

# **Employee Stock Option and Equity Grant Guidelines**

## **Nexus Intelligent Systems, Inc.**

### **1. Purpose and Scope**

1 These Employee Stock Option and Equity Grant Guidelines (the "Guidelines") establish the comprehensive framework for equity compensation at Nexus Intelligent Systems, Inc. (the "Company"), governing the administration, grant, and management of stock options, restricted stock units, and other equity-based compensation instruments for eligible employees.

2 The purpose of these Guidelines is to:

- a) Align employee interests with long-term company performance
- b) Provide competitive compensation packages
- c) Incentivize key talent retention and performance
- d) Establish clear and transparent equity grant protocols

### **2. Eligibility Criteria**

1 Equity grants may be extended to the following categories of employees:

- a) Full-time employees
- b) Executive leadership team members
- c) Critical technical and strategic personnel
- d) Select consultants and advisors as determined by the Compensation Committee

2 Eligibility shall be determined based on:

- a) Role criticality
- b) Performance history
- c) Potential for future contribution
- d) Tenure with the Company

### **3. Equity Grant Types**

1 The Company may issue the following equity instruments:

- a) Incentive Stock Options (ISOs)
- b) Non-Qualified Stock Options (NSOs)

- c) Restricted Stock Units (RSUs)
- d) Performance-Based Equity Awards

#### 2 Grant Vesting Schedules:

- a) Standard four-year vesting with a one-year cliff
- b) Accelerated vesting for exceptional performance
- c) Customized vesting schedules for executive leadership

### **4. Grant Determination Process**

#### 1 Equity grants shall be recommended and approved through the following mechanism:

- a) Annual performance review cycle
- b) Compensation Committee review
- c) Board of Directors final approval
- d) Alignment with overall compensation strategy

#### 2 Factors Influencing Grant Size:

- a) Current market compensation benchmarks
- b) Individual performance metrics
- c) Role complexity and strategic importance
- d) Company financial performance

### **5. Valuation and Pricing**

#### 1 Stock Option Exercise Price

- a) Determined at fair market value on grant date
- b) Calculated using consistent, approved valuation methodologies
- c) Compliant with IRC Section 409A requirements

#### 2 Valuation Methodology:

- a) Independent third-party valuation
- b) Waterfall analysis
- c) Discounted cash flow projections
- d) Comparable company assessments

### **6. Termination and Post-Employment Provisions**

1 Equity Treatment Upon Termination:

- a) Voluntary resignation: Pro-rated vesting
- b) Involuntary termination: Potential accelerated vesting
- c) Termination for cause: Forfeiture of unvested equity

2 Post-Employment Exercise Windows:

- a) 90-day exercise period for standard terminations
- b) Extended periods for specific circumstances
- c) Compliance with securities regulations

## **7. Compliance and Regulatory Considerations**

1 The Company shall ensure:

- a) Full compliance with SEC regulations
- b) Accurate financial reporting
- c) Transparent disclosure of equity compensation
- d) Adherence to corporate governance standards

2 Annual reporting and disclosure of equity grant details in:

- a) Annual proxy statements
- b) Form 10-K filings
- c) Compensation discussion and analysis reports

## **8. Amendment and Modification**

1 These Guidelines may be amended by:

- a) Compensation Committee recommendation
- b) Board of Directors approval
- c) Majority vote of independent directors

## **9. Miscellaneous Provisions**

1 These Guidelines are non-contractual and subject to change.

2 Interpretation shall be at the sole discretion of the Compensation Committee.

## **Execution**

Approved by the Board of Directors on: January 22, 2024

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Dr. Elena Rodriguez

Chief Executive Officer

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Michael Chen

Chief Technology Officer