

**TEN-X, LLC
TEN-X HOLDINGS CORP.**

CONFIDENTIAL DISCLOSURE STATEMENT

2012 Incentive Common Unit Option Plan of Ten-X, LLC (formerly Auction.com, LLC)

**2015 Equity Incentive Plan of Ten-X Holdings Corp. (formerly Auction.com Corp.), an
affiliate of Ten-X, LLC**

Ten-X, LLC (formerly Auction.com, LLC), a Delaware limited liability company ("**Ten-X LLC**"), and Ten-X Holdings Corp. (formerly Auction.com Corp.), a Delaware corporation ("**Ten-X Corp**"), and together with Ten-X LLC, the "**Company**", "**we**", "**us**", "**our**", are providing you with this Confidential Disclosure Statement (this "**Disclosure Statement**") in connection with:

- (i) Ten-X LLC's grant of options to purchase incentive common units (the "**ICUs**") to certain of Ten-X LLC's employees, consultants and directors (the "**2012 Option Grants**") pursuant to the terms of Ten-X LLC's 2012 Incentive Common Units Option Plan, as amended (the "**2012 Option Plan**"); and/or
- (ii) Ten-X Corp's grant of options to purchase Class C Common Stock (the "**Class C Common Stock**") to certain of Ten-X LLC's employees, consultants and directors either through:
 - a. A prior exchange of 2012 Option Grants pursuant to an "Offer to Exchange Outstanding (1) Options to Purchase Incentive Common Units of Auction.com, LLC for New Options to Purchase Shares of Class C Common Stock and (2) Incentive Common Units of Auction.com, LLC for Shares of Class C Common Stock of Auction.com Corp.", dated August 11, 2015 (such offer, the "**Offer to Exchange**" and such options, the "**2015 Exchange Option Grants**"); or
 - b. New grants after September 16, 2015 (the "**2015 New Option Grants**" and collectively with the 2015 Exchange Option Grants and the 2012 Option Grants, the "**Option Grants**") pursuant to the terms of Ten-X Corp's 2015 Equity Incentive Plan (the "**2015 Option Plan**").

This Disclosure Statement is current as of October 25, 2016, except as may otherwise be specifically set forth herein. This Disclosure Statement and certain Annex hereto have been updated to reflect the name changes of Auction.com, LLC to Ten-X, LLC and Auction.com Corp. to Ten-X Holdings Corp. Any documents that have not been updated should be read as if the names have been changed.

We are relying on Rule 701 promulgated under the Securities Act of 1933, as amended (the "**Act**"), as the basis for an exemption from the registration requirements under the Act in connection with certain Option Grants, and for other Option Grants we may be relying on separate exemptions from the registration requirements under the Act.

Rule 701 provides that, subject to meeting certain tests that we have determined have been satisfied, if the aggregate exercise price of all options granted by us during a 12-month period exceeds five million dollars (\$5,000,000), we are required to provide certain information to each person who has been (or will be) granted options during such period (each such person, a "**Grantee**") in reliance on Rule 701.

Based on the foregoing, we are providing you with the following information:

The following two items are applicable to you if you are a recipient of 2012 Option Grants:

- The 2012 Option Plan (a copy of which is attached as Annex A-1 hereto).
- A Frequently Asked Questions (the “**2012 FAQ**”) document which provides a summary of the material terms of the 2012 Option Plan and related documents (a copy of which is attached as Annex B-1 hereto). The 2012 FAQ should be read in conjunction with the 2012 Option Plan and the copies of Ten-X LLC’s 2012 Special Incentive Bonus Plan (the “**SI Bonus Plan**”, a copy of which is attached as Annex C hereto), Ten-X LLC’s Fifth Amended and Restated Operating Agreement (the “**LLC Agreement**”, a copy of which is attached as Annex D hereto), Ten-X Corp’s Stockholders’ Agreement (the “**Stockholders’ Agreement**”, a copy of which is attached as Annex E hereto), your option award agreement and the other related transaction documents and disclosure summaries which have been previously provided to you, as described in the section entitled “Summary of the Material Terms of the 2012 Option Plan” below.

The following two items are applicable to you if you are a recipient of 2015 Exchange Option Grants:

- The 2015 Option Plan (a copy of which is attached as Annex A-2 hereto).
- A Frequently Asked Questions (the “**2015 Exchange Option FAQ**”) document which provides a summary of the material terms of the 2015 Option Plan and related documents (a copy of which is attached as Annex B-2 hereto) as they relate to the 2015 Exchange Option Grants. The 2015 Exchange Option FAQ provides responses for those Grantees that participated in the Offer to Exchange. The 2015 Exchange Option FAQ should be read in conjunction with the 2015 Option Plan and the copies of the LLC Agreement, the Stockholders’ Agreement, your option award agreement and the other related transaction documents and disclosure summaries which have been previously provided to you, as described in the section entitled “Summary of the Material Terms of the 2012 Option Plan and 2015 Option Plan” below.

The following two items are applicable to you if you are a recipient of 2015 New Option Grants:

- The 2015 Option Plan.
- A Frequently Asked Questions (the “**2015 New FAQ**”) document which provides a summary of the material terms of the 2015 Option Plan and related documents (a copy of which is attached as Annex B-3 hereto) as they relate to the 2015 New Option Grants. The 2015 New FAQ provides responses for those Grantees that received new options under the 2015 Option Plan that were not part of the Offer to Exchange. The 2015 New FAQ should be read in conjunction with the 2015 Option Plan and the copies of the LLC Agreement, the Stockholders’ Agreement, your option award agreement and the other related transaction documents and disclosure summaries which have been previously provided to you, as described in the section entitled “Summary of the Material Terms of the 2015 Option Plan” below.

The following items are applicable to all 2012 Option Plan and 2015 Option Plan Grants:

- Risk Factors (described below).
- Consolidated financial statements (audited) of Ten-X LLC as of and for the years ended December 31, 2015 and December 31, 2014, and related Independent Auditor’s Report (a copy of which is attached as Annex F hereto). Ten-X Corp does not own any material assets other than its interests in Ten-X LLC; as a result, the financial statements of Ten-X Corp are not material and have not been included.

- Consolidated financial statements (unaudited) of Ten-X LLC as of and for the nine-month period ended September 30, 2016 (a copy of which is attached as Annex G hereto). Ten-X Corp does not own any material assets other than its interests in Ten-X LLC; as a result, the financial statements of the Ten-X Corp are not material and have not been included.

DISCLAIMER RELATING TO FINANCIAL INFORMATION

The unaudited consolidated financial statements of Ten-X LLC delivered in connection with this disclosure statement do not include any footnotes, are subject to year-end adjustments and may be changed as a result of our year-end review and the audit by our independent auditors. We do not make any representation or warranty with respect to the financial statements delivered in connection with this Disclosure Statement, whether express or implied. Further, our historical results are not necessarily indicative of our results to be expected in any future period.

CONFIDENTIAL INFORMATION

This Disclosure Statement (including the information annexed hereto) contains information relating to the Company and its subsidiaries that is material, non-public and highly confidential in nature (the “**Confidential Information**”). Each recipient of this Disclosure Statement recognizes and acknowledges the competitive value of the Confidential Information and the damage that could result from the disclosure thereof to third parties. Accordingly, by accepting this Disclosure Statement, each recipient agrees that the Confidential Information will be kept strictly confidential and is subject to the confidentiality provisions of the LLC Agreement and the Stockholders’ Agreement and that the recipient will not disclose any Confidential Information in any manner whatsoever without the Company’s express prior written authorization, except to such recipient’s personal legal and financial advisors. Each recipient of this Disclosure Statement agrees that it shall be responsible for any unauthorized disclosure of the Confidential Information.

SUMMARY OF MATERIAL TERMS OF THE 2012 OPTION PLAN AND THE 2015 OPTION PLAN

A 2012 FAQ document providing a summary of the material terms of the 2012 Option Plan is set forth in Annex B-1 hereto. A 2015 Exchange Option FAQ document and a 2015 FAQ document providing a summary of the material terms of the 2015 Option Plan as they relate to the 2015 Exchange Option Grants and the 2015 New Option Grants are set forth in Annex B-2 and Annex B-3, respectively, hereto. The LLC Agreement and the Stockholders’ Agreement are attached as Annex D and Annex E, respectively, hereto. In addition, each Grantee has been provided with his or her applicable option award agreement and other related transaction documents (such documents, together with the LLC Agreement, the SI Bonus Plan, the Stockholders’ Agreement, the 2012 Option Plan and 2015 Option Plan, as each may be applicable to each Grantee, the “**Transaction Documents**”). The relevant 2012 FAQ, 2015 Exchange Option FAQ or 2015 FAQ and this Disclosure Statement should be read together with the relevant Transaction Documents in order to obtain a complete summary of the current material terms of the relevant option plan and related documents. This Disclosure Statement is only a summary of the Transaction Documents and does not describe every material term of the options, ICUs, Class C Common Stock or the Transaction Documents. This Disclosure Statement is qualified in all respects by the applicable terms of the Transaction Documents, and you should read and understand the Transaction Documents.

RISK FACTORS

You should carefully consider the following risk factors, together with all of the other information included in or annexed to this Disclosure Statement, before deciding whether or not to participate in the 2012 Option Plan and/or the 2015 Option Plan by accepting your Option Grant. Capitalized terms used herein without definition have the meanings given to such terms in the LLC Agreement.

Risks Relating to Our Business and Industry

For purposes of this section, the terms “we,” “us” and “our” include both Ten-X LLC and Ten-X Corp. Ten-X Corp does not own any material assets other than its interests in Ten-X LLC.

Our revenues and results of operations are volatile and difficult to predict.

Our revenues and results of operations fluctuate from quarter to quarter, due to a number of factors. These factors include, but are not limited to, the following:

- our ability to attract new clients and obtain additional business from our existing client base;
- the number, size and timing of our auction and non-auction transactions;
- the demand for real estate and real estate-related assets in the geographic areas in which we operate;
- the rate of growth of new service areas of our business;
- the types of fees we charge clients, or other financial arrangements we enter into with clients;
- changes in general economic and market conditions; and
- the willingness of our established business partners to consider and adopt changes in our business model.

We have limited or no control over some of the factors set forth above and, as a result, may be unable to forecast our revenues accurately. We rely on projections of revenues in developing our operating plans for the future and will base our expectations regarding expenses on these projections and plans. If we inaccurately forecast revenues and/or earnings, or fail to accurately project expenses, we may be unable to adjust our spending in a timely manner to compensate for these inaccuracies and, as a result, may suffer operating losses and such losses could have a negative impact on our financial condition and results of operations. As a result, you should not rely on past results as an indication of future performance. If, for any reason, we fail to meet company or investor projections of revenue, growth or earnings, the value of the ICUs and Class C Common Stock could decline. In addition, negative impacts on our financial condition and results of operations may cause us to fail to comply with certain covenants and conditions of our debt obligations, described below.

We have incurred significant indebtedness which could affect our ability to finance operations, pursue desirable business opportunities or successfully run our business in the future.

As of December 31, 2015, we have borrowed an aggregate of up to \$148.9 million. This debt is secured by substantially all of our assets and guaranteed by us and most of our subsidiaries. The annual cost to service this debt through 2018 is approximately \$9.0 million of cash interest costs and approximately \$1.5 million of annual required principal repayments. The debt maturity date is May 12, 2019 when the remaining balance of \$144.0 million becomes due and payable. We are also required to make certain prepayments of this debt in the event that we issue or incur additional debt or sell specified assets. This debt has created substantial demands upon our available cash to pay principal and interest. Our leverage and debt service obligations could have important consequences to you, including the following:

- The terms of the debt obligations that we have incurred contain numerous restrictive covenants which, among other things, restrict our ability to pay dividends on or make other distributions or repurchase our capital stock or make other restricted payments, incur additional debt or issue preferred stock, make investments, enter into transactions with affiliates and sell assets or merge with or into other companies or otherwise dispose of all or substantially all of our assets. In addition, we are required to satisfy and maintain specified financial ratios and tests. If we do not comply with these obligations, we may cause an event of default which, if not cured or waived, could require us to repay the indebtedness immediately. Moreover, we are subject to higher interest rates on our debt obligations as a result of these covenants, as well as our credit ratings.
- In the recent past, we have sought and obtained waivers and amendments under our existing financing arrangements to avoid non-compliance and cure past defaults under restrictive covenants. Any future non-compliance or defaults for which we do not obtain waivers or amendments could result in the

acceleration of a substantial portion of our indebtedness, which could cause us to lack sufficient liquidity and we may not be able to obtain necessary equity or debt financing on a timely basis or on favorable terms.

- We may be vulnerable in the event of downturns and adverse changes in our businesses, in our industries, or in the economy generally, due to our need for increased cash flow.
- We may have difficulty obtaining additional financing, if necessary, at favorable interest rates to meet our requirements for working capital, capital expenditures, acquisitions, general corporate purposes or other purposes.
- We have pledged our accounts receivable, contracts, equipment, trademarks, patents and other assets as collateral under these financing arrangements which would be subject to seizure if we were in default and unable to repay the indebtedness.
- We are required to dedicate a substantial portion of our cash flow to the payment of principal and interest on our indebtedness, which will reduce the amount of funds available for operations, capital expenditures and future acquisitions.

Our business is dependent upon the availability of real estate properties and other assets offered for sale by clients using our platforms.

A substantial portion of our revenue is derived from fees received in connection with the sale by our clients of real estate properties and other real estate assets, such as loans secured real estate, using our transaction platforms. As a result, the availability for sale of these real estate assets is central to our business. The availability of such assets could be impacted by a number of factors, including changes to the United States' and world's economic conditions, changes in the availability of acquisition financing and buyer interest or demand or changes to the pricing of the real estate properties and other real estate assets that are sold through our platforms. Changes to applicable regulations could make it more difficult for lenders to foreclose on properties and result in fewer lender-foreclosed properties being available for sale. A decrease in the number of properties being built or sold could result in a related decrease in the number of such properties available for sale using our platforms. If fewer assets were available to be sold through our transaction platforms, our revenues could decrease and our financial results could be adversely affected.

A high concentration of our properties in a particular geographic area would magnify the effects of downturns in that geographic area.

For fiscal year 2015, over fifty-two percent (52%) of sales (measured by gross merchandise value) through our platforms were of assets located in Florida, California and four other states. In the event that we continue to have a concentration of properties for sale, or have clients that typically sell properties, in those areas or any particular geographic area, any adverse situation that disproportionately decreases the supply of properties for sale in that geographic area would have a magnified adverse impact on our financial results.

We derive a significant portion of our revenues from a limited group of clients, and any decrease in the amount of business they transact with us could materially and adversely affect our cash flows and profitability.

For fiscal year 2015, over sixty-two percent (62%) of our net revenues were derived from five clients and we expect this group of clients to continue to account for a significant portion of our net revenues in the future. If one or more of these clients terminates its relationship with us or decreases the amount of business it provides to us, our operating results, cash flows and profitability could be materially adversely affected.

If the reserve prices or minimum sale prices are not met for certain of the assets offered for sale on our platforms, our sales and related revenues may be adversely impacted.

We typically conduct auction and non-auction events with a reserve price or minimum sale price which must be met in order for the final bid or offer to be accepted and the sale to be consummated. If we or the sellers of assets

are unable to accurately set the reserve prices or minimum sale prices for assets offered for sale on our platforms, the number of sales which are consummated would decrease, which could have an adverse impact on the fees we would otherwise receive from asset sales.

We may enter into material transactions which may materially impact the value of the ICUs and Class C Common Stock.

We may from time to time enter into material transactions, including, but not limited to, the acquisition of additional businesses and private or public capital-raising transactions through the offering of our equity and debt securities. We may be currently contemplating one or more of such material transactions. We cannot assure you that such transactions will be consummated successfully or that, if consummated, such transactions will not have a material adverse effect on our financial results or on the value of the ICUs and Class C Common Stock.

If we are unable to successfully acquire and integrate complementary businesses and technologies, our growth strategy may be adversely affected.

As part of our growth strategy, we may acquire complementary businesses and technologies. There can be no assurance that we will be able to identify suitable candidates for successful acquisitions at acceptable prices. If made, future acquisitions could result in potentially dilutive issuances of equity securities, the incurrence of debt and contingent liabilities and an increase in amortization expense related to identifiable intangible assets acquired, which could harm our business, financial condition and results of operations. In addition, our ability to achieve the expected returns and synergies from these acquisitions depends in part upon our ability to integrate the offerings, technology, administrative functions and personnel of these businesses into our business in an efficient and effective manner. Furthermore, these acquisitions may subject us to unanticipated risks or liabilities or disrupt our operations and divert management's attention from our day-to-day operations.

We may not be able to achieve our revenue objectives or successfully invest in new business initiatives.

Our corporate objectives are expected to include investment in new business initiatives, either internally through research and development, externally through additional acquisitions and joint ventures, or both. Although such investments are intended to bring future growth, which we believe will have a positive impact on our value in future years, such investments may not be immediately accretive and may negatively impact our EBITDA in the short term and consequently reduce the value of the ICUs and Class C Common Stock.

We are subject to a variety of state, U.S. federal and foreign government laws and regulations which could subject us to claims, judgments, monetary liabilities and other remedies, and to limitations on our business practices.

We are subject to laws and regulations directly applicable to the sale of real estate online and offline both domestically and internationally. The application of existing domestic and international laws and regulations to us relating to issues such as broker and sales practices, auction services, financial services regulation, mortgage services regulation, data protection and security, privacy, pricing, advertising and consumer protection in many instances is unclear or unsettled. In addition, we will also be subject to any new laws and regulations directly applicable to our domestic and international activities. As we seek to expand our business internationally, we may also be subject to laws regulating our activities in foreign countries and to foreign laws and regulations that are inconsistent from country to country. Furthermore, established participants in the traditional real estate process, many of whom are larger, better capitalized and more sophisticated in their public policy and governmental affairs efforts, may initiate regulatory, legislative, administrative, legal or other potential challenges to our business model or aspects of our platform. We may incur substantial liabilities for expenses necessary to defend any regulatory or related litigation or to comply with these laws and regulations, as well as potential substantial penalties for any failure to comply. Compliance with these laws and regulations may also cause us to change or limit our business practices in a manner adverse to our business.

Changes in these or any other laws and regulations or the interpretation of them, or an extension of our business into new areas, could increase our future compliance costs, make our products and services less attractive to our customers, or cause us to change or limit our business practices. Further, any failure on our part to comply with

any relevant laws or regulations may result in a suspension of our business practices and/or subject us to significant civil or criminal liabilities.

Our business relies heavily on the Internet and any failures or disruptions may adversely affect our ability to serve our customers.

Technological factors may affect our ability to deliver our products and services to market. We depend heavily on the capacity, reliability and security of the Internet. Access to our online transaction platforms, and to data for our sales, via the Internet involves security, availability, architectural compatibility and reliability risks. Our ability to effectively use the Internet may be impaired due to infrastructure failures, service outages at third party Internet providers or increased government regulation. If disruptions, failures or slowdowns of our electronic delivery systems or the Internet occur, our ability to distribute our products and services effectively and to serve our customers may be adversely affected. If our products and/or the technology foundations upon which they are built and delivered, have design or implementation flaws, or otherwise malfunction and cause harm to customers or third parties, claims may be brought against us.

If we fail to protect confidential information against security breaches or our customers or if potential customers are reluctant to use our marketplace because of privacy concerns, activity in our marketplace could decline and we might face additional costs, which could harm our business.

As part of our user registration and application processes, we collect, use and disclose personally identifiable information, including names, addresses, phone numbers, driver's license number, credit card numbers and email addresses. We could be subject to legal claims, government action or harm to our reputation if our practices fail to comply or are seen as failing to comply with our policies concerning the collection, use and disclosure of personally identifiable information or with local, state or federal laws concerning personally identifiable information or if our policies are inadequate to protect the personally identifiable information that we collect.

The media has publicized a number of high-profile data breaches of consumer data affecting large U.S. corporations over the past few years. Concern among prospective customers regarding our use of the personal information collected on our websites could keep prospective customers from using our marketplace. Industry-wide incidents or incidents with respect to our websites, including misappropriation of customer information, security breaches, or changes in industry standards, regulations or laws could deter people from using the Internet or our website to conduct transactions that involve the transmission of confidential information, which could harm our business.

The loss of or damage to a data center could interrupt the operation of some of our services, which could harm our reputation and our business.

Our platforms rely on our primary data centers located in southern California, as well as back-up data centers in Virginia and Washington, for their successful operation. If we experience a system failure or disruption in any or all of our data centers, the performance of certain of our services could be interrupted. The continued and uninterrupted performance of our data centers and technology infrastructure is critical to customer satisfaction, and we must continue to address any capacity constraints, security threats or system failures. Factors such as loss of service from third parties, operational failures, sabotage, break-ins and similar disruptions from unauthorized tampering or hacking, human error, national disasters, power loss and computer viruses could cause our systems to operate slowly or interrupt their availability for periods of time. Although plans and procedures are in place to reduce such risks, our businesses could be adversely affected if their delivery platforms and networks experience a significant failure or interruption. Should any of our data centers suffer damage, we may be required to make significant expenditures to repair or replace such data center. Any interruption to the operation of our solutions due to the loss of, or damage to, a data center could harm our reputation and cause our customers to reduce their use of our solutions, which could harm our revenues and business prospects.

We face risks related to system interruption and lack of redundancy.

We experience occasional system interruptions and delays that make our websites and services unavailable or slow to respond and prevent us from efficiently providing services to third parties, which may reduce our net sales and the attractiveness of our products and services. If we are unable to continually add software and hardware, effectively upgrade our systems and network infrastructure and take other steps to improve the efficiency and security of our systems, it could cause system interruptions or delays and adversely affect our operating results.

Our computer and communications systems and operations could be damaged or interrupted by fire, flood, power loss, telecommunications failure, earthquakes, acts of war or terrorism, acts of God, computer viruses, physical or electronic break-ins, and similar events or disruptions. Any of these events could cause system interruption, delays, and loss of critical data, and could prevent us from accepting and fulfilling customer orders and providing services, which could make our product and service offerings less attractive and subject us to liability. Our systems are not fully redundant and our disaster recovery planning may not be sufficient. In addition, we may have inadequate insurance coverage to compensate for any related losses. Any of these events could damage our reputation or business prospects and be expensive to remedy.

If we are unable to adapt successfully to changes in our customers' preferences for our services, to continually develop new services to meet our customers' needs, attract new customers or expand into new geographic markets, our ability to generate additional revenues may be adversely affected.

Advances in technology and uncertain or changing economic conditions are changing the way our customers use our technology and purchase the assets sold through our platforms. In particular, our clients have required that we implement additional security procedures, including upgrades to our website and our data protection and auditing processes. Complying with these requests creates additional expense and requires additional time from our employees. If we do not successfully adapt our services to our customers' preferences, our business, financial condition and results of operations would be materially adversely affected.

Additionally, it may take a significant amount of time and expense to develop new products and business lines to meet our customers' needs, attract new customers or expand into new asset areas or geographic markets. If we are unable to do so, our ability to generate additional revenues may be adversely affected.

We face competition that may cause price reductions or loss of market share.

We are subject to competitive conditions in all aspects of our business. Although we believe the breadth of our businesses and product and service offerings provide benefits to our customers that are a competitive advantage, our competitors that are focused on a narrower product line may be more effective in devoting technical, marketing, and financial resources to compete with us. We compete with publicly-traded companies that currently operate in the same or similar markets as those in which we operate and they may have additional resources or capabilities that enable them to effectively move into our business areas. Well-capitalized technology and financial companies may also use their technological capabilities and resources to enter the online real estate marketplace business. We also compete with established real estate disposition companies such as real estate brokers and asset managers that may use their expertise to establish an online presence. In addition, our ability to expand into new markets or business areas may be hampered by the existence of established companies with a large market presence or significant resources that are already operating in such markets.

We must recruit and retain skilled management and other key employees to succeed in our business.

An integral part of our success is our ability to recruit and retain qualified management and other key employees. In particular, we must hire and retain employees with the technical expertise and industry knowledge necessary to continue to develop our services and effectively manage our growing sales and marketing organization to ensure the growth of our operations. The market for highly skilled employees remains very competitive. If we are unable to recruit and retain a sufficient number of these employees at all levels, our ability to maintain and grow our business could be negatively impacted. We cannot assure you that we will be able to continue to identify or be

successful in recruiting or retaining the appropriate qualified personnel for our businesses and this may adversely affect our ability to execute our strategy.

We rely on the value of our brands, and a failure to maintain or enhance the Ten-X and Auction.com brands in a cost-effective manner could harm our operating results.

We believe that maintaining and enhancing our brands is an important aspect of our efforts to attract and expand our client and user base. We also believe that the importance of brand recognition will increase due to the relatively low barriers to entry in certain portions of the real estate and Internet market. We have spent considerable money and resources to date on the establishment and maintenance of our brands and Internet domain names, and we anticipate continuing to spend and devote resources to, advertising, marketing, and other brand-building efforts to preserve and enhance consumer awareness of our brands. Our brands may be negatively impacted by a number of factors, including among other issues: customer dissatisfaction; service outages; product malfunctions; data privacy and security issues; exploitation of our trademarks by others without permission; and poor presentation or integration of our listings and product services by our business partners.

If we are unable to maintain or enhance customer awareness of, and trust in, our brands in a cost-effective manner, or if we incur excessive expenses in these efforts, our business, operating results and financial condition could be harmed.

Our intellectual property rights are valuable, and any failure or inability to sufficiently protect them could harm our business and our operating results.

We create, own, and maintain an array of intellectual property assets, including copyrights, patents, trademarks, trade dress, trade secrets, and rights to certain domain names, which we believe are collectively among our most valuable assets. We seek to protect our intellectual property assets through patent, copyright, trade secret, trademark, and other laws of the U.S. and other countries of the world, and through contractual provisions. However, the efforts we have taken to protect our intellectual property and proprietary rights might not be sufficient or effective at stopping unauthorized use of those rights. Protection of the distinctive elements of our products and services might not always be available under copyright law or trademark law, or we might not discover or determine the full extent of any unauthorized use of our copyrights and trademarks in order to protect our rights. In addition, effective trademark, patent, copyright, and trade secret protection might not be available or cost-effective in every country in which our products and services are distributed or made available through the Internet in the future. Changes in patent law, such as changes in the law regarding patentable subject matter, could also impact our ability to obtain patent protection for our innovations. Further, given the costs of obtaining patent protection, we might choose not to protect (or not to protect in some jurisdictions) certain innovations that later turn out to be important. There is also a risk that the scope of protection under our patents may not be sufficient in some cases or that patents we are granted may be deemed invalid or unenforceable. With respect to maintaining our trade secrets, we have entered into confidentiality agreements with most of our employees and contractors, and confidentiality agreements with many of the parties with whom we conduct business in order to limit access to and disclosure of our proprietary information. However, these agreements might be breached and our trade secrets might be compromised by outside parties or by our employees, which could cause us to lose any competitive advantage provided by maintaining our trade secrets.

If we are unable to protect our proprietary rights from unauthorized use, the value of our intellectual property assets may be reduced. In addition, protecting our intellectual property and other proprietary rights is expensive and time consuming. Any increase in the unauthorized use of our intellectual property could make it more difficult to compete, more expensive to do business and consequently harm our operating results.

We may in the future be subject to intellectual property infringement or other third-party claims, which are costly to defend, could result in significant damage awards, and could limit our ability to provide certain services or use certain technologies in the future.

We face the risk of claims that we infringe the intellectual property rights of third parties. Our competitors may have applied for or obtained, or may in the future apply for and obtain, trademarks, copyrights or patents that will prevent, limit or otherwise interfere with our ability to conduct our business as currently conducted. In addition, patent holding companies may continue to seek to monetize patents they have purchased or otherwise obtained. As a result,

disputes regarding the ownership of technologies and rights associated with online businesses are likely to continue to arise in the future. We do not regularly conduct comprehensive intellectual property searches to determine whether the technology used in our products infringes patents or other intellectual property held by third parties. The large number of patents, the rapid rate of new patent issuances, the complexities of the technology involved and uncertainty of litigation increase the risk to our business assets and management's attention being diverted to intellectual property disputes and litigation.

It is possible that third parties will make claims of infringement against us in connection with the use of our technology, our products and services and our business. Any claims, even those without merit, could:

- be expensive and time-consuming to defend;
- cause us to cease making, licensing, using, providing or selling services or products that incorporate the challenged intellectual property;
- require us to redesign our services or products, if feasible or change our business practices;
- divert management's attention and resources; and
- require us to enter into royalty or licensing agreements in order to obtain the right to use necessary intellectual property.

Any royalty or licensing agreements, if required, may not be available to us on acceptable terms or at all. A successful claim of infringement against us in connection with our business could result in our being required to change our business practices, pay significant damages, enter into costly license or royalty agreements, stop or curtail the provision of certain products or services, any of which could have a negative impact on our operating profits and harm our future prospects. Furthermore, if it is determined that our products or services infringe on the intellectual property rights of others, our customers could be enjoined from continuing to use our products, and we may be required to indemnify our customers for any damages they suffer.

We have claims and lawsuits against us that may result in adverse outcomes.

We are subject to a variety of claims and lawsuits. These matters, if resolved adversely against us, may result in monetary damages, fines and penalties or require changes in our business practices. The resolution of these proceedings is inherently difficult to predict and could harm our business and results of operations.

Risks Relating to Ten-X LLC ICUs (applicable to 2012 Option Plan Grantees)

There is currently no public market for the ICUs.

There is currently no public market for the ICUs. Neither the issuance nor resale of the ICUs has been registered under the Act or any state securities laws and the ICUs will not be able to be resold unless they are subsequently so registered or exemptions from such registration are obtained. The ICUs are also subject to substantial restrictions on transferability and resale, will not be readily marketable, and any holder thereof must therefore be able to bear the economic risk of his, her or its investment in the ICUs for an indefinite period of time. In addition there are no registration rights or other rights in respect of an initial public offering relating to the ICUs except as provided under the LLC Agreement.

Furthermore, certain applicable provisions of Delaware law may discourage a third party from acquiring us which, in turn, may deprive holders of ICUs of certain opportunities to receive a premium for their ICUs as part of an acquisition of the Company.

The ICUs do not have voting rights, do not participate in governance of Ten-X LLC and do not have certain other rights reserved for other types of Ten-X LLC's common units.

The ICUs are non-voting common units and do not participate in the governance of Ten-X LLC. They represent an economic interest in Ten-X LLC and share *pari passu* with the other common units in distributions to members generally but do not have certain other rights reserved for Ten-X LLC's Ordinary Common Units, Non-Voting Investor Common Units or Preferred Units, such as information and access rights, preemptive rights and transferability rights, as applicable.

Ten-X LLC may issue additional ICUs, other common units, securities exercisable or convertible into ICUs or other common units or new debt or equity securities that are senior in right of payment to the ICUs, which may dilute your ownership interest.

In addition to the awards already made under the 2012 Option Plan, Ten-X LLC may issue additional ICUs or other common units in the future. Ten-X LLC cannot issue certain classes of new equity interests to a then-existing member of Ten-X LLC at less than Fair Market Value as determined by Ten-X LLC's Board, unless such issuance is in connection with an offer led by a third party purchaser, an exercise of pre-emptive rights by Ten-X LLC's members or is approved by holders of a majority-in-interest of the outstanding ICUs and options, but the Grantees otherwise have only limited minority protections against future dilution of their equity. As a result, if Ten-X LLC issue additional ICUs or other common units or other securities exercisable or convertible into ICUs or other common units, your ownership interest in Ten-X LLC upon exercise of your options may be substantially diluted. Ten-X LLC may issue new equity or debt securities that rank senior in right of payment to the ICUs and could impact your right to receive payment in respect of the ICUs.

Ten-X LLC may not make distributions in respect of the ICUs.

Ten-X LLC is required under the terms of its credit facility to use the majority of excess cash earnings to prepay the debt under that credit facility. For the foreseeable future, Ten-X LLC intends to retain the majority of the earnings to make such prepayments and to finance the development of our business, and Ten-X LLC may not pay any cash distributions on our ICUs. Furthermore, Ten-X LLC has outstanding Preferred Units and, subject to certain exceptions as described further in 2012 FAQ 11, Ten-X LLC is not permitted to declare distributions on the common units, including ICUs, until the holders of the Preferred Units have received distributions and/or redemption payments in respect of their Preferred Units in an aggregate amount of \$50,000,000. Any future determination to pay distributions will be at the discretion of the Board and will be dependent on then-existing conditions, including our financial condition, results of operations and contractual restrictions, including restrictions the Board considers relevant. Accordingly, Ten-X LLC may not be able to pay distributions even if the Board would otherwise deem it appropriate. For the foregoing reasons, you will not be able to rely on distributions to receive a return on your ICUs.

Holders of ICUs are not entitled to participate in distributions under the SI Bonus Plan, although they will participate in any distributions made to Ten-X LLC's common unit holders.

The SI Bonus Plan applies only to holders of options and only to the extent of their option ownership. If a Grantee exercises his or her options and receives ICUs upon such exercise, he or she will no longer be eligible to receive future awards or exercise price reductions under the SI Bonus Plan, although, upon such exercise, he or she will remain entitled to any previously accrued owed amounts that have not been paid out as of the Option exercise date and such amounts will be paid out as scheduled. A Grantee will, upon receipt of ICUs following the exercise of options, be entitled to receive a portion of any distributions made to the holders of Ten-X LLC's common units, although there can be no assurance that any such distributions will be made.

Once a Grantee exercises his or her options and as a result of such exercise receives ICUs, he or she will become a member of Ten-X LLC and incur certain tax obligations that are different from those incurred by holders of options.

Upon exercise of options, a Grantee will receive ICUs and be required to become a member of Ten-X LLC. The exercising Grantee will recognize ordinary compensation income upon such exercise equal to the excess of the

fair market value of the ICUs acquired over the exercise price of the options. Such ordinary income will be subject to applicable withholding and employment taxes (unless the exercising Grantee already holds ICUs at the time of exercise, in which case such income will be subject to self-employment taxes as described in the following sentences). Becoming a member of Ten-X LLC and holding ICUs will result in tax consequences for the Grantee that are different from those which apply to holders of options. These tax consequences include no longer being treated as an employee for tax purposes, having compensation treated as self-employment income rather than wages and being individually responsible for paying self-employment taxes on income reported on an IRS Schedule K-1. These tax consequences are described in greater detail in 2012 FAQs 16 and 17. Grantees should read that document in its entirety to understand such tax consequences and consult their advisors with any specific questions.

Risks Relating to Ten-X Corp Class C Common Stock (applicable to 2015 Option Plan Grantees)

There is currently no public market for the Class C Common Stock.

There is currently no public market for the Class C Common Stock. Neither the issuance nor resale of the Class C Common Stock has been registered under the Act or any state securities laws and the Class C Common Stock will not be able to be resold unless it is subsequently so registered or exemptions from such registration are obtained. The Class C Common Stock is also subject to substantial restrictions on transferability and resale, will not be readily marketable, and any holder thereof must therefore be able to bear the economic risk of his, her or its investment in the Class C Common Stock for an indefinite period of time. In addition there are no registration rights or other rights in respect of an initial public offering relating to the Class C Common Stock except as provided under the Stockholders' Agreement.

Furthermore, certain applicable provisions of Delaware law may discourage a third party from acquiring us which, in turn, may deprive holders of Class C Common Stock of certain opportunities to receive a premium for their Class C Common Stock as part of an acquisition of the Company.

The Class C Common Stock does not have voting rights, does not participate in governance of Ten-X Corp and does not have certain other rights reserved for other types of Ten-X Corp's common stock.

The Class C Common Stock does not have voting rights except as required under Delaware law and does not participate in the governance of Ten-X Corp. Class C Common Stock represents an economic interest in Ten-X Corp and shares *pro rata* with the other common stock in distributions to stockholders generally.

Ten-X Corp may issue additional Class C Common Stock, other common stock, securities exercisable or convertible into Class C Common Stock or other common stock or new debt or equity securities that are senior in right of payment to the Class C Common Stock, which may dilute your ownership interest.

In addition to the awards already made under the 2015 Option Plan, Ten-X Corp expect to make additional awards under the 2015 Option Plan in fiscal year 2016 and thereafter, and we may issue additional Class C Common Stock or other common stock in the future. The Board can increase the number of authorized Class C Common Stock available for issuance under the 2015 Option Plan. As a result, if Ten-X Corp make awards under the 2015 Option Plan or if we issue additional Class C Common Stock or other common stock or other securities exercisable or convertible into Class C Common Stock or other common stock, your ownership interest in Ten-X Corp upon exercise of your options may be substantially diluted. The Company may issue new equity or debt securities that rank senior in right of payment to the Class C Common Stock and could impact your right to receive payment in respect of the Class C Common Stock.

Ten-X Corp may not pay dividends in respect of the Class C Common Stock.

Dividends on our Class C Common Stock are expected to be funded using distributions made from Ten-X LLC to the Ten-X Corp with respect to Ten-X LLC's ICUs after subtracting Ten-X Corp's payment of income taxes on such distribution income. Ten-X LLC is required under the terms of its credit facility to use the majority of excess cash earnings to prepay the debt under that credit facility. For the foreseeable future, Ten-X LLC intends to retain the majority of the earnings to make such prepayments and to finance the development of our business, and may not pay

any cash distributions on its ICUs. Furthermore, Ten-X LLC has outstanding Preferred Units and, subject to certain exceptions, Ten-X LLC is not permitted to declare distributions on the common units, including ICUs, until the holders of the Preferred Units have received distributions and/or redemption payments in respect of their Preferred Units in an aggregate amount of \$50,000,000. Any future determination to pay distributions will be at the discretion of the board of directors of Ten-X LLC and will be dependent on then-existing conditions, including our financial condition, results of operations and contractual restrictions, including restrictions the board of directors of Ten-X LLC considers relevant. Accordingly, Ten-X Corp may not be able to pay dividends even if the board of directors of Ten-X Corp would otherwise deem it appropriate. For the foregoing reasons, you will not be able to rely on dividends to receive a return on your Class C Common Stock.

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