

# **Equity Distribution and Stock Option Policy**

**Nexus Intelligent Systems, Inc.**

## **1. PURPOSE AND SCOPE**

1 This Equity Distribution and Stock Option Policy ("Policy") establishes the comprehensive framework for equity compensation and stock option allocation for Nexus Intelligent Systems, Inc. (the "Company"), a Delaware corporation incorporated on March 15, 2018.

2 The purpose of this Policy is to:

- a) Provide a structured approach to equity compensation
- b) Align employee incentives with long-term company objectives
- c) Attract, retain, and motivate key talent in the enterprise AI services sector
- d) Create a transparent and equitable equity distribution mechanism

## **2. DEFINITIONS**

1 "Equity Awards" shall mean stock options, restricted stock units (RSUs), performance shares, and other equity-based compensation instruments issued by the Company.

2 "Eligible Participants" shall include:

- a) Full-time employees
- b) Executive leadership team members
- c) Key consultants and strategic advisors
- d) Non-employee directors

3 "Vesting Schedule" refers to the predetermined timeline under which equity awards become exercisable or transferable.

## **3. EQUITY AWARD TYPES**

1 Stock Options

- a) Incentive Stock Options (ISOs)
- b) Non-Qualified Stock Options (NSOs)
- c) Standard exercise price set at fair market value on grant date

## 2 Restricted Stock Units (RSUs)

- a) Time-based RSUs
- b) Performance-based RSUs
- c) Cliff and graded vesting options available

## 3 Performance Shares

- a) Tied to specific corporate performance metrics
- b) Aligned with annual and multi-year strategic objectives

# 4. ALLOCATION FRAMEWORK

## 1 Equity Pool Allocation

- a) Total equity pool: 15% of outstanding shares
- b) Allocation tiers:
  - Executive Leadership: Up to 5%
  - Senior Management: Up to 3%
  - Key Technical Roles: Up to 4%
  - Other Employees: Up to 3%

## 2 Vesting Schedules

- a) Standard 4-year vesting with 1-year cliff
- b) Accelerated vesting provisions for change of control events
- c) Discretionary vesting modifications for exceptional circumstances

# 5. GRANT APPROVAL PROCESS

## 1 Equity Awards Committee

- a) Composed of CEO, CFO, and two independent board members
- b) Quarterly review of equity grant recommendations
- c) Requires majority approval for grants exceeding \$50,000 in value

## 2 Grant Criteria

- a) Individual performance evaluations
- b) Role criticality
- c) Market competitive benchmarking

- d) Company financial performance

## **6. COMPLIANCE AND ADMINISTRATION**

### **1 Regulatory Compliance**

- a) Full compliance with SEC regulations
- b) Adherence to IRS guidelines for equity compensation
- c) Annual independent valuation of equity awards

### **2 Reporting Requirements**

- a) Quarterly equity grant reporting
- b) Annual comprehensive equity compensation disclosure

## **7. TERMINATION AND FORFEITURE PROVISIONS**

### **1 Termination Scenarios**

- a) Voluntary resignation
- b) Involuntary termination
- c) Retirement
- d) Death or disability

### **2 Forfeiture Conditions**

- a) Violation of confidentiality agreements
- b) Competitive actions against the Company
- c) Breach of material employment obligations

## **8. MISCELLANEOUS PROVISIONS**

### **1 Policy Amendment**

The Company reserves the right to modify this Policy with 30-day written notice to participants.

### **2 Interpretation**

The Equity Awards Committee shall have final interpretative authority regarding this Policy.

## **9. ACKNOWLEDGMENT**

By accepting equity awards, participants acknowledge understanding and acceptance of this Policy's terms.

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Executed this 22nd day of January, 2024

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Dr. Elena Rodriguez

Chief Executive Officer

Nexus Intelligent Systems, Inc.