

Strategic Reserve and Contingency Funding Policy

CONFIDENTIAL DOCUMENT

Nexus Intelligent Systems, Inc.

Delaware Corporation

1. PREAMBLE

1 Purpose

This Strategic Reserve and Contingency Funding Policy ("Policy") establishes comprehensive guidelines for financial risk management, strategic capital allocation, and organizational resilience for Nexus Intelligent Systems, Inc. (the "Company").

2 Effective Date

This Policy shall be effective as of January 22, 2024, and supersedes all prior contingency funding protocols.

2. DEFINITIONS

1 "Strategic Reserve" shall mean liquid financial assets maintained to address extraordinary corporate requirements, strategic opportunities, and potential market disruptions.

2 "Contingency Funding" refers to pre-allocated financial resources designated for managing unforeseen operational, technological, or market-related challenges.

3 "Material Adverse Event" means any circumstance substantially impacting the Company's operational capacity, financial stability, or strategic objectives.

3. STRATEGIC RESERVE FRAMEWORK

1 Funding Allocation

The Company shall maintain a Strategic Reserve representing no less than 18% of annual recurring revenue, with a target liquidity range of \$2.25M to \$3.5M.

2 Reserve Composition

Strategic Reserves shall be structured as follows:

a) 40% High-Liquidity Cash Equivalents

b) 35% Short-Term Government Securities

c) 25% Highly-Rated Corporate Bonds

3 Rebalancing Requirements

The Chief Financial Officer shall conduct quarterly reviews to ensure optimal reserve allocation and compliance with established parameters.

4. CONTINGENCY FUNDING PROTOCOLS

1 Funding Categories

Contingency funds shall be allocated across the following strategic domains:

a) Operational Continuity Reserve

- Technology Infrastructure Resilience
- Emergency Personnel Retention
- Critical Supply Chain Stabilization

b) Strategic Opportunity Reserve

- Accelerated R&D Initiatives
- Potential Strategic Acquisitions
- Market Expansion Capabilities

c) Risk Mitigation Reserve

- Litigation Preparedness
- Cybersecurity Enhancement
- Regulatory Compliance Buffers

2 Activation Thresholds

Contingency fund deployment requires:

- Majority approval from Executive Leadership Committee
- Documented materiality assessment
- Comprehensive impact analysis

5. GOVERNANCE AND OVERSIGHT

1 Approval Authority

The Board of Directors shall retain ultimate oversight of Strategic Reserve and Contingency Funding allocations, with mandatory annual review.

2 Reporting Requirements

Quarterly comprehensive reports detailing:

- Current reserve levels
- Allocation distributions
- Projected funding scenarios
- Risk assessment metrics

6. COMPLIANCE AND ENFORCEMENT

1 Violations

Any deviation from established protocols shall require immediate disclosure to the Audit Committee and potential corrective action.

2 Annual Certification

The Chief Financial Officer and Chief Executive Officer shall jointly certify compliance with this Policy annually.

7. DISCLAIMER

This Policy represents internal guidance and does not constitute a binding legal contract. The Company reserves the right to modify protocols as deemed necessary.

8. EXECUTION

Approved and Executed:

Dr. Elena Rodriguez

Chief Executive Officer

Nexus Intelligent Systems, Inc.

Date: January 22, 2024

Michael Chen

Chief Technology Officer

Sarah Williamson

Chief Strategy Officer