

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): December 20, 2011

**PROLOGIS, INC.
PROLOGIS, L.P.**

(Exact name of registrant as specified in charter)

**Maryland (Prologis, Inc.)
Delaware (Prologis, L.P.)**
(State or other jurisdiction
of Incorporation)

**001-13545 (Prologis, Inc.)
001-14245 (Prologis, L.P.)**
(Commission
File Number)

**94-3281941 (Prologis, Inc.)
94-3285362 (Prologis, L.P.)**
(I.R.S. Employer
Identification No.)

**Pier 1, Bay 1, San Francisco,
California**
(Address of Principal Executive Offices)

94111
(Zip Code)

Registrants' Telephone Number, including Area Code: (415) 394-9000

N/A

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

On December 20, 2011, the Compensation Committee of the Board of Directors (the “Committee”) of Prologis, Inc. (the “Company”) approved the terms and implementation of two new outperformance compensation plans in which certain executives and employees of the Company will be eligible to participate: (1) the Prologis, Inc. Outperformance Plan (the “Outperformance Plan”), and (2) the Prologis, Inc. Private Capital Promote Plan (the “Private Capital Plan,” and together with the Outperformance Plan, the “Plans”).

The Outperformance Plan. The Outperformance Plan is designed to further align the interests of the Company’s executives with the Company’s stockholders in a “pay for performance” structure and to reward out-performance relative to other companies in the Company’s industry. The Outperformance Plan will be administered by the Committee. Under the Outperformance Plan, for each three-year performance period, the approximately 100 eligible participants will share in a performance pool equal to three percent of the amount, if any, that the Company’s compound total return to stockholders over the applicable three-year performance period exceeds the return that would have been generated if the Company’s compound, annualized total shareholder return was equal to (x) the compound, annualized percentage return for the MSCI US REIT Index (assuming dividends reinvested on a daily basis) plus (y) one percent (the “Performance Hurdle”). The Company’s compound, annualized total return to stockholders will be measured as stock price appreciation plus cumulative dividends (assuming simultaneous reinvestment) for shares of the Company’s common stock outstanding during the entire measurement period. In the case of shares outstanding for less than a full measurement period, proportionate adjustments will be made to the calculation (including some simplifying assumptions for individually insignificant stock issuances or repurchases). If, after aggregating the total return performance with respect to all shares outstanding during all or a portion of the measurement period, the Company’s total return does not exceed the Performance Hurdle, awards under the Outperformance Plan will have no value. In no event will the total performance pool for each three-year performance period exceed the greater of (a) \$75 million and (b) 0.5% of the Company’s total common equity market capitalization on the first day of the applicable performance period. Awards under the Outperformance Plan will be made annually, with overlapping three-year performance periods designed to result in more efficient incentives for management and more consistent amounts of reported annual compensation expense year-over-year, while at the same time mitigating potential timing issues associated with larger multi-year performance awards.

At the start of each performance period, the Committee will award a number of “participation points” to eligible participants, and, as soon as practicable following the conclusion of the performance period, the Committee will determine the size of the performance pool, if any, for the period based on the Company’s achievement of the performance criteria described above. A participant’s award for the performance period will then be determined by multiplying the performance pool by a fraction (a) the numerator of which is the number of participation points held by the participant and (b) the denominator of which is the total number of participation points held by all participants as of the last day of the performance period. Awards under the Outperformance Plan may be paid in cash or in shares of the Company’s common stock (as determined in the Committee’s discretion). If an award for any performance

period is paid in shares of the Company's common stock, the number of shares shall be determined by dividing the dollar value of the award by the fair market value of the Company's common stock on the date the Committee makes its determination of the performance pool.

Awards under the Outperformance Plan will be paid to eligible participants within 75 days after the end of the applicable performance period, provided that if the Company's absolute total stockholder return on a cumulative basis for the entire performance period is not a positive number (regardless of the Company's compound total return to stockholders relative to the Performance Hurdle), then no payments will be made until and unless the Company's absolute total stockholder return becomes positive on a cumulative basis from the beginning of the performance period (measured on a quarterly basis). If the Company's total stockholder return does not become positive before the end of seven years following the conclusion of the applicable performance period, then no awards shall be paid with respect to such performance period even though the Company's compound total return to stockholders exceeded the Performance Hurdle, and the value of the award will be forfeited regardless of the size of the performance pool as determined at the end of the performance period. Total stockholder return will be measured as stock price appreciation (using as the starting and ending values the average closing price of a share of the Company's common stock for the 20 trading days immediately preceding the measurement date), plus cumulative dividends (assuming simultaneous reinvestment).

In the event of a termination of a participant's employment during a performance period (i) by the participant upon "retirement" (as defined in the Outperformance Plan) or (ii) by reason of the participant's death or "disability" (as defined in the Outperformance Plan), then the participant will retain and be eligible to receive an award with respect to all of his or her participation points. Participants will forfeit all participation points as a result of a termination of employment for any other reason during a performance period.

In the event of a "change in control" (as defined in the Outperformance Plan), the Committee will determine the size of the performance pool for each outstanding performance period and the dollar value of awards not later than the date of the change in control. Awards will be fixed as cash amounts and paid to participants upon the earlier of (i) the last day of the performance period if the participant remains employed with the Company or its successor through such date, or (ii) the termination of a participant's employment by the Company or its successor without cause (as defined in the Outperformance Plan) or by the participant with good reason (as defined in the Outperformance Plan), within 24 months after the change in control. Payment will be made in cash. If the Company's successor refuses to assume outstanding awards in connection with a change in control, all awards will be paid to participants within 30 days of the consummation of the change in control.

The Private Capital Plan. The Private Capital Plan is intended to reward participants if and to the extent that Private Capital receives payment of incentive fees from or with respect to the Funds. Incentive fees are generally payable to Private Capital only if returns to investors in a Fund exceed negotiated hurdle rates based on the performance of the Fund's real estate investment portfolio. Under the Private Capital Plan, at the end of each calendar year, the Company will establish a bonus pool equal to 40 percent of the aggregate incentive fees actually paid to Private Capital with respect to each applicable Fund during that year. The Committee

will also establish a number of units that may be granted to participants for each Fund, representing an allocation of that Fund's bonus pool. Each unit represents the right to receive an amount equal to (x) the bonus pool for the applicable Fund divided by (y) the aggregate number of units that may be issued with respect to the Fund. The approximately 100 participants will then be eligible to receive a bonus relating to each applicable Fund equal to the number of units held by the participant multiplied by the value of each unit for the year. If a Fund does not pay incentive fees to Private Capital during a plan year, no bonus will be paid to participants with respect to such Fund. Bonuses to a participant under the Private Capital Plan for any year may not exceed the participant's compensation (excluding awards and payments under the Private Capital Plan and the Outperformance Plan) for the two most recently completed years.

Bonuses, if any, will be paid between January 1 and March 15 of the following year, subject to the participant's continued employment with the Company through the payment date. If a participant's employment terminates for any reason prior to payment of a bonus, the participant will forfeit any outstanding units and any further right to receive a bonus under the Private Capital Plan. The Committee, as administrator of the Private Capital Plan, has the sole discretion to, among other things, select participants under the plan, the Fund(s) included under the plan for which a participant may receive units, the number of units to be granted to a participant with respect to each Fund and the plan years covered by any award. For 2012, all bonuses under the Private Capital Plan, if any, will be paid in cash. After 2012, bonuses payable to participants designated as senior executives by the Committee will be paid (x) 50 percent in shares of restricted stock of the Company or in restricted stock units that shall vest in equal installments on the first three anniversaries of the grant date and (y) 50 percent in cash.

Item 8.01. Other Events

In connection with our filing of a prospectus supplement on December 16, 2011, the opinion of Mayer Brown LLP is filed herewith.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

- 5.1 Opinion of Mayer Brown LLP
- 10.1 Prologis, Inc. Outperformance Plan
- 10.2 Prologis, Inc. Private Capital Promote Plan

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: December 22, 2011

PROLOGIS, INC.

By: /s/ Michael T. Blair

Name: Michael T. Blair

Title: Managing Director, Deputy General Counsel and
Assistant Secretary

PROLOGIS, L.P.

By: Prologis, Inc.,
its General Partner

Date: December 22, 2011

By: /s/ Michael T. Blair

Name: Michael T. Blair

Title: Managing Director, Deputy General
Counsel and Assistant Secretary

MAYER • BROWN

Mayer Brown LLP
71 South Wacker Drive
Chicago, Illinois 60606-4637

Main Tel +1 312 782 0600
Main Fax +1 312 701 7711
www.mayerbrown.com

December 22, 2011

Board of Directors
Prologis, Inc.
Pier 1, Bay 1
San Francisco, California 94111

Re: Registration Statement on Form S-3 (File No. 333-177112)

Ladies and Gentlemen:

We have acted as special counsel to Prologis, Inc., a Maryland corporation (the "Company"), in connection with the registration under the Securities Act of 1933, as amended (the "Act"), of 3,360,962 shares of its common stock, par value \$0.01 per share (the "Common Stock"), as described in the prospectus, as supplemented by a prospectus supplement dated December 16, 2011, relating to the Common Stock contained in the Company's Registration Statement (File No. 333-177112) (as so supplemented, the "Prospectus"). We have also participated in the preparation and filing with the Securities and Exchange Commission (the "SEC") under the Act, of a registration statement on Form S-3 (File No. 333-177112) (the "Registration Statement") relating to the Common Stock.

In rendering our opinions set forth below, we have examined originals or copies certified to our satisfaction of the Registration Statement, the Prospectus, the Company's Articles of Incorporation, as amended and supplemented, the Company's Seventh Amended and Restated Bylaws, resolutions of the Company's Board of Directors and such other Company records, instruments, certificates and documents and such questions of law as we considered necessary or appropriate to enable us to express this opinion. As to certain facts material to our opinion, we have relied, to the extent we deem such reliance proper, upon certificates of public officials and officers of the Company. In rendering this opinion, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to authentic original documents of photostatic copies.

Based upon and subject to the foregoing and to the assumptions, limitations and conditions set forth herein, we are of the opinion that when the Common Stock is issued and sold and paid for in the manner described in the Prospectus, will be legally issued, fully paid and non-assessable.

We hereby consent to the filing of this opinion letter as Exhibit 5.1 to the Current Report on Form 8-K of the Company dated on or about the date hereof, to the incorporation by reference of this opinion letter into the Registration Statement and to being named in the related prospectus and any related prospectus supplement under the caption "Legal Matters" with respect to the matters stated therein. In giving this consent, we do not thereby admit that we are experts within the meaning of Section 11 of the Act or within the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the SEC.

Mayer Brown LLP operates in combination with other Mayer Brown entities with offices in Europe and Asia and is associated with Taull & Chequer Advogados, a Brazilian law partnership.

Mayer Brown LLP

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We are admitted to practice law in the State of Illinois, and we express no opinion as to matters under or involving any laws other than the laws of the State of Maryland.

This opinion is expressly limited to the matters set forth above and we render no opinion, whether by implication or otherwise, as to any other matters relating to the Company or any other person, or any other document or agreement involved with issues addressed herein. We assume no obligation to advise you of facts, circumstances, events or developments which hereafter may be brought to our attention and which may alter, affect or modify the opinions expressed herein.

This opinion is furnished in connection with the filing of the Registration Statement and is not to be used, circulated, quoted or otherwise relied upon for any other purpose.

Sincerely,

/s/ Mayer Brown LLP

Mayer Brown LLP

PROLOGIS, INC.
OUTPERFORMANCE PLAN

ARTICLE 1 - GENERAL

1.1 Purpose and Authority. This Outperformance Plan (as amended, restated and supplemented from time to time, this Outperformance Plan) was adopted by the Compensation Committee (the Committee) of the Board of Directors (the Board) of Prologis, Inc. (the Company) pursuant to authority delegated to it by the Board as set forth in the Committee's charter. Equity awards granted under this Outperformance Plan shall be issued pursuant to the Company's existing equity incentive plans, or any equity incentive plan approved by the Company's stockholders in the future, and only to the extent there are shares of the Company's common stock, par value \$0.01 per share (the Common Stock), available under such equity incentive plans. This Outperformance Plan will apply to all Awards granted on or after the date hereof. The purpose of the Outperformance Plan is to create a supplemental long-term incentive opportunity to support the Company's multi-year business plans and to drive outstanding performance.

1.2 Administration. This Outperformance Plan and all Awards issued hereunder shall be administered by the Committee provided that all powers of the Committee hereunder can be exercised by the full Board if the Board so elects.

1.3 Definitions.

"Absolute Shareholder Return" means, with respect to any measurement period, the cumulative return that would have been realized by a stockholder who (1) bought one share of Common Stock on the first date of such measurement period for the Common Stock Price on such date, (2) reinvested each dividend and other distribution declared during such measurement period with respect to such share of Common Stock (and any other shares previously received upon reinvestment of dividends or other distributions) in additional shares of Common Stock at the Fair Market Value on the ex-dividend date for such dividend or other distribution, and (3) sold such shares of Common Stock on the last day of such measurement period for the Common Stock Price on such date. Appropriate adjustments to the Absolute Shareholder Return shall be made to take into account all stock dividends, stock splits, reverse stock splits and other events that in the good faith judgment of the Committee necessitates action by way of equitable or proportionate adjustment.

"Additional Share Baseline Value" means, with respect to each Additional Share, the gross proceeds received by the Company upon the issuance of such Additional Share, which amount shall be deemed to equal, as applicable:

(a) if such Additional Share is issued for cash in a public offering or private placement, the gross price to the public or to the purchaser(s);

(b) if such Additional Share is issued in exchange for assets or securities of another Person or upon the acquisition of another Person, the cash value imputed to such

Additional Share for purposes of such transaction by the parties thereto, as determined by the Committee, or, if no such value was imputed, the Common Stock Price as of the date of issuance of such Additional Share;

(c) if such Additional Share is issued upon conversion or exchange of equity or debt securities of the Company or any Related Company, which securities were not previously counted as either Initial Shares or Additional Shares, the conversion or exchange price in effect as of the date of conversion or exchange pursuant to the terms of the security being exchanged or converted;

(d) if such Additional Share is issued in connection with a Full Value Plan Award granted after the Initial Date to employees, non-employee directors, consultants, advisors or other persons or entities as incentive or other compensation for services provided or to be provided to the Company or any Related Company, the Fair Market Value of the Common Stock underlying such Full Value Plan Award as of the grant date of the award; and

(e) if the Additional Share is issued in lieu of cash dividends in a transaction where the stockholder made an election between receipt of cash dividends or Common Stock in lieu thereof, the value of the dividends that would otherwise have been paid.

“Additional Shares” means (without double-counting), as of a particular date of determination, the sum of:

(a) shares of Common Stock issued after the Initial Date and on or before such date of determination in a capital raising transaction, in exchange for assets or securities, upon the acquisition of another entity, upon conversion or exchange of equity or debt securities of the Company, which securities were not previously counted as either Initial Shares or Additional Shares, or through the reinvestment of dividends; plus

(b) the REIT Shares Amount for all Units not held by the Company (assuming that such Units were converted, exercised, exchanged or redeemed for shares of Common Stock as of such date of determination at the applicable conversion, exercise, exchange or redemption rate (or rate deemed applicable by the Committee if there is no such stated rate) pursuant to the applicable instrument governing such Units as of such date), issued after the Initial Date and on or before such date of determination in a capital raising transaction, in exchange for assets or securities, or upon the acquisition of another entity; plus

(c) shares of Common Stock underlying Full Value Plan Awards granted after the Initial Date and on or before such date of determination to employees, non-employee directors, consultants, advisors or other persons or entities as incentive or other compensation for services provided or to be provided to the Company or any Related Company; plus

(d) shares of Common Stock issued in lieu of cash dividends in a transaction where the stockholder made an election between receipt of cash dividends or Common Stock in lieu thereof.

For the avoidance of doubt, the definition of “Additional Shares” shall exclude (i) shares of Common Stock issued after the Initial Date upon exercise of stock options granted to employees,

non-employee directors, consultants, advisors or other persons or entities as incentive or other compensation for services provided or to be provided to the Company or any Related Company, whether such stock options are outstanding on the Initial Date or are awarded thereafter and (ii) all Initial Shares.

“Award” means an award of Participation Points to a Participant under this Outperformance Plan.

“Award Letter” means the individual letter provided by the Company to a Participant in connection with the Participant’s participation in this Outperformance Plan that sets forth the number of Participation Points granted to the Participant with respect to a Performance Period.

“Baseline Value” means the average of the Fair Market Value of one share of Common Stock over the 20 consecutive trading days immediately preceding the Initial Date of any Performance Period.

“Buyback Shares” means (without double-counting), as of a particular date of determination:

(a) shares of Common Stock repurchased or redeemed for cash by the Company after the Initial Date and on or before such date of determination in a stock buyback or other similar transaction;

(b) the REIT Shares Amount for all Units not held by the Company (assuming that such Units were converted, exercised, exchanged or redeemed for shares of Common Stock as of such date of determination at the applicable conversion, exercise, exchange or redemption rate (or rate deemed applicable by the Committee if there is no such stated rate) pursuant to the applicable instrument governing such Units as of such date) repurchased or redeemed for cash by the Company after the Initial Date and on or before such date of determination; and

(c) shares of Common Stock underlying previously granted Full Value Plan Awards to employees, non-employee directors, consultants, advisors or other persons or entities as incentive or other compensation for services provided or to be provided to the Company or any Related Company to the extent they are forfeited for failure to become vested or are repurchased for cash (including in respect of tax withholding) by the Company after the Initial Date and on or before such date of determination, if such shares were included in either Initial Shares or Additional Shares.

“Buyback Value” means the cash amount paid to repurchase or redeem a Buyback Share, or in the case of a Buyback Share forfeited without any expenditure of cash by the Company, the Fair Market Value of a share of Common Stock on the date of forfeiture.

“Cause” means, with respect to a Participant, except as otherwise provided in a separate agreement between the Participant and the Company, (a) the willful and continued failure by the Participant to substantially perform his or her duties with the Company or any Related Company after written notification by the Company or any Related Company, (b) the willful engaging by the Participant in conduct which is demonstrably injurious to the Company or any Related Company, monetarily or otherwise, or (c) the engaging by the Participant in egregious

misconduct involving serious moral turpitude, determined in the reasonable judgment of the Committee. For purposes hereof, no act, or failure to act, on the Participant's part shall be deemed "willful" unless done, or omitted to be done, by the Participant not in good faith and without reasonable belief that such action was in the best interest of the Company or any Related Company.

"Change of Control" means any transaction that constitutes a change in the ownership or effective control of the Company or in the ownership of a substantial portion of the assets of the Company within the meaning of Section 409A of the Code and applicable guidance issued thereunder. For purposes of applying the foregoing requirements, the default provisions of Section 409A of the Code and applicable guidance shall apply; provided, however, that for purposes of determining (a) whether a change in effective control of a corporation has occurred based on the acquisition of stock ownership, the percentage threshold that shall be applied shall be "50 percent or more" (rather than "30 percent or more"), and (b) whether a change in the ownership of a substantial portion of a corporation's assets has occurred, based on an acquisition of threshold of assets having a total gross fair market value equal to or more than 50 percent of the total gross fair market value of all of the assets of the corporation (rather than 40 percent thereof).

"Code" means the Internal Revenue Code of 1986, as amended.

"Common Stock Price" means, as of a particular date, the average of the Fair Market Value of one share of Common Stock over the twenty (20) consecutive trading days immediately preceding such date; provided, however, that if such date is the date of the Public Announcement of a Transactional Change of Control, the Common Stock Price as of such date shall be equal to the fair market value, as determined by the Committee, of the total consideration payable in the transaction that ultimately results in the Transactional Change of Control for one share of Common Stock, or if such transaction is an asset disposition the fair market value of a share of Common Stock after giving affect to receipt of the total consideration payable for the asset so disposed of, in each case as determined by the Committee.

"Disability" means, with respect to a Participant, except as otherwise provided by the Committee, the Participant's inability, by reason of a medically determinable physical or mental impairment, to engage in the material and substantial duties of his or her regular occupation, which condition is expected to be permanent.

"Eligible Person" means any executive or employee of the Company or any Related Company.

"Ending Value" with respect to any Performance Period means (without double-counting), as of the Valuation Date, a dollar amount equal to the sum of:

- (a) the Total Shares as of the Valuation Date multiplied by the Common Stock Price as of the Valuation Date, plus
- (b) the Buyback Value for all Buyback Shares, plus

(c) an amount equal to the amount that would have been realized had (i) each dividend and other distribution declared by the Company during a Performance Period (or the portion thereof for which Additional Shares or Buyback Shares are included in the calculation of the Relative Baseline, as applicable) been reinvested in additional shares of Common Stock ("Dividend Stock") at the Fair Market Value on the ex-dividend date for such dividend or other distribution and (ii) such shares of Dividend Stock been sold as of the Valuation Date for such Performance Period for the Common Stock Price as of such date. For the avoidance of doubt, this dividend reinvestment component of Ending Value shall (i) not include dividends originally paid in Common Stock in lieu of cash dividends to the extent that such shares are included in Additional Shares pursuant to clause (d) of the definition thereof, and (ii) include dividends and other distributions declared thereafter on such Additional Shares.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Fair Market Value" means, as of any given date, the fair market value of a security determined by the Committee using any reasonable method and in good faith (such determination will be made in a manner that satisfies Section 409A of the Code); provided that with respect to a share of Common Stock, "Fair Market Value" means the value of such share determined as follows: (a) if on the determination date the Common Stock is listed on the New York Stock Exchange, The NASDAQ Stock Market, Inc. or another national securities exchange or is publicly traded on an established securities market, the Fair Market Value of a share of Common Stock shall be the last reported sale price at which Common Stock is traded on such exchange or in such market (if there is more than one such exchange or market, the Committee shall determine the appropriate exchange or market) on the determination date or, if no sale of Common Stock is reported for such trading day, on the next preceding day on which any sale shall have been reported; or (b) if the Common Stock is not listed on such an exchange, quoted on such system or traded on such a market, Fair Market Value of a share of Common Stock shall be the value determined by the Committee in good faith in a manner consistent with Code Section 409A.

"Full Value Plan Awards" means any restricted stock unit award, restricted stock award, unrestricted stock award and performance share award granted under the Company's equity incentive plans, but excluding all Awards issued as part of this Outperformance Plan.

"Good Reason" means, with respect to a Participant, except as otherwise provided in a separate agreement between the Participant and the Company, (a) a material diminution in the Participant's responsibilities, authority or duties, (b) a material reduction in the Participant's base salary and bonus opportunity, or (c) a material change in the geographical location at which the Participant provides services to the Company, and in any case, the Company fails to take corrective action within 30 days after the Participant notifies the Company of the event giving rise to "Good Reason."

"Index Return Multiplier" means, with respect to any measurement period, a factor representing (a) the compound, annualized percentage return for the MSCI US REIT Index (assuming dividends reinvested on a daily basis) plus (b) one percent (1%) per year, converted to a non-annualized percentage return for the measurement period, which is expressed by the following formula:

$$\left(\left(\frac{I_1}{I_0} \right)^{\frac{1}{x}} + 0.01 \right)^x$$

Where:

I_0 = The average of the MSCI US REIT Index value over the twenty (20) consecutive trading days (I) immediately preceding the first day of such measurement period₍₀₎, such average calculated as of such day.

I_1 = The average of the MSCI US REIT Index value over the twenty (20) consecutive trading days (I) immediately preceding the last day of such measurement period₍₁₎, such average calculated as of such day.

x = The period between the first day of such measurement period₍₀₎ and the last day of such measurement period₍₁₎ expressed as a number of years to the fourth decimal (e.g., 365 days = 1.0000 year).

“Initial Date” with respect to any Performance Period means the first day of the Performance Period.

“Initial Shares” means a number of shares of Common Stock equal to the sum of:

(a) the number of shares of Common Stock outstanding as of the Initial Date (including all shares underlying Full Value Plan Awards granted prior to the Initial Date, regardless of whether they were vested or unvested as of the Initial Date), plus

(b) the number of shares of Common Stock representing the REIT Shares Amount for all of the Units (other than those held by the Company) outstanding as of the Initial Date, assuming that all such Units were exchanged, converted or redeemed for shares of Common Stock as of such date.

For the avoidance of doubt, Initial Shares exclude all shares of Common Stock issuable upon exercise of currently outstanding stock options.

“LTIPs” means partnership interests intended to be treated as profits interests under the Code which are convertible into, exchangeable for or redeemable in consideration of shares of Common Stock or the value thereof in cash pursuant to the applicable instrument governing such interests.

“MSCI US REIT Index” means the MSCI US REIT Index (RMS) as published from time to time (or a successor index including a comparable universe of publicly traded U.S. real estate investment trusts), provided that if (a) the MSCI US REIT Index ceases to exist or be published prior to the Valuation Date and the Committee determines that there is no successor to such index or (b) the Committee reasonably determines that the MSCI US REIT Index is no longer suitable for the purposes of this Outperformance Plan, then the Committee in its good faith reasonable discretion shall select for subsequent Performance Periods, or if the Committee in its reasonable good faith discretion so determines, for any portion of an outstanding Performance Period, a substitute comparable index for purposes of calculating the Relative Baseline.

“Participant” means an Eligible Person designated by the Committee to receive an Award.

“Participation Point” means, with respect to a Participant, the unit measurement used to determine the Participant’s share of the Performance Pool generated with respect to a Performance Period.

“Performance Period” means the three-year period commencing on January 1 of a calendar year and ending on December 31 of the second calendar year that follows such calendar year. The first Performance Period under this Outperformance Plan runs from January 1, 2012 through December 31, 2014. There shall be overlapping Performance Periods.

“Performance Pool” with respect to any Performance Period means, as of the Valuation Date, a dollar amount determined pursuant to the provisions of Section 2.2.

“Person” means an individual, corporation, partnership, limited liability company, joint venture, association, trust, unincorporated organization, other entity or “group” (as defined in the Exchange Act).

“Public Announcement” means, with respect to a Transactional Change of Control, the earliest press release, filing with the SEC or other publicly available or widely disseminated communication issued by the Company or another Person who is a party to such transaction which discloses the consideration payable in and other material terms of the transaction that ultimately results in the Transactional Change of Control; provided, however, that if such consideration is subsequently increased or decreased, then the term “Public Announcement” shall be deemed to refer to the most recent such press release, filing or communication disclosing a change in consideration whereby the final consideration and material terms of the transaction that ultimately results in the Transactional Change of Control are announced. For the avoidance of doubt, the foregoing definition is intended to provide the Committee in the application of the *proviso* clause in the definition of “Common Stock Price” with the information required to determine the fair market value of the consideration payable in the transaction that ultimately results in the Transactional Change of Control as of the earliest time when such information is publicly disseminated, particularly if the transaction consists of an unsolicited tender offer or a contested business combination where the terms of the transaction change over time.

“Qualified Termination” has the meaning set forth in Section 2.5(b) hereof.

“REIT Shares Amount” means the per Unit number of shares of Common Stock into which a Unit is convertible, for which a Unit is exchangeable for or in consideration of which a Unit is redeemable pursuant to the applicable instrument governing such Unit.

“Related Company” means any corporation, partnership, joint venture or other entity during any period in which a controlling interest in such entity is owned, directly or indirectly, by the Company (or any entity that is a successor to the Company), and any business venture designated by the Committee in which the Company (or any entity that is a successor to the Company) has, directly or indirectly, a significant interest (whether through the ownership of securities or otherwise), as determined in the discretion of the Committee.

“Relative Baseline” with respect to a Performance Period means, as of the applicable Valuation Date, an amount representing (without double-counting) the sum of:

(a) the Baseline Value multiplied by:

- (i) the difference between:
 - (x) the Initial Shares and
 - (y) all Buyback Shares repurchased, redeemed or forfeited between the Initial Date and the Valuation Date,

and then multiplied by:

- (ii) the Index Return Multiplier for the Performance Period; plus

(b) with respect to each Additional Share issued after the Initial Date, the product of:

- (i) the Additional Share Baseline Value of such Additional Share, multiplied by
- (ii) the Index Return Multiplier for the period beginning on the date of issuance of such Additional Share and ending on the Valuation Date; plus

(c) with respect to each Buyback Share repurchased, redeemed or forfeited after the Initial Date, the product of:

- (i) the Baseline Value multiplied by
- (ii) the Index Return Multiplier for the period beginning on the Initial Date and ending on the date such Buyback Share was repurchased, redeemed or forfeited.

If the Company consummates an individual issuance involving 500,000 or more Additional Shares and/or an individual repurchase, redemption or forfeiture involving 500,000 or more Buyback Shares during any calendar quarter, the Company will track the precise issuance date and value of each such individual Additional Share and/or repurchase, redemption or forfeiture date and value of each such individual Buyback Share. If the Company consummates one or more issuances each involving less than 500,000 Additional Shares and/or repurchases, redemptions or forfeitures each involving less than 500,000 Buyback Shares during any calendar quarter, it would be impractical to track the precise issuance date and value of each such Additional Share and/or repurchase, redemption or forfeiture date and value of each such Buyback Share, and in such event (a) the Company will consider all such issuances and/or

repurchases, redemptions or forfeitures (on a net basis if both issuances and repurchases, redemptions or forfeitures occur in the same quarter) to have taken place on the last day of the quarter during which such transaction or transactions occurred and (b) the Additional Share Baseline Value (if the netting of all such transactions results in a net issuance of Additional Shares) or the Buyback Value (if the netting of all such transactions results in a net repurchase, redemption or forfeiture of Buyback Shares) of the shares of Common Stock involved shall be calculated using the weighted average price at which such shares were issued and/or repurchased, redeemed or forfeited.

“Retirement” means, with respect to a Participant, the occurrence of the Participant’s Termination Date after the Participant has attained at least age 62 and provided that the sum of the Participant’s age plus the Participant’s years of service to the Company or any Related Company is equal to at least 75 years.

“SEC” means the U.S. Securities and Exchange Commission.

“Securities Act” means the Securities Act of 1933, as amended.

“Total Participation Points” with respect to any Performance Period means the total outstanding Participation Points held by Participants on the Valuation Date (after taking into account all awards and all forfeitures of Participation Points for such Performance Period).

“Total Shares” with respect to any Performance Period means (without double-counting), as of the Valuation Date, the algebraic sum of:

(a) the Initial Shares, plus

(b) all Additional Shares issued between the Initial Date and the Valuation Date, minus

(c) all Buyback Shares repurchased, redeemed or forfeited between the Initial Date and the Valuation Date.

“Transactional Change of Control” means a Change of Control arising as a result of one of the following events:

(a) the consummation of a transaction, approved by the stockholders of the Company, to merge the Company into or consolidate the Company with another entity where the Company is not the surviving entity, or to sell or otherwise dispose of all or substantially all of its assets or adopt a plan of liquidation; or

(b) a “person” or “group” as defined in Sections 13(d) and 14(d) of the Exchange Act (other than any trustee or other fiduciary holding securities under an employee benefit or other similar equity plan of the Company) making a tender offer for Common Stock.

“Units” means interests in limited partnerships, limited liability companies or other similar entities which are convertible into, exchangeable for or redeemable in consideration of shares of Common Stock or the value thereof in cash pursuant to the applicable instrument governing such interests.

“Valuation Date” with respect to any Performance Period means the earliest of:

(a) the last day of such Performance Period,

(b) in the event of a Change of Control that is not a Transactional Change of Control, the date on which such Change of Control shall occur, or

(c) in the event of a Transactional Change of Control, and subject to the consummation of such Transactional Change of Control, the date of the Public Announcement of such Transactional Change of Control.

ARTICLE 2 - AWARDS, PERFORMANCE POOL AND PAYMENTS

2.1 Awards. For each Performance Period, the Committee, in its discretion, shall (a) select those Eligible Persons who shall be Participants and (b) determine the size of each Participant’s Award, which will consist of a number of Participation Points. Promptly after the Committee selects a Participant to receive an Award, the Company will notify the Participant of his or her Award with an Award Letter that may include additional or modified terms that the Committee decided to make applicable to such Award.

2.2 Determination of Performance Pool. As soon as practical following the Valuation Date of a Performance Period, the Committee shall determine the size of the Performance Pool in accordance with the following steps: (a) determine the Relative Baseline and the Ending Value, (b) subtract the Relative Baseline from the Ending Value, (c) multiply the resulting amount by three percent (3%), provided that in no event shall the Performance Pool exceed an amount equal to the greater of (i) \$75,000,000 or (ii) one-half percent (0.5%) of the product of the Initial Shares and the Common Stock Price as of the Initial Date. If the Performance Pool is not a positive number, no amount shall be payable to any Participant with respect to such Performance Period. If the Performance Pool is a positive number, the Committee shall certify in writing the size of the Performance Pool.

2.3 Allocation of Performance Pool. The Committee shall then determine the dollar value of the Award (or all Awards in case of multiple Awards to a particular Participant for the same Performance Period) of each Participant with respect to the Performance Period for which a Performance Pool has been generated by multiplying the Performance Pool by a fraction, the numerator of which shall be the Participation Points held by such Participant with respect to the Performance Period (after giving effect to all Awards to such Participant with respect to the applicable Performance Period and any forfeitures of Awards by such Participant with respect to the applicable Performance Period) and the denominator of which shall be the Total Participation Points outstanding for the Performance Period (after giving effect to all Awards to all Participants with respect to the applicable Performance Period and any forfeitures of Awards by any Participants with respect to the applicable Performance Period).

2.4 Payment to Participants

(a) The dollar value of the Award as determined pursuant to Section 2.3 for a Participant shall be payable either in cash or in shares of Common Stock or other property, as determined by the Committee, to the Participant as soon as reasonably practicable, but no later than 75 days after the end of the Performance Period. If the Participant is paid out in shares of Common Stock, the dollar amount of the Award determined pursuant to Section 2.3 shall be converted into a fixed number of shares of Common Stock based on the Fair Market Value as of the date the Committee makes its final determination pursuant to Section 2.3.

(b) Notwithstanding the foregoing, if the Company's Absolute Shareholder Return for the entire Performance Period is not a positive number, then no payments to Participants shall be made unless the Company's Absolute Shareholder Return on a cumulative basis since the beginning of the applicable Performance Period becomes positive within seven (7) years following the end of the Performance Period. For purposes of the preceding sentence, the Company's Absolute Shareholder Return shall be measured at the end of each quarter, beginning with the first quarter following the end of the applicable Performance Period, and it shall be measured from the beginning of the Performance Period through the end of such quarter. The Participant's employment with the Company or a Related Company need not continue past the Valuation Date with respect to the applicable Performance Period for delayed payment of the dollar value of the Award calculated pursuant to Section 2.3 in accordance with Section 2.4(c).

(c) If the Absolute Shareholder Return becomes positive within the seven (7) year period following the Performance Period, then the dollar value of the Award as originally determined pursuant to Section 2.3 for a Participant shall be payable either in cash or in shares of Common Stock or other property, as determined by the Committee, to the Participant as soon as reasonably practicable, but no later than 75 days after the end of the quarter when the Absolute Shareholder Return became positive. If the Participant is paid out in shares of Common Stock, the dollar amount of the Award determined pursuant to Section 2.3 shall be converted into a fixed number of shares of Common Stock based on the Fair Market Value as of the last day of the quarter when the Absolute Shareholder Return became positive.

(d) If the Absolute Shareholder Return does not become positive within the seven (7) year period following the Performance Period, then notwithstanding Section 2.3 all Awards held by the Participant with respect to the applicable Performance Period shall, without payment of any consideration by the Company, automatically and without notice terminate, be forfeited and be and become null and void, and neither the Participant nor any of his or her successors, heirs, assigns, or personal representatives will thereafter have any further rights or interests in such Awards.

2.5 Termination of Participant's Employment; Death and Disability.

(a) If a Participant's employment with the Company or a Related Company terminates, the provisions of this Section 2.5 shall govern the treatment of the Participant's Award exclusively, regardless of the provision of any employment or other agreement to which the Participant is a party or any termination or severance policies of the Company then in effect, which shall be superseded by this Outperformance Plan such that, by way of illustration, any provisions thereof with respect to payout or the lapse of forfeiture restrictions relating to the Participant's incentive or other compensation awards in the event of certain types of termination

of the Participant's employment with the Company (such as, for example, termination at the end of the term, termination without Cause by the employer) shall not be interpreted as requiring that any calculations set forth in Sections 2.2 and 2.3 hereof be performed.

(b) In the event of termination of a Participant's employment (i) by the Participant upon Retirement or (ii) by reason of the Participant's death or Disability (each a "Qualified Termination") after the Initial Date, but prior to the Valuation Date of any Performance Period, then the Participant will retain the number of Participation Points initially granted to him or her with respect to such Performance Period, but all calculations and payments, if any, with respect to the Participant's Award shall be made at the same time and on the same conditions set forth in Sections 2.2, 2.3 and 2.4 hereof for all other Participants.

(c) In the event of a termination of a Participant's employment for any reason other than a Qualified Termination prior to a Valuation Date for a Performance Period, all Awards held by the Participant shall, without payment of any consideration by the Company, automatically and without notice terminate, be forfeited and be and become null and void, and neither the Participant nor any of his or her successors, heirs, assigns, or personal representatives will thereafter have any further rights or interests in such Awards or any related Participation Points.

2.6 Change of Control.

(a) In the event of a Change of Control, the Committee will determine the size of the Performance Pool for each outstanding Performance Period in accordance with Section 2.2 and the dollar value of the Awards in accordance with Section 2.3 no later than the date of consummation of the Change of Control. For avoidance of doubt, in the event of a Change of Control, the performance of all calculations and actions pursuant to Sections 2.2 and 2.3 hereof using the applicable Valuation Date shall be conditioned upon the final consummation of such Change of Control.

(b) After the determination of the dollar value of the Awards payable to each Participant, the Awards payable to Participants who have incurred a Qualified Termination shall be paid out in cash as soon as reasonably practicable, but no later than 30 days of the consummation of a Change of Control. The Awards payable to all other Participants shall be fixed at the dollar amount determined pursuant to Sections 2.2 and 2.3 hereof and be payable in cash, but shall only be paid to them upon the earlier of (i) the last day of the Performance Period if the Participant remains employed by the Company (or its successor) until such day, or (ii) the termination of the Participant's employment by the Company (or its successor) without Cause or by the Participant with Good Reason prior to the end of the Performance Period if such termination of employment occurs within 24 months following the Change of Control. Notwithstanding the foregoing, if the Company's successor does not irrevocably and unconditionally agree to assume the Awards in connection with the Change of Control, the Awards shall be fully paid out to the Participants in cash within 30 days of the consummation of the Change of Control.

2.7 LTIP Units. The Committee may award LTIP Units to a Participant at the commencement of a Performance Period. In such event, the agreement granting such LTIP Units

shall set forth (i) whether and how the LTIP Units will be subject to forfeiture to reflect the economic terms of this Outperformance Plan in light of the different award structure, (ii) whether LTIP Units will be issued prior to or after the Valuation Date, it being understood that the Committee may decide to award LTIP Units in multiple tranches with respect to a single Award to a Participant, and (iii) the methodology to be followed to convert the dollar amount of any Award determined under Section 2.3 or 2.6 to a number of LTIP Units to be earned, or forfeited, as the case may be, and (iv) if such LTIP Units constitute equity awards, under which equity incentive plan of the Company they are being issued, whether shares of Common Stock need to be reserved for issuance under such plan, and if so how that number will be determined, which may, depending on the circumstances, include calculations made or to be made under Sections 2.2 or 2.3, capital account allocations and/or balances under the applicable partnership agreement, and the conversion ratio between LTIP Units (directly or indirectly) and Common Stock.

2.8 Nature of Awards. The Awards granted under this Outperformance Plan shall be used solely as a device for the measurement and determination of certain amounts to be paid to each Participant as provided herein and such Awards shall not constitute or be treated as property or as a trust fund of any kind or as stock options or other form of equity or security of the Company or any Related Company. A Participant shall have only those rights set forth in this Outperformance Plan and the Participant's Award Letter with respect to Awards granted to such Participant and shall have no ownership rights in the Company or any Related Company by virtue of having been granted Awards. Any benefits which become payable hereunder shall be paid from the general assets of the Company.

ARTICLE 3 – MISCELLANEOUS

3.1 Amendments. This Outperformance Plan and any Awards granted hereunder may be amended or modified only with the consent of the Company acting through the Committee or the Board; provided that any amendment or modification which adversely affects a Participant must be consented to by such Participant to be effective as against him or her.

3.2 Interpretation by Committee. The Committee may interpret this Outperformance Plan, with such interpretations to be conclusive and binding on all persons and otherwise accorded the maximum deference permitted by law, provided that the Committee's interpretation shall not be entitled to deference on and after a Change of Control except to the extent that such interpretations are made exclusively by members of the Committee who are individuals who served as Committee members before the Change of Control and take any other actions and make any other determinations or decisions that it deems necessary or appropriate in connection with this Outperformance Plan or the administration or interpretation thereof. In the event of any dispute or disagreement as to interpretation of this Outperformance Plan or of any rule, regulation or procedure, or as to any question, right or obligation arising from or related to this Outperformance Plan, the decision of the Committee, except as provided above, shall be final and binding upon all persons.

3.3 Assignability. Except as otherwise provided by law, no benefit hereunder shall be assignable, or subject to alienation, garnishment, execution or levy of any kind, and any attempt to cause any benefit to be so subject shall be void.

3.4 No Contract for Continuing Services. This Outperformance Plan shall not be construed as creating any contract for continued services between the Company and any Participant and nothing herein contained shall give any Participant the right to be retained as an employee of the Company.

3.5 Governing Law. This Outperformance Plan shall be construed, administered, and enforced in accordance with the laws of the State of California, without giving effect to the principles of conflict of laws of such State.

3.6 Tax Withholding. The Company shall have the right to deduct from all payments hereunder any taxes required by law to be withheld with respect to such payments. In the event payment is made in the form of shares of Common Stock, with the approval of the Committee, the minimum tax withholding may be satisfied by the Company withholding from shares of Common Stock to be issued, shares having an aggregate Fair Market Value (as of the date the withholding is in effect) that would satisfy the minimum withholding amount due.

3.7 Effect on Other Plans. Nothing in this Outperformance Plan shall be construed to limit the rights of Participants under the Company's benefit plans, programs or policies.

3.8 Benefits and Burdens. This Outperformance Plan shall inure to the benefit of and be binding upon the Company and the Participants, their respective successors, executors, administrators, heirs and permitted assigns.

3.9 Enforceability. If any portion or provision of this Outperformance Plan shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Outperformance Plan, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Outperformance Plan shall be valid and enforceable to the fullest extent permitted by law.

3.10 Waiver. No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of any party to require the performance of any term or obligation of this Outperformance Plan, or the waiver by any party of any breach of this Outperformance Plan, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

3.11 Notices. Any notices, requests, demands, and other communications provided for by this Outperformance Plan shall be sufficient if in writing and delivered in person or sent by registered or certified mail, postage prepaid, to a Participant at the last address the Participant has filed in writing with the Company, or to the Company at their main office, attention of the Committee.

3.12 Section 409A. The provisions regarding all payments to be made hereunder shall be interpreted in such a manner that all such payments either comply with Section 409A of the Code or are exempt from the requirements of Section 409A of the Code as "short-term deferrals" as described in Section 409A of the Code. To the extent that any amounts payable hereunder are determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Code, such amounts shall be subject to such additional rules and requirements as

specified by the Committee from time to time in order to comply with Section 409A of the Code and the payment of any such amounts may not be accelerated or delayed except to the extent permitted by Section 409A of the Code. The Company makes no representation or warranty and shall have no liability to any Participant or any other person if any payments under any provisions of this Plan are determined to constitute deferred compensation under Section 409A of the Code that are subject to the twenty percent (20%) additional tax under Section 409A of the Code.

PROLOGIS, INC.
PRIVATE CAPITAL PROMOTE PLAN

1. Purpose. The purposes of this Prologis, Inc. Private Capital Promote Plan (the "Plan") is to align the compensation of certain executives and employees of Prologis, Inc. (the "Company") and its subsidiaries with the performance of the Funds (as defined below), by linking a portion of their compensation to Incentive Fees (as defined below) generated by such Funds. Nothing in this Plan shall be construed as creating an express or implied contract of employment. This Plan is effective as of January 1, 2012 (the "Effective Date").

2. Definitions. As used herein, the following terms shall have the respective meanings set forth below:

(a) "Award Letter" shall mean the individual letter provided by the Company to a Participant in connection with the Participant's participation in the Plan that sets forth (i) the Funds with respect to which the Participant shall be granted Units, (ii) the number of Units granted to the Participant with respect to each applicable Fund, (iii) the applicable Plan Year(s) with respect to which the Participant will be eligible to receive a Bonus hereunder and (iv) any other applicable terms relating to such award of Units hereunder.

(b) "Board" shall mean the Board of Directors of the Company.

(c) "Bonus" shall mean an amount equal to (x) the number of Units with respect to the applicable Fund held by a Participant as of the applicable Bonus Determination Date, multiplied by (y) the Per-Unit Value of such Units as of such Bonus Determination Date, subject to the limitations described in Section 5(e), below.

(d) "Bonus Determination Date" shall mean the last day of each Plan Year.

(e) "Bonus Pool" with respect to each Fund shall mean an amount equal to 40 percent of Incentive Fees actually paid to Private Capital during the applicable Plan Year, determined and payable in accordance with Section 5 of the Plan. For purposes of clarity, a new Bonus Pool for each Fund shall be established with respect to each Plan Year, and amounts payable with respect to any Bonus Pool in one Plan Year shall not be added to the Bonus Pool established for subsequent Plan Years.

(f) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(g) "Committee" shall mean the Compensation Committee of the Board.

(h) "First Plan Year" shall mean the Plan Year commencing on January 1, 2012 and ending on December 31, 2012.

(i) "Fund" shall mean the venture funds, real estate funds and joint ventures with respect to which Private Capital receives Incentive Fees. The Committee, in its sole discretion, shall determine the Funds with respect to which Participants may receive Units under the Plan.

(j) "Incentive Fees" with respect to a Fund shall mean all amounts paid or distributed to Private Capital in its capacity as investment manager, general partner or managing member of the Fund that are in excess of distributions payable to Private Capital in respect of its or its affiliates' percentage interest (whether as general partner, limited partner or member) in the Fund's capital; provided, however, that Incentive Fees shall not include (i) management fees, whether or not payable as a distribution by the Fund, payable to Private Capital that are based on a fixed percentage of a Fund's capital, capital commitments, net asset value or similar amount (*i.e.*, "management fees"), (ii) dividends, distributions and/or interest earned on investments in preferred stock or debt securities of the Funds, (iii) fees paid to Private Capital in its capacity as investment advisor to investment companies registered under the Investment Company Act of 1940, as amended and (iv) any other fees payable by a Fund to Private Capital of its affiliates in respect of services provided to the Fund.

(k) "Participant" shall mean an executive or employee of the Company or its subsidiaries selected by the Committee to be a Participant under the Plan.

(l) "Per-Unit Value" shall mean (a) the Bonus Pool with respect to any Fund as of the applicable Bonus Determination Date divided by (b) the aggregate number of Units allocable with respect to such Fund, as of the applicable Bonus Determination Date.

(m) "Plan Year" shall mean each calendar year during which the Plan is in effect, commencing on the first day of such calendar year and ending on the last day thereof.

(n) "Private Capital" shall mean the subsidiaries and affiliates of the Company that serve as investment manager, general partner or managing member of one or more of the Funds.

(o) "Senior Executive" shall mean a Participant who is designated as a Senior Executive by the Committee either (x) at the time a Bonus is paid under the Plan or (y) within his or her Award Letter.

(p) "Units" or "Units" shall mean an award of phantom Unit granted to a Participant with respect to a Fund pursuant to this Plan representing the right to receive the applicable Per-Unit Value pursuant and subject to the terms and conditions of the Plan. Units that are forfeited by Participants under the Plan may, in the Committee's discretion, be reissued or reallocated to Participants or other employees of the Company and its subsidiaries that may become Participants under the Plan.

3. Administration. The Committee shall have the sole discretionary power and authority to interpret the provisions of this Plan and make all decisions and exercise all rights of the Company with respect to the Plan, including, without limitation, the sole discretion to (a) select Participants under the Plan, (b) determine the Funds subject to the Plan and the total number of Units that may be granted with respect to each such Fund, (c) determine the Funds and number of Units with respect to each applicable Fund subject to any award and the terms and conditions of each such award not inconsistent with the terms of the Plan, which terms and conditions may differ among individual awards and Participants, and to approve the form of Award Letters, (d) determine the amount of each Incentive Fee payment with respect to any

Fund and the amount of each Bonus Pool (or any portion thereof), (e) discontinue the Plan (either with respect to all Funds or certain selected Funds) prior to the commencement of any Plan Year, and (f) at any time to adopt, alter and repeal such rules, guidelines and practices for administration of the Plan and for its own acts and proceedings as it shall deem advisable; to interpret the terms and provisions of the Plan and any award of Units (including related Award Letters); to make all determinations it deems advisable for the administration of the Plan; to decide all disputes arising in connection with the Plan; and to otherwise supervise the administration of the Plan. All decisions and interpretations of the Committee shall be binding on all persons, including the Company and Participants.

4. Eligibility. The Committee, in its sole discretion, may from time to time select as Participants one or more officers or employees of the Company or its subsidiaries.

5. Determination of Bonus Pool; Payment of Bonuses

(a) As soon as practicable following the end of each Plan Year (but in no event later than March 1 of the subsequent calendar year), the Company shall establish the Bonus Pool, if any, with respect to each Fund for such Plan Year.

(b) Bonuses hereunder for (i) all Participants with respect to the First Plan Year and (ii) following the First Plan Year, for Participants that are not Senior Executives as of the applicable payment date shall be paid to Participants in a lump-sum in cash between January 1 and March 15 of the calendar year following the Plan Year to which such Bonus relates, subject to the Participant's continuous employment through such payment date.

(c) Unless otherwise provided by the Committee, bonuses hereunder for Participants that are Senior Executives as of the applicable payment date for Plan Years following the First Plan Year (i) shall be payable in shares of restricted common stock of the Company or restricted stock units, as determined in the Committee's discretion, having an aggregate grant date fair value equal to 50 percent of the applicable Bonus, and the risk of forfeiture shall expire in equal installments on each of the first three anniversaries of the grant date, subject to the Senior Executive's continuous employment with the Company or one of its subsidiaries through each such date, and (ii) the remainder of such Bonus shall be paid to Senior Executives in a lump-sum in cash in accordance with the payment schedule set forth in Section 5(b), above, subject, in each case, to the Participant's continuous employment through such payment date. Any restricted stock or restricted stock unit grants made to Senior Executives pursuant to this section shall be granted under and subject to the terms and conditions of the applicable stock incentive plan of the Company and any award agreement(s) thereunder.

(d) Notwithstanding anything herein to the contrary, in no event shall any Participant receive aggregate Bonuses under the Plan with respect to any one Plan Year in excess of the Participant's total compensation (which, for purposes of this section shall include base salary, bonus(es) and equity compensation (the value of which shall be determined based on the grant date fair value of any such award computed in accordance with FASB ASC Topic 718 or any successor provision), but shall exclude (x) Bonuses paid under this Plan and (y) awards granted or paid to the Participant under the Company's Outperformance Plan) from the Company and its subsidiaries and affiliates with respect to the two most recently completed full calendar

years (or, if a Participant has not been employed by the Company or its subsidiary for two full years, the Participant's total compensation for such shorter period multiplied by a fraction (i) the numerator of which is 730 and (ii) the denominator of which is the number of days the Participant has been employed by the Company or its subsidiary through the last date of the applicable Plan Year).

6. Termination of Employment. Unless otherwise expressly provided in a Participant's Award Letter, upon a Participant's termination of employment for any reason, the Participant shall forfeit all Units granted hereunder and any right to receive any Bonus with respect to such Units without payment of consideration therefor.

7. Nature of Units. The Units granted under this Plan shall be used solely as a device for the measurement and determination of certain amounts to be paid to each Participant as provided herein and such Units shall not constitute or be treated as property or as a trust fund of any kind or as stock options or other form of equity or security of the Company, Private Capital, any Fund or any other entity. A Participant shall have only those rights set forth in this Plan and the Participant's Award Letter with respect to Units granted to such Participant and shall have no ownership rights in the Company, Private Capital, any Fund or any other entity by virtue of having been granted Units. Any benefits which become payable hereunder shall be paid from the general assets of the Company.

8. Section 409A. The provisions regarding all payments to be made hereunder shall be interpreted in such a manner that all such payments either comply with Section 409A of the Code or are exempt from the requirements of Section 409A of the Code as "short-term deferrals" as described in Section 409A of the Code. To the extent that any amounts payable hereunder are determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Code, such amounts shall be subject to such additional rules and requirements as specified by the Committee from time to time in order to comply with Section 409A of the Code and the payment of any such amounts may not be accelerated or delayed except to the extent permitted by Section 409A of the Code. The Company makes no representation or warranty and shall have no liability to any Participant or any other person if any payments under any provisions of this Plan are determined to constitute deferred compensation under Section 409A of the Code that are subject to the 20 percent additional tax under Section 409A of the Code.

9. Amendment or Termination of Plan. Except as otherwise provided herein (including, without limitation, the Committee's ability to discontinue the Plan or any Fund's inclusion in the Plan with respect to any Plan Year), the Committee may amend or terminate this Plan at any time or from time to time; provided, however, that, no such amendment shall in any material adverse way affect the rights of a Participant with respect to any Units prior to the date of amendment or termination without the written consent of such affected Participant.

10. Limitation of Liability. Subject to its obligation to make payments as provided for hereunder, neither the Company, nor any person acting on its behalf shall be liable for any act performed or the failure to perform any act with respect to this Plan, except in the event that there has been a judicial determination of willful misconduct on the part of the Company or such person. The Company is not under any obligation to fund any of the payments required to be made hereunder in advance of their actual payment or to establish any reserves with respect to this Plan.

11. Miscellaneous.

(a) No Contract for Continuing Services. This Plan shall not be construed as creating any contract for continued services between the Company, any Private Capital entity or any of their subsidiaries or affiliates and any Participant and nothing herein contained shall give any Participant the right to be retained as an employee of the Company, and Private Capital entity or any of their subsidiaries or affiliates.

(b) No Transfers. A Participant's rights in an interest under the Plan or with respect to any Unit may not be sold, assigned or otherwise transferred.

(c) Unfunded Plan. The Plan shall be unfunded and shall not create (or be construed to create) a trust or separate fund. Likewise, the Plan shall not establish any fiduciary relationship between the Company or any of its subsidiaries or affiliates and any Participant. To the extent that any Participant holds any rights by virtue of an award under the Plan, such right shall be no greater than the right of an unsecured general creditor of the Company or any of its subsidiaries.

(d) Governing Law. The Plan shall be construed in accordance with and governed by the laws of the state of California, without regard to principles of conflict of laws of such state.

(e) Tax Withholding. The Company shall have the right to deduct from all payments hereunder any taxes required by law to be withheld with respect to such payments.

(f) Effect on Other Plans. Nothing in this Plan shall be construed to limit the rights of Participants under the Company's benefit plans, programs or policies.

(g) Benefits and Burdens. This Plan shall inure to the benefit of and be binding upon the Company and the Participants, their respective successors, executors, administrators, heirs and permitted assigns.

(h) Enforceability. If any portion or provision of this Plan shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Plan, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Plan shall be valid and enforceable to the fullest extent permitted by law.

(i) Waiver. No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of any party to require the performance of any term or obligation of this Plan, or the waiver by any party of any breach of this Plan, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

(j) Notices. Any notices, requests, demands, and other communications provided for by this Plan shall be sufficient if in writing and delivered in person or sent by registered or certified mail, postage prepaid, to a Participant at the last address the Participant has filed in writing with the Company, or to the Company at their main office, attention of the Committee.