

BleedIO Tech — Equity Incentive Plan Summary

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Date: March 2026 **Status:** Board-Approved Plan — Individual Grants Require Board Consent **Legal Counsel:** Duane Morris LLP (review pending)

1. Plan Overview

BleedIO Tech maintains a 2024 Equity Incentive Plan (the “Plan”) to attract, retain, and incentivize employees, advisors, and key contributors. The Plan authorizes the Board of Directors (or a designated committee) to grant stock options and other equity awards to eligible participants.

This document summarizes the Plan structure, current allocation, and grant guidelines. It is intended as a management reference and investor diligence exhibit — not a substitute for the formal Plan document, which should be reviewed by counsel before any grants are issued.

2. Option Pool

Pool Size

Metric	Shares	% of Fully Diluted
Total authorized shares	10,000,000	100%
Common stock issued	760,000	7.6%
Option pool reserved	1,500,000	15.0%
Options granted to date	43,160	0.4%
Options available for future grants	1,456,840	14.6%
Unallocated authorized shares	7,740,000	77.4%

Why 15%: A 15% option pool is standard for Seed-stage startups and provides sufficient capacity to hire through Series A without needing a pool expansion (which dilutes all shareholders). Carta’s 2025 benchmarks show median Seed option pools at 10–15% of fully diluted capitalization. BleedIO’s 15% pool supports the company’s planned hires through 2027 while leaving 14.6% available for future grants.

Current Grants

Holder	Role	Options	Strike Price	Vesting	Grant Date	Status
Brad Niems	Cofounder / Sales & Commercial	20,600	\$0.01*	4-year, 1-year cliff	Jul 2024	Vesting
Rodion Rodionov	Engineering	22,560	\$0.01*	4-year, 1-year cliff	Sep 2024	Vesting

Strike price based on par value at grant date. Future grants will use 409A fair market value.

3. Eligibility

Category	Eligible for ISOs	Eligible for NSOs	Typical Grant Range
Full-time employees	Yes	Yes	Per role guidelines below
Part-time employees (20+ hrs/wk)	Yes	Yes	50% of FT range
Advisors	No	Yes	0.1%–0.5% of fully diluted
Consultants / contractors	No	Yes	Per engagement scope
Board members (non-employee)	No	Yes	0.25%–0.5% per year of service

4. Grant Types

Incentive Stock Options (ISOs)

- Available to W-2 employees only
- \$100K annual vesting limit (per IRC §422)
- Favorable tax treatment: no ordinary income at exercise; capital gains at sale if holding periods met (1 year from exercise, 2 years from grant)
- Must be exercised within 90 days of termination (or 12 months for disability)

Non-Qualified Stock Options (NSOs)

- Available to employees, advisors, consultants, and board members
- No annual vesting limit
- Taxed as ordinary income on the spread at exercise
- More flexible structuring for non-employee grants

Default: All employee grants are ISOs up to the \$100K limit, with the remainder as NSOs. All non-employee grants are NSOs.

Option Term

All options expire **10 years** from the grant date, or upon the earlier of (a) the applicable post-termination exercise deadline, or (b) termination for cause.

5. Vesting Schedules

Standard Employee Vesting (Default)

Component	Terms
Total vesting period	4 years
Cliff	1 year (25% vests at 12-month anniversary)
Post-cliff vesting	Monthly (1/48th per month)
Acceleration on termination	None (standard)
Change of control	Single-trigger 25% acceleration + double-trigger full acceleration (see Section 8)

Back-Loaded Vesting (Alternative — Board Discretion)

For senior hires where long-term retention is critical (VP+, principal engineers), the Board may approve a back-loaded schedule that increases vesting weight in later years:

Year	Standard (Linear)	Back-Loaded
Year 1	25%	10%
Year 2	25%	20%
Year 3	25%	30%
Year 4	25%	40%

Back-loaded vesting is gaining adoption among Seed/Series A companies (per Index Ventures) as it better aligns employee incentives with company milestones and reduces the “golden handcuffs wear off at Year 2” problem. The 1-year cliff still applies.

Advisor Vesting

Component	Terms
Total vesting period	2 years
Cliff	6 months
Post-cliff vesting	Quarterly
Service requirement	Active advisory engagement

Early Exercise

The Plan permits early exercise of invested options at the Board’s discretion. Early-exercised shares are subject to the Company’s right of repurchase at the original exercise price for any unvested portion. Early exercise enables 83(b) elections for tax optimization.

6. Exercise Mechanics

Term	Details
Exercise price	Fair market value at grant date (per 409A valuation)
Exercise window (active)	Any time after vesting while employed
Post-termination exercise window	Graduated by tenure (see below)
Termination for cause	All vested and unvested options forfeited immediately
Payment methods	Cash, cashless (sell-to-cover at liquidity event), net exercise
Right of first refusal	Company retains ROFR on any secondary transfer until IPO

Graduated Post-Termination Exercise Period (PTEP)

BleedIO uses a tenure-based graduated PTEP, rewarding loyalty while managing dilution. This is an emerging best practice adopted by companies like Coinbase, Pinterest, and Asana.

Tenure at Departure	PTEP (Voluntary Resignation)	PTEP (Involuntary w/o Cause)
< 1 year	90 days	90 days
1–2 years	90 days	6 months
2–4 years	6 months	12 months
4+ years	12 months	12 months

Tenure at Departure	PTEP (Voluntary Resignation)	PTEP (Involuntary w/o Cause)
Disability or death	12 months	12 months
Termination for cause	Immediate forfeiture	Immediate forfeiture

Tax note: ISOs must be exercised within 90 days of termination to retain ISO tax treatment (per IRC §422). Any exercise after 90 days automatically converts the ISO to an NSO, triggering ordinary income tax on the spread at exercise. Employees with extended PTEPs should consult a tax advisor before deciding when to exercise.

7. 409A Valuation

Current Status

The Company will obtain a formal 409A valuation prior to issuing any new option grants. The 409A establishes the fair market value (FMV) of common stock, which sets the minimum exercise price for all new grants.

Valuation Approach

Method	Application
Backsolve from SAFE	Primary method — derives common stock FMV from the \$6M post-money SAFE cap using an option pricing model (OPM) with appropriate discount for lack of marketability (DLOM)
Expected FMV range	\$0.30–\$0.60 per share (estimated; pending formal valuation)
Frequency	New 409A required at each material event (new funding round, material revenue change, or annually)
Provider	Board to engage a qualified independent appraiser (Carta 409A, Eqvista, or equivalent)

Existing Grants

The two existing grants (Niems, Rodionov) were issued at par value (\$0.01/share) prior to meaningful company valuation events. This is standard practice for very early-stage grants and is defensible given the grants preceded the Prox SG SAFE and all customer traction.

8. Rule 701 Compliance (Securities Exemption)

Private companies issuing stock options must comply with SEC Rule 701, which exempts compensatory equity grants from securities registration. Key thresholds:

Limit	Threshold	BleedIO Status
Annual issuance cap	Largest of: \$1M flat, 15% of total assets, or 15% of outstanding class	Well within limits
Enhanced disclosure trigger	\$10M aggregate in any 12-month period	Not applicable at current stage
Disclosure requirement (>\$5M)	Must provide plan summary, risk factors, and financial statements to grantees	Not yet triggered

Current compliance: With 43,160 options granted at \$0.01 strike, the aggregate value of options issued is ~\$432 — well below all Rule 701 thresholds. As 409A valuations increase and more grants are issued, the Company will monitor approach to the \$5M disclosure trigger.

Important: Grants must be issued under a written compensatory plan. Offer letters should reference the grant by **share count** (not percentage of company), include the exercise price, vesting schedule, and state that the grant is subject to Board approval and the Plan terms.

9. Change of Control Provisions

Single-Trigger Acceleration

Upon a Change of Control event (acquisition, merger, or asset sale), **25% of each grantee's unvested options accelerate immediately.**

Double-Trigger Acceleration

If, within 12 months following a Change of Control, the grantee is **terminated without cause or resigns for good reason** (material reduction in role, compensation, or required relocation >50 miles), **100% of remaining unvested options accelerate.**

Definition of Change of Control

- Acquisition of >50% of voting stock by a single entity or group
- Merger or consolidation where existing shareholders hold <50% post-transaction
- Sale of all or substantially all assets

9. Grant Guidelines by Role

These are guidelines, not entitlements. All grants require Board approval.

Engineering & Product

Role	Typical Grant (% Fully Diluted)	Shares (at 10M authorized)	Notes
VP Engineering	1.0%–2.0%	100,000–200,000	First VP-level hire
Senior Engineer	0.50%–1.0%	50,000–100,000	Core platform / firmware
Engineer	0.25%–0.50%	25,000–50,000	Index Ventures benchmark: 0.45%
Engineering Intern	0.02%–0.05%	2,000–5,000	1-year vest, no cliff

Go-to-Market & Operations

Role	Typical Grant (% Fully Diluted)	Shares (at 10M authorized)	Notes
VP Sales / BD	0.75%–1.5%	75,000–150,000	Revenue-generating hire
Solutions Engineer	0.15%–0.40%	15,000–40,000	Customer-facing technical
Marketing / Ops	0.10%–0.25%	10,000–25,000	

Advisors & Board

Role	Typical Grant (% Fully Diluted)	Shares (at 10M authorized)	Notes
Strategic Advisor	0.25%–0.50%	25,000–50,000	2-year vest, quarterly
Technical Advisor	0.10%–0.25%	10,000–25,000	2-year vest, quarterly

Role	Typical Grant (% Fully Diluted)	Shares (at 10M authorized)	Notes
Independent Board Member	0.25%–0.50% / year	25,000–50,000 / year	Annual refresh grants

11. Refresh Grants & Anti-Dilution Protection

Annual Refresh Grants

To retain key employees through funding rounds and maintain motivation as the option pool dilutes, the Plan supports annual refresh grants:

Tenure	Refresh Grant (% of Original)	Purpose
Year 2 anniversary	25% of original grant	Retention through vesting cliff of original
Year 3 anniversary	15–25% of original grant	Sustained contribution and retention
Promotion	Per new role guideline	Role-based upgrade

Refresh grants vest on the same 4-year monthly schedule with a 1-year cliff. They are additive to (not replacing) the original grant.

Performance Multipliers (Index Ventures Model)

Refresh grant sizes are adjusted using a performance evaluation multiplier. The Board (or manager + CEO) assesses each grantee annually:

Performance Rating	Multiplier	Effect on Refresh Grant
Exceptional / Top 10%	2.0x–2.5x	Double or more the standard refresh
Strong / Exceeds expectations	1.25x–1.5x	Above-standard refresh
Meets expectations	1.0x	Standard refresh
Developing / Below expectations	0.5x	Reduced refresh
Not meeting expectations	0x	No refresh; performance plan instead

This creates a merit-based equity culture where top performers are disproportionately rewarded — critical for retaining the engineers and operators who drive outsized value at the Seed stage.

Anti-Dilution for Early Employees

Stock options do not carry contractual anti-dilution protection — this is standard across venture-backed startups. However, the Plan includes several mechanisms that protect early employee value:

- 1. Refresh grants offset dilution.** Annual refresh grants at 15–25% of the original grant are designed to restore ownership percentage after funding rounds. An early engineer who received 0.5% at Seed and gets a 25% refresh at Year 2 effectively maintains their ownership position through Series A dilution (~15–20%).
- 2. Strike price advantage is permanent.** Early employees exercise at the 409A FMV at time of grant (estimated \$0.30–\$0.60/share). Even after multiple funding rounds increase the FMV, early employees retain the right to buy at their original low strike price — creating significant built-in value.
- 3. Double-trigger acceleration protects exit value.** In an acquisition, 25% accelerates immediately and 100% accelerates if the employee is terminated, ensuring early employees capture full value at exit regardless of acquirer intentions.

4. **Pro rata participation.** Employees who hold exercised shares have the right to participate pro rata in future offerings at the Board’s discretion, preserving the ability to maintain ownership percentage.

Net effect: While options do not have the same anti-dilution ratchets as preferred stock (e.g., weighted-average or full-ratchet), the combination of refresh grants, low strike price lock-in, and acceleration provisions ensures early employees are not economically disadvantaged by subsequent funding rounds. This approach is consistent with Carta, Index Ventures, and Y Combinator best practices for Seed-stage companies.

12. Pool Budget Through Series A

Allocation	Shares	% of Pool	Purpose
Already granted	43,160	2.9%	Niems + Rodionov
Reserved for 2026 hires	300,000	20.0%	2–3 engineering + 1 solutions engineer
Reserved for advisors	100,000	6.7%	2–3 strategic/technical advisors
Reserved for Series A option pool top-up	500,000	33.3%	Standard Series A requirement
Unallocated buffer	556,840	37.1%	Future hires, board members, performance grants
Total pool	1,500,000	100%	

13. Administration

Responsibility	Owner
Plan administrator	Board of Directors (or Compensation Committee when formed)
Grant approval	Board consent required for all grants
409A valuation	Board engages independent appraiser
Cap table management	CEO + legal counsel (currently tracked in spreadsheet; migrate to Carta or Pulley at Series A)
Tax compliance	Each grantee responsible for own tax obligations; Company provides 409A FMV documentation
Plan document custody	Duane Morris LLP

14. Investor Considerations

- **Pool is pre-allocated:** The 15% option pool is already factored into BleedIO’s fully diluted capitalization and the \$6M post-money SAFE cap. Investors are not diluted by future grants within the existing pool.
 - **Conservative utilization:** Only 2.9% of the pool has been granted to date, preserving 97.1% for future talent acquisition.
 - **Standard terms:** 4-year vesting with 1-year cliff is the industry default (Carta 2025 benchmark: 96% of Seed-stage grants use this structure).
 - **No single-trigger full acceleration:** The double-trigger structure protects acquirer economics and is preferred by institutional investors.
 - **Founder vesting in place:** All common stock is subject to 4-year vesting, demonstrating founder commitment and alignment.
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15. Grant Process Workflow (LTSE 4-Step Model)

Every option grant follows this process. The CEO owns steps 1–3; legal executes step 4.

Step	Action	Owner	Checklist
1. Setup	Confirm Plan is current, state permits filed, 409A not stale (< 12 months)	CEO + Counsel	Plan adopted, Board resolution, state filings
2. Budget	Verify unallocated pool has sufficient shares for planned grants	CEO	Check cap table, confirm shares available, no >10% individual grants without 110% FMV
3. Offer	Determine grant size (by share count, not percentage), confirm eligibility, draft offer letter	CEO + Hiring Mgr	Share count, strike price, vesting schedule, subject to Board approval
4. Finalize	Board approves grant, execute option agreement, update cap table, file state notices	Counsel + CEO	Board consent, signed agreement, cap table updated, 83(b) election window communicated

Critical rule: Never communicate a grant size to a candidate until the Board has sufficient shares in the pool and the 409A is current. Offer letters must state the grant is “subject to Board approval and the terms of the Company’s Equity Incentive Plan.”

Sources & Benchmarks

This plan was designed using the following frameworks and data:

- **LTSE** — 4-step grant process, Rule 701 compliance thresholds, grant documentation best practices
- **Index Ventures / Rewarding Talent** — Role-based grant percentages at Seed, back-loaded vesting schedules, performance multiplier framework, pool sizing benchmarks
- **Carta** — 409A valuation methodology, median pool sizes (12.5% Seed), vesting schedule benchmarks (96% use 4yr/1yr cliff), PTEP trends
- **Y Combinator / Clerky** — Plan template structure, early exercise provisions, SAFE interaction with option pools
- **Cooley GO** — Extended PTEP legal considerations, ISO-to-NSO conversion rules, modification risks
- **IRC §409A, §422, §83(b)** — Tax compliance for option pricing, ISO limits, and early exercise elections
- **SEC Rule 701** — Securities exemption for compensatory equity grants by private companies

This summary is provided for informational and diligence purposes. The formal 2024 Equity Incentive Plan document, individual grant agreements, and 409A valuations are maintained by Duane Morris LLP and available upon request. This summary does not constitute legal or tax advice. Grantees should consult their own tax advisors regarding the tax implications of equity awards.