UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K
CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

November 15, 2024
(Date of earliest event reported)

APPLIED DIGITAL CORPORATION
(Exact name of registrant as specified in its charter)

Nevada	**001-31968**	**95-4863690**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

3811 Turtle Creek Boulevard, Suite 2100, Dallas, Texas	**75219**
(Address of principal executive offices)	(Zip Code)

214-427-1704
(Registrant's telephone number, including area code)

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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

☐ Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common Stock	APLD	Nasdaq Global Select Market

Item 5.02 Departure of Directors or Principal Officers; Election of Directors; Appointment of Principal Officers.

Item 5.02(e)

Offer Letter

Applied Digital Corporation, a Nevada corporation (the "Company"), and David Rench, the Company's current Chief Administrative Officer, have entered into an Offer Letter, dated November 15, 2024 (the "Offer Letter"), as well as an Employee Non-Disclosure, Invention Assignment and Restrictive Covenants Agreement attached as Exhibit A to the Offer Letter (the "Covenants Agreement"). Pursuant to the terms of the Offer Letter, Mr. Rench will continue to serve as the Chief Administrative Officer of the Company and will be entitled to receive an annual base salary of $475,000 per annum, subject to review from time to time, and shall also be eligible for an annual performance bonus with a target amount of 100% of his annual base salary. The Offer Letter contemplates grants to Mr. Rench of an award of 490,000 restricted stock units subject to time-based vesting conditions (as discussed below), as set forth in the Offer Letter, and an additional 612,500 performance stock units subject to time- and performance-based vesting conditions (as discussed below), which awards have been granted to Mr. Rench as of November 15, 2024, as well as additional equity awards from time to time. If Mr. Rench's employment is terminated without Cause (as defined in the Offer Letter), Mr. Rench will receive, subject to execution, delivery, and non-revocation of a general release of claims against the Company, (i) an amount equal to twelve months' annual base salary (or in the event of a termination without Cause within eighteen months following a change in control, twenty-four months' annual base salary), payable in equal installments as salary continuation payments, and (ii) an amount equal to 100% of Mr. Rench's target annual bonus for the fiscal year in which the termination occurs.

Pursuant to the terms of the Covenants Agreement, Mr. Rench is bound by an indefinite confidentiality obligation, a non-competition covenant during employment and for 12 months post-termination, a non-solicitation covenant with respect to Company personnel and business partners during employment and for 12 months post-termination, assignment of intellectual property, and indefinite non-disparagement obligations.

The foregoing description of the Offer Letter, including Exhibit A thereto, is not complete and is subject to the full text of the Offer Letter, a copy of which is attached hereto as Exhibit 10.1 and incorporated herein by reference.

Approval of Awards

On November 15, 2024, in connection with the Offer Letter, the Compensation Committee (the "Compensation Committee") of the Board of Directors of the Company (the "Board") approved the grant to Mr. Rench of 490,000 restricted stock units under the Company's 2022 Incentive Plan (the "2022 Plan") to Mr. Rench.

Also on November 15, 2024, the Compensation Committee approved the following grants, under the 2022 Plan, of performance stock units, subject to time- and performance-based vesting conditions, which will be subsequently disclosed in an amendment to this Current Report on Form 8-K/A once these award agreements have been executed: (i) 1,600,000 to Wes Cummins, the Company's Chief Executive Officer and Chairman of the Board, (ii) 490,000 to Saidal Mohmand, the Company's Chief Financial Officer, and (iii) 612,500 to Mr. Rench.

2024 Omnibus Equity Incentive Plan

On November 20, 2024, the Company held its annual meeting of stockholders (the "Annual Meeting"). At the Annual Meeting, the stockholders of the Company approved the Company's 2024 Omnibus Equity Incentive Plan (the "2024 Plan"). The Board had previously approved the 2024 Plan on October 8, 2024, subject to stockholder approval, and the 2024 Plan became effective upon such stockholder approval. Additionally, upon the stockholder approval of the 2024 Plan, the Company's current equity incentive plans, the 2022 Plan and the 2022 Non-Employee Director Stock Plan (the "2022 Director Plan") were terminated; provided, that all awards outstanding under the 2022 Plan and the 2022 Director Plan as of the date of stockholder approval of the 2024 Plan shall continue in effect in accordance with their terms.

The 2024 Plan was summarized in the Company's definitive proxy statement on Schedule 14A filed with the Securities and Exchange Commission on October 22, 2024 (as supplemented, the "Proxy Statement") under the heading "**PROPOSAL 4: 2024 OMNIBUS EQUITY INCENTIVE PLAN AND THE RESERVATION OF 10,000,000 SHARES OF COMMON STOCK FOR ISSUANCE THEREUNDER**," which description is incorporated herein by reference.

The foregoing description of the 2024 Plan is not complete and is qualified in its entirety by reference to the full text of the 2024 Plan, a copy of which is attached hereto as Exhibit 10.2 and incorporated herein by reference.

Form of Award Agreements Under the 2024 Plan

The Board previously approved, subject to stockholder approval, the following forms of award agreements under the 2024 Plan to be used in connection with the grant of incentive stock options ("ISOs"), nonqualified stock options ("NSOs"), restricted stock awards ("RSAs"), restricted stock unit awards ("RSUs") and performance stock unit awards ("PSUs") to Participants (as defined in the 2024 Plan) under the 2024 Plan, effective November 20, 2024 (the date of stockholder approval for the 2024 Plan):

- a form of Incentive Stock Option Grant Agreement (the "ISO Grant Agreement");
- a form of Nonqualified Stock Option Grant Agreement (the "NSO Grant Agreement");
- a form of Restricted Stock Award Agreement (the "RSA Agreement");
- a form of Restricted Stock Unit Award Agreement (the "RSU Agreement"); and
- a form of Performance Stock Unit Award Agreement (the "PSU Agreement").

The foregoing descriptions of the ISO Grant Agreement, NSO Grant Agreement, RSA Agreement, RSU Agreement and PSU Agreement are qualified in their entirety by reference to the full text of the ISO Grant Agreement, NSO Grant Agreement, RSA Agreement, RSU Agreement and PSU Agreement, which are attached hereto as Exhibits 10.3, 10.4, 10.5, 10.6 and 10.7, respectively, and are incorporated herein by reference.

Item 5.07 Submission of Matters to a Vote of Security Holders.

On November 20, 2024, the Company held its Annual Meeting. The matters voted on at the Annual Meeting were: (1) the election of directors, (2) the ratification of Marcum LLP as the Company's independent registered public accounting firm for the fiscal year ending May 31, 2025, (3) the approval, on an advisory basis, of the executive compensation of the Company's named executive officers, (4) the approval of the 2024 Plan and the reservation of 10,000,000 shares of common stock for issuance thereunder, (5) the approval, for the purpose of complying with the applicable provisions of The Nasdaq Stock Market LLC Listing Rule 5635, of the potential issuance of shares of common stock issuable upon conversion of the Company's Series F Convertible Preferred Stock, (6) the approval of an amendment to the Company's Second Amended and Restated Articles of Incorporation, as amended (the "Articles"), to increase the number of shares of common stock and the number of shares of preferred stock authorized for issuance thereunder and (7) the approval of the adjournment of the Annual Meeting to a later date or dates, if necessary or appropriate, to permit further solicitation and vote of proxies in the event that there are insufficient votes for, or otherwise in connection with, the approval of any one or more of the foregoing proposals. The final voting results were as follows:

1. The election of each of Wes Cummins, Ella Benson, Chuck Hastings, Rachel Lee, Douglas Miller and Richard Nottenburg as directors to hold office until the Company's 2025 Annual Meeting of Stockholders, in each case, until his or her successor is duly elected and qualified or he or she is otherwise unable to complete his or her term. The votes were cast for this matter as follows:

Nominees	Votes For	Votes Withheld	Broker Non-Votes
Wes Cummins	124,593,886	1,331,445	30,179,790
Ella Benson	123,420,333	2,504,998	30,179,790
Chuck Hastings	113,104,862	12,820,469	30,179,790
Rachel Lee	123,428,728	2,496,603	30,179,790
Douglas Miller	114,120,407	11,804,924	30,179,790
Richard Nottenburg	115,430,943	10,494,388	30,179,790

2. The votes were cast as follows with respect to the proposal to ratify the appointment of Marcum LLP as the Company's independent registered public accounting firm for the fiscal year ending May 31, 2025:

Votes For	Votes Against	Abstentions
152,938,078	2,598,340	568,703

3. The votes were cast as follows with respect to the proposal to approve, on an advisory basis, the compensation of the Company's named executive officers as described in the Proxy Statement:

Votes For	Votes Against	Abstentions	Broker Non-Votes
122,304,079	3,330,988	290,264	30,179,790

4. The votes were cast as follows with respect to the proposal to approve the 2024 Plan and the reservation of 10,000,000 shares of common stock for issuance thereunder:

Votes For	Votes Against	Abstentions	Broker Non-Votes
116,488,656	8,009,798	1,426,877	30,179,790

5. The votes were cast as follows with respect to the proposal to approve, for the purpose of complying with the applicable provisions of The Nasdaq Stock Market LLC Listing Rule 5635, the potential issuance of shares of our common stock issuable upon conversion of the Company's Series F Convertible Preferred Stock:

Votes For	Votes Against	Abstentions	Broker Non-Votes
122,781,353	2,892,405	251,573	30,179,790

6. The votes were cast as follows with respect to the proposal to approve an amendment to the Articles to increase the number of shares of common stock and the number of shares of preferred stock authorized for issuance thereunder:

Votes For	Votes Against	Abstentions	Broker Non-Votes
119,558,968	6,099,774	266,589	30,179,790

7. The votes were cast as follows with respect to the proposal to approve the adjournment of the Annual Meeting to a later date or dates, if necessary or appropriate, to permit further solicitation and vote of proxies in the event that there are insufficient votes for, or otherwise in connection with, the approval of any one or more of the foregoing proposals:

Votes For	Votes Against	Abstentions
145,451,762	10,383,581	269,778

Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

On November 20, 2024, the Company filed a Certificate of Amendment to the Articles (the "Certificate of Amendment"), to increase the number of shares of (i) common stock authorized for issuance thereunder to 400,000,000 shares, each share of common stock having a par value of $0.001 and (ii) preferred stock authorized for issuance thereunder to 10,000,000 shares.

The foregoing description of the Certificate of Amendment is not complete and is qualified in its entirety by reference to the full text of the Certificate of Amendment, a copy of which is attached hereto as Exhibit 3.1 and incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	
3.1	Certificate of Amendment, dated November 20, 2024, to Second Amended and Restated Articles of Incorporation, as amended.
10.1	Offer Letter, dated November 15, 2024, by and between Applied Digital Corporation and David Rench.
10.2	Applied Digital Corporation 2024 Omnibus Equity Incentive Plan.
10.3	Form of Incentive Stock Option Grant Agreement.
10.4	Form of Nonqualified Stock Option Grant Agreement.
10.5	Form of Restricted Stock Unit Agreement.
10.6	Form of Restricted Stock Award Agreement.
10.7	Form of Performance Stock Unit Award Agreement.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

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.

APPLIED DIGITAL CORPORATION

Dated: November 21, 2024

By: */s/ Saidal L. Mohmand*
Name: Saidal L. Mohmand
Title: Chief Financial Officer

Docusign Envelope ID: C39132E1-140A-479E-A1CC-3ACF50F57B10

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FRANCISCO V. AGUILAR
Secretary of State
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Profit Corporation:

Certificate of Amendment (PURSUANT TO NRS 78.380 & 78.385/78.390)
Certificate to Accompany Restated Articles or Amended and Restated Articles (PURSUANT TO NRS 78.403)
Officer's Statement (PURSUANT TO NRS 80.030)

TYPE OR PRINT - USE DARK INK ONLY - DO NOT HIGHLIGHT

1. Entity information:

Name of entity as on file with the Nevada Secretary of State:
Applied Digital Corporation

Entity or Nevada Business Identification Number (NVID): C13283-2001

2. Restated or Amended and Restated Articles:
(Select one)

(If amending and restating only, complete section 1,2 3, 5 and 6)

☐ Certificate to Accompany Restated Articles or Amended and Restated Articles

☐ Restated Articles - No amendments; articles are restated only and are signed by an officer of the corporation who has been authorized to execute the certificate by resolution of the board of directors adopted on: ____
The certificate correctly sets forth the text of the articles or certificate as amended to the date of the certificate.

☐ Amended and Restated Articles

* Restated or Amended and Restated Articles must be included with this filing type.

3. Type of Amendment Filing Being Completed:
(Select only one box)

(If amending, complete section 1, 3, 5 and 6.)

☐ Certificate of Amendment to Articles of Incorporation (Pursuant to NRS 78.380 - Before Issuance of Stock)

The undersigned declare that they constitute at least two-thirds of the following: (Check only one box) ☐ incorporators ☐ board of directors

The undersigned affirmatively declare that to the date of this certificate, no stock of the corporation has been issued

☒ Certificate of Amendment to Articles of Incorporation (Pursuant to NRS 78.385 and 78.390 - After Issuance of Stock)

The vote by which the stockholders holding shares in the corporation entitling them to exercise at least a majority of the voting power, or such greater proportion of the voting power as may be required in the case of a vote by classes or series, or as may be required by the provisions of the articles of incorporation* have voted in favor of the amendment is: 55.73%

Or ☐ No action by stockholders is required, name change only.

☐ Officer's Statement (foreign qualified entities only) -

Name in home state, if using a modified name in Nevada:

Jurisdiction of formation:

Changes to takes the following effect:

☐ The entity name has been amended. ☐ Dissolution
☐ The purpose of the entity has been amended. ☐ Merger
☐ The authorized shares have been amended. ☐ Conversion
☐ Other: (specify changes)

* Officer's Statement must be submitted with either a certified copy of or a certificate evidencing the filing of any document, amendatory or otherwise, relating to the original articles in the place of the corporations creation.

This form must be accompanied by appropriate fees.

FRANCISCO V. AGUILAR
Secretary of State
401 North Carson Street
Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov

Profit Corporation:
Certificate of Amendment (PURSUANT TO NRS 78.380 & 78.385/78.390)
Certificate to Accompany Restated Articles or Amended and Restated Articles (PURSUANT TO NRS 78.403)
Officer's Statement (PURSUANT TO NRS 80.030)

4. Effective Date and Time: (Optional)

Date: _____ Time: _____

(must not be later than 90 days after the certificate is filed)

5. Information Being Changed: (Domestic corporations only)

Changes to takes the following effect:

- ☐ The entity name has been amended.
- ☐ The registered agent has been changed. (attach Certificate of Acceptance from new registered agent)
- ☐ The purpose of the entity has been amended.
- ☒ The authorized shares have been amended.
- ☐ The directors, managers or general partners have been amended.
- ☐ IRS tax language has been added.
- ☐ Articles have been added.
- ☐ Articles have been deleted.
- ☐ Other.

The articles have been amended as follows: (provide article numbers, if available)

Please see attached.

(attach additional page(s) if necessary)

6. Signature: (Required)

X DocuSigned by: David Rench A76581D9E418468... Signature of Officer or Authorized Signer — Cheif Administrative Officer — Title

X _____ Signature of Officer or Authorized Signer — _____ Title

*If any proposed amendment would alter or change any preference or any relative or other right given to any class or series of outstanding shares, then the amendment must be approved by the vote, in addition to the affirmative vote otherwise required, of the holders of shares representing a majority of the voting power of each class or series affected by the amendment regardless to limitations or restrictions on the voting power thereof.

Please include any required or optional information in space below:
(attach additional page(s) if necessary)

This form must be accompanied by appropriate fees.

APPLIED DIGITAL CORPORATION

ATTACHMENT TO
CERTIFICATE OF AMENDMENT

Article THIRD of the Second Amended and Restated Articles of Incorporation of Applied Digital Corporation, as amended, is amended in its entirety to read as follows:

> The total number of shares of capital stock which this corporation shall have the authority to issue is four hundred ten million (410,000,000) with a par value of $0.001 per share amounting to $410,000. Four hundred million (400,000,000) of those shares are Common Stock and ten million (10,000,000) of those shares are Preferred Stock. Each share of Common Stock shall entitle the holder thereof to one vote, in person or by proxy, on any matter on which action of the stockholders of this corporation is sought. The holders of Preferred Stock shall have no right to vote such shares, except (i) as determined by the Board of Directors of this corporation in accordance with the provisions of Section (3) of Article FOURTH of these Second Amended and Restated Articles of Incorporation, as amended, or (ii) as otherwise provided by the Nevada General Corporation Law, as amended from time to time.

* * *

Exhibit 10.1

Applied Digital Corporation

November 15, 2024

David Rench
Via Email

Re: Offer of Continued Employment

Dear David:

We are pleased to offer you continued employment with Applied Digital Corporation, a Nevada corporation (the "Company") on the terms set forth in this letter agreement (together with Exhibit A hereto, the "Letter Agreement"), effective as of the date hereof (the "Effective Date"). This Letter Agreement supersedes that certain Executive Employment Contract, dated the 1st day of November, 2021, between the Company and you (as amended from time to time, the "Prior Employment Agreement"), effective as of the Effective Date, and from and after the Effective Date, the Prior Agreement shall be of no further force and effect.

Position: You will have the position of Chief Administrative Officer of the Company, reporting to the Chief Executive Officer of the Company ("CEO") or such other person as designated from time to time by the CEO. Your duties and responsibilities may be modified from time to time by the CEO or other individual to whom you report. You are an exempt employee and are not entitled to overtime pay regardless of the number of hours worked.

You will at all times perform your duties and responsibilities honestly, diligently, in good faith and to the best of your ability and you will observe and comply with all of the policies and procedures established by the Company that are applicable to the Company's employees, and with all applicable laws, rules and regulations imposed by any governmental or regulatory authorities. You will exercise your best efforts in furtherance of, and devote all of your business time and efforts to, the operation of the business and affairs of the Company and its subsidiaries and shall not provide any services to any other person, company, entity or firm during your employment unless approved by the Company in writing.

Travel: You acknowledge that you may be expected to travel in furtherance of the performance of your duties and agree to do so as needed.

Base Salary: Your base salary shall be at the annualized rate of $475,000 (the "Base Salary"). The Base Salary shall be payable in accordance with the Company's normal payroll practices, subject to applicable withholdings and deductions and shall be subject to review by the Company from time to time.

Annual Bonus Opportunity: For each fiscal year during your employment, you will also be eligible for an annual bonus with a target of 100% of your Base Salary (the "Annual Bonus"), subject to applicable withholdings and deductions. The actual amount of your Annual Bonus, if any, shall be based upon Company performance and your individual performance for such fiscal year, as determined by the Board of Directors of the Company (the "Board") or the Compensation Committee thereof (the "Committee"), and may be more or less than such target amount. Except as otherwise provided in this Letter Agreement, each Annual Bonus, if any, will be subject to your continued employment with the Company through the date of payment, irrespective of any reason for your termination.

Initial Equity Awards: Subject to approval of the Board or the Committee, you shall receive 490,000 restricted stock units (the "RSUs") subject to the terms and conditions of the Company's 2022 Incentive Plan, as amended (the "Plan") and an award agreement provided by the Company thereunder. The RSUs are expected to vest as follows: (i) one-sixth (1/6th) of the RSUs shall vest on April 4, 2025 (the "First Vesting Date"); and (ii) one-sixth (1/6th) of the RSUs shall vest on each six (6) month anniversary of the First Vesting Date thereafter (such that the RSUs shall be fully vested on October 4, 2027), in each case, subject to your continued employment with the Company through the applicable vesting date. Additionally, in the event of a Change of Control (as defined in the Plan), the RSUs are expected to be subject to accelerated vesting as follows: (x) in the event such Change of Control is consummated prior to the one (1) year anniversary of the Effective Date, vesting of fifty percent (50%) of the then-unvested RSUs shall accelerate upon consummation of such Change in Control (or, in the event a "Replacement Award" is not issued with respect to any RSUs that would not otherwise vest, vesting of one-hundred percent (100%) of the then-unvested RSUs shall accelerate upon consummation of such Change in Control), and (y) in the event such Change of Control is consummated on or after the one (1) year anniversary of the Effective Date, vesting of one hundred percent (100%) of the then-unvested RSUs shall accelerate upon consummation of such Change in Control.

Without limitation of the foregoing, subject to approval of the Board or the Committee, you shall receive 612,500 performance stock units (the "PSUs"), subject to the terms and conditions of the Plan, and an award agreement provided by the Company thereunder. Such award agreement would set forth time- and performance-based vesting conditions applicable to the PSUs.

Other Equity Awards: You will be eligible for grants of equity awards from time to time, subject to approval by the Board or the Committee. Any such equity award shall be subject to terms and conditions determined by the Board or the Committee, as applicable.

Paid Time Off: You will be eligible for paid time off and other leave time in accordance with the Company's policies as may be in effect from time to time.

Other Benefits: You shall be eligible for participation in welfare and other benefit plans, practices, policies and programs established by the Company or any of its subsidiaries, on such terms as may be generally available to employees of the Company, and your participation in such plans is subject to the terms and conditions of the Company's (or its subsidiaries') benefit plan documents, policies and procedures, from time to time established and in effect. The Company reserves the right to change, replace or terminate any or all of the foregoing benefits from time to time, including contribution levels.

Expenses: The Company will reimburse you for all reasonable, documented business expenses you incur in accordance with the performance of your duties to the Company, subject to the Company's policies with respect to expense reimbursement as in effect from time to time.

Employee Covenants Agreement: You are required, as a condition of your continued employment with the Company, to execute the Employee Non-Disclosure, Invention Assignment and Restrictive Covenants Agreement attached hereto as Exhibit A (the "Employee Covenants Agreement") simultaneously herewith and to comply with all its terms.

Termination: Employment with the Company is for no specific period of time. Your employment with the Company will be "at will," meaning that either you or the Company may terminate your employment at any time and for any reason or for no reason, with or without advance notice. If your employment is terminated for any reason, you will receive only (i) payment of any accrued and unpaid Base Salary as of such termination date, and (ii) reimbursement of business expenses incurred but not paid prior to such termination date, to the extent eligible for reimbursement in accordance with the terms of this Letter Agreement (together, the "Accrued Obligations"). Notwithstanding the foregoing, in the event your employment is terminated by the Company without "Cause" (as defined below) then, subject to your execution and delivery to the Company, and

non-revocation (if applicable), of an executed waiver and release of claims in a form provided by the Company (the "Release") that becomes effective and irrevocable within sixty (60) days of your date of termination (or such shorter time period set forth in the Release), and your continued compliance with the terms and conditions of this Letter Agreement, the Employee Covenants Agreement, and the Release, you shall receive, in addition to the Accrued Obligations, the following: (i) an amount in cash equal to twelve (12) months of your Base Salary (or, in the event of your termination without Cause within eighteen (18) months following consummation of a Change in Control (as defined in the Applied Digital Corporation 2024 Incentive Plan, as amended, restated, or otherwise modified from time to time), twenty-four (24) months of your Base Salary), at the rate in effect as of your date of termination, payable, less applicable withholdings and deductions in the form of salary continuation in regular installments over twelve (12) or twenty-four (24) months, as applicable, with the first of such installments to commence on the first regular payroll date following the date the Release becomes effective and irrevocable (the "Cash Severance Payments"); and (ii) an amount equal to one hundred percent (100%) of your target Annual Bonus for the fiscal year in which your termination of employment occurs, payable in a lump sum within ten (10) days following the later of the date that the Annual Bonus would otherwise have been paid, had employment not terminated, and the effectiveness of the Release, but in no event later than August 15th following the fiscal year in which the date of termination occurs. Notwithstanding the foregoing, in the event the period to consider and, if applicable, revoke the Release plus the first regular payroll date thereafter spans two calendar years, the Cash Severance Payments shall commence on the later of the first regular payroll date of such second calendar year or the first payroll date following the effectiveness of the Release.

For purposes of this Letter Agreement, "Cause" means your (i) indictment for or conviction of, or the entry of a plea of guilty or no contest to, a felony or any other crime involving dishonesty or moral turpitude or that causes the Company or its affiliates disgrace or disrepute, or adversely affects the Company's or its affiliates' operations or financial performance or the relationship the Company or its affiliates have with their respective customers, (ii) gross negligence or willful misconduct with respect to the Company or any of its affiliates, including, without limitation fraud, embezzlement, misappropriation, theft or dishonesty (A) in the course of your employment or other service or (B) otherwise which is injurious to the Company or any of its affiliates; (iii) failure to perform at a level of effort or results commensurate with your role or responsibilities; (iv) refusal to perform any obligation or fulfill any duty (other than any duty or obligation of the type described in clause (vi) below) to the Company or its affiliates (other than due to a disability); (v) breach of any agreement with or duty owed to the Company or any of its affiliates; (vi) any breach of any obligation or duty to the Company or any of its affiliates (whether arising by statute, common law or agreement) relating to confidentiality, noncompetition, nonsolicitation or proprietary rights; (vii) any breach of any policy of the Company or its affiliates or any action that the Board determines is reasonably likely to cause the Company or its affiliates disgrace or disrepute; (viii) repeatedly (i.e., on more than one occasion) being under the influence of drugs or alcohol (other than over-the-counter or prescription medicine or other medically-related drugs to the extent they are taken in accordance with their directions or under the supervision of a physician) which interferes with the performance of your duties to the Company or any of its affiliates, or, while under the influence of such drugs or alcohol, engaging in inappropriate conduct during the performance of your duties to the Company or any of its affiliates; or (ix) engaging in any act or discrimination or harassment or any unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature.

Section 280G: Notwithstanding any other provisions of this Letter Agreement or any other agreement between the Company and you, in the event that any payment or benefit by the Company or otherwise to or for your benefit, whether paid or payable or distributed or distributable pursuant to the terms of this Letter Agreement or otherwise (all such payments and benefits, being hereinafter referred to as the "Total Payments"), would be subject (in whole or in part) to the excise tax (the "Excise Tax") imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code") or would not be deductible by the Company or any of its subsidiaries or affiliates pursuant to Section 280G of the Code (the "Deduction Loss"), then the Total Payments shall be reduced (in the order provided in the immediately following paragraph) to the minimum extent necessary to avoid the imposition of the Excise Tax on the Total Payments and the Deduction Loss, but only if (i) the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income and employment taxes on such reduced Total Payments), is greater than or equal to (ii) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income and employment taxes on such Total Payments and the amount of the Excise Tax to which you would be subject in respect of such unreduced Total Payments). You shall execute any waiver or other documentation and take all other actions requested by the Company to acknowledge the reduction pursuant to this paragraph.

The Total Payments shall be reduced in the following order: (i) reduction on a pro-rata basis of any cash severance payments that are exempt from Section 409A of the Code ("Section 409A"), (ii) reduction on a pro-rata basis of any non-cash severance payments or benefits that are exempt from Section 409A, (iii) reduction on a pro-rata basis of any other payments or benefits that are exempt from Section 409A, and (iv) reduction of any payments or benefits otherwise payable to you on a pro-rata basis or such other manner that complies with Section 409A; provided, in case of subclauses (ii), (iii) and (iv), that reduction of any payments attributable to the acceleration of vesting of Company equity awards shall be first applied to Company equity awards that would otherwise vest last in time.

The Company will make all determinations regarding the application of the foregoing, which determinations shall be final, binding and conclusive the Company, you, and all other interested persons.

In the event it is later determined that to implement the objective and intent of the foregoing, (i) a greater reduction in the Total Payments should have been made, the excess amount shall be returned promptly by you to the Company or (ii) a lesser reduction in the Total Payments should have been made, the excess amount shall be paid or provided promptly by the Company to you, except to the extent the Company reasonably determines would result in imposition of a penalty tax under Section 409A.

Recoupment of Erroneously Awarded Compensation: In accordance with the Nasdaq Stock Exchange listing standards and the requirements thereunder, the Company has adopted a clawback policy (the "Clawback Policy"). You acknowledge and agree that: (i) you shall be bound by and abide by the terms of the Clawback Policy as it currently exists; (ii) the Clawback Policy may be amended or restated from time to time, and you shall be bound by and abide by the terms of the Clawback Policy as it may change over time; (iii) you shall cooperate and shall promptly return any incentive-based compensation that the Company determines is subject to recoupment under the Clawback Policy; and (iv) any incentive-based or other compensation paid to you under any agreement or arrangement with the Company which is subject to recovery under any law, government regulation or stock exchange listing requirement will be subject to such deductions and clawback as may be required by such law, government regulation or stock exchange listing requirement.

Section 409A: The intent of the parties is that the payments and benefits under this Letter Agreement comply with or be exempt from Section 409A and, accordingly, to the maximum extent permitted, this Letter Agreement shall be interpreted to be exempt from or in compliance therewith. Notwithstanding anything in this Letter Agreement to the contrary, any compensation or benefits payable under this Letter Agreement that is considered nonqualified deferred compensation under Section 409A and is designated under this Letter Agreement as payable upon your termination of employment shall be payable only upon your "separation from service" with the Company within the meaning of Section 409A (a "Separation from Service"). Notwithstanding anything in this Letter Agreement to the contrary, if you are deemed by the Company at the time of your Separation from Service to be a "specified employee" for purposes of Section 409A, to the extent delayed commencement of any portion of the benefits to which you are entitled under this Letter Agreement is required in order to avoid a prohibited distribution under Section 409A, such portion of your benefits shall not be provided to you prior to the earlier of (A) the expiration of the six (6)-month period measured from the date of your Separation from Service with the Company or (B) the date of your death. Upon the first business day following the expiration of the applicable Section 409A period, all payments deferred pursuant to the preceding sentence shall be paid in a lump sum to you (or your estate or beneficiaries), and any remaining payments due to you under this Letter Agreement shall be paid as otherwise provided herein. Your right to receive any installment payments under this Letter Agreement, including without limitation any continuation salary payments that are payable on Company payroll dates, shall be treated as a right to receive a series of separate payments and, accordingly, each such installment payment shall at all times be considered a separate and distinct payment as permitted under Section 409A.

Miscellaneous:

By signing this Letter Agreement below, you acknowledge and agree that no one at the Company has made any representation to you which differs from the terms set forth in this Letter Agreement. The terms of this Letter Agreement, together with the Employee Covenants Agreement entered into on or about the date hereof, supersede any and all prior agreements, understandings and representations (whether written or oral) relating to the terms of your employment, including, without limitation, the Prior Employment Agreement; provided, however, any equity award that you have previously received shall continue in effect in accordance with its terms. No modification, amendment, supplement or waiver of the terms set forth in this Letter Agreement (or Exhibit A hereto) shall be binding unless made in writing and signed by you and the Company. Your rights with respect to all amounts payable hereunder shall represent an unfunded, unsecured obligation of the Company. Any payments to you shall be paid from the general assets of the Company, and you shall have the status of an unsecured general creditor of the Company with respect to such amounts. Nothing in this Letter Agreement shall establish any trust or similar arrangement. The Company may assign this Letter Agreement to any of its affiliates, and successors and assigns, and you shall not be entitled to any additional compensation. All determinations, interpretations, exercises of authority or other actions by the Company or the Board hereunder shall be made or taken by the Company, the Board, or the Committee, as applicable, in their sole and absolute discretion. This Letter Agreement may be executed in two or more counterparts, each of which will be an original and all of which together will constitute one and the same instrument.

This Letter Agreement shall be governed, construed, interpreted and enforced in accordance with the substantive laws of the State of Texas without reference to the principles of conflicts of law of the State of Texas or any other jurisdiction that would result in application of the laws of a jurisdiction other than the State of Texas, and where applicable, the laws of the United States. Any controversy, claim or dispute arising out of or relating to this Letter Agreement or the Employee Covenants Agreement, shall be settled solely and exclusively by a binding arbitration process administered by JAMS in Dallas County, Texas. Such arbitration shall be conducted in accordance with the then-existing Employment Arbitration Rules before a sole arbitrator. The Company and you will each be responsible for their own attorneys' fees and expenses incurred in connection with any such arbitration. The decision arrived at by the arbitrator shall be binding upon all parties to the arbitration and no appeal shall lie therefrom, except as provided by the Federal Arbitration Act. These arbitration procedures are intended to be the exclusive method of resolving any claim or dispute arising out of or related to this Letter Agreement, including the applicability of this paragraph; provided, however, that any party seeking injunctive relief in connection with a breach or anticipated breach of the Letter Agreement will do so in a state or federal court of competent jurisdiction within Dallas, Texas. Neither an application for temporary emergency relief, nor a court's consideration of granting such relief shall (i) constitute a waiver of the right to pursue arbitration under this provision or (ii) delay the appointment of the arbitrator(s) or the progress of arbitration proceedings. You knowingly, voluntarily and expressly waive any and all rights to initiate, participate in, or receive money or any other form of relief from any class, collective or representative proceeding and agrees each arbitration proceeding shall proceed on an individualized basis. THE PARTIES ACKNOWLEDGE AND AGREE THAT THEY ARE WAIVING THEIR RIGHT TO A TRIAL BY JURY IN CONNECTION WITH ANY DISPUTE ARISING OUT OF THIS LETTER AGREEMENT OR RELATED TO YOUR EMPLOYMENT OR THE TERMINATION THEREOF.

[Signature Page Follows]

To accept this offer, please countersign this Letter Agreement below and the Employee Covenants Agreement by November 22, 2024.

Sincerely,

Applied Digital Corporation

Print Name:	Wes Cummins
Signature:	*/s/ Wes Cummins*
Title:	Chief Executive Officer
Dated:	11/19/2024

Accepted:

/s/ David Rench
Name: David Rench
Dated: 11/18/2024

Exhibit A

Employee Covenants Agreement

Attached.

EMPLOYEE NON-DISCLOSURE, INVENTION ASSIGNMENT AND

RESTRICTIVE COVENANTS AGREEMENT

As a condition of my continued employment with Applied Digital Corporation, a Nevada corporation, its subsidiaries, affiliates, successors or assigns (collectively, the "**Company**"), and in consideration of my continued employment and the compensation and benefits afforded to me in connection with that continued employment, I am entering into this Employee Non-Disclosure, Invention Assignment and Restrictive Covenants Agreement (this "**Agreement**").

Representations and Warranties; Covenants.

No Conflict with any Other Agreement or Obligation. I represent and warrant that I am not bound by any agreement or arrangement with or duty to any other person that would conflict with this Agreement. Except for any obligation described on Exhibit A attached to this Agreement (if none listed, I represent there are none), I do not have any non-disclosure, confidentiality, non-competition or other similar obligations to any other person concerning proprietary, secret or confidential information that I learned of during any previous engagement, employment or association nor have I had any obligation to assign contributions or inventions of any kind to any other person. I shall not disclose to the Company or induce the Company to use any proprietary, trade secret or confidential information or material belonging to others.

No Infringement of Third-Party Intellectual Property Rights. I represent and warrant that the Inventions (as defined in Section 3 below) will not infringe any patent, copyright, trade secret or other proprietary right of any third party.

Confidential Information.

Definition of Confidential Information. "**Confidential Information**" includes, whether or not expressly labeled as confidential, all confidential non-public or proprietary information or trade secrets disclosed to or learned by me as a consequence of my employment or service with the Company, including without limitation any third-party information that the Company treats as confidential, and any information learned by me as a result of my employment or service with the Company. Confidential Information includes, but is not limited to, the following types of information and other information of a similar nature: (i) the set-up of the Company's production techniques, designs, concepts, drawings, ideas, intellectual property, inventions, specifications, models, research, development, processes, procedures, trade secrets, know-how, new product or new technology information, designs, product designs, customer names and other information related to customers, employee information, pricing policies, financial information, business plans, computer programs (whether in source code or object code), strategies, methods, systems, inventions, production method and sources, marketing and sales information, information received from others that the Company is obligated to treat as confidential or proprietary, (ii) information related to cloud products and services that provide high-performance computing power for artificial intelligence applications (including, without limitation, large language model training, inference, and graphics rendering, including, without limitation, books and records), statements (financial or otherwise), organizational and governing documents, software programs, applications and data bases, lists of (and agreements, contracts, terms, arrangements and negotiations with) existing or potential counterparties (including, without limitation, lenders, investors, customers, lessors, landlords, employees, sales representatives, independent or other contractors and other commercial partners and service providers), analyses, reports, studies and research (industry, market, product or otherwise), forecasts, projections, pipelines, budgets, memoranda, compilations, (iii) and any other technical, operating, financial and other business information that has commercial value, relating to the Company, its business, potential business, operations or finances, or the business of the Company's customers, of which I may have acquired or developed knowledge or of which I may in the future acquire or develop knowledge of during my work for the Company, or from my colleagues while working for the Company, and (iv) any other information that is marked or otherwise identified as confidential or proprietary, or that would otherwise appear to a reasonable person to be confidential or proprietary in the context and circumstances in which the information is known or used.

Protection of Confidential Information.

I will use the Confidential Information only in the performance of my duties for the Company.

I will not disclose the Confidential Information, directly or indirectly, at any time during or after my employment with the Company except to persons authorized by the Company to receive this information.

I will not use the Confidential Information, directly or indirectly, at any time during or after my employment with the Company, for my personal benefit, for the benefit of any other person or entity, or in any manner adverse to the interests of the Company.

I will take all action reasonably necessary to protect the Confidential Information from being disclosed to anyone other than persons authorized by the Company.

I acknowledge that my obligation of non-disclosure and non-use of Confidential Information under this Agreement shall continue until I can document that it is or becomes readily generally available to the public without restriction through no fault of mine (including breach of this Agreement) or, if a court requires a shorter duration, then the maximum time allowable by law will control.

Permitted disclosures. Notwithstanding anything to the contrary contained herein, (i) nothing in this Agreement prohibits me from reporting possible violations of federal law or regulation to any United States governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934 or Section 806 of the Sarbanes-Oxley Act of 2002, or any other whistleblower protection provisions of state or federal law or regulation (including the right to receive an award for information provided to any such government agencies), and (ii) this Agreement is not intended to, and shall not, in any way prohibit, limit or otherwise interfere with my protected rights under federal, state or local law to, without notice to the Company: (A) communicate or file a charge with or provide information to a government regulator, such as, by way of example and not limitation, the Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA), or any other self-regulatory organization; (B) participate in an investigation or proceeding conducted by a government regulator; (C) receive an award paid by a government regulator for providing information; or (D) otherwise engage in activity protected by applicable whistleblower laws. I further acknowledge that pursuant to the Defend Trade Secrets Act, 18 USC Sections 1833(b)(1) and (2): (a) I will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret if (i) I make such disclosure in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney and such disclosure is made solely for the purpose of reporting or investigating a suspected violation of law; or (ii) I make such disclosure in a complaint or other document filed in a lawsuit or other proceeding if such filing is made under seal; and (b) if an individual files a lawsuit for retaliation by an employer for reporting suspected violation of law, the individual may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (i) files any document containing the trade secret under seal; and (ii) does not disclose the trade secret, except pursuant to court order.

Return of Confidential Information. When my employment with the Company terminates, for any reason or no reason, or at any time during my employment upon demand, I will immediately, and without the need for request by the Company: (a) provide or return to the Company any and all Company property, including keys, key cards, access cards, identification cards, security devices, Company credit cards, network access devices, computers, cell phones, smartphones, PDAs, pagers, fax machines, equipment, speakers, webcams, manuals, reports, files, books, compilations, work product, email messages, recordings, tapes, disks, thumb drives, or other removable information storage devices, hard drives, and data and all Company documents and materials belonging to the Company and stored in any fashion, including but not limited to those that constitute or contain any Confidential Information, that are in my possession or control, whether they were provided to me by the Company or created by me in connection with my employment by the Company; and (b) delete or destroy all copies of any such documents and materials not returned to the Company that remain in my possession or control, including those stored on any non-Company devices, networks, storage locations, and media in my possession or control. I agree that any social media or other electronic accounts I open, handle or become involved with on the Company's behalf constitute Company property and I agree I will provide all access codes, passcodes, and administrator rights to the Company at any time during or after my employment on demand. In the event that I leave the employ of the Company, I hereby grant consent for the Company to notify my new employer about my rights and obligations under this Agreement.

Inventions.

Definition of Inventions. The term "**Inventions**" includes:

contributions and inventions, discoveries, creations, developments, improvements, works of authorship and ideas (whether or not they are patentable or copyrightable) of any kind that are or were, since the date of commencement of my employment with the Company, conceived, created, developed or reduced to practice by me, alone or with others, while employed by the Company that are either: (i) conceived during regular working hours or at my place of work, whether located at Company, affiliate or customer facilities, or at my own facilities; or (ii) regardless of whether they are conceived or made during regular working hours or at my place of work, are directly or indirectly related to the Company's business or potential business, result from tasks assigned to me by the Company, or are conceived or made with the use of the Company's resources, facilities or materials; and

any and all patents, patent applications, copyrights, trade secrets, trademarks, domain names and other intellectual property rights, worldwide, with respect to

any of the foregoing.

The term "**Inventions**" specifically excludes any invention that: (i) by law (including, without limitation, the applicable statutory provision for my state of employment set forth in Exhibit C, if any) I cannot be required to assign; or (ii) inventions I developed entirely on my own time without using any Company equipment, supplies, facilities or trade secret information, unless (1) the invention related at the time of conception or reduction to practice of the invention to (x) the Company's business, or (y) the Company's actual or demonstrably anticipated research or development, or (2) the invention results from any work performed by me for the Company. Nevertheless, if I believe any invention, work of authorship or other matter created by me during the term of my employment is not within the definition of Inventions, I will disclose it to the Company so that the Company may make an assessment of whether it falls within the definition of Invention within this Agreement.

All Inventions are Exclusively the Property of the Company.

I will promptly disclose all Inventions, in full detail, to persons authorized by the Company. I will not disclose any Invention to anyone other than persons authorized by the Company or by law, without the Company's express prior written instruction to do so.

All Inventions will be deemed "work made for hire" as that term is used in the U.S. Copyright Act and belong solely to the Company from conception. I hereby expressly disclaim all interest in all Inventions. To the extent that title to any Invention or any materials comprising or including any Invention is found not be a "work made for hire" as a matter of law, I hereby irrevocably assign to the Company all of my right, title and interest to that Invention. At any time during or after my employment with the Company that the Company requests, I will sign whatever written documents of assignment are necessary to formally evidence my irrevocable assignment to the Company of any Invention.

At all times during or after my employment with the Company I will assist the Company in obtaining, perfecting, maintaining and renewing patent, copyright, trademark and other appropriate protection for any Invention, in the United States and in any other country, at the Company's expense.

In the event that the Company is unable to secure my signature on any such document, I hereby irrevocably designate and appoint the Company and each of its duly authorized officers and agents as my agent and attorney-in-fact, to act for and on my behalf, to sign and file any such document and to do all other lawful acts to further the prosecution, issuance and enforcement of patents, copyrights or other rights or protections with the same force and effect as if I had signed such documents.

To the extent any copyrights are assigned under this Agreement, I hereby irrevocably waive to the extent permitted by applicable law, any and all claims I may now or hereafter have in any jurisdiction to all rights of paternity, integrity, disclosure, and withdrawal and any other rights that may be known as "moral rights" with respect to all Inventions and all intellectual property rights therein.

Prior Inventions. I acknowledge that this Section 3 requiring assignment of Inventions to the Company may not apply to any inventions the applicable statutory provision for my state of employment set forth in Exhibit C, if any, provides I cannot be required to assign. I acknowledge that I reviewed the applicable state statutory provision, if any, in Exhibit C prior to my execution of this Agreement. Nevertheless, I shall comply with the provisions of this Section 3 and disclose any inventions that I believe are not subject to assignment under this Agreement, pursuant to state law or otherwise, so that the Company may make its assessment. On Exhibit B attached to this Agreement I have included a complete list, with nonconfidential descriptions, of any inventions, ideas, reports and other creative works that I made or conceived prior to my employment with the Company, in each case limited to items that are owned by me or by an entity controlled by me, or items that I or an entity controlled by me may license to others (collectively, the "**Prior Inventions**"), or, if no such list is attached I represent and warrant that there are no such Prior Inventions. I intend that the items on that list and only the items on that list shall be excluded from the restrictions set forth in this Agreement. I will not assert any right, title or interest in or to any invention or claim that I made, conceived or acquired any invention before my employment with the Company unless I have specifically identified that invention on the attached Exhibit B. In the event that any Prior Invention is incorporated into or necessary for the use of any Invention, I hereby grant the Company an unrestricted, perpetual, irrevocable, transferable, worldwide, royalty free, paid-up, non-exclusive license, with the right to grant sublicenses through multiple tiers, under all intellectual property and other rights with respect to the Prior Invention, to make, have made, use, sell, offer to sell, import, reproduce, prepare derivative works, distribute, perform, display and otherwise fully exploit, and reproduce the Prior Invention and any products, services, methods, processes, technologies and other items derived from, incorporating or using the Prior Invention, for commercial, internal business and all other purposes.

Restrictive Covenants.

Definitions

"**Business Partner**" means any of the Company's customers, clients, members, suppliers, or business partners or relations.

"**Competitive Business**" means, directly or indirectly, (i) the business of (A) acquiring, owning, operating, managing and monetizing digital infrastructure solution businesses for high performance computing applications and (B) acquiring real estate and design, developing and operating thereon data centers to provide digital infrastructure solutions for high performance computing applications, and or (ii) a person or division or unit of a larger enterprise engaged in the same, similar, or other additional lines of business in which the Company engages or has taken active steps to engage based on discussions or actions taken by or among senior management or the Board of Directors of the Company during my employment up to the date of termination of my employment hereunder.

"**Prohibited Activity**" is activity in which I contribute my knowledge, directly or indirectly, in whole or in part, as an employee, employer, owner, operator, manager, advisor, consultant, agent, partner, director, stockholder, officer, volunteer, intern or any other similar capacity to (i) a person or entity engaged in the same or similar business as the Company, including those engaged in a Competitive Business, or (ii) any activity that may require or inevitably require disclosure of trade secrets, proprietary information or Confidential Information.

"**Restricted Area**" means any geographic location (i) where I performed direct, substantive services for any of the Company's customers, (ii) in which I provided services to the Company, or (iii) where my use or disclosure of Confidential Information could disadvantage the Company.

"**Restricted Period**" means the period of employment and twelve (12) months following the termination of employment for any reason.

Obligations During Employment. To protect the legitimate business interests of the Company and in consideration of the Company's willingness to provide to me access to its Confidential Information, customer relationships and goodwill, I agree that during the term of employment with the Company, I will not directly or indirectly, whether as employee, owner, sole proprietor, partner, shareholder, director, member, consultant, agent, founder, co-venture partner or otherwise, (a) do anything to divert or attempt to divert from the Company any business of any kind, including, without limitation, solicit or interfere with any of the Company's Business Partners with whom I performed direct, substantive services during my employment or as to whom I had access to Confidential Information where my use or disclosure of Confidential Information could disadvantage the Company, (b) solicit, induce, recruit or encourage any person engaged or employed by the Company to terminate his or her employment or engagement, (c) engage in Prohibited Activity, or (d) become employed by, engage, invest or participate in any Competitive Business, provided, however, that I may own, as a passive investor, publicly-traded securities of any corporation that competes with the business of the Company so long as such securities do not, in the aggregate, constitute more than two percent (2%) of any class of outstanding securities of such corporations.

Post-Employment Non-Solicitation Obligations. To protect the legitimate business interests of the Company and in consideration of the Company's willingness to provide to me access to its Confidential Information, customer relationships and goodwill, I agree that during the Restricted Period and in the Restricted Area, I will not directly or indirectly, whether as employee, owner, sole proprietor, partner, shareholder, director, member, consultant, agent, founder, co-venture partner or otherwise, (a) do anything to divert or attempt to divert from the Company any business of any kind, including, without limitation, solicit or interfere with any of the Company's Business Partners with whom I performed direct, substantive services during my employment or as to whom I had access to Confidential Information where my use or disclosure of Confidential Information could disadvantage the Company, or (b) solicit, induce, recruit or encourage any person engaged or employed by the Company who had access to Confidential Information to terminate his or her employment or engagement. This restriction in 4.3(a) shall not apply with respect to any Business Partner with whom I can demonstrate I had a pre-existing relationship prior to my employment with the Company. **THIS SECTION 4.3 SHALL NOT APPLY AS SET FORTH IN, AND/OR SHALL BE LIMITED BY ANY APPLICABLE LIMITATION LISTED ON, EXHIBIT D.**

Post-Employment Non-Competition Obligations. To protect the Company's legitimate protectable interests in, among other things, the Company's Confidential Information, customer relationships and goodwill, I agree that during the Restricted Period and in the Restricted Area, I shall not, directly or indirectly, become employed by, engage with (as a consultant, advisor or otherwise), invest in or otherwise own or participate in any Competitive Business in any capacity in which the Company's Confidential Information would reasonably be considered useful to the competitor or would enable the other third party to become a competitor of the Company, provided, however, that I may own, as a passive investor, publicly-traded securities of any corporation that competes with the business of the Company so long as such securities do not, in the aggregate, constitute more than two percent (2%) of any class of outstanding securities of such corporations. **THIS SECTION 4.4 SHALL NOT APPLY AS SET FORTH IN, AND/OR SHALL BE LIMITED BY ANY APPLICABLE LIMITATIONS LISTED ON, EXHIBIT D.**

Reformation of Prohibited Terms. Any term contained in this Section 4 shall be deemed modified, blue-penciled, and/or stricken from the Agreement to the extent necessary if I work in a state where such restriction is prohibited by applicable law.

Covenant of Non-Disparagement. Unless authorized by law, I will not at any time, either during or after my employment with the Company, disparage the reputation of the Company, its customers, and/or its or their respective affiliates or any of its or their respective officers, directors, employees or agents. Nothing in this Agreement shall be deemed to prohibit me from (a) discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that I have reason to believe is unlawful or (b) exercising my rights under Section 7 of the National Labor Relations Act.

Miscellaneous.

Interpretation and Scope of this Agreement. Each provision of this Agreement shall be interpreted on its own. If any provision is held to be unenforceable as written, including but not limited to being too broad as to the period of time, territory, and/or scope, then, and in that event, such provision will nonetheless remain valid and fully effective, but will be considered to be amended so that the period of time, territory, and/or scope set forth will be changed to be the maximum period of time, the largest territory, and/or the broadest scope, as the case may be, that would be found enforceable by such court or arbitrator. In the event that one or more of the provisions contained in this Agreement shall for any reason be held unenforceable in any respect under the law of any state of the United States or the United States, then it shall (a) be enforced to the fullest extent permitted under applicable law and (b) such unenforceability shall not affect any other provision of this Agreement, but this Agreement shall then be construed as if such unenforceable portion(s) had never been contained herein.

Remedies. I understand and agree that if I breach or threaten to breach any of the provisions of this Agreement the Company would suffer immediate and irreparable harm and that monetary damages would be an inadequate remedy. I agree that, in the event of my breach or threatened breach of any of the provisions of this Agreement, the Company shall have the right to seek relief from a court to restrain me (on a temporary, preliminary and permanent basis) from using or disclosing Company Confidential Information or Inventions or otherwise violating the provisions of this Agreement, and that any such restraint shall be in addition to (and not instead of) any and all other remedies to which the Company shall be entitled, including money damages. The Company shall not be required to post a bond to secure against an imprudently granted injunction (whether temporary, preliminary or permanent). In addition, and not instead of those rights, I further covenant that I shall be responsible for payment of the fees and expenses of the Company's attorneys and experts, as well as the Company's court costs, pertaining to any suit, arbitration, mediation, action or other proceeding, including the costs of any investigation related thereto, arising directly or indirectly out of my violation or threatened violation of any of the provisions of this Agreement.

Reasonableness of Covenants. I understand that the nature of my position gives me access to and knowledge of Confidential Information and places me in a position of trust and confidence with the Company. I understand and acknowledge that the services I provide to the Company are unique, special or extraordinary because of my educational background, technical expertise, knowledge of the industry, and relationships with potential clients and vendors related to Company's business. I further understand and acknowledge that the Company's ability to reserve these for the exclusive knowledge and use of the Company is of great competitive importance and commercial value to the Company, and that improper use or disclosure by me is likely to result in unfair or unlawful competitive activity. I acknowledge and agree that the restrictions that are set forth in this Agreement and the location and period of time for which such restrictions apply are reasonable and necessary to protect the Company's legitimate business interests and shall survive the termination of my employment. I further acknowledge that the restrictions contained in this Agreement will not prevent me from earning a livelihood during the applicable period of restriction.

Governing Law; Disputes. This Agreement (together with any and all modifications, extensions and amendments of it) and any and all matters arising directly or indirectly herefrom shall be governed by and construed and enforced in accordance with the internal laws of the State of Texas applicable to agreements made and to be performed entirely in such state, without giving effect to the conflict or choice of law principles thereof. Any controversy, claim or dispute arising out of or relating to this Agreement shall be resolved by arbitration in accordance with the terms and conditions of the Letter Agreement to which this Agreement is attached as Exhibit A.

Entire Agreement; Amendments and Waivers. This Agreement (including the exhibits attached hereto) represents the entire understanding and agreement among the parties hereto with respect to the subject matter hereof and can be amended, supplemented, or changed and any provision hereof can be waived, only by written instrument signed by the party against whom enforcement of any such amendment, supplement, change or waiver is sought. Notwithstanding the foregoing, (i) nothing in this Agreement shall amend, alter, or modify the terms and conditions of any invention (or similar) assignment or agreement I have previously signed or been bound by with respect to the Company, and (ii) without limitation of the immediately preceding clause (i), in the event of any conflict between this Agreement and any other agreement I have signed or hereafter sign containing terms that are more expansive or otherwise more favorable to the Company, including, without limitation, with respect to scope or duration, the more expansive provisions shall control.

Captions. The captions and section headings in this Agreement are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Agreement.

Counterparts; Binding Effect. This Agreement may be executed in counterparts, each of which shall be deemed an original agreement, but all of which together shall constitute one and the same agreement. Except as otherwise expressly provided herein, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

Notices. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given: (a) upon personal delivery to the party to be notified, (b) when sent by confirmed electronic mail or facsimile if sent during normal business hours of the recipient, and if not so confirmed, then on the next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) business day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications to me shall be sent to me at my address as set forth on the signature page of this Agreement, or in the Company's records, or to such e-mail address, facsimile number or address as subsequently modified by written notice given in accordance with this Section and all notices to the Company shall be provided to the Company's headquarters, attention CEO.

Electronic Monitoring Notice. I have been advised that, upon my hire, any and all telephone conversations or transmissions, electronic mail or transmissions, or internet access or usage by me by any electronic device or system, including but not limited to the use of computer, telephone, wire, radio, or electromagnetic, photo electronic, or photo-optical systems, may be subject to monitoring by the Company at any and all times and by any lawful means.

[*Signature Page Follows*]

By signing this Agreement below, (1) I agree to be bound by each of its terms, (2) I acknowledge that I have read and understand this Agreement and the important restrictions it imposes upon me, and (3) I represent and warrant to the Company that I have had ample and reasonable opportunity to consult with legal counsel of my own choosing to review this Agreement and understand its terms, including that it places significant restrictions on me.

EMPLOYEE:

By: */s/ David Rench*
Name: David Rench
Address: [__]
Date: 11/18/2024

Accepted by Company:

APPLIED DIGITAL CORPORATION

By: */s/ Wes Cummins*
Name: Wes Cummins
Title: Chief Executive Officer
Date: 11/19/2024

[Signature Page to Employee Non-Disclosure, Invention Assignment and Restrictive Covenants Agreement]

EXHIBIT A

Obligations to Other Persons:
[Securely attach additional pages if necessary]

[If this exhibit is left blank, the employee shall be deemed to represent that he/she does not have any non-disclosure, confidentiality, non-competition or other similar obligations to any other person concerning proprietary, secret or confidential information that he/she learned of during any previous engagement, employment or association nor has he/she had any obligation to assign contributions or inventions of any kind to any other person.]

EXHIBIT B

With respect to the assignment of rights and inventions, I have read the applicable statutory provision for my state of employment set forth in Exhibit C of this Agreement (if any). On this Exhibit B, I have included a complete list, with nonconfidential descriptions, of any inventions, ideas, reports and other creative works that I made or conceived prior to my employment with the Company.

Prior Inventions:
[Securely attach additional pages if necessary]

[If this exhibit is left blank, the employee shall be deemed to represent that he/she does not have any Prior Inventions.]

EXHIBIT C
(This supplements Section 3 of the Agreement)

If I am employed by the Company in the State of California, the following provision applies:

California Labor Code Section 2870. Application of provision providing that employee shall assign or offer to assign rights in invention to employer.

(a) Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either:

(1) Relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or

(2) Result from any work performed by the employee for his employer.

(b) To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision (a), the provision is against the public policy of this state and is unenforceable.

If I am employed by the Company in the State of Delaware, the following provision applies:

Delaware Code, Title 19, § 805. Employee's right to certain inventions.

Any provision in an employment agreement which provides that the employee shall assign or offer to assign any of the employee's rights in an invention to the employee's employer shall not apply to an invention that the employee developed entirely on the employee's own time without using the employer's equipment, supplies, facility or trade secret information, except for those inventions that: (i) relate to the employer's business or actual or demonstrably anticipated research or development, or (ii) result from any work performed by the employee for the employer. To the extent a provision in an employment agreement purports to apply to the type of invention described, it is against the public policy of this State and is unenforceable. An employer may not require a provision of an employment agreement made unenforceable under this section as a condition of employment or continued employment.

If I am employed by the Company in the State of Illinois, the following provision applies:

Illinois Compiled Statutes Chapter 765, Section 1060/2.

Sec. 2. Employee rights to inventions - conditions.

(1) A provision in an employment agreement which provides that an employee shall assign or offer to assign any of the employee's rights in an invention to the employer does not apply to an invention for which no equipment, supplies, facilities, or trade secret information of the employer was used and which was developed entirely on the employee's own time, unless (a) the invention relates (i) to the business of the employer, or (ii) to the employer's actual or demonstrably anticipated research or development, or (b) the invention results from any work performed by the employee for the employer. Any provision which purports to apply to such an invention is to that extent against the public policy of this State and is to that extent void and unenforceable. The employee shall bear the burden of proof in establishing that his invention qualifies under this subsection.

(2) An employer shall not require a provision made void and unenforceable by subsection (1) of this Section as a condition of employment or continuing employment. This Act shall not preempt existing common law applicable to any shop rights of employers with respect to employees who have not signed an employment agreement.

(3) If an employment agreement entered into after January 1, 1984, contains a provision requiring the employee to assign any of the employee's rights in any invention to the employer, the employer must also, at the time the agreement is made, provide a written notification to the employee that the agreement does not apply to an invention for which no equipment, supplies, facility, or trade secret information of the employer was used and which was developed entirely on the employee's own time, unless (a) the invention relates (i) to the business of the employer, or (ii) to the employer's actual or demonstrably anticipated research or development, or (b) the invention results from any work performed by the employee for the employer.

If I am employed by the Company in the State of Kansas, the following provision applies:

Chapter 44.—LABOR AND INDUSTRIES

Article 1.—PROTECTION OF EMPLOYEES

44-130. Employment agreements assigning employee rights in inventions to employer; restrictions; certain provisions void; notice and disclosure.

(a) Any provision in an employment agreement which provides that an employee shall assign or offer to assign any of the employee's rights in an invention to the employer shall not apply to an invention for which no equipment, supplies, facilities or trade secret information of the employer was used and which was developed entirely on the

employee's own time, unless:

(1) The invention relates to the business of the employer or to the employer's actual or demonstrably anticipated research or development; or
(2) the invention results from any work performed by the employee for the employer.

(b) Any provision in an employment agreement which purports to apply to an invention which it is prohibited from applying to under subsection (a), is to that extent against the public policy of this state and is to that extent void and unenforceable. No employer shall require a provision made void and unenforceable by this section as a condition of employment or continuing employment.

(c) If an employment agreement contains a provision requiring the employee to assign any of the employee's rights in any invention to the employer, the employer shall provide, at the time the agreement is made, a written notification to the employee that the agreement does not apply to an invention for which no equipment, supplies, facility or trade secret information of the employer was used and which was developed entirely on the employee's own time, unless:

(1) The invention relates directly to the business of the employer or to the employer's actual or demonstrably anticipated research or development; or

(2) the invention results from any work performed by the employee for the employer.

(d) Even though the employee meets the burden of proving the conditions specified in this section, the employee shall disclose, at the time of employment or thereafter, all inventions being developed by the employee, for the purpose of determining employer and employee rights in an invention.

If I am employed by the Company in the State of Minnesota, the following provision applies:

Minnesota Statute Section 181.78. Subdivision 1.

Inventions not related to employment. Any provision in an employment agreement which provides that an employee shall assign or offer to assign any of the employee's rights in an invention to the employer shall not apply to an invention for which no equipment, supplies, facility or trade secret information of the employer was used and which was developed entirely on the employee's own time, and (1) which does not relate (a) directly to the business of the employer or (b) to the employer's actual or demonstrably anticipated research or development, or (2) which does not result from any work performed by the employee for the employer. Any provision which purports to apply to such an invention is to that extent against the public policy of this state and is to that extent void and unenforceable.

If I am employed by the Company in the State of New Jersey, the following provision applies:

New Jersey Statutes Section 34:1B-265.

1.a.(1) Any provision in an employment contract between an employee and employer, which provides that the employee shall assign or offer to assign any of the employee's rights to an invention to that employer, shall not apply to an invention that the employee develops entirely on the employee's own time, and without using the employer's equipment, supplies, facilities or information, including any trade secret information, except for those inventions that: (a) relate to the employer's business or actual or demonstrably anticipated research or development; or (b) result from any work performed by the employee on behalf of the employer.

If I am employed by the Company in the State of New York, the following provision applies:

New York Labor Law Section 203-f

1. Any provision in an employment agreement which provides that an employee shall assign, or offer to assign, any of his or her rights in an invention to his or her employer shall not apply to an invention that the employee developed entirely on his or her own time without using the employer's equipment, supplies, facilities, or trade secret information except for those inventions that either:

(a) relate at the time of conception or reduction to practice of the invention to the employer's business, or actual or demonstrably anticipated research or development of the employer; or

(b) result from any work performed by the employee for the employer.

2. To the extent a provision in an employment agreement purports to require an employee to assign an invention otherwise excluded from being required to be assigned under subdivision one of this section, such provision is against the public policy of this state and shall be unenforceable.

If I am employed by the Company in the State of North Carolina, the following provision applies:

North Carolina General Statutes Section 66-57.1.

EMPLOYEE'S RIGHT TO CERTAIN INVENTIONS

Any provision in an employment agreement which provides that the employees shall assign or offer to assign any of his rights in an invention to his employer shall not apply to an invention that the employee developed entirely on his own time without using the employer's equipment, supplies, facility or trade secret information except for those inventions that (i) relate to the employer's business or actual or demonstrably anticipated research or development, or (ii) result from any work performed by the employee for the employer. To the extent a provision in an employment agreement purports to apply to the type of invention described, it is against the public policy of this State and in unenforceable. The employee shall bear the burden of proof in establishing that his invention qualifies under this section.

If I am employed by the Company in the State of Utah, the following provision applies:

Utah Code, §§ 34-39-2 and 34-39-3

34-39-2. Definitions.

As used in this chapter:

(1) "**Employment invention**" means any invention or part thereof conceived, developed, reduced to practice, or created by an employee which is:

(a) conceived, developed, reduced to practice, or created by the employee:

(i) within the scope of his employment;
(ii) on his employer's time; or

(iii) with the aid, assistance, or use of any of his employer's property, equipment, facilities, supplies, resources, or intellectual property;

(b) the result of any work, services, or duties performed by an employee for his employer;
(c) related to the industry or trade of the employer; or
(d) related to the current or demonstrably anticipated business, research, or development of the employer.

(2) "**Intellectual property**" means any and all patents, trade secrets, know-how, technology, confidential information, ideas, copyrights, trademarks, and service marks and any and all rights, applications, and registrations relating to them.

34-39-3. Scope of act — When agreements between an employee and employer are enforceable or unenforceable with respect to employment inventions — Exceptions.

(1) An employment agreement between an employee and his employer is not enforceable against the employee to the extent that the agreement requires the employee to assign or license, or to offer to assign or license, to the employer any right or intellectual property in or to an invention that is:

(a) created by the employee entirely on his own time; and
(b) not an employment invention.

(2) An agreement between an employee and his employer may require the employee to assign or license, or to offer to assign or license, to his employer any or all of his rights and intellectual property in or to an employment invention.

(3) Subsection (1) does not apply to:

(a) any right, intellectual property or invention that is required by law or by contract between the employer and the United States government or a state or local government to be assigned or licensed to the United States; or
(b) an agreement between an employee and his employer which is not an employment agreement.

(4) Notwithstanding Subsection (1), an agreement is enforceable under Subsection (1) if the employee's employment or continuation of employment is not conditioned on the employee's acceptance of such agreement and the employee receives a consideration under such agreement which is not compensation for employment.

(5) Employment of the employee or the continuation of his employment is sufficient consideration to support the enforceability of an agreement under Subsection (2) whether or not the agreement recites such consideration.

(6) An employer may require his employees to agree to an agreement within the scope of Subsection (2) as a condition of employment or the continuation of employment.

(7) An employer may not require his employees to agree to anything unenforceable under Subsection (1) as a condition of employment or the continuation of employment.

(8) Nothing in this chapter invalidates or renders unenforceable any employment agreement or provisions of an employment agreement unrelated to employment inventions.

If I am employed by the Company in the State of Washington, the following provision applies:

Washington Statute 49:44.140

(1) A provision in an employment agreement which provides that an employee shall assign or offer to assign any of the employee's rights in an invention to the employer does not apply to an invention for which no equipment, supplies, facilities, or trade secret information of the employer was used and which was developed entirely on the employee's own time, unless (a) the invention relates (i) directly to the business of the employer, or (ii) to the employer's actual or demonstrably anticipated research or development, or (b) the invention results from any work performed by the employee for the employer. Any provision which purports to apply to such an invention is to that extent against the public policy of this state and is to that extent void and unenforceable.

(2) An employer shall not require a provision made void and unenforceable by subsection (1) of this section as a condition of employment or continuing employment.

(3) If an employment agreement entered into after September 1, 1979, contains a provision requiring the employee to assign any of the employee's rights in any invention to the employer, the employer must also, at the time the agreement is made, provide a written notification to the employee that the agreement does not apply to an invention for which no equipment, supplies, facility, or trade secret information of the employer was used and which was developed entirely on the employee's own time, unless (a) the invention relates (i) directly to the business of the employer, or (ii) to the employer's actual or demonstrably anticipated research or development, or (b) the invention results from any work performed by the employee for the employer.

If I am employed by the Company in the State of Wisconsin, the following provision applies:

In accordance with Wisconsin law, this Agreement does not obligate me to assign or offer to assign to the Company any of my rights in any invention I have developed entirely on my own time without using Company's equipment, supplies, facilities, trade secret information or Confidential Information. Provided, however, Company shall own inventions that either; (i) relate, at the time of the conception or reduction to practice, to Company's activities or actual or demonstrably anticipated research or development; or (ii) result from any work I performed for Company. I will advise Company promptly in writing of any inventions I believe should be an exception to this Agreement.

EXHIBIT D
(This supplements Section 4 of the Agreement)

This Exhibit shall be deemed to be updated as applicable law may change from time to time. The Company intends to comply with all state laws as may be applicable. The capitalized term "Employee" used herein means the employee signatory to the Agreement.

If I am employed by the Company in the State of Alabama, the following provision applies:

If Alabama law controls, the non-solicitation of employees clauses shall be amended to provide that the solicited employee must be in a position uniquely essential to the management, organization, or service of the Company's business, and with whom I had material contact during my employment.

If Alabama law controls, "Competitive Business" means any person or business providing product or service of the type offered or provided by the Company, or under development by the Company with Employee's knowledge, within two (2) years prior to the end of Employee's employment with the Company.

If I am employed by the Company in the State of California, the following provision applies:

If California law controls, then any post-employment noncompete or post-employment non-solicit of clients shall not apply to California employees doing business in California.

If I am employed by the Company in the State of Colorado, the following provision applies:

If Colorado law controls, then the post-employment noncompete shall apply to Employee only if Employee had access to Company trade secrets and if Employee's annualized cash compensation is at least $123,750 or any threshold amount required by applicable law.

If Colorado law controls, the post-employment non-solicit of clients shall apply to Employee only if Employee's annualized cash compensation is at least $74,250 or any other threshold amount required by applicable law.

If Colorado law controls, the non-disparagement provisions in Section 4.6 do not apply. Nothing in the Agreement shall be deemed to prohibit Employee from (a) discussing or disclosing, orally or in writing, any alleged discriminatory or unfair employment practice or any other conduct that Employee has reason to believe is unlawful, or (b) exercising Employee's rights under Section 7 of the National Labor Relations Act.

Colorado employees are advised to consult with legal counsel before signing this Agreement.

See attached Colorado supplemental notice for signature.

If I am employed by the Company in the District of Columbia, the following provision applies:

If the law of the District of Columbia controls, then any post-employment noncompete shall not apply to any District of Columbia employee doing business in the District of Columbia if the employee's compensation is $154,200 or less per year. If the employee's compensation exceeds $154,200 per year or they are otherwise deemed to be a highly compensated employee under the law, the post-employment noncompete shall apply to the maximum extent permissible.

District of Columbia employees will receive a copy of this Agreement at least 14 days before the first day of employment or, if already employed by the Company, at least 14 days before execution of the Agreement is required.

See attached District of Columbia supplemental notice for signature.

If I am employed by the Company in the State of Georgia, the following provision applies:

If Georgia law controls, the post-employment noncompete shall only apply to employees who, in the course of their employment, (1) customarily and regularly solicit for the Company customers or prospective customers; or (2) customarily and regularly engage in making sales or obtaining orders or contracts for products or services to be performed by others; or (3) perform executive duties as set forth in applicable law; or (4) perform the duties of a key employee or of a professional as defined in applicable law.

If Georgia law controls, then the term "solicit" used in Section 4.3(a) means solicit for the purpose of providing any Competitive Product or Service. For purposes of the Agreement, a "Competitive Product or Service" is any product or service of the type offered or provided by the Company within two (2) years prior to the end of Employee's employment with the Company.

If Georgia law controls, then the provisions in Section 4.2 apply in the Restricted Area.

If I am employed by the Company in the State of Hawaii, the following provision applies:

If the law of Hawaii controls, then the post-employment noncompete and post-employment nonsolicit of employees will not apply to employees to the extent they are employees of a "technology business" as defined by applicable law. A "technology business" means, with certain exclusions for the broadcast industry and telecommunications carriers, a trade or business that derives the majority of its gross income from the sale or license of products or services resulting from its software development or information technology development, or both. "Information technology development" means the design, integration, deployment, or support services for software.

If I am employed by the Company in the State of Idaho, the following provision applies:

If the law of Idaho controls, then any post-employment noncompete shall apply only to key employees as per Idaho state law.

If I am employed by the Company in the State of Illinois, the following provision applies:

If Illinois law controls, then any post-employment noncompete shall only apply to Employee if Employee's actual or expected annualized rate of earnings exceeds $75,000.

If Illinois law controls, then any post-employment nonsolicit shall only apply to Employee if Employee's actual or expected annualized rate of earnings exceeds $45,000.

Illinois employees will receive a copy of this Agreement at least 14 calendar days before the first day of employment or will have at least 14 calendar days to review this Agreement before signing it (during which time the employee is free to use as much or as little of that period as the employee wishes or considers necessary).

Illinois employees are advised to consult with legal counsel before signing this Agreement.

If I am employed by the Company in the State of Indiana, the following provision applies:

If Indiana law controls, then the employee non-solicit shall be modified to further limit the restriction on solicitation of employees to those who have access to or possess any Confidential Information that would give a competitor an unfair advantage.

If I am employed by the Company in the State of Louisiana, the following provision applies:

If Louisiana law controls, the "Restricted Area" shall be all the parishes and municipalities where the Employee worked or performed services for the Company.

If I am employed by the Company in the State of Maine, the following provision applies:

If Maine law controls, Maine employees making less than $60,240 will not be subject to the post-employment noncompete.

Maine employees will receive a copy of this Agreement at least 3 business days before the Company requires the Agreement to be signed.

If I am employed by the Company in the State of Maryland, the following provision applies:

If Maryland law controls, the post-employment noncompete shall not apply to any employee making equal to or less than (1) $22.50 per hour or $46,800 annually or (2) any other threshold amount required by applicable law.

If I am employed by the Company in the State of Massachusetts, the following provision applies:

If the Employee resides in Massachusetts at the time this Agreement is entered into in connection with the start of employment, the Employee acknowledges that he/she received this Agreement by the earlier of a formal offer of employment or at least 10 business days before the first day of employment.

If the Employee resides in Massachusetts at the time this Agreement is entered into after the start of employment, the Employee acknowledges that he/she received this Agreement at least 10 business days before the Agreement is to be effective.

If Massachusetts law controls, the post-employment noncompete will not apply to any employees who are non-exempt.

If Massachusetts law controls, the post-employment noncompete will not apply if Employee has been terminated without cause or laid off. For all other employees, in consideration of the post-employment noncompete, and only if the Company elects to enforce such restriction, the Company will pay Employee, consistent to the extent applicable with the requirements for the payment of wages under Massachusetts General Laws 149 § 148, on a pro-rata basis during the entirety of the post-employment Restricted Period 50 percent of the employee's highest annualized base salary paid by the Company within the 2 years preceding the Employee's cessation of employment (less applicable withholdings and deductions).

If Massachusetts law controls, the post-employment noncompete shall be amended as follows:

> **Post-Employment Non-Competition Obligations.** To protect the Company's legitimate protectable interests in, among other things, the Company's Confidential Information, customer relationships and goodwill, I agree that during the Restricted Period and in the Restricted Area, I shall not, directly or indirectly, engage in, assist in, or participate in providing any services of the specific type that I provided to the Company at any time during the last two (2) years of employment to any Competitive Business, provided, however, that I may own, as a passive investor, publicly-traded securities of any corporation that competes with the business of the Company so long as such securities do not, in the aggregate, constitute more than two percent (2%) of any class of outstanding securities of such corporations. **THIS SECTION 4.4 SHALL NOT APPLY AS SET FORTH IN, AND/OR SHALL BE LIMITED BY ANY APPLICABLE LIMITATIONS LISTED ON, EXHIBIT D.**

If Massachusetts law controls, the "Restricted Area" means the geographic areas in which the Employee, during any time within the last 2 years of employment, provided services or had a material presence or influence.

Massachusetts employees have the right to consult with legal counsel before signing this Agreement.

Any subsequent change or changes in Employee's duties, salary, or compensation will not affect the validity or scope of this Agreement.

If I am employed by the Company in the State of Minnesota, the following provision applies:

If Minnesota law controls, then any post-employment noncompete shall not apply to Minnesota employes doing business in Minnesota.

If I am employed by the Company in the State of Nevada, the following provision applies:

If Nevada law controls, the post-employment non-solicit of customers shall be modified to confirm that the Employee shall not be restricted from servicing a customer or client after employment if (a) the Employee did not solicit the customer or client; (b) the customer or client voluntarily chose to seek services from Employee; and (c) the Employee otherwise complies with the time, geographical area, and scope of activity to be restrained.

If Nevada law controls, the post-employment noncompete shall not apply to any Nevada employee who is paid solely on an hourly wage basis.

If Nevada law controls, if the Employee's termination of employment is the result of a reduction of force, reorganization or similar restructuring of the Company, the post-employment noncompete will only be enforceable during the period in which the Company pays sufficient consideration under applicable law.

If I am employed by the Company in the State of New Hampshire, the following provision applies:

If New Hampshire law controls, any noncompete shall not apply to any employee making less than or equal to $14.50 per hour or $30,160 annually.

New Hampshire employees who are signing the Agreement as a condition of new employment acknowledge they received this Agreement prior to acceptance of the offer of employment.

If I am employed by the Company in the State of North Dakota, the following provision applies:

If North Dakota law controls, the post-employment noncompete shall not apply to North Dakota employees doing business in North Dakota.

If I am employed by the Company in the State of Oklahoma, the following provision applies:

If Oklahoma law controls, the post-employment noncompete shall not apply to Oklahoma employees doing business in Oklahoma, and the post-employment customer nonsolicit shall be amended to provide that the Employee shall be permitted to engage in the same business as that conducted by the Company or in a similar business as long as the Employee does not directly solicit the sale of goods, services or a combination of goods and services from the established customers of the Company.

If I am employed by the Company in the State of Oregon, the following provision applies:

If Oregon law controls, subject to the below paragraph, the post-employment noncompete shall only apply to those employees whose gross salary and commissions exceed $113,241, calculated on an annual basis, at the time of their termination date. This sum will be "adjusted annually for inflation pursuant to the Consumer Price Index for All Urban Consumers, West Region (All Items), as published by the [U.S.] Bureau of Labor Statistics … immediately preceding the calendar year of the employee's termination." Additionally, if Oregon law controls, subject to the below paragraph, the post-employment noncompete shall only apply to those Employees engaged in administrative,

executive or professional work who: (a) perform predominately intellectual, managerial or creative tasks; (b) exercise discretion and independent judgment; and (c) earn a salary and are paid on a salary basis.

If Oregon law controls and the above criteria are not met such that the post-employment noncompete would otherwise not be applicable to the Employee, the post-employment noncompete will still be applicable to the Employee if, upon the Employee's termination date, the Company notifies the Employee of the expected Restricted Period (up to 12 months) during which the Company will provide the Employee the greater of compensation equal to at least 50 percent of (a) "the employee's annual gross base salary and commissions at the time of the employee's termination"; or (b) "$100,533, adjusted annually for inflation pursuant to the Consumer Price Index for All Urban Consumers, West Region (All Items), as published by the [U.S.] Bureau of Labor Statistics … immediately preceding the calendar year of the employee's termination."

Oregon employees starting employment will receive a copy of this Agreement at least two weeks before the first day of employment. The Company will provide Employees with a signed copy of this Agreement within 30 days after their termination date.

If I am employed by the Company in the State of Rhode Island, the following provision applies:

If Rhode Island law controls, the post-employment noncompete will not apply to any employee who is designated as non-exempt, or to any employee making $37,650 or less annually.

If I am employed by the Company in the State of Virginia, the following provision applies:

If Virginia law controls, the post-employment noncompete shall not apply to any employee making less than $69,836 annually or on average less than $1,343 per week, or such other earnings threshold as may be in effect from time to time.

If I am employed by the Company in the State of Washington, the following provision applies:

If Washington state law controls, in consideration of the postemployment noncompete, and only if the Company elects to enforce such restriction, the Company will pay Employee sufficient monetary consideration as appropriate under the circumstances and as required by law.

If Washington state law controls, the post-employment noncompete shall only apply to employees whose earnings exceed $120,559.99 per year, as adjusted annually in accordance with RCW 49.62.040. If Employee's earnings currently do not meet this threshold, Employee acknowledges that the post-employment noncompete may be enforceable against Employee in the future due to changes in Employee's compensation.

If Washington state law controls, for the avoidance of doubt, Section 4.3(a) does not directly or indirectly prohibit the acceptance or transaction of business with any of the Company's Business Partners.

If Washington state law controls, for the avoidance of doubt, the definition of "Business Partner" in Section 4.1(a) means any of the Company's then-current customers, clients, members, suppliers, or business partners or relations.

Washington employees who are signing the Agreement as a condition of new employment acknowledge they received this Agreement no later than when they accepted the Company's offer of employment (whether orally or in writing).

If I am employed by the Company in the State of Wisconsin, the following provision applies:

If Wisconsin law controls, the employee nonsolicit obligations are amended to provide the solicited employee must also be an employee who is either entrusted with Confidential Information or employed in a position essential to the management, organization or service of the business.

NOTICE TO EMPLOYEES IN THE DISTRICT OF COLUMBIA

The District's Ban on Non-Compete Agreements Amendment Act of 2020 limits the use of non-compete agreements. It allows employers to request non-compete agreements from highly compensated employees, as that term is defined in the Ban on Non-Compete Agreements Amendment Act of 2020, under certain conditions.

For more information about the Ban on Non-Compete Agreements Amendment Act of 2020, contact the District of Columbia Department of Employment Services (DOES).

Employee Signature: _____
Print Name: _____
Dated: _____

NOTICE TO COLORADO EMPLOYEES:

The Employee Non-Disclosure, Invention Assignment and Restrictive Covenants Agreement contains, among other terms, a post-employment noncompete in Section 4. The covenant not to compete could restrict your options for subsequent employment following the separation of your employment from the Company.

You are receiving this notice either before you accept the offer of employment or at least 14 days before the effective date of the Agreement.

You have the right to consult with your own legal counsel before you sign the Agreement.

Kindly sign below to acknowledge your receipt of this notice.

Employee Signature: _____
Print Name: _____
Dated: _____

Exhibit 10.2

APPLIED DIGITAL CORPORATION

2024 OMNIBUS EQUITY INCENTIVE PLAN

1. Establishment and Purpose

1.1 The purpose of the Applied Digital Corporation 2024 Omnibus Equity Incentive Plan (as amended, restated or otherwise modified from time to time, the "**Plan**"), is to provide a means whereby eligible employees, officers, non-employee directors and other service providers develop a sense of proprietorship and personal involvement in the development and financial success of the Company (as defined herein) and to encourage them to devote their best efforts to the business of the Company, thereby advancing the interests of the Company and its stockholders. The Company, by means of the Plan, seeks to retain the services of such eligible persons and to provide incentives for such persons to exert maximum efforts for the success of the Company and its Subsidiaries.

1.2 The Plan permits the grant of Nonqualified Stock Options, Incentive Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Shares, Performance Stock Units, Incentive Bonus Awards, Other Cash-Based Awards and Other Stock-Based Awards. This Plan shall become effective upon the date set forth in Section 17.1 hereof.

2. Definitions

Wherever the following capitalized terms are used in the Plan, they shall have the meanings specified below:

2.1 "**Affiliate**" means, with respect to a Person, a Person that directly or indirectly Controls, or is Controlled by, or is under common Control with, such Person.

2.2 "**Applicable Law**" means the requirements relating to the administration of equity-based awards or equity compensation plans under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any foreign country or jurisdiction that applies to Awards.

2.3 "**Award**" means an award of a Stock Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit, Performance Share, Performance Stock Unit, Incentive Bonus Award, Other Cash-Based Award and/or Other Stock-Based Award granted under the Plan.

2.4 "**Award Agreement**" means either (i) a written or electronic agreement entered into between the Company and a Participant setting forth the terms and conditions of an Award, including any amendment or modification thereof, or (ii) a written or electronic statement issued by the Company to a Participant describing the terms and provisions of such Award, including any amendment or modification thereof. The Committee may provide for the use of electronic, internet or other non-paper Award Agreements, and the use of electronic, internet or other non-paper means for the acceptance thereof and actions thereunder by a Participant. Each Award Agreement shall be subject to the terms and conditions of the Plan and need not be identical.

2.5 "**Board**" means the Board of Directors of the Company.

2.6 "**Cause**" means a Participant's (i) indictment for or conviction of, or the entry of a plea of guilty or no contest to, a felony or any other crime involving dishonesty or moral turpitude or that causes the Company or its Affiliates disgrace or disrepute, or adversely affects the Company's or its Affiliates' operations or financial performance or the relationship the Company or its Affiliates have with their respective customers, (ii) gross negligence or willful misconduct with respect to the Company or any of its Affiliates, including, without limitation fraud, embezzlement, misappropriation, theft or dishonesty (A) in the course of Awardee's employment or other service or (B) otherwise which is injurious to the Company or any of its Affiliates; (iii) failure to perform at a level of effort or results commensurate with such Participant's role or responsibilities; (iv) refusal to perform any obligation or fulfill any duty (other than any duty or obligation of the type described in clause (vi) below) to the Company or its Affiliates (other than due to a disability); (v) breach of any agreement with or duty owed to the Company or any of its Affiliates; (vi) any breach of any obligation or duty to the Company or any of its Affiliates (whether arising by statute, common law or agreement) relating to confidentiality, noncompetition, nonsolicitation or proprietary rights; (vii) any breach of any policy of the Company or its Affiliates or any action that the Board, determines is reasonably likely to cause the Company or its Affiliates disgrace or disrepute; (viii) repeatedly (i.e., on more than one occasion) being under the influence of drugs or alcohol (other than over-the-counter or prescription medicine or other medically-related drugs to the extent they are taken in accordance with their directions or under the supervision of a physician) which interferes with the performance of a Participant's duties to the Company or any of its Affiliates, or, while under the influence of such drugs or alcohol, engaging in inappropriate conduct during the performance of a Participant's duties to the Company or any of its Affiliates; or (ix) engaging in any act or discrimination or harassment or any unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature. Notwithstanding the foregoing, if a Participant and the Company (or any of its Affiliates) have entered into an employment agreement, consulting agreement or other similar agreement that specifically defines "cause," then with respect to such Participant, "Cause" shall have the meaning defined in that employment agreement, consulting agreement or other agreement.

2.7 "**Change in Control**" shall be deemed to have occurred if any one of the following events shall occur, in a single transaction or in a series of related transactions:

(i) Any Person becomes the beneficial owner (as defined in Rule 13(d)-3 under the Exchange Act) of shares of Common Stock representing more than 50% of the total number of votes that may be cast for the election of directors of the Company; or

(ii) The consummation of any (a) merger, consolidation, acquisition, reorganization, statutory share exchange or other business combination in which either the Company or any of its subsidiaries is a party, (b) sale or other disposition of all or substantially all of the Company's assets, in one or a series of related transactions, or (c) a combination of the foregoing transactions (each, a "**Transaction**"), other than a Transaction (A) involving only the Company and one or more of its now or hereafter existing subsidiaries, (B) immediately following which the shareholders of the Company immediately prior to the Transaction continue to hold a majority of the voting power in the resulting or surviving entity, or (C) following which the Incumbent Directors at the time of the execution of the initial agreement or other action of the Board providing for such Transaction continue to constitute a majority of the directors of the resulting or surviving entity; or

(iii) Within any twelve (12)-month period beginning on or after the Effective Date, the persons who were directors of the Company immediately before the beginning of such period (the "**Incumbent Directors**") shall cease (for any reason other than death) to constitute at least a majority of the Board (or the board of directors of any successor to the Company); provided that any director who was not a director as of the date hereof shall be deemed to be an Incumbent Director if such director was elected to the Board by, or on the recommendation of or with the approval of, at least two-thirds of the directors who then qualified as Incumbent Directors either actually or by prior operation of the foregoing unless such election, recommendation or approval was the result of an actual or threatened election contest of the type contemplated by Rule 14a-11 promulgated under the Exchange Act or any successor provision; or

(iv) The shareholders of the Company approve a plan of complete liquidation or dissolution of the Company.

Notwithstanding the foregoing, (i) no event or condition shall constitute a Change in Control to the extent that, if it were, a penalty tax would be imposed under Section 409A of the Code; provided that, in such a case, the event or condition shall continue to constitute a Change in Control to the maximum extent possible (e.g., if applicable, in respect of vesting without an acceleration of distribution) without causing the imposition of such penalty tax and (ii) no Change in Control shall be

deemed to have occurred, and no rights arising upon a Change in Control as provided in the Plan or any Award Agreement shall exist, to the extent that the Board so determines by resolution adopted and not rescinded prior to the Change in Control; *provided, however*, that no such determination by the Board shall be effective if it would cause a Participant to be subject to a penalty tax under Section 409A of the Code.

2.8 "**Code**" means the Internal Revenue Code of 1986, as amended. For purposes of this Plan, references to sections of the Code shall be deemed to include references to any applicable regulations thereunder and any successor or similar provision.

2.9 "**Committee**" means the committee of the Board delegated with the authority to administer the Plan, or the full Board, as provided in Section 3 of the Plan. With respect to any decision relating to a Reporting Person, the Committee shall consist solely of two or more directors who are disinterested within the meaning of Rule 16b-3 promulgated under the Exchange Act, as amended from time to time, or any successor provision. The fact that a Committee member shall fail to qualify under any of these requirements shall not invalidate an Award if the Award is otherwise validly made under the Plan. The Board may at any time appoint additional members to the Committee, remove and replace members of the Committee with or without cause, and fill vacancies on the Committee however caused.

2.10 "**Common Stock**" means the Company's Common Stock, par value $0.001 per share.

2.11 "**Company**" means Applied Digital Corporation, a Nevada corporation, and any successor thereto as provided in Section 15.8.

2.12 "**Continuous Service**" means that the Participant's service with the Company or an Affiliate, whether as an employee, director or consultant, is not interrupted or terminated. A change in the capacity in which the Participant renders service to the Company or an Affiliate as an employee, director or consultant or a change in the entity for which the Participant renders such service, provided that there is no interruption or termination of the Participant's service with the Company or an Affiliate, will not terminate a Participant's Continuous Service; provided, however, that if the entity for which a Participant is rendering services ceases to qualify as an Affiliate, as determined by the Committee, such Participant's Continuous Service will be considered to have terminated on the date such entity ceases to qualify as an Affiliate. For example, a change in status from an employee of the Company to a consultant of an Affiliate or to a director will not constitute an interruption of Continuous Service. Notwithstanding the foregoing, a leave of absence will be treated as Continuous Service for purposes of vesting in an Award only to such extent as may be provided in the Company's (or an Affiliate's) leave of absence policy, in the written terms of any leave of absence agreement or policy applicable to the Participant, or as otherwise required by Applicable Law or permitted by the Committee. Unless the Committee provides otherwise, or as otherwise required by Applicable Law, vesting of Awards shall be tolled during any unpaid leave of absence by a Participant.

2.13 "**Control**" means, as to any Person, the power to direct or cause the direction of the management and policies of such Person, or the power to appoint directors of the Company, whether through the ownership of voting securities, by contract or otherwise (the terms "**Controlled by**" and "**under common Control with**" shall have correlative meanings).

2.14 "**Date of Grant**" means the date on which an Award under the Plan is granted by the Committee, or such later date as the Committee may specify to be the effective date of an Award.

2.15 "**Disability**" means a Participant being considered "disabled" within the meaning of Section 409A of the Code and Treasury Regulation 1.409A-3(i)(4), as well as any successor regulation or interpretation.

2.16 "**Effective Date**" means the date set forth in Section 17.1 hereof.

2.17 "**Eligible Person**" means any Person who is an employee, officer, director, consultant, advisor or other service provider of the Company or any Subsidiary, or any Person who is determined by the Committee to be a prospective employee, officer, director, consultant, advisor or other service provider of the Company or any Subsidiary.

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

2.19 "**Fair Market Value**" of a share of Common Stock shall be, as applied to a specific date (i) the closing price of a share of Common Stock as of such date on the principal established stock exchange or national market system on which the Common Stock is then traded (or, if there is no trading in the Common Stock as of such date, the closing price of a share of Common Stock on the most recent date preceding such date on which trades of the Common Stock were recorded), or (ii) if the shares of Common Stock are not then traded on an established stock exchange or national market system but are then traded in an over-the-counter market, the average of the closing bid and asked prices for the shares of Common Stock in such over-the-counter market as of such date (or, if there are no closing bid and asked prices for the shares of Common Stock as of such date, the average of the closing bid and the asked prices for the shares of Common Stock on the most recent date preceding such date on which such closing bid and asked prices are available on such over-the-counter market), or (iii) if the shares of Common Stock are not then listed on a national securities exchange or national market system or traded in an over-the-counter market, the price of a share of Common Stock as determined by the Committee in a manner consistent with Section 409A of the Code and Treasury Regulation 1.409A-1(b)(5)(iv), as well as any successor regulation or interpretation.

2.20 "**Incentive Bonus Award**" means an Award granted under Section 12 of the Plan.

2.21 "**Incentive Stock Option**" means a Stock Option granted under Section 6 hereof that is intended to meet the requirements of Section 422 of the Code and the regulations promulgated thereunder.

.22 "**Nonqualified Stock Option**" means a Stock Option granted under Section 6 hereof that by its terms does not qualify, or is not intended to qualify, as an Incentive Stock Option.

2.23 "**Other Cash-Based Award**" means a contractual right granted to an Eligible Person under Section 13 hereof entitling such Eligible Person to receive a cash payment at such times, and subject to such conditions, as are set forth in the Plan and the applicable Award Agreement.

2.24 "**Other Stock-Based Award**" means a contractual right granted to an Eligible Person under Section 13 representing a notional unit interest equal in value to a share of Common Stock to be paid and distributed at such times, and subject to such conditions as are set forth in the Plan and the applicable Award Agreement.

2.25 "**Outside Director**" means a director of the Board who is not an employee of the Company or a Subsidiary.

2.26 "**Participant**" means any Eligible Person who holds an outstanding Award under the Plan.

2.27 "**Person**" shall mean, unless otherwise provided, any individual, partnership, firm, trust, corporation, limited liability company or other similar entity. When two or more Persons act as a partnership, limited partnership, syndicate or other group for the purpose of acquiring, holding or disposing of Common Stock, such partnership, limited partnership, syndicate or group shall be deemed a "Person".

2.28 "**Performance Goals**" shall mean performance goals established by the Committee as contingencies for the grant, exercise, vesting, distribution, payment and/or settlement, as applicable, of Awards.

2.29 "**Performance Shares**" means a contractual right granted to an Eligible Person under Section 10 hereof representing a notional unit interest equal in value to a share of Common Stock to be paid and distributed at such times, and subject to such conditions, as are set forth in the Plan and the applicable Award Agreement.

2.30 "**Performance Stock Unit**" means a contractual right granted to an Eligible Person under Section 11 hereof representing a notional dollar interest as determined by the Committee to be paid and distributed at such times, and subject to such conditions, as are set forth in the Plan and the applicable Award Agreement.

2.31 "**Plan**" has the meaning given to such term in Section 1 hereof.

2.32 "**Reporting Person**" means an officer, director or greater than ten (10) percent stockholder of the Company within the meaning of Rule 16a-2 under the Exchange Act, who is required to file reports pursuant to Rule 16a-3 under the Exchange Act.

2.33 "**Restricted Stock Award**" means a grant of shares of Common Stock to an Eligible Person under Section 8 hereof that are issued subject to such vesting and transfer restrictions and such other conditions as are set forth in the Plan and the applicable Award Agreement.

2.34 "**Restricted Stock Unit Award**" means a contractual right granted to an Eligible Person under Section 9 hereof representing notional unit interests equal in value to a share of Common Stock to be paid and distributed at such times, and subject to such conditions, as are set forth in the Plan and the applicable Award Agreement.

2.35 "**Securities Act**" means the Securities Act of 1933, as amended.

2.36 "**Stock Appreciation Right**" or "**SAR**" means a contractual right granted to an Eligible Person under Section 7 hereof entitling such Eligible Person to receive a payment, upon the exercise of such right, in such amount and at such time, and subject to such conditions, as are set forth in the Plan and the applicable Award Agreement.

2.37 "**Stock Option**" means a contractual right granted to an Eligible Person under Section 6 hereof to purchase shares of Common Stock at such time and price, and subject to such conditions, as are set forth in the Plan and the applicable Award Agreement.

2.38 "**Subsidiary**" means an entity (whether or not a corporation) that is wholly or majority owned or controlled, directly or indirectly, by the Company; provided, however, that with respect to Incentive Stock Options, the term "Subsidiary" shall include only an entity that qualifies under section 424(f) of the Code as a "subsidiary corporation" with respect to the Company.

3. Administration

3.1 Committee Members. The Plan shall be administered by the Committee; provided that the entire Board may act in lieu of the Committee on any matter, subject to Section 16b-3 Award requirements referred to in Section 2.9 of the Plan. If and to the extent permitted by Applicable Law, the Committee may authorize one or more Reporting Persons (or other officers) to make Awards to Eligible Persons who are not Reporting Persons (or other officers whom the Committee has specifically authorized to make Awards). Subject to Applicable Law and the restrictions set forth in the Plan, the Committee may delegate administrative functions to individuals who are Reporting Persons, officers, or employees of the Company or its Subsidiaries.

3.2 Committee Authority. The Committee shall have such powers and authority as may be necessary or appropriate for the Committee to carry out its functions as described in the Plan. Subject to the express limitations of the Plan, the Committee shall have authority to determine the Eligible Persons to whom, and the time or times at which, Awards may be granted, the number of shares, units or other rights subject to each Award, the exercise, base or purchase price of an Award (if any), the time or times at which an Award will become vested, exercisable or payable, the performance criteria, performance goals and other conditions of an Award, the duration of the Award, and all other terms of the Award. Subject to the terms of the Plan, the Committee shall have authority to amend the terms of an Award in any manner that is not inconsistent with the Plan (including without limitation to determine, add, cancel, waive, amend or otherwise alter any restrictions, terms or conditions of any Award, or extend the post-termination exercisability period of any Stock Option and/or Stock Appreciation Right); provided, no such action shall materially and adversely affect the rights of a Participant with respect to an outstanding Award without the Participant's consent (for purposes of the foregoing, any action that causes an Incentive Stock Option to be treated as a Nonqualified Stock Option shall not be considered to have adversely affected a Participant's rights). Notwithstanding anything herein or in any Award Agreement to the contrary, the Committee shall retain the discretion to adjust, up or down**,** or add, remove or otherwise modify, waive or suspend, any Performance Goals, either on a formula or discretionary basis or any combination thereof, with respect to an outstanding Award in any respect without the Participant's consent. The Committee shall also have authority to approve forms of Award Agreement, interpret the Plan, to make all factual determinations under the Plan, and to make all other determinations necessary or advisable for Plan administration, including, without limitation, to correct any defect, to supply any omission or to reconcile any inconsistency in the Plan or any Award Agreement. The Committee may prescribe, amend, and rescind rules and regulations relating to the Plan. The Committee's determinations under the Plan need not be uniform and may be made by the Committee selectively among Participants and Eligible Persons, whether or not such persons are similarly situated. The Committee shall consider such factors as it deems relevant in making its interpretations, determinations and actions under the Plan including, without limitation, the recommendations or advice of any officer or employee of the Company or such attorneys, consultants, accountants or other advisors as it may select. All determinations, interpretations, exercises of authority or other actions made by the Committee or Company under the Plan and any Award Agreement shall be taken or made by the Committee or Company, as applicable, in their sole and absolute discretion, and shall be final and binding on all persons, including, without limitation, the Company and all Participants.

3.3 No Liability; Indemnification. Neither the Board nor any Committee member, nor any Person acting at the direction of the Board or the Committee, shall be liable for any act, omission, interpretation, construction or determination made in good faith with respect to the Plan or any Award or Award Agreement. The Company and its Subsidiaries shall pay or reimburse any member of the Committee, as well as any other Person who takes action on behalf of the Plan, for all reasonable expenses incurred with respect to the Plan, and to the full extent allowable under Applicable Law shall indemnify each and every one of them for any claims, liabilities, and costs (including reasonable attorney's fees) arising out of their good faith performance of duties on behalf of the Company with respect to the Plan. The Company and its Subsidiaries may, but shall not be required to, obtain liability insurance for this purpose.

4. Shares Subject to the Plan

4.1 Plan Share Limitation.

(a) Subject to adjustment pursuant to Section 4.3 and any other applicable provisions hereof, the maximum aggregate number of shares of Common Stock which may be issued under all Awards granted to Participants under the Plan shall be 10,000,000 shares. In no event will the aggregate number of shares of Common Stock that may be issued upon the exercise of Incentive Stock Options exceed 10,000,000.

(b) Shares of Common Stock issued under the Plan may be either authorized but unissued shares or shares held in the Company's treasury. To the extent that any Award payable in shares of Common Stock is forfeited, canceled, returned to the Company for failure to satisfy vesting requirements or upon the occurrence of other

forfeiture events, or otherwise terminates without payment being made thereunder, the shares of Common Stock covered thereby will no longer be counted against the foregoing maximum share limitations and may again be made subject to Awards under the Plan pursuant to such limitations. Awards settled in cash shall not count against the foregoing maximum share limitation. Shares of Common Stock that otherwise would have been issued upon the exercise of a Stock Option or SAR or in payment with respect to any other form of Award, but are surrendered in payment or partial payment of the exercise price thereof and/or taxes withheld with respect to the exercise thereof or the making of such payment, will no longer be counted against the foregoing maximum share limitations and may again be made subject to Awards under the Plan pursuant to such limitations. This Section 4.1(b) shall be construed and interpreted in accordance with the requirements of Section 422 of the Code.

4.2 Outside Director Limitation. Subject to adjustment as provided in Section 4.3, the aggregate Fair Market Value of Awards granted under the Plan to any Outside Director during any calendar year shall not exceed $750,000 (inclusive of any cash awards to an Outside Director for such year that are not made pursuant to the Plan); provided that in the case of a new Outside Director, such amount shall be increased to $1,000,000 for the initial year of the Outside Director's term.

4.3 Adjustments. If there shall occur any change with respect to the outstanding shares of Common Stock by reason of any recapitalization, reclassification, stock dividend, extraordinary dividend, stock split, reverse stock split, or other distribution with respect to the shares of Common Stock, or any merger, reorganization, consolidation, combination, spin-off or other similar corporate change, or any other change affecting the Common Stock, or any other corporate transaction directly or indirectly affecting the Awards or the Performance Goals or the Company's financial performance, condition or results of operations, the Committee shall, in the manner and to the extent that it deems appropriate and equitable to the Participants and consistent with the terms of the Plan, cause an adjustment to be made in (i) the maximum numbers and kind of shares provided in Section 4.1 hereof, (ii) the numbers and kind of shares of Common Stock, units, or other rights subject to then outstanding Awards, (iii) the price for each share or unit or other right subject to then outstanding Awards, (iv) the performance measures or goals relating to the vesting of an Award, including without limitation, any Performance Goals, and (v) any other terms of an Award that are affected by the event to prevent dilution or enlargement of a Participant's rights under an Award. The Committee shall also make appropriate adjustments in the terms of any Awards to reflect or relate to such changes and to modify any other terms of outstanding Awards, such as modifying performance goals and changing the length of any performance period without Participant consent. Notwithstanding the foregoing, in the case of Incentive Stock Options, any such adjustments shall, to the extent practicable, be made in a manner consistent with the requirements of Section 424(a) of the Code.

Notwithstanding the foregoing, to the extent of any conflict between this Section 4.3 and the terms of any Award Agreement, this Section 4.3 shall control, unless such Award Agreement specifically references that it controls over this Section 4.3.

5. Participation and Awards

5.1 Designation of Participants. All Eligible Persons are eligible to be designated by the Committee to receive Awards and become Participants under the Plan. The Committee has the authority to determine and designate from time to time those Eligible Persons who are to be granted Awards, the types of Awards to be granted and the number of shares of Common Stock or units subject to Awards granted under the Plan. In selecting Eligible Persons to be Participants and in determining the type and amount of Awards to be granted under the Plan, the Committee shall consider any and all factors that it deems relevant or appropriate.

5.2 Determination of Awards. The Committee shall determine the terms and conditions of all Awards granted to Participants in accordance with its authority under Section 3.2 hereof. An Award may consist of one type of right or benefit hereunder or of two or more such rights or benefits granted in tandem or in the alternative. To the extent deemed appropriate by the Committee, an Award shall be evidenced by an Award Agreement as described in Section 15.1 hereof.

6. Stock Options

6.1 Grant of Stock Option. A Stock Option may be granted to any Eligible Person selected by the Committee. Subject to the provisions of Section 6.6 hereof and Section 422 of the Code, each Stock Option shall be designated by the Committee as an Incentive Stock Option or as a Nonqualified Stock Option.

6.2 Exercise Price. The exercise price per share of a Stock Option shall not be less than 100% of the Fair Market Value of a share of Common Stock on the Date of Grant, subject to adjustments as provided for under Section 4.3.

6.3 Vesting of Stock Options. The Committee shall prescribe the time or times at which, or the conditions upon which, a Stock Option or portion thereof shall become vested and/or exercisable in an Award Agreement or as otherwise may be adjusted from time to time, including by way of adjustment contemplated by this Plan. The requirements for vesting and exercisability of a Stock Option may be based on the Continuous Service of the Participant for a specified time period (or periods) and/or on the attainment of a specified performance goal (or goals) established by the Committee. The Committee may accelerate the vesting or exercisability of any Stock Option at any time. The Committee may allow a Participant to exercise unvested Nonqualified Stock Options, in which case the shares of Common Stock then issued shall be Restricted Stock having analogous vesting restrictions to the unvested Nonqualified Stock Options.

6.4 Term of Stock Options. The Committee shall prescribe in an Award Agreement the period during which a vested Stock Option may be exercised, provided that the maximum term of a Stock Option shall be ten (10) years from the Date of Grant. A Stock Option may be earlier terminated as specified by the Committee and set forth in an Award Agreement upon or following the termination of a Participant's Continuous Service for any reason, including by reason of voluntary resignation, death, Disability, termination for Cause or any other reason. Except as otherwise provided in this Section 6 or in an Award Agreement as such agreement may be amended from time to time upon authorization of the Committee, no Stock Option may be exercised at any time during the term thereof unless the Participant is then in Continuous Service. Notwithstanding the foregoing, unless an Award Agreement provides otherwise:

(a) If a Participant's Continuous Service terminates by reason of his or her death, any Stock Option held by such Participant may, to the extent then exercisable, be exercised by such Participant's estate or any Person who acquires the right to exercise such Stock Option by bequest or inheritance at any time in accordance with its terms for up to one (1) year after the date of such Participant's death (but in no event after the earlier of the expiration of the term of such Stock Option or such time as the Stock Option is otherwise canceled or terminated in accordance with its terms). Upon expiration of such one-year period, no portion of the Stock Option held by such Participant shall be exercisable and the Stock Option shall be deemed to be canceled, forfeited and of no further force or effect.

(b) If a Participant's Continuous Service terminates by reason of his or her Disability, any Stock Option held by such Participant may, to the extent then exercisable, be exercised by the Participant or his or her personal representative at any time in accordance with its terms for up to one (1) year after the date of such Participant's termination of Continuous Service (but in no event after the earlier of the expiration of the term of such Stock Option or such time as the Stock Option is otherwise canceled or terminated in accordance with its terms). Upon expiration of such one-year period, no portion of the Stock Option held by such Participant shall be exercisable and the Stock Option shall be deemed to be canceled, forfeited and of no further force or effect.

(c) If a Participant's Continuous Service terminates for any reason other than death, Disability or Cause, any Stock Option held by such Participant may, to the extent then exercisable, be exercised by the Participant up until ninety (90) days following such termination of Continuous Service (but in no event after the earlier of the expiration of the term of such Stock Option or such time as the Stock Option is otherwise canceled or terminated in accordance with its terms). Upon expiration of such 90-day period, no portion of the Stock Option held by such Participant shall be exercisable and the Stock Option shall be deemed to be canceled, forfeited and of no further force or effect.

(d) To the extent that a Stock Option of a Participant whose Continuous Service terminates for any reason other than Cause is not exercisable, such Stock Option shall be deemed forfeited and canceled on the ninetieth (90^{th}) day after such termination of Continuous Service or at such earlier time as the Committee may determine.

6.5 Stock Option Exercise. Subject to such terms and conditions as shall be specified in an Award Agreement, a Stock Option may be exercised in whole or in part at any time during the term thereof by notice in the form required by the Company, and payment of the aggregate exercise price by certified or bank check, or such other means as the Committee may accept. As set forth in an Award Agreement or otherwise determined by the Committee, at or after grant, payment in full or in part of the exercise price of an Option may be made: (i) in the form of shares of Common Stock that have been held by the Participant for such period as the Committee may deem appropriate for accounting purposes or otherwise, valued at the Fair Market Value of such shares on the date of exercise; (ii) by surrendering to the Company shares of Common Stock otherwise receivable on exercise of the Option; (iii) by a cashless exercise program implemented by the Committee in connection with the Plan; (iv) subject to the approval of the Committee, by a full recourse, interest bearing promissory note having such terms as the Committee may permit and/or (v) by such other method as may be approved by the Committee. Subject to any governing rules or regulations, as soon as practicable after receipt of written notification of exercise and full payment of the exercise price and satisfaction of any applicable tax withholding pursuant to Section 16.5, the Company shall deliver to the Participant evidence of book entry shares of Common Stock or Common Stock certificates in an appropriate amount based upon the number of shares of Common Stock purchased under the Option. Unless otherwise determined by the Committee, all payments under all of the methods indicated above shall be paid in United States dollars or shares of Common Stock, as applicable.

6.6 Additional Rules for Incentive Stock Options.

(a) Eligibility. An Incentive Stock Option may only be granted to an Eligible Person who is considered an employee under Treasury Regulation §1.421-1(h) of the Company or any Subsidiary.

(b) Annual Limits. No Incentive Stock Option shall be granted to an Eligible Person as a result of which the aggregate Fair Market Value (determined as of the Date of Grant) of the stock with respect to which Incentive Stock Options are exercisable for the first time in any calendar year under the Plan and any other stock option plans of the Company or any Subsidiary would exceed $100,000, determined in accordance with Section 422(d) of the Code. This limitation shall be applied by taking Incentive Stock Options into account in the order in which granted.

(c) Ten Percent Stockholders. If a Stock Option granted under the Plan is intended to be an Incentive Stock Option, and if the Participant, at the time of grant, owns stock possessing ten percent (10%) or more of the total combined voting power of all classes of Common Stock of the Company or any Subsidiary, then (i) the Stock Option exercise price per share shall in no event be less than 110% of the Fair Market Value of the Common Stock on the date of such grant and (ii) such Stock Option shall not be exercisable after the expiration of five (5) years following the date such Stock Option is granted.

(d) Termination of Employment. An Award of an Incentive Stock Option shall provide that such Stock Option may be exercised not later than three (3) months following termination of employment of the Participant with the Company and all Subsidiaries, or not later than one (1) year following death or a permanent and total disability within the meaning of Section 22(e)(3) of the Code, as and to the extent determined by the Committee to be necessary to comply with the requirements of Section 422 of the Code.

(e) Disqualifying Dispositions. If shares of Common Stock acquired by exercise of an Incentive Stock Option are disposed of within two (2) years following the Date of Grant or one (1) year following the transfer of such shares to the Participant upon exercise, the Participant shall, immediately following such disposition, notify the Company in writing of the date and terms of such disposition and provide such other information regarding the disposition as the Company may reasonably require.

7. Stock Appreciation Rights

7.1 Grant of Stock Appreciation Rights. A Stock Appreciation Right may be granted to any Eligible Person selected by the Committee. Stock Appreciation Rights may be granted on a basis that allows for the exercise of the right by the Participant or that provides for the automatic payment of the right upon a specified date or event.

7.2 Base Price. The base price of a Stock Appreciation Right shall be determined by the Committee; provided, however, that the base price for any grant of a Stock Appreciation Right shall not be less than 100% of the Fair Market Value of a share of Common Stock on the Date of Grant, subject to adjustments as provided for under Section 4.3.

7.3 Vesting Stock Appreciation Rights. The Committee shall prescribe the time or times at which, or the conditions upon which, a Stock Appreciation Right or portion thereof shall become vested and/or exercisable in an Award Agreement or as otherwise may be adjusted from time to time, including by way of adjustment contemplated by this Plan. The requirements for vesting and exercisability of a Stock Appreciation Right may be based on the Continuous Service of a Participant for a specified time period (or periods) or on the attainment of a specified performance goal (or goals) established by the Committee. The Committee may accelerate the vesting or exercisability of any Stock Appreciation Right at any time.

7.4 Term of Stock Appreciation Rights. The Committee shall prescribe in an Award Agreement the period during which a vested Stock Appreciation Right may be exercised, provided that the maximum term of a Stock Appreciation Right shall be ten (10) years from the Date of Grant. A Stock Appreciation Right may be earlier terminated as specified by the Committee and set forth in an Award Agreement upon or following the termination of a Participant's Continuous Service for any reason, including by reason of voluntary resignation, death, Disability, termination for Cause or any other reason. Except as otherwise provided in this Section 7 or in an Award Agreement, as such agreement may be amended from time to time upon authorization of the Committee, no Stock Appreciation Right may be exercised at any time during the term thereof unless the Participant is then in Continuous Service.

7.5 Payment of Stock Appreciation Rights. Subject to such terms and conditions as shall be specified in an Award Agreement, a vested Stock Appreciation Right may be exercised in whole or in part at any time during the term thereof by notice in the form required by the Company and payment of any exercise price. Upon the exercise of a Stock Appreciation Right and payment of any applicable exercise price, a Participant shall be entitled to receive an amount determined by multiplying: (i) the excess of the Fair Market Value of a share of Common Stock on the date of exercise of the Stock Appreciation Right over the base price of such Stock Appreciation Right, by (ii) the number of shares as to which such Stock Appreciation Right is exercised. Payment of the amount determined under the immediately preceding sentence may be made, as approved by the Committee and set forth in the Award Agreement, in shares of Common Stock valued at their Fair Market Value on the date of exercise, in cash, or in a combination of shares of Common Stock and cash, subject to applicable tax withholding requirements set forth in Section 16.5. If Stock Appreciation Rights are settled in shares of Common Stock, then as soon as practicable following the date of settlement the Company shall deliver to the Participant evidence of book entry shares of Common Stock or Common Stock certificates in an appropriate amount.

8. Restricted Stock Awards

8.1 Grant of Restricted Stock Awards. A Restricted Stock Award may be granted to any Eligible Person selected by the Committee. The Committee may require the payment by the Participant of a specified purchase price in connection with any Restricted Stock Award. The Committee may provide in an Award Agreement for the payment of dividends and distributions to the Participant such times as paid to stockholders generally or at the times of vesting or other payment of the Restricted Stock Award. If any

dividends or distributions are paid in stock while a Restricted Stock Award is subject to restrictions under Section 8.3 of the Plan, the dividends or other distributions shares shall be subject to the same restrictions on transferability as the shares of Common Stock to which they were paid unless otherwise set forth in the Award Agreement. The Committee may also subject the grant of any Restricted Stock Award to the execution of a voting agreement with the Company or with any Affiliate of the Company.

8.2 Vesting Requirements. The restrictions imposed on shares of Common Stock granted under a Restricted Stock Award shall lapse in accordance with the vesting requirements specified by the Committee in the Award Agreement or as otherwise may be adjusted from time to time, including by way of adjustment contemplated by this Plan. Upon vesting of a Restricted Stock Award, such Award shall be subject to the tax withholding requirement set forth in Section 16.5. The requirements for vesting of a Restricted Stock Award may be based on the Continuous Service of the Participant for a specified time period (or periods) or on the attainment of a specified performance goal (or goals) established by the Committee. The Committee may accelerate the vesting of a Restricted Stock Award at any time. If the vesting requirements of a Restricted Stock Award shall not be satisfied, the Award shall be forfeited and the shares of Common Stock subject to the Award shall be returned to the Company. In the event that the Participant paid any purchase price with respect to such forfeited shares, unless otherwise provided by the Committee in an Award Agreement, the Company will refund to the Participant the lesser of (i) such purchase price and (ii) the Fair Market Value of such shares on the date of forfeiture.

8.3 Restrictions. Shares granted under any Restricted Stock Award may not be transferred, assigned or subject to any encumbrance, pledge, or charge until all applicable restrictions are removed or have expired, unless otherwise allowed by the Committee. The Committee may require in an Award Agreement that certificates representing the shares granted under a Restricted Stock Award bear a legend making appropriate reference to the restrictions imposed, and that certificates representing the shares granted or sold under a Restricted Stock Award will remain in the physical custody of an escrow holder until all restrictions are removed or have expired.

8.4 Rights as Stockholder. Subject to the foregoing provisions of this Section 8 and the applicable Award Agreement, the Participant to whom a Restricted Stock Award is made shall have all rights of a stockholder with respect to the shares granted to the Participant under the Restricted Stock Award, including the right to vote the shares and receive all dividends and other distributions paid or made with respect thereto, unless the Committee determines otherwise at the time the Restricted Stock Award is granted.

8.5 Section 83(b) Election. If a Participant makes an election pursuant to Section 83(b) of the Code with respect to a Restricted Stock Award, the Participant shall file, within thirty (30) days following the Date of Grant, a copy of such election with the Company (directed to the Secretary thereof) and with the Internal Revenue Service, in accordance with the regulations under Section 83 of the Code. The Committee may provide in an Award Agreement that the Restricted Stock Award is conditioned upon the Participant's making or refraining from making an election with respect to the Award under Section 83(b) of the Code.

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9. Restricted Stock Unit Awards

9.1 Grant of Restricted Stock Unit Awards. A Restricted Stock Unit Award may be granted to any Eligible Person selected by the Committee. The value of each stock unit under a Restricted Stock Unit Award is equal to the Fair Market Value of the Common Stock on the applicable date or time period of determination, as specified by the Committee. A Restricted Stock Unit Award shall be subject to such restrictions and conditions as the Committee shall determine. A Restricted Stock Unit Award may be granted together with a dividend equivalent right with respect to the shares of Common Stock subject to the Award, which may be accumulated and may be deemed reinvested in additional stock units, as determined by the Committee. If any dividend equivalents are paid while a Restricted Stock Unit Award is subject to restrictions under Section 9 of the Plan, the Committee may provide in the Award Agreement for such dividend equivalents to immediately be paid to the Participant holding such Restricted Stock Unit Award or pay such dividend equivalents subject to the same restrictions on transferability as the Restricted Stock Units to which they relate.

9.2 Vesting of Restricted Stock Unit Awards. On the Date of Grant, the Committee shall determine any vesting requirements with respect to a Restricted Stock Unit Award, which shall be set forth in the Award Agreement or as otherwise may be adjusted from time to time, including by way of adjustment contemplated by this Plan. The requirements for vesting of a Restricted Stock Unit Award may be based on the Continuous Service of the Participant for a specified time period (or periods) or on the attainment of a specified performance goal (or goals) established by the Committee. The Committee may accelerate the vesting of a Restricted Stock Unit Award at any time. A Restricted Stock Unit Award may also be granted on a fully vested basis, with a deferred payment date as may be determined by the Committee or elected by the Participant in accordance with rules established by the Committee and in compliance with Applicable Law including Section 409A of the Code.

9.3 Payment of Restricted Stock Unit Awards. A Restricted Stock Unit Award shall become payable to a Participant at the time or times determined by the Committee and set forth in the Award Agreement, which may be upon or following the vesting of the Award. Payment of a Restricted Stock Unit Award may be made, as determined by the Committee, in cash or in shares of Common Stock, or in a combination thereof as described in the Award Agreement, subject to applicable tax withholding requirements set forth in Section 16.5. Any cash payment of a Restricted Stock Unit Award shall be made based upon the Fair Market Value of the Common Stock, determined on such date or over such time period as determined by the Committee. Notwithstanding the foregoing, unless specified otherwise in the Award Agreement, any Restricted Stock Unit, whether settled in Common Stock or cash, shall be paid no later than two-and-a-half (2 ½) months after the later of the calendar year or fiscal year in which the Restricted Stock Units vest. If Restricted Stock Unit Awards are settled in shares of Common Stock, then as soon as practicable following the date of settlement, the Company shall deliver to the Participant evidence of book entry shares of Common Stock or Common Stock certificates in an appropriate amount.

10. Performance Shares

10.1 Grant of Performance Shares. Performance Shares may be granted to any Eligible Person selected by the Committee. A Performance Share Award shall be subject to such restrictions and conditions as the Committee shall specify in a Participant's Award Agreement or as otherwise may be adjusted from time to time, including by way of adjustment contemplated by this Plan. A Performance Share Award may be granted with a dividend equivalent right with respect to the shares of Common Stock subject to the Award, which may be accumulated and may be deemed reinvested in additional stock units, as determined by the Committee. Any shares of Common Stock issued to a Participant under this Section 10.1 may be subject to any restrictions deemed appropriate by the Committee.

10.2 Value of Performance Shares. Each Performance Share shall have an initial value equal to the Fair Market Value of a Share on the Date of Grant. The Committee shall set performance goals that, depending on the extent to which they are met over a specified time period, shall determine the number of Performance Shares that shall be issued to a Participant.

10.3 Earning of Performance Shares. After the applicable time period has ended, the number of Performance Shares earned by the Participant over such time period shall be determined as a function of the extent to which the applicable corresponding performance goals have been achieved. This determination shall be made solely by the Committee. The Committee may reduce the number of Performance Shares that may vest upon achievement of Performance Goals, modify any Performance Goals in a manner the Committee deems appropriate, or waive any performance or vesting conditions relating to a Performance Share Award.

11. Performance Stock Units

11.1 Grant of Performance Stock Units. Performance Stock Units may be granted to any Eligible Person selected by the Committee. A Performance Stock Unit Award shall be subject to such restrictions and conditions as the Committee shall specify in a Participant's Award Agreement or as otherwise may be adjusted from time to time, including by way of adjustment contemplated by this Plan.

11.2 Value of Performance Stock Units. Each Performance Stock Unit shall have an initial notional value equal to a dollar amount determined by the Committee. The Committee shall set performance goals that, depending on the extent to which they are met over a specified time period, will determine the number of Performance Stock Units that shall be settled and paid to the Participant.

11.3 Earning of Performance Stock Units. After the applicable time period has ended, the number of Performance Stock Units earned by the Participant, and the amount payable in cash, in shares or in a combination thereof, over such time period shall be determined as a function of the extent to which the applicable corresponding performance goals have been achieved. This determination shall be made solely by the Committee. The Committee may reduce the number of Performance Stock Units that may vest upon achievement of Performance Goals, modify any Performance Goals in a manner the Committee deems appropriate, or waive any performance or vesting conditions relating to a Performance Stock Unit Award.

11.4 Form and Timing of Payment of Performance Stock Units The Committee shall pay at the close of the applicable Performance Period, or as soon as practicable thereafter, any earned Performance Stock Units in the form of cash or in shares of Common Stock or in a combination thereof, as specified in a Participant's Award Agreement, subject to applicable tax withholding requirements set forth in Section 16.5. Notwithstanding the foregoing, unless specified otherwise in the Award Agreement, all Performance Stock Units shall be paid no later than two-and-a-half (2 ½) months following the later of the calendar year or fiscal year in which such Performance Stock Units vest. Any shares of Common Stock paid to a Participant under this Section 11.4 may be subject to any restrictions deemed appropriate by the Committee. If Performance Stock Units are settled in shares of Common Stock, then as soon as practicable following the date of settlement the Company shall deliver to the Participant evidence of book entry shares of Common Stock or Common Stock certificates in an appropriate amount.

12. Incentive Bonus Awards

12.1 Incentive Bonus Awards. The Committee may grant Incentive Bonus Awards to such Participants as it may designate from time to time. The terms of a Participant's Incentive Bonus Award shall be set forth in the Participant's Award Agreement or as otherwise may be adjusted from time to time, including by way of adjustment contemplated by this Plan. Each Award Agreement shall specify such general terms and conditions as the Committee shall determine.

12.2 Incentive Bonus Award Performance Criteria. The determination of Incentive Bonus Awards for a given year or years may be based upon the attainment of specified levels of Company or Subsidiary performance as measured by pre-established, objective performance criteria determined by the Committee. The Committee shall (i) select those Participants who shall be eligible to receive an Incentive Bonus Award, (ii) determine the performance period, (iii) determine target levels of performance, and (iv) determine the level of Incentive Bonus Award to be paid to each selected Participant upon the achievement of each performance level. The Committee generally shall make the foregoing determinations prior to the commencement of services to which an Incentive Bonus Award relates, to the extent applicable, and while the outcome of the performance goals and targets is uncertain. The Committee shall have the power to adjust, modify, increase, decrease or otherwise change any of the foregoing determinations from time to time.

12.3 Payment of Incentive Bonus Awards

(a) Incentive Bonus Awards shall be paid in cash or Common Stock, as set forth in a Participant's Award Agreement. Payments shall be made following a determination by the Committee that the performance targets were attained and shall be made within two and one-half months after the later of the end of the fiscal or calendar year in which the Incentive Award is no longer subject to a substantial risk of forfeiture.

(b) The amount of an Incentive Bonus Award to be paid upon the attainment of each targeted level of performance shall equal a percentage of a Participant's base salary for the fiscal year, a fixed dollar amount, or such other formula, as determined by the Committee. The Committee may reduce the size of any Incentive Bonus Award that the Participant may vest in upon achievement of Performance Goals, modify any Performance Goals in a manner the Committee deems appropriate, or waive any performance or vesting conditions relating to an Incentive Bonus Award.

13. Other Cash-Based Awards and Other Stock-Based Awards

13.1 Other Cash-Based and Stock-Based Awards. The Committee may grant other types of equity-based or equity-related Awards not otherwise described by the terms of this Plan (including the grant or offer for sale of unrestricted Shares) in such amounts and subject to such terms and conditions, as the Committee shall determine and specify in a Participant's Award Agreement or as otherwise may be adjusted from time to time, including by way of adjustment contemplated by this Plan. Such Awards may involve the transfer of actual shares of Common Stock to a Participant, or payment in cash or otherwise of amounts based on the value of shares of Common Stock. In addition, the Committee, at any time and from time to time, may grant Other Cash-Based Awards to a Participant in such amounts and upon such terms as the Committee shall determine and specify in a Participant's Award Agreement or as otherwise may be adjusted from time to time, including by way of adjustment contemplated by this Plan.

13.2 Value of Cash-Based Awards and Other Stock-Based Awards. Each Other Stock-Based Award shall be expressed in terms of shares of Common Stock or units based on shares of Common Stock, as determined by the Committee. Each Other Cash-Based Award shall specify a payment amount or payment range as determined by the Committee. If the Committee exercises discretion to establish performance goals, the value of Other Cash-Based Awards that shall be paid to the Participant will depend on the extent to which such performance goals are met.

13.3 Payment of Cash-Based Awards and Other Stock-Based Awards. Payment, if any, with respect to Other Cash-Based Awards and Other Stock-Based Award shall be made in accordance with the terms of the Award, in cash or shares of Common Stock as the Committee determines.

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14. Change in Control

14.1 Effect of a Change in Control.

(a) The Committee may, at the time of the grant of an Award and as set forth in an Award Agreement, provide for the effect of a "Change in Control" on an Award. Such provisions may include any one or more of the following: (i) the acceleration or extension of time periods for purposes of exercising, vesting in, or realizing gain from any Award, (ii) the elimination, suspension, adjustment or other modification of performance or other conditions related to the payment or other rights under an Award, (iii) provision for the cash settlement of an Award for an equivalent cash value, as determined by the Committee, or (iv) such other modification or adjustment to an Award as the Committee deems appropriate to maintain and protect the rights and interests of Participants upon or following a Change in Control. To the extent necessary for compliance with Section 409A of the Code, an Award Agreement shall provide that an Award subject to the requirements of Section 409A that would otherwise become payable upon a Change in Control shall only become payable to the extent that the requirements for a "change in control" for purposes of Section 409A have been satisfied.

(b) Notwithstanding anything to the contrary set forth in the Plan, unless otherwise provided by an Award Agreement, upon or in anticipation of any Change in Control, the Committee may and without the need for the consent of any Participant, take one or more of the following actions contingent upon the occurrence of that Change in Control: (i) cause any or all outstanding Stock Options and Stock Appreciation Rights held by Participants affected by the Change in Control to become vested and immediately exercisable, in whole or in part; (ii) cause any or all outstanding Restricted Stock, Restricted Stock Units, Performance Shares, Performance

Stock Units, Incentive Bonus Award and any other Award held by Participants affected by the Change in Control to become non-forfeitable, in whole or in part; (iii) cancel any Stock Option or Stock Appreciation Right in exchange for a substitute option in a manner consistent with the requirements of Treasury Regulation. §1.424-1(a) or §1.409A-1(b)(5)(v)(D), as applicable (notwithstanding the fact that the original Stock Option may never have been intended to satisfy the requirements for treatment as an Incentive Stock Option); (iv) cancel any Restricted Stock, Restricted Stock Units, Performance Shares or Performance Stock Units held by a Participant in exchange for restricted stock or performance shares of or stock or performance units in respect of the capital stock of any successor corporation; (v) redeem any Restricted Stock held by a Participant affected by the Change in Control for cash and/or other substitute consideration with a value equal to the Fair Market Value of an unrestricted share of Common Stock on the date of the Change in Control; (vi) terminate any Award in exchange for an amount of cash and/or property equal to the amount, if any, that would have been attained upon the exercise of such Award or realization of the Participant's rights as of the date of the occurrence of the Change in Control (the "**Change in Control Consideration**"); provided, however that if the Change in Control Consideration with respect to any Option or Stock Appreciation Right does not exceed the exercise price of such Option or Stock Appreciation Right, the Committee may cancel the Option or Stock Appreciation Right without payment of any consideration therefor; and/or (vii) take any other action necessary or appropriate to carry out the terms of any definitive agreement controlling the terms and conditions of the Change in Control or that the Committee otherwise deems appropriate, necessary, advisable or convenient in order to further the intent and purposes of such Change in Control. Any such Change in Control Consideration may be subject to any escrow, indemnification and similar obligations, contingencies and encumbrances applicable in connection with the Change in Control to holders of Common Stock. Without limitation of the foregoing, if as of the date of the occurrence of the Change in Control the Committee determines that no amount would have been attained upon the realization of the Participant's rights, then such Award may be terminated by the Company without payment. The Committee may cause the Change in Control Consideration to be subject to vesting conditions (whether or not the same as the vesting conditions applicable to the Award prior to the Change in Control) and/or make such other modifications, adjustments or amendments to outstanding Awards or this Plan as the Committee deems appropriate, necessary, advisable or convenient. In taking any of the actions permitted under this Section 14, the Committee will not be obligated to treat all Awards, all Awards held by a Participant, all Awards of the same type, or all portions of Awards, similarly.

(c) The Committee may require a Participant to (i) represent and warrant as to the unencumbered title to the Participant's Awards, (ii) bear such Participant's pro rata share of any post-closing indemnity obligations, and be subject to the same or similar post-closing purchase price adjustments, escrow terms, offset rights, holdback terms and similar conditions as the other holders of Common Stock, and (iii) execute and deliver such documents and instruments as the Committee may reasonably require for the Participant to be bound by such obligations. The Committee will endeavor to take action under this Section 14 in a manner that does not cause a violation of Section 409A of the Code with respect to an Award.

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15. General Provisions

15.1 Award Agreement. To the extent deemed necessary by the Committee, an Award under the Plan shall be evidenced by an Award Agreement in a written or electronic form approved by the Committee and to the extent applicable, setting forth the number of shares of Common Stock or units subject to the Award, the exercise price, base price, or purchase price of the Award, the time or times at which an Award will become vested, exercisable or payable and the term of the Award . The Award Agreement may also set forth the effect on an Award of termination of Continuous Service under certain circumstances. The Award Agreement shall be subject to and incorporate, by reference or otherwise, all of the applicable terms and conditions of the Plan, and may also set forth other terms and conditions applicable to the Award as determined by the Committee consistent with the limitations of the Plan. Award Agreements evidencing Incentive Stock Options shall contain such terms and conditions as may be necessary to meet the applicable provisions of Section 422 of the Code. The grant of an Award under the Plan shall not confer any rights upon the Participant holding such Award other than such terms, and subject to such conditions, as are specified in the Plan as being applicable to such type of Award (or to all Awards) or as are expressly set forth in the Award Agreement.

15.2 Forfeiture Events/Representations. The Committee may specify in an Award Agreement at the time of the Award that the Participant's rights, payments and benefits with respect to an Award shall be subject to reduction, cancellation, forfeiture or recoupment upon the occurrence of certain specified events, in addition to any otherwise applicable vesting or performance conditions of an Award. Such events shall include, but shall not be limited to, termination of Continuous Service for Cause, violation of Company policies, breach of noncompetition, confidentiality or other restrictive covenants that may apply to the Participant, or other conduct by the Participant that is detrimental to the business or reputation of the Company. The Committee may also specify in an Award Agreement that the Participant's rights, payments and benefits with respect to an Award shall be conditioned upon the Participant making a representation regarding compliance with noncompetition, confidentiality or other restrictive covenants that may apply to the Participant and providing that the Participant's rights, payments and benefits with respect to an Award shall be subject to reduction, cancellation, forfeiture or recoupment on account of a breach of such representation. Notwithstanding the foregoing, the confidentiality restrictions set forth in an Award Agreement shall not, and shall not be interpreted to, impair a Participant from exercising any legally protected whistleblower rights (including under Rule 21 of the Exchange Act). Notwithstanding anything to the contrary contained herein or in any Award Agreement, any amounts paid hereunder shall be subject to recoupment in accordance with The Dodd–Frank Wall Street Reform and Consumer Protection Act and any implementing regulations thereunder, any "clawback" policy adopted by the Company, as in effect from time to time, or as is otherwise required by Applicable Law.

15.3 No Assignment or Transfer; Beneficiaries.

(a) Awards under the Plan shall not be assignable or transferable by the Participant, except by will or by the laws of descent and distribution, and shall not be subject in any manner to assignment, alienation, pledge, encumbrance or charge. Notwithstanding the foregoing, the Committee may provide in an Award Agreement that the Participant shall have the right to designate a beneficiary or beneficiaries who shall be entitled to any rights, payments or other benefits specified under an Award following the Participant's death. During the lifetime of a Participant, an Award shall be exercised only by such Participant or such Participant's guardian or legal representative. In the event of a Participant's death, an Award may, to the extent permitted by the Award Agreement, be exercised by the Participant's beneficiary as designated by the Participant in the manner prescribed by the Committee or, in the absence of an authorized beneficiary designation, by the legatee of such Award under the Participant's will or by the Participant's estate in accordance with the Participant's will or the laws of descent and distribution, in each case in the same manner and to the same extent that such Award was exercisable by the Participant on the date of the Participant's death.

(b) Limited Transferability Rights. Notwithstanding anything else in this Section 15.3 to the contrary, the Committee may provide in an Award Agreement that an Award in the form of a Nonqualified Stock Option, share-settled Stock Appreciation Right, Restricted Stock, Performance Share or share-settled Other Stock-Based Award may be transferred, on such terms and conditions as the Committee deems appropriate, either (i) by instrument to the Participant's "Immediate Family" (as defined below), (ii) by instrument to an inter vivos or testamentary trust (or other entity) in which the Award is to be passed to the Participant's designated beneficiaries, or (iii) by gift to charitable institutions. Any transferee of the Participant's rights shall succeed and be subject to all of the terms of the applicable Award Agreement and the Plan. "**Immediate Family**" means any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, and shall include adoptive relationships.

15.4 Rights as Stockholder. A Participant shall have no rights as a holder of shares of Common Stock with respect to any unissued shares of Common Stock covered by an Award until the date the Participant becomes the holder of record of such securities. Except as provided in Section 4.3 hereof, no adjustment or other provision shall be made for dividends or other stockholder rights, except to the extent that the Award Agreement provides for dividend payments or dividend equivalent rights.

15.5 Employment or Continuous Service. Nothing in the Plan, in the grant of any Award or in any Award Agreement shall confer upon any Eligible Person or Participant any right to continue in Continuous Service, or interfere in any way with the right of the Company or any of its Subsidiaries to terminate the employment or other

service relationship of an Eligible Person or Participant for any reason at any time.

15.6 Fractional Shares. In the case of any fractional share or unit resulting from the grant, vesting, payment or crediting of dividends or dividend equivalents under an Award, the Committee shall have the authority to (i) disregard such fractional share or unit, (ii) round such fractional share or unit to the nearest lower or higher whole share or unit, or (iii) convert such fractional share or unit into a right to receive a cash payment.

15.7 Other Compensation and Benefit Plans. The amount of any compensation deemed to be received by a Participant pursuant to an Award shall not constitute includable compensation for purposes of determining the amount of benefits to which a Participant is entitled under any other compensation or benefit plan or program of the Company or any Subsidiary, including, without limitation, under any bonus, pension, profit-sharing, life insurance, salary continuation or severance benefits plan, except to the extent specifically provided by the terms of any such plan.

15.8 Plan Binding on Transferees. The Plan shall be binding upon the Company, its transferees and assigns, and the Participant, the Participant's executor, administrator and permitted transferees and beneficiaries. In addition, all obligations of the Company under this Plan with respect to Awards granted hereunder shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

15.9 Foreign Jurisdictions. The Committee may adopt, amend and terminate such arrangements and grant such Awards, not inconsistent with the intent of the Plan, as it may deem necessary or desirable to comply with any tax, securities, regulatory or other laws of other jurisdictions with respect to Awards that may be subject to such laws. The terms and conditions of such Awards may vary from the terms and conditions that would otherwise be required by the Plan solely to the extent the Committee deems necessary for such purpose. Moreover, the Board may approve such supplements to or amendments, restatements or alternative versions of the Plan, not inconsistent with the intent of the Plan, as it may consider necessary or appropriate for such purposes, without thereby affecting the terms of the Plan as in effect for any other purpose.

15.10 No Obligation to Notify or Minimize Taxes. The Company will have no duty or obligation to any Participant to advise such holder as to the time or manner of exercising an Award. Furthermore, the Company will have no duty or obligation to warn or otherwise advise such holder of a pending termination or expiration of an Award or a possible period in which the Award may not be exercised. The Company has no duty or obligation to minimize the tax consequences of an Award to the holder of such Award.

15.11 Corporate Action Constituting Grant of Awards. Corporate action constituting a grant by the Company of an Award to any Participant will be deemed completed as of the date of such corporate action, unless otherwise determined by the Committee or the Board, regardless of when the instrument, certificate, or letter evidencing the Award is communicated to, or actually received or accepted by, the Participant. In the event that the corporate records (e.g., Board or Committee consents, resolutions or minutes) documenting the corporate action constituting the grant contain terms (e.g., exercise price, vesting schedule or number of shares) that are inconsistent with those in the Award Agreement as a result of a clerical error in the papering of the Award Agreement, the corporate records will control and the Participant will have no legally binding right to the incorrect term in the Award Agreement.

15.12 Change in Time Commitment. In the event a Participant's regular level of time commitment in the performance of the Participant's services for the Company and any Affiliates is reduced (for example, and without limitation, if the Participant is an employee of the Company and the employee has a change in status from a full-time employee to a part-time employee) after the date of grant of any Award to the Participant, the Committee has the right to (i) make a corresponding reduction in the number of shares subject to any portion of such Award that is scheduled to vest or become payable after the date of such change in time commitment and (ii) in lieu of or in combination with such a reduction, extend the vesting or payment schedule applicable to such Award. In the event of any such reduction, the Participant will have no right with respect to any portion of the Award that is so reduced or extended.

15.13 Substitute Awards in Corporate Transactions. Nothing contained in the Plan shall be construed to limit the right of the Committee to grant Awards under the Plan in connection with the acquisition, whether by purchase, merger, consolidation or other corporate transaction, of the business or assets of any corporation or other entity. Without limiting the foregoing, the Committee may grant Awards under the Plan to an employee or director of another corporation who becomes an Eligible Person by reason of any such corporate transaction in substitution for awards previously granted by such corporation or entity to such person. The terms and conditions of the substitute Awards may vary from the terms and conditions that would otherwise be required by the Plan solely to the extent the Committee deems necessary for such purpose. Any shares of Common Stock subject to these substitute Awards shall not be counted against any of the maximum share limitations set forth in the Plan; provided, that, these substitute Awards issued in connection with the assumption of, or in substitution for, outstanding Options that are intended to qualify as Incentive Stock Options shall be counted against the number of shares of Common Stock set forth in Section 4.1(a) that may granted as Incentive Stock Options.

16. Legal Compliance

16.1 Securities Laws. No shares of Common Stock will be issued or transferred pursuant to an Award unless and until all then applicable requirements imposed by Federal and state securities and other laws, rules and regulations and by any regulatory agencies having jurisdiction, and by any exchanges upon which the shares of Common Stock may be listed, have been fully met. As a condition precedent to the issuance of shares pursuant to the grant or exercise of an Award, the Company may require the Participant to take any reasonable action to meet such requirements. The Committee may impose such conditions on any shares of Common Stock issuable under the Plan as it may deem advisable, including, without limitation, restrictions under the Securities Act, as amended, under the requirements of any exchange upon which such shares of the same class are then listed, and under any blue sky or other securities laws applicable to such shares. The Committee may also require the Participant to represent and warrant at the time of issuance or transfer that the shares of Common Stock are being acquired only for investment purposes and without any current intention to sell or distribute such shares. All Common Stock issued pursuant to the terms of this Plan shall constitute "restricted securities," as that term is defined in Rule 144 promulgated pursuant to the Securities Act, and may not be transferred except in compliance herewith and with the registration requirements of the Securities Act or an exemption therefrom. Certificates representing Common Stock acquired pursuant to an Award may bear such legend as the Company may consider appropriate under the circumstances.

16.2 Incentive Arrangement. The Plan is designed to provide an on-going, pecuniary incentive for Participants to produce their best efforts to increase the value of the Company. The Plan is not intended to provide retirement income or to defer the receipt of payments hereunder to the termination of a Participant's employment or beyond. The Plan is thus intended not to be a pension or welfare benefit plan that is subject to Employee Retirement Income Security Act of 1974 ("**ERISA**"), and shall be construed accordingly. All interpretations and determinations hereunder shall be made on a basis consistent with the Plan's status as not an employee benefit plan subject to ERISA.

16.3 Unfunded Plan. The adoption of the Plan and any reservation of shares of Common Stock or cash amounts by the Company to discharge its obligations hereunder shall not be deemed to create a trust or other funded arrangement. Except upon the issuance of Common Stock pursuant to an Award, any rights of a Participant under the Plan shall be those of a general unsecured creditor of the Company, and neither a Participant nor the Participant's permitted transferees or estate shall have any other interest in any assets of the Company by virtue of the Plan. Notwithstanding the foregoing, the Company shall have the right to implement or set aside funds in a grantor trust, subject to the claims of the Company's creditors or otherwise, to discharge its obligations under the Plan.

16.4 Section 409A Compliance. To the extent applicable, it is intended that the Plan and all Awards hereunder comply with the requirements of Section 409A of the Code or an exemption thereto, and the Plan and all Award Agreements shall be interpreted and applied by the Committee in a manner consistent with this intent in order to avoid the imposition of any additional tax under Section 409A of the Code. Notwithstanding anything in the Plan or an Award Agreement to the contrary, in the event that any

provision of the Plan or an Award Agreement is determined by the Committee, to not comply with the requirements of Section 409A of the Code or an exemption thereto, the Committee shall have the authority to take such actions and to make such interpretations or changes to the Plan or an Award Agreement as the Committee deems necessary, regardless of whether such actions, interpretations, or changes shall adversely affect a Participant, subject to the limitations, if any, of Applicable Law. If an Award is subject to Section 409A of the Code, any payment made to a Participant who is a "specified employee" of the Company or any Subsidiary shall not be made before the date that is six (6) months after the Participant's "separation from service" to the extent required to avoid the adverse consequences of Section 409A of the Code. For purposes of this Section 16.4, the terms "separation from service" and "specified employee" shall have the meanings set forth in Section 409A of the Code. In no event whatsoever shall the Company be liable for any additional tax, interest or penalties that may be imposed on any Participant by Section 409A of the Code or any damages for failing to comply with Section 409A of the Code.

16.5 Tax Withholding.

(a) The Company shall have the power and the right to deduct or withhold, or require a participant to remit to the Company, the minimum statutory amount to satisfy federal, state, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of this Plan, but in no event shall such deduction or withholding or remittance exceed the minimum statutory withholding requirements unless permitted by the Company and such additional withholding amount will not cause adverse accounting consequences and is permitted under Applicable Law.

(b) Subject to such terms and conditions as shall be specified in an Award Agreement, a Participant may, in order to fulfill the withholding obligation, (i) tender previously-acquired shares of Common Stock or have shares of stock withheld from the exercise, provided that the shares have an aggregate Fair Market Value sufficient to satisfy in whole or in part the applicable withholding taxes; and/or (ii) utilize the broker-assisted exercise procedure described in Section 6.5 to satisfy the withholding requirements related to the exercise of a Stock Option.

(c) Notwithstanding the foregoing, a Participant may not use shares of Common Stock to satisfy the withholding requirements to the extent that (i) there is a substantial likelihood that the use of such form of payment or the timing of such form of payment would subject the Participant to a substantial risk of liability under Section 16 of the Exchange Act; (ii) such withholding would constitute a violation of the provisions of any law or regulation, or (iii) such withholding would cause adverse accounting consequences for the Company.

16.6 No Guarantee of Tax Consequences. Neither the Company, the Board, the Committee nor any other Person make any commitment or guarantee that any federal, state, local or foreign tax treatment will apply or be available to any Participant or any other Person hereunder.

16.7 Severability. If any provision of the Plan or any Award Agreement shall be determined to be illegal or unenforceable by any court of law in any jurisdiction, the remaining provisions hereof and thereof shall be severable and enforceable in accordance with their terms, and all provisions shall remain enforceable in any other jurisdiction.

16.8 Stock Certificates; Book Entry Form. Notwithstanding any provision of the Plan to the contrary, unless otherwise determined by the Committee or required by any Applicable Law, rule or regulation, any obligation set forth in the Plan pertaining to the delivery or issuance of stock certificates evidencing shares of Common Stock may be satisfied by having issuance and/or ownership of such shares recorded on the books and records of the Company (or, as applicable, its transfer agent or stock plan administrator).

16.9 Governing Law. The Plan and all rights hereunder shall be subject to and interpreted in accordance with the laws of the State of Texas, without reference to the principles of conflicts of laws, and to applicable Federal securities laws. This Agreement to arbitrate is entered into in accordance with the Federal Arbitration Act. Any controversy or claim arising out of or relating to (i) a Participant's employment with the Company or a Subsidiary or Affiliate and/or (ii) the Plan, or the breach thereof, shall be settled by arbitration administered by JAMS in accordance with its Employment Arbitration Rules before a single arbitrator in Dallas, Texas, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The Company and the Participant will each be responsible for their own attorneys' fees and expenses incurred in connection with any such arbitration. The decision arrived at by the arbitrator shall be binding upon all parties to the arbitration and no appeal shall lie therefrom, except as provided by the Federal Arbitration Act. These arbitration procedures are intended to be the exclusive method of resolving any claim or dispute arising out of or related to this Plan, including the applicability of this Section; provided, however, that any party seeking injunctive relief in connection with a breach or anticipated breach of the Plan will do so in a state or federal court of competent jurisdiction within Dallas, Texas. Neither an application for temporary emergency relief, nor a court's consideration of granting such relief shall (i) constitute a waiver of the right to pursue arbitration under this provision or (ii) delay the appointment of the arbitrator(s) or the progress of arbitration proceedings. Each Participant knowingly, voluntarily and expressly waives any and all rights to initiate, participate in, or receive money or any other form of relief from any class, collective or representative proceeding and agrees each arbitration proceeding shall proceed on an individualized basis.

16.10 Reduction of Excess Parachute Payments. Except as may be provided in an employment or severance compensation or other service agreement between the Company and the Participant, if, in connection with a Change in Control, a Participant's payment of any Awards will cause the Participant to be liable for federal excise tax under Section 4999 of the Code levied on certain "excess parachute payments" as defined in Section 280G of the Code ("Excise Tax"), then the payments made pursuant to the Awards shall be reduced (or repaid to the Company, if previously paid or provided) as provided below:

(a) If the payments due upon a Change in Control under this Plan and any other agreement between a Participant and the Company, exceed 2.99 times the Participant's "base amount," as defined in Section 280G of the Code, a reduced payment amount shall be calculated by reducing the payments to the minimum extent necessary so that no portion of any payment, as so reduced or repaid, constitutes an excess parachute payment.

(b) Whether payments are to be reduced pursuant to this Section 16.10, and to the extent to which they are to be so reduced, will be determined solely by the Company and the Company will notify the Participant in writing of its determination.

(c) In no event shall a Participant be entitled to receive any kind of gross-up payment or Excise Tax reimbursement from the Company.

17. Effective Date, Amendment and Termination

17.1 Effective Date. The effective date of the Plan shall be the date on which the Plan is approved by the requisite percentage of the holders of the Common Stock of the Company; provided, however, that Awards granted under the Plan subsequent to the approval of the Plan by the Board shall be valid if such stockholder approval occurs within one (1) year of the date on which such Board approval occurs.

17.2 Amendment; Termination. The Board may suspend or terminate the Plan (or any portion thereof) at any time and may amend the Plan at any time and from time to time in such respects as the Board may deem advisable or in the best interests of the Company or any Subsidiary; provided, however, that (a) except as expressly permitted pursuant to Sections 3.2, 4.3, 10.3, 11.3 12.3, and 14.1, no such amendment, suspension or termination shall materially and adversely affect the rights of any Participant under any outstanding Awards, without the consent of such Participant, provided that no modification or amendment of any Incentive Stock Option shall require a Participant's consent as a result of such modification or amendment causing such Incentive Stock Option (i) to become a Nonqualified Stock Option or (ii) to be considered granted as of the date of such modification or amendment pursuant to Section 424 of the Code and Treasury Regulations Section 1.424-1(e), (b) to the extent necessary and desirable to comply with any Applicable Law, regulation, or stock exchange rule, the Company shall obtain stockholder approval of any Plan amendment in such a manner and to such a degree as required, and (c) stockholder approval is required for any amendment to the Plan that (i) increases the number of shares of Common Stock available for issuance under the Plan, or (ii) changes the persons or class of persons eligible to receive Awards. The Plan will continue in effect until terminated in accordance with this Section 17.2; *provided, however,* that no Award will be granted hereunder on or after the 10th anniversary of the date of the Plan's initial adoption by the Board (the "**Expiration Date**"); *but provided further,* that Awards granted prior to such Expiration Date may extend beyond that date.

INITIAL BOARD APPROVAL: **October 8, 2024**

INITIAL STOCKHOLDER APPROVAL: **November 20, 2024**

Exhibit 10.3

INCENTIVE STOCK OPTION GRANT AGREEMENT
APPLIED DIGITAL CORPORATION

This Stock Option Grant Agreement (the "**Grant Agreement**") is made and entered into effective on the Date of Grant set forth in Exhibit A (the "**Date of Grant**") by and between Applied Digital Corporation, a Nevada corporation (the "**Company**"), and the individual named in Exhibit A hereto (the "**Participant**").

WHEREAS, the Company desires to provide the Participant an incentive to participate in the success and growth of the Company through the opportunity to earn a proprietary interest in the Company; and

WHEREAS, to give effect to the foregoing intention, the Company desires to grant the Participant an option pursuant to the Applied Digital Corporation 2024 Omnibus Equity Incentive Plan (as amended, restated or otherwise modified from time to time, the "**Plan**"), to acquire the Company's common stock, par value $0.001 per share (the "**Common Stock**");

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth and for good and valuable consideration, the parties hereto agree as follows:

1. Grant. The Company hereby grants the Participant an Incentive Stock Option (the "**Option**") to purchase up to the number of shares of Common Stock (the "**Shares**") set forth in Exhibit A hereto at the exercise price per Share (the "**Exercise Price")** set forth in Exhibit A, and on the vesting schedule set forth in Exhibit A, subject to the terms and conditions set forth herein and the provisions of the Plan, the terms of which are incorporated herein by reference. Capitalized terms used but not otherwise defined in this Grant Agreement shall have the meanings as set forth in the Plan.

This Option is intended to qualify as an Incentive Stock Option ("**ISO**") under Section 422 of the Code. However, notwithstanding such designation, if the Participant becomes eligible in any given year to exercise ISOs for Shares having a Fair Market Value in excess of $100,000, those options representing the excess shall be treated as Non-Qualified Stock Options. In the previous sentence, "ISOs" include ISOs granted under any plan of the Company or any parent or any Subsidiary of the Company. For the purpose of deciding which options apply to Shares that "exceed" the $100,000 limit, ISOs shall be taken into account in the same order as granted. The Fair Market Value of the Shares shall be determined as of the time the Option with respect to such Shares is granted. The Participant hereby acknowledges that there is no assurance that the Option will, in fact, be treated as an Incentive Stock Option under Section 422 of the Code.

2. Exercise Period Following Termination of Continuous Service. This Option shall terminate and be canceled to the extent not exercised within ninety (90) days after the Participant's Continuous Service terminates, except that if such termination is due to the death or Disability of the Participant, this Option shall terminate and be canceled one (1) year from the date of termination of Continuous Service. Notwithstanding the foregoing, in the event that the Participant's Continuous Service is terminated for Cause (or without Cause when grounds for Cause exist), then the Option shall immediately terminate on the date of such termination of Continuous Service and shall not be exercisable for any period following such date. In no event, however, shall this Option be exercised later than the Expiration Date set forth in Exhibit A and except as determined by the Committee, in no event shall this Option be exercised for more Shares than the Shares which otherwise have become exercisable as of the date of termination.

3. Method of Exercise. This Option is exercisable by delivery to the Company of an exercise notice (the "**Exercise Notice**") in a form satisfactory to the Committee or by such other form or means as the Committee may permit or require. A sample Exercise Notice is attached as Exhibit B. The Committee may, however, require Participant to submit a different form of Exercise Notice. Any Exercise Notice shall state or provide the number of Shares with respect to which the Option is being exercised (the "**Exercised Shares**"), and include such other representations and agreements as may be required by the Company pursuant to the provisions of the Plan. The Exercise Notice shall be accompanied by payment of the aggregate Exercise Price for the Exercised Shares in (i) cash; (ii) check; or (iii) such other manner as is acceptable to the Committee, provided that such form of consideration is permitted by the Plan and by Applicable Law. Upon exercise of the Option by the Participant and prior to the delivery of such Exercised Shares, the Company shall have the right to require the Participant to satisfy applicable Federal and state tax income tax withholding requirements and the Participant's share of applicable employment withholding taxes in a method satisfactory to the Company. Notwithstanding the foregoing, no Exercised Shares shall be issued unless such exercise and issuance complies with Applicable Law; assuming such compliance, for income tax purposes the Exercised Shares shall be considered transferred to the Participant on the date the Option is exercised with respect to such Shares.

4. Acceptance. To accept the Option, please execute and return this Grant Agreement where indicated (including acceptance via an electronic platform maintained by the Company or a third party administrator engaged by the Company) no later than six (6) months from the Date of Grant (the "**Acceptance Deadline**"). By executing this Grant Agreement and accepting the Option, you will have agreed to all the terms and conditions set forth in this Grant Agreement and the Plan. The grant of the Option will be considered null and void, and acceptance of the Option will be of no effect, if you do not execute and return this Grant Agreement by the Acceptance Deadline.

5. Covenants Agreement. This Option shall be conditioned on the Participant's execution of the Employee Non-Disclosure, Invention Assignment and Restrictive Covenants Agreement attached hereto as Exhibit C, and the Participant's compliance with its terms. The Option shall be subject to forfeiture at the election of the Company, without payment of consideration, in the event that the Participant breaches the Employee Non-Disclosure, Invention Assignment and Restrictive Covenants Agreement, or any other agreement between the Participant and the Company with respect to noncompetition, nonsolicitation, nondisparagement, assignment of inventions and contributions and/or nondisclosure obligations of the Participant.

6. Taxes. By executing this Grant Agreement, Participant acknowledges and agrees that Participant is solely responsible for the satisfaction of any applicable taxes that may be imposed on Participant that arise as a result of the grant, vesting or exercise of the Option, including without limitation any taxes arising under Section 409A of the Code (regarding deferred compensation) or Section 4999 of the Code (regarding golden parachute excise taxes), and that neither the Company nor the Committee shall have any obligation whatsoever to pay such taxes or otherwise indemnify or hold Participant harmless from any or all of such taxes.

7. Non-Transferability of Option. This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of the Participant only by the Participant and any purported transfer shall be null and void ab initio. The terms of the Plan and this Grant Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of the Participant.

8. Securities Matters. All Shares and Exercised Shares shall be subject to the restrictions on sale, encumbrance and other disposition provided by Federal or state law. The Company shall not be obligated to sell or issue any Shares or Exercised Shares pursuant to this Grant Agreement unless, on the date of sale and issuance thereof, such Shares are either registered under the Securities Act of 1933, as amended (the "**Securities Act"),** and all applicable state securities laws, or are exempt from registration thereunder. Regardless of whether the offering and sale of Shares under the Plan have been registered under the Securities Act, or have been registered or qualified under the securities laws of any state, the Company at its sole and absolute discretion may impose restrictions upon the sale, pledge or other transfer of such Shares (including the placement of appropriate legends on stock certificates or the imposition of stop-transfer instructions) if, in the judgment of the Company, such restrictions are necessary in order to achieve compliance with Applicable Law.

9. Investment Purpose. The Participant represents and warrants that unless the Shares are registered under the Securities Act, any and all Shares acquired by the

Participant under this Grant Agreement will be acquired for investment for the Participant's own account and not with a view to, for resale in connection with, or with an intent of participating directly or indirectly in, any distribution of such Shares within the meaning of the Securities Act. The Participant agrees not to sell, transfer or otherwise dispose of such Shares unless they are either (1) registered under the Securties Act and all applicable state securities laws, or (2) exempt from such registration in the opinion of Company counsel.

10. Lock-Up Agreement. The Participant hereby agrees that in the event that the Participant exercises this Option during a period in which any directors or officers of the Company have agreed with one or more underwriters not to sell securities of the Company, then, as a condition to such exercise, the Participant shall enter into an agreement, in form and substance satisfactory to the Company, pursuant to which the Participant shall agree to restrictions on transferability of the Shares comparable to the restrictions agreed upon by such directors or officers of the Company.

11. Other Plans. No amounts of income received by the Participant pursuant to this Grant Agreement shall be considered compensation for purposes of any pension or retirement plan, insurance plan or any other employee benefit plan of the Company or its subsidiaries, unless otherwise expressly provided in such plan.

12. No Guarantee of Continued Service. The Participant acknowledges and agrees that the right to exercise the Option pursuant to the exercise schedule hereof is earned only through Continuous Service and such other requirements, if any, as are set forth in Exhibit A (and not through the act of being hired, being granted an option or purchasing shares hereunder). The Participant further acknowledges and agrees that (i) this Grant Agreement, the transactions contemplated hereunder and the exercise schedule set forth herein do not constitute an express or implied promise of continued employment or service for the exercise period or for any other period, and shall not interfere with the Participant's right or the right of the Company or its Subsidiaries to terminate the employment or service relationship at any time, with or without cause, subject to the terms of any written employment agreement that the Participant may have entered into with the Company or any of its Subsidiaries; and (ii) the Company would not have granted this Option to the Participant but for these acknowledgements and agreements.

13. Entire Agreement; Governing Law. The Plan is incorporated herein by reference. The Plan and this Grant Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Participant with respect to the subject matter hereof, and except as provided in the Plan, may not be modified in a manner material and adverse to the Participant's interest except by means of a writing signed by the Company and the Participant. In the event of any conflict between this Grant Agreement and the Plan, the Plan shall be controlling, except as otherwise specifically provided in the Plan. This Grant Agreement shall be construed under the laws of the State of Texas, without regard to conflict of laws principles.

14. Opportunity for Review. The Participant and the Company agree that this Option is granted under and governed by the terms and conditions of the Plan and this Grant Agreement. The Participant has reviewed the Plan and this Grant Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Agreement and fully understands all provisions of the Plan and this Grant Agreement. The Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions relating to the Plan and this Grant Agreement. The Participant further agrees to promptly notify the Company upon any change in the residence address indicated herein.

15. Section 409A. This Option is intended to be excepted from coverage under Section 409A and shall be administered, interpreted and construed accordingly. The Company may, in its sole and absolute discretion and without the Participant's consent, modify or amend the terms of this Grant Agreement, impose conditions on the timing and effectiveness of the exercise of the Option by Participant, or take any other action it deems necessary or advisable, to cause the Option to be excepted from Section 409A (or to comply therewith to the extent the Company determines it is not excepted).

16. Recoupment. Notwithstanding anything to the contrary contained herein, any amounts paid hereunder shall be subject to recoupment in accordance with The Dodd–Frank Wall Street Reform and Consumer Protection Act and any implementing regulations thereunder, any clawback policy adopted by the Company, as in effect from time to time, or as is otherwise required by Applicable Law.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Grant Agreement as of the date set forth in Exhibit A.

APPLIED DIGITAL CORPORATION

By: _____
Name:
Title:

PARTICIPANT

_____
Name:

EXHIBIT A

INCENTIVE STOCK OPTION GRANT AGREEMENT

APPLIED DIGITAL CORPORATION

(a). **Participant's Name**: _____

(b). **Date of Grant**: _____

(c). **Number of Shares Subject to the Option**: _____

(d). **Exercise Price**: $_____ **per Share**

(e). **Expiration Date**: _____

(f). **Vesting Schedule**:

EXHIBIT B

APPLIED DIGITAL CORPORATION
2024 OMNIBUS EQUITY INCENTIVE PLAN

STOCK OPTION EXERCISE NOTICE

Applied Digital Corporation
3811 Turtle Creek Blvd.
Suite 2100
Dallas, TX 75219
Attention: Chief Financial Officer

1. **Exercise of Option**. Effective as of today, _____, 202__ (the "Exercise Date"), the undersigned ("Purchaser") hereby elects to purchase _____ shares (the "Shares") of the Common Stock of Applied Digital Corporation (the "Company") under and pursuant to the Stock Option Grant Agreement dated _____, 202_ (the "Option Agreement"). Pursuant to the Option Agreement, the aggregate purchase price for the Shares is $_____ (the "Purchase Price"). In the event any of the Options being exercised fail to qualify as Incentive Stock Options, _____ of the Options being exercised are Incentive Stock Options and _____ of the Options being exercised are Nonqualified Stock Options. Capitalized terms used herein and not otherwise defined shall have the meaning assigned thereto under the Applied Digital Corporation 2024 Omnibus Equity Incentive Plan (the "Plan").

2. With respect to payment of the Purchase Price, select A or B as follows:

A. [ ] Full Payment. Purchaser herewith makes payment of a check the full Purchase Price to the Company, either:

[ ] by enclosing a check payable to the Company, or

[ ] by transfer of funds by wire transfer to the Company.

B. [ ] Cashless Exercise. If permitted by the Company under Purchaser's Option Agreement and approved by the Company in connection with approval of such option, Purchaser elects to exercise via "cashless exercise" through a broker approved by the Company, and agrees to execute and deliver all appropriate forms as may be required by such broker and/or the Company. Purchaser hereby authorizes the broker will pay to the Company the Purchase Price plus an amount sufficient to cover all applicable taxes, as determined by the Company in its sole and absolute discretion.

3. **Rights as Shareholder**. Until the issuance (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company) of the Shares, no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the Shares covered by the Option, notwithstanding the exercise of the Option. The Shares so acquired shall be issued to Purchaser as soon as practicable after exercise of the Option. No adjustment will be made for a dividend or other right for which the record date is prior to the date of issuance.

4. **Tax Consultation**. Purchaser understands that Purchaser may suffer adverse tax consequences as a result of Purchaser's purchase or disposition of the Shares. Purchaser represents that Purchaser has consulted with any tax consultants Purchaser deems advisable in connection with the purchase or disposition of the Shares and that Purchaser is not relying on the Company for any tax advice.

5. **Entire Agreement; Governing Law**. The Option Agreement is incorporated herein by reference. This Agreement and the Option Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Purchaser with respect to the subject matter hereof, and except as provided in the Plan, may not be modified in a manner material and adverse to the Purchaser's interest except by means of a writing signed by the Company and Purchaser. This agreement is governed by the internal substantive laws, but not the choice of law rules, of the State of Texas.

Submitted by:	Accepted by:
PURCHASER	**APPLIED DIGITAL CORPORATION**
_____	By: _____
_____	_____
Print Name	Print Name/Title
Date: _____	Date: _____

EXHIBIT C

EMPLOYEE NON-DISCLOSURE, INVENTION ASSIGNMENT AND RESTRICTIVE COVENANTS AGREEMENT

Exhibit 10.4

NONQUALIFIED STOCK OPTION GRANT AGREEMENT

APPLIED DIGITAL CORPORATION

This Stock Option Grant Agreement (the "**Grant Agreement**") is made and entered into effective on the Date of Grant set forth in Exhibit A (the "**Date of Grant**") by and between Applied Digital Corporation, a Nevada corporation (the "**Company**"), and the individual named in Exhibit A hereto (the "**Participant**").

WHEREAS, the Company desires to provide the Participant an incentive to participate in the success and growth of the Company through the opportunity to earn a proprietary interest in the Company; and

WHEREAS, to give effect to the foregoing intention, the Company desires to grant the Participant an option pursuant to the Applied Digital Corporation 2024 Omnibus Equity Incentive Plan (as amended, restated or otherwise modified from time to time, the "**Plan**"), to acquire the Company's common stock, par value $0.001 per share (the "**Common Stock**");

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth and for good and valuable consideration, the parties hereto agree as follows:

1. Grant. The Company hereby grants the Participant a Nonqualified Stock Option (the "**Option**") to purchase up to the number of shares of Common Stock (the "**Shares**") set forth in Exhibit A hereto at the exercise price per Share (the "**Exercise Price")** set forth in Exhibit A, and on the vesting schedule set forth in Exhibit A, subject to the terms and conditions set forth herein and the provisions of the Plan, the terms of which are incorporated herein by reference. Capitalized terms used but not otherwise defined in this Grant Agreement shall have the meanings as set forth in the Plan.

2. Exercise Period Following Termination of Continuous Service. This Option shall terminate and be canceled to the extent not exercised within ninety (90) days after the Participant's Continuous Service terminates, except that if such termination is due to the death or Disability of the Participant, this Option shall terminate and be canceled one (1) year from the date of termination of Continuous Service. Notwithstanding the foregoing, in the event that the Participant's Continuous Service is terminated for Cause (or without Cause when grounds for Cause exist), then the Option shall immediately terminate on the date of such termination of Continuous Service and shall not be exercisable for any period following such date. In no event, however, shall this Option be exercised later than the Expiration Date set forth in Exhibit A and except as determined by the Committee, in no event shall this Option be exercised for more Shares than the Shares which otherwise have become exercisable as of the date of termination.

3. Method of Exercise. This Option is exercisable by delivery to the Company of an exercise notice (the "**Exercise Notice**") in a form satisfactory to the Committee or by such other form or means as the Committee may permit or require. A sample Exercise Notice is attached as Exhibit B. The Committee may, however, require Participant to submit a different form of Exercise Notice. Any Exercise Notice shall state or provide the number of Shares with respect to which the Option is being exercised (the "**Exercised Shares**"), and include such other representations and agreements as may be required by the Company pursuant to the provisions of the Plan. The Exercise Notice shall be accompanied by payment of the aggregate Exercise Price for the Exercised Shares in (i) cash; (ii) check; or (iii) such other manner as is acceptable to the Committee, provided that such form of consideration is permitted by the Plan and by Applicable Law. Upon exercise of the Option by the Participant and prior to the delivery of such Exercised Shares, the Company shall have the right to require the Participant to satisfy applicable Federal and state tax income tax withholding requirements and the Participant's share of applicable employment withholding taxes in a method satisfactory to the Company. Notwithstanding the foregoing, no Exercised Shares shall be issued unless such exercise and issuance complies with Applicable Law; assuming such compliance, for income tax purposes the Exercised Shares shall be considered transferred to the Participant on the date the Option is exercised with respect to such Shares.

4. Acceptance. To accept the Option, please execute and return this Grant Agreement where indicated (including acceptance via an electronic platform maintained by the Company or a third party administrator engaged by the Company) no later than six (6) months from the Date of Grant (the "**Acceptance Deadline**"). By executing this Grant Agreement and accepting your Option, you will have agreed to all the terms and conditions set forth in this Grant Agreement and the Plan. The grant of the Option will be considered null and void, and acceptance of the Option will be of no effect, if you do not execute and return this Grant Agreement by the Acceptance Deadline.

5. Covenants Agreement. This Option shall be conditioned on the Participant's execution of the Employee Non-Disclosure, Invention Assignment and Restrictive Covenants Agreement attached hereto as Exhibit C, and the Participant's compliance with its terms. The Option shall be subject to forfeiture at the election of the Company, without payment of consideration, in the event that the Participant breaches the Employee Non-Disclosure, Invention Assignment and Restrictive Covenants Agreement, or any other agreement between the Participant and the Company with respect to noncompetition, nonsolicitation, nondisparagement, assignment of inventions and contributions and/or nondisclosure obligations of the Participant.

6. Taxes. By executing this Grant Agreement, Participant acknowledges and agrees that Participant is solely responsible for the satisfaction of any applicable taxes that may be imposed on Participant that arise as a result of the grant, vesting or exercise of the Option, including without limitation any taxes arising under Section 409A of the Code (regarding deferred compensation) or Section 4999 of the Code (regarding golden parachute excise taxes), and that neither the Company nor the Committee shall have any obligation whatsoever to pay such taxes or otherwise indemnify or hold Participant harmless from any or all of such taxes.

7. Non-Transferability of Option. This Option may not be transferred in any manner otherwise than by will or by the laws of descent or distribution and may be exercised during the lifetime of the Participant only by the Participant and any purported transfer shall be null and void ab initio. The terms of the Plan and this Grant Agreement shall be binding upon the executors, administrators, heirs, successors and assigns of the Participant.

8. Securities Matters. All Shares and Exercised Shares shall be subject to the restrictions on sale, encumbrance and other disposition provided by Federal or state law. The Company shall not be obligated to sell or issue any Shares or Exercised Shares pursuant to this Grant Agreement unless, on the date of sale and issuance thereof, such Shares are either registered under the Securities Act of 1933, as amended (the "**Securities Act"),** and all applicable state securities laws, or are exempt from registration thereunder. Regardless of whether the offering and sale of Shares under the Plan have been registered under the Securities Act, or have been registered or qualified under the securities laws of any state, the Company at its sole and absolute discretion may impose restrictions upon the sale, pledge or other transfer of such Shares (including the placement of appropriate legends on stock certificates or the imposition of stop-transfer instructions) if, in the judgment of the Company, such restrictions are necessary in order to achieve compliance with Applicable Law.

9. Investment Purpose. The Participant represents and warrants that unless the Shares are registered under the Securities Act, any and all Shares acquired by the Participant under this Grant Agreement will be acquired for investment for the Participant's own account and not with a view to, for resale in connection with, or with an intent of participating directly or indirectly in, any distribution of such Shares within the meaning of the Securities Act. The Participant agrees not to sell, transfer or otherwise dispose of such Shares unless they are either (1) registered under the Securties Act and all applicable state securities laws, or (2) exempt from such registration in the opinion of Company counsel.

10. Lock-Up Agreement. The Participant hereby agrees that in the event that the Participant exercises this Option during a period in which any directors or officers of

the Company have agreed with one or more underwriters not to sell securities of the Company, then, as a condition to such exercise, the Participant shall enter into an agreement, in form and substance satisfactory to the Company, pursuant to which the Participant shall agree to restrictions on transferability of the Shares comparable to the restrictions agreed upon by such directors or officers of the Company.

11. Other Plans. No amounts of income received by the Participant pursuant to this Grant Agreement shall be considered compensation for purposes of any pension or retirement plan, insurance plan or any other employee benefit plan of the Company or its subsidiaries, unless otherwise expressly provided in such plan.

12. No Guarantee of Continued Service. The Participant acknowledges and agrees that the right to exercise the Option pursuant to the exercise schedule hereof is earned only through Continuous Service and such other requirements, if any, as are set forth in Exhibit A (and not through the act of being hired, being granted an option or purchasing shares hereunder). The Participant further acknowledges and agrees that (i) this Grant Agreement, the transactions contemplated hereunder and the exercise schedule set forth herein do not constitute an express or implied promise of continued employment or service for the exercise period or for any other period, and shall not interfere with the Participant's right or the right of the Company or its Subsidiaries to terminate the employment or service relationship at any time, with or without cause, subject to the terms of any written employment agreement that the Participant may have entered into with the Company or any of its Subsidiaries; and (ii) the Company would not have granted this Option to the Participant but for these acknowledgements and agreements.

13. Entire Agreement; Governing Law. The Plan is incorporated herein by reference. The Plan and this Grant Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Participant with respect to the subject matter hereof, and except as provide in the Plan may not be modified in a manner material and adverse to the Participant's interest except by means of a writing signed by the Company and the Participant. In the event of any conflict between this Grant Agreement and the Plan, the Plan shall be controlling, except as otherwise specifically provided in the Plan. This Grant Agreement shall be construed under the laws of the State of Texas, without regard to conflict of laws principles.

14. Opportunity for Review. The Participant and the Company agree that this Option is granted under and governed by the terms and conditions of the Plan and this Grant Agreement. The Participant has reviewed the Plan and this Grant Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Agreement and fully understands all provisions of the Plan and this Grant Agreement. The Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions relating to the Plan and this Grant Agreement. The Participant further agrees to promptly notify the Company upon any change in the residence address indicated herein.

15. Section 409A. This Option is intended to be excepted from coverage under Section 409A and shall be administered, interpreted and construed accordingly. The Company may, in its sole and absolute discretion and without the Participant's consent, modify or amend the terms of this Grant Agreement, impose conditions on the timing and effectiveness of the exercise of the Option by Participant, or take any other action it deems necessary or advisable, to cause the Option to be excepted from Section 409A (or to comply therewith to the extent the Company determines it is not excepted).

16. Recoupment. Notwithstanding anything to the contrary contained herein, any amounts paid hereunder shall be subject to recoupment in accordance with The Dodd–Frank Wall Street Reform and Consumer Protection Act and any implementing regulations thereunder, any clawback policy adopted by the Company, as in effect from time to time, or as is otherwise required by Applicable Law.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Grant Agreement as of the date set forth inExhibit A.

APPLIED DIGITAL CORPORATION

By: _____
Name:
Title:

PARTICIPANT

_____
Name:

EXHIBIT A

NONQUALIFIED STOCK OPTION GRANT AGREEMENT

APPLIED DIGITAL CORPORATION

(a). **Participant's Name**: _____

(b). **Date of Grant**: _____

(c). **Number of Shares Subject to the Option**: _____

(d). **Exercise Price**: $_____ **per Share**

(e). **Expiration Date**: _____

(f). **Vesting Schedule**:

EXHIBIT B

APPLIED DIGITAL CORPORATION
2024 OMNIBUS EQUITY INCENTIVE PLAN

STOCK OPTION EXERCISE NOTICE

Applied Digital Corporation
3811 Turtle Creek Blvd.
Suite 2100
Dallas, TX 75219
Attention: Chief Financial Officer

1. **Exercise of Option**. Effective as of today, _____, 202__ (the "Exercise Date"), the undersigned ("Purchaser") hereby elects to purchase _____ shares (the "Shares") of the Common Stock of Applied Digital Corporation (the "Company") under and pursuant to the Stock Option Grant Agreement dated _____, 202_ (the "Option Agreement"). Pursuant to the Option Agreement, the aggregate purchase price for the Shares is $_____ (the "Purchase Price"). Capitalized terms used herein and not otherwise defined shall have the meaning assigned thereto under the Applied Digital Corporation 2024 Omnibus Equity Incentive Plan (the "Plan").

2. With respect to payment of the Purchase Price, select A or B as follows:

A. [ ] Full Payment. Purchaser herewith makes payment of a check the full Purchase Price to the Company, either:

[ ] by enclosing a check payable to the Company, or

[ ] by transfer of funds by wire transfer to the Company.

B. [ ] Cashless Exercise. If permitted by the Company under Purchaser's Option Agreement and approved by the Company in connection with approval of such option, Purchaser elects to exercise via "cashless exercise" through a broker approved by the Company, and agrees to execute and deliver all appropriate forms as may be required by such broker and/or the Company. Purchaser hereby authorizes the broker will pay to the Company the Purchase Price plus an amount sufficient to cover all applicable taxes, as determined by the Company in its sole and absolute discretion.

3. **Rights as Shareholder**. Until the issuance (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company) of the Shares, no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the Shares covered by the Option, notwithstanding the exercise of the Option. The Shares so acquired shall be issued to Purchaser as soon as practicable after exercise of the Option. No adjustment will be made for a dividend or other right for which the record date is prior to the date of issuance.

4. **Tax Consultation**. Purchaser understands that Purchaser may suffer adverse tax consequences as a result of Purchaser's purchase or disposition of the Shares. Purchaser represents that Purchaser has consulted with any tax consultants Purchaser deems advisable in connection with the purchase or disposition of the Shares and that Purchaser is not relying on the Company for any tax advice.

5. **Entire Agreement; Governing Law**. The Option Agreement is incorporated herein by reference. This Agreement and the Option Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Purchaser with respect to the subject matter hereof, and except as provided in the Plan may not be modified in a manner material and adverse to the Purchaser's interest except by means of a writing signed by the Company and Purchaser. This agreement is governed by the internal substantive laws, but not the choice of law rules, of the State of Texas.

Submitted by:	Accepted by:
PURCHASER	**APPLIED DIGITAL CORPORATION**
_____	By: _____
_____	_____
Print Name	Print Name/Title
Date: _____	Date: _____

EXHIBIT C

EMPLOYEE NON-DISCLOSURE, INVENTION ASSIGNMENT AND RESTRICTIVE COVENANTS AGREEMENT

Exhibit 10.5

RESTRICTED STOCK UNIT AWARD AGREEMENT

APPLIED DIGITAL CORPORATION

This Restricted Stock Unit Award Agreement (the "Agreement" or "Award Agreement"), dated as of the "Award Date" set forth in the attached Exhibit A, is entered into between Applied Digital Corporation, a Nevada corporation (the "Company"), and the individual named in Exhibit A hereto (the "Participant").

WHEREAS, the Company desires to provide the Participant with an opportunity to acquire the Company's common shares, par value $0.001 per share (the "Common Stock"), and thereby provide additional incentive for the Participant to promote and participate in the progress and success of the business of the Company; and

WHEREAS, to give effect to the foregoing intention, the Company desires to award the Participant Restricted Stock Units pursuant to the Applied Digital Corporation 2024 Omnibus Equity Incentive Plan (as amended, restated or otherwise modified from time to time, the "Plan");

NOW, THEREFORE, the following provisions apply to this Award:

1. Award. The Company hereby awards the Participant the number of Restricted Stock Units (each an "RSU" and collectively the "RSUs") set forth in Exhibit A. Such RSUs shall be subject to the terms and conditions set forth in this Agreement and the provisions of the Plan, the terms of which are incorporated herein by reference. Capitalized terms used but not otherwise defined herein shall have the meanings as set forth in the Plan.

2. Vesting and settlement.

(a) Vesting. Except as otherwise provided in this Agreement, the RSUs shall vest in accordance with the vesting schedule set forth in Exhibit A, provided that the Participant remains in Continuous Service through each applicable vesting date.

(b) Settlement. For each RSU that becomes vested in accordance with this Agreement, the Company shall issue and deliver to Participant one share of Common Stock. Such shares shall be issued and delivered as soon as administratively practicable following the vesting date of each such RSU, but in no event later than March 15 of the year following the year in which such vesting date occurs. Except as provided above, in the event that the Participant ceases to be in Continuous Service, any RSUs that have not vested as of the date of such cessation of service shall be forfeited. If requested by the Participant, delivery of shares may be effected by book-entry credit to the Participant's brokerage account.

3. No Rights as Stockholder. The Participant shall not be entitled to any of the rights of a stockholder with respect to any share of Common Stock that may be acquired following vesting of an RSU unless and until such share of Common Stock is issued and delivered to the Participant. Without limitation of the foregoing, the Participant shall not have the right to vote any share of Common Stock to which an RSU relates and shall not be entitled to receive any dividend attributable to such share of Common Stock for any period priot to the issuance and delivery of such share to Participant.

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4. Covenants Agreement. The RSUs are conditioned on the Participant's execution of the Employee Non-Disclosure, Invention Assignment and Restrictive Covenants Agreement attached hereto as Exhibit B, and the Participant's compliance with its terms. The RSUs shall be subject to forfeiture at the election of the Company, without payment of consideration, in the event that the Participant breaches the Employee Non-Disclosure, Invention Assignment and Restrictive Covenants Agreement, or any other agreement between the Participant and the Company with respect to noncompetition, nonsolicitation, nondisparagement, assignment of inventions and contributions and/or nondisclosure obligations of the Participant.

5. Transfer Restrictions. Neither this Agreement nor the RSUs may be sold, assigned, pledged or otherwise transferred or encumbered without the prior written consent of the Committee and any purported sale, assignment, pledge, transfer or emcumberance shall be null and void ab initio.

6. Acceptance. To accept the RSUs, please execute and return this Agreement where indicated (including acceptance via an electronic platform maintained by the Company or a third party administrator engaged by the Company) no later than six (6) months from the Award Date (the "Acceptance Deadline"). By executing this Agreement and accepting your RSUs, you will have agreed to all the terms and conditions set forth in this Agreement and the Plan. The grant of the RSUs will be considered null and void, and acceptance of the RSUs will be of no effect, if you do not execute and return this Agreement by the Acceptance Deadline.

7. Government Regulations. Notwithstanding anything contained herein to the contrary, the Company's obligation hereunder to issue or deliver certificates evidencing shares of Common Stock shall be subject to the terms of all Applicable Laws.

8. Withholding Taxes. The Participant shall pay in cash to the Company, or make provision satisfactory to the Company for payment of, the minimum statutory amount required to satisfy all federal, state and local income tax withholding requirements and the Participant's share of applicable employment withholding taxes in connection with the issuance and deliverance of shares of Common Stock following vesting of RSUs, in any manner permitted by the Plan. If permissible under Applicable Law, the minimum federal, state, and local and foreign income, payroll, employment and any other applicable taxes which the Company determines must be withheld with respect to the RSUs ("Tax Withholding Obligation") may be satisfied by shares of Common Stock being sold on the Participant's behalf at the prevailing market price pursuant to such procedures as the Company may specify from time to time, including through a broker-assisted arrangement (it being understood that the shares of Common Stock to be sold must have vested pursuant to the terms of this Agreement and the Plan). In addition to shares of Common Stock sold to satisfy the Tax Withholding Obligation, additional shares of Common Stock may be sold to satisfy any associated broker or other fees. The proceeds from any sale will be used to satisfy the Participant's Tax Withholding Obligation arising with respect to the RSUs and any associated broker or other fees. Only whole shares of Common Stock will be sold. Any proceeds from the sale of shares of Common Stock in excess of the Tax Withholding Obligation and any associated broker or other fees will be paid to the Participant in accordance with procedures the Company may specify from time to time.

The Committee may also permit the Participant to satisfy the Participant's Tax Withholding Obligation by (i) delivering to the Company shares of Common Stock that the Participant owns and that have vested with a fair market value equal to the amount required to be withheld, (ii) having the Company withhold otherwise deliverable shares of Common Stock having a value equal to the minimum amount statutorily required to be withheld, (iii) payment by Participant in cash, or (iv) such other means as the Committee deems appropriate.

No shares of Common Stock shall be issued with respect to RSUs unless and until satisfactory arrangements acceptable to the Company have been made by the Participant with respect to the payment of any income and other taxes which the Company determines must be withheld or collected with respect to the RSUs.

9. Investment Purpose. Any and all shares of Common Stock acquired by the Participant under this Agreement will be acquired for investment for the Participant's own account and not with a view to, for resale in connection with, or with an intent of participating directly or indirectly in, any distribution of such shares of Common Stock

within the meaning of the Securities Act of 1933, as amended (the "Securities Act"). The Participant shall not sell, transfer or otherwise dispose of such shares unless they are either (1) registered under the Securties Act and all applicable state securities laws, or (2) exempt from such registration in the opinion of Company counsel.

10. Securities Law Restrictions. Regardless of whether the offering and sale of shares of Common Stock issuable to Participant pursuant to this Agreement and the Plan have been registered under the Securities Act, or have been registered or qualified under the securities laws of any state, the Company at its sole and absolute discretion may impose restrictions upon the sale, pledge or other transfer of such shares of Common Stock (including the placement of appropriate legends on stock certificates or the imposition of stop-transfer instructions) if, in the judgment of the Company, such restrictions are necessary in order to achieve compliance with Applicable Laws.

11. Lock-Up Agreement. The Participant, in the event that any shares of Common Stock which become deliverable to Participant with respect to RSUs at a time during which any directors or officers of the Company have agreed with one or more underwriters not to sell securities of the Company, shall enter into an agreement, in form and substance satisfactory to the Company, pursuant to which the Participant shall agree to restrictions on transferability of the shares of such Common Stock comparable to the restrictions agreed upon by such directors or officers of the Company.

12. Participant Obligations. The Participant should review this Agreement with his or her own tax advisors to understand the federal, state, local and foreign tax consequences of the transactions contemplated by this Agreement. The Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents, if any, made to the Participant. The Participant (and not the Company) shall be responsible for the Participant's own tax liability arising as a result of the transactions contemplated by this Agreement.

13. No Guarantee of Continued Service. Nothing in this Agreement or the Plan confers on the Participant any right to remain in Continuous Service, nor shall it affect in any way any right of the Participant or the Company to terminate the Participant's service relationship.

14. Notices. Notices or communications to be made hereunder shall be in writing and shall be delivered in person, by registered mail, by confirmed facsimile or by a reputable overnight courier service to the Company at its principal office or to the Participant at his or her address contained in the records of the Company. Alternatively, notices and other communications may be provided in the form and manner of such electronic means as the Company may permit.

15. Entire Agreement; Governing Law. The Plan is incorporated herein by reference. The Plan and this Award Agreement constitute the entire Agreement with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Participant with respect to the subject matter hereof, and except as provided in the Plan, may not be modified in a manner material and adverse to the Participant's interest except by means of a writing signed by the Company and the Participant. In the event of any conflict between this Award Agreement and the Plan, the Plan shall be controlling. This Award Agreement shall be construed under the laws of the State of Texas, without regard to conflict of laws principles.

16. Opportunity for Review. Participant and the Company agree that this Award is granted under and governed by the terms and conditions of the Plan and this Award Agreement. The Participant has reviewed the Plan and this Award Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to accepting this Award Agreement and fully understands all provisions of the Plan and this Award Agreement. The Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions relating to the Plan and this Award Agreement. The Participant further agrees to promptly notify the Company upon any change in Participant's residence address.

17. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Company and the Participant and their respective permitted successors, assigns, heirs, beneficiaries and representatives.

18. Section 409A Compliance. To the extent that this Agreement and the award of RSUs hereunder are or become subject to the provisions of Section 409A of the Code, the Company and the Participant agree that this Agreement may be amended or modified by the Company, in its sole and absolute discretion and without the Participant's consent, as appropriate to maintain compliance with the provisions of Section 409A of the Code.

19. Recoupment. Notwithstanding anything to the contrary contained herein, any amounts paid hereunder shall be subject to recoupment in accordance with The Dodd–Frank Wall Street Reform and Consumer Protection Act and any implementing regulations thereunder, any clawback policy adopted by the Company, as in effect from time to time, or as is otherwise required by Applicable Law.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth in Exhibit A.

APPLIED DIGITAL CORPORATION

By: _____
Name:
Title:

PARTICIPANT

_____
Name:

EXHIBIT A

APPLIED DIGITAL CORPORATION

RESTRICTED STOCK UNIT AWARD AGREEMENT

(a). **Participant's Name**: _____

(b). **Award Date**: _____

(c). **Number of Restricted Stock Units ("RSUs") Granted**: _____

(d). **Vesting Schedule**:

EXHIBIT B

EMPLOYEE NON-DISCLOSURE, INVENTION ASSIGNMENT AND RESTRICTIVE COVENANTS AGREEMENT

Exhibit 10.6

RESTRICTED STOCK AWARD AGREEMENT

APPLIED DIGITAL CORPORATION

This Restricted Stock Award Agreement (the "Agreement"), dated as of the "Award Date" set forth in the attached Exhibit A (the "Award Date"), is entered into between Applied Digital Corporation, a Nevada corporation (the "Company"), and the individual named in Exhibit A hereto (the "Participant").

WHEREAS, the Company desires to provide the Participant an incentive to participate in the success and growth of the Company through the opportunity to earn a proprietary interest in the Company; and

WHEREAS, to give effect to the foregoing intention, the Company desires to grant the Participant a Restricted Stock Award, pursuant to the Applied Digital Corporation 2024 Omnibus Equity Incentive Plan (as amended, restated or otherwise modified, from time to time, the "Plan");

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth and for good and valuable consideration, the parties hereto agree as follows:

1. Award. The Company hereby awards the Participant a Restricted Stock Award for the number of restricted shares of Common Stock (each a "Restricted Share" and collectively the "Restricted Shares") set forth in Exhibit A hereto, subject to the terms and conditions set forth herein and the provisions of the Plan, the terms of which are incorporated herein by reference. Capitalized terms used but not otherwise defined in this Agreement shall have the meanings as set forth in the Plan.

2. Restrictions on Sale or Other Transfer. Each Restricted Share awarded to the Participant pursuant to this Agreement shall be subject to acquisition by the Company and may not be sold, transferred, assigned or pledged or otherwise be the subject of any disposition during the "Restriction Period" as defined below and any purported sale, transfer, assignment or pledge shall be null and void ab initio. Each Restricted Share shall be held physically or in book entry form with the Company's transfer agent until the restrictions set forth above with respect to such Restricted Share lapse in accordance with the provisions of Section 3 or until such Restricted Share is forfeited pursuant to Section 3. Restricted Shares shall be delivered to the Participant only when and to the extent that the restrictions set forth in Section 3 with respect to such Restricted Shares lapse.

3. Restriction Period. The Restricted Shares shall become vested, and the restrictions applicable to the Restricted Shares shall lapse (such period, the "Restriction Period") as set forth in Exhibit A. Subject to the terms of this Agreement, the Participant shall forfeit the Restricted Shares to the extent that the Participant does not satisfy the applicable vesting requirements set forth in Exhibit A.

4. Rights as Shareholder. Except with respect to the restrictions set forth in Section 2 above, upon the issuance to the Participant of Restricted Shares hereunder, the Participant shall have all the rights of a shareholder of Common Stock with respect to such Restricted Shares, including the right to vote the shares and receive all dividends and other distributions paid or made with respect thereto; provided, however, that such dividends and other distributions shall be retained by the Company for the Participant's account and for delivery to the Participant, together with the Restricted Shares as and when said restrictions and conditions shall have been satisfied, expired or lapsed.

5. Covenants Agreement. The Restricted Shares shall be conditioned on the Participant's execution of the Employee Non-Disclosure, Invention Assignment and Restrictive Covenants Agreement attached hereto as Exhibit C, and the Participant's compliance with its terms. The Restricted Shares shall be subject to forfeiture at the election of the Company, without payment of consideration, in the event that the Participant breaches the Employee Non-Disclosure, Invention Assignment and Restrictive Covenants Agreement, or any other agreement between the Participant and the Company with respect to noncompetition, nonsolicitation, nondisparagement, assignment of inventions and contributions and/or nondisclosure obligations of the Participant.

6. Forfeiture. Except to the extent otherwise provided in Exhibit A, upon termination of the Participant's Continuous Service with the Company and its Subsidiaries, any Restricted Shares as to which the Restriction Period has not then lapsed shall (together with any dividends or distributions paid or declared thereon) be forfeited by Participant and such Restricted Shares (together with any dividends or distributions paid or declared thereon) shall thereupon be transferred to the Company at no cost to the Company. Without limitation of the foregoing, the Restricted Shares shall be subject to forfeiture at the election of the Company, without payment of consideration, in the event that the Participant breaches any agreement between the Participant and the Company with respect to noncompetition, nonsolicitation, nondisparagement, assignment of inventions and contributions and/or nondisclosure obligations of the Participant.

7. Acceptance. To accept the Restricted Shares, please execute and return this Agreement where indicated (including acceptance via an electronic platform maintained by the Company or a third party administrator engaged by the Company) no later than six (6) months from the Award Date (the "Acceptance Deadline"). By executing this Agreement and accepting your Restricted Shares, you will have agreed to all the terms and conditions set forth in this Agreement and the Plan. The grant of the Restricted Shares will be considered null and void, and acceptance of the Restricted Shares will be of no effect, if you do not execute and return this Agreement by the Acceptance Deadline.

8. Government Regulations. Notwithstanding anything contained herein to the contrary, the Company's obligation hereunder to issue or deliver shares of Common Stock shall be subject to Applicable Law.

9. Investment Purpose. The Participant represents and warrants that unless the Restricted Shares are registered under the Securities Act of 1933, as amended (the "Securities Act"), any and all shares of Common Stock acquired by the Participant under this Agreement will be acquired for investment for the Participant's own account and not with a view to, for resale in connection with, or with an intent of participating directly or indirectly in, any distribution of such shares of Common Stock within the meaning of the Securities Act. The Participant agrees not to sell, transfer or otherwise dispose of such shares unless they are either (1) registered under the Securties Act and all Applicable Laws, or (2) exempt from such registration in the opinion of Company counsel.

10. Securities Law Restrictions. Regardless of whether the offering and sale of shares of Restricted Shares pursuant to this Agreement and the Plan have been registered under the Securities Act, or have been registered or qualified under the securities laws of any state, the Company at its sole and absolute may impose restrictions upon the sale, pledge or other transfer of such shares of Common Stock (including the placement of appropriate legends on stock certificates or the imposition of stop-transfer instructions) if, in the judgment of the Company, such restrictions are necessary in order to achieve compliance with Applicable Law.

11. Lock-Up Agreement. The Participant hereby agrees that in the event that the Restriction Period lapses with respect to any of the Restricted Shares at a time during which any directors or officers of the Company have agreed with one or more underwriters not to sell securities of the Company, then Participant shall enter into an agreement, in form and substance satisfactory to the Company, pursuant to which the Participant shall agree to restrictions on transferability of such Restricted Shares, and any Restricted Shares for which the Restriction Period may lapse during such time, comparable to the restrictions agreed upon by such directors or officers of the Company.

12. Withholding Taxes. The Company shall have the right to require the Participant to remit to the Company, or to withhold from amounts payable to the Participant, as compensation or otherwise, the minimum statutory amount required to satisfy all federal, state and local income tax withholding requirements and the Participant's share of applicable employment withholding taxes (including, without limitation, any such income or employment taxes resulting from (i) the expiration of restrictions set forth hereunder that are applicable to any Restricted Shares or (ii) an election made by the Participant under Section 83(b) of the Code.

13. Participant Representations. The Participant has reviewed with the Participant's own tax advisors the federal, state, local and foreign tax consequences of the transactions contemplated by this Agreement. The Participant is relying solely on such advisors, and not on any statements or representations of the Company or any of its agents, if any, made to the Participant. The Participant understands that the Participant (and not the Company) shall be responsible for the Participant's own liability arising as a result of the transactions contemplated by this Agreement.

14. Section 83(b) Election. The Participant hereby acknowledges that the Participant has been informed that, with respect to the Restricted Shares, the Participant may file an election with the Internal Revenue Service, within 30 days of the execution of this Agreement, electing pursuant to Section 83(b) of the Code to be taxed currently on any difference between the purchase price of the Restricted Shares and their fair market value on the date of purchase. Absent such an election, taxable income will be measured and recognized by the Participant at the time or times at which the forfeiture restrictions on the Restricted Shares lapse. The Participant is strongly encouraged to seek the advice of his or her own tax consultant in connection with the issuance of the Restricted Shares and the advisability of filing of the election under Section 83(b) of the Code. **THE PARTICIPANT ACKNOWLEDGES THAT IT IS NOT THE COMPANY'S RESPONSIBILTY, BUT RATHER IS THE PARTICIPANT'S SOLE RESPONSIBILITY, TO FILE THE ELECTION UNDER SECTION 83(b) TIMELY.** If the Participant files an election under Section 83(b) of the Code, the Participant shall promptly furnish the Company with a copy of the election. A form of election under Section 83(b) of the Code is attached hereto as Exhibit B for reference.

15. No Guarantee of Continued Service. The Participant acknowledges and agrees that (i) nothing in this Agreement or the Plan confers on the Participant any right to continue in an employment, service or consulting relationship with the Company, nor shall it affect in any way the Participant's right or the Company's right to terminate the Participant's employment, service, or consulting relationship at any time, with or without cause, subject to any employment or service agreement that may have been entered into by the Commpany and the Participant; and (ii) the Company would not have granted this Award to the Participant but for these acknowledgements and agreements.

16. Notices. Notices or communications to be made hereunder shall be in writing and shall be delivered in person, by registered mail, by confirmed facsimile or by a reputable overnight courier service to the Company at its principal office or to the Participant at his or her address contained in the records of the Company. Alternatively, notices and other communications may be provided in the form and manner of such electronic means as the Company may permit.

17. Entire Agreement; Governing Law. The Plan is incorporated herein by reference. The Plan and this Award Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Participant with respect to the subject matter hereof, and except as provided in the Plan, may not be modified in a manner material and adverse to the Participant's interest except by means of a writing signed by the Company and the Participant. In the event of any conflict between this Agreement and the Plan, the Plan shall be controlling. This Agreement shall be construed under the laws of the State of Texas, without regard to conflict of laws principles.

18. Opportunity for Review. The Participant and the Company agree that this Award is granted under and governed by the terms and conditions of the Plan and this Award Agreement. The Participant has reviewed the Plan and this Award Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to accepting this Award Agreement and fully understands all provisions of the Plan and this Award Agreement. The Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions relating to the Plan and this Award Agreement. The Participant further agrees to promptly notify the Company upon any change in Participant's residence address.

19. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Company and the Participant and their respective permitted successors, assigns, heirs, beneficiaries and representatives.

20. Section 409A Compliance. To the extent that this Agreement and the award of Restricted Shares hereunder are or become subject to the provisions of Section 409A of the Code, the Company and the Participant agree that this Agreement may be amended or modified by the Company, in its sole and absolute discretion and without the Participant's consent, as appropriate to maintain compliance with the provisions of Section 409A of the Code.

21. Recoupment. Notwithstanding anything to the contrary contained herein, any amounts paid hereunder shall be subject to recoupment in accordance with The Dodd–Frank Wall Street Reform and Consumer Protection Act and any implementing regulations thereunder, any clawback policy adopted by the Company, as in effect from time to time, or as is otherwise required by Applicable Law.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth in Exhibit A.

APPLIED DIGITAL CORPORATION

By: _____
Name:
Title:

PARTICIPANT

_____
Name:

EXHIBIT A

APPLIED DIGITAL CORPORATION

RESTRICTED STOCK AWARD AGREEMENT

(a). **Participant's Name**: _____

(b). **Award Date**: _____

(c). **Number of Restricted Shares Granted**: _____

(d). **Restriction Period**:

EXHIBIT B

ELECTION UNDER SECTION 83(b)

OF THE INTERNAL REVENUE CODE OF 1986

The undersigned taxpayer hereby makes an election pursuant to Section 83(b) of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder (the "Regulations"), and in connection with this election supplies the following information:

1. The name, address and taxpayer identification number of the undersigned are:

[Name]
[Address]
Social Security Number: ___-__-____

2. The election is being made with respect to [_____] shares of common stock (the "Stock") of Applied Digital Corporation, a Nevada corporation (the "Company").

3. The date on which the Stock was transferred to the undersigned was [_____]. The taxable year for which this election is being made is calendar year [____].

4. The property is subject to the following restrictions:

The above-mentioned shares may not be transferred and are subject to forfeiture under the terms of an agreement between the taxpayer and the Company. These restrictions lapse upon the satisfaction of certain conditions contained in such agreement.

Disposition of the Stock also may be subject to restrictions imposed under applicable federal and state securities laws.

5. The fair market value of the Stock at the time of transfer (determined without regard to any lapse restriction, as defined in §1.83-3(i) of the Regulations) was $[_____].

6. The undersigned did not pay any amount for the Stock. Therefore, $[_____] (the full fair market value of the Stock stated above) is includible in the undersigned's gross income as compensation for services.

7. A copy of this election has been furnished to the Company and to the transferee of the Stock, if different from the taxpayer as required by §1.83-2(d) of the Regulations.

Dated: _____

_____
[taxpayer signature]

INSTRUCTIONS FOR FILING SECTION 83(B) ELECTION

Attached is a form of election under section 83(b) of the Internal Revenue Code. If you wish to make such an election, you should complete, sign and date the election and then proceed as follows:

1. Execute three counterparts of your completed election (plus one extra counterpart for each person other than you, if any who receives property that is the subject of your election), retaining at least one photocopy for your records.

2. Send one counterpart to the Internal Revenue Service Center with which you will file your Federal income tax return for the current via certified mail, return receipt requested. THE ELECTION SHOULD BE SENT IMMEDIATELY, AS YOU ONLY HAVE 30 DAYS FROM THE ISSUANCE/PURCHASE/GRANT DATE WITHIN WHICH TO MAKE THE ELECTION – NO WAIVERS, LATE FILINGS OR EXTENSIONS ARE PERMITTED.

3. Deliver one counterpart of the completed election to the Company for its files.

4. If anyone other than you (e.g., one of your family members) will receive property that is the subject of your election, deliver one counterpart of the completed election to each such person.

EXHIBIT C

EMPLOYEE NON-DISCLOSURE, INVENTION ASSIGNMENT AND RESTRICTIVE COVENANTS AGREEMENT

Exhibit 10.7

PERFORMANCE STOCK UNIT AWARD AGREEMENT

APPLIED DIGITAL CORPORATION

This Performance Stock Unit Award Agreement (the "Agreement" or "Award Agreement"), dated as of the "Award Date" set forth in the attached Exhibit A, is entered into between Applied Digital Corporation, a Nevada corporation (the "Company"), and the individual named in Exhibit A hereto (the "Participant").

WHEREAS, the Company desires to provide the Participant with an opportunity to acquire the Company's common shares, par value $0.001 per share (the "Common Stock"), and thereby provide additional incentive for the Participant to promote and participate in the progress and success of the business of the Company; and

WHEREAS, to give effect to the foregoing intention, the Company desires to award the Participant Performance Stock Units pursuant to Section 11 of the Applied Digital Corporation 2024 Omnibus Equity Incentive Plan (as amended, restated or otherwise modified from time to time, the "Plan");

NOW, THEREFORE, the following provisions apply to this Award:

1. Award. The Company hereby awards the Participant the number of Performance Stock Units (each a "PSU") set forth in Exhibit A. Such PSUs shall be subject to the terms and conditions set forth in this Agreement and the provisions of the Plan, the terms of which are incorporated herein by reference. Capitalized terms used but not otherwise defined herein shall have the meanings as set forth in the Plan.

2. Vesting and Settlement.

(a) Vesting. Except as otherwise provided in this Agreement, the PSUs shall vest in accordance with the vesting schedule set forth in Exhibit A, provided that the Participant remains in Continuous Service through each applicable vesting date.

(b) Settlement. For each PSU that becomes vested in accordance with this Agreement, the Company shall issue and deliver to Participant one share of Common Stock. Such shares shall be issued and delivered as soon as administratively practicable following the vesting date of each such PSU, but in not event later than March 15 of the year following the year in which such vesting date occurs. Except as provided above, in the event that the Participant ceases to be in Continuous Service, any PSUs that have not vested as of the date of such cessation of service shall be forfeited. If requested by the Participant, delivery of shares may be effected by book-entry credit to the Participant's brokerage account.

3. No Rights as Stockholder. The Participant shall not be entitled to any of the rights of a stockholder with respect to any share of Common Stock that may be acquired following vesting of a PSU unless and until such share of Common Stock is issued and delivered to the Participant. Without limitation of the foregoing, the Participant shall not have the right to vote any share of Common Stock to which a PSU relates and shall not be entitled to receive any dividend attributable to such share of Common Stock for any period priot to the issuance and delivery of such share to Participant.

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4. Covenants Agreement. The PSUs are conditioned on the Participant's execution of the Employee Non-Disclosure, Invention Assignment and Restrictive Covenants Agreement attached hereto as Exhibit B, and the Participant's compliance with its terms. The PSUs shall be subject to forfeiture at the election of the Company, without payment of consideration, in the event that the Participant breaches the Employee Non-Disclosure, Invention Assignment and Restrictive Covenants Agreement, or any other agreement between the Participant and the Company with respect to noncompetition, nonsolicitation, nondisparagement, assignment of inventions and contributions and/or nondisclosure obligations of the Participant.

5. Transfer Restrictions. Neither this Agreement nor the PSUs may be sold, assigned, pledged or otherwise transferred or encumbered without the prior written consent of the Committee and any purported sale, assignment, pledge, transfer or emcumberance shall be null and void ab initio.

6. Acceptance. To accept the PSUs, please execute and return this Agreement where indicated (including acceptance via an electronic platform maintained by the Company or a third party administrator engaged by the Company) no later than six (6) months from the Award Date (the "Acceptance Deadline"). By executing this Agreement and accepting your PSUs, you will have agreed to all the terms and conditions set forth in this Agreement and the Plan. The grant of the PSUs will be considered null and void, and acceptance of the PSUs will be of no effect, if you do not execute and return this Agreement by the Acceptance Deadline.

7. Government Regulations. Notwithstanding anything contained herein to the contrary, the Company's obligation hereunder to issue or deliver certificates evidencing shares of Common Stock shall be subject to the terms of all Applicable Laws.

7. Withholding Taxes. The Participant shall pay in cash to the Company, or make provision satisfactory to the Company for payment of, the minimum statutory amount required to satisfy all federal, state and local income tax withholding requirements and the Participant's share of applicable employment withholding taxes in connection with the issuance and deliverance of shares of Common Stock following vesting of PSUs, in any manner permitted by the Plan. If permissible under Applicable Law, the minimum federal, state, and local and foreign income, payroll, employment and any other applicable taxes which the Company determines must be withheld with respect to the PSUs ("Tax Withholding Obligation") may be satisfied by shares of Common Stock being sold on the Participant's behalf at the prevailing market price pursuant to such procedures as the Company may specify from time to time, including through a broker-assisted arrangement (it being understood that the shares of Common Stock to be sold must have vested pursuant to the terms of this Agreement and the Plan). In addition to shares of Common Stock sold to satisfy the Tax Withholding Obligation, additional shares of Common Stock may be sold to satisfy any associated broker or other fees. The proceeds from any sale will be used to satisfy the Participant's Tax Withholding Obligation arising with respect to the PSUs and any associated broker or other fees. Only whole shares of Common Stock will be sold. Any proceeds from the sale of shares of Common Stock in excess of the Tax Withholding Obligation and any associated broker or other fees will be paid to the Participant in accordance with procedures the Company may specify from time to time.

The Committee may also permit the Participant to satisfy the Participant's Tax Withholding Obligation by (i) delivering to the Company shares of Common Stock that the Participant owns and that have vested with a fair market value equal to the amount required to be withheld, (ii) having the Company withhold otherwise deliverable shares of Common Stock having a value equal to the minimum amount statutorily required to be withheld, (iii) payment by Participant in cash, or (iv) such other means as the Committee deems appropriate.

No shares of Common Stock shall be issued with respect to PSUs unless and until satisfactory arrangements acceptable to the Company have been made by the Participant with respect to the payment of any income and other taxes which the Company determines must be withheld or collected with respect to the PSUs.

8. Investment Purpose. Any and all shares of Common Stock acquired by the Participant under this Agreement will be acquired for investment for the Participant's own account and not with a view to, for resale in connection with, or with an intent of participating directly or indirectly in, any distribution of such shares of Common Stock within the meaning of the Securities Act of 1933, as amended (the "Securities Act"). The Participant shall not sell, transfer or otherwise dispose of such shares unless they are

either (1) registered under the Securties Act and all applicable state securities laws, or (2) exempt from such registration in the opinion of Company counsel.

9. Securities Law Restrictions. Regardless of whether the offering and sale of shares of Common Stock issuable to Participant pursuant to this Agreement and the Plan have been registered under the Securities Act, or have been registered or qualified under the securities laws of any state, the Company at its sole and absolute discretion may impose restrictions upon the sale, pledge or other transfer of such shares of Common Stock (including the placement of appropriate legends on stock certificates or the imposition of stop-transfer instructions) if, in the judgment of the Company, such restrictions are necessary in order to achieve compliance with Applicable Laws.

10. Lock-Up Agreement. The Participant, in the event that any shares of Common Stock which become deliverable to Participant with respect to PSUs at a time during which any directors or officers of the Company have agreed with one or more underwriters not to sell securities of the Company, shall enter into an agreement, in form and substance satisfactory to the Company, pursuant to which the Participant shall agree to restrictions on transferability of the shares of such Common Stock comparable to the restrictions agreed upon by such directors or officers of the Company.

11. Participant Obligations. The Participant should review this Agreement with his or her own tax advisors to understand the federal, state, local and foreign tax consequences of the transactions contemplated by this Agreement. The Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents, if any, made to the Participant. The Participant (and not the Company) shall be responsible for the Participant's own tax liability arising as a result of the transactions contemplated by this Agreement.

12. No Guarantee of Continued Service. Nothing in this Agreement or the Plan confers on the Participant any right to remain in Continuous Service, nor shall it affect in any way any right of the Participant or the Company to terminate the Participant's service relationship.

13. Notices. Notices or communications to be made hereunder shall be in writing and shall be delivered in person, by registered mail, by confirmed facsimile or by a reputable overnight courier service to the Company at its principal office or to the Participant at his or her address contained in the records of the Company. Alternatively, notices and other communications may be provided in the form and manner of such electronic means as the Company may permit.

14. Entire Agreement; Governing Law. The Plan is incorporated herein by reference. The Plan and this Award Agreement constitute the entire Agreement with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and the Participant with respect to the subject matter hereof, and except as provided in the Plan (including, without limitation, Sections 3.2, 4.3, 11.3 and 14.1 thereof) or this Agreement, may not be modified in a manner material and adverse to the Participant's interest except by means of a writing signed by the Company and the Participant. In the event of any conflict between this Award Agreement and the Plan, the Plan shall be controlling. This Award Agreement shall be construed under the laws of the State of Texas, without regard to conflict of laws principles.

15. Opportunity for Review. The Participant and the Company agree that this Award is granted under and governed by the terms and conditions of the Plan and this Award Agreement. The Participant has reviewed the Plan and this Award Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to accepting this Award Agreement and fully understands all provisions of the Plan and this Award Agreement. The Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Committee upon any questions relating to the Plan and this Award Agreement. The Participant further agrees to promptly notify the Company upon any change in Participant's residence address.

16. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Company and the Participant and their respective permitted successors, assigns, heirs, beneficiaries and representatives.

17. Section 409A Compliance. To the extent that this Agreement and the award of PSUs hereunder are or become subject to the provisions of Section 409A of the Code, the Company and the Participant agree that this Agreement may be amended or modified by the Company, in its sole and absolute discretion and without the Participant's consent, as appropriate to maintain compliance with the provisions of Section 409A of the Code.

18. Recoupment. Notwithstanding anything to the contrary contained herein, any amounts paid hereunder shall be subject to recoupment in accordance with The Dodd–Frank Wall Street Reform and Consumer Protection Act and any implementing regulations thereunder, any clawback policy adopted by the Company, as in effect from time to time, or as is otherwise required by Applicable Law.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth in Exhibit A.

APPLIED DIGITAL CORPORATION

By: _____
Name:
Title:

PARTICIPANT

_____
Name:

EXHIBIT A

APPLIED DIGITAL CORPORATION

PERFORMANCE STOCK UNIT AWARD AGREEMENT

(a). **Participant's Name**: _____

(b). **Award Date**: _____

(c). **Number of Performance Stock Units ("PSUs") Granted**: _____

(d). **Vesting Schedule**:

EXHIBIT B

EMPLOYEE NON-DISCLOSURE, INVENTION ASSIGNMENT AND RESTRICTIVE COVENANTS AGREEMENT