



August 13, 2015

To: Tiannan Yang

Subject: 2015 Second Quarter Bonus

Dear Tiannan,

We are pleased to announce that bonus checks are being issued on Friday, August 28th to recognize second quarter performance. We're also pleased to report that we performed well against our second quarter financial plan, exceeding our goals for both revenue and cost control, and as a result, the bonus pool will be fully funded again this quarter. 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 from Q2 worth noting:

- Total GMV (Gross Merchandise Volume) exceeded Plan in Q2 with a 10% increase over Q2 last year
- ADC had another strong revenue quarter in Q2, revenue growth YOY reflected double digits at 13%
- Q2 EBIDTA exceeded Plan, increased 24% over Q2 last year and 1H 2015 was 21% over 1H 2014

As you know, we've designed the corporate bonus plan 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. Based on feedback we received from the Employee Engagement Survey, and in an effort to be transparent and responsive to your concerns regarding the corporate bonus program, we've created a one-page summary to help explain the two foundational elements upon which the corporate bonus plan is based – funding and payout. The next page explains both elements, and includes a couple of examples illustrating the funding and payout processes at work.

Based on our Q2 performance, and subject to the terms and conditions of the Incentive Compensation Plan, we are pleased to award to you a Q2 bonus in the amount of \$2,092.50, less applicable payroll taxes and 401(k) deductions if you are enrolled in our retirement plan. This reflects a payout of 93% 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 achieving even greater results in Q3.

Sincerely,

Tim Morse, Chief Executive Officer

BONUS POOL FUNDING

The bonus pool establishes the total amount of funds from which individual employee allocations are made. Individual bonus targets from each eligible employee are first added together to generate an initial companywide pool. From there, the total amount of funds is adjusted to arrive at a final pool based upon two components – individual and company performance.

The portion of the funds dedicated to individual performance is deposited into the pool regardless of how the company performs during any given quarter – this portion of the funding has been put in place to recognize the contributions made by employees during the quarter.

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
<p><i>Company/Individual Funding Split (Split based on position level in the organization) (Individual component funds at 100%) (Company component funds based on financials)</i></p>		
Quarterly Bonus Target:	<p>\$1,750</p> <p>COMPANY 25% → \$438</p> <p>INDIVIDUAL 75% → \$1,313</p>	<p>\$1,750</p> <p>COMPANY 25% → \$438</p> <p>INDIVIDUAL 75% → \$1,313</p>
Company Performance Modifier:	<p>100%</p> <p>\$438</p> <p>\$1,313</p>	<p>75%</p> <p>\$328</p> <p>\$1,313</p>
Bonus Target Potential:	\$1,750	\$1,641
Manager Discretionary Modifier:	85%	100%
Actual Bonus Payout:	\$1,488	\$1,641
Percent Payout Against Target:	85%	94%
<i>Actual bonus payout is discretionary and is dependent upon your managers individual performance evaluation.</i>		

The portion of the funds dedicated to company performance are based on ADC’s quarterly financial results – this portion of the funding has been put in place to tie 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 final bonus pool has been determined as described above, we move to the second step in the process – individual bonus payments. This phase of the process is separate and distinct from the funding phase, and the individual bonus recommendations set forth by ADC’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 goal 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.