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

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**FORM 8-K**

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**CURRENT REPORT  
Pursuant to Section 13 OR 15(d)  
of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): October 30, 2023**

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**Core Scientific, Inc.**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction  
of incorporation)

**001-40046**  
(Commission  
File Number)

**86-1243837**  
(IRS Employer  
Identification No.)

**210 Barton Springs Road, Suite 300**  
**Austin, Texas**  
(Address of principal executive offices)

**78704**  
(Zip Code)

**Registrant's telephone number, including area code: (512) 402-5233**

(Former Name or Former Address, if Changed Since Last Report)

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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:

- 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))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.0001 per share	CORZQ	*
Warrants, exercisable for shares of common stock	CRZWQ	*

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

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.

\* The registrant's common stock and warrants began trading exclusively on the OTC Pink Marketplace on January 3, 2023 under the Symbols "CORZQ" and "CRZWQ," respectively.

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**Item 7.01 Regulation FD Disclosure.**

As previously disclosed, on December 21, 2022, Core Scientific, Inc. (the “Company”) and certain of its affiliates (collectively, the “Debtors”) filed voluntary petitions (the “Chapter 11 Cases”) in the United States Bankruptcy Court for the Southern District of Texas (the “Bankruptcy Court”) seeking relief under Chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”). The Debtors continue to operate their business and manage their properties as “debtors-in-possession” under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code and orders of the Bankruptcy Court. Additional information about the Chapter 11 Cases, including access to Court documents, is available online at [cases.stretto.com/CoreScientific/](https://cases.stretto.com/CoreScientific/), a website administered by Stretto, Inc., a third-party bankruptcy claims and noticing agent. The information on this web site is not incorporated by reference into, and does not constitute part of, this Form 8-K.

Also, as previously disclosed, the Debtors filed with the Bankruptcy Court (i) on June 20, 2023, a proposed *Joint Chapter 11 Plan of Reorganization of Core Scientific, Inc. and its Debtor Affiliates* and a related proposed form of Disclosure Statement; (ii) on August 8, 2023, the *Amended Joint Chapter 11 Plan of Reorganization of Core Scientific, Inc. and its Debtor Affiliates* and a related Disclosure Statement; and (iii) on September 7, 2023, the *Second Amended Joint Chapter 11 Plan of Reorganization of Core Scientific, Inc. and its Debtor Affiliates* (the “Plan”) and a related Disclosure Statement (the “Disclosure Statement”).

Also, as previously disclosed, on September 19, 2023, the Debtors, the ad hoc group of the Debtors’ secured convertible notes holders (the “Ad Hoc Noteholder Group”) and the official committee of equity security holders in the Chapter 11 Cases (the “Equity Committee”) reached an agreement in principle with respect to the economic terms of the Plan (the “Mediated Settlement”). The Debtors, the Ad Hoc Noteholder Group and the Equity Committee have continued to work and negotiate in good faith to document the Mediated Settlement, resolve certain open issues and revise the Plan and Disclosure Statement to incorporate the terms of the Mediated Settlement.

On October 30, 2023, the Debtors reached an agreement in principle (the “Restructuring Term Sheet”) with the Ad Hoc Noteholder Group and the Equity Committee regarding the terms of a chapter 11 plan of reorganization, subject to the finalization of the Debtors’ *Third Amended Joint Chapter 11 Plan of Reorganization of Core Scientific, Inc. and its Debtor Affiliates* and a related Disclosure Statement, and the execution of a restructuring support agreement (the “Restructuring Support Agreement”) and other definitive documentation, which the Debtors expect to enter into with the Ad Hoc Noteholder Group and the Equity Committee in the coming days. The Restructuring Support Agreement, if and when executed by the Debtors, the Ad Hoc Noteholder Group and the Equity Committee, is expected to include terms consistent with those terms set forth in the Restructuring Term Sheet.

Also, on October 30, 2023, the Company issued a press release announcing the Restructuring Term Sheet. A copy of the press release is attached to this Current Report on Form 8-K as Exhibit 99.1 and is incorporated herein by reference.

The foregoing description of the Restructuring Term Sheet is not complete and is qualified in its entirety by reference to the Restructuring Term Sheet, a copy of which is attached to this Current Report on Form 8-K as Exhibit 99.2 and is incorporated herein by reference.

The information furnished pursuant to this Item 7.01, including Exhibit 99.1 and Exhibit 99.2, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act.

**Cautionary Statement Regarding Forward-Looking Information**

This Form 8-K includes “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of words such as “estimate,” “plan,” “project,” “forecast,” “intend,” “will,” “expect,” “anticipate,” “believe,” “seek,” “target” or other similar expressions

that predict or indicate future events or trends or that are not statements of historical matters. The Company's actual results may differ materially from those anticipated in these forward-looking statements as a result of certain risks and other factors, which could include the following: risks and uncertainties relating to the Company's Chapter 11 Cases including but not limited to, the Company's ability to obtain Bankruptcy Court approval with respect to motions in its Chapter 11 Cases, successfully enter into and implement a restructuring plan, successfully enter into the Restructuring Support Agreement, emerge from Chapter 11 and achieve significant cash flows from operations; the effects of the Chapter 11 Cases on the Company and on the interests of various constituents, Bankruptcy Court rulings in the Chapter 11 Cases and the outcome of the Chapter 11 Cases in general, the length of time the Company will operate under the Chapter 11 Cases, risks associated with any third-party motions in the Chapter 11 Cases, the potential adverse effects of the Chapter 11 Cases on the Company's liquidity or results of operations and increased legal and other professional costs necessary to execute the Company's reorganization; finalization and receipt of the replacement debtor-in-possession facility; satisfaction of any conditions to which the Company's debtor-in-possession financing is subject and the risk that these conditions may not be satisfied for various reasons, including for reasons outside of the Company's control; the consequences of the acceleration of the Company's debt obligations; the trading price and volatility of the Company's common stock and the risks related to trading on the OTC Pink Market; as well as other risk factors set forth in the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q filed with the Securities and Exchange Commission. These statements are provided for illustrative purposes only and are based on various assumptions, whether or not identified in this Current Report on Form 8-K, and on the current expectations of the Company's management. These forward-looking statements are not intended to serve, and must not be relied on by any investor, as a guarantee, an assurance, a prediction or a definitive statement of fact or probability. Actual events and circumstances are difficult or impossible to predict and will differ from assumptions. Many actual events and circumstances are beyond the control of the Company. These forward-looking statements are subject to a number of risks and uncertainties, including those identified in the Company's reports filed with the U.S. Securities & Exchange Commission, and if any of these risks materialize or our assumptions prove incorrect, actual results could differ materially from the results implied by these forward-looking statements. Accordingly, undue reliance should not be placed upon the forward-looking statements.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits:

<b>Exhibit</b>	<b>Description</b>
99.1	<a href="#">Press Release, dated October 30, 2023</a>
99.2	<a href="#">Restructuring Term Sheet</a>
104	Cover page Interactive Data File (embedded within the Inline XBRL document).

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**SIGNATURES**

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

**Core Scientific, Inc.**

Date: October 30, 2023

By: /s/ Todd M. DuChene

Name: Todd M. DuChene

Title: Chief Legal Officer and Chief Administrative Officer

**Core Scientific Announces Agreement in Principle with Key Constituencies in its Chapter 11 Cases**

- *Company, Ad Hoc Noteholder Group and Equity Committee reach agreement in principle with respect to the economic terms of a proposed plan of reorganization*
- *Parties expect in the coming days to enter into a binding Restructuring Support Agreement consistent with the Restructuring Term Sheet and to finalize Debtors' Third Amended Joint Chapter 11 Plan of Reorganization and related Disclosure Statement*
- *Company expects to emerge from Chapter 11 by the end of the current calendar year*

**AUSTIN, Texas, Oct. 30, 2023 – Core Scientific, Inc. (OTC: CORZQ)** (“Core Scientific” or “the Company”), a leader in high-performance blockchain computing data centers and software solutions, today announced the Company and certain of its affiliates (collectively, the “Debtors”) have reached an agreement in principle (the “Restructuring Term Sheet”) with the Ad Hoc Noteholder Group and the Equity Committee regarding the terms of a chapter 11 plan of reorganization. The agreement in principle is subject to the finalization of the Debtors’ *Third Amended Joint Chapter 11 Plan of Reorganization of Core Scientific, Inc. and its Debtor Affiliates* and a related Disclosure Statement, and the execution of a restructuring support agreement (the “Restructuring Support Agreement”) and other definitive documentation, which the Debtors expect to enter into with the Ad Hoc Noteholder Group and the Equity Committee in the coming days. The Restructuring Support Agreement, if and when executed by the Debtors, the Ad Hoc Noteholder Group and the Equity Committee, is expected to include terms consistent with those terms set forth in the Restructuring Term Sheet.

The agreement in principle can be found on the SEC’s website, <https://www.sec.gov/edgar>, and on the Investors section of the Core Scientific website: <https://investors.corescientific.com/investors/financials/sec-filings/default.aspx>

Core Scientific’s management continues to work toward emergence by the end of the current calendar year.

**ABOUT CORE SCIENTIFIC**

Core Scientific (OTC: CORZQ) is one of the largest blockchain computing data center providers and miners of digital assets in North America. Core Scientific has operated blockchain computing data centers in North America since 2017, using its facilities and intellectual property portfolio for collocated digital asset mining and self-mining. Core Scientific operates data centers in Georgia, Kentucky, North Carolina, North Dakota and Texas. Core Scientific’s proprietary Minder® fleet management software combines the Company’s colocation expertise with data analytics to deliver maximum uptime, alerting, monitoring and management of all miners in the Company’s network. To learn more, visit <http://www.corescientific.com>.

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**FORWARD LOOKING STATEMENTS AND EXPLANATORY NOTES**

Certain statements in this press release constitute “forward-looking statements” within the meaning of the “safe harbor” provisions of the United States Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of words such as “estimate,” “plan,” “project,” “forecast,” “intend,” “will,” “expect,” “anticipate,” “believe,” “seek,” “target” or other similar expressions that predict or indicate future events or trends or that are not statements of historical matters. These forward-looking statements include, but are not limited to, statements regarding the future benefit of certain contracts, anticipated date of Company emergence from Chapter 11, statements related to the Company’s ability to scale and grow its business, meet its expected operating plan, source clean and renewable energy, the advantages and expected growth of the Company, future estimates of revenue, net income, adjusted EBITDA, total debt, free cash flow, liquidity and future financing availability, future estimates of computing capacity and operating capacity, future demand for colocation capacity, future estimate of hash rate (including mix of self-mining and colocation) and operating gigawatts, future projects in construction or negotiation and future expectations of operation location, orders for miners and critical infrastructure, future estimates of self-mining capacity, the public float of the Company’s shares, future infrastructure additions and their operational capacity, and operating capacity and site features of the Company’s operations and planned operations. These statements are provided for illustrative purposes only and are based on various assumptions, whether or not identified in this press release, and on the current expectations of the Company’s management. These forward-looking statements are not intended to serve, and must not be relied on by any investor, as a guarantee, an assurance, a prediction or a definitive statement of fact or probability. Actual events and circumstances are difficult or impossible to predict and will differ from assumptions. Many actual events and circumstances are beyond the control of the Company. These forward-looking statements are based on information available as of the date of this press release and current expectations, forecasts and assumptions and are subject to a number of risks and uncertainties, including, but not limited to, the Company’s ability to obtain bankruptcy court approval with respect to motions in its Chapter 11 cases, successfully enter into and implement a restructuring plan, emerge from Chapter 11 and achieve significant cash flows from operations; the effects of the Chapter 11 cases on the Company and on the interests of various constituents, bankruptcy court rulings in the Chapter 11 cases and the outcome of the Chapter 11 cases in general, the length of time the Company will operate under the Chapter 11 cases, risks associated with any third-party motions in the Chapter 11 cases, the potential adverse effects of the Chapter 11 cases on the Company’s liquidity or results of operations and increased legal and other professional costs necessary to execute the Company’s reorganization; satisfaction of any conditions to which the Company’s debtor-in-possession financing is subject and the risk that these conditions may not be satisfied for various reasons, including for reasons outside of the Company’s control; the consequences of the acceleration of the Company’s debt obligations; the trading price and volatility of the Company’s common stock as well as other risk factors set forth in the Company’s reports filed with the U.S. Securities & Exchange Commission. If any of these risks materialize or our assumptions prove incorrect, actual results could differ materially from the results implied by these forward-looking statements. Accordingly, undue reliance should not be placed upon the forward-looking statements.

Please follow us on:



<https://www.linkedin.com/company/corescientific/>

[https://twitter.com/core\\_scientific](https://twitter.com/core_scientific)

**CONTACTS**

Investors:

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Media:

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# Core Scientific

RESTRUCTURING TERM SHEET

October 30, 2023

# Restructuring Term Sheet

## Plan Terms and Key Treatment

Plan TEV	> \$1.5 billion
Convertible Notes	<ul style="list-style-type: none"> <li>&gt; Settled Claim Amounts               <ul style="list-style-type: none"> <li>- <u>April Notes</u>: sum of (i) \$350 million, (ii) post petition interest at contract rate following January 15, 2024, (iii) share of any ERO Shortfall Equity Distribution Amount, and (iv) share of any Fee-Related Equity Distribution to Converts</li> <li>- <u>August Notes</u>: sum of (i) \$360 million, (ii) post petition interest at contract rate following January 15, 2024, (iii) share of any ERO Shortfall Equity Distribution Amount, and (iv) share of any Fee-Related Equity Distribution to Converts Treatment (other than on account of amounts rolled-up under Exit DDTL):                   <ul style="list-style-type: none"> <li>- \$150 million in New Secured Notes</li> <li>- \$260 million in New Secured Convertible Notes</li> <li>- \$260 million in Equity, subject to dilution from New Secured Convertible Notes, Warrants, and MIP</li> </ul> </li> <li>- Contingent Payment Obligations (up to \$130 million total), freely assignable and publicly tradeable                   <ul style="list-style-type: none"> <li>&gt; At 1-year anniversary: Cash payment equal to lesser of (i) \$43.3 million and (ii) \$260 million minus fair market value ("FMV") of equity distributed to the Convertible Noteholders (which FMV is calculated based on 60-day VWAP, those 60 days being the last 60 days prior to the 1-year anniversary)</li> <li>&gt; At 2-year anniversary: Cash or stock payment equal to lesser of (i) \$43.3 million and (ii) \$260 million minus 1-year anniversary payment and FMV of equity distributed to the Convertible Noteholders (which FMV is calculated based on 60-day VWAP, those 60 days being the last 60 days prior to the 2-year anniversary)</li> <li>&gt; At 3-year anniversary: Cash or stock payment equal to lesser of (i) \$43.3 million and (ii) \$260 million minus 1-year anniversary payment, 2-year anniversary payment, and FMV of equity distributed to the Convertible Noteholders (which FMV is calculated based on 60-day VWAP, those 60 days being the last 60 days prior to the 3-year anniversary)</li> </ul> </li> <li>- Any ERO Shortfall Distribution Amount up to ~3.1% of equity (see Shortfall Mechanism on slide 9)</li> <li>- Any incremental equity payable to convertible noteholders for fees paid in excess of Equity Committee's \$6.75 million fee cap (see Equity Committee Professional Fees on slide 10) or amounts paid on account of Equity AHG substantial contribution claim (see Fee-Related Equity Distribution to Converts, per slide 10)</li> </ul> </li> </ul>
Miner Equipment Financing	> Same as Second Amended Plan, subject to minor adjustments to be reflected in to be filed plan
Non-Miner Equipment Financing	> Same as Second Amended Plan
Mechanics Liens	<ul style="list-style-type: none"> <li>&gt; Settlements with Condair, Didado, HMC, and Trilogy as filed with and approved by the court, and Harper with modifications as agreed with the Ad Hoc Group of Convertible Noteholders ("Converts AHG")</li> <li>&gt; Remainder of claims consistent with Second Amended Plan</li> </ul>



# Restructuring Term Sheet

## *Plan Terms and Key Treatment (Cont'd)*

GUCs	<ul style="list-style-type: none"> <li>&gt; Full claim in equity in reorganized business at Plan Equity Value, subject to dilution from New Secured Convertible Notes, Warrants, and MIP</li> <li>&gt; OEC to receive pre-Effective Date consultation rights regarding resolution of all Disputed General Unsecured Claims greater than \$1,000,000</li> </ul>
Existing Equity	<ul style="list-style-type: none"> <li>&gt; Residual equity in business after \$260 million provided to Convertible Notes, subject to reduction by (i) Bitmain equity, (ii) equity purchased in ERO and ERO Shortfall Distribution Amount (if any), (iii) ERO backstop fee, (iv) Fee-Related Equity Distribution to Converts, (v) GUC equity; subject to dilution from New Secured Convertible Notes, Warrants, and MIP</li> <li>&gt; New Tranche 1 Warrants</li> <li>&gt; New Tranche 2 Warrants</li> <li>&gt; Rights to invest \$55 million via ERO</li> </ul>
Exit Facility	<ul style="list-style-type: none"> <li>&gt; \$80 million to be provided by certain convertible noteholders (all holders of convertible notes may participate through syndication process), consisting of \$40 million of new money and \$40 million of rolled-up convertible notes claims</li> </ul>
Equity Rights Offering	<ul style="list-style-type: none"> <li>&gt; As described on slide 9</li> </ul>

# Restructuring Term Sheet

## Delayed Draw Term Loan

Exit Delayed Draw Term Loan ("DDTL")	Lenders	> Certain convertible noteholders (all holders of convertible notes may participate through syndication process)
	Principal	> \$80.0 million consisting of: <ul style="list-style-type: none"> <li>- \$40.0 million New Money (\$20 million upfront and \$20 million DDTL)</li> <li>- \$40.0 million roll-up of Noteholder Claims</li> </ul>
	Interest Rate	> 9.0% cash > 1.0% cash undrawn fee
	Maturity	> 3 years
	Prepayments	> No requirement for ELOC proceeds to pay down DDTL > Same other mandatory prepayment terms as agreed with B. Riley (for the avoidance of doubt, ECF sweep only applies to free cash flow and not to capital raises); ECF terms and mechanics to be negotiated > Mandatory amortization paid in equal quarterly installments (\$1.25 million / quarter) beginning on the 2-year anniversary of the effective date
	Backstop	> Backstopped by certain members of Converts AHG > Fee: 3.0% of \$40 million New Money commitment in cash or DDTL (i.e., PIK), at the Company's option <ul style="list-style-type: none"> <li>- Fee does not apply to rolled amount</li> </ul>
	Upfront Fee	> Up to 2% of pro forma equity on account of ERO regarding a shortfall (as described on slide 9 re Shortfall Mechanism)
	Security	> Priming lien on all assets other than the first \$52.5 million of miners (second lien on the \$52.5 million of miners), future acquired financed miners and existing real estate mortgages / M&M liens (second lien on existing financed miners, future acquired financed miners, real estate subject to mortgages and M&M liens)
	Covenants	> Affirmative, negative and financial covenants typical for a restructuring exit facility (including customary LME protections, limitations on incurrence of debt/liens, RPs, investments, asset dispositions, mergers, and affiliate transactions) > Specifics of covenant package to be negotiated
	Amendments	> LME protections to be a sacred right in addition to customary sacred rights
Annual Admin Fee	> TBD, less than \$150,000	

# Restructuring Term Sheet

## New Secured Notes

New Secured Notes	Guarantors	> All subsidiaries to serve as guarantors; empty subs to be dissolved on the Effective Date
	Principal	> \$150 million
	Interest Rate	> 12.5% cash > First interest payment June 15, 2024; quarterly thereafter
	Maturity	> 4 years
	Prepayments	> <u>Mandatory</u> : 50% of Tranche 1 Warrants' cash exercise proceeds and 100% of net proceeds of New Secured Notes First Lien Collateral and casualty losses related to New Secured Notes First Lien Collateral > <u>Voluntary</u> : 100/101/102/103 prepayment fees only applicable to optional/voluntary prepayments (not mandatory) and upon acceleration > Customary reinvestment rights
	Security	> Lien on all assets but junior to Exit DDTL but only with respect to Exit DDTL provided by Converts AHG
	Covenants	> Affirmative, negative, and financial covenants consistent with Exit DDTL provided by Converts AHG
	Amendment	> Amendment provisions customary for a bond indenture; [provided that release of collateral, among others, to be a sacred right]**
	Transferability	> Freely tradeable; issued through DTC; have CUSIP
	Other	> <u>Trustee/Collateral Agent</u> : US Bank or an entity acceptable to Converts AHG; to be determined by Converts AHG > Board designation right > <u>Representations and Warranties</u> : Consistent with Exit DDTL provided by Converts AHG > <u>Reporting Requirements</u> : Consistent with Exit DDTL provided by Converts AHG > <u>Events of Default</u> : Customary defaults and cross-default and cross-acceleration to all indebtedness, including Secured Convertible Notes, the Exit DDTL, and equipment miner debt (TBD); default with respect to the Contingent Payment Obligations; cessation of business; criminal convictions or subordination documents cease to be in full force and effect or the Issuer or any of its subsidiaries so asserts; and such other Events of Default to be agreed among the Debtors and the Converts AHG

\*\*Subject to negotiations

# Restructuring Term Sheet

## New Secured Convertible Notes

New Secured Convertible Notes	Guarantors	> All subsidiaries to serve as guarantors; empty subs to be dissolved on the effective date
	Principal	> \$260 million
	Interest Rate	> Company can elect to pay in either (i) 6.0% cash / 6.0% PIK (PIK paid in stock using 20 consecutive trading day VWAP) or (ii) 10% cash > First interest payment June 15, 2024; quarterly thereafter
	Maturity	> 5 years
	Security	> Lien on all assets subject to Exit DDTL provided by Converts AHG but junior to New Secured Notes
	Covenants	> Affirmative, negative and financial covenants consistent with Exit DDTL provided by Converts AHG
	Conversion	> <u>Optional Conversion</u> : \$1,650 million TEV > Settlement in stock or combination of cash/stock (with cash capped at par value of debt, total consideration based on trading value of stock) at Company's option > <u>Mandatory Conversion</u> : \$2,100 million TEV - VWAP calc'd using 20 consecutive trading days
	Redemption	> Non-call for life
	Make-Whole Fundamental Change	> Customary make-whole fundamental change provision
	Transferability	> Freely tradeable; issued through DTC; have CUSIP
	Anti-Dilution	> Protections for Specified Transactions; carve-out for underwriting discounts, fees, commissions or similar discounts TBD
	Other	> <u>Representations and Warranties</u> : To be discussed > <u>Reporting Requirements</u> : Consistent with New Secured Notes > <u>Events of Default</u> : Consistent with New Secured Notes > <u>Amendments</u> : Sacred rights to be discussed

# Restructuring Term Sheet

## New Tranche 1 Warrants

New Tranche 1 Cash Exercise Warrants	Amount	> 30% of equity
	Strike TEV	> Voluntary Exercise: \$1,875 million TEV > Mandatory Exercise: None
	Exercise Price	> Price per share equal to the equity value of the Issuer implied by a TEV of \$1,875 million
	Term	> 3 years
	Exercise Provision	> 100% cash exercise
	Anti-Dilution	> Customary adjustments to be discussed
	Black-Scholes Protection	> For any Change of Control transaction, Black-Scholes protection will apply on the percent of cash consideration; for the percent of stock consideration (i.e., any portion of consideration that is not freely tradeable / listed stock), warrants will roll through > Volatility to be lower of (i) 60% and (ii) 6 month realized volatility prior to transaction date
	Adjustment Mechanism	> Customary adjustments to be discussed

# Restructuring Term Sheet

## New Tranche 2 Warrants

New Tranche 2 Penny Warrants	Amount	> 20% of equity
	Strike TEV	> <u>Voluntary Exercise</u> : \$2,500 million TEV (based on 20 consecutive trading day VWAP) > <u>Mandatory Exercise</u> : None
	Exercise Price	> \$.01 per share
	Term	> 5 years
	Change of Control	> Warrants to be amended under a Specified Transaction re exercise price and expiration date
	Anti-Dilution	> Customary adjustments to be discussed
	Black-Scholes Protection	> For any Change of Control transaction, Black-Scholes protection will apply on the percent of cash consideration as if the warrants had a TEV strike of \$2,100 million; for the percent of stock consideration (i.e., any portion of consideration that is not freely tradeable / listed stock), warrants will adjust and roll through as if they had a TEV strike of \$2,100 million > Volatility to be lower of (i) 60% and (ii) 6 month realized volatility prior to transaction date
	Adjustment Mechanism	> Customary adjustments to be discussed

# Restructuring Term Sheet

## Other Matters

Equity Rights Offering ("ERO")	Amount	<ul style="list-style-type: none"> <li>&gt; \$55 million, best efforts</li> <li>&gt; 30% discount to Plan equity value</li> <li>&gt; Subject to shortfall mechanism to the extent less than \$55 million but greater than \$30 million is raised</li> <li>&gt; Can only be amended with consent of Converts AHG</li> </ul>
	Backstop	<ul style="list-style-type: none"> <li>&gt; \$30 million backstop with best efforts to secure an incremental \$25 million of backstop, for a total of \$55 million</li> <li>&gt; Can only be amended with consent of Converts AHG</li> </ul>
	Fees	<ul style="list-style-type: none"> <li>&gt; <u>Backstop Commitment Premium</u>: 20% paid in equity at a discount to Plan equity value implied by \$1.5 billion Plan TEV</li> <li>&gt; <u>Termination Fee</u>: 5% of backstopped amount; no termination fee if terminated due to breach by the Backstop Parties</li> </ul>
	Discount	<ul style="list-style-type: none"> <li>&gt; 30% discount to Plan equity value implied by \$1.5 billion Plan TEV</li> </ul>
	Shortfall Mechanism	<ul style="list-style-type: none"> <li>&gt; Up to ~5.1%<sup>(1)</sup> of equity allocated based on ERO shortfall between \$30 million and \$55 million (which ERO shall be no less than \$30 million), utilizing a sliding scale; first (up to) 2% available on account of shortfall mechanism accrues to Exit Delayed Draw Term Loan lenders; any equity distributed on account of shortfall mechanism above 2% accrues to Convertible Notes primary equity recovery</li> </ul>
Unvested RSUs and Stock Options		<ul style="list-style-type: none"> <li>&gt; Amount of shares associated with unvested RSUs and Stock Options will only dilute recoveries to existing equity; mechanics to be discussed; Company to provide proposal regarding mechanics in updated chapter 11 plan</li> </ul>
New Board	Composition	<ul style="list-style-type: none"> <li>&gt; Adam Sullivan; 1-year initial term</li> <li>&gt; <u>Converts AHG</u>: 2 designees with 3-year initial terms                             <ul style="list-style-type: none"> <li>- If any Converts AHG director resigns or is removed from the New Board for any reason including due to death or disability or for cause, any replacement shall be chosen from a list of nominees provided by the Converts AHG on the Effective Date</li> </ul> </li> <li>&gt; <u>OEC</u>: 2 designees with 2-year initial terms</li> <li>&gt; <u>Chairman</u><sup>(2)</sup>: Selected based on majority vote of the Board (without the vote of the member to be selected as chairman)</li> <li>&gt; Staggered board with annual stockholders' meeting to elect board to be held every 13 months (provision can only be amended with consent of Converts AHG designee)</li> <li>&gt; To discuss implementation of Board designation rights with respect to New Secured Notes (i.e., term of longer of 3 years and maturity or payoff of New Secured Notes)</li> </ul>
	Bankruptcy Vote	<ul style="list-style-type: none"> <li>&gt; Converts AHG designee consent required for bankruptcy filing</li> <li>&gt; To discuss implementation of Board designation rights with respect to New Secured Notes (i.e., term of longer of 3 years and maturity or payoff of New Secured Notes)</li> </ul>
	Debtor Consent Rights	<ul style="list-style-type: none"> <li>&gt; Company has reasonable consent right over 1 Converts AHG designee; and over 1 OEC designee</li> </ul>

(1) Such ~5.1% figure is based on an estimated Plan equity value of \$795 million. Such equity percent figure shall be updated based on final Plan equity value.

(2) To be selected from 1 of 5 directors above.

# Restructuring Term Sheet

## Other Matters (Cont'd)

Claim Amount	> PPI at contract rate following January 15, 2024 through the Effective Date, subject to all parties' reasonable best efforts to emerge by January 15, 2024
Equity Committee Professional Fees	> Debtors and Converts AHG will support an increase of the existing cap to \$6.75 million (the "Increased Cap"); any fees paid in excess of the Increased Cap reduce dollar for dollar the equity amount for the pre-petition equity and increase the equity distributed to the Converts; provided, that, if (i) the OEC does not affirmatively support the Plan or (ii) the OEC or any member of the OEC (in its capacity as an equity holder), other than Foundry, <sup>(1)</sup> objects to either approval of the Disclosure Statement or confirmation of the Plan, the Increased Cap shall automatically revert to the existing cap of \$4.75 million
Equity Ad Hoc Group ("Equity AHG") Expenses and Equity AHG Substantial Contribution Claim	> AHG may object to any motion for substantial contribution claim; any fees paid reduce dollar for dollar the equity amount for the pre-petition equity and increase the equity amount for the AHG (combined with the above equity distributed to Converts related to the Equity Committee Professional Fees, the "Fee-Related Equity Distribution to Converts") > Debtors to support motion for substantial contribution claim; provided, that, if (i) the OEC does not affirmatively support the Plan or (ii) the OEC or any member of the OEC (in its capacity as an equity holder), other than Foundry, objects to either approval of the Disclosure Statement or confirmation of the Plan, Debtors may object to substantial contribution claim
Definitive Documents	> All definitive documents to be acceptable to Converts AHG > The following definitive documents to be acceptable to OEC: (i) New Corporate Governance Documents; (ii) New Warrants Agreement; (iii) ERO procedures; (iv) the form of Registration Rights Agreement; (v) the Confirmation Order; and (vi) the Plan, with respect to any provisions affecting the rights or recovery of equity holders > The following definitive documents to be reasonably acceptable to OEC: (i) the Plan, and (ii) the New Secured Convertible Notes Documents > The Debtors, AHG, and OEC agree (i) that consent rights may not be applied to make the definitive documents inconsistent with the terms agreed to in this Restructuring Term Sheet and (ii) to be bound by customary RSA provisions requiring the parties to negotiate in good faith, use commercially reasonable efforts to execute, deliver, perform obligations under, and consummate the transactions contemplated by the definitive documents
Miner Equipment Lender Liens	> No change to existing settlement with miner equipment lenders
B. Riley Unsecured Claims	> To be classified with other general unsecured claims and receive same treatment (i.e., equity) as other GUCs
Foundry Settlement	> The Company, the Converts AHG, and Foundry will discuss the Foundry settlement and the treatment of any claims held by Foundry
Bitmain Transaction	> Converts AHG will support the Bitmain transaction, subject to review of final amendment > The chapter 11 plan will provide that the Company will not pay any consideration to Bitmain prior to receipt of the purchased miners

(1) This term sheet, including the terms and conditions herein, have not been agreed to by Foundry Digital LLC ("Foundry"). Nothing in this term sheet or otherwise constitutes or shall be deemed to constitute Foundry's consent to this term sheet, or the terms or conditions herein, or is binding on or enforceable against Foundry. Foundry's rights are fully reserved.



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# Restructuring Term Sheet

## *Other Matters (Cont'd)*

Commitment Documents

- > Commercially reasonable efforts for RSA to be signed by 10/31 by Debtors, Converts AHG, and the members of the OEC, in their capacity as OEC members (other than Foundry)
- > Backstop commitment letter and exit commitment letter to be signed two weeks after signing the RSA, with commercially reasonable efforts to finalize as soon as possible and all parties to cooperate in good faith to finalize