

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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): **June 2, 2022**

SOUNDHOUND AI, INC.
(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation)

001-40193

(Commission File Number)

85-1286799

(I.R.S. Employer
Identification No.)

**5400 Betsy Ross Drive
Santa Clara, CA**

(Address of principal executive offices)

95054

(Zip Code)

Registrant's telephone number, including area code: (408) 441-3200

(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))

Title of each class	Trading Symbol	Name of each exchange on which registered
Class A Common Stock, \$0.0001 par value per share	SOUN	The Nasdaq Stock Market LLC
Warrants, each exercisable for one share of Class A Common Stock at an exercise price of \$11.50 per share, subject to adjustment	SOUNW	The Nasdaq Stock Market LLC

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.

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

On June 2, 2022, the Compensation Committee of SoundHound AI, Inc. (the “Company”) and full Board of Directors of the Company approved certain compensation adjustments for its named executive officers. The Company also entered into new employment letter agreements with Dr. Keyvan Mohajer, the Company’s Chief Executive Officer; Mr. Nitesh Sharan, the Company’s Chief Financial Officer; and Mr. Timothy Stonehocker, the Company’s Chief Technology Officer. In addition, the Board of Directors of the Company adopted and approved a Non-Employee Director Compensation Policy.

Employment Agreement with Keyvan Mohajer, Chief Executive Officer

Under Dr. Mohajer’s employment agreement, he will receive a base salary of \$450,000 which is effective retroactively as of May 1, 2022. In addition, Dr. Mohajer is eligible to earn an annual incentive bonus, with a target equal to 100% of his annual base salary as then in effect, with a maximum payout at 150% of annual target. The annual bonus will be determined by the Company in its sole discretion based upon achievement of performance objectives to be determined by the Company.

Dr. Mohajer will be granted 720,000 restricted stock units (the “RSUs”) under the SoundHound AI, Inc. 2022 Incentive Award Plan (the “Equity Plan”), which grant will be made after a Form S-8 is on file with the Securities and Exchange Commission (“SEC”) to register shares under the Equity Plan. Once granted, the RSUs will have a 10-year term and 4-year vesting period, vesting in equal quarterly installments with vesting measured from the vesting commencement date of May 1, 2022, subject to continued employment with the Company through each vesting date.

Dr. Mohajer will also be granted 480,000 RSUs that are subject to performance-based vesting (the “PSUs”) under the Equity Plan, which grant will be made after a Form S-8 is on file with the SEC to register shares under the Equity Plan. Once granted, the PSUs will have a four-year performance period and will be subject to the following vesting schedule: (i) 25% if the Company achieves \$100 million of GAAP revenue in a trailing 12 months; (ii) 25% if the Company is cash-flow positive in a trailing 12 months; (iii) 25% if the Company stock price reaches a 90-day average of \$15; and (iv) 25% if the Company stock price reaches a 90-day average of \$20.

In addition, Dr. Mohajer is eligible to participate in the standard benefit plans offered to similarly-situated employees by the Company from time to time.

The employment agreement provides for “at will employment,” and specifies certain compensation following termination of employment, including potential severance payments of three months of Dr. Mohajer’s then current base salary and payment for three months of any COBRA premiums if Dr. Mohajer’s employment is terminated by the Company without “Cause” (as defined in the Equity Plan) or if the executive resigns his employment for “Good Reason” (as defined in the employment agreement). If such a qualified termination occurs within three months prior to, or one year after, a Change in Control (as defined the Equity Plan), the severance period is increased to 12 months of then current base salary and 12 months of COBRA premiums, and vesting will be accelerated for any stock options that have time-based vesting and for the RSUs. The Company may accelerate the vesting of the PSUs in connection with the negotiation of any Change in Control transaction. Any severance is subject to the executive timely delivering a release of claims in favor of the Company.

Dr. Mohajer has also entered into the Company's standard form of confidential information and inventions assignment agreement.

The foregoing summary of the terms and conditions of Dr. Mohajer's employment agreement with the Company is not complete and is qualified in its entirety by reference to the full text of the employment agreement, which is filed herewith as Exhibit 10.1 and incorporated herein by reference.

Employment Agreement with Nitesh Sharan, Chief Financial Officer

Under Mr. Sharan's employment agreement, he will receive a base salary of \$350,000 which is effective retroactively as of May 1, 2022. In addition, Mr. Sharan is eligible to earn an annual incentive bonus, with a target equal to 60% of his annual base salary as then in effect, with a maximum payout at 150% of annual target. The annual bonus will be determined by the Company in its sole discretion, based upon achievement of performance objectives to be determined by the Company.

Mr. Sharan will be granted 300,000 RSUs under the Equity Plan, which grant will be made after a Form S-8 is on file with the SEC to register shares under the Equity Plan. Once granted, the RSUs will have a 10-year term and 4-year vesting period vesting in equal quarterly installments with vesting measured from the vesting commencement date of September 15, 2021, subject to continued employment with the Company through each vesting date.

Mr. Sharan will also be granted 200,000 PSUs under the Equity Plan, which grant will be made after a Form S-8 is on file with the SEC to register shares under the Equity Plan. Once granted, the PSUs will have a four-year performance period and will be subject to the following vesting schedule: (i) 25% if the Company achieves \$100 million of GAAP revenue in a trailing 12 months; (ii) 25% if the Company is cash-flow positive in a trailing 12 months; (iii) 25% if the Company stock price reaches a 90-day average of \$15; and (iv) 25% if the Company stock price reaches a 90-day average of \$20.

In addition, Mr. Sharan is eligible to participate in the standard benefit plans offered to similarly-situated employees by the Company from time to time.

The employment agreement provides for "at will employment," and specifies certain compensation following termination of employment, including potential severance payments of three months of Mr. Sharan's then current base salary and payment for three months of any COBRA premiums if Mr. Sharan's employment is terminated by the Company without "Cause" (as defined in the Equity Plan) or if the executive resigns his employment for "Good Reason" (as defined in the employment agreement). If such a qualified termination occurs within three months prior to, or one year after, a Change in Control (as defined the Equity Plan), the severance period is increased to 12 months of then current base salary and 12 months of COBRA premiums, and vesting will be accelerated for any stock options that have time-based vesting and for the RSUs. The Company may accelerate the vesting of the PSUs in connection with the negotiation of any Change in Control transaction. Any severance is subject to the executive timely delivering a release of claims in favor of the Company.

Mr. Sharan has also entered into the Company's standard form of confidential information and inventions assignment agreement.

The foregoing summary of the terms and conditions of Mr. Sharan's employment agreement with the Company is not complete and is qualified in its entirety by reference to the full text of the employment agreement, which is filed herewith as Exhibit 10.2 and incorporated herein by reference.

Employment Agreement with Timothy Stonehocker, Chief Technology Officer

Under Mr. Stonehocker's employment agreement, he will receive a base salary of \$335,000 which is effective retroactively as of May 1, 2022. In addition, Mr. Stonehocker is eligible to earn an annual incentive bonus, with a target equal to 50% of his annual base salary as then in effect, with a maximum payout at 150% of annual target. The annual bonus will be determined by the Company in its sole discretion, based upon achievement of performance objectives to be determined by the Company.

Mr. Stonehocker will be granted 210,000 RSUs under the Equity Plan, which grant will be made after a Form S-8 is on file with the SEC to register shares under the Equity Plan. Once granted, the RSUs will have a 10-year term and 4-year vesting period vesting in equal quarterly installments with vesting measured from the vesting commencement date of May 1, 2022, subject to continued employment with the Company through each vesting date.

Mr. Stonehocker will also be granted 140,000 PSUs under the Equity Plan, which grant will be made after a Form S-8 is on file with the SEC to register shares under the Equity Plan. Once granted, the PSUs will have a four-year performance period and will be subject to the following vesting schedule: (i) 25% if the Company achieves \$100 million of GAAP revenue in a trailing 12 months; (ii) 25% if the Company is cash-flow positive in a trailing 12 months; (iii) 25% if the Company stock price reaches a 90-day average of \$15; and (iv) 25% if the Company stock price reaches a 90-day average of \$20.

In addition, Mr. Stonehocker is eligible to participate in the standard benefit plans offered to similarly-situated employees by the Company from time to time.

The employment agreement provides for "at will employment," and specifies certain compensation following termination of employment, including potential severance payments of three months of Mr. Stonehocker's then current base salary and payment for three months of any COBRA premiums if Mr. Stonehocker's employment is terminated by the Company without "Cause" (as defined in the Equity Plan) or if the executive resigns his employment for "Good Reason" (as defined in the employment agreement). If such a qualified termination occurs within three months prior to, or one year after, a Change in Control (as defined the Equity Plan), the severance period is increased to 12 months of then current base salary and 12 months of COBRA premiums, and vesting will be accelerated for any stock options that have time-based vesting and for the RSUs. The Company may accelerate the vesting of the PSUs in connection with the negotiation of any Change in Control transaction. Any severance is subject to the executive timely delivering a release of claims in favor of the Company.

Mr. Stonehocker's has also entered into the Company's standard form of confidential information and inventions assignment agreement.

The foregoing summary of the terms and conditions of Mr. Stonehocker's employment agreement with the Company is not complete and is qualified in its entirety by reference to the full text of the employment agreement, which is filed herewith as Exhibit 10.3 and incorporated herein by reference.

Non-Employee Director Compensation Policy

On June 2, 2022, our Board of Directors adopted and approved a director compensation policy, which provides to each of the non-employee directors (i) an annual retainer of \$32,000, payable quarterly (ii) additional annual cash retainers, payable quarterly, for committee service as follows: (A) Chair of the Audit Committee: \$20,000; (B) member of the Audit Committee: \$10,000; (C) Chair of the Compensation Committee: \$14,500; (D) member of the Compensation Committee: \$7,300; (E) Chair of the Nominating and Corporate Governance Committee: \$7,500; and (F) member of the Nominating and Corporate Governance Committee: \$3,800; (iii) an initial grant of restricted stock units having a grant day value of \$380,000, although a director may elect to receive half of the initial grant in nonqualified stock options, which initial grant shall vest over three years; (iv) an annual grant of restricted stock units having a grant day value of \$165,000, which shall vest over four quarters; and (v) travel expense reimbursement. In the event of a Change in Control (as defined in the Equity Plan), any then-unvested initial grant or annual RSU grant will fully vest (and become exercisable, in the case of an option) as of immediately prior to the effective time of such transaction, subject to the outside director's continuous board service through the effective date of such transaction. Notwithstanding the foregoing, no equity grants shall be made until a Form S-8 is on file with the SEC to register shares under the Equity Plan.

The foregoing summary of Non-Employee Director Compensation Policy is not complete and is qualified in its entirety by reference to the full text of the policy, which is filed herewith as Exhibit 10.4 and incorporated herein by reference.

Item 9.01. Financial Statement and Exhibits.

(d) Exhibits.

Exhibit Number	Description
10.1	Employment Agreement with Keyvan Mohajer, Chief Executive Officer, dated June 2, 2022
10.2	Employment Agreement with Nitesh Sharan, Chief Financial Officer, dated June 2, 2022
10.3	Employment Agreement with Timothy Stonehocker, Chief Technology Officer, dated June 2, 2022
10.4	Non-Employee Director Compensation Policy
104	Cover Page Interactive Data File (formatted as inline XBRL)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Current Report on Form 8-K to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: June 8, 2022

SoundHound AI, Inc.

By: /s/ Keyvan Mohajer

Name: Keyvan Mohajer

Title: Chief Executive Officer

*Pursuant to Item 601(b)(10)(iv) of Regulation S-K, certain identified information marked with [****] has been excluded from the exhibit because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed*

June 2, 2022

Re: Employment Terms

Keyvan Mohajer

[****]

[****]

Dear Keyvan,

SOUNDHOUND AI, INC. (the "Company") is pleased to continue to employ you in the position of President & Chief Executive Officer on the following terms. The terms of your position with the Company are as set forth below (the "Agreement"):

1. **Position:** You will be responsible for President & Chief Executive Officer duties and will report directly to Company's Board of Directors (the "Board"). You will work at our facility located at 5400 Betsy Ross Drive, Santa Clara, CA. Normal business hours are from 9:00 a.m. to 5:00 p.m., Monday through Friday. As an exempt salaried employee, you will be expected to work additional hours as required by the nature of your work assignments.
2. **Compensation:**
 - a. **Salary.** Your salary will be \$450,000.00 per year, less payroll deductions and withholdings, paid on the Company's normal payroll schedule. Salaried employees are paid semi-monthly. Your new salary will have a May 1, 2022, effective date, and be implemented retroactively with catch-up payments made for any missed payrolls.
 - b. **Bonus.** Each year, you will be eligible to earn an annual incentive bonus, with a target equal to 100% of your annual base salary as then in effect, with a maximum payout at 150% of your annual target. Whether you receive a bonus, and the amount of any such bonus, will be determined by the Company in its sole discretion, and will be based upon achievement of performance objectives to be determined by the Company, as well as such other criteria as determined by the Company. Any annual bonus shall be paid within 30 days after the Company's determination that a bonus shall be awarded and in any event shall be paid by March 15 for the immediately preceding year, subject to your continued employment through such payment date. Any bonus awarded for fiscal year 2022 will be eligible for full target achievement based on the new base salary in this Agreement.

3. **Equity Award:**

- a. **Restricted Stock Units Award:** You will be granted 720,000 Restricted Stock Units (the “RSUs”) under the SoundHound AI, Inc. 2022 Incentive Award Plan (the “Equity Plan”), which grant will be made after a Form S-8 is on file with the Securities and Exchange Commission (“SEC”) to register shares under the Equity Plan. The RSUs will be governed by the terms of the Equity Plan and the RSU award agreement. Once granted, the RSUs will have a 4-year vesting period, with vesting measured from a May 1, 2022, vesting commencement date, under which 1/16 of the RSUs will vest quarterly thereafter, subject to your continued employment with the Company through each such vesting date.
- b. **Performance Stock Units Award:** You will be granted 480,000 PSUs that are subject to performance-based vesting (the “PSUs”) under the Equity Plan, which grant will be made after a Form S-8 is on file with the SEC to register shares under the Equity Plan. The PSUs will be governed by the terms of the Equity Plan and the PSU award agreement. Once granted, the PSUs will have a four-year performance period and will be subject to a vesting schedule based on performance metrics as set forth in your PSU award agreement.

4. **Employee Benefits**

- a. **Group Plans:** During your employment, you will be eligible to participate in the standard benefits plans offered to similarly situated employees by the Company from time to time, subject to plan terms and generally applicable Company policies. A full description of these benefits is available upon request. The Company may change compensation and benefits from time to time in its discretion.
- b. **Paid Time Off:** You will be entitled to 20 days paid personal days per year. The maximum amount of personal days that you may accrue is 25 days.

5. **Employment Conditions**

- a. **Invention Assignment Agreement:** As a Company employee, you will be expected to abide by Company rules and policies. As a condition of this Agreement, you must sign and comply with the attached Employee Confidential Information and Inventions Assignment Agreement which prohibits unauthorized use or disclosure of the Company’s proprietary information, among other obligations.

- b. **Confidential Information:** In your work for the Company, you will be expected not to use or disclose any confidential information, including trade secrets, of any former employer or other person to whom you have an obligation of confidentiality. Rather, you will be expected to use only that information which is generally known and used by persons with training and experience comparable to your own, which is common knowledge in the industry or otherwise legally in the public domain, or which is otherwise provided or developed by the Company. You agree that you will not bring onto Company premises any unpublished documents or property belonging to any former employer or other person to whom you have an obligation of confidentiality. You hereby represent that you have disclosed to the Company any contract you have signed that may restrict your activities on behalf of the Company.
6. **Outside Activities:** Except with the prior written consent of the Board, you will not, while employed by the Company, undertake or engage in any other employment, occupation or business enterprise that would interfere with your responsibilities and the performance of your duties hereunder, except for (a) reasonable time devoted to volunteer services for or on behalf of religious, educational, non-profit and/or other charitable organization as you may wish to serve, and (b) such other activities as may be specifically approved in writing and in advance by the Board. This restriction shall not preclude you from owning less than one percent (1%) of the total outstanding shares of a publicly-traded company.
7. **At-Will Employment:** The Company and you acknowledge and agree that your employment is and shall continue to be at-will, as defined under applicable law, and that your employment with the Company may be terminated by either party at any time, with or without advance notice, and for any reason or no reason, without further obligation or liability (except as provided in Section 8 below). Upon the termination of your employment with the Company, you will receive payment for all earned compensation.
8. **Severance:**
- a. **Termination For Cause; Resignation Without Good Reason.** If, at any time, the Company terminates your employment for Cause (as defined below), or if you resign without Good Reason (as defined below), or if your employment terminates as a result of your death or disability, you will receive your base salary accrued through your last day of employment, as well as any unused vacation (if applicable) accrued through your last day of employment. Under these circumstances, you will not be entitled to any other form of compensation from the Company, including severance benefits.
- b. **Termination without Cause or Resignation for Good Reason Unrelated to Change in Control.** If, outside of a Change in Control Period (as defined below), the Company terminates your employment without Cause or you resign for Good Reason, and other than as a result of your death or disability, and provided such termination constitutes a “separation from service” (as defined under Treasury Regulation Section 1.409A-1(h), without regard to any alternative definition thereunder, a “Separation from Service”), then subject to the preconditions set forth in Section 9 below, you will be entitled to receive the following severance benefits:
- i. The Company will pay you an amount equal to 3 months of your then-current base salary (excluding any salary reduction that served as the basis for any Good Reason resignation), less all applicable withholdings and deductions, paid in installments over such three (3) month period or, at the Company’s option, paid in a lump sum within 60 days following your Separation from Service. Notwithstanding the foregoing, to the extent that the Company determines that this severance constitutes “deferred compensation” under Section 409A (as defined below), this severance will be payable only in installments over such three (3) month period following your Separation from Service.

- ii. If you timely elect continued coverage under COBRA for yourself and your covered dependents under the Company's group health plans following such termination or resignation of employment, then the Company will pay the entire COBRA premiums necessary to continue your health insurance coverage in effect for yourself and your eligible dependents on the termination date until the earliest of (A) the close of the 3 months period following the termination of your employment, (B) the expiration of your eligibility for the continuation coverage under COBRA, and (C) the date when you become eligible for substantially equivalent health insurance coverage in connection with new employment. If you become eligible for such coverage under another employer's group health plan or otherwise cease to be eligible for COBRA during the period provided in this clause, you must immediately notify the Company of such event, and all payments and obligations under this clause will cease.

- c. **Termination without Cause or Resignation for Good Reason Related to Change in Control.** If, during a Change in Control Period (as defined below), the Company terminates your employment without Cause, or you resign for Good Reason, and other than as a result of your death or disability, and provided such termination constitutes a Separation from Service, then subject to the preconditions set forth in Section 9 below, you will be entitled to receive the following severance benefits:
 - i. The Company will pay you an amount equal to 12 months of your then-current base salary (excluding any salary reduction that served as the basis for any Good Reason resignation), less all applicable withholdings and deductions, paid in a lump sum within 60 days following your Separation from Service.

 - ii. If you timely elect continued coverage under COBRA for yourself and your covered dependents under the Company's group health plans following such termination or resignation of employment, then the Company will pay the entire COBRA premiums necessary to continue your health insurance coverage in effect for yourself and your eligible dependents on the termination date until the earliest of (A) the close of the 12 months period following the termination of your employment, (B) the expiration of your eligibility for the continuation coverage under COBRA, and (C) the date when you become eligible for substantially equivalent health insurance coverage in connection with new employment. If you become eligible for such coverage under another employer's group health plan or otherwise cease to be eligible for COBRA during the period provided in this clause, you must immediately notify the Company of such event, and all payments and obligations under this clause will cease.

- iii. The Company will accelerate the vesting of any stock options that have time-based vesting and the RSUs such that you will be deemed vested (as of the date your employment terminates). The Company may accelerate the vesting of your PSUs in connection with the negotiation of any Change in Control transaction.

Notwithstanding Section 8(b)(ii) or Section 8(c)(iii) above, if at any time the Company determines, in its sole discretion, that it cannot provide the COBRA premium benefits provided under such provisions without potentially incurring financial costs or penalties under applicable law, then, in lieu of paying COBRA premiums set forth therein, the Company will instead pay you on the last day of each remaining month of the applicable payment period a fully taxable cash payment equal to the COBRA premium as in effect as of immediately prior to the Separation from Service in respect of the COBRA premium for that month for you and your covered dependents, subject to applicable tax withholding (such amount, the “Special COBRA Payment”), such Special COBRA Payment to be made without regard to your election of COBRA coverage or payment of COBRA premiums and without regard to your continued eligibility for COBRA coverage during the applicable payment period. Such Special COBRA Payment will end upon expiration of the applicable payment period.

9. **Severance Conditions:** Your receipt of the severance benefits set forth in Section 8 is conditional upon (a) your continuing to comply with your contractual obligations to the Company; and (b) your delivering to the Company an effective and irrevocable general release of claims in favor of the Company within 60 days following your termination date. The salary continuation set forth in Section 8(b)(i) will be paid in equal installments on the Company’s regular payroll schedule and will be subject to applicable tax withholdings over the period outlined above following the date of your termination date; provided, however, that no payments will be made prior to the release becoming effective. Within 60 days following your Separation from Service, and subject to the release being effective by the payment date, the Company will pay you in a lump sum the salary continuation that you would have received on or prior to such date under the original schedule but for the delay while waiting for the effectiveness of the release, with the balance of the salary continuation being paid on the Company’s regular payroll schedule.

10. Definitions:

- a. **Cause.** For purposes of this Agreement, "Cause" shall have the meaning set forth in the Equity Plan.
 - b. **Good Reason.** For purposes of this Agreement, "Good Reason" will mean that you have resigned based on the occurrence of any of the following events: (i) a material diminution in your salary except for across-the-board salary reductions similarly affecting all or substantially all senior executives of the Company; (ii) a change in the geographic location of your primary place of work that results in an increase in your one-way commute by more than 25 miles (provided, however, that this subclause (ii) will only be applicable after the Company resumes normal in-person office operations in connection with the COVID-19 pandemic); (iii) a material reduction in your authority, job duties or responsibilities; or (iv) a material breach of this Agreement by the Company; provided, however, that you will not be deemed to have Good Reason if the Company survives as a separate legal entity following a Change in Control and you hold materially the same position in such legal entity as before the Change in Control. A resignation will only be for Good Reason if you deliver written notice of such condition to the Company within 30 days after the initial occurrence of such condition, the Company has failed to cure such condition within 30 days after the delivery of such notice, and you resign within 30 days after the end of such cure period.
 - c. **Change in Control.** For purposes of this Agreement, a "Change in Control" shall have the meaning set forth in the Equity Plan.
 - d. **Change in Control Period.** For purposes of this Agreement, a "Change in Control Period" is defined as the period starting three (3) months before the effective date of a Change in Control and ending on the twelve (12) month anniversary of the effective date of the Change in Control.
11. **Section 409A.** The payments and benefits under this Agreement are intended to qualify for exemptions from the application of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and the final regulations and any guidance promulgated thereunder ("Section 409A"), and this Agreement will be construed to the greatest extent possible as consistent with those provisions, and to the extent not so exempt, this Agreement (and any definitions hereunder) will be construed in a manner that complies with Section 409A to the extent necessary to avoid adverse taxation under Section 409A. To the extent any payment under this Agreement may be classified as a "short-term deferral" within the meaning of Section 409A, such payment will be deemed a short-term deferral, even if it may also qualify for an exemption from Section 409A under another provision of Section 409A. Notwithstanding anything to the contrary herein, to the extent required to comply with Section 409A, a termination of employment will not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of amounts or benefits upon or following a termination of employment unless such termination is also a Separation from Service. Your right to receive any installment payments will be treated as a right to receive a series of separate payments and, accordingly, each installment payment will at all times be considered a separate and distinct payment. Notwithstanding any provision to the contrary in this Agreement, 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, and if any of the payments upon Separation from Service set forth herein and/or under any other agreement with the Company are deemed to be "deferred compensation," then, to the extent delayed commencement of any portion of such payments is required in order to avoid a prohibited distribution under Section 409A and the related adverse taxation under Section 409A, such payments will not be provided to you prior to the earliest of (a) the expiration of the six-month period measured from the date of your Separation from Service, (b) the date of your death or (c) such earlier date as permitted under Section 409A without the imposition of adverse taxation. With respect to payments to be made upon execution of an effective release, if the release revocation period spans two calendar years, payments will be made in the second of the two calendar years to the extent necessary to avoid adverse taxation under Section 409A. With respect to reimbursements or in-kind benefits provided hereunder (or otherwise) that are not exempt from Section 409A, the following rules will apply: (x) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during any one taxable year will not affect the expenses eligible for reimbursement, or in-kind benefit to be provided in any other taxable year, (y) in the case of any reimbursements of eligible expenses, reimbursement will be made on or before the last day of the taxable year following the taxable year in which the expense was incurred and (z) the right to reimbursement or in-kind benefits will not be subject to liquidation or exchange for another benefit. Notwithstanding anything to the contrary in this Agreement, the Company reserves the right to amend this Agreement as it deems necessary or advisable, in its sole discretion and without your consent, to comply with Section 409A or to avoid income recognition under Section 409A prior to the actual payment of severance benefits hereunder or imposition of any additional tax. In no event will the Company reimburse you for any taxes or other costs that may be imposed on you as result of Section 409A.

12. **280G.**

- a. If any payment or benefit you will or may receive from the Company or from another source (a “280G Payment”) would (i) constitute a “parachute payment” within the meaning of Section 280G of Code, and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the “Excise Tax”), then any such 280G Payment pursuant to this Agreement (a “Payment”) will be equal to the Reduced Amount. The “Reduced Amount” will be either (x) the largest portion of the Payment that would result in no portion of the Payment (after reduction) being subject to the Excise Tax or (y) the largest portion, up to and including the total, of the Payment, whichever amount (i.e., the amount determined by clause (x) or by clause (y)), after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in your receipt, on an after-tax basis, of the greater economic benefit notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in a Payment is required pursuant to the preceding sentence and the Reduced Amount is determined pursuant to clause (x) of the preceding sentence, the reduction will occur in the manner (the “Reduction Method”) that results in the greatest economic benefit for you. If more than one method of reduction will result in the same economic benefit, the items so reduced will be reduced pro rata (the “Pro Rata Reduction Method”).
 - b. Notwithstanding any provision of paragraph (a) to the contrary, if the Reduction Method or the Pro Rata Reduction Method would result in any portion of the Payment being subject to taxes pursuant to Section 409A that would not otherwise be subject to taxes pursuant to Section 409A, then the Reduction Method and/or the Pro Rata Reduction Method, as the case may be, will be modified so as to avoid the imposition of taxes pursuant to Section 409A as follows: (i) as a first priority, the modification will preserve to the greatest extent possible, the greatest economic benefit for you as determined on an after-tax basis; (ii) as a second priority, Payments that are contingent on future events (e.g., being terminated without cause), will be reduced (or eliminated) before Payments that are not contingent on future events; and (iii) as a third priority, Payments that are “deferred compensation” within the meaning of Section 409A of the Code will be reduced (or eliminated) before Payments that are not deferred compensation within the meaning of Section 409A of the Code.
 - c. If you receive a Payment for which the Reduced Amount was determined pursuant to clause (x) of Section 10(a) and the Internal Revenue Service determines thereafter that some portion of the Payment is subject to the Excise Tax, you agree to promptly return to the Company a sufficient amount of the Payment (after reduction pursuant to clause (x) of Section 10(a)) so that no portion of the remaining Payment is subject to the Excise Tax. For the avoidance of doubt, if the Reduced Amount was determined pursuant to clause (y) of Section 10(a), you will have no obligation to return any portion of the Payment pursuant to the preceding sentence.
13. **General Obligations:** As an employee, you will be expected to adhere to the Company’s standards of professionalism, loyalty, integrity, honesty, reliability and respect for all. Please note that the Company is an equal opportunity employer. The Company does not permit, and will not tolerate, the unlawful discrimination or harassment of any employees, consultants, or related third parties on the basis of sex, race, color, religion, age, national origin or ancestry, marital status, veteran status, mental or physical disability or medical condition, sexual orientation, pregnancy, childbirth or related medical condition, or any other status protected by applicable law. Any questions regarding this EEO statement should be directed to the Company’s Senior Vice President, People and Culture.

14. **Arbitration:** To ensure the rapid and economical resolution of disputes that may arise in connection with your employment with the Company, you and the Company agree that any and all disputes, claims, or causes of action, in law or equity, including but not limited to statutory claims, arising from or relating to the enforcement, breach, performance, or interpretation of this Agreement, your employment with the Company, or the termination of your employment, shall be resolved, to the fullest extent permitted by law, by final, binding and confidential arbitration conducted by JAMS or its successor, under the then applicable JAMS Arbitration Rules and Procedures for Employment Disputes (available at <http://www.jamsadr.com/rules-employment-arbitration/>). **You acknowledge that by agreeing to this arbitration procedure, both you and the Company waive the right to resolve any such dispute through a trial by jury or judge or administrative proceeding.** You will have the right to be represented by legal counsel at any arbitration proceeding. The arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be permitted by law; and (b) issue a written statement signed by the arbitrator regarding the disposition of each claim and the relief, if any, awarded as to each claim, the reasons for the award, and the arbitrator's essential findings and conclusions on which the award is based. The arbitrator shall be authorized to award all relief that you or the Company would be entitled to seek in a court of law. The Company shall pay all JAMS arbitration fees in excess of the administrative fees that you would be required to pay if the dispute were decided in a court of law. Nothing in this letter agreement is intended to prevent either you or the Company from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration.

This letter, together with your Employee Confidential Information and Inventions Assignment Agreement, forms the complete and exclusive statement of your employment agreement with the Company. It supersedes any other agreements or promises made to you by anyone, whether oral or written. Changes in your employment terms, other than those changes expressly reserved to the Company's discretion in this letter, require a written modification signed by an officer of the Company.

Sincerely,

/S/Larry Marcus

Larry Marcus
Compensation Committee Chair

6/3/2022

Date

Understood and Accepted:

/S/Keyvan Mohajer

Keyvan Mohajer

June 2, 2022

Date

Attachment: Employee Confidential Information and Inventions Assignment Agreement

SoundHound

*Pursuant to Item 601(b)(10)(iv) of Regulation S-K, certain identified information marked with [****] has been excluded from the exhibit because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed*

June 2, 2022

Re: Employment Terms

Nitesh Sharan

[****]

[****]

Dear Nitesh,

SOUNDHOUND AI, INC. (the "Company") is pleased to continue to employ you in the position of Chief Financial Officer on the following terms. The terms of your position with the Company are as set forth below (the "Agreement"):

1. **Position:** You will be responsible for Chief Financial Officer duties and will report directly to Keyvan Mohajer, President & Chief Executive Officer. You will work remotely, in Portland, OR. Normal business hours are from 9:00 a.m. to 5:00 p.m., Monday through Friday. As an exempt salaried employee, you will be expected to work additional hours as required by the nature of your work assignments.
2. **Compensation:**
 - a. **Salary.** Your salary will be \$350,000.00 per year, less payroll deductions and withholdings, paid on the Company's normal payroll schedule. Salaried employees are paid semi-monthly. Your new salary will have a May 1, 2022, effective date, and be implemented retroactively with catch-up payments made for any missed payrolls.
 - b. **Bonus.** Each year, you will be eligible to earn an annual incentive bonus, with a target equal to 60% of your annual base salary as then in effect, with a maximum payout at 150% of your annual target. Whether you receive a bonus, and the amount of any such bonus, will be determined by the Company in its sole discretion, and will be based upon achievement of performance objectives to be determined by the Company, as well as such other criteria as determined by the Company. Any annual bonus shall be paid within 30 days after the Company's determination that a bonus shall be awarded and in any event shall be paid by March 15 for the immediately preceding year, subject to your continued employment through such payment date. Any bonus awarded for fiscal year 2022 will be eligible for full target achievement based on the new base salary in this Agreement.

3. **Equity Award:**

- a. **Restricted Stock Units Award:** You will be granted 300,000 Restricted Stock Units (the “RSUs”) under the SoundHound AI, Inc. 2022 Incentive Award Plan (the “Equity Plan”), which grant will be made after a Form S-8 is on file with the Securities and Exchange Commission (“SEC”) to register shares under the Equity Plan. The RSUs will be governed by the terms of the Equity Plan and the RSU award agreement. Once granted, the RSUs will have a 4-year vesting period, with vesting measured from a September 15, 2021, vesting commencement date, under which 1/16 of the RSUs will vest quarterly thereafter, subject to your continued employment with the Company through each such vesting date.
- b. **Performance Stock Units Award:** You will be granted 200,000 PSUs that are subject to performance-based vesting (the “PSUs”) under the Equity Plan, which grant will be made after a Form S-8 is on file with the SEC to register shares under the Equity Plan. The PSUs will be governed by the terms of the Equity Plan and the PSU award agreement. Once granted, the PSUs will have a four-year performance period and will be subject to a vesting schedule based on performance metrics as set forth in your PSU award agreement.

4. **Employee Benefits**

- a. **Group Plans:** During your employment, you will be eligible to participate in the standard benefits plans offered to similarly situated employees by the Company from time to time, subject to plan terms and generally applicable Company policies. A full description of these benefits is available upon request. The Company may change compensation and benefits from time to time in its discretion.
- b. **Paid Time Off:** You will be entitled to 15 days paid personal days per year. The maximum amount of personal days that you may accrue is 25 days.

5. **Employment Conditions**

- a. **Invention Assignment Agreement:** As a Company employee, you will be expected to abide by Company rules and policies. As a condition of this Agreement, you must sign and comply with the attached Employee Confidential Information and Inventions Assignment Agreement which prohibits unauthorized use or disclosure of the Company’s proprietary information, among other obligations.
- b. **Confidential Information:** In your work for the Company, you will be expected not to use or disclose any confidential information, including trade secrets, of any former employer or other person to whom you have an obligation of confidentiality. Rather, you will be expected to use only that information which is generally known and used by persons with training and experience comparable to your own, which is common knowledge in the industry or otherwise legally in the public domain, or which is otherwise provided or developed by the Company. You agree that you will not bring onto Company premises any unpublished documents or property belonging to any former employer or other person to whom you have an obligation of confidentiality. You hereby represent that you have disclosed to the Company any contract you have signed that may restrict your activities on behalf of the Company.

6. **Outside Activities:** Except with the prior written consent of the Company, you will not, while employed by the Company, undertake or engage in any other employment, occupation or business enterprise that would interfere with your responsibilities and the performance of your duties hereunder, except for (a) reasonable time devoted to volunteer services for or on behalf of religious, educational, non-profit and/or other charitable organization as you may wish to serve, and (b) such other activities as may be specifically approved in writing and in advance by the Board. This restriction shall not preclude you from owning less than one percent (1%) of the total outstanding shares of a publicly-traded company.
7. **At-Will Employment:** The Company and you acknowledge and agree that your employment is and shall continue to be at-will, as defined under applicable law, and that your employment with the Company may be terminated by either party at any time, with or without advance notice, and for any reason or no reason, without further obligation or liability (except as provided in Section 8 below). Upon the termination of your employment with the Company, you will receive payment for all earned compensation.
8. **Severance:**
- a. **Termination For Cause; Resignation Without Good Reason.** If, at any time, the Company terminates your employment for Cause (as defined below), or if you resign without Good Reason (as defined below), or if your employment terminates as a result of your death or disability, you will receive your base salary accrued through your last day of employment, as well as any unused vacation (if applicable) accrued through your last day of employment. Under these circumstances, you will not be entitled to any other form of compensation from the Company, including severance benefits.
- b. **Termination without Cause or Resignation for Good Reason Unrelated to Change in Control.** If, outside of a Change in Control Period (as defined below), the Company terminates your employment without Cause or you resign for Good Reason, and other than as a result of your death or disability, and provided such termination constitutes a “separation from service” (as defined under Treasury Regulation Section 1.409A-1(h), without regard to any alternative definition thereunder, a “Separation from Service”), then subject to the preconditions set forth in Section 9 below, you will be entitled to receive the following severance benefits:

- i. The Company will pay you an amount equal to 3 months of your then-current base salary (excluding any salary reduction that served as the basis for any Good Reason resignation), less all applicable withholdings and deductions, paid in installments over such three (3) month period or, at the Company's option, paid in a lump sum within 60 days following your Separation from Service. Notwithstanding the foregoing, to the extent that the Company determines that this severance constitutes "deferred compensation" under Section 409A (as defined below), this severance will be payable only in installments over such three (3) month period following your Separation from Service.
 - ii. If you timely elect continued coverage under COBRA for yourself and your covered dependents under the Company's group health plans following such termination or resignation of employment, then the Company will pay the entire COBRA premiums necessary to continue your health insurance coverage in effect for yourself and your eligible dependents on the termination date until the earliest of (A) the close of the 3 months period following the termination of your employment, (B) the expiration of your eligibility for the continuation coverage under COBRA, and (C) the date when you become eligible for substantially equivalent health insurance coverage in connection with new employment. If you become eligible for such coverage under another employer's group health plan or otherwise cease to be eligible for COBRA during the period provided in this clause, you must immediately notify the Company of such event, and all payments and obligations under this clause will cease.
- c. **Termination without Cause or Resignation for Good Reason Related to Change in Control.** If, during a Change in Control Period (as defined below), the Company terminates your employment without Cause, or you resign for Good Reason, and other than as a result of your death or disability, and provided such termination constitutes a Separation from Service, then subject to the preconditions set forth in Section 9 below, you will be entitled to receive the following severance benefits:
- i. The Company will pay you an amount equal to 12 months of your then-current base salary (excluding any salary reduction that served as the basis for any Good Reason resignation), less all applicable withholdings and deductions, paid in a lump sum within 60 days following your Separation from Service.
 - ii. If you timely elect continued coverage under COBRA for yourself and your covered dependents under the Company's group health plans following such termination or resignation of employment, then the Company will pay the entire COBRA premiums necessary to continue your health insurance coverage in effect for yourself and your eligible dependents on the termination date until the earliest of (A) the close of the 12 months period following the termination of your employment, (B) the expiration of your eligibility for the continuation coverage under COBRA, and (C) the date when you become eligible for substantially equivalent health insurance coverage in connection with new employment. If you become eligible for such coverage under another employer's group health plan or otherwise cease to be eligible for COBRA during the period provided in this clause, you must immediately notify the Company of such event, and all payments and obligations under this clause will cease.

- iii. The Company will accelerate the vesting of any stock options that have time-based vesting and the RSUs such that you will be deemed vested (as of the date your employment terminates). The Company may accelerate the vesting of your PSUs in connection with the negotiation of any Change in Control transaction.

Notwithstanding Section 8(b)(ii) or Section 8(c)(iii) above, if at any time the Company determines, in its sole discretion, that it cannot provide the COBRA premium benefits provided under such provisions without potentially incurring financial costs or penalties under applicable law, then, in lieu of paying COBRA premiums set forth therein, the Company will instead pay you on the last day of each remaining month of the applicable payment period a fully taxable cash payment equal to the COBRA premium as in effect as of immediately prior to the Separation from Service in respect of the COBRA premium for that month for you and your covered dependents, subject to applicable tax withholding (such amount, the “Special COBRA Payment”), such Special COBRA Payment to be made without regard to your election of COBRA coverage or payment of COBRA premiums and without regard to your continued eligibility for COBRA coverage during the applicable payment period. Such Special COBRA Payment will end upon expiration of the applicable payment period.

9. **Severance Conditions:** Your receipt of the severance benefits set forth in Section 8 is conditional upon (a) your continuing to comply with your contractual obligations to the Company; and (b) your delivering to the Company an effective and irrevocable general release of claims in favor of the Company within 60 days following your termination date. The salary continuation set forth in Section 8(b)(i) will be paid in equal installments on the Company’s regular payroll schedule and will be subject to applicable tax withholdings over the period outlined above following the date of your termination date; provided, however, that no payments will be made prior to the release becoming effective. Within 60 days following your Separation from Service, and subject to the release being effective by the payment date, the Company will pay you in a lump sum the salary continuation that you would have received on or prior to such date under the original schedule but for the delay while waiting for the effectiveness of the release, with the balance of the salary continuation being paid on the Company’s regular payroll schedule.

10. Definitions:

- a. **Cause.** For purposes of this Agreement, “Cause” shall have the meaning set forth in the Equity Plan.
- b. **Good Reason.** For purposes of this Agreement, “Good Reason” will mean that you have resigned based on the occurrence of any of the following events: (i) a material diminution in your salary except for across-the-board salary reductions similarly affecting all or substantially all senior executives of the Company; (ii) a change in the geographic location of your primary place of work that results in an increase in your one-way commute by more than 25 miles (provided, however, that this subclause (ii) will only be applicable after the Company resumes normal in-person office operations in connection with the COVID-19 pandemic); (iii) a material reduction in your authority, job duties or responsibilities; or (iv) a material breach of this Agreement by the Company; provided, however, that you will not be deemed to have Good Reason if the Company survives as a separate legal entity following a Change in Control and you hold materially the same position in such legal entity as before the Change in Control. A resignation will only be for Good Reason if you deliver written notice of such condition to the Company within 30 days after the initial occurrence of such condition, the Company has failed to cure such condition within 30 days after the delivery of such notice, and you resign within 30 days after the end of such cure period.

- c. **Change in Control.** For purposes of this Agreement, a “Change in Control” shall have the meaning set forth in the Equity Plan.
- d. **Change in Control Period.** For purposes of this Agreement, a “Change in Control Period” is defined as the period starting three (3) months before the effective date of a Change in Control and ending on the twelve (12) month anniversary of the effective date of the Change in Control.
11. **Section 409A.** The payments and benefits under this Agreement are intended to qualify for exemptions from the application of Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), and the final regulations and any guidance promulgated thereunder (“Section 409A”), and this Agreement will be construed to the greatest extent possible as consistent with those provisions, and to the extent not so exempt, this Agreement (and any definitions hereunder) will be construed in a manner that complies with Section 409A to the extent necessary to avoid adverse taxation under Section 409A. To the extent any payment under this Agreement may be classified as a “short-term deferral” within the meaning of Section 409A, such payment will be deemed a short-term deferral, even if it may also qualify for an exemption from Section 409A under another provision of Section 409A. Notwithstanding anything to the contrary herein, to the extent required to comply with Section 409A, a termination of employment will not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of amounts or benefits upon or following a termination of employment unless such termination is also a Separation from Service. Your right to receive any installment payments will be treated as a right to receive a series of separate payments and, accordingly, each installment payment will at all times be considered a separate and distinct payment. Notwithstanding any provision to the contrary in this Agreement, 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, and if any of the payments upon Separation from Service set forth herein and/or under any other agreement with the Company are deemed to be “deferred compensation,” then, to the extent delayed commencement of any portion of such payments is required in order to avoid a prohibited distribution under Section 409A and the related adverse taxation under Section 409A, such payments will not be provided to you prior to the earliest of (a) the expiration of the six-month period measured from the date of your Separation from Service, (b) the date of your death or (c) such earlier date as permitted under Section 409A without the imposition of adverse taxation. With respect to payments to be made upon execution of an effective release, if the release revocation period spans two calendar years, payments will be made in the second of the two calendar years to the extent necessary to avoid adverse taxation under Section 409A. With respect to reimbursements or in-kind benefits provided hereunder (or otherwise) that are not exempt from Section 409A, the following rules will apply: (x) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during any one taxable year will not affect the expenses eligible for reimbursement, or in-kind benefit to be provided in any other taxable year, (y) in the case of any reimbursements of eligible expenses, reimbursement will be made on or before the last day of the taxable year following the taxable year in which the expense was incurred and (z) the right to reimbursement or in-kind benefits will not be subject to liquidation or exchange for another benefit. Notwithstanding anything to the contrary in this Agreement, the Company reserves the right to amend this Agreement as it deems necessary or advisable, in its sole discretion and without your consent, to comply with Section 409A or to avoid income recognition under Section 409A prior to the actual payment of severance benefits hereunder or imposition of any additional tax. In no event will the Company reimburse you for any taxes or other costs that may be imposed on you as result of Section 409A.

12. 280G.

- a. If any payment or benefit you will or may receive from the Company or from another source (a “280G Payment”) would (i) constitute a “parachute payment” within the meaning of Section 280G of Code, and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the “Excise Tax”), then any such 280G Payment pursuant to this Agreement (a “Payment”) will be equal to the Reduced Amount. The “Reduced Amount” will be either (x) the largest portion of the Payment that would result in no portion of the Payment (after reduction) being subject to the Excise Tax or (y) the largest portion, up to and including the total, of the Payment, whichever amount (i.e., the amount determined by clause (x) or by clause (y)), after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in your receipt, on an after-tax basis, of the greater economic benefit notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in a Payment is required pursuant to the preceding sentence and the Reduced Amount is determined pursuant to clause (x) of the preceding sentence, the reduction will occur in the manner (the “Reduction Method”) that results in the greatest economic benefit for you. If more than one method of reduction will result in the same economic benefit, the items so reduced will be reduced pro rata (the “Pro Rata Reduction Method”).
- b. Notwithstanding any provision of paragraph (a) to the contrary, if the Reduction Method or the Pro Rata Reduction Method would result in any portion of the Payment being subject to taxes pursuant to Section 409A that would not otherwise be subject to taxes pursuant to Section 409A, then the Reduction Method and/or the Pro Rata Reduction Method, as the case may be, will be modified so as to avoid the imposition of taxes pursuant to Section 409A as follows: (i) as a first priority, the modification will preserve to the greatest extent possible, the greatest economic benefit for you as determined on an after-tax basis; (ii) as a second priority, Payments that are contingent on future events (e.g., being terminated without cause), will be reduced (or eliminated) before Payments that are not contingent on future events; and (iii) as a third priority, Payments that are “deferred compensation” within the meaning of Section 409A of the Code will be reduced (or eliminated) before Payments that are not deferred compensation within the meaning of Section 409A of the Code.
- c. If you receive a Payment for which the Reduced Amount was determined pursuant to clause (x) of Section 10(a) and the Internal Revenue Service determines thereafter that some portion of the Payment is subject to the Excise Tax, you agree to promptly return to the Company a sufficient amount of the Payment (after reduction pursuant to clause (x) of Section 10(a)) so that no portion of the remaining Payment is subject to the Excise Tax. For the avoidance of doubt, if the Reduced Amount was determined pursuant to clause (y) of Section 10(a), you will have no obligation to return any portion of the Payment pursuant to the preceding sentence.

13. General Obligations: As an employee, you will be expected to adhere to the Company’s standards of professionalism, loyalty, integrity, honesty, reliability and respect for all. Please note that the Company is an equal opportunity employer. The Company does not permit, and will not tolerate, the unlawful discrimination or harassment of any employees, consultants, or related third parties on the basis of sex, race, color, religion, age, national origin or ancestry, marital status, veteran status, mental or physical disability or medical condition, sexual orientation, pregnancy, childbirth or related medical condition, or any other status protected by applicable law. Any questions regarding this EEO statement should be directed to the Company’s Senior Vice President, People and Culture.

14. Arbitration: To ensure the rapid and economical resolution of disputes that may arise in connection with your employment with the Company, you and the Company agree that any and all disputes, claims, or causes of action, in law or equity, including but not limited to statutory claims, arising from or relating to the enforcement, breach, performance, or interpretation of this Agreement, your employment with the Company, or the termination of your employment, shall be resolved, to the fullest extent permitted by law, by final, binding and confidential arbitration conducted by JAMS or its successor, under the then applicable JAMS Arbitration Rules and Procedures for Employment Disputes (available at <http://www.jamsadr.com/rules-employment-arbitration/>). **You acknowledge that by agreeing to this arbitration procedure, both you and the Company waive the right to resolve any such dispute through a trial by jury or judge or administrative proceeding.** You will have the right to be represented by legal counsel at any arbitration proceeding. The arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be permitted by law; and (b) issue a written statement signed by the arbitrator regarding the disposition of each claim and the relief, if any, awarded as to each claim, the reasons for the award, and the arbitrator's essential findings and conclusions on which the award is based. The arbitrator shall be authorized to award all relief that you or the Company would be entitled to seek in a court of law. The Company shall pay all JAMS arbitration fees in excess of the administrative fees that you would be required to pay if the dispute were decided in a court of law. Nothing in this letter agreement is intended to prevent either you or the Company from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration.

This letter, together with your Employee Confidential Information and Inventions Assignment Agreement, forms the complete and exclusive statement of your employment agreement with the Company. It supersedes any other agreements or promises made to you by anyone, whether oral or written. Changes in your employment terms, other than those changes expressly reserved to the Company's discretion in this letter, require a written modification signed by an officer of the Company.

Sincerely,

SoundHound AI, Inc.

/S/Keyvan Mohajer

Understood and Accepted:

/S/Nitesh Sharan

Nitesh Sharan

June 2, 2022

Date

Attachment: Employee Confidential Information and Inventions Assignment Agreement

SoundHound

*Pursuant to Item 601(b)(10)(iv) of Regulation S-K, certain identified information marked with [****] has been excluded from the exhibit because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed*

June 2, 2022

Re: Employment Terms

Timothy Stonehocker

[****]

[****]

Dear Tim,

SOUNDHOUND AI, INC. (the “Company”) is pleased to continue to employ you in the position of Chief Technology Officer on the following terms. The terms of your position with the Company are as set forth below (the “Agreement”):

1. **Position:** You will be responsible for Chief Technology Officer duties and will report directly to Keyvan Mohajer, President & Chief Executive Officer. You will work at our facility located at 5400 Betsy Ross Drive, Santa Clara, CA. Normal business hours are from 9:00 a.m. to 5:00 p.m., Monday through Friday. As an exempt salaried employee, you will be expected to work additional hours as required by the nature of your work assignments.
2. **Compensation:**
 - a. **Salary.** Your salary will be \$335,000.00 per year, less payroll deductions and withholdings, paid on the Company’s normal payroll schedule. Salaried employees are paid semi-monthly. Your new salary will have a May 1, 2022, effective date, and be implemented retroactively with catch-up payments made for any missed payrolls.
 - b. **Bonus.** Each year, you will be eligible to earn an annual incentive bonus, with a target equal to 50% of your annual base salary as then in effect, with a maximum payout at 150% of your annual target. Whether you receive a bonus, and the amount of any such bonus, will be determined by the Company in its sole discretion, and will be based upon achievement of performance objectives to be determined by the Company, as well as such other criteria as determined by the Company. Any annual bonus shall be paid within 30 days after the Company’s determination that a bonus shall be awarded and in any event shall be paid by March 15 for the immediately preceding year, subject to your continued employment through such payment date. Any bonus awarded for fiscal year 2022 will be eligible for full target achievement based on the new base salary in this Agreement.
3. **Equity Award:**
 - a. **Restricted Stock Units Award:** You will be granted 210,000 Restricted Stock Units (the “RSUs”) under the SoundHound AI, Inc. 2022 Incentive Award Plan (the “Equity Plan”), which grant will be made after a Form S-8 is on file with the Securities and Exchange Commission (“SEC”) to register shares under the Equity Plan. The RSUs will be governed by the terms of the Equity Plan and the RSU award agreement. Once granted, the RSUs will have a 4-year vesting period, with vesting measured from a May 1, 2022, vesting commencement date, under which 1/16 of the RSUs will vest quarterly thereafter, subject to your continued employment with the Company through each such vesting date.
 - b. **Performance Stock Units Award:** You will be granted 140,000 PSUs that are subject to performance-based vesting (the “PSUs”) under the Equity Plan, which grant will be made after a Form S-8 is on file with the SEC to register shares under the Equity Plan. The PSUs will be governed by the terms of the Equity Plan and the PSU award agreement. Once granted, the PSUs will have a four-year performance period and will be subject to a vesting schedule based on performance metrics as set forth in your PSU award agreement.

4. **Employee Benefits**

- a. **Group Plans:** During your employment, you will be eligible to participate in the standard benefits plans offered to similarly situated employees by the Company from time to time, subject to plan terms and generally applicable Company policies. A full description of these benefits is available upon request. The Company may change compensation and benefits from time to time in its discretion.
- b. **Paid Time Off:** You will be entitled to 20 days paid personal days per year. The maximum amount of personal days that you may accrue is 25 days.

5. **Employment Conditions**

- a. **Invention Assignment Agreement:** As a Company employee, you will be expected to abide by Company rules and policies. As a condition of this Agreement, you must sign and comply with the attached Employee Confidential Information and Inventions Assignment Agreement which prohibits unauthorized use or disclosure of the Company's proprietary information, among other obligations.
 - b. **Confidential Information:** In your work for the Company, you will be expected not to use or disclose any confidential information, including trade secrets, of any former employer or other person to whom you have an obligation of confidentiality. Rather, you will be expected to use only that information which is generally known and used by persons with training and experience comparable to your own, which is common knowledge in the industry or otherwise legally in the public domain, or which is otherwise provided or developed by the Company. You agree that you will not bring onto Company premises any unpublished documents or property belonging to any former employer or other person to whom you have an obligation of confidentiality. You hereby represent that you have disclosed to the Company any contract you have signed that may restrict your activities on behalf of the Company.
6. **Outside Activities:** Except with the prior written consent of the Company, you will not, while employed by the Company, undertake or engage in any other employment, occupation or business enterprise that would interfere with your responsibilities and the performance of your duties hereunder, except for (a) reasonable time devoted to volunteer services for or on behalf of religious, educational, non-profit and/or other charitable organization as you may wish to serve, and (b) such other activities as may be specifically approved in writing and in advance by the Board. This restriction shall not preclude you from owning less than one percent (1%) of the total outstanding shares of a publicly-traded company.
7. **At-Will Employment:** The Company and you acknowledge and agree that your employment is and shall continue to be at-will, as defined under applicable law, and that your employment with the Company may be terminated by either party at any time, with or without advance notice, and for any reason or no reason, without further obligation or liability (except as provided in Section 8 below). Upon the termination of your employment with the Company, you will receive payment for all earned compensation.
8. **Severance:**
- a. **Termination For Cause; Resignation Without Good Reason.** If, at any time, the Company terminates your employment for Cause (as defined below), or if you resign without Good Reason (as defined below), or if your employment terminates as a result of your death or disability, you will receive your base salary accrued through your last day of employment, as well as any unused vacation (if applicable) accrued through your last day of employment. Under these circumstances, you will not be entitled to any other form of compensation from the Company, including severance benefits.

- b. **Termination without Cause or Resignation for Good Reason Unrelated to Change in Control.** If, outside of a Change in Control Period (as defined below), the Company terminates your employment without Cause or you resign for Good Reason, and other than as a result of your death or disability, and provided such termination constitutes a “separation from service” (as defined under Treasury Regulation Section 1.409A-1(h), without regard to any alternative definition thereunder, a “Separation from Service”), then subject to the preconditions set forth in Section 9 below, you will be entitled to receive the following severance benefits:
- i. The Company will pay you an amount equal to 3 months of your then-current base salary (excluding any salary reduction that served as the basis for any Good Reason resignation), less all applicable withholdings and deductions, paid in installments over such three (3) month period or, at the Company’s option, paid in a lump sum within 60 days following your Separation from Service. Notwithstanding the foregoing, to the extent that the Company determines that this severance constitutes “deferred compensation” under Section 409A (as defined below), this severance will be payable only in installments over such three (3) month period following your Separation from Service.
 - ii. If you timely elect continued coverage under COBRA for yourself and your covered dependents under the Company’s group health plans following such termination or resignation of employment, then the Company will pay the entire COBRA premiums necessary to continue your health insurance coverage in effect for yourself and your eligible dependents on the termination date until the earliest of (A) the close of the 3 months period following the termination of your employment, (B) the expiration of your eligibility for the continuation coverage under COBRA, and (C) the date when you become eligible for substantially equivalent health insurance coverage in connection with new employment. If you become eligible for such coverage under another employer’s group health plan or otherwise cease to be eligible for COBRA during the period provided in this clause, you must immediately notify the Company of such event, and all payments and obligations under this clause will cease.
- c. **Termination without Cause or Resignation for Good Reason Related to Change in Control.** If, during a Change in Control Period (as defined below), the Company terminates your employment without Cause, or you resign for Good Reason, and other than as a result of your death or disability, and provided such termination constitutes a Separation from Service, then subject to the preconditions set forth in Section 9 below, you will be entitled to receive the following severance benefits:
- i. The Company will pay you an amount equal to 12 months of your then-current base salary (excluding any salary reduction that served as the basis for any Good Reason resignation), less all applicable withholdings and deductions, paid in a lump sum within 60 days following your Separation from Service.
 - ii. If you timely elect continued coverage under COBRA for yourself and your covered dependents under the Company’s group health plans following such termination or resignation of employment, then the Company will pay the entire COBRA premiums necessary to continue your health insurance coverage in effect for yourself and your eligible dependents on the termination date until the earliest of (A) the close of the 12 months period following the termination of your employment, (B) the expiration of your eligibility for the continuation coverage under COBRA, and (C) the date when you become eligible for substantially equivalent health insurance coverage in connection with new employment. If you become eligible for such coverage under another employer’s group health plan or otherwise cease to be eligible for COBRA during the period provided in this clause, you must immediately notify the Company of such event, and all payments and obligations under this clause will cease.
 - iii. The Company will accelerate the vesting of any stock options that have time-based vesting and the RSUs such that you will be deemed vested (as of the date your employment terminates). The Company may accelerate the vesting of your PSUs in connection with the negotiation of any Change in Control transaction.

Notwithstanding Section 8(b)(ii) or Section 8(c)(iii) above, if at any time the Company determines, in its sole discretion, that it cannot provide the COBRA premium benefits provided under such provisions without potentially incurring financial costs or penalties under applicable law, then, in lieu of paying COBRA premiums set forth therein, the Company will instead pay you on the last day of each remaining month of the applicable payment period a fully taxable cash payment equal to the COBRA premium as in effect as of immediately prior to the Separation from Service in respect of the COBRA premium for that month for you and your covered dependents, subject to applicable tax withholding (such amount, the “Special COBRA Payment”), such Special COBRA Payment to be made without regard to your election of COBRA coverage or payment of COBRA premiums and without regard to your continued eligibility for COBRA coverage during the applicable payment period. Such Special COBRA Payment will end upon expiration of the applicable payment period.

9. **Severance Conditions:** Your receipt of the severance benefits set forth in Section 8 is conditional upon (a) your continuing to comply with your contractual obligations to the Company; and (b) your delivering to the Company an effective and irrevocable general release of claims in favor of the Company within 60 days following your termination date. The salary continuation set forth in Section 8(b)(i) will be paid in equal installments on the Company’s regular payroll schedule and will be subject to applicable tax withholdings over the period outlined above following the date of your termination date; provided, however, that no payments will be made prior to the release becoming effective. Within 60 days following your Separation from Service, and subject to the release being effective by the payment date, the Company will pay you in a lump sum the salary continuation that you would have received on or prior to such date under the original schedule but for the delay while waiting for the effectiveness of the release, with the balance of the salary continuation being paid on the Company’s regular payroll schedule.

10. Definitions:

- a. **Cause.** For purposes of this Agreement, “Cause” shall have the meaning set forth in the Equity Plan.
- b. **Good Reason.** For purposes of this Agreement, “Good Reason” will mean that you have resigned based on the occurrence of any of the following events: (i) a material diminution in your salary except for across-the-board salary reductions similarly affecting all or substantially all senior executives of the Company; (ii) a change in the geographic location of your primary place of work that results in an increase in your one-way commute by more than 25 miles (provided, however, that this subclause (ii) will only be applicable after the Company resumes normal in-person office operations in connection with the COVID-19 pandemic); (iii) a material reduction in your authority, job duties or responsibilities; or (iv) a material breach of this Agreement by the Company; provided, however, that you will not be deemed to have Good Reason if the Company survives as a separate legal entity following a Change in Control and you hold materially the same position in such legal entity as before the Change in Control. A resignation will only be for Good Reason if you deliver written notice of such condition to the Company within 30 days after the initial occurrence of such condition, the Company has failed to cure such condition within 30 days after the delivery of such notice, and you resign within 30 days after the end of such cure period.
- c. **Change in Control.** For purposes of this Agreement, a “Change in Control” shall have the meaning set forth in the Equity Plan.
- d. **Change in Control Period.** For purposes of this Agreement, a “Change in Control Period” is defined as the period starting three (3) months before the effective date of a Change in Control and ending on the twelve (12) month anniversary of the effective date of the Change in Control.

11. **Section 409A.** The payments and benefits under this Agreement are intended to qualify for exemptions from the application of Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), and the final regulations and any guidance promulgated thereunder (“Section 409A”), and this Agreement will be construed to the greatest extent possible as consistent with those provisions, and to the extent not so exempt, this Agreement (and any definitions hereunder) will be construed in a manner that complies with Section 409A to the extent necessary to avoid adverse taxation under Section 409A. To the extent any payment under this Agreement may be classified as a “short-term deferral” within the meaning of Section 409A, such payment will be deemed a short-term deferral, even if it may also qualify for an exemption from Section 409A under another provision of Section 409A. Notwithstanding anything to the contrary herein, to the extent required to comply with Section 409A, a termination of employment will not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of amounts or benefits upon or following a termination of employment unless such termination is also a Separation from Service. Your right to receive any installment payments will be treated as a right to receive a series of separate payments and, accordingly, each installment payment will at all times be considered a separate and distinct payment. Notwithstanding any provision to the contrary in this Agreement, 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, and if any of the payments upon Separation from Service set forth herein and/or under any other agreement with the Company are deemed to be “deferred compensation,” then, to the extent delayed commencement of any portion of such payments is required in order to avoid a prohibited distribution under Section 409A and the related adverse taxation under Section 409A, such payments will not be provided to you prior to the earliest of (a) the expiration of the six-month period measured from the date of your Separation from Service, (b) the date of your death or (c) such earlier date as permitted under Section 409A without the imposition of adverse taxation. With respect to payments to be made upon execution of an effective release, if the release revocation period spans two calendar years, payments will be made in the second of the two calendar years to the extent necessary to avoid adverse taxation under Section 409A. With respect to reimbursements or in-kind benefits provided hereunder (or otherwise) that are not exempt from Section 409A, the following rules will apply: (x) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during any one taxable year will not affect the expenses eligible for reimbursement, or in-kind benefit to be provided in any other taxable year, (y) in the case of any reimbursements of eligible expenses, reimbursement will be made on or before the last day of the taxable year following the taxable year in which the expense was incurred and (z) the right to reimbursement or in-kind benefits will not be subject to liquidation or exchange for another benefit. Notwithstanding anything to the contrary in this Agreement, the Company reserves the right to amend this Agreement as it deems necessary or advisable, in its sole discretion and without your consent, to comply with Section 409A or to avoid income recognition under Section 409A prior to the actual payment of severance benefits hereunder or imposition of any additional tax. In no event will the Company reimburse you for any taxes or other costs that may be imposed on you as result of Section 409A.

12. **280G.**

- a. If any payment or benefit you will or may receive from the Company or from another source (a “280G Payment”) would (i) constitute a “parachute payment” within the meaning of Section 280G of Code, and (ii) but for this sentence, be subject to the excise tax imposed by Section 4999 of the Code (the “Excise Tax”), then any such 280G Payment pursuant to this Agreement (a “Payment”) will be equal to the Reduced Amount. The “Reduced Amount” will be either (x) the largest portion of the Payment that would result in no portion of the Payment (after reduction) being subject to the Excise Tax or (y) the largest portion, up to and including the total, of the Payment, whichever amount (i.e., the amount determined by clause (x) or by clause (y)), after taking into account all applicable federal, state and local employment taxes, income taxes, and the Excise Tax (all computed at the highest applicable marginal rate), results in your receipt, on an after-tax basis, of the greater economic benefit notwithstanding that all or some portion of the Payment may be subject to the Excise Tax. If a reduction in a Payment is required pursuant to the preceding sentence and the Reduced Amount is determined pursuant to clause (x) of the preceding sentence, the reduction will occur in the manner (the “Reduction Method”) that results in the greatest economic benefit for you. If more than one method of reduction will result in the same economic benefit, the items so reduced will be reduced pro rata (the “Pro Rata Reduction Method”).
- b. Notwithstanding any provision of paragraph (a) to the contrary, if the Reduction Method or the Pro Rata Reduction Method would result in any portion of the Payment being subject to taxes pursuant to Section 409A that would not otherwise be subject to taxes pursuant to Section 409A, then the Reduction Method and/or the Pro Rata Reduction Method, as the case may be, will be modified so as to avoid the imposition of taxes pursuant to Section 409A as follows: (i) as a first priority, the modification will preserve to the greatest extent possible, the greatest economic benefit for you as determined on an after-tax basis; (ii) as a second priority, Payments that are contingent on future events (e.g., being terminated without cause), will be reduced (or eliminated) before Payments that are not contingent on future events; and (iii) as a third priority, Payments that are “deferred compensation” within the meaning of Section 409A of the Code will be reduced (or eliminated) before Payments that are not deferred compensation within the meaning of Section 409A of the Code.

- c. If you receive a Payment for which the Reduced Amount was determined pursuant to clause (x) of Section 10(a) and the Internal Revenue Service determines thereafter that some portion of the Payment is subject to the Excise Tax, you agree to promptly return to the Company a sufficient amount of the Payment (after reduction pursuant to clause (x) of Section 10(a)) so that no portion of the remaining Payment is subject to the Excise Tax. For the avoidance of doubt, if the Reduced Amount was determined pursuant to clause (y) of Section 10(a), you will have no obligation to return any portion of the Payment pursuant to the preceding sentence.
13. **General Obligations:** As an employee, you will be expected to adhere to the Company's standards of professionalism, loyalty, integrity, honesty, reliability and respect for all. Please note that the Company is an equal opportunity employer. The Company does not permit, and will not tolerate, the unlawful discrimination or harassment of any employees, consultants, or related third parties on the basis of sex, race, color, religion, age, national origin or ancestry, marital status, veteran status, mental or physical disability or medical condition, sexual orientation, pregnancy, childbirth or related medical condition, or any other status protected by applicable law. Any questions regarding this EEO statement should be directed to the Company's Senior Vice President, People and Culture.
14. **Arbitration:** To ensure the rapid and economical resolution of disputes that may arise in connection with your employment with the Company, you and the Company agree that any and all disputes, claims, or causes of action, in law or equity, including but not limited to statutory claims, arising from or relating to the enforcement, breach, performance, or interpretation of this Agreement, your employment with the Company, or the termination of your employment, shall be resolved, to the fullest extent permitted by law, by final, binding and confidential arbitration conducted by JAMS or its successor, under the then applicable JAMS Arbitration Rules and Procedures for Employment Disputes (available at <http://www.jamsadr.com/rules-employment-arbitration/>). **You acknowledge that by agreeing to this arbitration procedure, both you and the Company waive the right to resolve any such dispute through a trial by jury or judge or administrative proceeding.** You will have the right to be represented by legal counsel at any arbitration proceeding. The arbitrator shall: (a) have the authority to compel adequate discovery for the resolution of the dispute and to award such relief as would otherwise be permitted by law; and (b) issue a written statement signed by the arbitrator regarding the disposition of each claim and the relief, if any, awarded as to each claim, the reasons for the award, and the arbitrator's essential findings and conclusions on which the award is based. The arbitrator shall be authorized to award all relief that you or the Company would be entitled to seek in a court of law. The Company shall pay all JAMS arbitration fees in excess of the administrative fees that you would be required to pay if the dispute were decided in a court of law. Nothing in this letter agreement is intended to prevent either you or the Company from obtaining injunctive relief in court to prevent irreparable harm pending the conclusion of any such arbitration.

This letter, together with your Employee Confidential Information and Inventions Assignment Agreement, forms the complete and exclusive statement of your employment agreement with the Company. It supersedes any other agreements or promises made to you by anyone, whether oral or written. Changes in your employment terms, other than those changes expressly reserved to the Company's discretion in this letter, require a written modification signed by an officer of the Company.

Sincerely,

SoundHound AI, Inc.

/S/Keyvan Mohajer

Understood and Accepted:

/S/ Timothy Stonehocker

Timothy Stonehocker

6/2/22

Date

Attachment: Employee Confidential Information and Inventions Assignment Agreement

SoundHound AI, Inc.
Non-Employee Director Compensation Policy

This Non-Employee Director Compensation Policy (the “Director Compensation Policy”) is effective as of June 2, 2022 (the “Effective Date”).

Each member of the Board of Directors (the “Board”) of SoundHound AI, Inc. (the “Company”) who is not also serving as an employee of the Company or any of its subsidiaries (each such member, an “Outside Director”) will receive the compensation described in this Director Compensation Policy for Board service on and after the Effective Date or, if such person becomes an Outside Director after the Effective Date, the date on which such person commences service as an Outside Director.

This Director Compensation Policy may be amended at any time in the sole discretion of the Board. Capitalized terms not explicitly defined in this Director Compensation Policy but defined in the Plan (as defined below) will have the same definitions as in the Plan.

An Outside Director may decline all or any portion of compensation under this Director Compensation Policy by giving notice to the Company prior to the date cash is to be paid or equity awards are to be granted, as the case may be.

1. Annual Cash Retainer

- a. Each Outside Director shall receive an annual cash retainer of \$32,000 for his or her service on the Board, and each Outside Director who serves as chair or member of the following committees of the Board will be paid an additional annual cash retainer as follows (together, the “Annual Retainer”):
 - i. Chair of the Audit Committee: \$20,000
 - ii. Member of the Audit Committee: \$10,000
 - iii. Chair of the Compensation Committee: \$14,500
 - iv. Member of the Compensation Committee: \$7,300
 - v. Chair of the Nominating and Corporate Governance Committee: \$7,500
 - vi. Member of the Nominating and Corporate Governance Committee: \$3,800

For the avoidance of doubt, an Outside Director who serves as chair of a committee of the Board will not also be paid the additional annual cash retainer for service as a member of such committee.

- b. The Annual Retainer is for general availability and participation in meetings and conference calls, inclusive of all Board and committee service. There is no additional compensation for attending individual Board or committee meetings, or for participation in any other committees or subcommittees of the Board.
- c. The Annual Retainer will be paid in four (4) equal quarterly payments at the end of each calendar quarter in arrears. The quarterly payment will be pro-rated if the Outside Director is first appointed during the calendar quarter or ceases to serve on the Board or a committee during the calendar quarter, with the payment pro-rated based on the number of actual days served by the Outside Director during such calendar quarter.

2. Equity Compensation

- a. The equity compensation set forth below will be granted under the Company's 2022 Incentive Award Plan, as may be amended and restated from time to time, or any successor equity incentive plan adopted by the Company (the "Plan") and will be documented on the applicable form of equity award agreement most recently approved for use by the Board (or a duly authorized committee thereof) for Outside Directors.
- b. All grants of equity awards to Outside Directors pursuant to this Section 2 will be automatic and nondiscretionary. No person will have any discretion to select which Outside Directors will be granted any awards under this Section 2 or to determine the number of shares to be covered by such awards.
- c. Initial Grant
 - i. Each Outside Director serving on the Board as of the Effective Date or first elected thereafter shall automatically, and without further action by the Board, be granted Restricted Stock Units ("RSUs") having a grant date value of \$380,000 (the "Initial Grant") upon the Outside Director's first date of service (or the Effective Date, if later), although no grant shall be made until a Form S-8 is on file with the Securities and Exchange Commission ("SEC") to register shares under the Plan.
 - ii. The number of RSUs subject to the Initial Grant will be equal to: (A) \$380,000, divided by (B) the average quoted closing trading price of the Company's Common Stock on the principal trading market on which the Common Stock trades during the twenty (20) trading days preceding and including the grant date, rounded down to the nearest whole share.
 - iii. Prior to the grant date, an Outside Director may elect to receive half of the Initial Grant to be paid in the form of Nonqualified Stock Options, with the number of Options having a grant date value of \$190,000 under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718, and the remaining half of the Initial Grant (\$190,000) to be paid as RSUs, calculated in the manner described above.
 - iv. The Initial Grant will vest over three years, subject to the Outside Director's continuous Board service on each applicable vesting date, with one-third of the Initial Grant to vest on the one-year anniversary of the Outside Director's first date of service (or the Effective Date, if later) and one-twelfth of the Initial Grant to vest as of the beginning of each calendar quarter thereafter (i.e., each January 1, April 1, July 1, and October 1).
 - v. To the extent granted as Options:
 - 1. The exercise price per share will be equal to 100% of the Fair Market Value of the underlying Common Stock on the grant date.
 - 2. The Options will have a term of ten (10) years from the grant date, subject to earlier expiration in connection with a termination of Board service.

3. Following termination of the Outside Director's service on the Board, the Initial Grant, to the extent vested, will remain exercisable for one (1) year if the termination is on account of death or Disability or for ninety (90) days for any other termination, but not later than the expiration of the 10-year option term. Notwithstanding the foregoing, the vested and unvested portion of any Option shall immediately terminate if the Outside Director commits an act of Cause or violates the non-competition, non-solicitation, confidentiality or other similar restrictive covenant provisions of any confidentiality and nondisclosure agreement or other agreement between the Outside Director and the Company or any of its Subsidiaries.
4. In the event of an Equity Restructuring as described in Section 8.1 of the Plan, the Administrator shall appropriately and proportionately adjust the number of shares and exercise price, as applicable, for any Initial Grant made before the date of such event.

d. Annual RSU Grant

- i. Each Outside Director automatically, and without further action by the Board, will be granted Restricted Stock Units having a grant date value of \$165,000 (the "Annual RSU Grant") upon the Outside Director's first date of service (or the Effective Date, if later) and, in each year thereafter, on the date of each Company annual stockholder meeting, although no grant shall be made until a Form S-8 is on file with the SEC to register shares under the Plan.
 - ii. The number of RSUs subject to each Annual RSU Grant will be equal to: (A) \$165,000, divided by (B) the average quoted closing trading price of the Company's Common Stock on the principal trading market on which the Common Stock trades during the twenty (20) trading days preceding and including the grant date, rounded down to the nearest whole share.
 - iii. The Annual RSU Grant will vest in four (4) approximately equal quarterly tranches as of the beginning of each calendar quarter following the grant date (i.e., each January 1, April 1, July 1, and October 1), with the final tranche vesting on the first anniversary of the grant date, subject to the Outside Director's continuous Board service on each applicable vesting date.
- e. Treatment on a Change in Control. In the event of a Change in Control, any then-unvested Initial Grant or Annual RSU Grant will fully vest (and become exercisable, in the case of an Option) as of immediately prior to the effective time of such transaction, subject to the Outside Director's continuous Board service through the effective date of such transaction.

3. Travel Expense Reimbursement

The Company will reimburse each Outside Director for ordinary, necessary, and reasonable out-of-pocket travel expenses to cover in-person attendance at and participation in Board and committee meetings; provided, that such Outside Director timely submits to the Company appropriate documentation substantiating such expenses in accordance with the Company's travel and expense policy, as in effect from time to time.