Nuveen Preferred & Income Term Fund
Form N-CSR
October 05, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED

MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-22699

Nuveen Preferred and Income Term Fund

(Exact name of registrant as specified in charter)

Nuveen Investments

333 West Wacker Drive

Chicago, IL 60606

(Address of principal executive offices) (Zip code)

Gifford R. Zimmerman

Nuveen Investments

333 West Wacker Drive

Chicago, IL 60606

(Name and address of agent for service)

Registrant s telephone number, including area code: (312) 917-7700

Date of fiscal year end: July 31

Date of reporting period: July 31, 2018

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget (OMB) control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. ss. 3507.

ITEM 1. REPORTS TO STOCKHOLDERS.

Closed-End Funds

31 July 2018

Nuveen Closed-End Funds

JPC	Nuveen Preferred & Income Opportunities Fund
JPI	Nuveen Preferred and Income Term Fund
JPS	Nuveen Preferred & Income Securities Fund
JPT	Nuveen Preferred and Income 2022 Term Fund

Annual Report

Life is Complex.

Nuveen makes things e-simple.

It only takes a minute to sign up for e-Reports. Once enrolled, you ll receive an e-mail as soon as your Nuveen Fund information is ready no more waiting for delivery by regular mail. Just click on the link within the e-mail to see the report and save it on your computer if you wish.

Free e-Reports right to your e-mail!

www.investordelivery.com

If you receive your Nuveen Fund distributions and statements from your financial advisor or brokerage account.

or

www.nuveen.com/client-access

If you receive your Nuveen Fund dividends and statements directly from Nuveen.

NOT FDIC INSURED MAY LOSE VALUE NO BANK GUARANTEE

Table of Contents

Chairman s Letter to Shareholders

Dear Shareholders,

I am honored to serve as the new independent chairman of the Nuveen Fund Board, effective July 1, 2018. I d like to gratefully acknowledge the stewardship of my predecessor William J. Schneider and, on behalf of my fellow Board members, reinforce our commitment to the legacy of strong, independent oversight of your Funds.

The increase in market turbulence this year reflects greater uncertainty among investors. The global economic outlook is less clear cut than it was in 2017. U.S. growth is again decoupling from that of the rest of the world, and the U.S. dollar and interest rates have risen in response. Trade war rhetoric and the imposition of tariffs between the U.S. and its major trading partners has recently dampened business sentiment and could pose a risk to growth expectations going forward. Downside risks for some emerging markets have increased. A host of other geopolitical concerns, including the ongoing Brexit and North American Free Trade Agreement negotiations, North Korea relations and rising populism around the world, remain on the horizon.

Despite these risks, global growth remains intact, albeit at a slower pace, providing support to corporate earnings. Fiscal stimulus, an easing regulatory environment and robust consumer spending recently helped boost the U.S. economy s momentum. Growth estimates for Europe, the U.K. and Japan pointed to a rebound in their economies during the second quarter. Subdued inflation pressures have kept central bank policy accommodative, even as Europe moves closer to winding down its monetary stimulus and the Federal Reserve remains on a moderate tightening course.

Headlines and political noise will continue to obscure underlying fundamentals at times and cause temporary bouts of volatility. We encourage you to work with your financial advisor to evaluate your goals, timeline and risk tolerance if short-term market fluctuations are a concern. On behalf of the other members of the Nuveen Fund Board, we look forward to continuing to earn your trust in the months and years ahead.

Sincerely,

Terence J. Toth

Chairman of the Board

September 24, 2018

Portfolio Managers Comments

Nuveen Preferred & Income Opportunities Fund (JPC)

Nuveen Preferred and Income Term Fund (JPI)

Nuveen Preferred & Income Securities Fund (JPS)

Nuveen Preferred and Income 2022 Term Fund (JPT)

Nuveen Asset Management, LLC (NAM) and NWQ Investment Management Company, LLC (NWQ), both affiliates of Nuveen LLC, are sub-advisers for the Nuveen Preferred & Income Opportunities Fund (JPC). NAM and NWQ each manage approximately half of the Fund s investment portfolio. Douglas Baker, CFA and Brenda Langenfeld, CFA, are the portfolio managers for the NAM team. The NWQ income-oriented investment team is led by Thomas J. Ray, CFA and Susi Budiman, CFA. The Nuveen Preferred and Income Term Fund (JPI) features management by NAM. Douglas Baker, CFA, and Brenda Langenfeld, CFA, have served as the Fund s portfolio managers since its inception. The Nuveen Preferred & Income Securities Fund (JPS) is sub-advised by a team of specialists at Spectrum Asset Management (Spectrum), a wholly owned subsidiary of Principal Global Investors, LLC. Mark Lieb and Phil Jacoby lead the team. The Nuveen Preferred and Income 2022 Term Fund (JPT) features management by NAM. Douglas Baker, CFA, and Brenda Langenfeld, CFA, have served as the Fund s portfolio managers since its inception.

Effective September 29, 2017 as approved by the Fund s Board of Trustees, the Nuveen Preferred Income Opportunities Fund s name was changed to the Nuveen Preferred and Income Opportunities Fund. Also effective September 29, 2017, the Fund will invest at least 80% of the sum of its net assets and the amount of any borrowings for investment purposes in preferred and other income producing securities, including hybrid securities such as contingent capital securities and up to 20% opportunistically in other income-oriented securities such as corporate and taxable municipal debt and dividend paying common equity.

Effective September 29, 2017 as approved by the Fund s Board of Trustees, the Nuveen Preferred Securities Income Fund s name was changed to the Nuveen Preferred and Income Securities Fund. Also effective September 29, 2017, the Fund will invest at least 80% of the sum of its net assets and the amount of any borrowings for investment purposes in preferred and other income producing securities, including hybrid securities such as contingent capital securities.

This material is not intended to be a recommendation or investment advice, does not constitute a solicitation to buy or sell securities, and is not provided in a fiduciary capacity. The information provided does not take into account the specific objectives or circumstances of any particular investor, or suggest any specific course of action. Investment decisions should be made based on an investor s objectives and circumstances and in consultation with his or her advisors.

Certain statements in this report are forward-looking statements. Discussions of specific investments are for illustration only and are not intended as recommendations of individual investments. The forward-looking statements and other views expressed herein are those of the portfolio managers as of the date of this report.

Actual future results or occurrences may differ significantly from those anticipated in any forward-looking statements and the views expressed herein are subject to change at any time, due to numerous market and other factors. The Funds disclaim any obligation to update publicly or revise any forward-looking statements or views expressed herein.

For financial reporting purposes, the ratings disclosed are the highest rating given by one of the following national rating agencies: Standard & Poor s (S&P), Moody s Investors Service, Inc. (Moody s) or Fitch, Inc. (Fitch). This treatment of split-rated securities may differ from that used for other purposes, such as for Fund investment policies. Credit ratings are subject to change. AAA, AA, A and BBB are investment grade ratings, while BB, B, CCC, CC, C and D are below investment grade ratings. Holdings designated N/R are not rated by these national rating agencies.

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this section.

Portfolio Managers Comments (continued)

What factors affected the U.S. economy and financial markets during the twelve-month reporting period ended July 31, 2018?

After maintaining a moderate pace of growth for most of the twelve-month reporting period, the U.S. economy accelerated in the second quarter of 2018. In the April to June period, economic stimulus from tax cuts and deregulation helped lift the economy to its fastest pace since 2014. The second estimate by the Bureau of Economic Analysis reported U.S. gross domestic product (GDP) grew at an annualized rate of 4.2% in the second quarter, up from 2.2% in the first quarter, 2.3% in the fourth quarter of 2017 and 2.8% in the third quarter of 2017. GDP is the value of goods and services produced by the nation s economy less the value of the goods and services used up in production, adjusted for price changes. The boost in economic activity during the second quarter of 2018 was attributed to robust spending by consumers, businesses and the government, as well as a temporary increase in exports, as farmers rushed soybean shipments ahead of China s retaliatory tariffs.

Consumer spending, the largest driver of the economy, remained well supported by low unemployment, wage gains and, in the second quarter, tax cuts. As reported by the Bureau of Labor Statistics, the unemployment rate fell to 3.9% in July 2018 from 4.3% in July 2017 and job gains averaged around 200,000 per month for the past twelve months. The Consumer Price Index (CPI) increased 2.9% over the twelve-month reporting period ended July 31, 2018 on a seasonally adjusted basis, as reported by the Bureau of Labor Statistics.

Low mortgage rates and low inventory continued to drive home prices higher. Although mortgage rates have started to nudge higher, they remained relatively low by historical standards. The S&P CoreLogic Case-Shiller U.S. National Home Price Index, which covers all nine U.S. census divisions, rose 6.2% in June 2018 (most recent data available at the time this report was prepared). The 10-City and 20-City Composites reported year-over-year increases of 6.0% and 6.3%, respectively.

With the U.S. economy delivering a sustainable growth rate and employment strengthening, the Fed s policy making committee continued to incrementally raise its main benchmark interest rate. The most recent increase, in June 2018, was the seventh rate hike since December 2015. Fed Chair Janet Yellen s term expired in February 2018, and incoming Chairman Jerome Powell indicated he would likely maintain the Fed s gradual pace of interest rate hikes. At the June meeting, the Fed increased its projection to four interest rate increases in 2018, from three increases projected at the March meeting, indicating its confidence in the economy s health. In line with expectations, the Fed left rates unchanged at its July meeting and continued to signal another increase in September. Additionally, the Fed continued reducing its balance sheet by allowing a small amount of maturing Treasury and mortgage securities to roll off without reinvestment. The market expects the pace to remain moderate and predictable, with minimal market disruption.

Geopolitical news remained a prominent market driver. Protectionist rhetoric had been garnering attention across Europe, as anti-European Union (EU) sentiment featured prominently (although did not win a majority) in the Dutch, French and German elections in 2017. Italy s 2018 elections resulted in a hung parliament, and several months of negotiations resulted in a populist, euro-skeptic coalition government. The U.S. moved forward with tariffs on imported goods from China, as well as on steel and aluminum from Canada, Mexico and Europe. These countries announced retaliatory measures in kind, intensifying concerns about a trade war, although the U.S. and the Europe Union announced in July they would refrain from further tariffs while they negotiate trade terms. Meanwhile, in March the U.K. and EU agreed in principle to the Brexit transition terms, but political instability in the U.K. in July has clouded the outlook. The U.S. Treasury issued additional sanctions on Russia in April, and re-imposed sanctions on Iran after President Trump withdrew from the 2015 nuclear agreement. The threat of a nuclear North Korea eased somewhat as the leaders of South Korea and North Korea met during April and jointly announced a commitment toward peace, while the U.S.-North Korea summit yielded an agreement with few additional details.

Credit spreads tightened during the first half of the reporting period as equity prices continued to rise and volatility in equity markets continued to hit new lows. At the end of January, credit spreads abruptly widened as fears of four interest

6

rate increases by the Fed began to get priced into the bond market. Equities corrected and the sell-off into February and March impelled spreads in capital securities to widen as volatility normalized to more historic averages. The combination of widening spreads and rising U.S. Treasury bond yields negatively impacted prices, in particular, for contingent capital securities or CoCos which peaked in January 2018.

For the twelve-month reporting period, the Blended Benchmark Index, which represents the combined preferred securities and CoCos universe, returned 1.81%. While all broad sub-categories within the Blended Benchmark Index posted positive returns during the reporting period, investment performance was not dispersed evenly across each segment. For example, $25 par securities, securities with fixed rate coupons, and CoCo securities all posted returns in excess of the average return for the Blended Benchmark Index. However, securities with coupons that have reset features, $1,000 par securities, and non-CoCo securities while indeed posting positive returns, all produced returns below the average for the Blended Benchmark Index. Non-U.S.-domiciled issuers outperformed U.S.-domiciled issuers over the twelve month reporting period ended July 31, 2018.

What key strategies were used to manage the Funds during this twelve-month reporting period ended July 31, 2018 and how did these strategies influence performance?

Nuveen Preferred & Income Opportunities Fund (JPC)

The table in the Performance Overview and Holding Summaries section of this report provides total return performance for the Fund for the one-year, five-year and ten-year periods ended July 31, 2018. For the twelve month reporting period ended July 31, 2018, the Fund s common shares at net asset value (NAV) underperformed the ICE BofAML U.S. All Capital Securities Index and the JPC Blended Benchmark.

JPC has a policy requiring it to invest at least 80% of its managed assets in preferred securities and contingent capital securities (sometimes referred to as CoCos), and permitting it to invest up to 20% opportunistically over the market cycle in other types of securities, primarily income oriented securities such as corporate and taxable municipal debt and common equity. JPC is managed by two experienced portfolio teams with distinctive, complementary approaches to the preferred market, each managing its own sleeve of the portfolio. NAM employs a debt-oriented approach that combines top down relative value analysis of industry sectors with fundamental credit analysis. NWQ s investment process identifies undervalued securities within a company s capital structure that offer the most attractive risk/reward potential. This multi-team approach gives investors access to a broader investment universe with greater diversification potential.

Nuveen Asset Management

For the portion of the Fund managed by NAM, the Fund seeks to achieve its investment objective of providing a high level of current income and total return by investing in preferred securities and other income producing securities, including but not limited to contingent capital securities (CoCos). The Fund s portfolio is actively managed, seeking to capitalize on the strong credit fundamentals across the largest sectors within the issuer base, the category s healthy yield level, and inefficiencies that often arise between the $25 par retail and the $1,000 par institutional sides of the market. The Fund s strategy has a bias toward the highly regulated industries, like banks, insurance companies and utilities, in hopes of benefitting from the added scrutiny of regulatory oversight.

NAM employs a credit-based investment approach, using a top-down process to position the portfolio in a manner that reflects the investment team s overall macro-economic outlook, while also incorporating a bottom-up approach that includes fundamental credit research, security structure selection, and option adjusted spread (OAS) analysis. The process begins with identifying the investable universe of $1,000 par and $25 par securities. In an effort to capitalize on the inefficiencies between different investor bases within this universe, NAM tactically and strategically shifts capital between the $25 par market and the $1,000 par market. Periods of volatility may drive notable differences in valuations

Portfolio Managers Comments (continued)

between these two markets, as will periods where valuations trend in one direction for an extended period of time. Divergence in valuations is often related to differences in how retail and institutional investors measure and price risk, as well as differences in retail and institutional investors ability to source substitute investments. Technical factors such as new issue supply may also influence the relative valuations between the $25 par market and $1,000 par market. Technical factors played a significant factor in absolute and relative performance during the most recent reporting period.

For the twelve-month reporting period, the Blended Benchmark Index for the sleeve managed by NAM, which represents the combined preferred securities and CoCos markets, returned 1.81%. This figure fell between both comparable financial senior debt and financial equities. NAM typically expects the Blended Benchmark Index to perform between these two categories given the hybrid nature of its constituent securities. While all broad sub-categories within the Blended Benchmark Index posted positive returns during the reporting period, investment performance was not dispersed evenly across segments. For example, $25 par securities, securities with fixed rate coupons, and CoCo securities all posted returns in excess of the average return for the Blended Benchmark Index. However, securities with coupons that have reset features, $1,000 par securities, and non-CoCo securities while indeed posting positive returns, all produced returns below the average for the Blended Benchmark Index.

Taking a closer look at asset class level performance for the annual reporting period ended July 31, 2018, the positive absolute return was primarily the result of the generous yield from the combined preferred securities and CoCos markets. To the contrary, negative price return during the reporting period did detract from overall performance. On average, prices were lower across the investible universe due to a combination of wider OAS and higher interest rates. OAS for the Blended Benchmark Index pushed wider during the reporting period by slightly over 50 basis points, while the U.S. 10-year Treasury rate increased by 66 basis points. However, with respect to the Blended Benchmark Index, OAS moved disproportionately wider for the preferred securities segment or non-CoCos segment of our universe. We believe that the material move higher in domestic interest rates during the reporting period, the significant drop in the U.S. dollar during the first few months of 2018, and the increased cost of hedging from USD to local currency all weighed on foreign appetite for domestic fixed income paper, including preferred securities. This theme of wider credit spreads however, was more broad-based in nature across most of the U.S. fixed income market versus being specific to NAM s investible universe. We at NAM were still surprised that OAS moved as wide as it did for the overall Blended Benchmark Index, and especially so for the preferred securities segment of the market where the U.S. bank sector is the largest sector. U.S. banks generally reported better than expected earnings during the entire twelve month reporting period. In addition, all U.S. banks subject to the annual exams passed the 2018 DFAST and CCAR stress tests, which incorporated arguably the toughest adverse scenario assumptions to date. Finally, during the reporting period, U.S. banks redeemed several billion dollars more in preferred securities paper than they issued. Given this combination of strong fundamentals and a supportive supply technical within the U.S. bank sector, NAM would have expected OAS for the preferred securities segment of our universe to have outperformed OAS for the CoCos segment of the market.

NAM incorporated several active themes relative to the Blended Benchmark Index during the reporting period, including an underweight to CoCos, an overweight to the $1,000 par side of the market and an overweight to securities that have coupons with reset features (floating rate, fixed-to-floating rate, fixed-to-fixed rate).

During the reporting period, the underweight to CoCos detracted modestly from performance relative to the Blended Benchmark Index, as CoCo securities outperformed on average during the reporting period. As of July 31, 2018, the Fund had an allocation of approximately 30% to CoCos, well below the 40% allocation within the Blended Benchmark Index. Admittedly, while still a meaningful underweight versus the index, NAM increased the Fund s allocation to these securities during the reporting period. While the average OAS for the CoCos segment of the Blended Benchmark did indeed move wider, it only increased by 8 basis points during the reporting period, well below the 82 basis point move wider in the preferred securities segment of the same index. The relative performance was even more perplexing when

8

one considers the relatively supportive fundamental and technical backdrop of the preferred securities market as discussed earlier, coupled with previously mentioned geopolitical headlines relating to Brexit and the Italian geopolitical landscape, which should have weighed disproportionately on the CoCos segment of the market.

Within the investable universe, $25 par securities on average outperformed $1,000 par securities. Given the outperformance of the $25 par preferred retail side of the market during the reporting period, NAM s underweight to those structures detracted from the Fund s relative performance. As has been the case for several quarters, NAM maintained an overweight to $1,000 par securities for two primary reasons, relative value and interest rate risk management. First, with respect to relative value, the $1,000 par side of the market continues to be significantly cheaper than the $25 par side of the market on an OAS basis. OAS for $25 par preferred securities has been driven lower by retail investors disproportionate bias for income-generating investment solutions, exacerbated by a prolonged period of low interest rates. Within the preferred securities universe, the $25 par preferred side of the market aligns best with this retail demand given the small denomination, and retail investors ease of sourcing these securities as most are exchange-traded. Compounding the situation was heavy redemption activity of $25 par preferred securities, which resulted in scarcity of supply. NAM estimates that between the beginning of 2018 and the end of the reporting period, the amount of outstanding $25 par preferred securities decreased by nearly $12 billion, while during that same time period, net new issue flow on the $1,000 par preferred side of the market was slightly positive. This dearth of $25 par preferred supply created a supply technical that disproportionately supported valuations of $25 par preferred securities versus $1,000 par preferred securities. In our opinion, this was the primary factor driving relative outperformance of $25 par preferred securities versus $1,000 par preferred securities.

Second, with respect to managing interest rate risk, NAM s underweight to the $25 par preferred securities was due to NAM s desire for greater exposure to securities that have coupons with reset features, like floating rate coupons, fixed-to-floating rate coupons and fixed-to-fixed rate coupons. These structures are more common on the institutional $1,000 par preferred side of the market and help to mitigate duration and duration extension risk during a rising interest rate environment. Duration extension can be a significant risk for callable securities with fixed-rate coupons. As of July 31, 2018, the Fund had about 88% of its assets invested in securities that have coupons with reset features, compared to approximately 75% within the Blended Benchmark Index.

Fixed rate coupon structures outperformed securities that had coupons with reset features. In NAM s opinion, outperformance of the fixed rate coupon structures was an ancillary effect from the outperformance of $25 par preferred securities, as a vast majority of that universe is indeed comprised of fixed rate coupon structures.

NWQ

For the portion of the Fund managed by NWQ, NWQ seeks to achieve high income and a measure of capital appreciation. While the Fund s investments are primarily preferred securities, a portion of the Fund allows the flexibility to invest across the capital structure in any type of debt, preferred or equity securities offered by a particular company. The portfolio management team then evaluates all available investment choices within a selected company s capital structure to determine the portfolio investment that may offer the most favorable risk-adjusted return potential. The Fund s portfolio is constructed with an emphasis on seeking a sustainable level of income and an overall analysis for downside risk management.

During the reporting period, NWQ s preferred, equity, investment grade corporate bonds and high yield bond holdings contributed to performance. Several sectors contributed to the Fund s performance, in particular NWQ s holdings in the industrial conglomerates, diversified financial services and utilities, while banking and insurance were the largest detractor.

Several of NWQ s holdings performed well during the reporting period. NextEra Energy Inc. convertible preferred stock, buoyed by a confluence of increasingly positive fundamental market forces including 1) capital discipline among producers, 2) declining inventories, 3) strong demand, and 4) an agreement for a modest supply increase by the Organization of the Petroleum Exporting Countries (OPEC) required to perhaps offset renewed Iran sanctions and prevent a further spike in oil prices. Also contributing to performance was Ladenburg Thalmann preferred stock. The company reported first quarter 2018 results which exhibited robust growth in revenues, profitability and client assets. Favorable market conditions and an increasing interest rate environment, coupled with solid execution by their management team, contributed strong performance. Lastly, a CVR Partners, LP high yield bond contributed to performance. CVR is a Master Limited Partnership (MLP) that formed to own, operate and grow its nitrogen fertilizer business.

Several positions detracted from performance including the preferred stock of Maiden Holdings Limited. The company reported 2017 annual results that were worse than expected. The results were not well received and the holdings sold off. Also detracting from performance was TravelCenters of America high yield bond position. TravelCenters of America is the largest operator of truck stops and travel centers in the United States. The company reported missed earnings due to soft gas demand from consumers, and lower fuel gross margins due to competitive pricing activity. NWQ has sold its holdings of TravelCenters of America. Lastly, Dish DBS Corporation 7.750% 7/01/2026 senior note was also a bottom performer during the reporting period. The company reported weaker earnings before interest, tax, depreciation and amortization (EBITDA) versus expectations for their fourth quarter ending December 31, 2017 and continues to be challenged in its broadcast subscription satellite TV services. Additionally, the company will have to start to spend on a build out of a wireless network in order to retain its wireless spectrum licenses. Both of these factors weighed on the credit during the first quarter of 2018. NWQ remains constructive on the credit going forward largely as a result of the unrealized value of its wireless spectrum. NWQ anticipates they will do a value accretive transaction within the medium-term. Currently, NWQ believes the wireless spectrum s value is well in excess of the amount of debt outstanding.

Nuveen Preferred and Income Term Fund (JPI)

The table in the Performance Overview and Holding Summaries section of this report provides total return performance for the Fund for the one-year, five-year and since inception periods ended July 31, 2018. For the twelve-month reporting period ended July 31, 2018, the Fund s common shares at net asset value (NAV) underperformed the ICE BofAML U.S. All Capital Securities Index and the JPI Blended Benchmark Index.

The Fund seeks to achieve its investment objective of providing a high level of current income and total return by investing in preferred securities and other income producing securities, including but not limited to contingent capital securities (CoCos). The Fund s portfolio is actively managed, seeking to capitalize on strong and continuously improving credit fundamentals across the issuer base, the category s healthy yield level and inefficiencies that often evolve between the $25 par retail and the $1,000 par institutional sides of the market. The Fund s strategy focuses opportunistically on highly regulated industries, like utilities, banks and insurance companies, with a current emphasis broadly on financial services companies.

NAM employs a credit-based investment approach, using a top-down process to position the portfolio in a manner that reflects the investment team s overall macro-economic outlook, while also incorporating a bottom-up approach that includes fundamental credit research, security structure selection, and option adjusted spread (OAS) analysis. The process begins with identifying the investable universe of $1,000 par and $25 par securities. In an effort to capitalize on the inefficiencies between different investor bases within this universe, NAM tactically and strategically shifts capital between the $25 par exchange listed market and the $1,000 par over-the-counter market. Periods of volatility may drive notably different valuations between these two markets, as will periods where valuations trend in one direction for an extended period of time. This dynamic is often related to differences in how retail and institutional markets perceive and price risk, as well as differences in retail and institutional investors ability to source substitute investments. Technical factors such as new issue supply may also influence the relative valuations between $25 par exchange listed structures and $1,000 par over-the-counter structures.

10

For the twelve-month reporting period, the Blended Benchmark Index, which represents the combined preferred securities and CoCos markets, returned 1.81%. This figure fell between both comparable financial senior debt and financial equities. NAM typically expects the Blended Benchmark Index to perform between these two categories given the hybrid nature of its constituent securities. While all broad sub-categories within the Blended Benchmark Index posted positive returns during the reporting period, investment performance was not dispersed evenly across each segment. For example, $25 par securities, securities with fixed rate coupons, and CoCo securities all posted returns in excess of the average return for the Blended Benchmark Index. However, securities with coupons that have reset features, $1,000 par securities, and non-CoCo securities while indeed posting positive returns, all produced returns below the average for the Blended Benchmark Index.

Taking a closer look at asset class level performance for the twelve month reporting period ended July 31, 2018, the positive return primarily was due to the generous yield of the combined preferred securities and CoCos markets, while negative price return during the reporting period detracted from overall performance. On average, prices were lower across the investible universe due to a combination of wider OAS and higher interest rates. OAS for the Blended Benchmark Index pushed wider during the reporting period by slightly over 50 basis points, while the U.S. 10-year Treasury rate increased by approximately 66 basis points. However, with respect to the Blended Benchmark Index, OAS moved disproportionately wider on average for preferred security structures versus CoCo securities. NAM believes that the material move higher in domestic interest rates during the reporting period, the significant drop in the U.S. dollar during the first few months of 2018, and the increased cost of hedging from USD to local currency all weighed on foreign appetite for domestic fixed income paper. This theme of wider credit spreads; however, was more broad-based across most of the U.S. fixed income market versus being specific to NAM s investible universe. We at NAM were still surprised that OAS moved as wide as it did for the overall Blended Benchmark Index, and especially so for the preferred securities segment of the market where the U.S. bank sector is the largest sector. U.S. banks generally reported better than expected earnings during the entire reporting period. In addition, all U.S. banks subject to the annual exams passed the 2018 DFAST and CCAR stress tests, which incorporated arguably the toughest adverse scenario assumptions to date. Finally, U.S. banks redeemed several billion dollars more preferred securities paper than they issued. Given this combination of strong fundamentals and a supportive supply technical within the U.S. bank sector, NAM would have expected OAS for the preferred securities segment to have outperformed OAS for the CoCos segment.

NAM incorporated several active themes relative to the Blended Benchmark Index during the reporting period, including an overweight to CoCos, an overweight to the $1,000 par side of the market and an overweight to securities that have coupons with reset features (floating rate, fixed-to-floating rate, fixed-to-fixed rate).

During the reporting period, the underweight to CoCos detracted modestly from performance relative to the Blended Benchmark Index, as CoCos outperformed on average over the twelve month reporting period. As of July 31, 2018, the Fund had an allocation of approximately 30% to CoCos, well below the 40% allocation within the Blended Benchmark Index. Admittedly, while still a meaningful underweight versus the index, NAM increased the Fund s allocation to these securities during the reporting period. While the average OAS for the CoCos segment of the Blended Benchmark Index did indeed move wider, it increased by only 8 basis points between the beginning and the end of the reporting period, well below the 82 basis point move wider within the preferred securities segment of the same index. The relative performance was even more perplexing when one considers the relatively supportive fundamental and technical backdrop of the domestic preferred securities market as discussed earlier, coupled with previously mentioned geopolitical headlines relating to Brexit and the Italian political landscape, which should have disproportionately weighed on the CoCos segment of the market.

Within the investable universe, $25 par securities on average outperformed $1,000 par securities. Given the outperformance of the $25 par preferred retail side of the market during the reporting period, NAM s underweight to that segment detracted to the Fund s relative performance. As has been the case for several quarters, NAM maintained an overweight to $1,000 par securities for two primary reasons, relative value and interest rate risk management. First, with respect to relative value, the $1,000 par side of the market continues to be significantly cheaper than the $25 par side of the market on an OAS basis. OAS for $25 par preferred securities has been driven lower by retail investors disproportionate bias for income-generating investment solutions, exacerbated by a prolonged period of low interest rates. Within the preferred securities universe, the $25 par preferred side of the market is best positioned to align with retail demand given the small denomination, and the ease of sourcing these securities as most are exchange-traded. Compounding the situation during the reporting period was heavy net redemption activity of $25 par preferred securities. NAM estimates that between the beginning to 2018 and the end of the reporting period, the amount of outstanding $25 par preferred securities decreased by nearly $12 billion, while during that same time period, net new issue flow on the $1,000 par preferred side of the market was slightly positive. This dearth of $25 par preferred supply created a supply technical that disproportionately supported valuations of $25 par preferred securities versus $1,000 par preferred securities and was the primary factor for the relative outperformance of the $25 par preferred securities versus the $1,000 par preferred securities.

Second, with respect to interest rate risk, the underweight to the $25 par preferred securities also was due to our desire for greater exposure to securities that have coupons with reset features, like floating rate coupons, fixed-to-floating rate coupons and fixed-to-fixed rate coupons. These structures are more common on the institutional $1,000 par preferred side of the market and help to mitigate duration and duration extension risk during a rising interest rate environment. Duration extension can be a significant risk for callable securities with fixed-rate coupons. As of July 31, 2018, the Fund had about 88% of its assets invested in securities that have coupons with reset features, compared to approximately 75% within the Blended Benchmark Index.

Contrary to expectations given rising interest rates during the reporting period, fixed rate coupon structures outperformed securities that had coupons with reset features. In our opinion, this really was an ancillary effect from the outperformance of $25 par preferred securities, of which a vast majority of that universe is comprised of fixed rate coupon structures.

Nuveen Preferred & Income Securities Fund (JPS)

The table in the Performance Overview and Holding Summaries section of this report provide total return performance for the Fund for the one-year, five-year and ten-year periods ended July 31, 2018. For the twelve-month reporting period ended July 31, 2018, the Fund s common shares at net asset value (NAV) underperformed the ICE BofAML U.S. All Capital Securities Index and the JPS Blended Benchmark.

The investment objective of the Fund is to seek high current income consistent with capital preservation with a secondary objective to enhance portfolio value relative to the broad market for preferred securities. Under normal market conditions, the Fund seeks to invest at least 80% of its net assets in preferred securities and up to 20% of its net assets in debt securities, including convertible debt and convertible preferred securities.

Spectrum s tactical overweight exposure to both institutional sectors of the junior subordinated capital securities, which includes both preferred and CoCos, benefited performance. A preferred security represents a capital security issued either through charter amendment (as a stock) or through indenture (as a bond). For preferred securities, any reorganization would be processed through a bankruptcy court. Preferred security payments are in priority to common stock dividends, yet can be deferred, which means payments are cumulative or they can be eliminated which means payments are non-cumulative without causing an immediate event of default. Any principal loss absorption on a preferred security would be forced through a statutory resolution in a bankruptcy proceeding. A CoCo represents a capital security issued through indenture. For CoCos, a reorganization would be processed through the contracts of its capital before falling into an actual bankruptcy. CoCos payments are non-cumulative, subject to payment limitations and may not be paid in priority to common stock dividends (i.e. they are *pari passu* to common stock dividends); and can be reduced or eliminated without causing an event of default. Principal loss absorption on a CoCo could be forced through a regulatory action in advance of any bankruptcy proceeding.

The Fund owns a blend of junior subordinated capital securities in the two segments, the preferred securities segment, represented by the ICE BofAML All Capital Securities Index, comprises approximately 70.1% of the Fund (including some cash) and the CoCos segment, represented by the ICE BofAML Contingent Capital Index comprises 29.1% of the Fund.

During the reporting period, Spectrum s strategy included an orientation away from fixed-for-life coupon structures in favor of adjustable type coupons that can grow income and protect capital if interest rates rise. The fixed-for-life concentration was reduced by 2% during the reporting period to 13.7% of the Fund. Adjustable type coupons comprised 84% of the Fund and are split between fixed-to-floating, fixed-to-variable and floating rate coupons.

Spectrum increased the Fund s concentration to the institutional preferred stock sector, which pays a fixed-to-floating type coupon. This sector contributed to performance. Spectrum also increased the Fund s concentration to contingent convertible capital securities, which pay a fixed-to-variable rate coupon. This also contributed to performance. Individual holdings that contributed to performance included Wells Fargo floating rate preferred stock and JP Morgan floating rate preferred stock.

Individual holdings that detracted from performance included General Electric Capital Corporation 5% preferred stock, SocGen 8% contingent capital security and MetLife Capital Trust IV 9.25% hybrid preferred securities.

The modified duration of the Fund s portfolio maintained a narrow and predictable range of 4.84 years at the beginning of the reporting period to 4.80 years by the end of the reporting period as the U.S. Treasury five-year yield rose by 105 basis points.

Nuveen Preferred and Income 2022 Term Fund (JPT)

The table in the Performance Overview and Holding Summaries section of this report provides total return performance for the Fund for the one-year and since inception periods ended July 31, 2018. For the twelve-month reporting period ended July 31, 2018, the Fund s common shares at net asset value (NAV) underperformed the ICE BofAML U.S. All Capital Securities Index.

The Fund seeks to achieve its investment objective of providing a high level of current income and total return by investing in preferred securities and other income producing securities. The Fund s portfolio is actively managed, seeking to capitalize on strong and continuously improving credit fundamentals across the issuer base, the category s healthy yield level, and inefficiencies that often evolve between the $25 par retail and the $1,000 par institutional sides of the market. The Fund s strategy has a bias toward the highly regulated industries, like utilities, banks and insurance companies, with a current emphasis broadly on financial services companies. The Fund does not invest in contingent capital securities (otherwise known as CoCos).

NAM employs a credit-based investment approach, using a top-down process to position the portfolio in a manner that reflects the investment team s overall macro-economic outlook, while also incorporating a bottom-up approach that includes fundamental credit research, security structure selection, and option adjusted spread (OAS) analysis. The process begins with identifying the investable universe of $1,000 par and $25 par securities. In an effort to capitalize on the inefficiencies between different investor bases within this universe, NAM tactically and strategically shifts capital between the $25 par exchange listed market and the $1,000 par over-the-counter market. Periods of volatility may drive notably different valuations between these two markets, as will periods where valuations trend in one direction for an extended period of time. This dynamic is often related to differences in how retail and institutional markets perceive and price risk, as well as differences in retail and institutional investors ability to source substitute investments. Technical factors such as new issue supply may also influence the relative valuations between $25 par exchange listed structures and $1,000 par over-the-counter structures.

Portfolio Managers Comments (continued)

Within JPT, NAM incorporated several prominent active themes within the Fund relative to its benchmark during the reporting period, of particular note an overweight to the $1,000 par side of the market, and an overweight to securities that have coupons with reset features (floating rate, fixed-to-floating rate, fixed-to-fixed rate).

Given the outperformance of the $25 par preferred side of the market during the reporting period, NAM s overweight to $1,000 par preferred structures detracted from the Fund s relative results. As has been the case for several quarters, NAM maintained an overweight to $1,000 par securities for two primary reasons, relative value and interest rate risk management. First, from a relative value perspective, the $1,000 par side of the market continues to be significantly cheaper than the $25 par side of the market on an OAS basis. OAS for $25 par preferred securities has been driven lower by retail investors disproportionate bias for income-generating investment solutions, exacerbated by a prolonged period of low interest rates. Within the preferred securities universe, the $25 par preferred side of the market is best positioned to meet this retail demand given the small denomination, and the ease of sourcing these securities as most are exchange-traded. In addition, recent heavy redemption of $25 par preferred securities has created a supply technical that disproportionately supports valuations of $25 par preferred securities versus $1,000 par preferred securities. From the beginning of 2018 through the end of the reporting period, NAM estimates that the amount of $25 par preferred securities outstanding decreased by nearly $12 billion, while net new issue flow on the $1,000 par side of the market was slightly positive during that same seven month window.

Second, with respect to interest rate risk, NAM s overweight to $1,000 par securities allows us to gain greater exposure to securities that have coupons with reset features, like floating rate coupons, fixed-to-floating rate coupons and fixed-to-fixed rate coupons. These structures are more common on the institutional $1,000 par side of the market and help to mitigate duration and duration extension risk during a rising interest rate environment. Duration extension can be a significant risk for callable securities with fixed-rate coupons.

As of July 31, 2018, the Fund had about 84% of its assets invested in securities that have coupons with reset features, compared to approximately 61% within the Blended Benchmark Index. Contrary to expectations given rising interest rates during the reporting period, fixed rate coupon structures outperformed securities that had coupons with reset features. In NAM s opinion, this was an ancillary effect from the outperformance of $25 par preferred securities, as a vast majority of that universe is comprised of fixed rate coupon structures.

JPT maintained short interest rate futures during the reporting period to manage the Fund s overall interest rate sensitivity. These interest rate futures had a positive effect to overall Fund performance during the reporting period.

Fund Leverage

IMPACT OF THE FUNDS LEVERAGE STRATEGIES ON PERFORMANCE

One important factor impacting the returns of the Funds common shares relative to their comparative benchmarks was the Funds use of leverage through bank borrowings as well as the use of reverse repurchase agreements for JPC and JPS. The Funds use leverage because our research has shown that, over time, leveraging provides opportunities for additional income and total return, particularly in the recent market environment where short-term market rates are at or near historical lows, meaning that the short-term rates the Fund has been paying on its leveraging instruments in recent years have been much lower than the interest the Fund has been earning on its portfolio securities that it has bought with the proceeds of that leverage.

However, use of leverage can expose Fund common shares to additional price volatility. When a Fund uses leverage, the Fund common shares will experience a greater increase in their net asset value if the securities acquired through the use of leverage increase in value, but will also experience a correspondingly larger decline in their net asset value if the securities acquired through leverage decline in value, which will make the shares net asset value more volatile, and total return performance more variable, over time.

In addition, common share income in levered funds will typically decrease in comparison to unlevered funds when short-term interest rates increase and increase when short-term interest rates decrease. Over the last few quarters, short-term interest rates have indeed increased from their extended lows after the 2007-09 financial crisis. This increase has reduced common share net income, and also reduced potential for long-term total returns. Nevertheless, the ability to effectively borrow at current short-term rates is still resulting in enhanced common share income, and management believes that the advantages of continuation of leverage outweigh the associated increase in risk and volatility described above.

The Funds use of leverage had a positive impact on performance during this reporting period.

JPC, JPI, JPS and JPT continued to utilize forward starting interest rate swap contracts to partially hedge the interest cost of leverage, which as mentioned previously, is through the use of bank borrowings. During this reporting period, these swap contracts had a negligible impact to overall Fund performance.

As of July 31, 2018, the Funds percentages of leverage are shown in the accompanying table.

	JPC	JPI	JPS	JPT
Effective Leverage*	34.87%	28.84%	34.52%	20.66%
Regulatory Leverage*	29.39%	28.84%	29.89%	20.66%

* Effective leverage is a Fund s effective economic leverage, and includes both regulatory leverage and the leverage effects of certain derivative and other investments in a Fund s portfolio that increase the Fund s investment exposure. Regulatory leverage consists of preferred shares issued or borrowings of a Fund. Both of these are part of the Fund s capital structure. A Fund, however, may from time to time borrow on a typically transient basis in connection with its day-to-day operations, primarily in connection with the need to settle portfolio trades. Such incidental borrowings are excluded from the calculation of a Fund s effective leverage ratio. Regulatory leverage is subject to asset coverage limits set forth in the Investment Company Act of 1940.

Fund Leverage (continued)

THE FUNDS LEVERAGE

Bank Borrowings

As noted above, the Funds employ regulatory leverage through the use of bank borrowings. The Funds bank borrowing activities are as shown in the accompanying table.

	Current Reporting Period					Subsequent to the Close of the Reporting Period		
Fund	August 1, 2017	Draws	Paydowns	July 31, 2018	Average Balance Outstanding	Draws	Paydowns	September 27, 2018
JPC	$ 540,000,000	$	$ (103,000,000)	$ 437,000,000	$ 439,257,534	$	$	$ 437,000,000
JPI	$ 225,000,000	$	$	$ 225,000,000	$ 225,000,000	$	$	$ 225,000,000
JPS	$ 845,300,000	$	$	$ 845,300,000	$ 845,300,000	$	$	$ 845,300,000
JPT	$ 42,500,000	$	$	$ 42,500,000	$ 42,500,000	$	$	$ 42,500,000

Refer to Notes to Financial Statements, Note 8 Fund Leverage for further details.

Reverse Repurchase Agreements

As noted above, JPC and JPS utilized reverse repurchase agreements. The Fund s transactions in reverse repurchase agreements are as shown in the accompanying table.

	Current Reporting Period					Subsequent to the Close of the Reporting Period		
Fund	August 1, 2017	Purchases	Sales	July 31, 2018	Average Balance Outstanding	Purchases	Sales	September 27, 2018
JPC	$	$ 125,000,000	$	$ 125,000,000	$ 125,000,000**	$	$	$ 125,000,000
JPS	$ 200,000,000	$	$	$ 200,000,000	$ 200,000,000	$	$	$ 200,000,000

**For the period August 9, 2017 (initial purchase of reverse repurchase agreements) through July 31, 2018.

Common Share Information

COMMON SHARE DISTRIBUTION INFORMATION

The following information regarding the Funds distributions is current as of July 31, 2018. Each Fund s distribution levels may vary over time based on each Fund s investment activity and portfolio investment value changes.

During the current reporting period, each Fund s distributions to common shareholders were as shown in the accompanying table.

	Per Common Share Amounts			
Monthly Distributions (Ex-Dividend Date)	**JPC**	**JPI**	**JPS**	**JPT**
August 2017	$ 0.0650	$ 0.1415	$ 0.0620	$ 0.1275
September	0.0650	0.1415	0.0620	0.1275
October	0.0650	0.1415	0.0620	0.1275
November	0.0650	0.1415	0.0620	0.1275
December	0.0650	0.1415	0.0620	0.1275
January	0.0650	0.1415	0.0620	0.1275
February	0.0650	0.1415	0.0620	0.1275
March	0.0650	0.1415	0.0620	0.1275
April	0.0650	0.1415	0.0620	0.1275
May	0.0650	0.1415	0.0620	0.1275
June	0.0610	0.1355	0.0560	0.1185
July 2018	0.0610	0.1355	0.0560	0.1185
Total Distributions	**$ 0.7720**	**$ 1.6860**	**$ 0.7320**	**$ 1.5120**
Current Distribution Rate*	7.75%	7.03%	7.52%	6.14%

* Current distribution rate is based on the Fund s current annualized monthly distribution divided by the Fund s current market price. The Fund s monthly distributions to its shareholders may be comprised of ordinary income, net realized capital gains and, if at the end of the fiscal year the Fund s cumulative net ordinary income and net realized gains are less than the amount of the Fund s distributions, a return of capital for tax purposes.

Each Fund in this report seeks to pay regular monthly dividends out of their net investment income at a rate that reflects its past and projected net income performance. To permit each Fund to maintain a more stable monthly dividend, the Fund may pay dividends at a rate that may be more or less than the amount of net income actually earned by the Fund during the period. If a Fund has cumulatively earned more than it has paid in dividends, it will hold the excess in reserve as undistributed net investment income (UNII) as part of the Fund s net asset value. Conversely, if a Fund has cumulatively paid in dividends more than it has earned, the excess will constitute a negative UNII that will likewise be reflected in the Fund s net asset value. Each Fund will, over time, pay all its net investment income as dividends to shareholders.

As of July 31, 2018, JPS and JPT had positive UNII balances while JPC and JPI had zero UNII balances for tax purposes. JPC, JPI and JPS had negative UNII balances while JPT had a positive UNII balance for financial reporting purposes.

All monthly dividends paid by JPS and JPT Funds during the current reporting period, were paid from net investment income. If a portion of the Funds monthly distributions are sourced from or comprised of elements other than net investment income, including capital gains and/or a return of capital, shareholders will be notified of those sources. For financial reporting purposes, the composition and per share amounts of each Fund s dividends for the reporting period are presented in this report s Statement of Changes in Net Assets and Financial Highlights, respectively. For income tax purposes, distribution information for each Fund as of its most recent tax year end is presented in Note 6 Income Tax Information within the Notes to Financial Statements of this report.

Common Share Information (continued)

JPC and JPI seek to pay regular monthly distributions at a level rate that reflect past and projected net income of the Funds. The Funds may own certain investments which recognize income for financial reporting in a matter that is different than the tax recognition. During the current fiscal year, the Funds owned certain investments which accrued income for financial reporting purposes but was not recognized as current income for tax purposes. Although the Funds reduced distributions during the year, each Fund s distribution amount over the entire fiscal year exceeded the actual amount of net income for tax purposes. As a result, a portion of each Fund s fiscal year distributions have been deemed to be a return of capital, which are identified in the table below.

Fiscal Year Ended July 31, 2018	**JPC**	**JPI**
Regular monthly distribution per share		
From net investment income	$ 0.7668	$ 1.6205
From net realized capital gains		
Return of capital	0.0052	0.0655
Total per share distribution	$ 0.7720	$ 1.6860

COMMON SHARE REPURCHASES

During August 2018 (subsequent to the close of this reporting period), the Funds Board of Trustees reauthorized an open-market share repurchase program, allowing each Fund to repurchase an aggregate of up to approximately 10% of its outstanding shares.

As of July 31, 2018, and since the inception of the Funds repurchase programs, the Funds have cumulatively repurchased and retired their outstanding common shares as shown in the accompanying table.

	JPC	**JPI**	**JPS**	**JPT**
Common shares cumulatively repurchased and retired	2,826,100	0	0	0
Common shares authorized for repurchase	10,335,000	2,275,000	20,380,000	680,000

During the current reporting period, the Funds did not repurchase any of their outstanding common shares.

OTHER COMMON SHARE INFORMATION

As of July 31, 2018, and during the current reporting period, the Funds common share prices were trading at a premium/(discount) to their common share NAVs as shown in the accompanying table.

	JPC	**JPI**	**JPS**	**JPT**
Common share NAV	$ 10.16	$ 24.39	$ 9.73	$ 23.89
Common share price	$ 9.44	$ 23.13	$ 8.94	$ 23.17
Premium/(Discount) to NAV	(7.09)%	(5.17)%	(8.12)%	(3.01)%
12-month average premium/(discount) to NAV	(4.40)%	(4.20)%	(3.59)%	(0.57)%

18

Risk Considerations

Fund shares are not guaranteed or endorsed by any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation.

Nuveen Preferred & Income Opportunities Fund (JPC)

Investing in closed-end funds involves risk; principal loss is possible. There is no guarantee the Fund s investment objectives will be achieved. Closed-end fund shares may frequently trade at a discount or premium to their net asset value. **Preferred securities** are subordinated to bonds and other debt instruments in a company s capital structure, and therefore are subject to greater credit risk. **Debt or fixed income securities** such as those held by the Fund, are subject to market risk, credit risk, interest rate risk, derivatives risk, liquidity risk, and income risk. As interest rates rise, bond prices fall. **Lower credit** debt securities may be more likely to fail to make timely interest or principal payments. **Leverage** increases return volatility and magnifies the Fund s potential return and its risks; there is no guarantee a fund s leverage strategy will be successful. Certain types of preferred or debt securities with special loss absorption provisions, such as **contingent capital securities** (CoCos), may be or become so subordinated that they present risks equivalent to, or in some cases even greater than, the same company s common stock. These loss absorption features work to the benefit of the security issuer, not the investor. These and other risk considerations such as **concentration** and **foreign securities** risk are described in more detail on the Fund s web page at www.nuveen.com/JPC.

Nuveen Preferred and Income Term Fund (JPI)

Investing in closed-end funds involves risk; principal loss is possible. There is no guarantee the Fund s investment objectives will be achieved. Closed-end fund shares may frequently trade at a discount or premium to their net asset value. **Preferred securities** are subordinated to bonds and other debt instruments in a company s capital structure, and therefore are subject to greater credit risk. **Debt or fixed income securities** such as those held by the Fund, are subject to market risk, credit risk, interest rate risk, derivatives risk, liquidity risk, and income risk. As interest rates rise, bond prices fall. **Lower credit** debt securities may be more likely to fail to make timely interest or principal payments. **Leverage** increases return volatility and magnifies the Fund s potential return and its risks; there is no guarantee a fund s leverage strategy will be successful. Certain types of preferred or debt securities with special loss absorption provisions, such as **contingent capital securities** (CoCos), may be or become so subordinated that they present risks equivalent to, or in some cases even greater than, the same company s common stock. These loss absorption features work to the benefit of the security issuer, not the investor. For these and other risks, including the Fund s **limited term** and **concentration** risk, see the Fund s web page at www.nuveen.com/JPI.

Nuveen Preferred & Income Securities Fund (JPS)

Investing in closed-end funds involves risk; principal loss is possible. There is no guarantee the Fund s investment objectives will be achieved. Closed-end fund shares may frequently trade at a discount or premium to their net asset value. **Preferred securities** are subordinated to bonds and other debt instruments in a company s capital structure, and therefore are subject to greater credit risk. **Debt or fixed income securities** such as those held by the Fund, are subject to market risk, credit risk, interest rate risk, derivatives risk, liquidity risk, and income risk. As interest rates rise, bond prices fall. **Leverage** increases return volatility and magnifies the Fund s potential return and its risks; there is no guarantee a fund s leverage strategy will be successful. Certain types of preferred or debt securities with special loss absorption provisions, such as **contingent capital securities** (CoCos), may be or become so subordinated that they present risks equivalent to, or in some cases even greater than, the same company s common stock. These loss absorption features work to the benefit of the security issuer, not the investor. These and other risks such as **concentration** and **foreign securities** risk are described in more detail on the Fund s web page at www.nuveen.com/JPS.

Risk Considerations (continued)

Nuveen Preferred and Income 2022 Term Fund (JPT)

Investing in closed-end funds involves risk; principal loss is possible. There is no guarantee the Fund s investment objectives will be achieved. Closed-end fund shares may frequently trade at a discount or premium to their net asset value. **Preferred securities** are subordinated to bonds and other debt instruments in a company s capital structure, and therefore are subject to greater credit risk. **Debt or fixed income securities** such as those held by the Fund, are subject to market risk, credit risk, interest rate risk, derivatives risk, liquidity risk, and income risk. As interest rates rise, bond prices fall. **Lower credit** debt securities may be more likely to fail to make timely interest or principal payments. **Leverage** increases return volatility and magnifies the Fund s potential return and its risks; there is no guarantee a fund s leverage strategy will be successful. For these and other risks, including the Fund s **limited term** and **concentration** risk, see the Fund s web page at www.nuveen.com/JPT.

THIS PAGE INTENTIONALLY LEFT BLANK

JPC **Nuveen Preferred & Income Opportunities Fund**

Performance Overview and Holding Summaries as of July 31, 2018

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this section.

Average Annual Total Returns as of July 31, 2018

	Average Annual		
	1-Year	5-Year	10-Year
JPC at Common Share NAV	0.57%	7.53%	7.93%
JPC at Common Share Price	(3.76)%	8.59%	9.87%
ICE BofAML U.S. All Capital Securities Index	1.00%	6.44%	6.16%
JPC Blended Benchmark	1.66%	6.46%	6.17%

Past performance is not predictive of future results. Current performance may be higher or lower than the data shown. Returns do not reflect the deduction of taxes that shareholders may have to pay on Fund distributions or upon the sale of Fund shares. Returns at NAV are net of Fund expenses, and assume reinvestment of distributions. Comparative index return information is provided for the Fund s shares at NAV only. Indexes are not available for direct investment. Performance for indexes that were created after the Fund s inception are linked to the Fund s previous benchmark.

Common Share Price Performance Weekly Closing Price

22

This data relates to the securities held in the Fund s portfolio of investments as of the end of the reporting period. It should not be construed as a measure of performance for the Fund itself. Holdings are subject to change.

For financial reporting purposes, the ratings disclosed are the highest rating given by one of the following national rating agencies: Standard & Poor s Group, Moody s Investors Service, Inc. or Fitch, Inc. This treatment of split-rated securities may differ from that used for other purposes, such as for Fund investment policies. Credit ratings are subject to change. AAA, AA, A and BBB are investment grade ratings; BB, B, CCC, CC, C and D are below investment grade ratings. Holdings designated N/R are not rated by these national rating agencies.

Fund Allocation

(% of net assets)

$1,000 Par (or similar) Institutional Preferred	72.4%
$25 Par (or similar) Retail Preferred	43.1%
Contingent Capital Securities	24.8%
Corporate Bonds	6.9%
Convertible Preferred Securities	1.7%
Common Stocks	0.3%
Repurchase Agreements	2.1%
Other Assets Less Liabilities	2.2%
Net Assets Plus Borrowings and Reverse Repurchase Agreements	**153.5%**
Borrowings	(41.6)%
Reverse Repurchase Agreements	(11.9)%
Net Assets	**100%**

Portfolio Composition

(% of total investments)

Banks	41.8%
Insurance	13.6%
Capital Markets	10.1%
Food Products	6.0%
Consumer Finance	4.5%
Industrial Conglomerates	2.8%
Diversified Financial Services	2.7%
Other	17.1%
Repurchase Agreements	1.4%
Total	**100%**

Country Allocation[1]

(% of total investments)

United States	71.8%
United Kingdom	9.3%
France	4.7%
Switzerland	2.4%
Italy	2.4%
Canada	1.9%
Spain	1.8%
Australia	1.8%
Bermuda	1.4%
Netherlands	1.2%
Other	1.3%
Total	**100%**

Top Five Issuers

(% of total long-term investments)

JPMorgan Chase & Company	3.9%
Citigroup Inc.	3.6%
Bank of America Corporation	3.3%
Wells Fargo & Company	3.2%
Morgan Stanley	2.9%

Portfolio Credit Quality

(% of total long-term fixed-income investments)

A	1.5%
BBB	51.8%
BB or Lower	40.5%
N/R (not rated)	6.2%
Total	**100%**

1 Includes 1.7% (as a percentage of total investments) in emerging market countries.

JPI **Nuveen Preferred and Income Term Fund**

Performance Overview and Holding Summaries as of July 31, 2018

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this section.

Average Annual Total Returns as of July 31, 2018

	Average Annual		
	1-Year	**5-Year**	**Since Inception**
JPI at Common Share NAV	0.37%	7.81%	8.71%
JPI at Common Share Price	(1.40)%	8.43%	7.39%
ICE BofAML U.S. All Capital Securities Index	1.00%	6.44%	6.94%
JPI Blended Benchmark	1.81%	6.36%	5.83%

Since inception returns are from 7/26/12. Past performance is not predictive of future results. Current performance may be higher or lower than the data shown. Returns do not reflect the deduction of taxes that shareholders may have to pay on Fund distributions or upon the sale of Fund shares. Returns at NAV are net of Fund expenses, and assume reinvestment of distributions. Comparative index return information is provided for the Fund s shares at NAV only. Indexes are not available for direct investment.

Common Share Price Performance Weekly Closing Price

This data relates to the securities held in the Fund s portfolio of investments as of the end of the reporting period. It should not be construed as a measure of performance for the Fund itself. Holdings are subject to change.

For financial reporting purposes, the ratings disclosed are the highest rating given by one of the following national rating agencies: Standard & Poor s Group, Moody s Investors Service, Inc. or Fitch, Inc. This treatment of split-rated securities may differ from that used for other purposes, such as for Fund investment policies. Credit ratings are subject to change. AAA, AA, A and BBB are investment grade ratings; BB, B, CCC, CC, C and D are below investment grade ratings. Holdings designated N/R are not rated by these national rating agencies.

Fund Allocation

(% of net assets)

$1,000 Par (or similar) Institutional Preferred	65.3%
Contingent Capital Securities	40.4%
$25 Par (or similar) Retail Preferred	33.1%
Other Assets Less Liabilities	1.7%
Net Assets Plus Borrowings	**140.5%**
Borrowings	(40.5)%
Net Assets	**100%**

Portfolio Composition

(% of total investments)

Banks	47.8%
Insurance	14.3%
Capital Markets	9.9%
Diversified Financial Services	5.1%
Food Products	4.8%
Other	18.1%
Total	**100%**

Country Allocation[1]

(% of total investments)

United States	56.7%
United Kingdom	12.8%

France	8.3%
Switzerland	4.3%
Italy	4.3%
Spain	3.6%
Australia	3.2%
Netherlands	1.8%
Bermuda	1.7%
Canada	1.3%
Other	2.0%
Total	**100%**

Top Five Issuers

(% of total long-term investments)

JPMorgan Chase & Company	3.6%
Lloyds Banking Group PLC	3.5%
Farm Credit Bank of Texas	3.4%
General Electric Corporation	3.2%
Barclays Bank PLC	3.1%

Portfolio Credit Quality

(% of total long-term fixed-income investments)

A	1.4%
BBB	54.9%
BB or Lower	40.6%
N/R (not rated)	3.1%
Total	**100%**

1 Includes 1.8% (as a percentage of total investments) in emerging market countries.

JPS **Nuveen Preferred & Income Securities Fund**

Performance Overview and Holding Summaries as of July 31, 2018

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this section.

Average Annual Total Returns as of July 31, 2018

		Average Annual	
	1-Year	5-Year	10-Year
JPS at Common Share NAV	0.66%	8.18%	8.34%
JPS at Common Share Price	(6.43)%	9.20%	8.44%
ICE BofAML U.S. All Capital Securities Index	1.00%	6.44%	6.87%
JPS Blended Benchmark	1.81%	6.36%	6.64%

Past performance is not predictive of future results. Current performance may be higher or lower than the data shown. Returns do not reflect the deduction of taxes that shareholders may have to pay on Fund distributions or upon the sale of Fund shares. Returns at NAV are net of Fund expenses, and assume reinvestment of distributions. Comparative index return information is provided for the Fund s shares at NAV only. Indexes are not available for direct investment. Performance for indexes that were created after the Fund s inception are linked to the Fund s previous benchmark.

Common Share Price Performance Weekly Closing Price

26

This data relates to the securities held in the Fund s portfolio of investments as of the end of the reporting period. It should not be construed as a measure of performance for the Fund itself. Holdings are subject to change.

For financial reporting purposes, the ratings disclosed are the highest rating given by one of the following national rating agencies: Standard & Poor s Group, Moody s Investors Service, Inc. or Fitch, Inc. This treatment of split-rated securities may differ from that used for other purposes, such as for Fund investment policies. Credit ratings are subject to change. AAA, AA, A and BBB are investment grade ratings; BB, B, CCC, CC, C and D are below investment grade ratings. Holdings designated N/R are not rated by these national rating agencies.

Fund Allocation

(% of net assets)

$1,000 Par (or similar) Institutional Preferred	67.4%
Contingent Capital Securities	61.4%
$25 Par (or similar) Retail Preferred	15.5%
Investment Companies	1.2%
Corporate Bonds	0.8%
Convertible Preferred Securities	0.8%
Repurchase Agreements	3.4%
Other Assets Less Liabilities	2.2%
Net Assets Plus Borrowings and Reverse Repurchase Agreements	**152.7%**
Borrowings	(42.6)%

PROPOSAL 3

TO APPROVE THE AMENDMENT TO THE 2010 STOCK OPTION PLAN INCREASING THE MAXIMUM AGGREGATE NUMBER OF SHARES OF THE COMPANY'S COMMON STOCK THAT MAY BE ISSUED UNDER THE 2010 STOCK OPTION PLAN TO THIRTEEN MILLION (13,000,000).

FOR o AGAINST o ABSTAIN o

The undersigned hereby revokes any proxy heretofore given with respect to such shares and confirms all that said proxy, or any of them, or any substitute or substitutes, may lawfully do or cause to be done by virtue hereof. This Proxy Card when properly executed will be voted in the manner directed herein by the undersigned stockholder. If no direction is made, this Proxy CARD will be voted "FOR" (1) the election of all directors, (2) ratification of the appointment of Albert Wong & Co. as the independent registered public accounting firm for the Company for the fiscal year ending December 31, 2012, and (3) approval of the

amendment to the Company's 2010 Stock Option Plan. The undersigned hereby acknowledges receipt of the Company's Notice of Annual Meeting of Stockholders to be held on June 19, 2012, the Company's Proxy Statement dated May 14, 2012 (and the accompanying proxy card), and the Company's 2011 Annual Report to Stockholders.

Dated May 14, 2012

(Signature) ____

(Print Name) ____

(Additional signature, if held jointly) ____

(Title, if applicable) ____

Please date and sign exactly as your name appears hereon. If your shares are held as joint tenants, both must sign. When signing as attorney, executor, administrator, trustee or guardian or in any similar capacity, please give full title as such. If a corporation, please sign in full corporate name by president or other authorized officer, giving title. If a partnership, please sign in partnership name by an authorized person

PLEASE COMPLETE, DATE, SIGN AND RETURN THE PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE.

APPENDIX A

2010 Stock Option Plan, as amended

IVEDA CORPORATION

2010 STOCK OPTION PLAN

1. Establishment, Purpose and Term of Plan.

1.1 **Establishment.** The Iveda Corporation 2010 Stock Option Plan (the *"**Plan**"*) is hereby established effective as of January 18, 2010 (the "***Effective Date***").

1.2 **Purpose.** The purpose of the Plan is to advance the interests of the Participating Company Group and its shareholders by providing an incentive to attract, retain and reward persons performing services for the Participating Company Group and by motivating such persons to contribute to the growth and profitability of the Participating Company Group.

1.3 **Term of Plan.** The Plan shall continue in effect until the earlier of its termination by the Board or the date on which all of the shares of Stock available for issuance under the Plan have been issued and all restrictions on such shares under the terms of the Plan and the agreements evidencing Options granted under the Plan have lapsed. However, all Options shall be granted, if at all, within ten (10) years from the earlier of the date the Plan is adopted by the Board or the date the Plan is duly approved by the shareholders of the Company. The Company intends that the Plan comply with Section 409A of the Code, including any amendments or replacements of such section, and the Plan shall be so construed.

2. Definitions and Construction.

2.1 **Definitions.** Whenever used herein, the following terms shall have their respective meanings set forth below:

(a) "***Affiliate***" means (i) an entity, other than a Parent Corporation, that directly, or indirectly, through one or more intermediary entities, controls the Company or (ii) an entity, other than a Subsidiary Corporation, that is controlled by the Company directly, or indirectly through one or more intermediary entities. For this purpose, the term "control" (including the term "controlled by") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of the relevant entity, whether through the ownership of voting securities, by contract or otherwise; or shall have such other meaning assigned such term for the purposes of registration on Form S-8 under the Securities Act.

(b) *“**Board**”* means the Board of Directors of the Company. If one or more Committees have been appointed by the Board to administer the Plan, *“**Board**”* also means such Committee(s).

(c) *“**Code**”* means the Internal Revenue Code of 1986, as amended, and any applicable regulations promulgated thereunder.

(d) *“**Committee**”* means the Compensation Committee or other committee of the Board duly appointed to administer the Plan and having such powers as shall be specified by the Board. Unless the powers of the Committee have been specifically limited, the Committee shall have all of the powers of the Board granted herein, including, without limitation, the power to amend or terminate the Plan at any time, subject to the terms of the Plan and any applicable limitations imposed by law.

(e) *“**Company**”* means Iveda Corporation, a Nevada corporation, or any successor corporation thereto.

(f) *“**Consultant**”* means a person engaged to provide consulting or advisory services (other than as an Employee or a Director) to a Participating Company, provided that the identity of such person, the nature of such services or the entity to which such services are provided would not preclude the Company from offering or selling securities to such person pursuant to the Plan in reliance on either the exemption from registration provided by Rule 701 under the Securities Act or, if the Company is required to file reports pursuant to Section 13 or 15(d) of the Exchange Act, registration on a Form S-8 Registration Statement under the Securities Act.

(g) *“**Director**”* means a member of the Board or of the board of directors of any other Participating Company.

(h) *“**Disability**”* means the inability of the Optionee, in the opinion of a qualified physician acceptable to the Company, to perform the major duties of the Optionee’s position with the Participating Company Group because of the sickness or injury of the Optionee.

(i) *“**Employee**”* means any person treated as an employee (including an Officer or a Director who is also treated as an employee) in the records of a Participating Company and, with respect to any Incentive Stock Option granted to such person, who is an employee for purposes of Section 422 of the Code; provided, however, that neither service as a Director nor payment of a director’s fee shall be sufficient to constitute employment for purposes of the Plan. The Company shall determine in good faith and in the exercise of its discretion whether an individual has become or has ceased to be an Employee and the effective date of such individual’s employment or termination of employment, as the case may be. For purposes of an individual’s rights, if any, under the Plan as of the time of the Company’s determination, all such determinations by the Company shall be final, binding and conclusive, notwithstanding that the Company or any court of law or governmental agency subsequently makes a contrary determination.

(j) *“**Exchange Act**”* means the Securities Exchange Act of 1934, as amended.

(k) *“**Fair Market Value**”* means, as of any date, the value of a share of Stock or other property as determined by the Board, in its discretion, or by the Company, in its discretion, if such determination is expressly allocated to the Company herein, subject to the following:

(i) If, on such date, the Stock is listed on a national or regional securities exchange or market system, the Fair Market Value of a share of Stock shall be the closing price of a share of Stock (or the mean of the closing bid and asked prices of a share of Stock if the Stock is so quoted instead) as quoted on the New York Stock Exchange, the NASDAQ Global Market, the NASDAQ Global Select Market or such other national or regional securities exchange or market system constituting the primary market for the Stock, as reported in *The Wall Street Journal* or such other source as the Company deems reliable. If the relevant date does not fall on a day on which the Stock has traded on such securities exchange or market system, the date on which the Fair Market Value shall be established shall be the last day on which the Stock was so traded prior to the relevant date, or such other appropriate day as shall be determined by the Board, in its discretion.

(ii) If the Stock is not listed on an established stock exchange or national market system, but the Stock is regularly quoted by a recognized securities dealer, its Fair Market Value shall be the mean of the high bid and low asked prices for such date or, if there are no high bid and low asked prices for a share of Stock on such date, the high bid and low asked prices for a share of Stock on the last preceding date for which such information exists, as reported in *The Wall Street Journal* or such other source as the Board deems reliable.

(iii) If, on such date, the Stock is not listed on a national or regional securities exchange or market system or regularly quoted by a recognized securities dealer, the Fair Market Value of a share of Stock shall be as determined by the Board in good faith without regard to any restriction other than a restriction which, by its terms, will never lapse, and subject to compliance with Section 409A of the Code.

(l) *"**Incentive Stock Option**"* means an Option intended to be (as set forth in the Option Agreement) and which qualifies as an incentive stock option within the meaning of Section 422(b) of the Code.

(m) *"**Insider**"* means an Officer, Director of the Company, or other person whose transactions in Stock are subject to Section 16 of the Exchange Act.

(n) *"**Nonstatutory Stock Option**"* means an Option not intended to be (as set forth in the Option Agreement) or which does not qualify as an Incentive Stock Option.

(o) ***"Officer"*** means any person designated by the Board as an officer of the Company.

(p) *"**Option**"* means a right to purchase Stock pursuant to the terms and conditions of the Plan. An Option may be either an Incentive Stock Option or a Nonstatutory Stock Option.

(q) *"**Option Agreement**"* means a written agreement between the Company and an Optionee setting forth the terms, conditions and restrictions of the Option granted to the Optionee and any shares acquired upon the exercise thereof. An Option Agreement may consist of a form of "Notice of Grant of Stock Option" and a form of "Stock Option Agreement" incorporated therein by reference, or such other form or forms as the Board may approve from time to time.

(r) *"**Optionee**"* means a person who has been granted one or more Options.

(s) *“**Parent Corporation**”* means any present or future “parent corporation” of the Company, as defined in Section 424(e) of the Code.

(t) *“**Participating Company**”* means the Company or any Parent Corporation, Subsidiary Corporation or Affiliate.

(u) *“**Participating Company Group**”* means, at any point in time, all entities collectively which are then Participating Companies.

(v) *“**Rule 16b-3**”* means Rule 16b-3 under the Exchange Act, as amended from time to time, or any successor rule or regulation.

(w) *“**Securities Act**”* means the Securities Act of 1933, as amended.

(x) *“**Service**”* means an Optionee’s employment or service with the Participating Company Group, whether in the capacity of an Employee, a Director or a Consultant. An Optionee’s Service shall not be deemed to have terminated merely because of a change in the capacity in which the Optionee renders Service to the Participating Company Group or a change in the Participating Company for which the Optionee renders such Service, provided that there is no interruption or termination of the Optionee’s Service. Furthermore, an Optionee’s Service shall not be deemed to have terminated if the Optionee takes any military leave, sick leave, or other bona fide leave of absence approved by the Company; provided, however, that if any such leave exceeds ninety (90) days, on the one hundred eighty-first (181st) day following the commencement of such leave any Incentive Stock Option held by the Optionee shall cease to be treated as an Incentive Stock Option and instead shall be treated thereafter as a Nonstatutory Stock Option unless the Optionee’s right to return to Service is guaranteed by statute or contract. Notwithstanding the foregoing, unless otherwise designated by the Company or required by law, a leave of absence shall not be treated as Service for purposes of determining vesting under the Optionee’s Option Agreement. The Optionee’s Service shall be deemed to have terminated either upon an actual termination of Service or upon the corporation for which the Optionee performs Service ceasing to be a Participating Company. Subject to the foregoing, the Company, in its discretion, shall determine whether the Optionee’s Service has terminated and the effective date of such termination.

(y) *“**Stock**”* means the common stock of the Company, as adjusted from time to time in accordance with Section 4.2.

(z) *“**Subsidiary Corporation**”* means any present or future “subsidiary corporation” of the Company, as defined in Section 424(f) of the Code.

(aa) *"**Ten Percent Owner Optionee**"* means an Optionee who, at the time an Option is granted to the Optionee, owns stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of a Participating Company within the meaning of Section 424 of the Code.

2.2 **Construction.** Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of the Plan. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

3. <u>Administration.</u>

3.1 **Administration by the Board.** The Board shall administer the Plan. The Board shall determine all questions of interpretation of the Plan or of any Option, and such determinations shall be final and binding upon all persons having an interest in the Plan or such Option.

3.2 **Authority of Officers.** Any Officer shall have the authority to act on behalf of the Company with respect to any matter, right, obligation, determination or election which is the responsibility of or which is allocated to the Company herein, provided the Officer has apparent authority with respect to such matter, right, obligation, determination or election.

3.3 **Powers of the Board.** In addition to any other powers set forth in the Plan and subject to the provisions of the Plan, the Board shall have the full and final power and authority, in its discretion:

(a) to determine the persons to whom, and the time or times at which, Options shall be granted and the number of shares of Stock to be subject to each Option;

(b) to designate Options as Incentive Stock Options or Nonstatutory Stock Options;

(c) to determine the Fair Market Value of shares of Stock or other property;

(d) to determine the terms, conditions and restrictions applicable to each Option (which need not be identical) and any shares acquired upon the exercise thereof, including, without limitation, (i) the exercise price of the Option, (ii) the method of payment for shares purchased upon the exercise of the Option, (iii) the method for satisfaction of any tax withholding obligation arising in connection with the Option or such shares, including by the withholding or delivery of shares of stock, (iv) the timing, terms and conditions of the exercisability of the Option or the vesting of any shares acquired upon the exercise thereof, (v) the time of the expiration of the Option, (vi) the effect of the Optionee’s termination of Service with the Participating Company Group on any of the foregoing, and (vii) all other terms, conditions and restrictions applicable to the Option or such shares not inconsistent with the terms of the Plan;

(e) to approve one or more forms of Option Agreement;

(f) to amend, modify, extend, cancel or renew any Option or to waive any restrictions or conditions applicable to any Option or any shares acquired upon the exercise thereof;

(g) to accelerate, continue, extend or defer the exercisability of any Option or the vesting of any shares acquired upon the exercise thereof, including with respect to the period following an Optionee’s termination of Service with the Participating Company Group;

(h) to prescribe, amend or rescind rules, guidelines and policies relating to the Plan, or to adopt supplements to, or alternative versions of, the Plan, including, without limitation, as the Board deems necessary or desirable to comply with the laws of, or to accommodate the tax policy or custom of, foreign jurisdictions whose citizens may be granted Options; and

(i) to correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Option Agreement and to make all other determinations and take such other actions with respect to the Plan or any Option as the Board may deem advisable to the extent not inconsistent with the provisions of the Plan or applicable law.

3.4 **Administration with Respect to Insiders; Limitations Applicable to Insiders.** With respect to participation by Insiders in the Plan, at any time that any class of equity security of the Company is registered pursuant to Section 12 of the Exchange Act, the Plan shall be administered in compliance with the requirements, if any, of Rule 16b-3. Notwithstanding any other provision of the Plan, the Plan, and any Option granted or awarded to any individual who is then subject to Section 16 of the Exchange Act, shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including Rule 16b-3 of the Exchange Act and any amendments thereto) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, the Plan and Options granted or awarded hereunder shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

3.5 **Indemnification.** In addition to such other rights of indemnification as they may have as members of the Board or officers or employees of the Participating Company Group, members of the Board and any officers or employees of the Participating Company Group to whom authority to act for the Board or the Company is delegated shall be indemnified by the Company against all reasonable expenses, including attorneys' fees, actually and necessarily incurred in connection with the defense of any action, suit or proceeding, or in connection with any appeal therein, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the Plan, or any right granted hereunder, and against all amounts paid by them in settlement thereof (provided such settlement is approved by independent legal counsel selected by the Company) or paid by them in satisfaction of a judgment in any such action, suit or proceeding, except in relation to matters as to which it shall be adjudged in such action, suit or proceeding that such person is liable for gross negligence, bad faith or intentional misconduct in duties; provided, however, that within sixty (60) days after the institution of such action, suit or proceeding, such person shall offer to the Company, in writing, the opportunity at its own expense to handle and defend the same.

3.6 **At-Will Employment.** Nothing in the Plan or in any Option Agreement hereunder shall confer upon any Optionee any right to continue in the employ of, or as a Director or Consultant for, a Participating Company, or shall interfere with or restrict in any way the rights of a Participating Company, which rights are hereby expressly reserved, to discharge any Optionee at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written agreement between the Optionee and a Participating Company.

3.7 **Repricing.** The Board shall have the authority, without the approval of the shareholders of the Company, to amend any outstanding Option to increase or reduce the price per share or to cancel and replace an Option with the grant of an Option having an exercise price per share that is less than, greater than or equal to the price per share of the original Option.

4. Shares Subject to Plan.

4.1 **Maximum Number of Shares Issuable.** Subject to adjustment as provided in Section 4.2, the maximum aggregate number of shares of Stock that may be issued under the Plan shall be Thirteen Million (13,000,000) and shall consist of authorized but unissued or reacquired shares of Stock or any combination thereof, and the maximum aggregate number of shares of Stock that may be issued as Incentive Stock Options under the Plan shall be Ten Million (10,000,000) (the "***ISO Share Issuance Limit***"). If an outstanding Option for any reason expires or is terminated or canceled or if shares of Stock are acquired upon the exercise of an Option subject to a Company repurchase option and are repurchased by the Company at the Optionee's exercise price, the shares of Stock allocable to the unexercised portion of such Option or such repurchased shares of Stock shall again be available for issuance under the Plan.

4.2 **Adjustments for Changes in Capital Structure.** Subject to any required action by the shareholders of the Company, in the event of any change in the Stock effected without receipt of consideration by the Company, whether through merger, consolidation, reorganization, reincorporation, recapitalization, reclassification, stock dividend, stock split, reverse stock split, split-up, split-off, spin-off, combination of shares, exchange of shares, or similar change in the capital structure of the Company, or in the event of payment of a dividend or distribution to the shareholders of the Company in a form other than Stock (excepting normal cash dividends) that has a material effect on the Fair Market Value of shares of Stock, appropriate and proportionate adjustments shall be made in the number and class of shares subject to the Plan and to any outstanding Options, in the ISO Share Issuance Limit set forth in Section 4.1, and in the exercise price per share of any outstanding Options. If a majority of the shares which are of the same class as the shares that are subject to outstanding Options are exchanged for, converted into, or otherwise become (whether or not pursuant to an Ownership Change Event, as defined in Section 8.1) shares of another corporation (the *"**New Shares**"*), the Board may unilaterally amend the outstanding Options to provide that such Options are exercisable for New Shares. In the event of any such amendment, the number of shares subject to, and the exercise price per share of, the outstanding Options shall be adjusted in a fair and equitable manner as determined by the Board, in its discretion. Notwithstanding the foregoing, any fractional share resulting from an adjustment pursuant to this Section 4.2 shall be rounded down to the nearest whole number, and in no event may the exercise price of any Option be decreased to an amount less than the par value, if any, of the stock subject to the Option. The adjustments determined by the Board pursuant to this Section 4.2 shall be final, binding and conclusive.

5. Eligibility and Option Limitations.

5.1 **Persons Eligible for Options.** Options may be granted only to Employees, Consultants, and Directors. For purposes of the foregoing sentence, “Employees,” “Consultants” and “Directors” shall include prospective Employees, prospective Consultants and prospective Directors to whom Options are granted in connection with written offers of an employment or other service relationship with the Participating Company Group. Eligible persons may be granted more than one (1) Option. However, eligibility in accordance with this Section shall not entitle any person to be granted an Option, or, having been granted an Option, to be granted an additional Option.

5.2 **Option Grant Restrictions.** Any person who is not an Employee on the effective date of the grant of an Option to such person may be granted only a Nonstatutory Stock Option. An Incentive Stock Option granted to a prospective Employee upon the condition that such person become an Employee shall be deemed granted effective on the date such person commences Service with a Participating Company, with an exercise price determined as of such date in accordance with Section 6.1.

5.3 **Fair Market Value Limitation.** To the extent that options designated as Incentive Stock Options (granted under all stock option plans of the Participating Company Group, including the Plan) become exercisable by an Optionee for the first time during any calendar year for stock having a Fair Market Value greater than One Hundred Thousand Dollars ($100,000.00), the portions of such options which exceed such amount shall be treated as Nonstatutory Stock Options. For purposes of this Section 5.3, options designated as Incentive Stock Options shall be taken into account in the order in which they were granted, and the Fair Market Value of stock shall be determined as of the time the option with respect to such stock is granted. If the Code is amended to provide for a different limitation from that set forth in this Section 5.3, such different limitation shall be deemed incorporated herein effective as of the date and with respect to such Options as required or permitted by such amendment to the Code. If an Option is treated as an Incentive Stock Option in part and as a Nonstatutory Stock Option in part by reason of the limitation set forth in this Section 5.3, the Optionee may designate which portion of such Option the Optionee is exercising. In the absence of such designation, the Optionee shall be deemed to have exercised the Incentive Stock Option portion of the Option first. Separate certificates representing each such portion shall be issued upon the exercise of the Option.

6. Terms and Conditions of Options.

Option Agreements specifying the number of shares of Stock covered thereby, in such form as the Board shall from time to time establish, shall evidence Options. No Option or purported Option shall be a valid and binding obligation of the Company unless evidenced by a fully executed Option Agreement. Option Agreements may incorporate all or any of the terms of the Plan by reference and shall comply with and be subject to the following terms and conditions:

6.1 **Exercise Price.** The exercise price for each Option shall be established in the discretion of the Board, subject to compliance with Section 409A of the Code; provided, however, that (a) the exercise price per share for an Incentive

Stock Option shall be not less than the Fair Market Value of a share of Stock on the effective date of grant of the Option and (b) no Incentive Stock Option granted to a Ten Percent Owner Optionee shall have an exercise price per share less than one hundred ten percent (110%) of the Fair Market Value of a share of Stock on the effective date of grant of the Option. Notwithstanding the foregoing, an Option may be granted with an exercise price lower than the Fair Market Value of a share of stock on the effective date of the grant if the option is a Nonstatutory Stock Option.

6.2 **Exercisability and Term of Options.** Options shall be exercisable at such time or times, or upon such event or events, and subject to such terms, conditions, performance criteria and restrictions as shall be determined by the Board and set forth in the Option Agreement evidencing such Option; provided, however, that (a) no Incentive Stock Option shall be exercisable after the expiration of ten (10) years after the effective date of grant of such Option, (b) no Incentive Stock Option granted to a Ten Percent Owner Optionee shall be exercisable after the expiration of five (5) years after the effective date of grant of such Option, and (c) no Option granted to a prospective Employee, prospective Consultant or prospective Director may become exercisable prior to the date on which such person commences Service with a Participating Company. Subject to the foregoing, unless otherwise specified by the Board in the grant of an Option, any Option granted hereunder shall terminate ten (10) years after the effective date of grant of the Option, unless earlier terminated in accordance with its provisions.

6.3 **Payment of Exercise Price.**

(a) ***Forms of Consideration Authorized.*** Except as otherwise provided below, payment of the exercise price for the number of shares of Stock being purchased pursuant to any Option shall be made (i) in cash, by check or cash equivalent, (ii) by tender to the Company, or attestation to the ownership, of shares of Stock owned by the Optionee having a Fair Market Value not less than the exercise price, (iii) by delivery of a properly executed notice together with irrevocable instructions to a broker providing for the assignment to the Company of the proceeds of a sale or loan with respect to some or all of the shares being acquired upon the exercise of the Option (including, without limitation, through an exercise complying with the provisions of Regulation T as promulgated from time to time by the Board of Governors of the Federal Reserve System) (a *"**Cashless Exercise**"*), (iv) provided that the Optionee is an Employee (unless otherwise not prohibited by law, including, without limitation, any regulation promulgated by the Board of Governors of the Federal Reserve System) and in the Company's sole discretion at the time the Option is exercised, by delivery of the Optionee's promissory note in a form approved by the Company for the aggregate exercise price, provided that, if the Company is incorporated in the State of Delaware, the Optionee shall pay in cash that portion of the aggregate exercise price not less than the par value of the shares being acquired, (v) by such other consideration as may be approved by the Board from time to time to the extent permitted by applicable law, or (vi) by any combination thereof. The Board may at any time or from time to time, by approval of or by amendment to the standard forms of Option Agreement described in Section 7, or by other means, grant Options which do not permit all of the foregoing forms of consideration to be used in payment of the exercise price or which otherwise restrict one or more forms of consideration. Notwithstanding any other provision of the Plan to the contrary, no Optionee who is a Director or an "executive officer" of the Company within the meaning of Section 13(k) of the Exchange Act shall be permitted to make payment with respect to any Options granted under the Plan, or continue any extension of credit with respect to such payment with a loan from the Company or a loan arranged by the Company in violation of Section 13(k) of the Exchange Act.

(b) ***Limitations on Forms of Consideration.***

(i) **Tender of Stock.** Notwithstanding the foregoing, an Option may not be exercised by tender to the Company, or attestation to the ownership, of shares of Stock to the extent such tender or attestation would constitute a violation of the provisions of any law, regulation or agreement restricting the redemption of the Company's stock. Unless otherwise provided by the Board, an Option may not be exercised by tender to the Company, or attestation to the ownership, of shares of Stock unless such shares either have been owned by the Optionee for more than six (6) months (and not used for another Option exercise by attestation during such period) or were not acquired, directly or indirectly, from the Company.

(ii) **Cashless Exercise.** The Company reserves, at any and all times, the right, in the Company's sole and absolute discretion, to establish, decline to approve or terminate any program or procedures for the exercise of Options by means of a Cashless Exercise.

(iii) **Payment by Promissory Note.** No promissory note shall be permitted if the exercise of an Option using a promissory note would be a violation of any law. Any permitted promissory note shall be on such terms as the Board shall determine. The Board shall have the authority to permit or require the Optionee to secure any promissory note used to exercise an Option with the shares of Stock acquired upon the exercise of the Option or with other collateral acceptable to the Company. Unless otherwise provided by the Board, if the Company at any time is subject to the regulations promulgated by the Board of Governors of the Federal Reserve System or any other governmental entity affecting the extension of credit in connection with the Company's securities, any promissory note shall comply with such applicable regulations, and the Optionee shall pay the unpaid principal and accrued interest, if any, to the extent necessary to comply with such applicable regulations.

6.4 **Tax Withholding.** The Company shall have the right, but not the obligation, to deduct from the shares of Stock issuable upon the exercise of an Option, or to accept from the Optionee the tender of, a number of whole shares of Stock having a Fair Market Value, as determined by the Company, equal to all or any part of the federal, state, local and foreign taxes, if any, required by law to be withheld by the Participating Company Group with respect to such Option or the shares acquired upon the exercise thereof. Alternatively or in addition, in its discretion, the Company shall have the right to require the Optionee, through payroll withholding, cash payment or otherwise, including by means of a Cashless Exercise, to make adequate provision for any such tax withholding obligations of the Participating Company Group arising in connection with the Option or the shares acquired upon the exercise thereof. The Fair Market Value of any shares of Stock withheld or tendered to satisfy any such tax withholding obligations shall not exceed the amount determined by the applicable minimum statutory withholding rates. The Company shall have no obligation to deliver shares of Stock or to release shares of Stock from an escrow established pursuant to the Option Agreement until the Optionee has satisfied the Participating Company Group's tax withholding obligations.

6.5 **Repurchase Rights.** Shares issued under the Plan may be subject to a right of first refusal, one or more repurchase options, or other conditions and restrictions as determined by the Board in its discretion at the time the Option is granted. The Company shall have the right to assign at any time any repurchase right it may have, whether or not such right is then exercisable, to one or more persons as may be selected by the Company. Upon request by the Company, each Optionee shall execute any agreement evidencing such transfer restrictions prior to the receipt of shares of Stock hereunder and shall promptly present to the Company any and all certificates representing shares of Stock acquired hereunder for the placement on such certificates of appropriate legends evidencing any such transfer restrictions.

6.6 **Effect of Termination of Service.**

(a) ***Option Exercisability*****.** Subject to earlier termination of the Option as otherwise provided herein and unless otherwise provided by the Board in the grant of an Option and set forth in the Option Agreement or in some other written document or agreement with reference to the Option, an Option shall be exercisable after an Optionee's termination of Service only during the applicable time period determined in accordance with this Section 6.6 and thereafter shall terminate:

(i) **Disability.** If the Optionee's Service terminates because of the Disability of the Optionee, the Option, to the extent unexercised and exercisable on the date on which the Optionee's Service terminated, may be exercised by the Optionee (or the Optionee's guardian or legal representative) at any time prior to the expiration of twelve (12) months (or such longer period of time as determined by the Board, in its discretion) after the date on which the Optionee's Service terminated, but in any event no later than the date of expiration of the Option's term as set forth in the Option Agreement evidencing such Option (the *"**Option Expiration Date**"*).

(ii) **Death.** If the Optionee's Service terminates because of the death of the Optionee, the Option, to the extent unexercised and exercisable on the date on which the Optionee's Service terminated, may be exercised by the Optionee's legal representative or other person who acquired the right to exercise the Option by reason of the Optionee's death at any time prior to the expiration of twelve (12) months (or such longer period of time as determined by the Board, in its discretion) after the date on which the Optionee's Service terminated, but in any event no later than the Option Expiration Date. The Optionee's Service shall be deemed to have terminated on account of death if the Optionee dies within three (3) months (or such longer period of time as determined by the Board, in its discretion) after the Optionee's termination of Service.

(iii) **Termination for Cause.** Notwithstanding any other provision of this Option Agreement, if the Optionee's Service is terminated for Cause, the Option shall terminate and cease to be exercisable on the effective date of such termination of Service. Unless otherwise defined in a contract of employment or service between the Optionee and a Participating Company, for purposes of this Option Agreement *"**Cause**"* shall mean any of the following: (1) the Optionee's theft, dishonesty, willful misconduct, breach of fiduciary duty for personal profit, or falsification of any Participating Company documents or records; (2) the Optionee's material failure to abide by a Participating Company's code of conduct or other policies (including, without limitation, policies relating to confidentiality and reasonable workplace conduct); (3) the Optionee’s unauthorized use, misappropriation, destruction, or diversion of any tangible or intangible asset or corporate opportunity of a Participating Company (including, without limitation, the Optionee’s improper use or disclosure of a Participating Company’s confidential or proprietary information); (4) any intentional act by the Optionee which has a material detrimental effect on a Participating Company’s reputation or business; (5) the Optionee’s failure or inability to perform any reasonable assigned duties after written notice from a Participating Company of, and a reasonable opportunity to cure, such failure or inability; (6) any material breach by the Optionee of any employment or service agreement between the Optionee and a Participating Company, which breach is not cured pursuant to the terms of such agreement; or (7) the Optionee’s conviction (including any plea of guilty or nolo contendere) of any criminal act involving fraud, dishonesty, misappropriation, or moral turpitude, or which impairs the Optionee’s ability to perform his or her duties with a Participating Company.

(iv) **Other Termination of Service.** If the Optionee's Service terminates for any reason, except Disability, death or Cause, the Option, to the extent unexercised and exercisable by the Optionee on the date on which the Optionee's Service terminated, may be exercised by the Optionee at any time prior to the expiration of three (3) months (or such longer period of time as determined by the Board, in its discretion) after the date on which the Optionee's Service terminated, but in any event no later than the Option Expiration Date.

(b) ***Extension if Exercise Prevented by Law***. Notwithstanding the foregoing (except Termination for Cause), if the exercise of an Option within the applicable time periods set forth in Section 6.6(a) is prevented by the provisions of Section 9 below, the Option shall remain exercisable until three (3) months (or such longer period of time as determined by the Board, in its discretion) after the date the Optionee is notified by the Company that the Option is exercisable, but in any event no later than the Option Expiration Date.

(c) ***Extension if Optionee Subject to Section 16(b)***. Notwithstanding the foregoing, if a sale within the applicable time periods set forth in Section 6.6(a) of shares acquired upon the exercise of the Option would subject the Optionee to suit under Section 16(b) of the Exchange Act, the Option shall remain exercisable until the earliest to occur of (i) the tenth (10th) day following the date on which a sale of such shares by the Optionee would no longer be subject to such suit, (ii) the one hundred and ninetieth (190th) day after the Optionee's termination of Service, or (iii) the Option Expiration Date.

6.7 **Transferability of Options.** During the lifetime of the Optionee, an Option shall be exercisable only by the Optionee or the Optionee's guardian or legal representative. No Option shall be assignable or transferable by the Optionee, except by will or by the laws of descent and distribution. No Option or interest or right therein shall be liable for the debts, contracts or engagements of the Optionee or his successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, hypothecation, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect. Notwithstanding the foregoing, to the extent permitted by the Board, in its discretion, and set forth in the Option Agreement evidencing such Option, a Nonstatutory Stock Option shall be assignable or transferable subject to Rule 701 under the Securities Act and the General Instructions to Form S-8 Registration Statement under the Securities Act.

7. Standard Forms of Option Agreement.

7.1 **Option Agreement.** Unless otherwise provided by the Board at the time the Option is granted, an Option shall comply with and be subject to the terms and conditions set forth in the form of Option Agreement approved by the Board concurrently with its adoption of the Plan and as amended from time to time.

7.2 **Authority to Vary Terms.** The Board shall have the authority from time to time to vary the terms of any standard form of Option Agreement described in this Section 7 either in connection with the grant or amendment of an individual Option or in connection with the authorization of a new standard form or forms; provided, however, that the terms and conditions of any such new, revised or amended standard form or forms of Option Agreement are not inconsistent with the terms of the Plan.

8. Change in Control.

8.1 **Definitions.**

(a) An ***"Ownership Change Event"*** shall be deemed to have occurred if any of the following occurs with respect to the Company: (i) a transaction or series of transactions (other than an offering of Stock to the general public through a registration statement filed with the Securities and Exchange Commission) whereby any "person" or related "group" of "persons" (as such terms are used in Sections 13(d) and 14(d)(2) of the Exchange Act) (other than the Company, any of its subsidiaries, an employee benefit plan maintained by the Company or any of its subsidiaries or a "person" that, prior to such transaction, directly or indirectly controls, is controlled by, or is under common control with, the Company) directly or indirectly acquires beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing more than 50% of the total combined voting power of the Company's securities outstanding immediately after such acquisition; (ii) during any period of two consecutive years, individuals who, at the beginning of such period, constitute the Board together with any new director(s) (other than a director designated by a person who shall have entered into an agreement with the Company to effect a transaction described in Section 8.1(a)(i) or Section 8.1(a)(iii)) whose election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the two-year period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; (iii) the consummation by the Company (whether directly involving the Company or indirectly involving the Company through one or more intermediaries) of (x) a merger, consolidation, reorganization, or business combination or (y) a sale or other disposition of all or substantially all of the Company's assets in any single transaction or series of related transactions or (z) the acquisition of assets or stock of another entity, in each case other than a transaction: which results in the Company's voting securities outstanding immediately before the transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the Company or the person that, as a result of the transaction, controls, directly or indirectly, the Company or owns, directly or indirectly, all or substantially all of the Company's assets or otherwise succeeds to the business of the Company (the Company or such person, the "***Successor Entity***")) directly or indirectly, at least a majority of the combined voting power of the Successor Entity's outstanding voting securities immediately after the transaction, and after which no person or group beneficially owns voting securities representing 50% or more of the combined voting power of the Successor Entity; *provided, however,* that no person or group shall be treated for purposes of this Section 8.1(a)(iii) as beneficially owning 50% or more of combined voting power of the Successor Entity solely as a result of the voting power held in the Company prior to the consummation of the transaction; or (iv) the Company's shareholders approve a liquidation or dissolution of the Company.

(b) A *"**Change in Control**"* shall mean an Ownership Change Event or a series of related Ownership Change Events (collectively, a *"**Transaction**"*). The Board shall have the right to determine whether multiple Ownership Change Events are related, and its determination shall be final, binding and conclusive. The Board shall furthermore have full and final authority, which shall be exercised in its discretion, to determine conclusively whether a Change in Control of the Company has occurred pursuant to the above definition, and the date of the occurrence of such Change in Control and any incidental matters relating thereto. In addition, if a Change in Control constitutes a payment event with respect to any Option which provides for the deferral of compensation and is subject to Section 409A of the Code, the transaction or event described in this Section 8.1 with respect to such Option must also constitute a "change in control event," as defined in Treasury Regulation §1.409A-3(i)(5) to the extent required by Section 409A.

8.2 **Effect of Change in Control on Options.**

(a) In the event of a Change in Control, the surviving, continuing, successor, or purchasing corporation or other business entity or parent thereof, as the case may be (the *"**Acquiror**"*), may, without the consent of the Optionee, either assume the Company's rights and obligations under outstanding Options or substitute for outstanding Options substantially equivalent options for the Acquiror's stock. Any Options which are neither assumed or substituted for by the Acquiror in connection with the Change in Control nor exercised as of the date of the Change in Control shall terminate and cease to be outstanding effective as of the date of the Change in Control, provided, that, notwithstanding any other provision of the Plan to the contrary, the Board may, in its sole discretion, provide in any Option Agreement or, in the event of a Change in Control, may take such actions as it deems appropriate, to provide for the acceleration of the exercisability and vesting in connection with such Change in Control of any or all of the outstanding Options and any shares acquired upon the exercise of such Options, subject to compliance with Section 409A of the Code. Notwithstanding the foregoing, shares acquired upon exercise of an Option prior to the Change in Control and any consideration received pursuant to the Change in Control with respect to such shares shall continue to be subject to all applicable provisions of the Option Agreement evidencing such Option except as otherwise provided in such Option Agreement. Furthermore, notwithstanding the foregoing, if the corporation the stock of which is subject to the outstanding Options immediately prior to an Ownership Change Event described in Section 8.1(a)(i) constituting a Change in Control is the surviving or continuing corporation and immediately after such Ownership Change Event less than fifty percent (50%) of the total combined voting power of its voting stock is held by another corporation or by other corporations that are members of an affiliated group within the meaning of Section 1504(a) of the Code without regard to the provisions of Section 1504(b) of the Code, the outstanding Options shall not terminate unless the Board otherwise provides in its discretion.

(b) The Board may, in its sole discretion and without the consent of any Optionee, determine that, upon the occurrence of a Change in Control, each or any Option outstanding immediately prior to the Change in Control shall be canceled in exchange for a payment with respect to each vested share of Stock subject to such canceled Option in (i) cash, (ii) stock of the Company, the Acquiror or of a corporation or other business entity a party to the Change in Control, or (iii) other property which, in any such case, shall be in an amount having a Fair Market Value equal to the excess of the Fair Market Value of the consideration to be paid per share of Stock in the Change in Control over the exercise price per share under the Option (the "***Spread***"). In the event such determination is made by the Board, the Spread (reduced by applicable withholding taxes, if any) shall be paid to Optionees in respect of their canceled Options as soon as practicable following the date of the Change in Control.

9. Compliance with Securities Law.

The grant of Options and the issuance of shares of Stock upon exercise of Options shall be subject to compliance with all applicable requirements of federal, state and foreign law with respect to such securities. Options may not be exercised if the issuance of shares of Stock upon exercise would constitute a violation of any applicable federal, state or foreign securities laws or other law or regulations or the requirements of any stock exchange or market system upon which the Stock may then be listed. In addition, no Option may be exercised unless (a) a registration statement under the Securities Act shall at the time of exercise of the Option be in effect with respect to the shares issuable upon exercise of the Option or (b) in the opinion of legal counsel to the Company, the shares issuable upon exercise of the Option may be issued in accordance with the terms of an applicable exemption from the registration requirements of the Securities Act. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance and sale of any shares hereunder shall relieve the Company of any liability in respect of the failure to issue or sell such shares as to which such requisite authority shall not have been obtained. As a condition to the exercise of any Option, the Company may require the Optionee to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect thereto as may be requested by the Company.

10. Termination or Amendment of Plan.

The Board may terminate or amend the Plan at any time. No termination or amendment of the Plan shall affect any then outstanding Option unless expressly provided by the Board. In any event, no termination or amendment of the Plan may adversely affect any then outstanding Option without the consent of the Optionee, unless such termination or amendment is required to enable an Option designated as an Incentive Stock Option to qualify as an Incentive Stock Option or is necessary to comply with any applicable law, regulation or rule.

11. <u>No Shareholders Rights.</u>

Except as otherwise provided herein, an Optionee shall have none of the rights of a shareholder with respect to shares of Stock covered by any Option until the Optionee becomes the record owner of such shares of Stock.

12. <u>Effect of Plans on Other Compensation Plans.</u>

The adoption of the Plan shall not affect any other compensation or incentive plans in effect for any Participating Company. Nothing in the Plan shall be construed to limit the right of any Participating Company: (a) to establish any other forms of incentives or compensation for Employees, Directors or Consultants of any Participating Company, or (b) to grant or assume options or other rights or awards otherwise than under the Plan in connection with any proper corporate purpose including without limitation, the grant or assumption of options in connection with the acquisition by purchase, lease, merger, consolidation or otherwise, of the business, stock or assets of any corporation, partnership, limited liability company, firm or association.

13. <u>Governing Law.</u>

The Plan and any agreements hereunder shall be administered, interpreted and enforced under the internal laws of the State of Nevada without regard to conflicts of laws thereof.

14. <u>Section 409A.</u>

To the extent that the Board determines that any Option granted under the Plan is subject to Section 409A of the Code, the Option Agreement evidencing such Option shall incorporate the terms and conditions required by Section 409A of the Code. To the extent applicable, the Plan and Option Agreements shall be interpreted in accordance with Section 409A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder, including without limitation any such regulations or other guidance that may be issued after the Effective Date. Notwithstanding any provision of the Plan to the contrary, in the event that following the Effective Date the Board determines that any Option may be subject to Section 409A of the Code and related Department of Treasury guidance (including such Department of Treasury guidance as may be issued after the Effective Date), the Board may adopt such amendments to the Plan and the applicable Option Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Board determines are necessary or appropriate to (a) exempt the Option from Section 409A of the Code and/or preserve the intended tax treatment of the benefits provided with respect to the Option, or (b) comply with the requirements of Section 409A of the Code and related Department of Treasury guidance and thereby avoid the application of any penalty taxes under such Section.

15. **No Rights to Options.**

No Employee, Director, Consultant or other person shall have any claim to be granted any Option pursuant to the Plan, and neither the Company nor the Board is obligated to treat Employees, Directors, Consultants, Optionees or any other persons uniformly.

16. **Relationship to Other Benefits.**

No payment pursuant to the Plan shall be taken into account in determining any benefits under any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of any Participating Company except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder.

17. **Expenses.**

The expenses of administering the Plan shall be borne by the Participating Companies.

IN WITNESS WHEREOF, the undersigned Secretary of the Company certifies that the foregoing sets forth the Iveda Corporation 2010 Stock Option Plan as duly adopted by the Board on January 18, 2010, as amended in April 2011 and March 2012.

Luz Berg, Secretary