

Stock Option and Equity Compensation Policy

Nexus Intelligent Systems, Inc.

1. PURPOSE AND SCOPE

1 This Stock Option and Equity Compensation Policy ("Policy") establishes the comprehensive framework for equity-based compensation at Nexus Intelligent Systems, Inc. (the "Company"), governing the administration, grant, and management of equity awards to employees, executives, directors, and key consultants.

2 The Policy is designed to:

- a) Attract and retain exceptional talent
- b) Align individual performance with shareholder value creation
- c) Provide competitive compensation structures
- d) Incentivize long-term commitment to the Company's strategic objectives

2. DEFINITIONS

1 "Equity Awards" shall mean stock options, restricted stock units (RSUs), performance shares, and other equity-based compensation instruments authorized under this Policy.

2 "Eligible Participants" includes:

- a) Full-time employees
- b) Executive officers
- c) Non-employee directors
- d) Critical consultants and advisors, as determined by the Compensation Committee

3 "Grant Date" refers to the specific date on which an Equity Award is formally approved and documented by the Compensation Committee.

3. EQUITY AWARD TYPES

1 Incentive Stock Options (ISOs)

- a) Available exclusively to employees
- b) Potential tax-advantaged treatment under Section 422 of the Internal Revenue Code
- c) Maximum aggregate fair market value of \$100,000 exercisable in any calendar year

2 Non-Qualified Stock Options (NSOs)

- a) Available to employees, directors, and consultants
- b) Taxed as ordinary income upon exercise
- c) No statutory limitations on grant value

3 Restricted Stock Units (RSUs)

- a) Grants subject to time-based or performance-based vesting schedules
- b) Transferability restrictions during vesting period
- c) Settlement in common stock upon vesting conditions

4. GRANT ADMINISTRATION

1 Compensation Committee Responsibilities

- a) Determine annual equity award pool
- b) Establish individual award allocations
- c) Define vesting schedules and performance metrics
- d) Approve all equity compensation grants

2 Vesting Schedules

- a) Standard four-year vesting with one-year cliff
- b) Potential accelerated vesting for exceptional performance
- c) Prorated vesting for terminations without cause

3 Performance Metrics

Equity awards may be contingent upon:

- a) Individual performance evaluations
- b) Company financial targets
- c) Specific strategic milestone achievements

5. EXERCISE AND TRANSFER PROVISIONS

1 Option Exercise

- a) Exercisable at fair market value on grant date
- b) Cashless exercise permitted via broker-assisted transactions
- c) Exercise window of 10 years from grant date

2 Transfer Restrictions

- a) Non-transferable except by will or inheritance
- b) Subject to right of first refusal by the Company
- c) Compliance with securities laws and transfer restrictions

6. TERMINATION PROVISIONS

1 Termination Scenarios

- a) Voluntary resignation: Pro-rata vesting based on service
- b) Involuntary termination without cause: Accelerated vesting potential
- c) Termination for cause: Forfeiture of unvested awards

7. TAX CONSIDERATIONS

- 1 Participants are solely responsible for personal tax implications
- 2 Company makes no representations regarding tax consequences
- 3 Participants advised to consult independent tax professionals

8. AMENDMENT AND MODIFICATION

- 1 The Board of Directors reserves the right to modify, suspend, or terminate this Policy
- 2 Written notice required for material changes
- 3 No retroactive modifications affecting existing grants

9. GOVERNING LAW

- 1 This Policy shall be governed by Delaware corporate law
- 2 Any disputes resolved through binding arbitration in Delaware

10. ACKNOWLEDGMENT

By accepting an Equity Award, participants acknowledge understanding and acceptance of all terms outlined in this Policy.

Approved: January 22, 2024

Effective Date: February 1, 2024

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Dr. Elena Rodriguez

Chief Executive Officer

Nexus Intelligent Systems, Inc.