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): November 9, 2015

WORKHORSE GROUP INC.
(Exact name of registrant as specified in its charter)

Nevada	000-53704	26-1394771
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification Number)

100 Commerce Drive, Loveland, Ohio 45140
(Address of principal executive offices) (zip code)

513-297-3640
(Registrant's telephone number, including area code)

Copies to:
Stephen M. Fleming, Esq.
Fleming PLLC
49 Front Street, Suite 206
Rockville Centre, New York 11570
Phone: (516) 833-5034
Fax: (516) 977-1209

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ 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))

Item 1.01 Entry Into A Material Definitive Agreement
Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant
Item 3.02 Unregistered Sales of Equity Securities

On November 9, 2015 (the "Closing Date"), Workhorse Group Inc. (the “Company”), entered into Securities Purchase Agreements with several accredited investors (the “Investors”) providing for the sale by the Company to the Investors of 6% Convertible Promissory Notes in the aggregate amount of $8,750,001 (the "Notes"). In addition to the Notes, the Investors also received stock purchase warrants (the “Warrants”) to acquire an aggregate of 25,000,003 shares of common stock of the Company. The Warrants are exercisable for five years at an exercise price of $0.528, which is 120% of the closing price of the Company’s common stock on the OTCQB Marketplace on the trading day immediately prior to the Closing Date.

The Notes mature on the earlier of (i) two years from the date of issuance, (ii) the Company’s listing of its common stock on The Nasdaq Stock Market or the NYSE MKT (the “Listing”) or (iii) upon a change of control (collectively, the "Maturity Date"). At the option of the Investors, all or a portion of the Notes may be converted into shares of common stock of the Company at $0.35 per share (the “Offering Price”). The Notes are convertible into shares of common stock of the Company automatically on the Maturity Date at the lower of the Offering Price, lower of the opening and closing prices of the Company’s common stock on the initial trading day on a national exchange, the price per share paid by public investors in an underwritten public offering conducted in connection with the Listing or the per share consideration paid in a change of control. Interest is payable on the Maturity Date and upon the optional conversion by an investor in shares of Common Stock, cash or a mixture of both, at the option of the Company at the public market price on the trading day immediately preceding such date.

The Company claims an exemption from the registration requirements of the Securities Act of 1933 (the “Securities Act”) for the private placement of these securities pursuant to Section 4(a)(2) of the Securities Act and/or Rule 506 of Regulation D promulgated under the Securities Act. The Investors are accredited investors as defined in Rule 501 of Regulation D promulgated under the Securities Act. As of the date hereof, the Company is obligated on $8,750,001 in face amount of Notes issued to the Investors. The Notes are a debt obligation arising other than in the ordinary course of business which constitute a direct financial obligation of the Company. Maxim Group LLC, a registered broker-dealer (member, FINRA/SIPC), acted as the Placement Agent for the offering and received $787,500.09 in fees and a common stock purchase warrant to acquire 2,249,998 shares of common stock for a period of five years at an exercise price of $0.528 per share.

The foregoing information is a summary of each of the agreements involved in the transactions described above, is not complete, and is qualified in its entirety by reference to the full text of those agreements, each of which is attached an exhibit to this Current Report on Form 8-K. Readers should review those agreements for a complete understanding of the terms and conditions associated with this transaction.

Item 9.01 Financial Statements and Exhibits

Exhibit No.	Description of Exhibit
4.1	Form of Securities Purchase Agreement entered between Workhorse Group Inc. and the Investors
4.2	Form of 6% Convertible Promissory Note issued to the Investors
4.3	Form of Stock Purchase Warrant issued to the Investors

SIGNATURES

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.

WORKHORSE GROUP INC.

Date: November 12, 2015

By: /s/ Julio Rodriguez
Name: Julio Rodriguez
Title: CFO

Exhibit 4.1

Workhorse Group Inc.

Securities Purchase Agreement

Investor Package

October 12, 2015

INSTRUCTIONS FOR INVESTING

If you wish to purchase the offered securities of Workhorse Group Inc., please:

(1) Review this Securities Purchase Agreement, Note, Warrant, and Escrow Agreement.

(2) Indicate where appropriate, in Exhibit A to the Securities Purchase Agreement, your status as an Accredited Investor by initialing the appropriate accreditation categories.

(3) Type or print all information required in the blank sections in Exhibit A to the Securities Purchase Agreement, including your requested subscription amount and your federal taxpayer identification number.

(4) Execute the signature page to the Securities Purchase Agreement.

(5) If you are an individual, complete and execute, or cause to be executed, the enclosed Spousal Consent included as Exhibit B by either (i) having your spouse execute such consent or (ii) if you are not married, by confirming your status as single on such consent.

(6) Pay for the full amount of your investment by means of a check made payable to American Stock Transfer & Trust Company, LLC – Workhorse, Inc. Escrow Agent or a wire transfer to the following:

JP Morgan Chase Bank
ABA #: 021 000 021
ACCT #: 323-062539
ACCOUNT NAME: American Stock Transfer & Trust Company LLC
AS AGENT FOR Workhorse Group Inc. FBO.(CLIENT/INVESTORS'S NAME)

You must send the completed and executed signature pages to this Securities Purchase Agreement, the completed Purchaser Information (Exhibit A) and the completed Spousal Consent (Exhibit B) to the following Placement Agent, preferably by fax or e-mail:

Maxim Group LLC
Attn: Eddie Grossman
405 Lexington Avenue
New York, New York 10174
Fax: (212) 895-3783
Email: egrossman@maximgrp.com

The Company may choose not to accept all or some of any investor's subscription for any reason (regardless of whether any check or wire transfer relating to this subscription is deposited in a bank or trust or escrow account). The Company will send to you a fully executed copy of the transaction documents if your subscription is accepted. If you have any questions in completing the transaction documents, please contact Eddie Grossman at (212) 895-3511.

WORKHORSE GROUP INC.
SECURITIES PURCHASE AGREEMENT

This Securities Purchase Agreement (the "Agreement") is entered into by and between Workhorse Group Inc., a Nevada corporation (the "Company"), and the undersigned purchaser or purchasers (the "Purchaser", and collectively with other purchasers similarly situated, the "Purchasers") as of the latest date set forth on the signature page hereto.

NOW, THEREFORE, in consideration of the mutual covenants and other agreements contained in this Agreement the Company and the Purchaser hereby agree as follows:

1. Purchase of Securities. (Capitalized terms used below and not otherwise defined are defined in Section 2 of the Agreement.)

(a) Subject to the terms and conditions of this Agreement, the undersigned Purchaser hereby subscribes for Units, each unit comprised of: (i) a convertible promissory note ("Note") in the form attached as Exhibit C hereto, convertible into 285,714 shares ("Shares") of the Company's common stock, $0.001 par value (the "Common Stock") and (ii) 285,714 warrants for the purchase of Common Stock in the form attached as Exhibit D hereto ("Warrant") (sometimes the Notes, the Shares and the Warrant are collectively referred to as the "Securities"). The total amount to be paid for the Securities shall be the amount accepted by the Company in connection with this investment, which may be less than or equal to the amount indicated by the undersigned Purchaser on the signature page hereto (the "Subscription Amount"). The offering, purchase and sale of the Securities is referred to herein as the "Offering."

(b) The Note shall accrue interest at a rate of 6% per annum. Subject to one or more Optional Conversions (as defined below), the principal amount of the Note, as well as all other amounts payable under the Note, including interest, shall be repaid on the earliest of (x) the date of the Listing (as defined below), (y) the date of the Change of Control (as defined in the Note), and (z) 24 months after the Initial Closing Date (as defined below). Such time is referred to as "Maturity". All amounts to be paid at Maturity, except for interest, shall be paid in shares of the Company's Common Stock at a per-share conversion price equal to the lowest of: (i) $0.35 (the "Closing Price"), (ii) the Listing Price (as defined below), (iii) the Public Offering Price (as defined below), (iv) the Private Offering Price (as defined below), and (v) the per share consideration paid in the Change of Control (the "Change of Control Price"). Interest due at Maturity shall be paid at the Company's option in shares, or cash, or a mix of both, with the amount of any such shares being determined at a per-share conversion price equal to the closing price of the Company's Common Stock on the U.S. public trading market on which the Common Stock then trades on the trading day immediately prior to the payment date. Prior to Maturity, the Note shall be convertible, in whole or in part, along with a proportional amount of all other amounts then payable under the Note, including interest, at the holder's option, at the Closing Price (each such optional conversion, an "Optional Conversion"). All amounts to be paid upon an Optional Conversion, except for interest, shall be paid in shares of the Company's Common Stock. Interest to be paid upon an Optional Conversion shall be paid at the Company's option in shares, or cash, or a mix of both.

As used herein, the "Listing Price" means the lower of the opening and closing per-share market prices (as appropriately adjusted to reflect stock dividends, stock splits, combinations, recapitalizations and the like with respect to the Company's capital stock after the date hereof) on such day that the Company's Common Stock is first traded on The Nasdaq Stock Market or NYSE MKT (the "Listing"), the "Public Offering Price" means the price per share (as appropriately adjusted to reflect stock dividends, stock splits, combinations, recapitalizations and the like with respect to the Company's capital stock after the date hereof) paid by public investors in an underwritten public offering conducted in connection with the Listing, without regard to any underwriting discount or other offering expense, and the "Private Offering Price" means the means the lowest price per share (as appropriately adjusted to reflect stock dividends, stock splits, combinations, recapitalizations and the like with respect to the Company's capital stock after the date hereof) paid by investors in any private equity, equity-linked or debt financing (other than this Offering) conducted after the date hereof prior to the Listing, without regard to any broker's fee or other offering expense. To the extent there are differences in the terms of the Note as described herein and as described in the Note, the terms as described in the Note shall prevail.

(c) The Warrant has a term of five (5) years. The Warrant shall be exercisable in whole or in part at any time and from time to time during that term for one share of Common Stock at a per-share exercise price equal to 120% of the closing price of the Company's Common Stock on the OTCQB Marketplace (or if the Common Stock does not then trade on such market, on such other U.S. public trading market on which the Common Stock then trades) on the trading day immediately prior to the Initial Closing Date. To the extent there are differences in the terms of the Warrant as described herein and as described in the Warrant, the terms as described in the Warrant shall prevail.

(d) Units shall be delivered to the Purchaser in the form of separate Notes and Warrants.

(e) Maxim Group LLC has been retained by the Company as the sole placement agent for the Offering (the " Placement Agent").

2. Closing.

(a) On or prior to the applicable Closing Date (as defined below), the Purchaser shall deliver or cause to be delivered to the Placement Agent the following deliverables in accordance with the subscription procedures described in Section 2(b) below:

(i) a completed and duly executed signature page of this Agreement;

(ii) the completed Purchaser Information included as Exhibit A, attached hereto; and

(iii) if the Purchaser is an individual, a spousal consent in the form of Exhibit B, attached hereto (the "Spousal Consent".

(b) The Purchaser shall deliver or cause to be delivered, preferably by fax or e-mail, the deliverables described above to the Placement Agent at the following address:

Maxim Group LLC
Attn: Eddie Grossman
405 Lexington Avenue
New York, New York 10174
Fax: (212) 895-3783
Email: egrossman@maximgrp.com

Immediately following receipt of the deliverables described above from all of the Purchasers and acceptance by the Company in accordance with subsection (c) below, payment instructions will be forwarded to the Purchaser and the Purchaser shall be obligated to deliver funds no later than three business days thereafter. If the Subscription Amount is to be paid by check, the check must be mailed to the Placement Agent at the address above in time to be received by the deadline described above. If the Subscription Amount is to be paid by wire transfer, it must be wired to the following account in time to be received by the deadline described above:

American Stock Transfer & Trust Company, as Escrow Agent for Workhorse Group Inc.
JP Morgan Chase Bank
ABA #: 021 000 021
ACCT #: 323-062539
ACCOUNT NAME: American Stock Transfer & Trust Company LLC
AS AGENT FOR Workhorse Group Inc. FBO.(CLIENT/INVESTORS'S NAME)

(c) This Agreement sets forth various representations, warranties, covenants, and agreements of the Company and of the Purchaser, as the case may be, all of which shall be deemed made, and shall be effective without further action by the Company or the Purchaser, immediately upon the Company's acceptance of the Purchaser's subscription and shall thereupon be binding upon the Company and the Purchaser. Acceptance shall be evidenced only by execution of this Agreement by the Company on its signature page attached hereto. Upon the Company's acceptance of the Purchaser's subscription and receipt of the Subscription Amount, on the applicable Closing Date, the Placement Agent shall deliver to the Purchaser a duly executed copy of each of the Agreement, the Note, the Warrant, and the Escrow Agreement.

(d) Purchases and sales of the Securities shall be initially consummated on or before October 15, 2015 (the "Initial Closing Date"), subject to extension at the Company's sole discretion without notice to Investors, in the amount of at least $8,000,000, and shall thereafter be additionally consummated in one or more additional purchases and sales, in increments of at least $100,000 (provided that, in its sole discretion and without notice to Purchasers, the Company may accept subscriptions for lesser amounts) (each such consummation, if any, a "Subsequent Closing" occurring on a "Subsequent Closing Date"), with all purchases and sales to be consummated on the earlier to occur of: (i) November 6, 2015 (the "Termination Date") and (ii) three trading days after the date on which the Maximum Amount is subscribed for by investors and accepted by the Company (the "Maximum Amount Subscription Acceptance Date", and the earlier to occur of the Termination Date and the Maximum Amount Subscription Acceptance Date being referred to as the "Final Closing Date", and each of the Initial Closing Date, any Subsequent Closing Date and the Final Closing Date being referred to as a "Closing Date"), provided that the Termination Date may be extended by one 30-day period in the sole discretion of the Company without notice to Purchasers. The aggregate amount of purchases and sales of Securities in the Offering shall not exceed $20,000,000. In the event there is not an initial consummation of at least $8,000,000 of purchases and sales on or before the Initial Closing Date, the Offering shall be cancelled.

(e) The Placement Agent has been engaged for the Offering on a "best efforts, all or none basis" with respect to the Minimum Amount and a "best efforts" basis with respect to the Maximum Amount. The Placement Agent shall receive (i) nine percent (9%) of the gross proceeds of the Offering, for a maximum amount of sales commissions of $1,800,000 based on the sale of 200 Units, and (ii) a warrant to purchase a number of shares equal to nine percent (9%) of the aggregate number of shares underlying all the Units sold, at an exercise price equal to the exercise price of the Warrant. The Placement Agent is entitled to additional compensation on future financings and transactions pursuant to a certain advisory agreement dated July 29, 2015 with the Company, including but not limited to a 15-month tail on future financings or strategic transactions and a 6-month right of first refusal on future financings.

3. Company Representations and Warranties. The Company hereby represents and warrants that, as of each of the date of this Agreement and the Closing Date applicable to the Purchaser:

(a) Organization and Business. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Nevada and has all requisite corporate power and authority to carry on its business as now conducted and as proposed to be conducted. The Company is duly qualified as a foreign corporation to do business and is in good standing in every jurisdiction in which its ownership or use of property or the nature of the business conducted by it makes such qualification necessary. Each subsidiary of the Company listed on Schedule 3(a) hereto (the "Subsidiaries" and each a "Subsidiary") has been duly incorporated and is validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation, with corporate power and authority to own, lease and operate its properties and conduct its business as now conducted and as proposed to be conducted, and has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties or conducts any business so as to require such qualification; as of the date of this Agreement, except for the entities listed on Schedule 3(a) hereto, the Company does not own or control, directly or indirectly, any equity or other ownership interest in any corporation, partnership, joint venture or any other Person.

(b) Capitalization.

(i) The Company has two classes of authorized capital stock consisting of 500,000,000 shares of Common Stock and 75,000,000 shares of Preferred Stock, of which 181,124,341 shares of Common Stock are issued and outstanding and no shares of Preferred Stock are issued and outstanding. Schedule 3(b)(i) includes a detailed schedule of the Company's capitalization as of the date of this Agreement and as of the applicable Closing Date, and all of such capital stock of the Company has been duly and validly authorized and issued, fully paid and nonassessable. All of the issued share capital of each Subsidiary have been duly and validly authorized and issued, and are fully paid in accordance with its articles of incorporation, articles of association or applicable foreign, federal, state and local laws, including, without limitation, the corporate law of the jurisdiction of the Company's incorporation, and are nonassessable, if applicable. All of the issued share capital or equity interest, as the case may be, of each Subsidiary is owned directly or indirectly by the Company, free and clear of all Liens, equities or claims. There are no outstanding securities convertible into or exchangeable for, or warrants, rights or options to purchase from any Subsidiary, no obligation of any Subsidiary to issue, equity shares or any other class of share capital of any Subsidiary.

(ii) Except as set forth on Schedule 3(b)(ii) to this Agreement: (A) there are no outstanding options, warrants, scrip, rights to subscribe for, puts, calls, rights of first refusal, agreements, understandings, claims or other commitments or rights of any character whatsoever relating to, or securities or rights convertible into or exchangeable for, any capital stock of the Company, or arrangements by which the Company is or may become bound to issue additional capital stock, (B) there are no agreements or arrangements under which the Company is obligated to register the sale of any of its or their securities under the Securities Act of 1933, as amended (the "Securities Act") and (C) there are no anti-dilution or price adjustment provisions contained in any security issued by the Company (or in any agreement providing rights to security holders) that will be triggered by the issuance of the Securities.

(iii) No shares of capital stock of the Company are subject to preemptive rights or any other similar rights of anyone or any mortgage, lien, title claim, assignment, encumbrance, security interest, adverse claim, contract of sale, restriction on use or transfer (other than restrictions on transfer under applicable state and federal securities laws or "blue sky" or other similar laws (collectively, the "Securities Laws")) or other defect of title of any kind (each, a "Lien") imposed through the actions or failure to act of the Company. No further approval or authorization of any shareholder, the Board of Directors or others is required for the issuance and sale of the Securities.

(iv) Except as set forth on Schedule 3(b)(iv), no Subsidiary of the Company is currently prohibited, directly or indirectly, under any agreement or other instrument to which it is a party or is subject, from paying any dividends to its shareholders, from making any other distribution on such subsidiary's issued share capital, from repaying to the Company or any other Subsidiary of the Company any loans or advances to such subsidiary from the Company or such other Subsidiary or from transferring any of such Subsidiary's properties or assets to any of the Company or other Subsidiary.

(c) Authorization; Enforceability. All corporate action on the part of the Company, its officers, directors and shareholders necessary for the authorization, execution and delivery of the Transaction Documents (as defined in subsection (f) below), the performance of all obligations of the Company under the Transaction Documents, and the authorization, issuance, sale and delivery of the Securities has been taken, and each Transaction Document constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except to the extent limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application affecting enforcement of creditors' rights and general principles of equity that restrict the availability of equitable or legal remedies.

(d) Valid Issuance. The Securities being acquired by the Purchaser hereunder, are duly authorized for issuance and sale to the Purchaser, and, when issued, sold and delivered in accordance with the terms of this Agreement for the consideration, will be validly issued, fully paid, and non-assessable, and free from all Liens. The shares of Common Stock to be issued pursuant to the exercise of the Warrants are duly authorized and reserved for issuance and, upon exercise of the warrants in accordance with its terms, will be validly issued, fully paid and non-assessable and free from all Liens.

(e) Litigation. There is no action, suit, proceeding or investigation pending or, to the Company's knowledge, currently threatened against the Company. The Company is not a party or subject to the provisions of any order, writ, injunction, judgment or decree of any court or government agency or instrumentality. There is no action, suit, proceeding or investigation by the Company currently pending or that the Company intends to initiate.

(f) No Conflict. The execution, delivery and performance of this Agreement, the Note, the Warrant, the Escrow Agreement, and the other agreements entered into by the Company in connection with the Offering (the "Transaction Documents") and the consummation by the Company of the transactions contemplated hereby and thereby will not: (i) conflict with or result in a violation of any provision of the charter or bylaws of the Company or (ii) violate or conflict with, or result in a breach of any provision of, or constitute a default (or an event which with notice or lapse of time or both could become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture, patent, patent license or instrument to which the Company is a party, or (iii) result in a violation of any law, rule, regulation, order, judgment or decree (including federal and state securities laws and regulations and regulations of any self-regulatory organizations to which the Company or its securities are subject) ("Laws") applicable to the Company or by which any property or asset of the Company is bound or affected. The Company is not in violation of its charter, bylaws, or other organizational documents. The business of the Company is not being conducted in violation of any Law of any governmental entity, except for possible violations which would not, individually or in the aggregate, have a Material Adverse Effect. Except for filings pursuant to Regulation D of the Securities Act, and applicable state securities laws, which have been made or will be made by the Company in the required time thereunder, the Company is not required to obtain any consent, authorization or order of, or make any filing or registration with, any court, governmental agency, regulatory agency, self-regulatory organization or stock market or any third party in order for it to execute, deliver or perform any of its obligations under this Agreement or any Transaction Document in accordance with the terms hereof or thereof or to issue and sell the Securities in accordance with the terms hereof.

(g) Intellectual Property. Other than inventions of the Company whose patent applications have yet to be filed, Schedule 3(g) to this Agreement sets forth a complete and accurate listing of all of the Company's patents and patent applications ('Patents"). Except as set forth on Schedule 3(g), the Company owns valid title, free and clear of any Liens, or possesses the requisite valid and current licenses or rights, free and clear of any Liens, to use the Patents, copyrights, trademarks, service marks, trade names, Internet domain names, technology, know-how (including trade secrets and other unpatented and/or unpatentable proprietary rights) and other intellectual property in connection with the conduct of its business as now operated, and to the best of the Company's knowledge, as presently contemplated to be operated in the future (collectively, the "Intellectual Property"). Other than as set forth on Schedule 3(g) to this Agreement, none of the Intellectual Property is unenforceable or invalid; none of the Company has received any notice of violation or conflict with (and none of the Company knows of any basis for violation or conflict with) rights of others with respect to the Intellectual Property; there are no pending or, to the Company's knowledge, threatened action, suit, proceeding or claim by others that allege any of the Company is infringing any patent, trade secret, trademark, service mark, copyright or other intellectual property or proprietary right. Other than as set forth on Schedule 3(g) to this Agreement, the Company's current and intended products, services and processes do not violate or conflict with any intellectual property or proprietary right of any third party, or any discovery, invention, product or process that is the subject of a patent application filed by any third party; no officer, director or employee of the Company is in or has ever been in violation of any term of any patent non-disclosure agreement, invention assignment agreement, or similar agreement relating to the protection, ownership, development use or transfer of the Intellectual Property or, to the Company's knowledge, any other intellectual property. The Company is not in breach of, and has complied in all material respects with all terms of, any license or other agreement relating to the Intellectual Property. The Company is not subject to any non-competition or other similar restrictions or arrangements relating to any business or service anywhere in the world. The Company has taken all necessary and appropriate steps to protect and preserve the confidentiality of applicable Intellectual Property ("Confidential Information"). All use or disclosure of Confidential Information owned by the Company by or to a third party has been pursuant to a written agreement between the Company and such third party. All use or disclosure of Confidential Information not owned by the Company has been pursuant to the terms of a written agreement between the Company and the owner of such Confidential Information, or is otherwise lawful. It will not be necessary to use any inventions of any of its employees or consultants (or persons it currently intends to hire) made prior to their employment by the Company. Each employee and consultant of the Company has assigned to the Company all intellectual property rights he or she owns that are related to the Company's business as now conducted and as presently proposed to be conducted.

(h) Patents. The pending patent applications set forth in Schedule 3(h) (the "Pending Patents") are being diligently prosecuted by the Company and/or Subsidiaries. To the Company's knowledge, there is no existing patent or published patent application that would interfere, conflict with or otherwise adversely affect the validity, enforcement or scope of the Pending Patents if claims of such Pending Patents were issued in substantially the same form as currently written. No security interests or other Liens have been created with respect to the Pending Patents; and the Pending Patents have not been exclusively licensed to another entity or Person.

(i) Insurance. The Company and each Subsidiary maintain insurance covering their respective properties as the Company reasonably deems adequate and as is customary for companies engaged in similar businesses. Such insurance protects the Company and the Subsidiaries against losses and risks to an extent which is necessary and reasonably adequate to protect the Company and each Subsidiary and their respective businesses and includes, but is not limited to, directors and officers insurance coverage at least equal to the aggregate Subscription Amount. None of the Company nor any Subsidiary has reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business. There is no material insurance claim made by or against the Company or any Subsidiary pending, threatened or outstanding and no facts or circumstances exist which would reasonably be expected to give rise to any such claim and all due premiums in respective thereof have been paid.

(j) SEC Reports. The Company has filed all reports, schedules, forms, statements and other documents required to be filed by the Company under the Securities Act and the Exchange Act, including pursuant to Section 13(a) or 15(d) thereof, for the two years preceding the date hereof (or such shorter period as the Company was required by Law to file such material) (the foregoing materials, including the exhibits thereto and documents incorporated by reference therein being collectively referred to herein as the "SEC Reports") on a timely basis or has received a valid extension of such time of filing and has filed any such SEC Reports prior to the expiration of any such extension. As of their respective dates, the SEC Reports complied in all material respects with the requirements of the Securities Act and the Exchange Act, as applicable, and none of the SEC Reports, when filed, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(k) Termination of Contracts. None of the Company or any Subsidiary has sent or received any communications regarding termination of, or intent not to renew, any Material Agreement (as defined below) or any of the contracts or agreements referred to or described in the PPM, and no such termination or non-renewal has been threatened by the Company or any Subsidiary or any other party to such contract or agreement.

(l) Management. As of the date of this Agreement, the Company's Board of Directors and named executive officers consists of the individuals identified in the SEC Reports.

(m) Financial Statements. The Financial Statements included in the SEC Reports fairly present the financial condition and operating results of the Company as of the dates, and for the periods, indicated therein, subject to normal year-end audit adjustments. Said financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP") applied on a consistent basis throughout the periods involved. Except as set forth in the Financial Statements, the Company has no material liabilities or obligations, contingent or otherwise, other than liabilities incurred in connection with the consummation of the transactions contemplated under the Offering, an estimate of which is set forth on Schedule 3(m), and those incurred in the ordinary course of business subsequent to June 30, 2015. Since June 30, 2015, nothing has occurred which would have a Material Adverse Effect.

(n) Financial Information and Projections. Any financial estimates and projections in the PPM have been prepared by management of the Company and are the most current financial estimates and projections available by the Company. Although the Company does not warrant that the results contained in such projections will be achieved, to the best of the Company's knowledge and belief, such projections are reasonable estimations of future financial performance of the Company and its expected financial position, results of operations, and cash flows for the projection period (subject to the uncertainty and approximation inherent in any projection). At the time they were made, all of the material assumptions upon which the projections are based were, to the best of the Company's knowledge and belief, reasonable and appropriate. Nothing in this Section 3(n) is intended to modify or amend in any way the representations and warranties of the Purchaser in Section 4.

(o) Material Changes; Undisclosed Events, Liabilities or Developments. None of the Company or its Subsidiaries has sustained, since the date of the latest audited financial statements included in the PPM, any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree. Since the respective dates as of which information is given in the PPM, (i) there has not been any change in the share capital of the Company or any Subsidiary and none of the Company or any Subsidiary has declared any dividends or other distribution of cash or property to shareholders and none the Company nor any Subsidiary has entered into any agreement to purchase, redeem or any other agreement with respect to its capital stock, including the issuance of capital stock to the officers and directors of the Company and any Subsidiary; (ii) the Company has not incurred any liabilities (contingent or otherwise) other than trade payables and accrued expenses incurred in the ordinary course of business consistent with past practice; (iii) the Company has not altered its method of accounting; and (iv) there has not been any material adverse change, or any development involving a prospective material adverse change, in or affecting the general affairs, management, financial position, shareholders' equity, results of operations or prospects of the Company or any Subsidiary, take as a whole (a "Material Adverse Effect"). The Company does not have pending before the Commission any request for confidential treatment of information. Except for the issuance of the Securities contemplated by this Agreement, no event, liability, fact, circumstance, occurrence or development has occurred or exists or is reasonably expected to occur or exist with respect to the Company or its Subsidiaries or their respective businesses, prospects, properties, operations, assets or financial condition that would be required to be disclosed by the Company under applicable securities laws at the time this representation is made or deemed made that has not been publicly disclosed at least one trading day prior to the date that this representation is made.

(p) Labor Relations. There are no private, regulatory or governmental inquiry, action, suit, proceeding, litigation, claim, arbitration or investigation pending before any Governmental Authority (as defined below) of competent jurisdiction (each, an "Action") pending or, to the knowledge of the Company, threatened involving the Company or any Subsidiary and any of their respective employees or former employees (with respect to their status as an employee or former employee, as applicable) including any harassment, discrimination, retaliatory act or similar claim. To the Company's knowledge, since December 31, 2012, there has been: (i) no labor union organizing or attempting to organize any employee of the Company or any of its Subsidiaries into one or more collective bargaining units with respect to their employment with the Company or any of its Subsidiaries; and (ii) no labor dispute, strike, work slowdown, work stoppage or lock out or other collective labor action by or with respect to any employees of the Company or any of its Subsidiaries pending with respect to their employment with the Company or any of its Subsidiaries or threatened against the Company or any of its Subsidiaries. Neither the Company nor any of its Subsidiaries is a party to, or bound by, any collective bargaining agreement or other agreement with any labor organization applicable to the employees of the Company or any of its Subsidiaries and no such agreement is currently being negotiated. The Company and its Subsidiaries (i) are in compliance in all material respects with all applicable Laws respecting employment and employment practices, terms and conditions of employment, health and safety and wages and hours, including Laws relating to discrimination, disability, labor relations, hours of work, payment of wages and overtime wages, pay equity, immigration, workers compensation, working conditions, employee scheduling, occupational safety and health, family and medical leave, and employee terminations, and have not received written notice, or any other form of notice, that there is any Action involving unfair labor practices against the Company or any of its Subsidiaries pending, (ii) are not liable for any material arrears of wages or any material penalty for failure to comply with any of the foregoing, and (iii) are not liable for any material payment to any trust to any Governmental Authority, with respect to unemployment compensation benefits, Taxes, social security or other benefits or obligations for employees, independent contractors or consultants (other than routine payments to be made in the ordinary course of business and consistent with past practice). Except as would not result in any material liability to the Company or any Subsidiary, there are no Actions pending or, to the knowledge of the Company, threatened against the Company or any Subsidiary brought by or on behalf of any applicant for employment, any current or former employee, any Person alleging to be a current or former employee, or any Governmental Authority, relating to any such Law, or alleging breach of any express or implied contract of employment, wrongful termination of employment, or alleging any other discriminatory, wrongful or tortious conduct in connection with the employment relationship.

(q) Neither the Company nor any Subsidiary has any material obligation to provide retirement, healthcare, death or disability benefits to any of the present or past employees of the Company or any Subsidiary or to any other Person.

(r) Compliance. None of the Company or any Subsidiary is (i) in material breach of or in default under any Laws of the United States, or any other jurisdiction where it was incorporated or operates, (ii) in breach of or in default under any approval, consent, waiver, authorization, exemption, permission, endorsement or license granted by any court or governmental agency or body or any stock exchange authorities (each a "Governmental Authority") in the United States or any other jurisdiction in which it was incorporated or operates, (iii) in violation of its constituent documents or (iv) in default in the performance or observance of any obligation, agreement, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument to which it is a party or by which it or any of its properties may be bound except, with respect to (i), (ii) or (iv), where any default would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(s) Licenses and Permits. Except as set forth on Schedule 3(s), the Company and its Subsidiaries possess all certificates, authorizations, consents, approvals, orders, licenses and permits issued by the appropriate federal, state, national and foreign regulatory authorities (collectively, the "Material Permits"), including without limitation, the Department of Transportation ("DOT"), the Federal Aviation Administration ("FAA"), the National Highway Traffic Safety Administration ("NHTSA"), the Pipeline and Hazardous Materials Safety Administration ("PHMSA"), the Environmental Protection Agency ("EPA"), and any other state, federal, national and foreign agencies or bodies engaged in the regulation of vehicle manufacturing, emissions and safety standards, necessary to conduct their respective businesses as they are currently being conducted and as they are proposed to be conducted. All of such Material Permits are valid and in full force and effect, except where the invalidity of such Permits or the failure to be in full force and effect, individually or in the aggregate, would not have a material adverse effect on the Company and its subsidiaries, taken as a whole. There is no pending or, to the knowledge of the Company, threatened action, suit, proceeding or investigation that individually or in the aggregate would reasonably be expected to lead to the revocation, modification, termination, suspension or any other impairment of the rights of the holder of any such Material Permit which revocation, modification, termination, suspension or other impairment would have a material adverse effect on the Company and its subsidiaries, taken as a whole. Such Material Permits contain no material restrictions or conditions not described in the PPM. None of the Company or any Subsidiary has a reasonable basis to believe that any regulatory body is considering modifying, suspending or revoking any such Material Permit and each of the Company and each Subsidiary is in compliance with the provisions of all such Material Permits.

(t) Regulatory Matters. Except as described in the PPM, the Company and each of its subsidiaries: (A) are and at all times have been in material compliance with all statutes, rules and regulations applicable to the ownership, testing, development, manufacture, assembly, use, distribution, marketing, labeling, promotion, sale, offer for sale, storage, import, export or disposal of any product sold, under development, manufactured or distributed by the Company or any subsidiary ("Applicable Regulatory Laws"); (B) have not received any notice of adverse finding, warning letter, or other correspondence or written notice from DOT, FAA, NHTSA, PHMSA, EPA or any other federal, state, local, national or foreign governmental or regulatory authority alleging or asserting material noncompliance with any Applicable Regulatory Laws or any licenses, certificates, approvals, clearances, authorizations, permits and supplements or amendments thereto required by any such Applicable Regulatory Laws ("Authorizations"); (C) possess all material Authorizations and such Authorizations are valid and in full force and effect and neither the Company nor any subsidiary is in material violation of any term of any such Authorizations; (D) have not received written notice of any proceeding, hearing, enforcement, investigation, arbitration or other action from DOT, FAA, NHTSA, PHMSA, EPA or any other federal, state, local, national or foreign governmental or regulatory authority or third party alleging that any product, operation or activity is in material violation of any Applicable Regulatory Laws or Authorizations and has no knowledge that DOT, FAA, NHTSA, PHMSA, EPA or any other federal, state, local, national or foreign governmental or regulatory authority or third party is considering any such proceeding, hearing, enforcement, investigation, arbitration or other action; (E) have not received written notice that DOT, FAA, NHTSA, PHMSA, EPA or any other federal, state, local, national or foreign governmental or regulatory authority has taken, is taking or intends to take action to limit, suspend, modify or revoke any material Authorizations and has no knowledge that DOT, FAA, NHTSA, PHMSA, EPA or any other federal, state, local, national or foreign governmental or regulatory authority is considering such action; and (F) have filed, obtained, maintained or submitted all reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments as required by any Applicable Regulatory Laws or Authorizations except where the failure to file such reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments would not result in a material adverse effect on the Company and its subsidiaries, taken as a whole, and that all such reports, documents, forms, notices, applications, records, claims, submissions and supplements or amendments were materially complete and correct on the date filed (or were corrected or supplemented by a subsequent submission).

(u) Tax Matters. The Company has made or filed all federal, state and foreign income and all other tax returns, reports and declarations required by any jurisdiction to which it is subject and has paid all taxes and other governmental assessments and charges, shown or determined to be due on such returns, reports and declarations, except those being contested in good faith and has set aside on its books provisions reasonably adequate for the payment of all taxes for periods subsequent to the periods to which such returns, reports or declarations apply. All such tax returns and reports filed on behalf of the Company were complete and correct and were prepared in good faith without willful misrepresentation. There are no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the officers of the Company know of no basis for any such claim. The Company has not executed a waiver with respect to the statute of limitations relating to the assessment or collection of any foreign, federal, state or local tax. The Company has not received notice that any of its tax returns is presently being audited by any taxing authority.

(v) Certain Transactions. Except as set forth on Schedule 3(v) to this Agreement, none of the officers or directors of the Company or any Subsidiary and none of the employees or consultants of the Company or any Subsidiary (including his/her spouse, infant children, any company or undertaking in which he/she holds a controlling interest) is presently a party to any transaction with the Company or any Subsidiary (other than for services as employees, consultants, officers and directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, providing for the borrowing of money from or lending of money to or otherwise requiring payments to or from any officer, director or such employee, consultant or any entity in which any officer, director, or any such employee or consultant has a substantial interest or is an officer, director, trustee, stockholder, member or partner other than for (i) payment of salary or consulting fees for services rendered, (ii) reimbursement for expenses incurred on behalf of the Company and (iii) other employee benefits, including stock option under any stock option plan of the Company. Except as set forth on Schedule 3(v), there are no material relationships or transactions between the Company and/or a Subsidiary on the one hand and the Company's affiliates, officers and directors or their shareholders, customers or suppliers on the other hand which, although required to be disclosed, are not disclosed in the PPM.

(w) Material Agreements. Except as disclosed on Schedule 3(w) to this Agreement (each contract, agreement, commitment or understanding disclosed on Schedule 3(w) being hereinafter referred to as a "Material Agreement") or as contemplated by this Agreement or any Transaction Document, there are no agreements, understandings, commitments, instruments, contracts, employment agreements, proposed transactions or judgments to which the Company is a party or by which it is bound which may involve obligations (contingent or otherwise), or a related series of obligations (contingent or otherwise), of or to, or payments, or a related series of payments, by or to the Company in excess of $250,000 in any one year. All Material Agreements are in full force and effect and constitute legal, valid and binding obligations of the Company, and to the Company's knowledge, the other parties thereto, and are enforceable in accordance with their respective terms. Neither the Company nor any person is in default under the terms of any Material Agreement, and no circumstance exists that would, with the giving of notice or the passage of time, constitute a default under any Material Agreement.

(x) Title to Assets. The Company has good and marketable title to all real and personal property owned by it that is material to the business of the Company, in each case free and clear of all liens and encumbrances, except those, if any, included on Schedule 3(x) or incurred in the ordinary course of business consistent with past practice. Any real property and facilities held under lease by the Company are held by it under valid, subsisting and enforceable leases (subject to laws of general application relating to bankruptcy, insolvency, reorganization, or other similar laws affecting creditors' rights generally and other equitable remedies) with which the Company is in compliance in all material respects.

(y) Subsidiaries; Joint Ventures. Except for the subsidiaries described in Schedule 3(a), the Company has no subsidiaries and (i) does not otherwise own or control, directly or indirectly, any other Person and (ii) does not hold equity interests, directly or indirectly, in any other Person. The Company is not a participant in any joint venture, partnership, or similar arrangement material to its business. "Person" means an individual, entity, partnership, limited liability company, corporation, association, trust, joint venture, unincorporated organization, and any government, governmental department or agency or political subdivision thereof.

(z) Sarbanes-Oxley; Internal Accounting Controls. The Company and the Subsidiaries are in compliance with any and all applicable requirements of the Sarbanes-Oxley Act of 2002 that are effective as of the date hereof, and any and all applicable rules and regulations promulgated by the Commission thereunder that are effective as of the date hereof and as of the applicable Closing Date. Except as otherwise disclosed in the SEC Reports, the Company and the Subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that: (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain asset accountability, (iii) access to assets is permitted only in accordance with management's general or specific authorization, and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. The Company and the Subsidiaries have established disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Company and the Subsidiaries and designed such disclosure controls and procedures to ensure that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms. The Company's certifying officers have evaluated the effectiveness of the disclosure controls and procedures of the Company and the Subsidiaries as of the end of the period covered by the most recently filed periodic report under the Exchange Act (such date, the "Evaluation Date"). The Company presented in its most recently filed periodic report under the Exchange Act the conclusions of the certifying officers about the effectiveness of the disclosure controls and procedures based on their evaluations as of the Evaluation Date. Since the Evaluation Date, there have been no changes in the internal control over financial reporting (as such term is defined in the Exchange Act) of the Company and its Subsidiaries that have materially affected, or is reasonably likely to materially affect, the internal control over financial reporting of the Company and its Subsidiaries. Neither the Company's Board of Directors nor its internal auditors have recommended that the Company review or investigate, (i) adding to, deleting, changing the application of, or changing the Company's disclosure with respect to, any of the Company's material accounting policies; (ii) any matter which could result in a restatement of the Company's financial statements for any annual or interim period during the current or prior three fiscal years; or (iii) any significant deficiency, material weakness, change in internal controls or fraud involving management or other employees who have a significant role in internal controls.

(aa) Disclosure. The Company understands and confirms that the Purchaser will rely on the representations and warranties contained herein in effecting transactions in securities of the Company. All of the disclosure furnished by or on behalf of the Company to the Purchaser regarding the Company and its Subsidiaries, their respective businesses and the transactions contemplated hereby, including the PPM and the disclosure schedules to this Agreement, taken as a whole, is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. The press releases disseminated by the Company during the twelve months preceding the date of this Agreement taken as a whole do not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The Company acknowledges and agrees that no Purchaser makes or has made any representations or warranties with respect to the transactions contemplated hereby other than those specifically set forth in Section 4 hereof.

(bb) Solvency. Based on the consolidated financial condition of the Company as of the applicable Closing Date, after giving effect to the receipt by the Company of the proceeds from the sale of the Securities hereunder representing the Minimum Amount, the fair saleable value of the Company's assets exceeds the amount that will be required to be paid on or in respect of the Company's existing debts and other liabilities (including known contingent liabilities) as they mature, (ii) the Company's assets do not constitute unreasonably small capital to carry on its business as now conducted and as proposed to be conducted including its capital needs taking into account the particular capital requirements of the business conducted by the Company, consolidated and projected capital requirements and capital availability thereof and (iii) the current cash flow of the Company, together with the proceeds the Company would receive, were it to liquidate all of its assets, after taking into account all anticipated uses of the cash, would be sufficient to pay all amounts on or in respect of its liabilities when such amounts are required to be paid. The Company does not intend to incur debts beyond its ability to pay such debts as they mature (taking into account the timing and amounts of cash to be payable on or in respect of its debt). The Company has no knowledge of any facts or circumstances which lead it to believe that it will file for reorganization or liquidation under the bankruptcy or reorganization laws of any jurisdiction within one year from the applicable Closing Date. Schedule 3(bb) sets forth as of the date hereof all outstanding secured and unsecured Indebtedness of the Company or any Subsidiary, or for which the Company or any Subsidiary has commitments. For the purposes of this Agreement, "Indebtedness" means (x) any liabilities for borrowed money or amounts owed in excess of $50,000 (other than trade accounts payable incurred in the ordinary course of business), (y) all guaranties, endorsements and other contingent obligations in respect of indebtedness of others, whether or not the same are or should be reflected in the Company's consolidated balance sheet (or the notes thereto), except guaranties by endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business; and (z) the present value of any lease payments in excess of $50,000 due under leases required to be capitalized in accordance with GAAP. Neither the Company nor any Subsidiary is in default with respect to any Indebtedness.

(cc) The Company and each Subsidiary and their respective properties, assets and operations are in compliance in all material respects with and hold all permits, authorizations and approvals required under Environmental Laws (as defined below). There are no past, present or reasonably anticipated future events, conditions, circumstances, activities, practices, actions, omissions or plans that could reasonably be expected to give rise to any material costs or liabilities to the Company or any Subsidiary under, or to interfere with or prevent compliance by any of the Company or a Subsidiary with, Environmental Laws. None of the Company or any Subsidiary (i) is the subject of any investigation, (ii) has received any notice or claim, (iii) is a party to or affected by any pending or threatened action, suit, investigation or proceeding, (iv) is bound by any judgment, decree or order or (v) has entered into any agreement, in each case relating to any alleged violation of any Environmental Law or any actual or alleged release or threatened release or cleanup at any location of any Hazardous Materials (as defined below), except where (i), (ii), (iii) and (iv) would not, individually or in the aggregate, have a Material Adverse Effect. As used herein, "Environmental Law" means any national, provincial, municipal or other local or foreign law, statute, ordinance, rule, regulation, order, notice, directive, decree, judgment, injunction, permit, license, authorization or other binding requirement, or common law, relating to health, safety or the protection, cleanup or restoration of the environment or natural resources, including those relating to the distribution, processing, generation, treatment, storage, disposal, transportation, other handling or release or threatened release of Hazardous Materials, and "Hazardous Materials" means any material (including, without limitation, pollutants, contaminants, hazardous or toxic substances or wastes) that is regulated by or may give rise to liability under any Environmental Law.

(dd) None of the Company nor any Subsidiary has entered into any memorandum of understanding, letter of intent, definitive agreement or any similar agreements with respect to a merger or consolidation or a material acquisition or disposition of assets, technologies, business units or businesses.

(ee) Each "forward-looking statement" (within the meaning of Section 27A of the Act or Section 21E of the Exchange Act) contained in the SEC Reports and the PPM has been made or reaffirmed with a reasonable basis and in good faith.

(ff) Office of Foreign Assets Control. Neither the Company nor any Subsidiary nor, to the Company's knowledge, any director, officer, agent, employee or affiliate of the Company or any Subsidiary is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("OFAC").

(gg) U.S. Real Property Holding Corporation. The Company is not and has never been a U.S. real property holding corporation within the meaning of Section 897 of the Internal Revenue Code of 1986, as amended, and the Company shall so certify upon Purchaser's request.

(hh) Bank Holding Company Act. Neither the Company nor any of its Subsidiaries or Affiliates is subject to the Bank Holding Company Act of 1956, as amended (the "BHCA") and to regulation by the Board of Governors of the Federal Reserve System (the "Federal Reserve"). Neither the Company nor any of its Subsidiaries or affiliates owns or controls, directly or indirectly, five percent (5%) or more of the outstanding shares of any class of voting securities or twenty-five percent or more of the total equity of a bank or any entity that is subject to the BHCA and to regulation by the Federal Reserve. Neither the Company nor any of its Subsidiaries or affiliates exercises a controlling influence over the management or policies of a bank or any entity that is subject to the BHCA and to regulation by the Federal Reserve.

(ii) Money Laundering. The operations of the Company and its Subsidiaries are and have been conducted at all times in compliance with applicable financial record-keeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, applicable money laundering statutes and applicable rules and regulations thereunder (collectively, the "Money Laundering Laws"), and no action, suit, investigation or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any Subsidiary with respect to the Money Laundering Laws is pending or, to the knowledge of the Company or any Subsidiary, threatened.

(jj) Investment Company. The Company is not, and is not an affiliate of, and immediately after receipt of payment for the Securities, will not be or be an affiliate of, an "investment company" within the meaning of the Investment Company Act of 1940, as amended. The Company shall conduct its business in a manner so that it will not become an "investment company" subject to registration under the Investment Company Act of 1940, as amended.

(kk) Registration Rights. Except as set forth on Schedule 3(kk), there are no contracts, agreements or understandings between the Company and any Person granting such Person the right to require the Company to file a registration statement under the Securities Act with respect to any securities of the Company owned or to be owned by such Person or to require the Company to include such securities in the securities registered pursuant to a registration statement or in any securities being registered pursuant to any other registration statement filed by the Company under the Securities Act.

(ll) No General Solicitation. Neither the Company nor any person participating on the Company's behalf in the transactions contemplated hereby has conducted any "general solicitation," as such term is defined in Regulation D promulgated under the Securities Act, with respect to any securities offered in the Offering.

(mm) No Integrated Offering. Neither the Company, nor any of its affiliates, nor any person acting on its or their behalf, has directly or indirectly made any offers or sales in any security or solicited any offers to buy any security under circumstances that would require registration under the Securities Act of the issuance of the Securities. The issuance of the Securities will not be integrated (as defined in Rule 502 of the Securities Act) with any other issuance of the Company's securities (past, current or future) that would require registration under the Securities Act of the issuance of the Securities.

(nn) No Brokers. The Company has taken no action which would give rise to any claim by any person for brokerage commissions, transaction fees or similar payments relating to this Agreement or the transactions contemplated hereby, other than to the Placement Agent, whose fee is described in Section 2(e).

(oo) Offering. Subject to the accuracy of the Purchaser's representations and warranties in Section 4 of this Agreement, and the accuracy of the other Purchasers' representations and warranties in their respective Securities Purchase Agreements, the offer, sale and issuance of the Securities in the Offering, constitute transactions exempt from the registration requirements of Section 5 of the Securities Act and from the registration or qualification requirements of applicable state securities laws, and neither the Company nor any authorized agent acting on its behalf will take any action hereafter that would cause the loss of such exemption.

(pp) Risks Related to the Company and the Offering. An investment in the Securities involves a high degree of risk and uncertainty. The PPM includes information about the material risks faced by the Company, however, they may not be the only risks. Additional unknown risks or risks that the Company currently considers to be immaterial may also impair the Company's business operations. If any of the events or circumstances described in the PPM actually occurs, the Company's business, financial condition or results of operations could suffer.

4. Purchaser Acknowledgements and Representations. In connection with the purchase of the Securities, Purchaser represents and warrants as of the Closing Date applicable to the Purchaser and/or acknowledges, to the Company, the following:

(a) Acceptance. The Company may accept or reject this Agreement and the number of Securities subscribed for hereunder, in whole or in part, in its sole and absolute discretion. The Company has no obligation to issue any of the Securities to any person who is a resident of a jurisdiction in which the issuance of the Securities would constitute a violation of federal or state securities laws.

(b) Irrevocability. This Agreement is and shall be irrevocable, except that the Purchaser shall have no obligations hereunder to the extent that this Agreement is rejected by the Company.

(c) Binding. This Agreement and the rights, powers and duties set forth herein shall be binding upon the Purchaser, the Purchaser's heirs, estate, legal representatives, successors and assigns and shall inure to the benefit of the Company, its successors and assigns.

(d) No Governmental Review. No federal or state agency has made any finding or determination as to the fairness of the Offering for investment, or any recommendation or endorsement of the Securities.

(e) No Voting Rights. Unless and until the Warrant is exercised and the Common Stock issued, the Purchaser is not entitled to voting rights for the shares of Common Stock underlying such Warrants.

(f) Professional Advice; Investment Experience. The Company has made available to the Purchaser, or to the Purchaser's attorney, accountant or representative, all documents that the Purchaser has requested, and the Purchaser has requested all documents and other information that the Purchaser has deemed necessary to consider respecting an investment in the Company. The Company has provided answers to all questions concerning the Offering and an investment in the Company. The Purchaser has carefully considered and has, to the extent the Purchaser believes necessary, discussed with the Purchaser's professional technical, legal, tax and financial advisers and his/her/its representative (if any) the suitability of an investment in the Company for the Purchaser's particular tax and financial situation. All information the Purchaser has provided to the Company concerning the Purchaser and the Purchaser's financial position is, to Purchaser's knowledge, correct and complete as of the date set forth below, and if there should be any material adverse change in such information prior to the acceptance of this Agreement by the Company, the Purchaser will immediately provide such information to the Company. The Purchaser has such knowledge, skill, and experience in technical, business, financial, and investment matters so that he/she/it is capable of evaluating the merits and risks of an investment in the Securities. To the extent necessary, the Purchaser has retained, at his/her/its own expense, and relied upon, appropriate professional advice regarding the technical, investment, tax, and legal merits and consequences of this Agreement and owning the Securities. The Purchaser acknowledges and understands that the proceeds from the sale of the Securities will be used as described in Section 5(b).

(g) Brokers and Finders; Placement Agent Services. Section 2(e) includes information regarding the compensation to be paid to the Placement Agent for various services rendered or to be rendered to the Company.

(h) Investment Purpose. Purchaser is purchasing the Securities for investment for his, her or its own account only and not with a view to, or for resale in connection with, any "distribution" thereof within the meaning of the Securities Act in violation of such act. Purchaser further represents that he/she/it does not presently have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participations to such person or to any third person, with respect to any of the Securities. If the Purchaser is an entity, the Purchaser represents that it has not been formed for the specific purpose of acquiring the Securities. Purchaser acknowledges that an investment in the Securities is a high-risk, speculative investment.

(i) Reliance on Exemptions. Purchaser understands that the Securities are being offered and sold to it in reliance upon specific exemptions from the registration requirements of United States federal and state securities laws and that the Company is relying upon the truth and accuracy of, and the Purchaser's compliance with, the representations, warranties, agreements, acknowledgments and understandings of Purchaser set forth herein and in Exhibit A in order to determine the availability of such exemptions and the eligibility of the Purchaser to acquire the Securities.

(j) Restricted Securities. Purchaser understands that the Securities are "restricted securities" under applicable Securities Laws and that, pursuant to these laws, Purchaser must hold the Securities indefinitely unless they are registered with the Securities and Exchange Commission (the "Commission") and qualified by state authorities, or an exemption from such registration and qualification requirements is available. Purchaser acknowledges that the Company has no obligation to register or qualify the Securities or Common Stock underlying the Securities for resale.

(k) Professional Advice. The Company has not received from its legal counsel, accountants or professional advisors any independent valuation of the Company or any of its equity securities, or any opinion as to the fairness of the terms of the Offering or the adequacy of disclosure of materials pertaining to the Company or the Offering.

(l) Risk of Loss. The Purchaser has adequate net worth and means of providing for his/her/its current needs and personal contingencies to sustain a complete loss of the investment in the Securities at the time of investment, and the Purchaser has no need for liquidity in the investment in the Securities. The Purchaser understands that an investment in the Securities is highly risky and that he/she/it could suffer a complete loss of his/her/its investment.

(m) Information. The Purchaser understands that any plans, estimates and projections, provided by or on behalf of the Company, involve significant elements of subjective judgment and analysis that may or may not be correct; that there can be no assurance that such plans, projections or goals will be attained; and that any such plans, projections and estimates should not be relied upon as a promise of the future performance of the Company. The Purchaser acknowledges that neither the Company, the Placement Agent nor anyone acting on the Company's behalf makes any warranty, express or implied, as to the accuracy or correctness of any such plans, estimates and projections, and there are no assurances that such plans, estimates and projections will be achieved. The Purchaser understands that the Company's technology and products are new, and not all of the technology and/or products may be tested and commercialized, and that there is no guarantee that the technology and products will be commercially successful. The Purchaser understands that all of the risks associated with the technology are not now known. Before investing in the Offering, the Purchaser has been given the opportunity to ask questions of the Company about the technology and the Company's business and the Purchaser has received answers to those questions.

(n) Authorization; Enforcement. Each Transaction Document to which a Purchaser is a party: (i) has been duly and validly authorized, (ii) has been duly executed and delivered on behalf of the Purchaser, and (iii) will constitute, upon execution and delivery by the Purchaser thereof and the Company, the valid and binding agreements of the Purchaser enforceable in accordance with their terms, except to the extent limited by applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application affecting enforcement of creditors' rights and general principles of equity that restrict the availability of equitable or legal remedies.

(o) Residency. If the Purchaser is an individual, then Purchaser resides in the state or province identified in the address of such Purchaser set forth in the Purchaser Questionnaire; if the Purchaser is a partnership, corporation, limited liability company or other entity, then the office or offices of the Purchaser in which its principal place of business is identified in the address or addresses of the Purchaser set forth in the Purchaser Questionnaire.

(p) Communication of Offer. The Purchaser was contacted by either the Company or the Placement Agent with respect to a potential investment in the Securities. The Purchaser is not purchasing the Securities as a result of any "general solicitation" or "general advertising," as such terms are defined in Regulation D of the Securities Act, which includes, but is not limited to, any advertisement, article, notice or other communication regarding the Securities published in any newspaper, magazine or similar media or on the internet or broadcast over television, radio or the internet or presented at any seminar or any other general solicitation or general advertisement.

(q) No Conflicts. The execution, delivery and performance by the Purchaser of this Agreement and the consummation by the Purchaser of the transactions contemplated hereby will not (i) result in a violation of the organizational documents of the Purchaser (if the Purchaser is an entity), (ii) conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture or instrument to which the Purchaser is a party, or (iii) result in a violation of any law, rule, regulation, order, judgment or decree (including federal and state securities laws) applicable to the Purchaser.

(r) Organization. If the Purchaser is an entity, it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization with the requisite corporate or partnership power and authority to enter into and to consummate the transactions contemplated by the applicable Transaction Documents and otherwise to carry out its obligations hereunder and thereunder. If the Purchaser is an entity, the execution, delivery and performance by the Purchaser of the transactions contemplated by this Agreement have been duly authorized by all necessary corporate or, if the Purchaser is not a corporation, such partnership, limited liability company or other applicable like action, on the part of the Purchaser.

(s) PPM. The Purchaser has received a copy of the PPM, has had an opportunity to review and evaluate the disclosure in the PPM, and does not have any questions or requests for additional information.

(t) No Other Representations. Other than the representations and warranties contained in the Transaction Documents, the Purchaser has not received and is not relying on any representation, warranties or assurances as to the Company, its business or its prospects from the Company or any other person or entity.

5. Covenants.

(a) In addition to the other agreements and covenants set forth herein, as long as a Note is outstanding, without the written consent of the holders of an aggregate majority of the principal amount of the Notes then outstanding, the Company will not, and will not permit any of its subsidiaries to, directly or indirectly, undertake the following:

(i) enter into an agreement to issue, or issue, any debt, equity or other securities of the Company that is pari passu or senior to the Notes, or modify to the same effect any of the foregoing which may be outstanding, except for customary trade financing, mortgages, leases, or other commercial financing activities or any stock option or incentive compensation plans;

(ii) increase or decrease the authorized number of shares of the Company's capital stock, except in connection with a reverse split required for the Listing;

(iii) take any action that results in the distribution of a dividend or the repurchase or redemption of any shares of capital stock (other than pursuant to equity incentive agreements with service providers giving the Company the right to repurchase shares at the lower of cost or fair market value upon the termination of services);

(iii) amend any provision of the Company's Certificate of Incorporation or bylaws, except in connection with a reverse split required for the Listing;

(iv) take any action that results in a security interest being placed on all or substantially all of the Company's assets or intellectual property;

(v) establish or invest in any subsidiary or joint venture;

(vi) enter into any material new line of business or material change to the Company's existing line of business;

(vii) exclusively license any of the Company's intellectual property or enter into an exclusive distribution or '

(viii) replace the Company's Chief Executive Officer or other senior executive officers;

(ix) sell, transfer, pledge, dispose of or license any of the intellectual property rights of the Company or other Company assets, other than in the ordinary course of the Company's business;

(x) acquire any business (whether by stock or asset purchase, merger, consolidation or otherwise) or enter into any transaction that results in a merger, sale of assets or other corporate reorganization or acquisition;

(xi) engage in any transactions with affiliates (for purposes of this subparagraph (xv), the term "affiliates" refers to the officers, directors and holders of 10% or more of the Company's common stock);

(xii) liquidate, enter into bankruptcy, dissolve or wind-up its business and affairs; or

(xiii) enter into any Equity Line of Credit or similar agreement, or any issuance or agreement to issue any floating or Variable Rate Securities (as defined below) or any of the foregoing or equity with price reset rights. For purposes hereof, "Equity Line of Credit" shall include any transaction involving a written agreement between the Company and an investor or underwriter whereby the Company has the right to "put" its securities to the investor or underwriter over an agreed period of time and at an agreed price or price formula, and "Variable Rate Securities" shall include: (A) any debt or equity securities which are convertible into, exercisable or exchangeable for, or carry the right to receive additional shares of Common Stock or with a fixed conversion, exercise or exchange price that is subject to being reset at some future date at any time after the initial issuance of such debt or equity security, and (B) any amortizing convertible security which amortizes prior to its maturity date, where the Company is required or has the option to (or any investor in such transaction has the option to require the Company to) make such amortization payments in shares of Common Stock.

(b) Until the later of (i) the repayment of the Notes in full, and (ii) the exercise of all Warrants on or prior to their expiration, the Company covenants to maintain the registration of the Common Stock under Section 12(b) or 12(g) of the Exchange Act and to timely file (or obtain extensions in respect thereof and file within the applicable grace period) all reports required to be filed by the Company after the date hereof pursuant to Section 13 or 15(d) the Exchange Act with the Commission even if the Company is not then subject to the reporting requirements of Section 13 or 15(d) the Exchange Act. If at any time Rule 144 (as defined below) is not available to cover the Shares or shares of Common Stock underlying any Warrants due to the failure of the Company to be currently reporting under the Securities Exchange Act of 1934 ("Public Information Failure"), then the Company shall pay in cash by wire transfer of immediately available funds an amount per month equal to 1% of the aggregate VWAP of the Shares or shares of Common Stock underlying any Warrants which are not able to be delivered without legend because of such Public Information Failure to the holder thereof until such shares are able to be delivered without legend (to be pro-rated for any periods which are less than one month). As used herein, "Rule 144" means Rule 144 promulgated by the Commission under the Securities Act, as such rule may be amended from time to time, or any other similar or successor rule or regulation of the Commission that may at any time permit the Purchasers to sell securities of the Company to the public without registration, and "VWAP" ""means, for any date, the price determined by the first of the following clauses that applies: (a) the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on a national securities exchange, (b) if the Common Stock is not then listed or quoted for trading on a national securities exchange, the OTC Bulletin Board, OTCQB or such other quotation system or association, (c) and if prices for the Common Stock are not then reported in or by any of the foregoing, in the "Pink Sheets" published by Pink OTC Markets, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, 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 Securities then outstanding and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

(c) In addition to the other agreements and covenants set forth herein, the Company agrees to the following:

(i) As long as any Notes remain outstanding, the Purchasers, voting exclusively and as a separate class, shall be entitled to elect one (1) director of the Company (the "Designated Director"). If the Purchasers fail to elect a director, voting exclusively and as a separate class, then such directorship shall remain vacant until such time as the Purchasers elect a person to fill such directorship by vote or written consent in lieu of a meeting; and no such directorship may be filled by securityholders of the Company other than by the Purchasers, voting exclusively and as a separate class. Following the extinguishment or conversion of all of outstanding Notes, the Designated Director shall serve on the Company's Board of Directors until the Company's next annual meeting of shareholders, at which he will be eligible for re-election by all of the Company's holders of Common Stock, voting as a single class, and shall thereafter continue to serve as a director of the Company until he is duly re-elected or his successor is duly appointed thereto.

(ii) The Company will use the net proceeds from the Offering as set forth in the PPM.

(iii) In addition to the shares of Common Stock that will be locked up in accordance with Section 6 below, the shares of Common Stock or securities convertible into or exercisable for shares of Common Stock which are held by all officers, directors and employees of the Company will be locked up until 6 months following the Final Closing Date.

6. Restrictive Legends and Stop-Transfer Orders.

(a) Legends. The certificate or certificates representing each of the Securities shall bear a legend substantially to the following effect (as well as any legends required by applicable state corporate law or federal or state securities laws):

(i) THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR THE SECURITIES LAWS OF ANY STATE. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, OR HYPOTHECATED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF A REGISTRATION STATEMENT IN EFFECT WITH RESPECT TO SUCH SECURITIES UNDER SUCH ACT AND/OR QUALIFICATION UNDER APPLICABLE STATE SECURITIES LAWS, OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION AND QUALIFICATION IS NOT REQUIRED.

(ii) THE SECURITIES REPRESENTED HEREBY MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH THE TERMS OF THAT CERTAIN SECURITIES PURCHASE AGREEMENT BETWEEN THE COMPANY AND THE SECURITY HOLDER DATED OCTOBER 12, 2015, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY.

(iii) Any legend required to be placed thereon by any appropriate securities commission or commissioner.

(b) Stop-Transfer Notices. The Purchaser agrees that, to ensure compliance with the restrictions referred to herein, the Company may issue appropriate "stop transfer" instructions to its transfer agent, if any, and that, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

(c) The Company, shall pay, on behalf of any Purchaser requesting the transfer or resale of Securities pursuant to Section 6(a)(i), a sum sufficient to cover any expenses or fees that may be imposed in connection with the processing of such transfer, including but not limited to legal fees incurred in connection with the issuance of an opinion of counsel, together with reimbursement of all reasonable expenses of the Purchaser incidental thereto.

7. Conditions to Closing.

(a) Conditions to the Company's Obligation to Sell. The obligation of the Company hereunder to issue and sell Securities to the Purchaser is subject to the satisfaction, at or before the applicable Closing Date, of each of the following conditions, provided that these conditions are for the Company's sole benefit and may be waived by the Company at any time in its sole discretion:

(i) The Purchaser shall have complied with Sections 2(a) and (b);

(ii) The representations and warranties of the Purchaser shall be true and correct in all material respects; and

(iii) No litigation, statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by or in any court or governmental authority of competent jurisdiction or any self-regulatory organization having authority over the matters contemplated hereby which prohibits the consummation of any of the transactions contemplated by this Agreement.

(b) Conditions to Each Purchaser's Obligation to Purchase. The obligation of the Purchaser hereunder to purchase the Securities is subject to the satisfaction, at or before the applicable Closing Date of each of the following conditions, provided that these conditions are for the Purchaser's sole benefit and may be waived by the Purchaser at any time in his/her/its sole discretion:

(i) The Company shall have complied with Section 2(d);

(ii) The representations and warranties of the Company shall be true and correct as of the applicable Closing Date, and the Company shall have performed, satisfied and complied with the covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by the Company at or prior to the applicable Closing Date. The Purchaser shall have received a certificate or certificates, executed by the Chief Executive Officer of the Company, dated as of the applicable Closing Date, to the foregoing effect and as to such other matters as may be reasonably requested by the Purchaser, including, but not limited to, certificates with respect to the Company's charter, bylaws and Board of Directors' resolutions relating to the transactions contemplated hereby;

(iii) No litigation, statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by or in any court or governmental authority of competent jurisdiction or any self-regulatory organization having authority over the matters contemplated hereby which prohibits the consummation of any of the transactions contemplated by this Agreement;

(iv) No event shall have occurred which would reasonably be expected to have a Material Adverse Effect;

(v) The Company shall have caused its legal counsel, Fleming PLLC, to deliver a legal opinion addressed to the Purchasers and to the Placement Agent with respect to the corporate and securities matters set forth on Exhibit E attached hereto, and its intellectual property counsel, Wood Herron & Evans LLC, to deliver legal opinions addressed to the Purchasers and to the Placement Agent with respect to the intellectual property matters set forth on Exhibit F attached hereto; and

(vi) The Company shall have provided such other documents as the Placement Agent may reasonably request, each in form and substance satisfactory to the Placement Agent.

8. Miscellaneous.

(a) Governing Law. This Agreement and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the State of New York, without giving effect to principles of conflicts of law.

(b) Entire Agreement; Enforcement of Rights. This Agreement and the PPM, together with the exhibits and schedules attached hereto, set forth the entire agreement and understanding of the parties relating to the subject matter herein and supersedes any and all prior agreements or discussions between them, including any term sheet, letter of intent or other document executed by the parties prior to the date hereof relating to such subject matter. No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, shall be effective unless in writing signed by the parties to this Agreement; provided, however, that the Purchaser acknowledges and agrees that the Placement Agent may, in its sole discretion acting by prior written consent on behalf of Purchaser, waive any covenant of the Company described in Section 5. The failure by either party to enforce any rights under this Agreement shall not be construed as a waiver of any rights of such party.

(c) Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, the parties agree to renegotiate such provision in good faith. If the parties cannot reach a mutually agreeable and enforceable replacement for such provision, then (i) such provision shall be excluded from this Agreement, (ii) the balance of the Agreement shall be interpreted as if such provision were so excluded, and (iii) the balance of the Agreement shall be enforceable in accordance with its terms.

(d) Construction. This Agreement is the result of negotiations between and has been reviewed by each of the parties hereto and their respective counsel, if any; accordingly, this Agreement shall be deemed to be the product of all of the parties hereto, and no ambiguity shall be construed in favor of or against any one of the parties hereto.

(e) Notices. Any notice required or permitted by this Agreement shall be in writing and shall be deemed sufficient when delivered personally (including two business days after deposit with a reputable overnight courier service, properly addressed to the party to receive the same) or sent by fax or 48 hours after being deposited in the U.S. mail, as certified or registered mail, with postage prepaid, and addressed to the party to be notified at such party's address or fax number as set forth herein or as subsequently modified by written notice.

(f) Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument.

(g) Successors and Assigns. The rights and benefits of this Agreement shall inure to the benefit of, and be enforceable by the Company's successors and assigns. The covenants and obligations of the Company hereunder shall inure to the benefit of, and be enforceable by the Purchaser against the Company, its successors and assigns, including any entity into which the Company is merged. The rights and obligations of Purchasers under this Agreement may only be assigned with the prior written consent of the Company.

(h) Third Party Beneficiary. This Agreement is intended for the benefit of the undersigned parties and their respective permitted successors and assigns, and the Placement Agent, and is not for the benefit of, nor may any provision hereof be enforced by, any other person.

(i) Further Assurances. Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as the other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

(j) Expenses. The Company shall pay all costs and expenses incurred by the Company and the Placement Agent with respect to the negotiation, execution, delivery and performance of the Agreement, in accordance with the Placement Agency Agreement dated October 12, 2015 entered into between the Company and the Placement Agent.

(k) Survival. The representations, warranties, covenants and agreements made herein shall survive the closing of the transaction contemplated hereby. All statements as to factual matters contained in any certificate or other instrument delivered by or on behalf of the Company pursuant hereto in connection with the transactions contemplated hereby shall be deemed to be representations and warranties by the Company hereunder solely as of the date of such certificate or instrument. The representations, warranties, covenants and obligations of the Company, and the rights and remedies that may be exercised by the Purchaser, shall not be limited or otherwise affected by or as a result of any information furnished to, or any investigation made by or knowledge of, any of the Purchasers or any of their representatives.

(l) Attorneys' Fees. In the event that any suit or action is instituted under or in relation to this Agreement, including without limitation to enforce any provision in this Agreement, the prevailing party in such dispute shall be entitled to recover from the losing party all fees, costs and expenses of enforcing any right of such prevailing party under or with respect to this Agreement, including without limitation, such reasonable fees and expenses of attorneys and accountants, which shall include, without limitation, all fees, costs and expenses of appeals.

(m) Remedies. All remedies afforded to any party by law or contract, shall be cumulative and not alternative and are in addition to all other rights and remedies a party may have, including any right to equitable relief and any right to sue for damages as a result of a breach of this Agreement. Without limiting the foregoing, no exercise of a remedy shall be deemed an election excluding any other remedy.

(n) Consent of Spouse. If the Purchaser is married on the date of this Agreement, such Purchaser's spouse shall execute and deliver to the Company the Spousal Consent in the form attached as Exhibit B hereto, effective on the date hereof. Notwithstanding the execution and delivery thereof, such consent shall not be deemed to confer or convey to the spouse any rights in such Purchaser's Securities that do not otherwise exist by operation of law or the agreement of the parties. If any Purchaser should marry or remarry subsequent to the date of this Agreement, such Purchaser shall within 30 days thereafter obtain his/her new spouse's acknowledgement of and consent to the existence and binding effect of all restrictions contained in this Agreement by causing such spouse to execute and deliver a Consent of Spouse acknowledging the restrictions and obligations contained in this Agreement and agreeing and consenting to the same.

[*Remainder of Page Intentionally Left Blank*]

The Purchaser, by his or her signature below, or by that of its authorized representative, confirms that the Purchaser has carefully reviewed and understands, and voluntarily enters into, this Agreement.

IN WITNESS WHEREOF, the Purchaser has executed this Agreement as of _______________, 2015.

PURCHASER (if individual):	**PURCHASER** (if entity):
Signature	Name of Entity
	By:
Name (*type or print*)	
Signature of Co-Signer (*if any*)	Name:
Name of Co-Signer (*type or print*)	Its:

AGREED AND ACCEPTED as of ________________, 2015.

WORKHORSE GROUP INC.

By: ___________________________________
Stephen Burns
Chief Executive Officer

Subscription Amount (as accepted by the Company):

$________________________

EXHIBIT A

PURCHASER QUESTIONNAIRE

[*see attached*]

EXHIBIT B

SPOUSAL CONSENT

I, ________________________________, spouse of ________________________, have read and hereby approve the foregoing Agreement. In consideration of the Company's grant to my spouse of the right to purchase the Securities as set forth in the Agreement, I hereby agree to be irrevocably bound by the Agreement and further agree that any community property or similar interest that I may have in the Securities shall be similarly bound by the Agreement. I hereby appoint my spouse as my attorney-in-fact with respect to any amendment or exercise of any rights under the Agreement.

Signature

Spouse of ___________________________

OR

I hereby represent and warrant that I am unmarried as of the date of this Agreement.

Signature ___________________________

EXHIBIT C

FORM OF NOTE

[*see attached*]

EXHIBIT D

FORM OF WARRANT

[*see attached*]

EXHIBIT E

FORM OF LEGAL OPINION WITH RESPECT TO COROPORATE AND SECURITIES MATTERS

[*see attached*]

EXHIBIT F

FORM OF LEGAL OPINION WITH RESPECT TO INTELLECTUAL PROPERTY MATTERS

[*see attached*]

Exhibit 4.2

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR THE SECURITIES LAWS OF ANY STATE. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF A REGISTRATION STATEMENT IN EFFECT WITH RESPECT TO SUCH SECURITIES UNDER SUCH ACT AND QUALIFICATION UNDER APPLICABLE STATE SECURITIES LAWS, OR AN OPINION OF COUNSEL SATISFACTORY TO THE MAKER THAT SUCH REGISTRATION AND QUALIFICATION IS NOT REQUIRED.

THE SECURITIES REPRESENTED HEREBY MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH THE TERMS OF THAT CERTAIN SECURITIES PURCHASE AGREEMENT BETWEEN THE MAKER AND THE SECURITY HOLDER DATED OCTOBER 12, 2015, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE MAKER.

WORKHORSE GROUP INC.

CONVERTIBLE PROMISSORY NOTE

$______________ **November 6, 2015**

FOR VALUE RECEIVED, Workhorse Group Inc. (the "Maker") hereby promises to pay to the order of __________________ or his, her or its successors or assigns (the "Holder") the principal amount of __________________ Dollars ($________) (the "Principal Amount"). This Convertible Promissory Note shall be referred to herein as the "Note" and referred to collectively with other notes of the same series as the "Notes".

1. Purpose. This Note is made and delivered by the Maker to the Holder as of the date first written above (the "Original Issue Date") pursuant to the terms of that certain Securities Purchase Agreement, dated as of October 12, 2015, by and among the Maker and the Holder (the "Purchase Agreement"). This Note is one of a series of substantially identical Notes issued by the Maker under the Purchase Agreement. All capitalized terms used and not defined herein shall have the meanings ascribed to them in the Purchase Agreement.

2. Interest. Simple interest on the Principal Amount from time-to-time remaining unpaid shall accrue from the date of this Note at the rate of six percent (6%) per annum. Interest shall be computed on the basis of a 360 day year and a 30 day month. Interest shall be paid, at the Maker's option, in cash, or in shares of Maker's Common Stock or in a mix of both, as further specified herein.

3. Maturity Date. All amounts, including principal and interest, payable hereunder shall be due and payable on the earliest to occur of (i) November 6, 2017 (the "Calendar Due Date"), (ii)) the listing (the "Listing") of the Maker's Common Stock on The Nasdaq Stock Market or NYSE MKT (each, a "National Exchange"), or (iii) a Change of Control (as defined below). Such date shall be referred to herein as the "Maturity Date".

4. Methods of Repayment.

4.1 Mandatory Conversion at Maturity. On the Maturity Date, all amounts payable hereunder (except for interest, which is subject to payment in accordance with Section 4.3 of this Note) shall be repaid with shares of the Maker's Common Stock in accordance with the terms of Section 5.1 of this Note.

4.2 Optional Conversion prior to Maturity. Prior to the Maturity Date, all or a portion of the principal payable hereunder, along with a proportional amount of all other amounts then payable under the Note (except for interest, which is subject to payment in accordance with Section 4.3 of this Note), may from time to time be repaid with shares of the Maker's Common Stock in accordance with the terms of Section 5.2 of this Note. Each date of such an optional conversion shall be referred to herein as an "Optional Conversion Date".

4.3 Method of Interest Payment. Interest payable hereunder shall be paid on the earlier of the Maturity Date or the Optional Conversion Date of the outstanding principal amount of the Note as to which such interest has accrued. Such payment may be made in cash, in shares of the Maker's Common Stock, or in a mixture of both, at the election of the Maker. If the Maker elects to pay any portion of the interest in shares, such shares will be converted in accordance with Section 5.3 of this Note.

4.4 No Prepayment Right. All amounts payable hereunder shall be repaid on the Maturity Date or on one or more Optional Conversion Dates.

5. Conversion of Note. The following provisions shall govern the conversion into shares of Common Stock of any and all amounts due under this Note.

5.1 Mandatory Conversion at Maturity. On the Maturity Date, all amounts payable hereunder (except for interest, which shall be paid in accordance with Section 5.3 of this Note) shall be paid in shares of the Maker's Common Stock at a conversion price (the "Mandatory Principal Conversion Price") equal to the lowest of: (i) $0.35 (the "Closing Price"), (ii) the Listing Price (as defined below), (iii) the Public Offering Price (as defined below), (iv) the Private Offering Price (as defined below), or (v) the Change of Control Price (as defined below). The "Listing Price" means the lower of the opening and closing National Exchange prices (as appropriately adjusted to reflect stock dividends, stock splits, combinations, recapitalizations and the like with respect to the Maker's capital stock after the date hereof) on such day that the Maker's Common Stock is first traded on a National Exchange. The "Public Offering Price" means the price per share (as appropriately adjusted to reflect stock dividends, stock splits, combinations, recapitalizations and the like with respect to the Maker's capital stock after the date hereof) paid by public investors in an underwritten public offering conducted in connection with the Listing, without regard to any underwriting discount or other offering expense. The "Private Offering Price" means the means the lowest price per share (as appropriately adjusted to reflect stock dividends, stock splits, combinations, recapitalizations and the like with respect to the Maker's capital stock after the date hereof) paid by investors in any private equity, equity-linked or debt financing (other than the Offering) conducted after the date hereof prior to the Listing, without regard to any broker's fee or other offering expense. The "Change of Control Price" means the per-share consideration (as appropriately adjusted to reflect stock dividends, stock splits, combinations, recapitalizations and the like with respect to the Maker's capital stock after the date hereof) paid in the Change of Control.

5.2 Optional Conversion prior to Maturity. On each Optional Conversion Date, if any, all principal to be repaid on such date, along with a proportional amount of all other amounts then payable under the Note (except for interest, which shall be paid in accordance with Section 5.3 of this Note) shall be paid in shares of the Maker's Common Stock at a conversion price (the "Optional Principal Conversion Price") equal to the Closing Price.

5.3 Conversion of Interest. On the Maturity Date and on each Optional Conversion Date, if any, the portion of the interest then payable hereunder that the Maker elects to pay in shares, if any, shall be paid in shares of the Maker's Common Stock at a conversion price (the "Interest Conversion Price") equal to the closing public market price (as appropriately adjusted to reflect stock dividends, stock splits, combinations, recapitalizations and the like with respect to the Maker's capital stock after the date hereof) of the Maker's Common Stock on the Trading Day immediately prior to the date of Maturity or such Optional Conversion Date, as applicable.

5.4 Conversion Rate. The number of shares of Common Stock issuable upon conversion pursuant to Sections 5.1, 5.2 or 5.3 shall be determined by dividing (x) the Principal Amount (plus other amounts payable) and the amount accrued interest, as the case may be, to be paid (the "Conversion Amount") by (y) the Mandatory Principal Conversion Price, the Optional Principal Conversion Price or the Interest Conversion Price, as applicable.

5.5 No Fractional Shares. The Maker shall not issue any fraction of a share of Common Stock upon any conversion. If the issuance would result in the issuance of a fraction of a share of Common Stock, the Maker shall round up such fraction of a share of Common Stock to the nearest whole share. The Maker shall pay any and all transfer, stamp and similar taxes that may be payable with respect to the issuance and delivery of Common Stock upon conversion.

5.6 Mechanics of Conversion. Within 20 days of the Maturity Date and each Optional Conversion Date, if any, the Maker shall transmit to the Holder the number of shares of Common Stock representing full repayment of the Conversion Amount being made on such date, and cash to the extent interest due on such date is being paid in cash, together with an explanation of the calculation of the share and cash amounts being transmitted. Upon receipt of such items, the Holder shall surrender this Note to a common carrier for delivery to the Maker as soon as practicable on or following such date (and shall execute an indemnification undertaking with respect to this Note in the case of its loss, theft or destruction). The person or persons entitled to receive the shares of Common Stock issuable upon a conversion of this Note shall be treated for all purposes as the record holder or holders of such shares of Common Stock on the Maturity Date or Optional Conversion Date, as applicable.

5.7 Reservation of Common Stock. Until the Notes are paid in full, the Maker shall at all times keep reserved for issuance under this Note such number of shares of Common Stock as shall be necessary to satisfy the Maker's obligation to issue shares of Common Stock hereunder assuming all amounts payable under this Note shall be paid in shares of Common Stock (without regard to any limitation otherwise contained herein with respect to the number of shares of Common Stock that may be acquirable upon exercise of this Note). If, notwithstanding the foregoing, and not in limitation thereof, at any time any of the Notes remain outstanding, the Maker does not have a sufficient number of authorized and unreserved shares of Common Stock (the "Required Reserve Amount") to satisfy its obligation set forth in this Section 5.7 (such failure, an "Authorized Share Failure"), then the Maker shall immediately take all action necessary to increase the Maker's authorized shares of Common Stock to an amount sufficient to allow the Maker to maintain the Required Reserve Amount for all the Notes then outstanding. Without limiting the generality of the foregoing sentence, as soon as practicable after the date of the occurrence of an Authorized Share Failure, but in no event later than 60 days after the occurrence of such Authorized Share Failure, the Maker shall, to the extent necessary or advisable in order to cure sure Authorized Share Failure, hold a meeting of its shareholders for the approval of an increase in the number of authorized shares of Common Stock, in connection with such meeting, provide each shareholder with a proxy statement, and use its best efforts to solicit its shareholders' approval of such increase in authorized shares of Common Stock and to cause its board of directors to recommend to the shareholders that they approve such increase.

5.8 Adjustments. The applicable Conversion Price and number and kind of shares or other securities to be issued upon conversion determined pursuant to Section 5 hereof, shall be subject to adjustment from time to time upon the happening of certain events while the Maker's conversion obligations remain outstanding, as follows:

5.8.1 Merger, Sale of Assets, etc. If the Maker at any time shall consolidate with or merge into or sell or convey all or substantially all of its assets to any other entity, this Note, as to the unpaid Principal Amount thereof and other payments and interest accrued thereon, shall thereafter be deemed to evidence the right to purchase such number and kind of shares or other securities and property as would have been issuable or distributable on account of such consolidation, merger, sale or conveyance, upon or with respect to the securities subject to the conversion or purchase right immediately prior to such consolidation, merger, sale or conveyance. The foregoing provision shall similarly apply to successive transactions of a similar nature by any such successor or purchaser. Without limiting the generality of the foregoing, the anti-dilution provisions of this Section 5.8 shall apply to such securities of such successor or purchaser after any such consolidation, merger, sale or conveyance.

5.8.2 Reclassification, etc. If the Maker at any time shall, by reclassification or otherwise, change the Common Stock into the same or a different number of securities of any class or classes that may be issued or outstanding, this Note, as to the unpaid Principal Amount thereof and other payments and interest accrued thereon, shall thereafter be deemed to evidence the right to purchase an adjusted number of such securities and kind of securities as would have been issuable as the result of such change with respect to the Common Stock immediately prior to such reclassification or other change.

5.8.3 Notice of Adjustment. Whenever the applicable Conversion Price is adjusted pursuant to this Section 5.8, the Maker shall promptly mail to the Holder a notice setting forth the applicable Conversion Price after such adjustment and setting forth a statement of the facts requiring such adjustment.

6. Registration; Book-Entry. The Maker shall maintain a register (the "Register") for the recordation of the names and addresses of the holders of each Note and the Principal Amount of the Notes held by such holders (the "Registered Notes"). The entries in the Register shall be conclusive and binding for all purposes absent manifest error, and to that extent the Maker and the holders of the Notes shall treat each person whose name is recorded in the Register as the owner of a Note for all purposes, including, without limitation, the right to receive payments of the Principal Amount and interest, if any, hereunder, notwithstanding notice to the contrary. A Registered Note may be assigned or sold in whole or in part only in accordance with the terms of Section 11.3 of this Note and by registration of such assignment or sale on the Register.

7. Defaults; Remedies.

7.1 Events of Default. The occurrence of any one or more of the following events shall constitute an event of default hereunder (each, an "Event of Default"):

7.1.1 The Maker fails to make any payment when due under this Note;

7.1.2 The Maker fails to observe and perform any of its covenants or agreements on its part to be observed or performed under the Purchase Agreement or any other Transaction Document, and such failure shall continue for more than 30 days after notice of such failure has been delivered to the Maker;

7.1.3 Any representation or warranty made by the Maker in the Purchase Agreement or any other Transaction Document is untrue as of the date of such representation or warranty except, in the case of a breach of a representation or warranty which is curable, only if such breach continues for a period of at least 20 consecutive Business Days;

7.1.4 The Maker admits in writing its inability to pay its debts generally as they become due, files a petition in bankruptcy or a petition to take advantage of any insolvency act, makes an assignment for the benefit of its creditors, or consents to the appointment of a receiver of itself or of the whole or any substantial part of its property, or has a petition filed against it be adjudicated a bankrupt, or files a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any State thereof;

7.1.5 A court of competent jurisdiction enters an order, judgment, or decree appointing, without the consent of the Maker, a receiver of the Maker or of the whole or any substantial part of its property, or approving a petition filed against the Maker seeking reorganization or arrangement of the Maker under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any State thereof, and such order, judgment, or decree shall not be vacated or set aside or stayed within 60 days from the date of entry thereof;

7.1.6 Any court of competent jurisdiction assumes custody or control of the Maker or of the whole or any substantial part of its property under the provisions of any other law for the relief or aid of debtors, and such custody or control is not be terminated or stayed within 60 days from the date of assumption of such custody or control;

7.1.7. This Note ceases to be, or is asserted by the Maker not to be, a legal, valid and binding obligation of the Maker enforceable in accordance with its terms;

7.1.8 A judgment or judgments for the payment of money aggregating in excess of $250,000 are rendered against the Maker which judgments are not, within 60 days after the entry thereof, bonded, discharged or stayed pending appeal, or are not discharged within 60 days after the expiration of such stay; provided, however, that any judgment which is covered by insurance or an indemnity from a creditworthy party shall not be included in calculating the $250,000 amount set forth above so long as the Maker certifies that it has not received a written statement from such insurer or indemnity provider denying such coverage (which written statement shall be reasonably satisfactory to the Holder) and if the Maker will receive the proceeds of such insurance or indemnity within 30 days of the issuance of such judgment;

7.1.10 A default by the Maker occurs under one or more obligations in an aggregate monetary amount in excess of $250,000 for more than 30 days after the applicable due dates, unless the Maker is contesting the validity of each such obligation in good faith and has segregated cash funds equal to not less than one-half of the disputed amount;

7.1.11 The Maker fails to deliver the shares of Common Stock to the Holder pursuant to and in the form required by this Note or, if required, a replacement Note, more than five Business Days after the required delivery date of such Common Stock or replacement Note;

7.1.12 The Maker fails to have reserved for issuance upon conversion of this Note the amount of Common Stock set forth in this Note; or

7.1.9 Any such Event of Default occurs with respect to any of the other Notes.

7.2 Notice by the Maker. The Maker shall notify the Holder in writing as soon as reasonably practicable but in no event more 5 Business Days after the occurrence of any Event of Default of which the Maker acquires knowledge.

7.3 Remedies. Upon the occurrence of any Event of Default, all sums due and payable to the Holder under this Note shall, at the option of the Holder, become due and payable immediately without presentment, demand, notice of nonpayment, protest, notice of protest, or other notice of dishonor, all of which are hereby expressly waived by the Maker. Any payment under this Note (i) not paid within 10 days following the Calendar Due Date or (ii) due immediately following acceleration by the Holder shall bear interest at the rate of 15% from such Calendar Due Date or acceleration, as applicable, until paid, subject to Section 7.5. To the extent permitted by law, the Maker waives any right to and stay of execution and the benefit of all exemption laws now or hereafter in effect. In addition to the foregoing, upon the occurrence of any Event of Default, the Holder may forthwith exercise singly, concurrently, successively, or otherwise any and all rights and remedies available to the Holder at law, in equity, or otherwise.

7.4 Remedies Cumulative, etc. No right or remedy conferred upon or reserved to the Holder under this Note, or now or hereafter existing at law or in equity or otherwise, is intended to be exclusive of any other right or remedy, and each and every such right or remedy shall be cumulative and concurrent, and shall be in addition to every other such right or remedy, and may be pursued singly, concurrently, successively, or otherwise, at the sole discretion of the Holder, and shall not be exhausted by any one exercise thereof but may be exercised as often as occasion therefor may occur. No act of the Holder shall be deemed or construed as an election to proceed under any one such right or remedy to the exclusion of any other such right or remedy; furthermore, each such right or remedy of the Holder shall be separate, distinct, and cumulative and none shall be given effect to the exclusion of any other.

7.5 Usury Compliance. All agreements between the Maker and the Holder are expressly limited, so that in no event or contingency whatsoever, whether by reason of the consideration given with respect to this Note, the acceleration of maturity of the unpaid Principal Amount and interest thereon, or otherwise, shall the amount paid or agreed to be paid to the Holder for the use, forbearance, or detention of the indebtedness which is the subject of this Note exceed the highest lawful rate permissible under the applicable usury laws. If, under any circumstances whatsoever, fulfillment of any provision of this Note shall involve transcending the highest interest rate permitted by law which a court of competent jurisdiction deems applicable, then the obligations to be fulfilled shall be reduced to such maximum rate, and if, under any circumstances whatsoever, the Holder shall ever receive as interest an amount that exceeds the highest lawful rate, the amount that would be excessive interest shall be applied to the reduction of the unpaid Principal Amount under this Note and other amounts (excluding interest) owed in respect of this Note, and not to the payment of interest, or, if such excessive interest exceeds the unpaid balance of the Principal Amount under this Note and such other amounts (excluding interest), such excess shall be refunded to the Maker. This provision shall control every other provision of all agreements between the Maker and the Holder.

8. Replacement of Note. Upon receipt by the Maker of evidence satisfactory to it of the loss, theft, destruction, or mutilation of this Note and (in case of loss, theft, or destruction) of indemnity satisfactory to it, and upon surrender and cancellation of this Note, if mutilated, the Maker will make and deliver a new Note of like tenor in lieu of this Note.

9. Maker's Covenants.

9.1 Restricted Payments. The Maker shall not, and the Maker shall not permit any of its subsidiaries (if any) to, directly or indirectly, redeem, defease, repurchase, repay or make any payments in respect of, by the payment of cash or cash equivalents (in whole or in part, whether by way of open market purchases, tender offers, private transactions or otherwise), all or any portion of any capital stock or all or any portion of any indebtedness, whether by way of payment in respect of principal of, interest on or premium or any other amount due in connection with, such indebtedness if at the time such payment is due or is otherwise made or, after giving effect to such payment, an event constituting, or that with the passage of time and without being cured would constitute, an Event of Default has occurred and is continuing.

9.2 Valid Issuance of Securities. The Maker covenants that the securities issuable upon the conversion of this Note will, upon conversion of this Note, be validly issued, fully paid and nonassessable and free from all taxes, liens and charges in respect of the issue thereof.

9.3 Timely Notice. The Maker shall give the Holder at least 10 days' advance written notice prior to the closing of a Change of Control, provided that the Holder agrees to be bound by any applicable confidentiality agreement or agreements the Maker shall deem necessary or appropriate.

10. Certain Definitions.

10.1 "Business Day" means any day that is not a Saturday, Sunday, federal holiday or bank holiday in any jurisdiction in which the Maker holds a substantial portion of its assets.

10.2 "Change of Control" means any liquidation, dissolution, or winding up of the Maker, either voluntary or involuntary, and shall be deemed to be occasioned by, or to include, (i) the acquisition of the Maker by another entity by means of any transaction or series of related transactions (including, without limitation, any stock acquisition, reorganization, merger or consolidation) unless the Maker's shareholders of record as constituted immediately prior to such acquisition or sale will, immediately after such acquisition or sale (by virtue of securities issued as consideration for the Maker's acquisition or sale or otherwise) hold at least a majority of the voting power of the surviving or acquiring entity or its direct or indirect parent entity (except that any bona fide equity or debt financing transaction for capital raising purposes shall not be deemed a Change of Control for this purpose) and (ii) a sale, exclusive license or other disposition of all or substantially all of the assets of the Maker, including a sale, exclusive license or other disposition of all or substantially all of the assets of one or more of the Maker's subsidiaries, if such assets constitute substantially all of the assets of the Maker and such subsidiaries taken as a whole.

10.3 "Conversion Price" means either the Principal Conversion Price or Interest Conversion Price, as applicable.

10.4 "Trading Day" means a day on which any of the following markets or exchanges on which the Common Stock is listed or quoted is open for trading: the New York Stock Exchange, the NYSE MKT, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the OTCQB marketplace or the OTCQX marketplace (or any successors to any of the foregoing).

11. Amendments, Waivers, and Consents.

11.1 Amendment and Waiver by the Holders. The Notes, including this Note, may be amended, modified, or supplemented, and waivers or consents to departures from the provisions thereof may be given, if the Maker and the holders of an aggregate majority of the Principal Amount of the Notes then outstanding consent to the amendment; provided, however, that no term of this Note may be amended or waived in such a way as to adversely affect the Holder disproportionately to the holder or holders of any other Notes without the written consent of the Holder and neither the principal balance nor interest rate of this Note may be amended or modified without the consent of the Holder. Such consent may not be effected orally, but only by a signed statement in writing. Any such amendment or waiver shall apply to and be binding upon the Holder of this Note, upon each future holder of this Note, and upon the Maker, whether or not this Note shall have been marked to indicate such amendment or waiver. No such amendment or waiver shall extend to or affect any obligation not expressly amended or waived or impair any right consequent thereon.

11.2 Severability. In the event that for any reason one or more of the provisions of this Note or their application to any person or circumstance shall be held to be invalid, illegal, or unenforceable in any respect or to any extent, such provision shall nevertheless remain valid, legal, and enforceable in all other respects and to such extent as may be permissible. In addition, any such invalidity, illegality, or unenforceability shall not affect any other provisions of this Note, but this Note shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

11.3 Assignment; Binding Effect. The Maker may not assign its obligations under this Note without the prior written consent of the Holder. Any attempted assignment in violation of this Section 11.3 shall be null and void. Subject to the foregoing, this Note inures to the benefit of the Holder and its successors and assigns, and binds the Maker and its successors and permitted assigns, and the words “Holder” and “Maker” whenever occurring herein shall be deemed and construed to include such respective successors and assigns.

11.4 Notices Generally. All notices required to be given to any of the parties hereunder shall be given as set forth in the Purchase Agreement.

11.5 Governing Law; Jurisdiction; Jury Trial. This Note shall be construed and enforced in accordance with, and all questions concerning the construction, validity, interpretation and performance of this Note shall be governed by, the internal laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the State of New York. The Maker hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in The City of New York, Borough of Manhattan, for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. The Maker hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address it set forth on the signature page hereto and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. In the event that any provision of this Note is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform to such statute or rule of law. Any such provision which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision of this Note. Nothing contained herein shall be deemed or operate to preclude the Holder from bringing suit or taking other legal action against the Maker in any other jurisdiction to collect on the Maker’s obligations to the Holder, to realize on any collateral or any other security for such obligations, or to enforce a judgment or other court ruling in favor of the Holder. THE MAKER HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS NOTE OR ANY TRANSACTION CONTEMPLATED HEREBY. **This Note shall be deemed an unconditional obligation of Maker for the payment of money and, without limitation to any other remedies of Holder, may be enforced against Maker by summary proceeding pursuant to New York Civil Procedure Law and Rules Section 3213 or any similar rule or statute in the jurisdiction where enforcement is sought. For purposes of such rule or statute, any other document or agreement to which Holder and Maker are parties or which Maker delivered to Holder, which may be convenient or necessary to determine Holder’s rights hereunder or Maker’s obligations to Holder are deemed a part of this Note, whether or not such other document or agreement was delivered together herewith or was executed apart from this Note.**

11.6 Section Headings, Construction. The headings of paragraphs in this Note are provided for convenience only and will not affect its construction or interpretation. All words used in this Note will be construed to be of such gender or number as the circumstances require. Unless otherwise expressly provided, the words "hereof" and "hereunder" and similar references refer to this Note in its entirety and not to any specific section or subsection hereof.

11.7 Payment of Collection, Enforcement and Other Costs. If (a) this Note is placed in the hands of an attorney for collection or enforcement or is collected or enforced through any legal proceeding or the Holder otherwise takes action to collect amounts due under this Note or to enforce the provisions of this Note, or (b) there occurs any bankruptcy, reorganization, or receivership of the Maker or other proceedings affecting the Maker's creditors' rights and involving a claim under this Note, then the Maker shall pay the costs incurred by the Holder for such collection, enforcement or action or in connection with such bankruptcy, reorganization, receivership or other proceeding, including, but not limited to, attorneys' fees and disbursements.

11.8 Delays or Omissions. No delay or omission to exercise any right, power, or remedy accruing to the Holder, upon any breach or default of the Maker under this Note shall impair any such right, power, or remedy of the Holder nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default therefore or thereafter occurring. Any waiver, permit, consent, or approval of any kind or character on the part of the Holder of any breach or default under this Note or any waiver on the part of the Holder of any provisions or conditions of this Note must be made in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Note or by law or otherwise afforded to the Holders, shall be cumulative and not alternative.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Workhorse Group Inc. has caused this Convertible Promissory Note to be executed and delivered on the date set forth above on the cover page of this Note.

WORKHORSE GROUP INC.

By:______________________________
Name:
Title:

By:______________________________
Name:
Title:

Exhibit 4.3

THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933OR THE SECURITIES LAWS OF ANY STATE. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF A REGISTRATION STATEMENT IN EFFECT WITH RESPECT TO SUCH SECURITIES UNDER SUCH ACT AND QUALIFICATION UNDER APPLICABLE STATE SECURITIES LAWS, OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION AND QUALIFICATION IS NOT REQUIRED.

THE SECURITIES REPRESENTED HEREBY MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH THE TERMS OF THAT CERTAIN SECURITIES PURCHASE AGREEMENT BETWEEN THE COMPANY AND THE SECURITY HOLDER DATED OCTOBER 12, 2015, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY.

WORKHORSE GROUP INC.

STOCK PURCHASE WARRANT

Issue Date: November 6, 2015

THIS CERTIFIES that __________________ (the "***Holder***") is entitled, upon the terms and subject to the conditions hereinafter set forth in this Warrant (this "***Warrant***"), at any time on or after (except as otherwise limited below) the date of the applicable event specified below and on or prior to the Expiration Date, but not thereafter, to subscribe for and to purchase from Workhorse Group Inc., a Nevada corporation (the "***Company***"), shares of the Company's common stock, $0.001 par value (the "***Common Stock***"), up to the number of such shares set forth below .

This Warrant is issued pursuant to a Securities Purchase Agreement of even date herewith (the "***Purchase Agreement***"), and is one of the Warrants (collectively, the "***Warrants***") being issued in connection with the issuance of shares of Common Stock (the "***Offering Shares***") being issued by the Company to raise up to $20 million (the "***Offering***"). Capitalized terms used herein, but not otherwise defined, shall have the meanings ascribed to such terms in the Purchase Agreement.

The following is a statement of the rights of the Holder of this Warrant and the conditions to which this Warrant is subject, to which the Holder, by the acceptance of this Warrant, agrees:

1. Certain Definitions.

1.1 "***Exercise Price***" means per-Share exercise price equal to 120% of the closing price of the Company's Common Stock on the OTCQB Marketplace (or if the Common Stock does not then trade on such market, on such other U.S. public trading market on which the Common Stock then trades) 'on the trading day immediately prior to the Initial Closing Date.

1.2 "***Expiration Date***" means that date that is five (5) years after the issue date set forth above.

1.3 "***Shares***" means the shares of Common Stock issuable under this Warrant, as set forth in Section 2 below.

2. Number of Shares and Exercise Price

2.1 This Warrant shall be exercisable for up to ____ ( ) Shares at the Exercise Price.

2.2 This Warrant may be exercised in whole or in part at any time and from time to time on or prior to the Expiration Date.

3. Exercise of Warrant

3.1 The purchase rights represented by this Warrant are exercisable by the Holder, in whole or in part, by the surrender of this Warrant and the Notice of Exercise annexed hereto duly executed at the Company's principal executive office (or such other officer or agent of the Company as it may designate by notice in writing to the Holder at the address of the Holder appearing on the books of the Company), and upon payment of the aggregate Exercise Price of the Shares thereby purchased (by cash or by check or bank draft payable to the order of the Company); whereupon the Holder shall be entitled to receive the number of Shares so purchased. The Company agrees that if at the time of the surrender of this Warrant and purchase of the Shares, the Holder shall be entitled to exercise this Warrant, the Shares so purchased shall be issued to the Holder as the record owner of such Shares as of the close of business on the date on which this Warrant shall have been exercised as aforesaid or on such later date requested by the Holder or on such earlier date agreed to by the Holder and the Company.

3.2 Delivery of Common Stock Certificates and New Warrant. As soon as reasonably practicable after each exercise of this Warrant, in whole or in part, and in any event within five (5) business days thereafter (the "Warrant Share Delivery Date"), the Company, at its expense (including the payment by it of any applicable issue taxes), will cause the name of the Holder (or as Holder may direct) to be entered in the register of holders in respect of the Warrant Shares and further cause to be issued in the name of and delivered to the Holder hereof or as the Holder (upon payment by the Holder of any applicable transfer taxes) may direct:

(a) the number of duly authorized, validly issued, fully paid and nonassessable Warrant Shares to which the Holder shall be entitled upon exercise, in certificated form with appropriate restrictive legends, if applicable; and

(b) in case exercise is in part only, a new Warrant document of like tenor, dated the date hereof, for the remaining number of Warrant Shares issuable upon exercise of this Warrant after giving effect to the partial exercise of this Warrant (including the delivery of any Warrant Shares as payment of the Exercise Price for such partial exercise of this Warrant).

4. Nonassessable

The Company covenants that all Shares which may be issued upon the exercise of this Warrant will be validly issued, fully paid and nonassessable and free from all taxes, liens and charges in respect of the issue thereof.

5. Fractional Shares

No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. With respect to any fraction of a share called for upon the exercise of this Warrant, the number of shares delivered shall be rounded down to the nearest whole share, and the Company shall pay to the Holder cash in an amount equal to the fraction represented by the fractional share multiplied by the closing price of the Company's Common Stock on the OTCQB Marketplace (or if the Common Stock does not then trade on such market, on such other U.S. public trading market on which the Common Stock then trades).

6. Charges, Taxes and Expenses

Issuance of Shares upon the exercise of this Warrant, in certificated form or otherwise, shall be made without charge to the Holder hereof for any issue or transfer tax or other incidental expense in respect of the issuance, including relating to any certificate, all of which taxes and expenses shall be paid by the Company, and such Shares shall be issued in the name of the Holder.

7. No Rights as Shareholders

This Warrant does not entitle the Holder to any voting rights or other rights as a shareholder of the Company prior to the exercise hereof.

8. 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 be a Saturday, a Sunday or a legal holiday, then such action may be taken or such right may be exercised on the next succeeding day that is not a Saturday, Sunday or legal holiday.

9. Adjustments

The Exercise Price and the number of Shares purchasable hereunder are subject to adjustment from time to time as set forth in this Section 9.

9.1 Reclassification, etc. If the Company, at any time while this Warrant, or any portion hereof, remains outstanding and unexpired, by reclassification of securities or otherwise, shall change the class of the securities as to which purchase rights under this Warrant exist into the same or a different number of securities or any other class or classes of securities, this Warrant shall thereafter represent the right to acquire such number and kind of securities as would have been issuable as the result of such change with respect to the securities that were subject to the purchase rights under this Warrant immediately prior to such reclassification or other change and the Exercise Price therefor shall be appropriately adjusted, all subject to further adjustment as provided in this Section 9.

9.2 Subdivision or Combination of Shares. In the event the Company shall at any time subdivide the outstanding securities as to which purchase rights under this Warrant exist, or shall issue a stock dividend on the securities as to which purchase rights under this Warrant exist, the number of securities as to which purchase rights under this Warrant exist immediately prior to such subdivision or to the issuance of such stock dividend shall be proportionately increased, and the Exercise Price shall be proportionately decreased, and in the event that the Company shall at any time combine the outstanding securities as to which purchase rights under this Warrant exist, the number of securities as to which purchase rights under this Warrant exist immediately prior to such combination shall be proportionately decreased, and the Exercise Price shall be proportionately increased, effective at the close of business on the date of such subdivision, stock dividend or combination, as the case may be.

9.3 Cash Distributions. No adjustment on account of cash dividends or interest on the securities as to which purchase rights under this Warrant exist will be made to the Exercise Price under this Warrant.

10. 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 deliver, or fails to cause its transfer agent to transmit, to the Holder the Warrant Shares pursuant to an exercise on or before the Warrant Share Delivery Date, 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, times (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 Common Stock having a total purchase price of $11,000 to cover a Buy-In with respect to an attempted exercise of shares of 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, and the Company would also be required to comply with clause (B). 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.

11. Intentionally Left Blank.

12. Miscellaneous.

12.1 Loss, Theft, Destruction or Mutilation of Warrant. Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of loss, theft or destruction, delivery of an indemnity agreement reasonably satisfactory in form and substance to the Company or, in the case of mutilation, on surrender and cancellation of this Warrant, the Company shall execute and deliver, in lieu of this Warrant, a new Warrant executed in the same manner as this Warrant and of like tenor and amount.

12.2 Waivers and Amendments. This Warrant and the obligations of the Company and the rights of the Holder under this Warrant may be amended, waived, discharged or terminated (either generally or in a particular instance, either retroactively or prospectively and either for a specified period of time or indefinitely) with the written consent of the Company (which shall not be required in connection with a waiver of rights in favor of the Company) and the holders of at least a majority of the then-outstanding aggregate principal amount under the Notes; *provided*, *however*, that no such amendment or waiver shall reduce the number of Shares represented by this Warrant without the consent of the Holder hereof; and *provided further, however*, that nothing shall prevent the Holder from individually agreeing to waive the observation of any term of this Warrant. Any amendment, waiver, discharge or termination effected in accordance with this Section 12.2 shall be binding upon the Company, the Holder, and except pursuant to a waiver by an individual holder of another Warrant pursuant to the final proviso in the immediately preceding sentence, each other holder of Warrants.

12.3 Notices. Any notice, request or other communication required or permitted hereunder shall be given in accordance with the Purchase Agreement.

12.4 Severability. If one or more provisions of this Warrant are held to be unenforceable under applicable law, such provision(s) shall be excluded from this Warrant and the balance of this Warrant shall be interpreted as if such provision(s) were so excluded and shall be enforceable in accordance with its terms.

12.5 Successors and Assigns. Neither this Warrant nor any rights hereunder are transferable without the prior written consent of the Company. Notwithstanding the foregoing, the Holder shall be permitted to transfer this Warrant to any affiliate (as that term is defined in the Securities Act of 1933) of the Holder. If a transfer is permitted pursuant to this Section, the transfer shall be recorded on the books of the Company upon the surrender of this Warrant, properly endorsed, to the Company at its principal offices, and the payment to the Company of all transfer taxes and other governmental charges imposed on such transfer. In the event of a partial transfer, the Company shall issue to the holders one or more appropriate new warrants. Subject to the foregoing, the provisions of this Warrant shall inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors and administrators of the Company and the Holder.

12.6 Delays or Omissions. No delay or omission to exercise any right, power, or remedy accruing to the Holder, upon any breach or default of the Company under this Warrant shall impair any such right, power, or remedy of the Holder nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default therefore or thereafter occurring. Any waiver, permit, consent, or approval of any kind or character on the part of the Holder of any breach or default under this Warrant or any waiver on the part of the Holder of any provisions or conditions of this Warrant must be made in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Warrant or by law or otherwise afforded to the Investors, shall be cumulative and not alternative.

12.7 Titles and Subtitles. The titles of the paragraphs and subparagraphs of this Warrant are for convenience of reference only and are not to be considered in construing this Warrant.

12.8 Construction. The language used in this Warrant will be deemed to be the language chosen by the parties to express their mutual intent and no rules of strict construction will be applied against any party.

12.9 Governing Law. THIS WARRANT SHALL BE GOVERNED IN ALL RESPECTS BY THE LAWS OF THE STATE OF NEW YORK AS SUCH LAWS ARE APPLIED TO AGREEMENTS BETWEEN NEW YORK RESIDENTS ENTERED INTO AND TO BE PERFORMED ENTIRELY WITHIN NEW YORK.

[*Remainder of page intentionally left blank*]

IN WITNESS WHEREOF, Workhorse Group Inc. has caused this Warrant to be executed by its officer thereunto duly authorized.

WORKHORSE GROUP INC.

By: ______________________
Name:
Title:

NOTICE OF EXERCISE

TO: Workhorse Group Inc.
100 Commerce Drive
Loveland, OH 45140
Attn: Secretary

The undersigned hereby elects to purchase ______________ shares (the "***Shares***") of the Common Stock of Workhorse Group Inc. pursuant to the terms of the attached Warrant and tenders herewith payment of the purchase price in full.

Please issue the Shares, including in certificated form with appropriate restrictive legends, if applicable, in the name of the undersigned or in such other name as is specified below:

____
(Print Name)

Address: ___________________

____

____

The undersigned confirms that the undersigned is an "accredited investor" within the meaning of Rule 501 of Regulation D under the Securities Act of 1933, and that the Shares are being acquired for the account of the undersigned for investment only and not with a view to, or for resale in connection with, the distribution thereof, and that the undersigned has no present intention of distributing or selling the Shares.

______________________ (Date)

_________________________ (Signature)

____
(Print Name)