	\$900k	\$900k	\$750k	\$200k	\$900k	\$900k
3							
4							
Results							

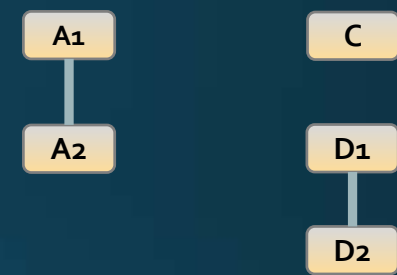


Discussion Points

- Background / Terminology
- Key Considerations
- **Proposed Solution**
- Path Forward

Round 2: Enduring Applications: A1, A2, D1, and D2 met the End of Round Price
 Eliminated: B did not meet the End of Round Price while A1 or A2, bid more
 Winning Application: C
 Winning Payment: C will pay \$1

Round	End of Round Price	A1	A2	B	C	D1	D2
1	\$400k	\$400k	\$400k	\$400k	\$200k	\$400k	\$400k
2	\$900k	\$900k	\$900k	\$750k	\$200k	\$900k	\$900k
3	\$1.5m	\$1.5m	\$1.5m	Eliminated	Prevailed	\$1.5m	\$1.5m
4							
Results							

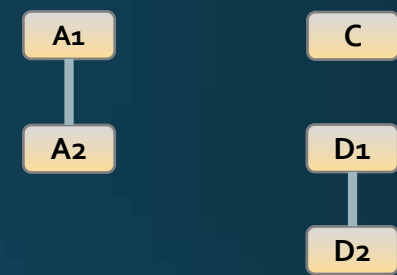


Discussion Points

- Background / Terminology
- Key Considerations
- **Proposed Solution**
- Path Forward

Round 3: Auction Continues for the A string and D string respectively
 Enduring Applications: A1, A2, D1, and D2 met the End of Round Price

Round	End of Round Price	A1	A2	B	C	D1	D2
1	\$400k	\$400k	\$400k	\$400k	\$200k	\$400k	\$400k
2	\$900k	\$900k	\$900k	\$750k	\$200k	\$900k	\$900k
3	\$1.5m	\$1.5m	\$1.5m	Eliminated	Prevailed	\$1.5m	\$1.5m
4	\$2.2m	\$1.9m	\$2.2m	Eliminated	Prevailed	\$2.2m	\$2.0m
Results							



Discussion Points

- Background / Terminology
- Key Considerations
- **Proposed Solution**
- Path Forward

Round 4: Enduring Applications: A2 and D1 met the End of Round Price
 Eliminated Applications: A1 and D2, did not meet the End of Round Price while, A2 and D1 respectively, bid more
 Winning Applications: A2 & D1

Round	End of Round Price	A1	A2	B	C	D1	D2
1	\$400k	\$400k	\$400k	\$400k	\$200k	\$400k	\$400k
2	\$900k	\$900k	\$900k	\$750k	\$200k	\$900k	\$900k
3	\$1.5m	\$1.5m	\$1.5m	Eliminated	Prevailed	\$1.5m	\$1.5m
4	\$2.2m	\$1.9m	\$2.2m	Eliminated	Prevailed	\$2.2m	\$2.0m
Results		Eliminated	Prevailed	Eliminated	Prevailed	Prevailed	Eliminated

C

A2

D1

Discussion Points

- Background / Terminology
- Key Considerations
- **Proposed Solution**
- Path Forward

Results: Winning Payment:
 A2 will pay \$1.9m (the greater of A1's final Exit Bid and B's final Exit Bid (\$750k))
 D1 will pay \$2.0m
 C will pay \$1 (as a result of Round 2)

Next Steps

- Public Comment
- Finalize Auction Rules
- Schedule Auctions

Discussion Points

- Background / Terminology
- Key Considerations
- Proposed Solution
- **Path Forward**

Thank You

Reference

*additional examples from the presentation
included in the public comment*

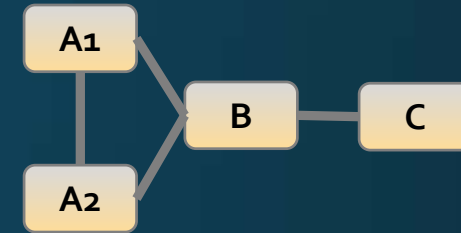
Example 2

*from the presentation
included in the public comment*

Discussion Points

- Background / Terminology
- Key Considerations
- **Proposed Solution**
- Path Forward

Round	End of Round Price	A1	A2	B	C
1	\$400k	\$400k	\$400k	\$400k	\$400k
2					
3					
4					
5					
Results					

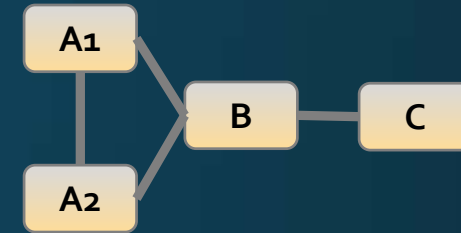


Discussion Points

- Background / Terminology
- Key Considerations
- **Proposed Solution**
- Path Forward

Round 1: Enduring Applications:
 (1) A1, A2, B, and C met the End of Round Price

Round	End of Round Price	A1	A2	B	C
1	\$400k	\$400k	\$400k	\$400k	\$400k
2	\$900k	\$900k	\$900k	\$900k	\$500k
3					
4					
5					
Results					

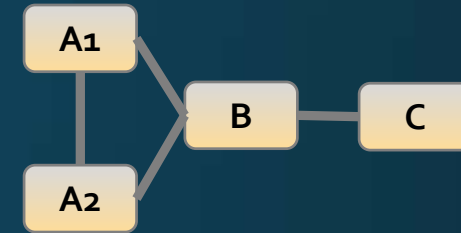


Discussion Points

- Background / Terminology
- Key Considerations
- **Proposed Solution**
- Path Forward

Round 2: Enduring Applications:
 (1) A1, A2, and B met the End of Round Price
 (3) C is part of an eligible Feasible Set {A1,C} or {A2,C}

Round	End of Round Price	A1	A2	B	C
1	\$400k	\$400k	\$400k	\$400k	\$400k
2	\$900k	\$900k	\$900k	\$900k	\$500k
3	\$1.5m	\$1.5m	\$1.5m	\$ 1.4m	\$600k
4					
5					
Results					

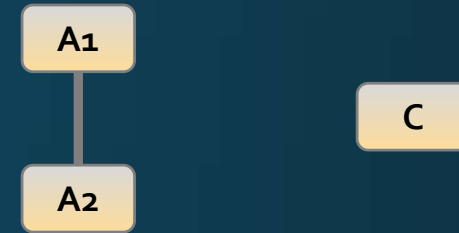


Discussion Points

- Background / Terminology
- Key Considerations
- **Proposed Solution**
- Path Forward

Round 3: Enduring Applications: (1) A1 and A2 met the End of Round Price
 Eliminated Application: (2) B, A1 and A2, Positioned Better, bid more
 Winning Application: C
 Winning Payment: C will pay \$1

Round	End of Round Price	A1	A2	B	C
1	\$400k	\$400k	\$400k	\$400k	\$400k
2	\$900k	\$900k	\$900k	\$900k	\$500k
3	\$1.5m	\$1.5m	\$1.5m	\$ 1.4m	\$600k
4	\$2.2m	\$2.2m	\$2.2m	Eliminated	Prevailed
5					
Results					

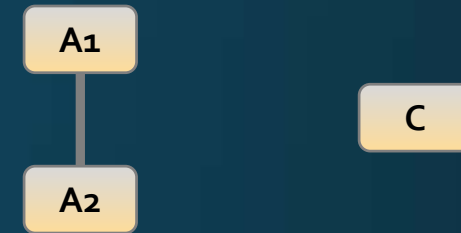


Discussion Points

- Background / Terminology
- Key Considerations
- **Proposed Solution**
- Path Forward

Round 4: Enduring Applications:
 (1) A1 and A2 met the End of Round Price

Round	End of Round Price	A1	A2	B	C
1	\$400k	\$400k	\$400k	\$400k	\$400k
2	\$900k	\$900k	\$900k	\$900k	\$500k
3	\$1.5m	\$1.5m	\$1.5m	\$ 1.4m	\$600k
4	\$2.2m	\$2.2m	\$2.2m	Eliminated	Prevailed
5	\$3.0m	\$3.0m	\$2.6m	Eliminated	Prevailed
Results					



Discussion Points

- Background / Terminology
- Key Considerations
- **Proposed Solution**
- Path Forward

Round 5: Eliminated Application:
 (2) A2 did not meet the End of Round Price while A1, Positioned the Same, bid more
Winning Application: A1

Round	End of Round Price	A1	A2	B	C
1	\$400k	\$400k	\$400k	\$400k	\$400k
2	\$900k	\$900k	\$900k	\$900k	\$500k
3	\$1.5m	\$1.5m	\$1.5m	\$ 1.4m	\$600k
4	\$2.2m	\$2.2m	\$2.2m	Eliminated	Prevailed
5	\$3.0m	\$3.0m	\$2.6m	Eliminated	Prevailed
Results		Prevailed	Eliminated	Eliminated	Prevailed

A1

C

Discussion Points

- Background / Terminology
- Key Considerations
- **Proposed Solution**
- Path Forward

Result: **Winning Payment:**
 A1 will pay \$2.6m (the greater of \$2.6m (A2's final bid) and \$1.4m (B's final Bid)
 C will pay \$1 (as a result of Round 3)

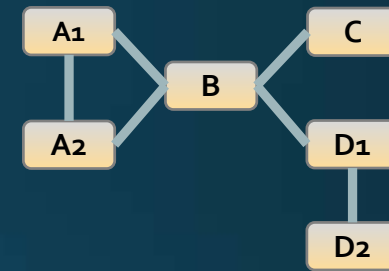
Example 4

*from the presentation
included in the public comment*

Discussion Points

- Background / Terminology
- Key Considerations
- **Proposed Solution**
- Path Forward

Round	End of Round Price	A1	A2	B	C	D1	D2
1	\$400k	\$400k	\$400k	\$400k	\$200k	\$400k	\$400k
2							
3							
4							
5							
Results							



Discussion Points

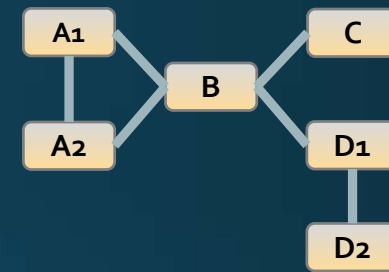
- Background / Terminology
- Key Considerations
- **Proposed Solution**
- Path Forward

Round 1: Enduring Applications:

A1, A2, B, D1, and D2 bid the End of Round Price

C is part of Feasible Set {A1,C, D1} and {A1,C,D2}, {A2,C,D1}, and {A2,C,D2}

Round	End of Round Price	A1	A2	B	C	D1	D2
1	\$400k	\$400k	\$400k	\$400k	\$200k	\$400k	\$400k
2	\$900k	\$900k	\$750k	\$900k	\$200k	\$900k	\$900k
3							
4							
5							
Results							



Discussion Points

- Background / Terminology
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- **Proposed Solution**
- Path Forward

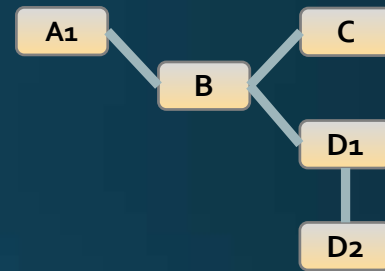
Round 2: Enduring Applications:

A1, B, D1, and D2 met the End of Round Price

C is part of an eligible Feasible Set {A1,C, D1} or {A1,C, D2}

Eliminated Applications: A2, an Application Positioned the Same (A1), bid more

Round	End of Round Price	A1	A2	B	C	D1	D2
1	\$400k	\$400k	\$400k	\$400k	\$200k	\$400k	\$400k
2	\$900k	\$900k	\$750k	\$900k	\$200k	\$900k	\$900k
3	\$1.5m	\$1.2m	Eliminated	\$1.5m	\$800k	\$1.5m	\$1.5m
4							
5							
Results							



Discussion Points

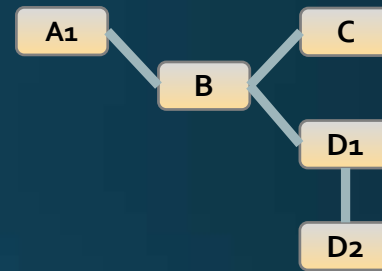
- Background / Terminology
- Key Considerations
- **Proposed Solution**
- Path Forward

Round 3: Enduring Applications:

B, D1, and D2 met the End of Round Price

A1 and C are parts of eligible Feasible Set {A1,C,D1} or {A2,C,D2}

Round	End of Round Price	A1	A2	B	C	D1	D2
1	\$400k	\$400k	\$400k	\$400k	\$200k	\$400k	\$400k
2	\$900k	\$900k	\$750k	\$900k	\$200k	\$900k	\$900k
3	\$1.5m	\$1.2m	Eliminated	\$1.5m	\$800k	\$1.5m	\$1.5m
4	\$2.2m	\$1.5m	Eliminated	\$2.2m	\$1.1m	\$1.7m	\$1.9m
5							
Results							



Discussion Points

- Background / Terminology
- Key Considerations
- **Proposed Solution**
- Path Forward

Round 4: Enduring Applications: B met the End of Round Price.

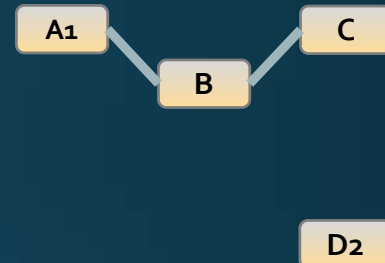
A1 and C are parts of an eligible Feasible Set {A1,C}

Eliminated Applications: D1 an application Positioned Better (D2), bid more

Winning Application: D2

Winning Payment: D2 will pay \$1.7m

Round	End of Round Price	A1	A2	B	C	D1	D2
1	\$400k	\$400k	\$400k	\$400k	\$200k	\$400k	\$400k
2	\$900k	\$900k	\$750k	\$900k	\$200k	\$900k	\$900k
3	\$1.5m	\$1.2m	Eliminated	\$1.5m	\$800k	\$1.5m	\$1.5m
4	\$2.2m	\$1.5m	Eliminated	\$2.2m	\$1.1m	\$1.7m	\$1.9m
5	\$3.0m	\$1.5m	Eliminated	\$2.6m	\$1.5m	Eliminated	Prevailed
Results							



Discussion Points

- Background / Terminology
- Key Considerations
- **Proposed Solution**
- Path Forward

Round 5: No application met the End of Round Price
 Enduring Applications: A1 and C are parts of eligible Feasible Set {A1,C}
 This is the final round in the Auction
Winning Applications: A1 and C



Round	End of Round Price	A1	A2	B	C	D1	D2
1	\$400k	\$400k	\$400k	\$400k	\$200k	\$400k	\$400k
2	\$900k	\$900k	\$750k	\$900k	\$200k	\$900k	\$900k
3	\$1.5m	\$1.2m	Eliminated	\$1.5m	\$800k	\$1.5m	\$1.5m
4	\$2.2m	\$1.5m	Eliminated	\$2.2m	\$1.1m	\$1.7m	\$1.9m
5	\$3.0m	\$1.5m	Eliminated	\$2.6m	\$1.5m	Eliminated	Prevailed
Results		Prevailed	Eliminated	Eliminated	Prevailed	Eliminated	Prevailed

A1

C

D2

Discussion Points

- Background / Terminology
- Key Considerations
- **Proposed Solution**
- Path Forward

Result: A1 and C will pay its proportion of B's final bid
 Winning Payment: A1 and C will pay \$1.3m each ($(\$1.5m / (\$1.5m + \$1.5m)) * \$2.6m$)
 D2 will pay \$1.7m (as a Result of Round 4)

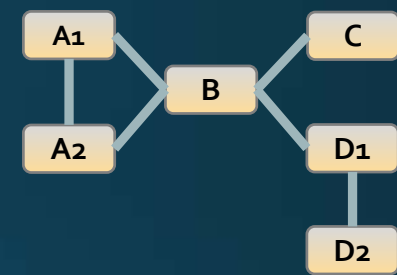
Example 5

*from the presentation
included in the public comment*

Discussion Points

- Background / Terminology
- Key Considerations
- **Proposed Solution**
- Path Forward

Round	End of Round Price	A1	A2	B	C	D1	D2
1	\$400k	\$400k	\$400k	\$400k	\$200k	\$400k	\$400k
2							
3							
4							
5							
Results							

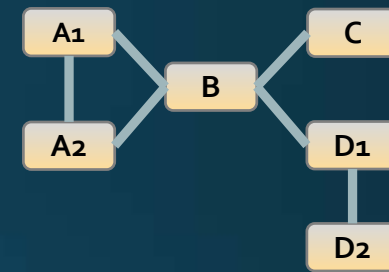


Discussion Points

- Background / Terminology
- Key Considerations
- **Proposed Solution**
- Path Forward

Round 1: Enduring Applications:
 A1, A2, B, D1, and D2 met the End of Round Price
 C is part of Feasible Set {A1,C,D1}, {A1,C,D2}, {A2,C,D1}, and {A2,C,D2}

Round	End of Round Price	A1	A2	B	C	D1	D2
1	\$400k	\$400k	\$400k	\$400k	\$200k	\$400k	\$400k
2	\$900k	\$900k	\$750k	\$900k	\$200k	\$900k	\$450k
3							
4							
5							
Results							



Discussion Points

- Background / Terminology
- Key Considerations
- **Proposed Solution**
- Path Forward

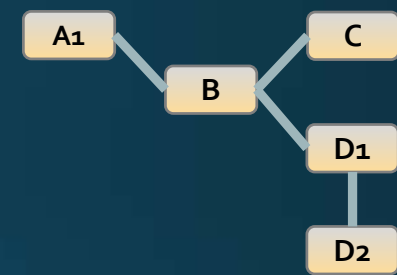
Round 2: Enduring Applications:

A1, B, and D1 met the End of Round Price

C and D2 are part of eligible Feasible Sets

Eliminated Applications: A2 did not meet the End of Round Price while A1, Positioned the Same, bid more

Round	End of Round Price	A1	A2	B	C	D1	D2
1	\$400k	\$400k	\$400k	\$400k	\$200k	\$400k	\$400k
2	\$900k	\$900k	\$750k	\$900k	\$200k	\$900k	\$450k
3	\$1.5m	\$1.2m	Eliminated	\$1.5m	\$200k	\$1.5m	\$1.1m
4							
5							
Results							

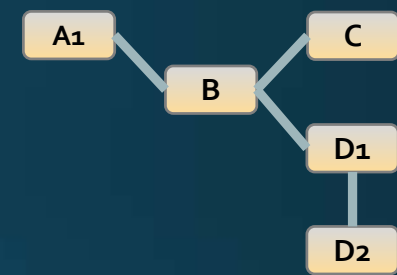


Discussion Points

- Background / Terminology
- Key Considerations
- **Proposed Solution**
- Path Forward

Round 3: Enduring Applications
 B and D1 met the End of Round Price
 A1, C and D2 are part of eligible Feasible Sets

Round	End of Round Price	A1	A2	B	C	D1	D2
1	\$400k	\$400k	\$400k	\$400k	\$200k	\$400k	\$400k
2	\$900k	\$900k	\$750k	\$900k	\$200k	\$900k	\$450k
3	\$1.5m	\$1.2m	Eliminated	\$1.5m	\$200k	\$1.5m	\$1.1m
4	\$2.2m	\$1.5m	Eliminated	\$2.2m	\$200k	\$1.7m	\$1.1m
5							
Results							

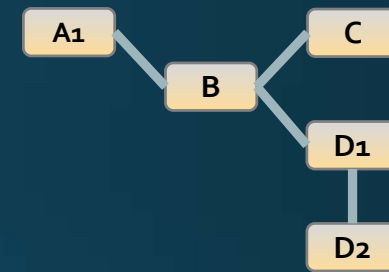


Discussion Points

- Background / Terminology
- Key Considerations
- **Proposed Solution**
- Path Forward

Round 4: Enduring Applications:
 B met the End of Round Price
 A1, C, D1 and D2 are part of eligible Feasible Sets

Round	End of Round Price	A1	A2	B	C	D1	D2
1	\$400k	\$400k	\$400k	\$400k	\$200k	\$400k	\$400k
2	\$900k	\$900k	\$750k	\$900k	\$200k	\$900k	\$450k
3	\$1.5m	\$1.2m	Eliminated	\$1.5m	\$200k	\$1.5m	\$1.1m
4	\$2.2m	\$1.5m	Eliminated	\$2.2m	\$200k	\$1.7m	\$1.1m
5	\$4.0m	\$1.5m	Eliminated	\$4.0m	\$200k	\$1.7m	\$1.1m
Results							



Discussion Points

- Background / Terminology
- Key Considerations
- **Proposed Solution**
- Path Forward

Round 5: Enduring Applications:

B met the End of Round Price

D2 is part of a Feasible Set {B,D2} which met the end of round price

Feasible Set {A1,C,D1} did not meet the End of Round Price, thus Round 5 is the final round

Round	End of Round Price	A1	A2	B	C	D1	D2
1	\$400k	\$400k	\$400k	\$400k	\$200k	\$400k	\$400k
2	\$900k	\$900k	\$750k	\$900k	\$200k	\$900k	\$450k
3	\$1.5m	\$1.2m	Eliminated	\$1.5m	\$200k	\$1.5m	\$1.1m
4	\$2.2m	\$1.5m	Eliminated	\$2.2m	\$200k	\$1.7m	\$1.1m
5	\$4.0m	\$1.5m	Eliminated	\$4.0m	\$200k	\$1.7m	\$1.1m
Results		Eliminated	Eliminated	Prevailed	Eliminated	Eliminated	Prevailed

B

D2

Discussion Points

- Background / Terminology
- Key Considerations
- **Proposed Solution**
- Path Forward

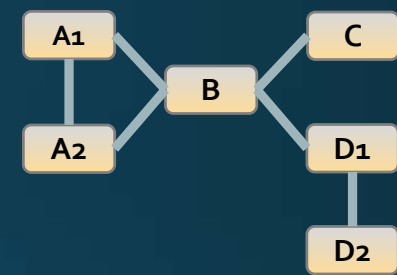
Results: **Winning Applications: B and D2**
 B and D2 will each pay its proportion of the sum of Feasible Set {A1,C,D1} (\$3.4m)
Winning Payment: B will pay \$2,666,667 $((\$4.0m / (\$4.0m + \$1.1m)) * \$3.4m)$
 D2 will pay \$733,333 $((\$1.1m / (\$4.0m + \$1.1m)) * \$3.4m)$

Example 6

Discussion Points

- Background / Terminology
- Key Considerations
- **Proposed Solution**
- Path Forward

Round	End of Round Price	A1	A2	B	C	D1	D2
1	\$400k	\$400k	\$400k	\$400k	\$1	\$400k	\$400k
2							
3							
4							
5							
Results							

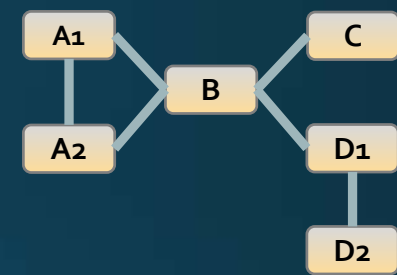


Discussion Points

- Background / Terminology
- Key Considerations
- **Proposed Solution**
- Path Forward

Round 1: Enduring Applications:
 A1, A2, B, D1, and D2 met the End of Round Price
 C is part of eligible Feasible Sets {A1,C, D1}, {A1,C,D2}, {A2,C,D1}, and {A2,C,D2}

Round	End of Round Price	A1	A2	B	C	D1	D2
1	\$400k	\$400k	\$400k	\$400k	\$1	\$400k	\$400k
2	\$900k	\$900k	\$750k	\$900k	\$1	\$900k	\$750k
3							
4							
5							
Results							

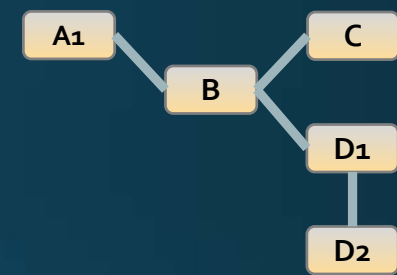


Discussion Points

- Background / Terminology
- Key Considerations
- **Proposed Solution**
- Path Forward

Round 2: Enduring Applications:
 A1, B, and D1 met the End of Round Price
 C is part of eligible Feasible Sets
 Eliminated Applications: A2 did not meet the End of Round Price while A1, Positioned the Same, bid more

Round	End of Round Price	A1	A2	B	C	D1	D2
1	\$400k	\$400k	\$400k	\$400k	\$1	\$400k	\$400k
2	\$900k	\$900k	\$750k	\$900k	\$1	\$900k	\$750k
3	\$1.5m	\$1.5m	Eliminated	\$1.5m	\$1	\$1.5m	\$1.1m
4							
5							
Results							

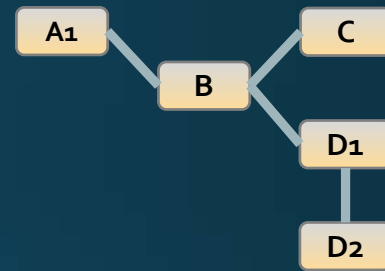


Discussion Points

- Background / Terminology
- Key Considerations
- **Proposed Solution**
- Path Forward

Round 3: Enduring Applications:
 A1, B, and D1 met the End of Round Price
 C and D2 are part of eligible Feasible Sets

Round	End of Round Price	A1	A2	B	C	D1	D2
1	\$400k	\$400k	\$400k	\$400k	\$1	\$400k	\$400k
2	\$900k	\$900k	\$750k	\$900k	\$1	\$900k	\$750k
3	\$1.5m	\$1.5m	Eliminated	\$1.5m	\$1	\$1.5m	\$1.1m
4	\$2.2m	\$2.2m	Eliminated	\$2.0m	\$1	\$1.5m	\$1.3m
5							
Results							

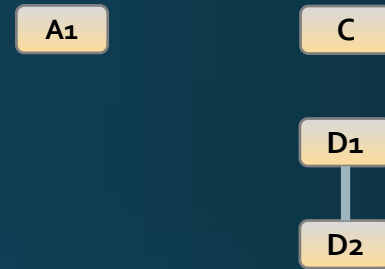


Discussion Points

- Background / Terminology
- Key Considerations
- **Proposed Solution**
- Path Forward

Round 4: Eliminated: B did not meet the End of Round Price, while A1, Positioned Better, bid more
 Enduring Applications: D1 and D2 are parts of eligible Feasible Sets {A1,C,D1} & {A1,C,D2}
 Winning Applications: A1 and C
 Winning Payment: A1 will pay \$2.0m and C will pay \$1

Round	End of Round Price	A1	A2	B	C	D1	D2
1	\$400k	\$400k	\$400k	\$400k	\$1	\$400k	\$400k
2	\$900k	\$900k	\$750k	\$900k	\$1	\$900k	\$750k
3	\$1.5m	\$1.5m	Eliminated	\$1.5m	\$1	\$1.5m	\$1.1m
4	\$2.2m	\$2.2m	Eliminated	\$2.0m	\$1	\$1.5m	\$1.3m
5	\$3.0m	Prevailed	Eliminated	Eliminated	Prevailed	\$1.7m	\$2.0m
Results							



Discussion Points

- Background / Terminology
- Key Considerations
- **Proposed Solution**
- Path Forward

Round 5: Applications D1 & D2 remain and are now Positioned the Same.
 Neither application met the End of Round Price; however, D2 bid more than D1
Winning Application: D2

Round	End of Round Price	A1	A2	B	C	D1	D2
1	\$400k	\$400k	\$400k	\$400k	\$1	\$400k	\$400k
2	\$900k	\$900k	\$750k	\$900k	\$1	\$900k	\$750k
3	\$1.5m	\$1.5m	Eliminated	\$1.5m	\$1	\$1.5m	\$1.1m
4	\$2.2m	\$2.2m	Eliminated	\$2.0m	\$1	\$1.5m	\$1.3m
5	\$3.0m	Prevailed	Eliminated	Eliminated	Prevailed	\$1.7m	\$2.0m
Results		Prevailed	Eliminated	Eliminated	Prevailed	Eliminated	Prevailed

A1

C

D2

Discussion Points

- Background / Terminology
- Key Considerations
- **Proposed Solution**
- Path Forward

Result: Winning Payment:
 D2 will pay \$1.7m
 A1 will pay \$2.0m (as a result of Round 4)
 C will pay \$1 (as a result of Round 4)