**BLACK HOLE DOCS, INC.**

These are the terms of our Employee Share Incentive Plan (“**Plan**”). There are only three pages. Please read them carefully. Capitalized terms are on pages 4-5; Award and Exercise Notice forns – pages 6 and 7.

1. **GRANT OF AWARD**

**How we Grant**. We grant stock incentives (“**Awards**”) on an individual basis. The Board has the power to grant and administer Awards and to set their terms.

**Types of Awards**. Awards can be in the form of ‘incentive stock options’, ‘non-statutory stock options’, ‘restricted stock’, ‘performance share units’, or in other forms. The Board will select the type of Award most appropriate for you, based on Applicable Laws, Tax specifics, and your individual circumstances. Note incentive stock options are Awarded only to an Employee or a Consultant.

**Maximum aggregate number of Shares** which may be issued through the exercise of Awards options is [*insert* *number*] Shares, of which up to [*insert* *number*] Shares – as incentive stock options .

**Term of Option**: to be stated in your Award Agreement, but no more than 10 years from date of grant.[[1]](#footnote-1)

1. **EXERCISE OF AWARD**

**Vesting**. To be Exercisable, an Award must Vest (fully or partially). Vesting goes on during your Continuous Service (including any paid leave), and is tolled during your unpaid leave (unless the Board decides or Applicable Laws provide otherwise). Your exact Vesting schedule would be stated in your Award Agreement.

**Exercise**. To Exercise your Award, you must submit to Company a written Exercise Notice, together with: full payment for the Shares (if the Award so requires) and evidence of payment of any applicable Taxes.

Upon receipt of the above, the Company will honor your Award by issuing Shares in your name, or by repurchasing restricted stock from you, or by going through other steps prescribed by your Award. An Award shall always be exercised for a whole number of Shares, not fractions. The Board may also set a minimum number of Shares for Exercise.

**Issue and Delivery of Shares** occurs at the principal office of the Company. If the Company, on advice of its legal counsel, believes the issue or delivery of Shares to you could violate Applicable Laws, the Company may refuse to issue or to deliver Shares to you, and will have no liability for this.

**Failure to Exercise**. If you do not submit the Exercise Notice within the term of your Award, or do not pay the Exercise Price (if applicable), the Award will terminate and any Shares underlying the unexercised portion of your Award will return to the Plan.

1. **HOW YOUR TERMINATION MAY AFFECT YOUR AWARD**

**If your Continuous Service** is terminated:

* **for Cause**: all your outstanding Awards (Vested or not) will terminate in their entirety upon first notification to you. If there is an investigation of your Continuous Service status, your Award rights will be suspended during the investigation.
* **for Disability**: any Vested Award may be exercised within 12 month(s) following termination; all unvested Awards will terminate immediately upon your termination.
* **in case of death**: any Vested Award may be exercised within its term by any of your Designated Beneficiaries (see section E); if no such beneficiaries, by your estate, or by a person who acquired the right to exercise your Award by bequest or inheritance; all unvested Awards will terminate immediately.
* **In all other circumstances**: any Vested Awards may be exercised within 3 month(s) following termination; all unvested Awards will terminate immediately upon your termination.

**Shares already issued** to you prior to the date of termination of your Continuous Service will not be affected, unless the terms of your employment or consulting arrangement state otherwise.

1. **HOW CORPORATE EVENTS MAY AFFECT YOUR AWARD**

**Dissolution/Liquidation of the Company**: in such case, your Awards will terminate immediately prior to the consummation of such action, unless the Board determines otherwise.

**Issue of new Shares**, or of securities convertible into Company shares of stock of any class: does not require adjustments to your Award. But whenever someone Exercises an Award, it may decrease the total number of Shares against which future Awards can be granted.

**Automatic Adjustments** to the number of Shares in all Awards and their Exercise Price will be made proportionally in the event of a: stock split, reverse stock split, stock dividend, combination, consolidation, reclassification or subdivision of the Shares.

**Any other corporate event** affecting the number or Fair Market Value of the Shares: the Board makes adjustments it deems necessary (in good faith) to the terms of Awards, including, among other, their Exercise Price. (‘**Any other corporate event**’ includes a case of transfer of all or substantially all of the Company’s assets, a merger, consolidation or other reorganization or combination, or a change of beneficial ownership of more than 50% of the Company’s then outstanding capital stock).

1. **TRANSFER OF AWARDS**

**Can I Transfer my Award?** During your lifetime, only you can exercise your Award.Transfer of Awards (or of any rights or interests in them) is allowed by will; by the Applicable Law of inheritance; or to your designated beneficiaries such as:

* **Designated Beneficiaries by trust**. You may designate a beneficiary in an *inter vivos* trust, or in a testamentary trust; *or*
* **Designated Beneficiaries by notice**.You may designate a beneficiary in writing with the Company, if the Company allows this.

If no such beneficiaries are designated (or none survive an Awardee), and the Award Agreement is silent on this, then upon Awardee’s death any Vested Awards will be transferred or distributed to the Awardee’s estate, or to persons with the right to acquire the Award by inheritance.

**Can I Transfer my Shares?** A Transfer of Shares (or of any rights of interest in such Shares) that were acquired pursuant to any Award requires Company approval. Your request for approval shall contain at least the following: (1) name of the stockholder; (2) name of proposed transferee; (3) number of Shares proposed for Transfer; and (4) purchase price, if any.

The Company may grant or withhold your request in its sole and absolute discretion. Usual rules and procedures applicable to a Transfer of Company’s Shares will also apply (such as, among other, the need to observe rights of first refusal). Note that Transfer of Shares may also be limited by Applicable Laws (such as securities laws); a number of other Transfer restrictions may apply. Please get informed about them.

1. **BOARD POWERS**

**The Board** shall have the powers to manage the Awards, including, among other, the power to: (a) decidе to whom Awards shall be granted, how many Shares shall be in an Award, and its other terms and conditions; (b) amend any outstanding Award, including its terms of vesting; (c) allow an Award to be settled in cash instead of Shares; (d) approve form(s) of agreement(s) and related documents under the Plan; (e) set the Fair Market Value of Shares, and apply it consistently to Awardees; (f) construe and interpret the terms of the Plan, any Award Agreement and any agreement related to any Award Shares, which constructions, interpretations and decisions shall be final and binding on all Awardees.

**Amendments**. The Board can amend the Plan and the terms of any Award at any time in its discretion. Consent of Awardees will be required if such amendment materially impairs the Awardees’ rights. Consent of Awardees will not be required if the impairing amendment is needed strictly to comply with Applicable Laws, including those pertaining to Tax. Besides, a consent of shareholders of the Company to such amendments may be required under Applicable Laws, or under the Company’s certificate of incorporation.

**Delegation**. The Board can delegate all or any of these powers to a person appointed by the Board (“**Administrator**”).

1. **OTHER PROVISIONS**

**Taxes**. As a condition of the grant, Vesting and Exercise of an Award, the Awardee shall make such arrangements as the Board may require for the satisfaction of any applicable Tax in connection with such Award. The Company shall not be required to honor any Award until such obligations are satisfied. It is your responsibility to be informed and financially able to pay these Taxes.

**Representations and Warranties**. As a condition to the Exercise of any Award, the Company may require the Awardee to make certain representations and warranties, if this is advisable or, in the opinion of counsel for the Company, required by Applicable Laws.

**Award is not a Share**. An Award by itself does not provide any rights of a holder of capital stock of the Company. If your Award provides for issue of actual Shares (and not, for example, ‘performance stock units), then you will have dividend and other stockholder rights, but only from the date Shares are issued to you.

**Award Does not Guarantee Employment**. An Award does not provide any additional rights with respect to your Employment, Consulting, or engagement; these may still be terminated at any time, pursuant to their terms and Applicable Law. Please review Section C.

In addition, Awardee’s participation in the Plan is voluntary, and the Award and any benefits underlying it do not constitute regular compensation for services rendered by Awardee and are outside the scope of Awardee’s terms of Employment, Consulting, or engagement. The Award and the underlying Shares are not intended to replace any pension rights or compensation and will not be included in the calculation of severance payments, if any, upon termination.

**Limitations on Transfer**. Shares issued to Awardee may be subject to rights of first refusal in favor of the Company, and to other Transfer limitations imposed by Applicable Law, or by the Company’s certificate of incorporation or bylaws, or in connection with an offering of Company’s securities to investors, or otherwise.

Besides, in event of a Transfer by operation of law or other involuntary Transfer, the Company shall have an option to purchase any or all of the Shares so Transferred at their Fair Market Value.

**Electronic Means**. The Company may, in its sole discretion, decide to deliver any documents related to the Plan and Awards under it, or any other matters, by electronic means.

**Term**. Once adopted, the Plan stays in effect for ten years, unless the Board determines otherwise.

**Indemnification**.Any Board member and any other Administrator of this Plan (“**Indemnitee**”) is granted a Section 145-Style Indemnity by the Company in connection with any action taken or failure to act by Indemnitee under the Plan or pursuant to the terms and conditions of any Award. This Section 145-Style Indemnity shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company’s certificate of incorporation or bylaws, by contract, as a matter of Applicable Law, or otherwise.

**END OF TEXT**

**GLOSSARY**

**Applicable Law** – all applicable laws, rules, regulations and requirements, as may be in effect from time to time.

**Award** – an award by Company of an ‘incentive stock option’, a ‘non-statutory stock option’, ‘restricted stock’, ‘restricted stock unit’, or of another form of Share-related incentive, as the Board may decide. In particular:

* ‘**incentive stock option’**: an option to acquire Shares, which can be Awarded to any Employee or Consultant who, at time of Award, possesses 10 percent or less of the total combined voting power of all [classes of stock](https://www.law.cornell.edu/definitions/index.php?width=840&height=800&iframe=true&def_id=3bc5b96e17d969be21de4ed9a1e3bdfc&term_occur=999&term_src=Title:26:Chapter:I:Subchapter:A:Part:1:Subjgrp:3:1.422-2) of the Company, or any of its related corporations.
* ‘**non-statutory stock option**’: an option to acquire Shares that does not qualify as an incentive stock option under Applicable Law, and which may be awarded to a person other than an Employee or Consultant.
* ‘**restricted stock units**’: an unfunded and unsecured Company promise to issue Awardee a specified amount of Shares, without requiring payment of Exercise Price; or to pay the Awardee the cash value of Shares on a future date, subject to fulfillment of Vesting conditions set out in Award.

**Awardee** – the recipient of an Award.

**Board** – the Company’s board of directors.

**Cause** –

1. Awardee’s material breach, neglect or persistent unsatisfactory performance:

* under his/her employment, consulting, non-disclosure or other significant agreement; or
* under a material written policy applicable to Awardee; or
* in respect of reasonable and lawful instructions from the Board or chief executive officer;

(in each case, if not cured by Awardee within 30 days after receiving appropriate written notice, if the breach is by its nature curable); or

1. fraud against the Company, or intentional material damage to the Company’s business, property or reputation; or conviction of, or plea of guilty or *nolo contendere* to, any crime that results in, or is reasonably expected to result in, material harm to the business or reputation of the Company.

**Disability** – inability of the Awardee to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected (a) to result in death or (b) last for a continuous period of not less than 12 months.

**Consultant** – any person or entity, including an advisor but not an Employee, that renders, or has rendered, services to the Company, or any parent, subsidiary or affiliate, and is compensated for such services, and any member of the Board, whether compensated for such services or not.

**Continuous Service** – the absence of any interruption or termination of service as an Employee or Consultant. The following is *not* considered an interruption or termination of service:

1. sick leave or any other good faith leave of absence, if approved by the Company; or
2. military leave; or
3. transfer between locations of the Company or between the Company, its parents, subsidiaries or affiliates, or their respective successors, or a change in status from an Employee to a Consultant or from a Consultant to an Employee;

**Employee** – any person employed by the Company, or any parent, subsidiary or affiliate, with the status of employment determined pursuant to such factors as are deemed appropriate by the Company in its sole discretion, subject to any requirements of Applicable Laws. Payment by Company of a director’s fee shall not be sufficient to constitute “employment” of such director by the Company or any Parent, Subsidiary or Affiliate.

**Exercise** – the exercise by Awardee of his rights under the Award to receive Shares or another form of Share-related incentive, as set out in the Award.

**Exercise Notice** – a document generally in the form attached as Exhibit B.

**Exercise Price** – the purchase price, if any, payable by Awardee for Shares under terms of the Award.

**Fair Market Value** – the per share fair market value of the Shares at any particular moment, as determined by the Board in good faith on such basis as it deems appropriate, and applied consistently with respect to Awardees.

**Section 145-Style Indemnity** – the obligation on the part of the Company to reimburse its Board members for expenses or losses they have incurred in connection with litigation or other proceedings relating to their service to the Company. To be entitled to the Section 145-Style Indemnity, the Board member must have acted (i) in good faith, (ii) in a manner reasonably believed to be in or not opposed to the best interests of the Company and (iii) with respect to any criminal action or proceeding, he or she must have no reasonable cause to believe that his or her conduct is unlawful. If, in a civil action or proceeding, the Board member is found liable to the Company itself, there must be also a determination by the court in which the action was brought that, despite such adjudication of liability, the Board Member is “fairly and reasonably” entitled to indemnity for expenses in view of all the circumstances.

**Shares** – shares of the Company’s common stock.

**Tax** - national, state, local or foreign tax, withholding, and any other deductions or payments required to any government or fiscal bodies or authorities under Applicable Law.

**Transfer** – broadly, a direct or indirect assignment, sale, transfer, tender, pledge, hypothecation, or the grant, creation or suffrage of a lien or encumbrance in or upon, or the gift, placement in trust, or the Constructive Sale (as such term is defined below) or other disposition of a security (including transfer by testamentary or intestate succession, merger or otherwise by operation of law) or any right, title or interest therein (including, but not limited to, any right or power to vote to which the holder thereof may be entitled, whether such right or power is granted by proxy or otherwise), or the record or beneficial ownership thereof, the offer to make such a sale, transfer, Constructive Sale or other disposition, and each agreement, arrangement or understanding, whether or not in writing, to effect any of the foregoing. (**Constructive Sale** shall mean: a short sale, an offsetting derivative contract, entering into or acquiring a futures or forward contract to deliver such security, or entering into any other hedging or other derivative transaction that has the effect of materially changing the economic benefits and risks of ownership.)

**Vest** – a process whereby the Awardee becomes entitled to Exercise the Award, as detailed in the terms of the Award.

**EXHIBIT A**

SHARE INCENTIVE AWARD

**[Awardee Name]**

**[Awardee Address]**

**BLACK HOLE DOCS, INC**. a [state] corporation (the “**Company**”), now grants you a Share Incentive Award, as follows:

|  |  |
| --- | --- |
| **Date of Grant:** | MM DD YY |
| **Award:** | \_\_\_\_\_\_\_\_\_\_ Shares Incentive Stock Option  \_\_\_\_\_\_\_\_\_\_ Shares Nonstatutory Stock Option  \_\_\_\_\_\_\_\_\_\_ Shares Restricted Stock Units (“**RSUs**”)  \_\_\_\_\_\_\_\_\_\_ **TOTAL NUMBER OF SHARES** (“**Total Number**”) |
| **Vesting Start Date:** | MM DD YY |
| **Vesting/Exercise Schedule:** | This Option shall Vest and become Exercisable as follows:  ***Time-based Vesting:***  (a) \_\_\_\_\_\_\_\_\_\_ of the Total Number shall Vest and become Exercisable on the \_\_–month anniversary of the Vesting Start Date; and  (b) \_\_\_\_\_\_\_\_\_\_ of the Total Number of Shares shall vest and become Exercisableon the last day ofeach month thereafter.  ***Performance-based Vesting (describe milestones here):***  (a) \_\_\_\_\_\_\_\_\_\_ of the Total Number of Shares shall Vest and become Exercisable upon \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  (b) \_\_\_\_\_\_\_\_\_\_ of the Total Number of Shares shall Vest and become Exercisable upon \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  (c) \_\_\_\_\_\_\_\_\_\_ of the Total Number of Shares shall Vest and become Exercisable upon \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  ***Other Vesting Conditions (describe here):***  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| **Exercise Price:** | US$ \_\_\_\_\_\_\_\_\_\_ per Share (applicable to stock options and not RSUs)). |
| **Cash Settlement:** | Allowed at Fair Market Value or \_\_\_\_\_\_\_\_ per Share/Not Allowed. |
| **Expiration Date:** | This Option cannot be exercised after MM DD YY. |
| **Other Terms:** | As per Stock Option Plan, incorporated in this Award by reference. |

Signed on behalf of Company: Acknowledged and agreed by Awardee:

Sign \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Sign \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

and by spouse of Awardee:

Sign \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**EXHIBIT B**

SHARE INCENTIVE EXERCISE NOTICE

**BLACK HOLE DOCS, INC**.

[Company Address]

I, [Awardee Name], under the Award Granted to me on MM DD YY, now Exercise my right to acquire the Shares underlying the Award, as follows:

|  |  |
| --- | --- |
| **Exercised Shares:** | \_\_\_\_\_\_\_\_\_\_ Shares Incentive Stock Option  \_\_\_\_\_\_\_\_\_\_ Shares Nonstatutory Stock Option  \_\_\_\_\_\_\_\_\_\_ Shares Restricted Stock Units (“**RSUs**”) |
| **Exercise Date:** | MM DD YY |
| **Exercise Price:** | US$ \_\_\_\_\_\_\_\_\_\_ per Share (applicable to stock options and not RSUs)). |
| **Vesting Conditions Fulfilled:** | ***Time-based Vesting:***  \_\_\_\_\_\_\_\_\_\_ of the Shares have Vested and are now Exercisable under subclause (a) of the Time-based Vesting terms of the Award;  \_\_\_\_\_\_\_\_\_\_ of the Shares have Vested and are now Exercisable under subclause (b) of the Time-based Vesting terms of the Award.  [*and so forth*]  ***Performance-based Vesting:***  \_\_\_\_\_\_\_\_\_\_ of the Shares have Vested and are now Exercisable under subclause (a) of the Time-based Performance-based terms of the Award;  \_\_\_\_\_\_\_\_\_\_ of the Shares have Vested and are now Exercisable under subclause (b) of the Time-based Performance-based terms of the Award;  [*and so forth]*  ***Other Vesting Conditions (describe here):***  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| **Cash Settlement:** | \_\_\_\_\_\_\_\_ per Share. |
| **Other Terms:** | As per Stock Option Plan, incorporated in this Notice by reference. |

Signed on behalf of Awardee: Acknowledged and agreed by Company:

Sign \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Sign \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. * Where an ‘incentive stock’ Award is granted to a person who is already holding 10 or more percent of the Company’s issued capital stock, its term must be no more than 5 years from Award grant date.

   [↑](#footnote-ref-1)