



February 11, 2016

To: Tiannan Yang

**Subject: 2015 Fourth Quarter Bonus**

Dear Tiannan,

We are pleased to announce that bonus checks are being issued on Friday, February 26th to recognize fourth quarter 2015 performance. We're also pleased to report that we performed well against our fourth quarter and 2015 financial plans, and as a result, the bonus pool will fully fund again this quarter and also includes additional funding as a result of beating our annual targets. As a company, we executed not only in financial terms, but continued to make significant strides against many of our strategic initiatives. Here are a few highlights worth noting:

- We've now sold over \$37B in commercial and residential real estate in our history, consisting of over 200,000 transactions
- Our site metrics are extremely healthy... compared to prior year, our Q4-15 unique visitors were up 21%, page views were up 3%, and new account creations were up 38%
- GMV (total transaction value) for 2015 grew 15% versus prior year
- Ten-X exceeded its revenue plan, growing by 11% versus prior year
- Profitability also exceeded plan and prior year, affording us important strategic flexibility as we continue to invest in our growth and cyclical businesses
- Both our RESI and CRE businesses have continued to advance their respective strategies and are well-positioned for our new websites, transaction platforms and product launches at SXSW in March 2016

As we've communicated, the corporate bonus plan has been designed in a way that we hope motivates employees to focus their efforts and energy on activities that will achieve specific company goals, and believe that the quarterly payouts are an effective way of helping the company achieve its most critical corporate objectives in a timely manner. Like we did last quarter, we've included a one-page summary that explains the two foundational elements of the corporate bonus plan – funding and payout. The next page tackles both elements, and includes a couple of examples illustrating the funding and payout processes at work.

Based on our Q4 performance and FY 2015 performance, and subject to the terms and conditions of the Incentive Compensation Plan, we are pleased to award to you a Q4 bonus in the amount of \$2,252.77, less applicable payroll taxes and 401(k) deductions if you are enrolled in our retirement plan. This reflects a payout of 100% against your quarterly target bonus amount of \$2,250.00. I want to personally thank you for the contributions you made during the last quarter and look forward to building on this success in 2016.

Sincerely,

A handwritten signature in black ink, appearing to read "Timothy R. Morse". The signature is fluid and cursive, with the first name "Timothy" and last name "Morse" clearly visible.

Tim Morse, Chief Executive Officer



### **BONUS POOL FUNDING**

Participants in the corporate bonus program are eligible for a preliminary target bonus amount that is derived by multiplying their quarterly base salary by their target bonus percent. This preliminary target bonus amount is then split into two components, one individual and one company, with the weighting of each component dependent on the employee's level in the management hierarchy. Modifiers, as described below, may be applied to both components to derive the final bonus pool from which actual payouts are made.

The portion of the funds dedicated to individual performance are deposited into the pool regardless of how the company performs during the quarter – this portion of the funding recognizes the contributions made by employees during the quarter.

The portion of the funds dedicated to company performance are based on Ten-X's quarterly financial results – this portion of the funding ties employee rewards to overall company performance (both favorable and unfavorable). The total amount of funds deposited based on individual and company performance make up the final bonus pool, from which managers can recommend discretionary payouts based on employee performance.

### **ACTUAL BONUS PAYOUT**

Once funding of the bonus pool has been determined as described above, we move to the second step in the process – individual bonus payments. This phase is separate and distinct from the funding phase, and the individual bonus recommendations set forth by Ten-X's managers are entirely discretionary. Each manager evaluates his/her eligible employees on the basis of their performance during the prior quarter. Items such as achievement of goals & OKR's, quality of work, completion of special projects, etc. may all factor into a manager's decision regarding how much of his/her bonus pool to allocate to each eligible employee. The intent is to create a "pay-for-performance" environment, resulting in a meaningful distribution of our overall pool and ensuring that our very best performers are rewarded. All recommended bonus payout amounts are aggregated and measured against the final bonus pool, prior to submitting for executive level approval.

Corporate Bonus Plan Funding & Payout Examples			
	Example One:		Example Two:
Base Salary	\$70,000		\$70,000
Bonus Target (%)	10%		10%
Annual Bonus Target (\$)	\$7,000		\$7,000
<div><div><p>Company/Individual Funding Split (Split based on position level in the organization) (Individual component funds at 100%) (Company component funds based on financials)</p></div><div><p>Company/Individual Funding Split (Split based on position level in the organization) (Individual component funds at 100%) (Company component funds based on financials)</p></div></div>			
Quarterly Bonus Target:	<div><div>\$1,750</div><div><div>COMPANY</div><div>25%</div><div>\$438</div></div><div><div>INDIVIDUAL</div><div>75%</div><div>\$1,313</div></div></div>		<div><div>\$1,750</div><div><div>COMPANY</div><div>25%</div><div>\$438</div></div><div><div>INDIVIDUAL</div><div>75%</div><div>\$1,313</div></div></div>
Company Performance Modifier:	<div><div>100%</div><div>\$438</div></div> <div><div>N/A</div><div>\$1,313</div></div>		<div><div>75%</div><div>\$328</div></div> <div><div>N/A</div><div>\$1,313</div></div>
Bonus Target Potential:	<div><div>\$1,750</div></div>		<div><div>\$1,641</div></div>
Manager Discretionary Modifier:	85%		100%
Actual Bonus Payout:	\$1,488		\$1,641
Percent Payout Against Target:	85%		94%
Actual bonus payout is discretionary and is dependent upon your managers individual performance evaluation.			