

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 5, 2026

XTI AEROSPACE, INC.
(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction
of incorporation)

001-36404
(Commission File Number)

88-0434915
(I.R.S. Employer
Identification No.)

8123 InterPort Blvd., Suite C
Englewood, CO
(Address of principal executive offices)

80112
(Zip Code)

Registrant's telephone number, including area code: (800) 680-7412

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the Registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock	XTIA	The Nasdaq Capital Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 3.02 Unregistered Sales of Equity Securities.

As previously disclosed, all outstanding shares of Series 10 Convertible Preferred Stock (the “Series 10 Preferred Stock”), of XTI Aerospace, Inc. (the “Company”), all of which were purchased by Unusual Machines, Inc. (“Unusual Machines”) for \$25,000,000 (the “Subscription Amount”) in a private placement that closed on November 12, 2025, automatically converted into shares of the Company’s common stock (the “Common Stock”), subject to the beneficial ownership limitation in the Series 10 Preferred Stock, as a result of the Company’s shareholders’ approval of the issuance of Company securities for purposes of Nasdaq Listing Rule 5635 at the 2025 annual meeting of shareholders held on December 30, 2025.

In accordance with the terms of the Certificate of Designation of Preferences, Rights and Limitations of the Series 10 Preferred Stock, each outstanding share of Series 10 Preferred Stock automatically converted into that number of shares of Common Stock determined by dividing the \$1,000 stated value per share of Series 10 Preferred Stock (the “Stated Value”) plus all unpaid accrued and accumulated preferential dividends on such share (whether or not declared) by a conversion price of \$1.492 per share. From the date of issuance (November 12, 2025) until the automatic conversion, each share of Series 10 Preferred Stock accrued preferential dividends at an annual rate of 12.0% of the Stated Value computed on the basis of a 360-day year and twelve 30-day months.

As a result of the automatic conversion of the Series 10 Preferred Stock, on January 5, 2026, the Company issued Unusual Machines 1,721,980 shares of Common Stock (the “Shares”) and a pre-funded warrant to purchase 15,307,735 shares of Common Stock (the “Pre-Funded Warrant”) and the shares of Common Stock issuable upon exercise of the Pre-Funded Warrant, the “Pre-Funded Warrant Shares”). The Pre-Funded Warrant was issued in lieu of Common Stock due to the beneficial ownership limitation in the Series 10 Preferred Stock.

The Pre-Funded Warrant is immediately exercisable and may be exercised at any time until it is exercised in full. The Pre-Funded Warrant has an exercise price of \$0.0001 per share, provided that such exercise price is deemed pre-paid as part of the Subscription Amount. The Pre-Funded Warrant may not be exercised if the holder thereof (together with its affiliates and any other persons acting as a group with such holder) would own more than 4.99% (or, at the election of the holder, 9.99%) of the outstanding Common Stock immediately after exercise; provided, however, that the holder may increase or decrease the beneficial ownership limitation by giving prior written notice to the Company (61 days’ notice for increases), but not to any percentage in excess of 9.99%. The Pre-Funded Warrant includes customary provisions including rights upon a fundamental transaction, adjustments for stock splits and dividends and purchase rights.

The Shares, the Pre-Funded Warrant and the Pre-Funded Warrant Shares were, or will be, as the case may be, offered and sold pursuant to an exemption from the registration requirements of the Securities Act of 1933, as amended (the “Securities Act”), under Section 4(a)(2) and Rule 506(b) of Regulation D of the Securities Act.

Unusual Machines represented that it was an “accredited investor” as such term is defined in Regulation D under the Securities Act, and was acquiring the securities for investment only and not with a view towards, or for resale in connection with, the public sale or distribution thereof. The Shares, the Pre-Funded Warrant and the Pre-Funded Warrant Shares are subject to transfer restrictions and contain/will contain an appropriate legend stating that such securities have not been registered under the Securities Act and may not be offered or sold absent an effective registration statement under the Securities Act or pursuant to an exemption therefrom. The securities were not registered under the Securities Act and such securities may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act and any applicable state securities laws.

The foregoing description of the Pre-Funded Warrant does not purport to be complete and is qualified in its entirety by reference to the full text of the Pre-Funded Warrant, which is filed as Exhibit 4.1 to this Current Report on Form 8-K and is incorporated by reference herein.

As of January 5, 2026, the Company had 34,508,796 shares of Common Stock outstanding, which includes the Shares.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

New Employment Agreement with Chief Strategy Officer and Stock Option Award

On January 9, 2026, the Company entered into a new employment agreement with Tobin Arthur, the Company's Chief Strategy Officer, effective as of January 5, 2026 (the "Arthur Employment Agreement"), which superseded and replaced the Company's prior employment agreement with Mr. Arthur.

Pursuant to the terms of the Arthur Employment Agreement, Mr. Arthur will receive an annualized base salary of \$600,000, which is subject to annual review by the compensation committee (the "Compensation Committee") of the Company's board of directors (the "Board"). In addition, the Company's Chief Executive Officer may, in his sole discretion, award Mr. Arthur a quarterly bonus of up to 100% of his then current annualized base salary based on an evaluation of Mr. Arthur's performance against quarterly performance objectives to be agreed upon between Mr. Arthur and the Company's Chief Executive Officer. The sum of all calendar year quarterly bonuses will not exceed 100% of Mr. Arthur's then current annualized base salary.

In addition, within 30 days of executing the Arthur Employment Agreement, Mr. Arthur will receive a continuation bonus of \$250,000, paid in six equal monthly installments. Furthermore, if the Company closes an investment in or acquisition of another company through the purchase of either some or all of such target company's equity or all or substantially all of such target company's assets that are used in or useful to the business of such target company, with total transaction consideration paid by the Company or its subsidiary equal to or in excess of \$10 million, Mr. Arthur may be awarded a bonus, at the Board's sole discretion, based on criteria to be submitted to the Board by Mr. Arthur on a case-by-case basis within 30 days after the closing of each such transaction.

Pursuant to the Arthur Employment Agreement, Mr. Arthur is eligible to receive incentive awards of Company securities and the stock option grant described below, is entitled to participate in all Company benefit plans, and is entitled to the reimbursement of qualified expenditures incurred by him in accordance with the Company's officer expense policy.

The Arthur Employment Agreement provides for an initial term of three years from the effective date, with automatic renewals for additional successive one-year periods thereafter, unless the Company provides Mr. Arthur with at least 180 days' notice of the Company's election to not renew. The Arthur Employment Agreement includes customary one-year non-solicitation provisions.

The Arthur Employment Agreement provides that the Company may terminate Mr. Arthur's employment for Cause (as defined in the Arthur Employment Agreement) if 60% or more of the directors serving on the Board (a "Super Majority of the Board") approves such termination by delivery of written notice to Mr. Arthur specifying the cause or causes relied upon for such termination and giving Mr. Arthur, together with his counsel, an opportunity to be heard before the Board prior to such Board action. Any such notice of termination will effect termination as of the date specified in such notice or, in the event no such date is specified, on the last day of the month in which such notice is delivered or deemed delivered. The Company may also terminate Mr. Arthur's employment without Cause upon the approval of a Super Majority of the Board and delivery of written notice of termination to Mr. Arthur at any time, which notice will effect termination as of that date which is the greater of the number of days remaining on the then current term of the Arthur Employment Agreement, or 180 days. Mr. Arthur may terminate his employment with the Company for Good Reason (as defined in the Arthur Employment Agreement) within 12 months following the occurrence of an event or events constituting such Good Reason or upon 90 days' notice without Good Reason.

If Mr. Arthur's employment is terminated by death or disability, then Mr. Arthur, his designee, his beneficiary or his estate, as applicable, he will receive an amount equal to the sum of (i) Mr. Arthur's annualized base salary as of his date of termination, plus (ii) the total of all bonuses awarded to Mr. Arthur during the twelve months prior to his date of termination, divided by 12 and then multiplied by 12 months. If Mr. Arthur's employment is terminated by the Company for Cause, or if Mr. Arthur terminates employment without Good Reason, the Company is required to pay Mr. Arthur his base salary through the final date of termination at the rate in effect at the time of the notice of termination.

If Mr. Arthur terminates his employment with the Company for Good Reason or the Company terminates Mr. Arthur's employment without Cause, then upon Mr. Arthur furnishing to the Company an executed waiver and release of claims in the form attached as an exhibit to the Arthur Employment Agreement (a "Waiver and Release"), Mr. Arthur will receive (i) his base salary through the date of termination, (ii) his annual base salary in effect at the time of termination, divided by 12 and then multiplied by 18 months, (iii) an amount equal to the total of all bonuses awarded to Mr. Arthur during the twelve months prior to the date of termination, divided by 12 and then multiplied by 18 months, (iv) immediate vesting, in full, of all unvested Company securities or rights to such securities held by Mr. Arthur on the effective date of termination, and the continuation of the period for exercise of all vested securities of the Company held by Mr. Arthur until the final expiration of any applicable exercise period, and (v) continued receipt, at the Company's cost, for 18 months after termination of all employee benefits in which Mr. Arthur and his family were entitled to receive immediately prior to the date of termination.

In the event of a Change in Control (as defined in the Arthur Employment Agreement), and either (a) the Company or its successor following such Change in Control (the "New Company") does not continue Mr. Arthur's employment on terms no less favorable than as provided in the Arthur Employment Agreement as in effect immediately before the Change in Control (the "Continued Terms"), or (b) if the New Company and Mr. Arthur have agreed to continue his employment with the New Company on terms no less favorable to him than the Continued Terms and the New Company within 12 months following such Change in Control, either (i) terminates Mr. Arthur's employment for any reason other than for Cause or (ii) without Mr. Arthur's written consent, the New Company changes the terms of his employment to terms less favorable to him than the Continued Terms, and within 30 days of such reduction in terms, Mr. Arthur resigns from the New Company (the date of such termination or resignation being the "Discontinuation Date"), then upon Mr. Arthur furnishing to the New Company an executed Waiver and Release, the New Company shall pay to Mr. Arthur, within 30 days of the later of such Change in Control or the Discontinuation Date (as applicable), (i) his base salary through the date of the latter of the Change in Control and Discontinuation Date, (ii) his annual base salary in effect immediately prior to the Discontinuation Date divided by 12 and then multiplied by 36 months, (iii) an amount equal to the total of all bonuses awarded to Mr. Arthur during the twelve months prior to the Discontinuation Date, divided by 12 and then multiplied by 36 months, (iv) immediate vesting, in full, of all unvested Company securities or rights to such securities held by Mr. Arthur on the effective date of termination, and the continuation of the period for exercise of all vested securities of the Company held by Mr. Arthur until the final expiration of any applicable exercise period, (v) a bonus in an amount equal to (a) the fair market value used to calculate the income tax consequences of the immediate vesting of Company securities divided by (b) the difference between 100% and the highest combined federal and state income tax rate among all the members of the Executive Team (as defined in the Arthur Employment Agreement), and (vi) continued receipt, at the Company's cost, for 18 months after termination of all employee benefits in which Mr. Arthur and his family were entitled to receive immediately prior to the date of termination.

On January 5, 2026, Mr. Arthur was granted options to purchase 1,512,200 shares of Common Stock pursuant to the Company's Amended and Restated 2018 Employee Stock Incentive Plan, in accordance with the terms of the Arthur Employment Agreement. The stock options have an exercise price of \$1.58 per share and expire ten years after the grant date. The stock options have the following vesting schedule: one-third of the stock options vested immediately on the grant date and the remaining stock options will vest in equal quarterly installments over a two year period.

The foregoing description of the Arthur Employment Agreement and the stock option award to Mr. Arthur does not purport to be complete and is qualified in its entirety by reference to the full text of the Arthur Employment Agreement and the form of Non-Qualified Stock Option Agreement, which are filed as Exhibits 10.1 and 10.2, respectively, to this Current Report on Form 8-K and are incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	Description
4.1	Pre-Funded Warrant, dated January 5, 2026
10.1+	Employment Agreement, dated January 9, 2026, by and between XTI Aerospace, Inc. and Tobin Arthur
10.2+	Form of Non-Qualified Stock Option Agreement pursuant to the Amended and Restated XTI Aerospace, Inc. 2018 Employee Stock Incentive Plan (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, filed with the SEC on August 21, 2025)
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

+ Indicates a management contract or compensatory plan, contract or arrangement.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

XTI AEROSPACE, INC.

Date: January 9, 2026

By: /s/ Brooke Turk
Name: Brooke Turk
Title: Chief Financial Officer

NEITHER THIS SECURITY NOR THE SECURITIES FOR WHICH THIS SECURITY IS EXERCISABLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS. THIS SECURITY AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES.

PRE-FUNDED COMMON STOCK PURCHASE WARRANT

XTI AEROSPACE, INC.

Warrant Shares: 15,307,735

Issue Date: January 5, 2026

THIS PRE-FUNDED COMMON STOCK PURCHASE WARRANT (the “Warrant”) certifies that, for value received, Unusual Machines, Inc. or its assigns (the “Holder”) is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time on or after January 5, 2026 (the “Initial Exercise Date”) and until this Warrant is exercised in full (the “Termination Date”) but not thereafter, to subscribe for and purchase from XTI Aerospace, Inc., a Nevada corporation (the “Company”), up to 15,307,735 shares of Common Stock (as subject to adjustment hereunder, the “Warrant Shares”). The purchase price of one share of Common Stock under this Warrant shall be equal to the Exercise Price, as defined in Section 2(b).

Section 1. Definitions. In addition to the terms defined elsewhere in this Warrant, the following terms have the meanings indicated in this Section 1:

“Affiliate” means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 405 under the Securities Act.

“Commission” means the United States Securities and Exchange Commission.

“Common Stock” means the common stock of the Company, par value \$0.001 per share, and any other class of securities into which such securities may hereafter be reclassified or changed.

“Common Stock Equivalents” means any securities of the Company or the Subsidiaries (as defined in Section 3(f)) which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any debt, preferred stock, right, option, warrant or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“Person” means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

“Proceeding” means an action, claim, suit, investigation or proceeding (including, without limitation, an informal investigation or partial proceeding, such as a deposition), whether commenced or threatened.

“Purchase Agreement” means the securities purchase agreement, dated as of November 10, 2025, between the Company and the purchaser signatory thereto, as amended, modified or supplemented from time to time in accordance with its terms.

“Rule 144” means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended or interpreted from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such Rule.

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Trading Day” means a day on which the Common Stock is traded on a Trading Market.

“Trading Market” means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the OTCQB, OTCQX or Pink Open Market operated by OTC Markets Group, the NYSE American, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, or the New York Stock Exchange (or any successors to any of the foregoing).

“Transfer Agent” means Computershare Trust Company, N.A. and any successor transfer agent of the Company.

“VWAP” means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted for trading on a Trading Market other than the OTCQB, OTCQX or Pink Open Market operated by OTC Markets Group, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if the Common Stock is then quoted for trading on the OTCQB or OTCQX operated by OTC Markets Group, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on OTCQB or OTCQX as applicable, (c) if the Common Stock is then quoted for trading on the Pink Open Market operated by OTC Markets Group (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of Common Stock reported on the Pink Open Market, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the holders of a majority in interest of the Warrants then outstanding and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

“Warrants” means this Warrant and other Pre-Funded Common Stock Purchase Warrants issued by the Company pursuant to the Certificate of Designation of Preferences, Rights and Limitations of Series 10 Convertible Preferred Stock of the Company, and Purchase Agreement.

Section 2. Exercise.

a) Exercise of the purchase rights represented by this Warrant may be made, in whole or in part, at any time or times on or after the Initial Exercise Date and on or before the Termination Date by delivery to the Company of a duly executed PDF copy submitted by e-mail (or e-mail attachment) of the Notice of Exercise in the form annexed hereto (the “Notice of Exercise”). No ink-original Notice of Exercise shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Exercise be required. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company until the Holder has purchased all of the Warrant Shares available hereunder and the Warrant has been exercised in full, in which case, the Holder shall surrender this Warrant to the Company for cancellation within three (3) Trading Days of the date on which the final Notice of Exercise is delivered to the Company. Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased in connection with such partial exercise. The Holder and the Company shall maintain records showing the number of Warrant Shares purchased and the date of such purchases. The Company shall deliver any objection to any Notice of Exercise within one (1) Trading Day of receipt of such notice. **The Holder and any assignee, by acceptance of this Warrant, acknowledge and agree that, by reason of the provisions of this paragraph, following the purchase of a portion of the Warrant Shares hereunder, the number of Warrant Shares available for purchase hereunder at any given time may be less than the amount stated on the face hereof.**

b) Exercise Price. The exercise price per share of Common Stock under this Warrant shall be **\$0.0001**, subject to adjustment hereunder (the “Exercise Price”) The Exercise Price was pre-funded to the Company on or prior to the Initial Exercise Date and, consequently, no additional consideration shall be required to be paid by the Holder to any Person to effect any exercise of this Warrant. The Holder shall not be entitled to the return or refund of all, or any portion, of such pre-paid aggregate exercise price under any circumstance or for any reason whatsoever, including in the event this Warrant shall not have been exercised prior to the Termination Date.

c) [Reserved].

d) Mechanics of Exercise.

i. Delivery of Warrant Shares Upon Exercise. The Company shall cause the Warrant Shares purchased hereunder to be transmitted by the Transfer Agent to the Holder by crediting the account of the Holder’s or its designee’s balance account with The Depository Trust Company through its Deposit or Withdrawal at Custodian system (“DWAC”) if the Company is then a participant in such system and either (A) there is an effective registration statement registering the issuance of the Warrant Shares to, or resale of, the Warrant Shares by the Holder or (B) the Warrant Shares are eligible for resale by the Holder without volume or manner-of-sale limitations pursuant to Rule 144, and otherwise by physical delivery of a certificate, registered in the Company’s share register in the name of the Holder or its designee, for the number of Warrant Shares to which the Holder is entitled pursuant to such exercise to the address specified by the Holder in the Notice of Exercise by the date that is the earlier of (i) one (1) Trading Day after the delivery to the Company of the Notice of Exercise and (ii) the number of Trading Days comprising the Standard Settlement Period after the delivery to the Company of the Notice of Exercise (such date, the “Warrant Share Delivery Date”). Upon delivery of the Notice of Exercise, the Holder shall be deemed for all corporate purposes to have become the Holder of record of the Warrant Shares with respect to which this Warrant has been exercised, irrespective of the date of delivery of the Warrant Shares. If the Company fails for any reason to deliver to the Holder the Warrant Shares subject to a Notice of Exercise by the Warrant Share Delivery Date, the Company shall pay to the Holder, in cash, as liquidated damages and not as a penalty, for each \$1,000 of Warrant Shares subject to such exercise (based on the VWAP of the Common Stock on the date of the applicable Notice of Exercise), \$10 per Trading Day (increasing to \$20 per Trading Day on the third Trading Day after the Warrant Share Delivery Date) for each Trading Day after such Warrant Share Delivery Date until such Warrant Shares are delivered to said Holder or the Holder rescinds such exercise. The Company agrees to maintain a Transfer Agent that is a participant in the Fast Automated Securities Transfer, or FAST, program so long as this Warrant remains outstanding and exercisable. As used herein, “Standard Settlement Period” means the standard settlement period, expressed in a number of Trading Days, on the Company’s primary Trading Market with respect to the Common Stock as in effect on the date of delivery of the Notice of Exercise.

ii. Delivery of New Warrants Upon Exercise. If this Warrant shall have been exercised in part, the Company shall, at the request of a Holder and upon surrender of this Warrant certificate, at the time of delivery of the Warrant Shares, deliver to the Holder a new Warrant evidencing the rights of the Holder to purchase the unpurchased Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant.

iii. Rescission Rights. If the Company fails to cause the Transfer Agent to transmit to the Holder the Warrant Shares pursuant to Section 2(d)(i) by the Warrant Share Delivery Date, then the Holder will have the right to rescind such exercise.

iv. Compensation for Buy-In on Failure to Timely Deliver Warrant Shares Upon Exercise. In addition to any other rights available to the Holder, if the Company fails to cause the Transfer Agent to transmit to the Holder the Warrant Shares in accordance with the provisions of Section 2(d)(i) above pursuant to an exercise on or before the Warrant Share Delivery Date (other than any such failure that is solely due to any action or inaction by the Holder with respect to such exercise), and if after such date the Holder is required by its broker to purchase (in an open market transaction or otherwise) or the Holder's brokerage firm otherwise purchases, shares of Common Stock to deliver in satisfaction of a sale by the Holder of the Warrant Shares which the Holder anticipated receiving upon such exercise (a "Buy-In"), then the Company shall (A) pay in cash to the Holder the amount, if any, by which (x) the Holder's total purchase price (including brokerage commissions, if any) for the shares of Common Stock so purchased exceeds (y) the amount obtained by multiplying (1) the number of Warrant Shares that the Company was required to deliver to the Holder in connection with the exercise at issue by (2) the price at which the sell order giving rise to such purchase obligation was executed, and (B) at the option of the Holder, either reinstate the portion of the Warrant and equivalent number of Warrant Shares for which such exercise was not honored (in which case such exercise shall be deemed rescinded) or deliver to the Holder the number of shares of Common Stock that would have been issued had the Company timely complied with its exercise and delivery obligations hereunder. For example, if the Holder purchases shares of Common Stock having a total purchase price of \$11,000 to cover a Buy-In with respect to an attempted exercise of this Warrant to purchase Common Stock with an aggregate sale price giving rise to such purchase obligation of \$10,000, under clause (A) of the immediately preceding sentence the Company shall be required to pay the Holder \$1,000. The Holder shall provide the Company written notice indicating the amounts payable to the Holder in respect of the Buy-In and, upon request of the Company, evidence of the amount of such loss. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver shares of Common Stock upon exercise of the Warrant as required pursuant to the terms hereof.

v. No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon such exercise, the Company shall, at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Exercise Price or round up to the next whole share.

vi. Charges, Taxes and Expenses. Issuance of Warrant Shares shall be made without charge to the Holder for any issue or transfer tax or other incidental expense in respect of the issuance of such Warrant Shares, all of which taxes and expenses shall be paid by the Company, and such Warrant Shares shall be issued in the name of the Holder or in such name or names as may be directed by the Holder; provided, however, that in the event that Warrant Shares are to be issued in a name other than the name of the Holder, this Warrant when surrendered for exercise shall be accompanied by the Assignment Form attached hereto duly executed by the Holder and the Company may require, as a condition thereto, the payment of a sum sufficient to reimburse it for any transfer tax incidental thereto. The Company shall pay all Transfer Agent fees required for same-day processing of any Notice of Exercise and all fees to the Depository Trust Company (or another established clearing corporation performing similar functions) required for same-day electronic delivery of the Warrant Shares.

vii. Closing of Books. The Company shall not close its stockholder books or records in any manner which prevents the timely exercise of this Warrant, pursuant to the terms hereof.

e) Holder's Exercise Limitations. The Company shall not effect any exercise of this Warrant, and a Holder shall not have the right to exercise any portion of this Warrant, pursuant to Section 2 or otherwise, to the extent that after giving effect to such issuance after exercise as set forth on the applicable Notice of Exercise, the Holder (together with the Holder's Affiliates, and any other Persons acting as a group together with the Holder or any of the Holder's Affiliates (such Persons, "Attribution Parties")), would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by the Holder and its Affiliates and Attribution Parties shall include the number of shares of Common Stock issuable upon exercise of this Warrant with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which would be issuable upon (i) exercise of the remaining, non-exercised portion of this Warrant beneficially owned by the Holder or any of its Affiliates or Attribution Parties and (ii) exercise or conversion of the unexercised or non-converted portion of any other securities of the Company (including, without limitation, any other Common Stock Equivalents) subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by the Holder or any of its Affiliates or Attribution Parties. Except as set forth in the preceding sentence, for purposes of this Section 2(e), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder, it being acknowledged by the Holder that the Company is not representing to the Holder that such calculation is in compliance with Section 13(d) of the Exchange Act and the Holder is solely responsible for any schedules required to be filed in accordance therewith. To the extent that the limitation contained in this Section 2(e) applies, the determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which portion of this Warrant is exercisable shall be in the sole discretion of the Holder, and the submission of a Notice of Exercise shall be deemed to be the Holder's determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which portion of this Warrant is exercisable, in each case subject to the Beneficial Ownership Limitation, and the Company shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 2(e), in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as reflected in (A) the Company's most recent periodic or annual report filed with the Commission, as the case may be, (B) a more recent public announcement by the Company or (C) a more recent written notice by the Company or the Transfer Agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request of a Holder, the Company shall within two Trading Days confirm orally and in writing to the Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by the Holder or its Affiliates or Attribution Parties since the date as of which such number of outstanding shares of Common Stock was reported. The "Beneficial Ownership Limitation" shall be 4.99% (or, upon election by a Holder prior to the issuance of any Warrants, 9.99%) of the number of shares of Common Stock outstanding immediately after giving effect to the issuance of Common Stock issuable upon exercise of this Warrant. The Holder, upon notice to the Company, may increase or decrease the Beneficial Ownership Limitation provisions of this Section 2(e), provided that the Beneficial Ownership Limitation in no event exceeds 9.99% of the number of shares of Common Stock outstanding immediately after giving effect to the issuance of Common Stock upon exercise of this Warrant held by the Holder and the provisions of this Section 2(e) shall continue to apply. Any increase in the Beneficial Ownership Limitation will not be effective until the 61st day after such notice is delivered to the Company. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 2(e) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Warrant.

Section 3. Certain Adjustments.

a) Stock Dividends and Splits. If the Company, at any time while this Warrant is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions on shares of Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock (which, for avoidance of doubt, shall not include any Common Stock issued by the Company upon exercise of this Warrant), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of reverse stock split or consolidation) outstanding Common Stock into a smaller number of shares, or (iv) issues by reclassification of shares of Common Stock any shares of the Company, then in each case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event, and the number of shares issuable upon exercise of this Warrant shall be proportionately adjusted such that the aggregate Exercise Price of this Warrant shall remain unchanged. Any adjustment made pursuant to this Section 3(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

b) Subsequent Rights Offerings. In addition to any adjustments pursuant to Section 3(a) above, if at any time the Company grants, issues or sells any Common Stock Equivalents or rights to purchase stock, warrants, securities or other property pro rata to the record holders of Common Stock (the "Purchase Rights"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights (provided, however, that to the extent that the Holder's right to participate in any such Purchase Right would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Purchase Right to such extent (or beneficial ownership of such shares of Common Stock as a result of such Purchase Right to such extent) and such Purchase Right to such extent shall be held in abeyance for the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

c) Pro Rata Distributions. During such time as this Warrant is outstanding, if the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to holders of shares of Common Stock, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a "Distribution"), at any time after the issuance of this Warrant, then, in each such case, the Holder shall be entitled to participate in such Distribution to the same extent that the Holder would have participated therein if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date of which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the participation in such Distribution (provided, however, that to the extent that the Holder's right to participate in any such Distribution would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Distribution to such extent (or in the beneficial ownership of any shares of Common Stock as a result of such Distribution to such extent) and the portion of such Distribution shall be held in abeyance for the benefit of the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

d) Fundamental Transaction. If, at any time while this Warrant is outstanding, (i) the Company, directly or indirectly, in one or more related transactions effects any merger or amalgamation or consolidation of the Company with or into another Person, (ii) the Company, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding shares of Common Stock or 50% or more of the voting power of the common equity of the Company, (iv) the Company, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of shares of Common Stock or any compulsory share exchange pursuant to which shares of Common Stock are effectively converted into or exchanged for other securities, cash or property, or (v) the Company, directly or indirectly, in one or more related transactions consummates a share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another Person or group of Persons whereby such other Person or group acquires more than 50% of the outstanding shares of Common Stock or 50% or more of the voting power of the common equity of the Company (each a “Fundamental Transaction”), then, upon any subsequent exercise of this Warrant, the Holder shall have the right to receive, for each Warrant Share that would have been issuable upon such exercise immediately prior to the occurrence of such Fundamental Transaction (without regard to any limitation in Section 2(e) on the exercise of this Warrant), the number of shares of Common Stock of the successor or acquiring corporation or of the Company, if it is the surviving corporation or is otherwise the continuing corporation, and any additional consideration (the “Alternate Consideration”) receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which this Warrant is exercisable immediately prior to such Fundamental Transaction (without regard to any limitation in Section 2(e) on the exercise of this Warrant). For purposes of any such exercise, the determination of the Exercise Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. The Company shall cause any successor entity in a Fundamental Transaction in which the Company is not the survivor (the “Successor Entity”) to assume in writing all of the obligations of the Company under this Warrant in accordance with the provisions of this Section 3(d) pursuant to written agreements prior to such Fundamental Transaction and shall, at the option of the Holder, deliver to the Holder in exchange for this Warrant a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Warrant which is exercisable for a corresponding number of shares or other securities of such Successor Entity (or its parent entity) equivalent to the shares of Common Stock acquirable and receivable upon exercise of this Warrant (without regard to any limitations on the exercise of this Warrant) prior to such Fundamental Transaction, and with an exercise price which applies the exercise price hereunder to such shares of or other securities (but taking into account the relative value of the shares of Common Stock pursuant to such Fundamental Transaction and the value of such shares or securities, such number of shares or securities and such exercise price being for the purpose of protecting the economic value of this Warrant immediately prior to the consummation of such Fundamental Transaction). Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Warrant referring to the “Company” shall refer instead to the Successor Entity), and may exercise every right and power of the Company and shall assume all of the obligations of the Company under this Warrant with the same effect as if such Successor Entity had been named as the Company herein. For the avoidance of doubt, the Holder shall be entitled to the benefits of the provisions of this Section 3(d) regardless of whether the Company has sufficient authorized shares of Common Stock for the issuance of Warrant Shares.

e) Calculations. All calculations under this Section 3 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 3, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding treasury shares, if any) issued and outstanding.

f) Notice to Holder.

i. Adjustment to Exercise Price. Whenever the Exercise Price is adjusted pursuant to any provision of this Section 3, the Company shall promptly deliver to the Holder by email a notice setting forth the Exercise Price after such adjustment and any resulting adjustment to the number of Warrant Shares and setting forth a brief statement of the facts requiring such adjustment.

ii. Notice to Allow Exercise by Holder. If (A) the Company shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Company shall authorize the granting to all holders of the shares of Common Stock, rights or warrants to subscribe for or purchase any shares of the Company or of any rights, (D) the approval of any stockholders of the Company shall be required in connection with any reclassification of the Common Stock, any consolidation or merger, amalgamation or arrangement to which the Company is a party, any sale or transfer of all or substantially all of the assets of the Company, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property, or (E) the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company, then, in each case, the Company shall cause to be delivered by email to the Holder at its last email address as it shall appear upon the Warrant Register of the Company, at least 10 calendar days prior to the applicable record or effective date hereinafter specified, a notice (unless such information is filed with the Commission, in which case a notice shall not be required) stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, amalgamation, arrangement, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, amalgamation, arrangement sale, transfer or share exchange; provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice. To the extent that any notice provided in this Warrant constitutes, or contains, material, non-public information regarding the Company or any of its subsidiaries (the "Subsidiaries"), the Company shall simultaneously file such notice with the Commission pursuant to a Current Report on Form 8-K. The Holder shall remain entitled to exercise this Warrant during the period commencing on the date of such notice to the effective date of the event triggering such notice except as may otherwise be expressly set forth herein.

Section 4. Transfer of Warrant.

a) Transferability. Subject to compliance with any applicable securities laws and the conditions set forth in Section 4(d) hereof and the provisions of Section 4.1 of the Purchase Agreement, this Warrant and all rights hereunder are transferable, in whole or in part, upon surrender of this Warrant at the principal office of the Company or its designated agent, together with a written assignment of this Warrant substantially in the form attached hereto duly executed by the Holder or its agent or attorney and funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and, if required, such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees, as applicable, and in the denomination or denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant shall promptly be cancelled. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company unless the Holder has assigned this Warrant in full, in which case, the Holder shall surrender this Warrant to the Company within three (3) Trading Days of the date on which the Holder delivers an assignment form to the Company assigning this Warrant in full. This Warrant, if properly assigned in accordance herewith, may be exercised by a new holder for the purchase of Warrant Shares without having a new Warrant issued.

b) New Warrants. This Warrant may be divided or combined with other Warrants upon presentation hereof at the aforesaid office of the Company, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the Holder or its agent or attorney. Subject to compliance with Section 4(a), as to any transfer which may be involved in such division or combination, the Company shall execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants to be divided or combined in accordance with such notice. All Warrants issued on transfers or exchanges shall be dated the original Issue Date of this Warrant and shall be identical with this Warrant except as to the number of Warrant Shares issuable pursuant thereto.

c) Warrant Register. The Company shall register this Warrant, upon records to be maintained by the Company for that purpose (the "Warrant Register"), in the name of the record Holder hereof from time to time. The Company may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

d) Transfer Restrictions. If, at the time of the surrender of this Warrant in connection with any transfer of this Warrant, the transfer of this Warrant shall not be either (i) registered pursuant to an effective registration statement under the Securities Act and under applicable state securities or blue sky laws or (ii) eligible for resale without volume or manner-of-sale restrictions or current public information requirements pursuant to Rule 144, the Company may require, as a condition of allowing such transfer, that the Holder or transferee of this Warrant, as the case may be, comply with the provisions of the Purchase Agreement.

e) Representation by the Holder. The Holder, by the acceptance hereof, represents and warrants that it is acquiring this Warrant and, upon any exercise hereof, will acquire the Warrant Shares issuable upon such exercise, for its own account and not with a view to or for distributing or reselling such Warrant Shares or any part thereof in violation of the Securities Act or any applicable state securities law, except pursuant to sales registered or exempted under the Securities Act.

Section 5. Miscellaneous.

a) No Rights as Stockholder Until Exercise. This Warrant does not entitle the Holder to any voting rights, dividends or other rights as a stockholder of the Company prior to the exercise hereof as set forth in Section 2(d)(i), except as expressly set forth in Section 3. Without limiting any rights of a Holder to receive cash payments pursuant to Section 2(d)(i) and Section 2(d)(iv) herein, in no event shall the Company be required to net cash settle an exercise of this Warrant.

b) Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which shall in no event include the posting of any bond), and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company shall make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or stock certificate.

c) Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Trading Day, then such action may be taken or such right may be exercised on the next succeeding Trading Day.

d) Authorized Shares. The Company covenants that, during the period the Warrant is outstanding, it will reserve from its authorized and unissued shares of Common Stock a sufficient number of shares to provide for the issuance of the Warrant Shares upon the exercise of any purchase rights under this Warrant. The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of issuing the necessary Warrant Shares upon the exercise of the purchase rights under this Warrant. The Company shall take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of the Trading Market upon which the Common Stock may be listed or quoted for trading. The Company covenants that all Warrant Shares which may be issued upon the exercise of the purchase rights represented by this Warrant will, upon exercise of the purchase rights represented by this Warrant and payment for such Warrant Shares in accordance herewith, be duly authorized, validly issued, fully paid and non-assessable and free from all taxes, liens and charges created by the Company in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously with such issue).

Except and to the extent as waived or consented to by the Holder, the Company shall not by any action, including, without limitation, amending its certificate of incorporation or through any reorganization, transfer of assets, consolidation, merger, amalgamation, arrangement dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of Holder as set forth in this Warrant against impairment. Without limiting the generality of the foregoing, the Company shall (i) not increase the par value of any Warrant Shares above the amount payable therefor upon such exercise immediately prior to such increase in par value, (ii) take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and non-assessable Warrant Shares upon the exercise of this Warrant and (iii) use commercially reasonable efforts to obtain all such authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof, as may be, necessary to enable the Company to perform its obligations under this Warrant.

Before taking any action which would result in an adjustment in the number of Warrant Shares for which this Warrant is exercisable or in the Exercise Price, the Company shall obtain all such authorizations or exemptions thereof, or consents thereto, as may be necessary from any public regulatory body or bodies having jurisdiction thereof.

e) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Warrant shall be determined in accordance with the provisions of the Purchase Agreement.

f) Restrictions. The Holder acknowledges that the Warrant Shares acquired upon the exercise of this Warrant, if not registered, will have restrictions upon resale imposed by state and federal securities laws.

g) Nonwaiver and Expenses. No course of dealing or any delay or failure to exercise any right hereunder on the part of Holder shall operate as a waiver of such right or otherwise prejudice the Holder's rights, powers or remedies. No provision of this Warrant shall be construed as a waiver by the Holder of any rights which the Holder may have under the federal securities laws and the rules and regulations of the Commission thereunder. Without limiting any other provision of this Warrant, if the Company willfully and knowingly fails to comply with any provision of this Warrant, which results in any material damages to the Holder, the Company shall pay to the Holder such amounts as shall be sufficient to cover any costs and expenses including, but not limited to, reasonable attorneys' fees, including those of appellate Proceedings, incurred by the Holder in collecting any amounts due pursuant hereto or in otherwise enforcing any of its rights, powers or remedies hereunder.

h) Notices. Any and all notices or other communications or deliveries to be provided by the Holders hereunder including, without limitation, any Notice of Exercise, shall be in writing and delivered personally, by e-mail, or sent by a nationally recognized overnight courier service, addressed to the Company, at 8123 InterPort Blvd., Suite C, Englewood, Colorado 80112, Attention: Chief Executive Officer, email address: notices@xtiaerospace.com or such other email address or address as the Company may specify for such purposes by notice to the Holders. Any and all notices or other communications or deliveries to be provided by the Company hereunder shall be in writing and delivered personally, by email or sent by a nationally recognized overnight courier service addressed to each Holder at the email address or address of such Holder appearing on the books of the Company. Any notice or other communication or deliveries hereunder shall be deemed given and effective on the earliest of (i) the time of transmission, if such notice or communication is delivered via e-mail at the e-mail address set forth in this Section prior to 5:30 p.m. (New York City time) on any date, (ii) the next Trading Day after the date of transmission, if such notice or communication is delivered via e-mail at the e-mail address set forth in this Section on a day that is not a Trading Day or later than 5:30 p.m. (New York City time) on any Trading Day, (iii) the second Trading Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service, or (iv) upon actual receipt by the party to whom such notice is required to be given.

i) Limitation of Liability. No provision hereof, in the absence of any affirmative action by the Holder to exercise this Warrant to purchase Warrant Shares, and no enumeration herein of the rights or privileges of the Holder, shall give rise to any liability of the Holder for the purchase price of any Common Stock or as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

j) Remedies. The Holder, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Warrant. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Warrant and hereby agrees to waive and not to assert the defense in any action for specific performance that a remedy at law would be adequate.

k) Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors and permitted assigns of the Company and the successors and permitted assigns of Holder. The provisions of this Warrant are intended to be for the benefit of any Holder from time to time of this Warrant and shall be enforceable by the Holder or holder of Warrant Shares.

l) Amendment. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company, on the one hand, and the Holder on the other hand.

m) Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.

n) No Expense Reimbursement. The Holder shall in no way be required to pay, or to reimburse the Company for, any fees or expenses of the Company's transfer agent in connection with the issuance or holding or sale of the Common Stock, Warrant and/or Warrant Shares. The Company shall solely be responsible for any and all such fees and expenses.

o) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

(Signature Page Follows)

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized as of the date first above indicated.

XTI AEROSPACE, INC.

By: /s/ Brooke Turk
Name: Brooke Turk
Title: CFO

NOTICE OF EXERCISE

TO: **XTI AEROSPACE, INC.**

(1) The undersigned hereby elects to purchase Warrant Shares of the Company pursuant to the terms of the attached Warrant (only if exercised in full), and tenders herewith payment of all applicable transfer taxes, if any.

(2) Please issue said Warrant Shares in the name of the undersigned or in such other name as is specified below:

The Warrant Shares shall be delivered to the following DWAC Account Number:

(3) Accredited Investor. The undersigned is an “accredited investor” as defined in Regulation D promulgated under the Securities Act of 1933, as amended.

[SIGNATURE OF HOLDER]

Name of Investing Entity: Unusual Machines, Inc.

Signature of Authorized Signatory of Investing Entity:

Name of Authorized Signatory: Allan Evans

Title of Authorized Signatory: Chief Executive Officer

Date:

ASSIGNMENT FORM

(To assign the foregoing Warrant, execute this form and supply required information. Do not use this form to purchase shares.)

FOR VALUE RECEIVED, the foregoing Warrant and all rights evidenced thereby are hereby assigned to

Name: _____

(Please Print)

Address: _____

(Please Print)

Phone Number: _____

Email Address: _____

Dated: _____,

Holder's Signature: _____

Holder's Address: _____

XTI AEROSPACE, INC.
OFFICER EMPLOYMENT AGREEMENT

This Officer Employment Agreement (this “**Agreement**”) is made and entered into as of January 5, 2026 (the “**Effective Date**”), by and between the following (the “**Parties**” or each a “**Party**”):

- (i) XTI AEROSPACE, INC., a Nevada corporation (the “**Company**”), and
- (ii) TOBIN ARTHUR (“**Executive**”).

RECITALS

WHEREAS, the Company desires to employ the Executive as that certain c-suite executive Position, as set forth in *Exhibit A*; and

WHEREAS, Executive represents and warrants to the Company that Executive is not restricted or prohibited, contractually or otherwise, from entering into and performing each of the terms and covenants contained in this Agreement, and that Executive’s execution and performance of this Agreement will not violate or breach any other agreements between Executive and any other person or entity.

WHEREAS, Company wishes to employ Executive, and Executive wishes to accept such employment with Company, on the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, incorporating the foregoing Recitals into this Agreement, and for good and valuable consideration, the Parties agree, as follows:

1. DEFINITIONS. Attached hereto as *Exhibit A* is a table of defined terms and the meaning prescribed for each such defined term.

2. EMPLOYMENT. Company shall employ Executive, and Executive accepts such employment by Company, during the Term, on the terms and subject to the conditions set forth in this Agreement.

3. TERM. The term of this Agreement shall commence as of the Effective Date, and, subject to the termination provisions of Sections 6 and 7 below, shall continue for the Initial Term as set forth in *Exhibit A*, and shall automatically renew for additional successive one (1)-year periods thereafter, (each, a “**Renewal Term**”), unless the Company provides Executive with at least one-hundred eighty (180) days’ notice of the Company’s election not renew the for the next Renewal Term (with the Initial Term and any applicable Renewal Term(s) being collectively referred to herein as the “**Term**”).

4. POSITION AND DUTIES.

4.1 General Duties.

(1) During Executive’s employment hereunder, Executive shall serve in the Position as set forth on *Exhibit A*.

(2) Executive shall do and perform all services, acts or things necessary or advisable to manage and conduct the business of the Company and which are normally associated with Executive’s Position and such other tasks as may be assigned to Executive from time to time by Executive’s Direct Report. However, at all times during Executive’s employment, Executive shall be subject to the direction and policies from time to time reasonably established in good faith and provided in advance and in writing, to Executive by the Company. Notwithstanding the foregoing, Executive shall have such corporate power and authority as shall be required to enable Executive to discharge Executive’s duties in any office that Executive may hold.

(3) During Executive's employment by the Company Executive, (i) shall devote his full time and professional efforts to the business of the Company, and (ii) shall not engage in competition with the Company, either directly or indirectly, in any manner or capacity, as adviser, principal, agent, partner, officer, director, employee, member of any association or otherwise, in any phase of the business of developing, manufacturing and marketing of products which are in the same field of use or which otherwise directly compete with the products or proposed products of the Company, provided, however, Executive may (x) engage in Civic Involvement, (y) own or participate in Passive Investment Interests, and (z) engage or participate in those matters and/or activities set forth and described in *Exhibit B* attached hereto ("**Matters of Potential Conflict**") which such Matters of Potential Conflict are deemed to not pose a competition threat or conflict with the business of the Company or any of its Affiliates or subsidiaries.

(4) The Executive acknowledges receipt of the Company Policies, and affirms that Executive has read and understands the Company Policies and agrees to comply with such Company Policies.

4.2 Place of Performance. In connection with Executive's employment under this Agreement, Executive shall be based at and principally perform Executive's duties at one of the Company's Executive Offices, defined in *Exhibit A*.

5. COMPENSATION AND BENEFITS.

5.1 Base Salary. Beginning on the Effective Date and continuing thereafter unless modified in writing by the Parties, Company will pay Executive an annualized Base Salary as reflected on *Exhibit A*, payable according to Company's payroll policies for senior Officer Employees. Executive's Base Salary will be subject to review by the Company's Compensation Committee each year during the Term of this Agreement (the "**Annual Review**") which such Annual Review will take place twenty (20) days on either side of December 31st of each year.

5.2 Performance Bonuses. On or before December 31st of each year during the Term, the Company's CEO will propose for the following year, quantitative, specific target objectives for the Company and Executive Team (the "**Proposed Target Objectives**") and call for a meeting of the Board to take place on or before January 15th with the purpose, among other things, to review and modify, if appropriate, and then approve, ratify and/or consent to such Proposed Target Objectives (as approved by the Board, the "**Target Objectives**"). The CEO will then use such Target Objectives to establish in writing and immediately provided to Executive (in the CEO's discretion) Executive's individual (i) annual objectives agreed upon between the CEO and Executive to be discussed at the Annual Review, and (ii) quarterly objectives agreed upon between the CEO and the Executive (the Executive's "**Quarterly Milestones**") against which Executive's performance will be reviewed and evaluated in writing no later than 30 calendar days following each calendar quarter and immediately provided to Executive (the "**Quarterly Review**"). Following each Quarterly Review, the CEO may, in the CEO's sole discretion, award Executive a Performance Bonus (as described in *Exhibit A* attached hereto) as shall be appropriate or desirable based on the CEO's evaluation of Executive's performance, and such Performance Bonus, if awarded, shall be paid within thirty (30) calendar days following each calendar quarter (the "**Quarterly Bonus**" with the sum of all calendar year Quarterly Bonuses not to exceed the annual Performance Bonus referenced in *Exhibit A*).

5.3 Incentive Award. Executive shall also be eligible to receive, from time-to-time, equity incentive awards of options, stock, restricted stock units and/or other participation interests in Company and/or Company's affiliates, as mutually agreed by Company and Executive (collectively, "**Incentive Awards**"). Incentive Awards granted to Executive by the Company (each an "**Incentive Award Grant**") (a) may be subject to a vesting schedule (creating a "**Vesting Period**") based on the passage of time, the occurrence of certain events, or Executive's achievement of Quarterly Milestones as established by the CEO and reflected in an Incentive Award Grant, (b) will be subject to Executive's continued employment with the Company through any applicable Vesting Period, unless termination of such employment is by reach of death, Incapacity, termination without cause, or termination for Good Reason, (c) will be subject to Compensation Committee approval, and (d) will each have tax implications to the Executive (for which the Executive will need to obtain Executive's own tax advice). Prior to the effective date of an Incentive Award Grant to Executive, the Company shall provide Executive, a writing, setting forth the amount and terms of a proposed Incentive Award Grant. All Incentive Awards shall be either compliant with, or exempt from, Section 409A of the Internal Revenue Code of 1986, as amended.

5.4 Officer Expense Policy. In addition to the Business Expenses for which the Company shall reimburse Executive or otherwise pay for as discussed in Section 5.6 below, the Company has adopted an Officer Expense Policy, as such may be modified or amended from time to time and immediately provided to Executive in writing by the Company (the "**Officer Expense Policy**"), a copy of which has been provided to Executive prior to the Effective Date hereof. The Company shall reimburse Executive for Qualified Expenditures incurred by Executive, in accordance with the Company's Officer Expense Policy, or as otherwise approved, in writing, by the Company's chief financial officer.

5.5 Business Expenses. Company will secure, within a reasonably prompt period of time following the Effective Date, a Company credit card for Executive's use for reasonable business expenses during Executive's employment, and, additionally, will pay or reimburse within fifteen (15) Business Days reasonable business expenses incurred by Executive in the performance of Executive's duties hereunder, subject to the Company's written policies and procedures established and modified from time to time by the Company.

5.6 Continuation Bonus. Within thirty (30) days of executing this Agreement, Executive shall be entitled to a Continuation Bonus in such amount as reflected on *Exhibit A*.

5.7 Acquisitive Bonus. At the closing of an Acquisitive Transaction, Executive may be awarded a bonus (an "**Acquisitive Transaction Bonus**"), at the Board's sole discretion, based on criteria to be submitted to the Board by Executive on a case-by-case basis within thirty (30) days after the closing of each such transaction.

5.8 Vacation. Subject to the reasonable demand of the Company, Executive shall be entitled to that number of paid Vacation/Personal Days (generally, "**PTO Days**") as reflected in Exhibit A attached hereto during each twelve-month period during Executive's employment hereunder (for purposes of this Section of the Agreement, a "**Year**"), in addition to all U.S. national holidays and other national holidays applicable to the Company. Any unused PTO Days in any Year will rollover to the next Year. Further, in the event of the termination of this Agreement, and if Executive does not take all of such Executive's available PTO Days before the end of the Executive's employment with the Company, Executive shall be compensated for all accrued vacation at his Base Salary rate then in effect. Company shall comply with all applicable laws, if any, governing Executive's accrual and use of paid sick time.

5.9 Benefits. In addition to the foregoing, Executive shall be entitled to participate in such other medical, dental, disability, life insurance, 401(k), pension and other benefit plans as Company may have or establish from time-to-time. The foregoing, however, shall not be construed to require Company to establish any such plans or to prevent the modification or termination of such plans once established.

5.10 Withholdings. All of Executive's compensation shall be subject to customary withholding taxes and any other US employment taxes as are commonly required to be collected or withheld by the Company. The Company shall not withhold any taxes or other fees applicable to any country, government or other jurisdiction. If Executive is required to pay any employment taxes (or other related income or other taxes) to any country, government or jurisdiction as a result of this Agreement (or Executive's services hereunder outside the US) other than US taxes, the Company shall promptly reimburse to Executive the full amount of such taxes (and related out-of-pocket costs) incurred by Executive.

6. TERMINATION BY COMPANY. Executive's employment with the Company may be terminated by the Company only under the following conditions:

6.1 Death. Upon Executive's death, in which case termination shall be effective on the last day of the month in which Executive's death occurs.

6.2 Disability. If Executive (a) becomes Totally Disabled (as defined below) in which event, for purposes of this Section 6.2, the date of termination shall be the last day of the month in which Executive is determined to be Totally Disabled, or (b) if Executive shall be absent from duties on a full-time basis due to Incapacity for six (6) consecutive months, and shall not have returned to the performance of duties within thirty (30) days after receiving written notice of termination following such six (6)-month period (a "**Disability Notice**") in which event Executive's date of termination shall be thirty (30) days following Executive's receipt of a Disability Notice.

6.3 For Cause. The Company may terminate, by the vote, approval or consent of the Company's Board (a "**Board Action**") where such Board Action is taken by 60% or more of the directors serving on the Board (a "**Super Majority of the Board**"), Executive's employment under this Agreement for Cause (as defined below) by (a) delivery of written notice to Executive specifying the cause or causes relied upon for such termination; and (b) giving Executive, together with Executive's counsel, an opportunity to be heard before the Board prior to such Board Action. Any notice of termination given pursuant to this Section 6.3 shall effect termination as of the date specified in such notice or, in the event no such date is specified, on the last day of the month in which such notice is delivered or deemed delivered as provided in Section 12.6.

6.4 Without Cause. The Company may terminate the Executive's employment without Cause upon (a) a Board Action of a Super Majority of the Board, and (b) delivery of written notice of such termination to the Executive at any time (a "**Notice of Termination**"). Any Notice of Termination given pursuant to this Section 6.4 shall effect termination as that date which is the greater of (i) the number of days remaining on the then current Term, or (ii) one-hundred eighty (180) days.

7. TERMINATION BY EXECUTIVE. Executive may terminate Executive's employment with the Company (a) for Good Reason at any time within twelve (12) months following the occurrence of an event or events constituting such Good Reason; or (b) upon ninety (90) days' Notice without Good Reason.

8. COMPENSATION UPON TERMINATION.

8.1 Death. If Executive's employment shall be terminated by death, the Company shall pay to Executive's designee(s), beneficiary(ies), or if there is no such designee or beneficiary, to Executive's estate, an amount equal to the sum of Executive's (i) annualized Base Salary as of Executive's date of termination, plus (ii) the total of all bonuses awarded to Executive during the twelve months prior to the Executive's date of termination, divided by 12 and then multiplied by the Death and Disability Multiple (as defined in *Exhibit A*).

8.2 Disability. If Executive shall become disabled as provided in Section 6.2, until such time as Executive's employment is terminated in accordance with Section 6.2, the Company shall continue to pay to Executive an amount which, when combined with disability or income-continuation benefits pursuant to a Company plan or provided under state law and received by Executive, shall equal but not exceed Executive's Base Salary, provided that Executive has submitted claims for any and all such disability benefits to which Executive may be entitled. For any waiting period during which Executive receives no benefits under any disability plan, the Company shall pay Executive's entire Base Salary for a period of six months following Executive's Disability. Upon any such termination, the Company shall pay to Executive an amount equal to the sum of Executive's (i) annualized Base Salary as of Executive's date of termination, plus (ii) the total of all bonuses awarded to Executive during the twelve months prior to the Executive's date of termination (Executive's "***Date of Disability Annualized Compensation***"), divided by 12 and then multiplied by the Death or Disability Multiple (as defined in *Exhibit A*).

8.3 Cause; Without Good Reason. If Executive's employment shall be terminated by the Company for Cause, or if Executive terminates employment hereunder without Good Reason, the Company shall pay Executive Executive's Base Salary through the final date of termination at the rate in effect at the time of the notice of termination, and neither the Executive nor the Company shall thereafter have any further obligations under this Agreement.

8.4 Without Cause; Good Reason. If (a) Executive shall terminate Executive's employment with the Company for Good Reason; or (b) the Company shall terminate Executive's employment without Cause, then upon Executive's furnishing to the Company (or the New Company, as the case may be) an executed Waiver and Release of Claims (a form of which is attached hereto as *Exhibit C*), Executive shall be entitled to the following:

(1) Executive's Base Salary through the date of termination;

(2) Executive's annual Base Salary in effect at the time of termination, divided by 12 and then multiplied by the Base Salary Severance Multiple (as defined in *Exhibit A*);

(3) An amount equal to the total of all bonuses awarded to Executive during the twelve months prior to the Date of Termination, divided by 12 and then multiplied by the Bonus Severance Multiple (as defined in *Exhibit A*);

(4) Immediate vesting, in full, of all unvested Company securities (or rights to such securities) held by Executive on the effective date of termination, whether such securities (or rights to such securities) are held in the form of (i) Restricted Stock Units ("***RSUs***"), (ii) restricted stock, (iii) stock options of the Company, (iv) issued to Executive pursuant to Section 5 of this Agreement, or (v) otherwise, and the continuation of the period for exercise (the "***Exercise Period***") of all vested securities of the Company held by Executive until the final expiration of any applicable Exercise Period; and

(5) Continued receipt, at the Company's cost (including, without limitation, the Company's reimbursement if any COBRA payments made by Executive), for the Benefits Continuation Period (as defined in *Exhibit A*) of all employee benefit plans and programs, including, without limitation, the benefits in which the Executive and Executive's family were entitled to participate immediately prior to the date of termination. In the event that the Executive's participation in any such plan or program is barred by applicable law, the Company shall arrange to provide the Executive with benefits substantially equivalent to those which the Executive would otherwise have been entitled to receive under such plans and programs from which Executive's continued participation is barred by applicable law.

8.5 Discontinuation. Further, in the event of a Change in Control, and either (a) the New Company does not continue Executive's employment ("**Continued Employment**") (i) on terms no less favorable than as provided herein (as in effect immediately before the Change of Control), and (ii) in the same or similar Position as Executive held with the Company immediately before the Change of Control (the "**Continued Terms**"), or (b) the New Company continues Executive's employment with the New Company on terms no less favorable to Executive than Continued Terms and such Continued Employment is accepted by Executive and the New Company within twelve (12) months following such Change of Control, either (i) terminates Executive, for any reason other than for Cause, or (ii) without Executive's written consent, the New Company changes the terms of Executive's employment to terms less favorable to Executive than the Continued Terms, and within 30 days of such reduction in terms Executive resigns Executive's employment from the New Company (the date of such termination or resignation being the "**Discontinuation Date**"), then upon Executive's furnishing to the New Company an executed waiver and release of claims in form substantially as set forth in *Exhibit C*, the New Company shall pay to Executive, within thirty (30) days of the later of such Change of Control or the Discontinuation Date (as applicable), in addition to any amounts Executive is entitled to pursuant to the other provisions of Section 8, the following:

- (1) The New Company shall pay Executive's Base Salary through the date of latter of the Change of Control and Discontinuation Date;
- (2) The New Company shall pay Executive Executive's annual Base Salary in effect immediately prior to the Discontinuance Date, divided by 12 and then multiplied by the Discontinuance Multiple;
- (3) The New Company shall pay Executive an amount equal to the total of all bonuses awarded to Executive during the twelve months prior to the Discontinuance Date, divided by 12 and then multiplied by the Discontinuance Multiple;
- (4) Immediate vesting, in full, of all unvested Company securities (or rights to such securities) held by Executive on the effective date of termination, whether such securities (or rights to such securities) are held in the form of (i) Restricted Stock Units ("RSUs"), (ii) restricted stock, (iii) stock options of the Company, (iv) issued to Executive pursuant to Section 5 of this Agreement, or (v) otherwise, and the continuation of the period for exercise (the "Exercise Period") of all vested securities of the Company held by Executive until the final expiration of any applicable Exercise Period;
- (5) The payment by the Company to Executive, as a bonus, of an amount (a "**Discontinuance Bonus**") equal to (a) the fair market value used to calculate the income tax consequences of the immediate vesting of Company securities pursuant to other provisions of this Section 8.5 (4), divided by (b) the difference between 100% and the Highest Marginal Tax Rate; and
- (6) Executive shall continue to receive, at the New Company's cost, for the Benefits Continuation Period (as defined in *Exhibit A*) all employee benefit plans and programs including, without limitation, the benefits in which the Executive and Executive's family were entitled to participate immediately prior to the date of termination. In the event that the Executive's participation in any such plan or program is barred by applicable law, the New Company shall arrange to provide the Executive with benefits substantially equivalent to those which the Executive would otherwise have been entitled to receive under such plans and programs from which Executive's continued participation is barred by applicable law.

8.6 Parachute Payments. All payments provided for in this Section 8 to be made to Executive shall be made in one lump sum within thirty (30) calendar days of Executive's final date of termination unless otherwise directed by Executive; provided, however, notwithstanding anything in this Section 8 or elsewhere in this Agreement or in any other arrangement between the Company and Participant, in the event that any payment or benefits (whether made or provided pursuant to this Agreement or otherwise) provided to a Participant constitute "parachute payments" within the meaning of Section 280G of the Code ("**Parachute Payments**") and would be subject to the tax (the "**Excise Tax**") imposed by Section 4999 of the Code, then Employee will be entitled to receive only the maximum amount that may be provided to Employee without resulting in any portion of such Parachute Payments being subject to such Excise Tax. Any reduction of the Parachute Payments pursuant to the foregoing shall occur in the following order: (1) any cash payment under this Agreement, (2) any cash severance payable by reference to Employee's base salary and annual bonus; (3) any other cash amount payable to Employee; (4) any benefit valued as a "parachute payment" (within the meaning of Section 280G of the Code); and (5) acceleration of vesting of any equity award.

8.7 No Avoidance. Prior to Executive's termination in accordance with this Agreement, the Company agrees to (i) take no action, by amendment of the Company's charter documents or otherwise, to avoid or seek to avoid the observance or performance of any of the terms to be observed or performed by the Company hereunder, and (ii) at all times in good faith assist in the carrying out of all of the provisions herein and in the taking of all such action as may be necessary or appropriate in order to protect Executive's rights hereunder against impairment.

8.8 No Mitigation. Executive shall not be obligated to mitigate any damages that may be suffered by reason of a termination other than for Cause by the Company. In the event that Executive secures other employment or contracts after such termination with the effect that Executive's damages are mitigated, any monies received by Executive as a result of such employment or under such contract shall not in any manner be set off against, credited towards or deducted from amounts payable to Executive hereunder.

9. CONFIDENTIAL INFORMATION; NONSOLICITATION

9.1 Executive recognizes that Executive's employment with the Company will involve contact with information of substantial value to the Company, which is not old and generally known in the trade, and which gives the Company an advantage over its competitors who do not know or use it, including but not limited to, techniques, designs, drawings, processes, inventions, developments, equipment, prototypes, sales and customer information, and business and financial information relating to the business, products, practices and techniques of the Company (hereinafter referred to as "**Confidential Information**"). Executive will at all times regard and preserve as confidential such Confidential Information obtained by Executive from whatever source and will not, either during Executive's employment with the Company or thereafter, publish or disclose any part of such Confidential Information in any manner at any time, or use the same except on behalf of the Company, without the prior written consent of the Company. Notwithstanding the foregoing sentence, disclosure of Confidential Information shall not be precluded if such information (i) is now, or hereafter becomes, through no act or failure to act on the part of the Executive, generally known or available, or (ii) is required to be disclosed by law.

9.2 While employed by the Company and for one (1) year thereafter, the Executive agrees that Executive will not directly solicit any then current employee, consultant or independent contractor of the Company to terminate such person's relationship with the Company in order to become an employee, consultant or independent contractor to or for any other person or business entity.

10. SUCCESSORS. The Company shall require any successor (whether direct or indirect, by Change of Control, purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by agreement in form and substance reasonably satisfactory to the Executive, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such an agreement prior to the effectiveness of any such succession shall be a material breach of this Agreement and shall entitle the Executive to compensation and all other benefits from the Company in the same amount and on the same terms as Executive would be entitled to hereunder if Executive terminated Executive's employment for Good Reason hereunder.

11. INSURANCE AND INDEMNIFICATION.

11.1 Insurance. Company will procure and maintain (pay the premiums for) (i) a Directors and Officers liability insurance policy (a "***D&O Policy***") which covers Executive in an amount reasonably commensurate to the size and potential liabilities of Company and its Affiliates and shall pay the premium(s) associated with such policy, which will include a commercially reasonable tail period following termination, (ii) such other policies of liability insurance as the Company deems appropriate ("***Liability Coverage***"), as well as (iii) if Company directs Executive to travel to certain high-risk non-US locations, (x) security, extraction, and hostage/ransom coverage and services, as well as (y) travel medical and other reasonable emergency precautions and response (together with the D&O Policy and other Liability Coverage, the "***Policies***"). Company will name Executive as an additional-named insured on such D&O Policy, and such other Policies held or to be held by Company and its Affiliates.

11.2 Indemnification. To the fullest extent of applicable law, Company will, and will cause all the Company Affiliates to, indemnify and save harmless Executive, Executive's heirs and personal representatives, against all costs, charges and expenses incurred by Executive which are either (a) reasonably subject to coverage under any one or more of the Policies, but are not, for whatever reason, actually covered by, or paid to or for the benefit of Executive under such Policies, or (b) paid by Executive in connection with claims made by third parties including an amount paid to settle any action or to satisfy any claim or judgment, actually and reasonably incurred by Executive, including an amount paid to settle an action or satisfy a judgment in a civil, criminal, or administrative action or proceeding to the extent such claim or judgment relates to services which Executive was providing in good faith to the Company in performing his duties or otherwise fulfilling Executive's obligations hereunder, except where payment or reimbursement by the Company (or, if applicable, the Company Affiliate) of such amount is prohibited by law or any non-appealable court order. Any expenses incurred by Executive for such legal matters shall be reimbursed and/or paid on behalf of Executive at the time such services are rendered. Counsel defending the Company and Executive, not provided under the Policies, shall be selected by the Company (and promptly approved by Executive, with such approval not being unreasonably withheld) and paid for by the Company.

12. General Provisions.

12.1 Governing Law. The validity, interpretation, construction, and performance of this Agreement shall be governed by the laws of the State of Texas, without giving effect to the principles of conflict of laws.

12.2 Entire Agreement. This Agreement sets forth the entire agreement and understanding between the Parties relating to the subject matter herein and merges all prior discussions between the Parties. No modification or amendment to this Agreement, nor any waiver of any rights under this Agreement, will be effective unless in writing signed by both parties.

12.3 Severability. If any term or provision of this Agreement or the application thereof to any circumstance shall, in any jurisdiction and to any extent, be invalid or unenforceable, such term or provision shall be ineffective as to such jurisdiction to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remaining terms and provisions of this Agreement or the application of such terms and provisions to circumstances other than those as to which it is held invalid or unenforceable, and a suitable and equitable term or provision shall be substituted therefor to carry out, insofar as may be valid and enforceable, the intent and purpose of the invalid or unenforceable term or provision.

12.4 Dispute Resolution/Arbitration.

(1) Except as otherwise provided herein, any dispute between Executive and the Company shall be submitted to binding arbitration, which will occur in Tarrant, Collin, or Dallas County, Texas. Executive or the Company may commence the arbitration by delivery of a written notice to the other Parties describing the issue in dispute and its position with regard to such issue. If Executive and the Company are unable to agree on an arbitrator within thirty (30) days following delivery of such notice, the arbitrator shall be selected in accordance with the American Arbitration Association's National Rules for the Resolution of Employment Disputes in effect at the time ("**National Rules**"). Only one arbitrator, as opposed to a panel of arbitrators shall hear the dispute. Discovery shall be allowed in accordance with the National Rules. Except as may be otherwise provided herein, the arbitration shall be conducted in accordance with the National Rules. The award of the arbitrator shall be final and binding, and judgment upon an award may be entered in any court of competent jurisdiction. In any such arbitration, the prevailing Party shall be entitled to recover its costs, including without limitation reasonable attorneys' and experts' fees. Nothing contained in this Section 12 shall prevent either party from seeking a temporary restraining order, preliminary injunction or similar injunctive relief from a court of competent jurisdiction to enforce the provisions of this Agreement. In the event that any Party institutes an action in court for such relief or to compel arbitration or enforce an award of arbitration, the prevailing Party shall be entitled to recover its costs, including without limitation reasonable attorneys' and experts' fees.

(2) Executive and the Company agree that any dispute between them, including any dispute over this Agreement, but specifically excluding any dispute over compliance with the confidentiality or non-competition provisions of this Agreement, shall be submitted to binding arbitration as set forth in this Section 12.

(3) The decision of the arbitrator shall be enforceable in a court of competent jurisdiction.

12.5 Force Majeure. Noncompliance with the obligations of this Agreement by either Party due to events beyond the control of such Party, such as the Laws of any Government Authority hereafter adopted or modified, war, civil commotion, destruction of facilities and materials, fire, flood, earthquake or storm, labor disturbances, shortage of materials, failure of public utilities or common carriers, and any other causes beyond the reasonable control of the applicable Party, shall not constitute a breach of this Agreement.

12.6 Notice. All notices, requests, demands, or other communications under this Agreement shall be in writing. Notice shall be sufficiently given for all purposes as follows:

(i) **Personal Delivery.** When personally delivered to the recipient, notice is effective on delivery.

(ii) **First-Class Mail.** When mailed first class to the last address of the recipient known to the Party giving notice, notice is effective two (2) mail delivery days after deposit in a United States Postal Service office or mailbox.

(iii) **Certified Mail.** When mailed certified mail, return receipt requested, notice is effective on receipt, if delivery is confirmed by a return receipt dated on a business day.

(iv) **Overnight Delivery.** When delivered by overnight delivery via FedEx/United Parcel Service, or other reputable overnight delivery service, charges prepaid or charged to the sender's account, notice is effective on delivery, if delivery is confirmed by the delivery service.

(v) **Email Transmission.** When sent by email to the last email address of the recipient known to the Party giving notice, notice is effective when sent. Any Notice given by email shall be deemed received on the next business day if it is received after 5:00 p.m. Central Time (recipient's time) or on a non-business day.

(vi) **Address, email Addresses.** Addresses and email addresses for purpose of giving notice are as set forth following the signatures of the Parties below. Any Party may change its address or email address by giving the other Party notice of the change in any manner permitted by this Agreement.

(vii) **Refusal, Unclaimed or Undeliverable Notice.** Any correctly addressed notice that is refused, unclaimed, or undeliverable because of an act or omission of the Party to be notified shall be deemed effective as of the first business day that said notice was refused, unclaimed, or deemed undeliverable by the postal authorities, messenger, or overnight delivery service.

(viii) **Business Day.** If the last day permissible for delivery of any Notice under any provision of this Agreement, or for the performance of any obligation under this Agreement, shall be other than a business day, such last day for such Notice or performance shall be extended to the next following Business Day (provided, however, under no circumstances shall this provision be construed to extend the Date of Termination of this Agreement).

12.7 Cumulative Rights. Any specific right or remedy provided in this Agreement shall not be exclusive but shall be cumulative upon all other rights and remedies set forth in this Agreement and allowed under applicable law.

12.8 Counterparts. This Agreement may be executed in any number of counterparts, using electronic signatures, each of which will be deemed an original, but all of which together will constitute one and the same instrument. The Parties may also deliver executed copies of this Agreement to each other by electronic mail (including pdf or any electronic signature complying with the U.S. federal E-SIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes. No party may raise the use of any image transmission device or method or the fact that any signature was transmitted as an image as a defense to the enforcement of this Agreement.

12.9 Assignment And Binding Effect. This Agreement shall be binding upon and inure to the benefit of Executive and Executive's heirs, executors, personal representatives, assigns, administrators and legal representatives. Because of the unique and personal nature of Executive's duties under this Agreement, neither this Agreement nor any rights or obligations under this Agreement shall be assignable by Executive (except for certain rights in Company securities (subject to various rules governing such securities)). This Agreement shall be binding upon and inure to the benefit of the Company and its successors, assigns and legal representatives.

12.10 Waiver. No term, covenant or condition of this Agreement or any breach thereof shall be deemed waived, except with the written consent of the Party against whom the waiver is claimed, and any waiver or any such term, covenant, condition or breach shall not be deemed to be a waiver of any preceding or succeeding breach of the same or any other term, covenant, condition or breach.

12.11 Interpretation; Construction. The headings set forth in this Agreement are for convenience of reference only and shall not be used in interpreting this Agreement. This Agreement has been drafted by legal counsel representing the Company, but Executive has been encouraged, and has consulted with, Executive's own independent counsel and tax advisors with respect to the terms of this Agreement. The Parties acknowledge that each Party and its counsel has reviewed and revised, or had an opportunity to review and revise, this Agreement, and the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

[Signatures on Next Page]

IN WITNESS WHEREOF, the Parties have executed this Employment Agreement as of the date first above written.

THE COMPANY:

XTI Aerospace, Inc.,
a Nevada corporation

By: /s/ Scott Pomeroy
Scott Pomeroy, CEO

By: /s/ Brooke Turk
Brooke Turk, CFO

EXECUTIVE :

/s/ Tobin Arthur
Tobin Arthur

Exhibit A
Defined Terms

The following Table and defined terms set forth the meaning of such defined terms.

Term	Meaning
“Base Salary”	\$600,000 (USD) annually. Executive’s Base Salary will not be reduced or offset without Executive’s written consent. Executive’s Base Salary will be evaluated by the Board’s Compensation Committee, annually, to assess whether Executive’s then Base Salary is commensurate with what would reasonably be considered to be at Market (a “ <i>Compensation Review</i> ”). “ <i>Market</i> ” means the base salary executives in Executive’s Position with companies similar to the Company based on a broad review of the Company and its position in its industry. If such Compensation Review suggests Executive’s Base Salary should be increased, the Board shall engage in discussions with Executive to increase Executive’s Base Salary to an amount that is reflective of Market.
“Base Salary Severance Multiple”	18 months
“Benefits Continuation Period”	18 months after termination
“Bonus Severance Multiple”	18 months
“Discontinuance Multiple”	36 months
“Death and Disability Multiple”	12 months
“Direct Report”	CEO
“Initial Term”	Three (3) Years
“Performance Bonuses”	up to 100% of the Executive’s then current annualized Base Salary.
“Incentive Award”	As of the Effective Date, Executive will receive an initial grant of Stock Options equivalent to 1,512,200 shares to be reflected in a separate Stock Option Grant document (the “ <i>Grant Award Agreement</i> ”), subject to the vesting set forth in the Grant Award Agreement. Additionally, Executive will be eligible to receive such additional grants of Incentive Awards throughout the Term at the discretion of the Compensation Committee.
“Acquisitive Transaction Bonus”	Eligibility and, if applicable, the amount to be determined by the Board, in its discretion, on a case-by-case basis.
“Continuation Bonus”	\$250,000, paid in six (6) equal monthly installments
“Position”	Chief Strategy Officer
“PTO Days”	30 Business Days

“*Acquisitive Transaction*” means an investment or acquisition by the Company (generally an (“*Acquisition*”) of another company (generally a “*Target*”) through the purchase of either (x) some or all of such Target’s equity, or (y) all or substantially all of such Targets assets that are used in or useful to the business of such Target, with total Transaction Consideration (*defined below*) equal to or in excess of \$10 million (USD).

“**Affiliate**” means with respect to the Company and any of the Company’s subsidiaries and subsidiaries of any subsidiary and as otherwise defined in the Texas Business Organizations Code (the “**TBOC**”).

“**Board**” means the Company’s Board of Directors.

“**Business Day**” means any day other than a Saturday, a Sunday or a day on which national banking institutions in the United States are not open for business.

“**Cause**” shall mean, without limitation, the occurrence of any of the following events without Board approval or consent:

(a) Executive is in material breach of any material provision of this Agreement and, except as otherwise provided in Section 6.3, such breach continues for a period of thirty (30) days after written notice of such breach is given to Executive by the Company, and Executive has not cured such breach within thirty (30) days after receipt of such written notice;

(b) Executive’s engaging or in any manner participating in any activity which is (i) directly competitive with the business of the Company (unless otherwise set forth in Exhibit B), or (ii) intentionally or through gross negligence, injurious to the Company (herein “**Injurious Conduct**”) and such Injurious Conduct is determined by the Board to be irreparable or continues for a period of ten (10) days after written notice of such Injurious Conduct is given to Executive by the Company;

(c) Intentional improper use or appropriation for Executive’s personal use or benefit, and not in furtherance of the Company’s Target Objectives, of any funds or properties of the Company not authorized by the CEO to be so used or appropriated and the same has not been remedied within ten (10) days after written notice of such violation is given to Executive by the Company; and

(d) Executive’s conviction of any felony crime involving dishonesty or moral turpitude.

“**Change in Control**” of the Company shall mean and be deemed to have occurred if and when:

(a) Any person or entity or group of persons and/or entities acting in concert shall acquire, directly or indirectly, beneficial ownership of more than fifty percent (50%) of the outstanding shares of voting stock of the Company or other securities of the Company convertible (after giving effect to such conversion) into more than fifty percent (50%) of the outstanding shares of voting stock of the Company;

(b) The Company is a participant in a merger or consolidation in which the Company does not survive as an independent company; or

(c) The business or businesses of the Company for which Executive’s services are principally performed are disposed of by the Company pursuant to a partial or complete liquidation of the Company, a sale of assets or otherwise;

If any of the above three (3) events occurs, then for purposes of this Agreement, the Company or the Company’s successor will be considered the “**New Company**.”

“**Civic Involvement**” means civic, charitable or religious activities or organizations which will not present any direct conflict of interest with the Company or affect the performance of Executive’s duties under this Agreement.

“**Company Policies**” (or each a “**Company Policy**”) means the Company’s (i) Insider Trading Policy, (ii) Clawback Policy, (iii) Whistleblower Policy (which is covered in the Company’s Code of Business Conduct and Audit Committee Charter), (iv) the Company’s Officer Expense Policy, and (v) the human resource policies, including, without limitation, the Company’s Employee Handbook.

“**Compensation Committee**” means that committee of the Company’s Board established to oversee the total compensation packages provided by the Company to its officers.

“**Executive Office**” means (i) the Company’s executive office area located in Englewood, CO location, (ii) Executive’s home office location, or (iii) anywhere the Company shall designate in the future as its primary *Executive Office*.

“**Executive Team**” means Scott Pomeroy, Brooke Turk, Tobin Arthur and Michael Tapp (each also herein an “**Officer**”).

“**Good Reason**” shall mean any one or more of the following events:

- (1) The occurrence of a Change in Control of the Company;
- (2) The termination by the Company of the employment of any member of the Executive Team (other than Executive), without Cause.
- (3) The failure by the Company to comply with any material provision of this Agreement and such failure has continued for a period of ten (10) days after written notice of such failure has been given by Executive to the Company;
- (4) A bad faith attempt by the Company to directly or indirectly induce Executive to resign or otherwise terminate Executive’s employment hereunder;
- (5) The assignment to Executive of any duties materially inconsistent with Executive’s Position;
- (6) The reduction, deferral or offsetting by the Company in or of Executive’s Base Salary, as the same may be increased from time to time under the terms of this Agreement.
- (7) The failure of the Company to establish annual performance targets, so long as the Company fails to remedy such failure following notice to the Company of such failure and the Company’s failure to then establish such performance objectives or targets within a reasonable period of time thereafter, with all disputes being finally resolved pursuant to section 12.4.

“**Highest Marginal Tax Rate**” means the highest combined federal and state income tax rate among all the members of the Executive Team.

“**Incapacity**” means Executive’s inability, due to physical or mental illness, injury, or other incapacity, to perform the essential functions of Executive’s Position, with or without reasonable accommodation for a period of time which has lasted or is expected to last for a continuous period of six (6) consecutive months in any twelve (12) month period or more and which causes the individual to be unable, in the opinion of both (x) the Company, and (y) two (2) (if more than one (1) is required by the Company in its sole discretion) independent licensed physicians, to perform such individual’s duties for the Company and to be engaged in any substantial gainful activity

“Passive Investment Interests” means (i) participation on either fiduciary or advisory boards of companies or organizations, and/or (ii) ownership of business interests (including but not limited to, stock in corporations, membership interests in limited liability companies, limited partnership interests and other business interests) that do not compete with Company’s business (x) when initially serving on such board(s), or (y) when an investment is made (provided, however, Executive may own directly or indirectly up to 5% of a publicly held company).

“Totally Disabled” as used in this Agreement shall mean the inability of Executive (in the determination of the CEO) to perform the essential functions of Executive’s Position under this Agreement by reason of any Incapacity. The CEO’s determination shall be final and binding and the date such determination is made shall be the date of such Total Disability for purposes of this Agreement.

“Transaction Consideration” shall mean the sum of (i) all cash, (ii) the fair market value of any securities (including, without limitation, securities convertible, exercisable, or exchangeable for equity securities) or other property or assets paid, issued, assigned or transferred by the Company or a subsidiary in an Acquisitive Transaction, all as the case may be.

Exhibit B
Executive's Potential Conflicts

The following are matters or organizations in which Executive participates or is otherwise involved to the degree disclosed below:

Matter/Company	Description of relationship
Catalyst Fund I	General Partner
AngelMD, Inc.	Board Member
Innovation4Alpha LLC	Managing Partner

Exhibit C
RELEASE OF CLAIMS AND WAIVERS

In exchange for payment to Executive of amounts pursuant to Section 8.4 (and for the other benefits provided therein) of the Employment Agreement (the “**Agreement**”) between Executive and XTI Aerospace, Inc., a Nevada corporation (the “**Company**”), to which this form is attached, Executive hereby furnishes to the Company this Release and Waiver of Claims.

Executive hereby releases, and forever discharges the Company, its officers, directors, agents, employees, stockholders, successors, assigns and affiliates (including all Company Affiliates (as defined in the Agreement)), of and from any and all known claims, liabilities, demands, causes of action, costs, expenses, attorneys’ fees, damages, indemnities and obligations of every kind and nature, in law, equity, or otherwise, suspected and unsuspected, disclosed and undisclosed, arising at any time prior to and including Executive’s employment termination date with respect to any claims relating to Executive’s employment and the termination of Executive’s employment, including but not limited to, claims pursuant to any federal, state or local law relating to employment, including, but not limited to, discrimination claims, claims under the any Fair Employment and Housing Act, and the Federal Age Discrimination in Employment Act of 1967, as amended (“**ADEA**”), or claims for wrongful termination, breach of the covenant of good faith, contract claims, tort claims, and wage or benefit claims, including but not limited to, claims for salary, bonuses, commissions, stock, stock options, vacation pay, fringe benefits, severance pay or any form of compensation (other than the obligations under Section 8.4 of the Agreement and any indemnification obligations owed by the Company to Executive).

Executive acknowledges that, among other rights, Executive is waiving and releasing any rights Executive may have under the ADEA, that this Release and Waiver of Claims is knowing and voluntary, and that the consideration given for this Release and Waiver Claims is in addition to anything of value to which Executive was already entitled as an employee of the Company. Executive further acknowledge that Executive has been advised, as required by the Older Workers Benefit Protection Act, that: (a) this Release and Waiver of Claims granted herein does not relate to claims which may arise after it is executed; (b) Executive has the right to consult with an attorney prior to executing this Release and Waiver of Claims (although Executive may choose voluntarily not to do so); (c) Executive has twenty-one (21) days from the date Executive receives this Release and Waiver of Claims, in which to consider this Release and Waiver of Claims (although Executive may choose voluntarily to execute it earlier); (d) Executive has seven (7) days following the execution of this Release and Waiver of Claims to revoke Executive’s consent to this Release and Waiver of Claims; and (e) this Release and Waiver of Claims shall not be effective until the seven (7) day revocation period has expired.

Date: _____, 20__

EXECUTIVE:

Tobin Arthur