
**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): May 19, 2017

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

Nevada
(State or Other Jurisdiction
of Incorporation)

000-53704
(Commission File Number)

26-1394771
(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))

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

Emerging growth company

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

- Item 1.01** **Entry into a Material Definitive Agreement.**
- Item 3.02** **Unregistered Sales of Equity Securities**
- Item 5.02** **Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

On May 19, 2017, Stephen S. Burns and Workhorse Group Inc. (the “Company”) entered into an Executive Retention Agreement whereby Mr. Burns was retained as Chief Executive Officer in consideration of an annual salary of \$325,000. Further, the Company entered Executive Retention Agreements with Duane Hughes as Chief Operating Officer/President at an annual salary of \$275,000 and Julio Rodriguez as Chief Financial Officer at an annual salary of \$225,000. Subject to the Company adopting an equity incentive plan and increasing its authorized shares of common stock, the Company also granted stock options exercisable at \$5.28 per share to Mr. Burns, Mr. Hughes and Mr. Rodriguez Stock Options to acquire 1,000,000, 400,000 and 200,000 shares of common stock of the Company, respectively, which are exercisable for a period of ten years. The Stock Options vest in 16 equal quarterly tranches.

For each executive, the Company has agreed to provide a bonus of 25% of their base salary upon the Company achieving 75% of annual revenue targets established by the Board of Directors and management. The cash bonus will be increased to 37.5% and 50% of the base salary in the event that 100% or 125% of the revenue target is achieved, respectively. The Company and the executives also each entered into an Indemnification Agreement. The employment of each of the executives is at will and may be terminated at any time, with or without formal cause.

Pursuant to the terms of the executive retention agreements, the Company has agreed to provide specified severance and bonus amounts and to accelerate the vesting on their equity awards upon termination upon a change of control or an involuntary termination, as each term is defined in the agreements. In the event of a termination upon a change of control or an involuntary termination, the executives are entitled to receive an amount equal to 12 months of their base salary and the target bonus then in effect for the executive officer for the year in which such termination occurs, such bonus payment to be pro-rated to reflect the full number of months the executive remained in the Company’s employ. In addition, the vesting on any equity award held by the executive officer will be accelerated in full upon a change of control or an involuntary termination. In the event the executive is terminated for cause, then the vesting of all equity awards shall cease and such equity awards will be terminated. In the event the executive leaves for any reason that is not considered a good reason, then the vesting of equity award shall cease. At the election of the executive officer, the Company will also continue to provide health related employee insurance coverage for twelve months, at the Company’s expense upon termination upon a change of control or an involuntary termination.

The above offers and sales of the securities were made to accredited investors and the Company relied upon the exemptions contained in Section 4(2) of the Securities Act and/or Rule 506 of Regulation D promulgated there under with regards to the sales. No advertising or general solicitation was employed in offerings the securities. The offers and sales were made to accredited investors and transfer of the securities was restricted by the Company in accordance with the requirements of the Securities Act of 1933.

The foregoing is only a brief description of the material terms of the above corporate actions and agreements, and does not purport to be a complete description of the rights and obligations of the parties under those agreements, and such descriptions are qualified in their entirety by reference to the agreements which are filed as exhibits to this Current Report.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
10.1	Executive Retention Agreement by and between Workhorse Group Inc. and Stephen S. Burns dated May 19, 2017
10.2	Executive Retention Agreement by and between Workhorse Group Inc. and Duane Hughes dated May 19, 2017
10.3	Executive Retention Agreement by and between Workhorse Group Inc. and Julio Rodriguez dated May 19, 2017
10.4	Form of Indemnification Agreement
10.5	Form of Employee Invention Assignment, Confidentiality, Non-Compete and Non-Solicit Agreement

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: May 19, 2017

By: /s/ Julio Rodriguez

Name: Julio Rodriguez

Title: Chief Financial Officer

EXECUTIVE RETENTION AGREEMENT

This Executive Retention Agreement (the "*Agreement*") is made and entered into as of May 19, 2017 (the "Effective Date") by and between WORKHORSE GROUP INC., a Nevada corporation (the "*Company*"), and Stephen S. Burns (the "*Executive*").

Recitals:

WHEREAS, the Executive is a key employee of the Company who possesses valuable proprietary knowledge of the Company, its business and operations and the markets in which the Company competes; and

WHEREAS, the Company and the Executive desire to enter into this Agreement to encourage the Executive to continue to devote the Executive's full attention and dedication to the success of the Company, and to provide specified compensation and benefits to the Executive in the event of a Termination Upon Change of Control or certain other terminations pursuant to the terms of this Agreement.

NOW, THEREFORE, THE PARTIES HEREBY AGREE AS FOLLOWS:

1. PURPOSE AND TERM; DUTIES

1.1 The purpose of this Agreement is to provide specified compensation and benefits to the Executive in the event of (i) a Termination Upon Change of Control or (ii) an Involuntary Termination. Subject to the terms of any applicable written employment agreement between Company and the Executive (as to which Executive acknowledges no other such agreement exists as of the date hereof), either the Executive or Company may terminate the Executive's employment at any time for any reason, with or without notice. The term of this Agreement shall be the period from the date set forth above until Executive's employment is terminated for any reason or this Agreement is terminated by mutual agreement of the parties.

1.2 The Executive's job responsibilities will comprise of serving as the Chief Executive Officer of the Company managing and overseeing all operations and matters of the Company in order to establish a successful business and manage growth. In addition, Executive will undertake such functions as are customarily applicable to Executive's position, as well as those that are reasonably assigned to you by the Board.

1.3 The Executive is entitled to four (4) weeks of vacation which will accrue on a pro-rata basis during the year, in addition to all public holidays when the office is closed. Executive will be eligible to participate in all employee benefit plans established by the Company for its employees from time to time. In accordance with Company policies from time to time, the Company will reimburse you for all reasonable and proper travel and business expenses incurred by you in the performance of your duties.

2. COMPENSATION AND TERMINATION GENERALLY

2.1 Compensation.

2.1.1 Annual Salary. The Executive's current base salary of \$325,000 per annum, subject to periodic review and modification which may not be adjusted downward by the Company's Board of Directors (the "**Board**") as may be delegated to the Compensation Committee of the Board (references herein to the Compensation Committee shall include reference to the Board if no such Committee exists at any time) at such time or times as it shall determine. The Company's Compensation Committee shall also from time to time, in its discretion, determine the type and amount of other forms of compensation for Executive's service with the Company (including, without limitation, stock options or other forms of equity awards).

2.1.2 Bonuses. Executive will be eligible for bonuses based on achievement of performance milestones, calculated and payable in an amount equal to 25% of the Base Salary (as amended by the Board from time to time) (the "Cash Bonus"), which shall be payable during any fiscal year upon the Company generating 75% of its projected revenue set forth in the Company's budget as established by the Company's Board of Directors and management and evidenced by the Company's financial statements as filed in its Form 10-K Annual Report (the "Revenue Target"). In the event the Company generates 100% or 125% of its Revenue Target, then the Cash Bonus will be increased to 37.5% and 50% of the Annual Salary, respectively. If such conditions are fulfilled, the Cash Bonus shall be payable with the next payroll following the latest to occur of the above events, subject to all applicable deductions required by law.

2.1.3 Options. The Executive will be provided with an initial grant of options to purchase 1,000,000 shares of common stock, which shall vest over four (4) years in equal quarterly installments of 62,500 shares per quarter commencing June 30, 2017. The exercise price of the options shall be \$5.28 per share and the term shall be ten years. The Executive has agreed that such options shall not be exercisable until such time that the Company has adopted its 2017 Stock Incentive Plan and increased its authorized shares of common stock, which such restriction may be waived by the Board of Directors in its sole discretion. The Executive may be eligible for additional equity incentive grants, subject to Executive's continued employment and satisfactory job performance, which may be made from time to time, by the Board, on the same terms as other executive employees of the Company. Terms and conditions of all the equity incentive grants, will be in accordance with the terms of the Company's Equity Incentive Plan in effect at the time of each such grant.

2.2 Termination of Employment Generally. In the event the Executive's employment with the Company terminates, for any reason whatsoever including death or disability the Executive shall be entitled to the benefits described in this Section 2.2.

2.2.1 Accrued Salary and Vacation. All salary and accrued vacation earned through the Termination Date shall be paid to Executive on such date.

2.2.2 Accrued Bonus Payment. The Executive shall receive a lump sum payment of any actual bonus amount to the extent that all the conditions for payment of such bonus have been satisfied and any such bonus was earned and is unpaid on the Termination Date.

2.2.3 Expense Reimbursement. Within ten (10) days following submission to the Company of proper expense reports by the Executive, the Company shall reimburse the Executive for all expenses incurred by the Executive, consistent with the Company's expense reimbursement policy in effect prior to the incurring of each such expense, in connection with the business of the Company prior to the Termination Date.

2.2.4 Equity Compensation. The period during which the Executive may exercise any rights (“*Exercise Period*”) under any outstanding stock options (or any other equity award, including, without limitation, stock appreciation rights and restricted stock units) granted to the Executive under any equity incentive plan or agreement adopted by the Board of Directors (the “*Company Plans*”) shall continue as set forth in such security; provide, however, such Exercise Period shall terminate immediately in the event Executive is terminated for Cause. Further, in the event the Executive is terminated for Cause or leaves for any reason except as set forth in Section 4, then the vesting of all outstanding stock options (or any other equity award, including, without limitation, stock appreciation rights and restricted stock units) shall cease.

3. TERMINATION UPON CHANGE OF CONTROL

3.1 Severance Payment. In the event of the Executive’s Termination Upon Change of Control, the Executive shall be entitled to receive an amount equal to twelve (12) months of Executive’s Base Salary which shall be paid according to the following schedule: (i) a lump sum payment equal to one-half of such amount shall be payable within ten (10) days following the Termination Date, and (ii) one-third of the balance of such amount shall be payable within ten (10) days of each of the three-month, six-month and nine-month anniversaries of the Termination Date (and in each case no interest shall accrue on such amount); provided, however, that if Section 409A of the Code would otherwise apply to such cash severance payment, it instead shall be paid at such time as permitted by Section 409A of the Code. In addition to the foregoing severance payment, in the event of the Executive’s Termination Upon Change of Control, the Executive shall be entitled to receive, within ten (10) days following the Termination Upon Change of Control, a lump sum payment equal to one hundred percent (100%) of (a) any actual bonus amount earned with respect to a previous year to the extent that all the conditions for payment of such bonus have been satisfied (excluding any requirement to be in employment with the Company as of a given date which is after the Termination Date) and any such bonus was earned but is unpaid on the Termination Date; and (b) the target bonus then in effect for the Executive for the year in which such termination occurs, such payment to be prorated to reflect the full number of months the Executive remained in the employ of the Company; provided, however, that if Section 409A of the Code would otherwise apply to such cash payment, it instead shall be paid at such time as permitted by Section 409A of the Code. To illustrate, if the Executive’s target bonus at 100% equals \$120,000 for the calendar year and the Executive is terminated on October 15th, then the foregoing payment shall equal \$100,000 (i.e., ten (10) months’ prorated bonus at one hundred percent (100%) with October counting as a full month worked).

3.2 Equity Compensation Acceleration. Upon the Executive’s Termination Upon Change of Control, the vesting and exercisability of all then outstanding stock options (or any other equity award, including, without limitation, stock appreciation rights and restricted stock units) granted to the Executive under any *Company Plans* shall be accelerated as to 100% of the shares subject to any such equity awards granted to the Executive.

3.3 COBRA. If the Executive timely elects coverage under the Consolidated Budget Reconciliation Act of 1985, as amended (“*COBRA*”), the Company shall continue to provide to the Executive, at the Company’s expense, the Company’s health-related employee insurance coverage for the employee only as in effect immediately prior to the Executive’s Termination Upon Change of Control for a period of twelve (12) months following such Termination Upon Change of Control. The date of the “qualifying event” for the Executive and any dependents shall be the Termination Date.

3.4 Indemnification. In the event of the Executive's Termination Upon Change of Control, (a) the Company shall continue to indemnify the Executive against all claims related to actions arising prior to the termination of the Executive's employment to the fullest extent permitted by law, and (b) if the Executive was covered by the Company's directors' and officers' insurance policy, or an equivalent thereto, (the "**D&O Insurance Policy**") immediately prior to the Change of Control, the Company or its Successor shall continue to provide coverage under a D&O Insurance Policy for not less than twenty-four (24) months following the Executive's Termination Upon Change of Control on substantially the same terms of the D&O Insurance Policy in effect immediately prior to the Change of Control.

4. INVOLUNTARY TERMINATION

4.1 Severance Payment. In the event of the Executive's Involuntary Termination, the Executive shall be entitled to receive an amount equal to twelve (12) months of the Executive's Base Salary which shall be paid according to the following schedule: (i) a lump sum payment equal to one-fourth of such amount shall be payable within ten (10) days following the Termination Date, and (ii) one-fourth of such amount shall be payable within ten (10) days of each of the three-month, six-month and nine-month anniversaries of the Termination Date (and in each case no interest shall accrue on such amount); provided, however, that if Section 409A of the Code would otherwise apply to such cash severance payment, it instead shall be paid at such time as permitted by Section 409A of the Code. In addition to the foregoing severance payment, in the event of the Executive's Involuntary Termination, the Executive shall be entitled to receive, within ten (10) days following the Executive's Involuntary Termination, a lump sum payment equal to one hundred percent (100%) of (a) any actual bonus amount earned with respect to a previous year to the extent that all the conditions for payment of such bonus have been satisfied (excluding any requirement to be in employment with the Company as of a given date which is after the Termination Date) and any such bonus was earned but is unpaid on the Termination Date; and (b) the target bonus then in effect for the Executive for the year in which such termination occurs, such payment to be prorated to reflect the full number of months the Executive remained in the employ of the Company; provided, however, that if Section 409A of the Code would otherwise apply to such cash payment, it instead shall be paid at such time as permitted by Section 409A of the Code. To illustrate, if the Executive's target bonus at 100% equals \$120,000 for the calendar year and the Executive is terminated on October 15th, then the foregoing payment shall equal \$100,000 (i.e., ten (10) months' prorated bonus at one hundred percent (100%) with October counting as a full month worked).

4.2 Equity Compensation Acceleration. Upon the Executive's Involuntary Termination, the vesting and exercisability of all then outstanding stock options (or any other equity award, including, without limitation, stock appreciation rights and restricted stock units) granted to the Executive under any Company Plans shall be accelerated as to 100% of the shares subject to any such equity awards granted to the Executive.

4.3 COBRA. In the event of the Executive's Involuntary Termination, at any time after the expiration of twelve months after the Effective Date, if the Executive timely elects coverage under the Consolidated Budget Reconciliation Act of 1985, as amended ("**COBRA**"), the Company shall continue to provide to the Executive, at the Company's expense, the Company's health-related employee insurance coverage for the employee only as in effect immediately prior to the Executive's Involuntary Termination for a period of twelve (12) months following such Involuntary Termination. The date of the "qualifying event" for the Executive and any dependents shall be the Termination Date.

4.4 Indemnification. In the event of the Executive's Involuntary Termination, (a) the Company shall continue to indemnify the Executive against all claims related to actions arising prior to the Termination Date to the fullest extent permitted by law, and (b) if the Executive was covered by the D&O Insurance Policy immediately prior to the Termination Date, the Company shall continue to provide coverage under a D&O Insurance Policy for not less than twenty-four (24) months following the Executive's Involuntary Termination on substantially the same terms of the D&O Insurance Policy in effect immediately prior to the Termination Date.

5. FEDERAL EXCISE TAX UNDER SECTION 280G

5.1 Excise Tax. If (a) any amounts payable to the Executive under this Agreement or otherwise are characterized as excess parachute payments pursuant to Section 4999 of the Internal Revenue Code of 1986, as amended (the "*Code*"), and (b) the Executive thereby would be subject to any United States federal excise tax due to that characterization, then if Executive would thereby be in a better after-tax position, the Company may elect, in the Company's sole discretion, to reduce the amounts payable under this Agreement or otherwise, or to have any portion of applicable options or restricted stock not vest or become exercisable, in order to avoid any "excess parachute payment" under Section 280G(b)(1) of the Code.

5.2 Calculation by Independent Public Accountants. Unless the Company and the Executive otherwise agree in writing, any calculation of the amount of any excess parachute payments payable by the Executive shall be made in writing by the Company's independent public accountants (the "*Accountants*") whose conclusion shall be final and binding on the parties. For purposes of making such calculations, the Accountants may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and the Executive shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make the required calculations. The Company shall bear all fees and expenses the Accountants may charge in connection with these services, but the engagement of the Accountants for this purpose shall be pursuant to an agreement between the Executive and the Accountants.

6. DEFINITIONS

6.1 Capitalized Terms Defined. Capitalized terms used in this Agreement shall have the meanings set forth in this Section 4, unless the context clearly requires a different meaning.

6.2 "Base Salary" means the greater of (a) if applicable, the monthly salary of the Executive in effect immediately prior to the Change of Control, or (b) the monthly salary of the Executive in effect immediately prior to the Termination Date.

6.3 "Cause" means:

- (a) the Executive willfully failed to follow the lawful written directions of the Board of Directors of the Company or Executive's immediate superior; provided that no termination for such Cause shall occur unless the Executive: (i) has been provided with notice, specifying such willful failure in reasonable detail, of the Company's intention to terminate the Executive for Cause; and (ii) has failed to cure or correct such willful failure within thirty (30) days of receiving such notice;

- (b) the Executive engaged in gross misconduct, or gross incompetence which is materially detrimental to the Company; provided that no termination for such Cause shall occur unless the Executive: (i) has been provided with notice, specifying such gross misconduct or gross incompetence in reasonable detail, of the Company's intention to terminate the Executive for Cause; and (ii) has failed to cure or correct such gross misconduct within thirty (30) days of receiving such notice;
- (c) the Executive willfully failed to comply in any material respect with the Employee Invention Assignment & Confidentiality Agreement, the Company's share dealing code, the Employee's non-competition agreement or any other reasonable policies of the Company where non-compliance would be materially detrimental to the Company; provided that no termination for such Cause shall occur unless the Executive: (i) has been provided with notice of the Company's intention to terminate the Executive for such Cause, and (ii) has failed to cure or correct such willful failure within thirty (30) days of receiving such notice, provided that such notice and cure period requirements shall not apply in the event that such non-compliance is of a nature that it is unable to be remedied; or
- (d) is convicted of a felony or crime involving moral turpitude (excluding drunk driving unless combined with other aggravating circumstances or offenses) or commission of a fraud which the Company reasonably believes would reflect adversely on the Company.

6.4 "Change of Control" means:

- (a) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "*Exchange Act*") becomes the "beneficial owner" (as defined in Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of securities of the Company representing fifty (50%) percent or more of (i) the outstanding shares of common stock of the Company, or (ii) the combined voting power of the Company's outstanding securities;
- (b) the Company is party to a merger or consolidation, or series of related transactions, which results in the voting securities of the Company outstanding immediately prior thereto failing to continue to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity), directly or indirectly, at least fifty (50%) percent of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation;
- (c) the sale or disposition of all or substantially all of the Company's assets, or consummation of any transaction, or series of related transactions, having similar effect (other than to a subsidiary of the Company);

6.5 “Company” shall mean Workhorse Group Inc. and, following a Change of Control, any Successor.

6.6 “Involuntary Termination” means:

- (a) any termination without Cause of the employment of the Executive by the Company; or
- (b) any resignation by Executive for Good Reason where such resignation occurs within sixty (60) days following the occurrence of such Good Reason.

Notwithstanding the foregoing, the term “Involuntary Termination” shall not include any termination of the employment of the Executive: (1) by the Company for Cause; (2) by the Company as a result of the Permanent Disability of the Executive; (3) as a result of the death of the Executive; (4) that occurs within the period of time to qualify as a “Termination Upon Change of Control”; or (5) as a result of the voluntary termination of employment by the Executive for any reason other than Good Reason.

6.7 “Good Reason” means the occurrence of any of the following conditions, without the Executive’s written consent:

- (a) Any act, set of facts or omissions with respect to the Executive that would, as a matter of applicable law, constitute a constructive termination of the Executive.
- (b) A reduction in the Executive’s Base Salary or, if applicable, target bonus opportunity (subject to applicable performance requirements with respect to the actual amount of bonus compensation earned similar to the applicable performance requirements currently in effect), and in the event of a Change of Control, as compared to Executive’s Base Salary and target bonus opportunity in effect immediately prior to the public announcement of the Change of Control; provided, however, that this clause (c) shall not apply in the event of a reduction in the Executive’s Base Salary or, if applicable, target bonus opportunity as part of a Company-wide or executive team-wide cost-cutting measure or Company-wide or executive team-wide cutback as a result of overall Company performance.
- (c) The failure of the Company (i) to continue to provide the Executive an opportunity to participate in any benefit or compensation plans provided to employees who hold positions with the Company comparable to the Executive’s position, (ii) to provide the Executive all other fringe benefits (or the equivalent) in effect for the benefit of any employee group which includes any employee who hold a position with the Company comparable to the Executive’s position, where in the event of a Change of Control, such comparison shall be made relative to the time immediately prior to the public announcement of such Change of Control); or (iii) continue to provide director’s and officers’ insurance.
- (d) A material breach of this Agreement by the Company, including, in the event of a Change of Control, failure of the Company to obtain the consent of a Successor to perform all of the obligations of the Company under this Agreement.

The Executive must first give the Company an opportunity to cure any of the foregoing within thirty (30) days following delivery to the Company of a written explanation specifying the specific basis for Executive's belief that Executive is entitled to terminate employment for Good Reason, and Executive terminates employment with the Company not later than (30) days following the Company's failure to cure.

6.8 "Permanent Disability" means that:

- (a) the Executive has been incapacitated by bodily injury, illness or disease so as to be prevented thereby from engaging in the performance of the Executive's duties;
- (b) such total incapacity shall have continued for a period of six consecutive months; and
- (c) such incapacity will, in the opinion of a qualified physician, be permanent and continuous during the remainder of the Executive's life.

6.9 "Substantive Functional Equivalent" means that the Executive's position must:

- (a) be in a substantive area of the Executive's competence (e.g., finance or executive management) and not materially different from the position occupied immediately prior;
- (b) allow the Executive to serve in a role and perform duties functionally equivalent to those performed immediately prior; and
- (c) not otherwise constitute a material, adverse change in authority, title, status, responsibilities or duties from those of the Executive immediately prior, causing the Executive to be of materially lesser rank or responsibility, including requiring the Executive to report to a person other than the Board.

6.10 "Successor" means any successor in interest to, or assignee of, substantially all of the business and assets of the Company.

6.11 "Termination Date" means the date of the termination of the Executive's employment with the Company.

6.12 "Termination Upon Change of Control" means:

- (a) any termination of the employment of the Executive by the Company without Cause during the period commencing on or after the date that the Company first publicly announces a definitive agreement that results in a Change of Control (even though still subject to approval by the Company's stockholders and other conditions and contingencies, but provided that the Change of Control actually occurs) and ending on the date which is twelve (12) months following the Change of Control; or

- (b) any resignation by Executive for Good Reason where (i) such Good Reason occurs during the period commencing on or after the date that the Company first publicly announces a definitive agreement that results in a Change of Control (even though still subject to approval by the Company's stockholders and other conditions and contingencies, but provided that the Change of Control actually occurs) and ending on the date which is twelve (12) months following the Change of Control, and (ii) such resignation occurs at or after such Change of Control and in any event within six (6) months following the occurrence of such Good Reason.

Notwithstanding the foregoing, the term "Termination Upon Change of Control" shall not include any termination of the employment of the Executive: (1) by the Company for Cause; (2) by the Company as a result of the Permanent Disability of the Executive; (3) as a result of the death of the Executive; or (4) as a result of the voluntary termination of employment by the Executive for any reason other than Good Reason.

7. EXCLUSIVE REMEDY

7.1 No Other Benefits Payable. The Executive shall be entitled to no other termination, severance or change of control compensation, benefits, or other payments from the Company as a result of any termination with respect to which the payments and benefits described in Section 2 have been provided to the Executive, except as expressly set forth in this Agreement.

7.2 No Limitation of Regular Benefit Plans. Except as may be provided elsewhere in this Agreement, this Agreement is not intended to and shall not affect, limit or terminate any plans, programs or arrangements of the Company that are regularly made available to a significant number of employees or officers of the Company, including, without limitation, the Company's stock option plans.

7.3 Release of Claims. The payment of the benefits described in Sections 3 and 4 of this Agreement is conditioned upon the delivery by the Executive to the Company of a signed and effective general release of claims as provided by the Company; provided, however, that the Executive shall not be required to release any rights the Executive may have to be indemnified by the Company or as otherwise provided under this Agreement.

7.4 Noncumulation of Benefits. The Executive may not cumulate cash severance payments, stock option vesting and exercisability and restricted stock vesting under this Agreement, any other written agreement with the Company and/or another plan or policy of the Company. If the Executive has any other binding written agreement with the Company which provides that, upon a Change of Control or Termination Upon a Change of Control or Involuntary Termination, the Executive shall receive termination, severance or similar benefits, then no benefits shall be received by Executive under this Agreement unless, prior to payment or receipt of benefits under this Agreement, the Executive waives Executive's rights to all such other benefits, in which case this Agreement shall supersede any such written agreement with respect to such other benefits.

8. NON-COMPETE; PROPRIETARY AND CONFIDENTIAL INFORMATION

During the term of this Agreement and following any termination of employment, Executive agrees to continue to abide by the terms and conditions of each of the non-competition agreement (during the term of such Agreement) and the Employee Invention Assignment & Confidentiality Agreement between the Executive and the Company.

9. ARBITRATION

9.1 Disputes Subject to Arbitration. Any claim, dispute or controversy arising out of this Agreement (other than claims relating to misuse or misappropriation of the intellectual property of the Company), the interpretation, validity or enforceability of this Agreement or the alleged breach thereof shall be submitted by the parties to binding arbitration by a sole arbitrator under the rules of the American Arbitration Association; provided, however, that (a) the arbitrator shall have no authority to make any ruling or judgment that would confer any rights with respect to the trade secrets, confidential and proprietary information or other intellectual property of the Company upon the Executive or any third party; and (b) this arbitration provision shall not preclude the Company from seeking legal and equitable relief from any court having jurisdiction with respect to any disputes or claims relating to or arising out of the misuse or misappropriation of the Company's intellectual property. Judgment may be entered on the award of the arbitrator in any court having jurisdiction.

9.2 Costs of Arbitration. All costs of arbitration, including reasonable attorney's fees of the Executive, will be borne by the Company, except that if the Executive initiates arbitration and the arbitrator finds the Executive's claims to be frivolous the Executive shall be responsible for his own costs and attorneys fees.

9.3 Site of Arbitration. The site of the arbitration proceeding shall be in New York City, New York.

10. NOTICES

For purposes of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or five (5) business days after being mailed, return receipt requested, as follows: (a) if to the Company, attention: Chief Executive Officer, at the Company's offices at 100 Commerce Blvd., Loveland, OH 45140 and, (b) if to the Executive, at the address indicated below or such other address specified by the Executive in writing to the Company. Either party may provide the other with notices of change of address, which shall be effective upon receipt.

11. MISCELLANEOUS PROVISIONS

11.1 Heirs and Representatives of the Executive; Successors and Assigns of the Company. This Agreement shall be binding upon and shall inure to the benefit of and be enforceable by the Executive's personal and legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the successors and assigns of the Company.

11.2 Amendment and Waiver. No provision of this Agreement shall be modified, amended, waived or discharged unless the modification, amendment, waiver or discharge is agreed to in writing, specifying such modification, amendment, waiver or discharge, and signed by the Executive and by an authorized officer of the Company (other than the Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

11.3 Withholding Taxes. All payments made under this Agreement shall be subject to deduction of all federal, state, local and other taxes required to be withheld by applicable law.

11.4 Severability. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

11.5 Choice of Law. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Ohio, without regard to where the Executive has his residence or principal office or where he performs his duties hereunder.

11.6 No Duty to Mitigate. The Executive is not required to seek alternative employment following termination, and payments called for under this Agreement will not be reduced by earnings from any other source.

11.7. Section 409A of the Code. To the extent (a) any payments or benefits to which Employee becomes entitled under this Agreement, or under any agreement or plan referenced herein, in connection with Employee's termination of employment with the Company constitute deferred compensation subject to Section 409A of the Code and (b) Employee is deemed at the time of such termination of employment to be a "specified employee" under Section 409A of the Code, then such payments shall not be made or commence until the earliest of (i) the expiration of the six (6)-month period measured from the date of Employee's "separation from service" (as such term is at the time defined in Treasury Regulations under Section 409A of the Code) from the Company; or (ii) the date of Employee's death following such separation from service; provided, however, that such deferral shall only be effected to the extent required to avoid adverse tax treatment to Employee, including (without limitation) the additional twenty percent (20%) tax for which Employee would otherwise be liable under Section 409A(a)(1)(B) of the Code in the absence of such deferral. Upon the expiration of the applicable deferral period, any payments which would have otherwise been made during that period (whether in a single sum or in installments) in the absence of this paragraph shall be paid to Employee or Employee's beneficiary in one lump sum (without interest). Any termination of Employee's employment is intended to constitute a "separation from service" as such term is defined in Treasury Regulation Section 1.409A-1. It is intended that each installment of the payments provided hereunder constitute separate "payments" for purposes of Treasury Regulation Section 1.409A-2(b)(2)(i). It is further intended that payments hereunder satisfy, to the greatest extent possible, the exemption from the application of Code Section 409A (and any state law of similar effect) provided under Treasury Regulation Section 1.409A-1(b) (4) (as a "short-term deferral").

11.8 Entire Agreement. This Agreement represents the entire agreement and understanding between the parties as to the subject matter herein (whether oral or written and whether express or implied).

[SIGNATURE PAGE TO EXECUTIVE RETENTION AGREEMENT FOLLOWS]

In Witness Whereof, each of the parties has executed this Agreement, in the case of the Company, by its duly authorized officer, as of the day and year first above written.

Executive

/s/ Stephen S. Burns

Stephen S. Burns

Workhorse Group Inc.

By: /s/ Julio Rodriguez

Name: Julio Rodriguez

Title: Chief Financial Officer

EXECUTIVE RETENTION AGREEMENT

This Executive Retention Agreement (the "*Agreement*") is made and entered into as of May 19, 2017 (the "Effective Date") by and between WORKHORSE GROUP INC., a Nevada corporation (the "*Company*"), and Duane Hughes (the "*Executive*").

Recitals:

WHEREAS, the Executive is a key employee of the Company who possesses valuable proprietary knowledge of the Company, its business and operations and the markets in which the Company competes; and

WHEREAS, the Company and the Executive desire to enter into this Agreement to encourage the Executive to continue to devote the Executive's full attention and dedication to the success of the Company, and to provide specified compensation and benefits to the Executive in the event of a Termination Upon Change of Control or certain other terminations pursuant to the terms of this Agreement.

NOW, THEREFORE, THE PARTIES HEREBY AGREE AS FOLLOWS:

1. PURPOSE AND TERM; DUTIES

1.1 The purpose of this Agreement is to provide specified compensation and benefits to the Executive in the event of (i) a Termination Upon Change of Control or (ii) an Involuntary Termination. Subject to the terms of any applicable written employment agreement between Company and the Executive (as to which Executive acknowledges no other such agreement exists as of the date hereof), either the Executive or Company may terminate the Executive's employment at any time for any reason, with or without notice. The term of this Agreement shall be the period from the date set forth above until Executive's employment is terminated for any reason or this Agreement is terminated by mutual agreement of the parties.

1.2 The Executive's job responsibilities will comprise of serving as the Chief Operating Officer and President of the Company assisting the CEO in managing and overseeing all operations and matters of the Company in order to establish a successful business and manage growth. In addition, Executive will undertake such functions as are customarily applicable to Executive's position, as well as those that are reasonably assigned to you by the Board.

1.3 As part of Executive's duties Executive will be required to work at the Company's executive offices. The Executive is entitled to four (4) weeks of vacation which will accrue on a pro-rata basis during the year, in addition to all public holidays when the office is closed. Executive will be eligible to participate in all employee benefit plans established by the Company for its employees from time to time. In accordance with Company policies from time to time, the Company will reimburse you for all reasonable and proper travel and business expenses incurred by you in the performance of your duties.

2. COMPENSATION AND TERMINATION GENERALLY

2.1 Compensation.

2.1.1 Annual Salary. The Executive's current base salary of \$275,000 per annum, subject to periodic review and modification which may not be adjusted downward by the Company's Board of Directors (the "**Board**") as may be delegated to the Compensation Committee of the Board (references herein to the Compensation Committee shall include reference to the Board if no such Committee exists at any time) at such time or times as it shall determine. The Company's Compensation Committee shall also from time to time, in its discretion, determine the type and amount of other forms of compensation for Executive's service with the Company (including, without limitation, stock options or other forms of equity awards).

2.1.2 Bonuses. Executive will be eligible for bonuses based on achievement of performance milestones, calculated and payable in an amount equal to 25% of the Base Salary (as amended by the Board from time to time) (the "Cash Bonus"), which shall be payable during any fiscal year upon the Company generating 75% of its projected revenue set forth in the Company's budget as established by the Company's Board of Directors and management and evidenced by the Company's financial statements as filed in its Form 10-K Annual Report (the "Revenue Target"). In the event the Company generates 100% or 125% of its Revenue Target, then the Cash Bonus will be increased to 37.5% and 50% of the Annual Salary, respectively. If such conditions are fulfilled, the Cash Bonus shall be payable with the next payroll following the latest to occur of the above events, subject to all applicable deductions required by law.

2.1.3 Options. The Executive will be provided with an initial grant of options to purchase 400,000 shares of common stock, which shall vest over four (4) years in equal quarterly installments of 25,000 shares per quarter commencing June 30, 2017. The exercise price of the options shall be \$5.28 per share and the term shall be ten years. The Executive has agreed that such options shall not be exercisable until such time that the Company has adopted its 2017 Stock Incentive Plan and increased its authorized shares of common stock, which such restriction may be waived by the Board of Directors in its sole discretion. The Executive may be eligible for additional equity incentive grants, subject to Executive's continued employment and satisfactory job performance, which may be made from time to time, by the Board, on the same terms as other executive employees of the Company. Terms and conditions of all the equity incentive grants, will be in accordance with the terms of the Company's Equity Incentive Plan in effect at the time of each such grant.

2.2 Termination of Employment Generally. In the event the Executive's employment with the Company terminates, for any reason whatsoever including death or disability the Executive shall be entitled to the benefits described in this Section 2.2.

2.2.1 Accrued Salary and Vacation. All salary and accrued vacation earned through the Termination Date shall be paid to Executive on such date.

2.2.2 Accrued Bonus Payment. The Executive shall receive a lump sum payment of any actual bonus amount to the extent that all the conditions for payment of such bonus have been satisfied and any such bonus was earned and is unpaid on the Termination Date.

2.2.3 Expense Reimbursement. Within ten (10) days following submission to the Company of proper expense reports by the Executive, the Company shall reimburse the Executive for all expenses incurred by the Executive, consistent with the Company's expense reimbursement policy in effect prior to the incurring of each such expense, in connection with the business of the Company prior to the Termination Date.

2.2.4 Equity Compensation. The period during which the Executive may exercise any rights (“*Exercise Period*”) under any outstanding stock options (or any other equity award, including, without limitation, stock appreciation rights and restricted stock units) granted to the Executive under any equity incentive plan or agreement adopted by the Board of Directors (the “*Company Plans*”) shall continue as set forth in such security; provide, however, such Exercise Period shall terminate immediately in the event Executive is terminated for Cause. Further, in the event the Executive is terminated for Cause or leaves for any reason except as set forth in Section 4, then the vesting of all outstanding stock options (or any other equity award, including, without limitation, stock appreciation rights and restricted stock units) shall cease.

3. TERMINATION UPON CHANGE OF CONTROL

3.1 Severance Payment. In the event of the Executive’s Termination Upon Change of Control, the Executive shall be entitled to receive an amount equal to twelve (12) months of Executive’s Base Salary which shall be paid according to the following schedule: (i) a lump sum payment equal to one-half of such amount shall be payable within ten (10) days following the Termination Date, and (ii) one-third of the balance of such amount shall be payable within ten (10) days of each of the three-month, six-month and nine-month anniversaries of the Termination Date (and in each case no interest shall accrue on such amount); provided, however, that if Section 409A of the Code would otherwise apply to such cash severance payment, it instead shall be paid at such time as permitted by Section 409A of the Code. In addition to the foregoing severance payment, in the event of the Executive’s Termination Upon Change of Control, the Executive shall be entitled to receive, within ten (10) days following the Termination Upon Change of Control, a lump sum payment equal to one hundred percent (100%) of (a) any actual bonus amount earned with respect to a previous year to the extent that all the conditions for payment of such bonus have been satisfied (excluding any requirement to be in employment with the Company as of a given date which is after the Termination Date) and any such bonus was earned but is unpaid on the Termination Date; and (b) the target bonus then in effect for the Executive for the year in which such termination occurs, such payment to be prorated to reflect the full number of months the Executive remained in the employ of the Company; provided, however, that if Section 409A of the Code would otherwise apply to such cash payment, it instead shall be paid at such time as permitted by Section 409A of the Code. To illustrate, if the Executive’s target bonus at 100% equals \$120,000 for the calendar year and the Executive is terminated on October 15th, then the foregoing payment shall equal \$100,000 (i.e., ten (10) months’ prorated bonus at one hundred percent (100%) with October counting as a full month worked).

3.2 Equity Compensation Acceleration. Upon the Executive’s Termination Upon Change of Control, the vesting and exercisability of all then outstanding stock options (or any other equity award, including, without limitation, stock appreciation rights and restricted stock units) granted to the Executive under any *Company Plans* shall be accelerated as to 100% of the shares subject to any such equity awards granted to the Executive.

3.3 COBRA. If the Executive timely elects coverage under the Consolidated Budget Reconciliation Act of 1985, as amended (“*COBRA*”), the Company shall continue to provide to the Executive, at the Company’s expense, the Company’s health-related employee insurance coverage for the employee only as in effect immediately prior to the Executive’s Termination Upon Change of Control for a period of twelve (12) months following such Termination Upon Change of Control. The date of the “qualifying event” for the Executive and any dependents shall be the Termination Date.

3.4 Indemnification. In the event of the Executive's Termination Upon Change of Control, (a) the Company shall continue to indemnify the Executive against all claims related to actions arising prior to the termination of the Executive's employment to the fullest extent permitted by law, and (b) if the Executive was covered by the Company's directors' and officers' insurance policy, or an equivalent thereto, (the "**D&O Insurance Policy**") immediately prior to the Change of Control, the Company or its Successor shall continue to provide coverage under a D&O Insurance Policy for not less than twenty-four (24) months following the Executive's Termination Upon Change of Control on substantially the same terms of the D&O Insurance Policy in effect immediately prior to the Change of Control.

4. INVOLUNTARY TERMINATION

4.1 Severance Payment. In the event of the Executive's Involuntary Termination, the Executive shall be entitled to receive an amount equal to twelve (12) months of the Executive's Base Salary which shall be paid according to the following schedule: (i) a lump sum payment equal to one-fourth of such amount shall be payable within ten (10) days following the Termination Date, and (ii) one-fourth of such amount shall be payable within ten (10) days of each of the three-month, six-month and nine-month anniversaries of the Termination Date (and in each case no interest shall accrue on such amount); provided, however, that if Section 409A of the Code would otherwise apply to such cash severance payment, it instead shall be paid at such time as permitted by Section 409A of the Code. In addition to the foregoing severance payment, in the event of the Executive's Involuntary Termination, the Executive shall be entitled to receive, within ten (10) days following the Executive's Involuntary Termination, a lump sum payment equal to one hundred percent (100%) of (a) any actual bonus amount earned with respect to a previous year to the extent that all the conditions for payment of such bonus have been satisfied (excluding any requirement to be in employment with the Company as of a given date which is after the Termination Date) and any such bonus was earned but is unpaid on the Termination Date; and (b) the target bonus then in effect for the Executive for the year in which such termination occurs, such payment to be prorated to reflect the full number of months the Executive remained in the employ of the Company; provided, however, that if Section 409A of the Code would otherwise apply to such cash payment, it instead shall be paid at such time as permitted by Section 409A of the Code. To illustrate, if the Executive's target bonus at 100% equals \$120,000 for the calendar year and the Executive is terminated on October 15th, then the foregoing payment shall equal \$100,000 (i.e., ten (10) months' prorated bonus at one hundred percent (100%) with October counting as a full month worked).

4.2 Equity Compensation Acceleration. Upon the Executive's Involuntary Termination, the vesting and exercisability of all then outstanding stock options (or any other equity award, including, without limitation, stock appreciation rights and restricted stock units) granted to the Executive under any Company Plans shall be accelerated as to 100% of the shares subject to any such equity awards granted to the Executive.

4.3 COBRA. In the event of the Executive's Involuntary Termination, at any time after the expiration of twelve months after the Effective Date, if the Executive timely elects coverage under the Consolidated Budget Reconciliation Act of 1985, as amended ("**COBRA**"), the Company shall continue to provide to the Executive, at the Company's expense, the Company's health-related employee insurance coverage for the employee only as in effect immediately prior to the Executive's Involuntary Termination for a period of twelve (12) months following such Involuntary Termination. The date of the "qualifying event" for the Executive and any dependents shall be the Termination Date.

4.4 Indemnification. In the event of the Executive's Involuntary Termination, (a) the Company shall continue to indemnify the Executive against all claims related to actions arising prior to the Termination Date to the fullest extent permitted by law, and (b) if the Executive was covered by the D&O Insurance Policy immediately prior to the Termination Date, the Company shall continue to provide coverage under a D&O Insurance Policy for not less than twenty-four (24) months following the Executive's Involuntary Termination on substantially the same terms of the D&O Insurance Policy in effect immediately prior to the Termination Date.

5. FEDERAL EXCISE TAX UNDER SECTION 280G

5.1 Excise Tax. If (a) any amounts payable to the Executive under this Agreement or otherwise are characterized as excess parachute payments pursuant to Section 4999 of the Internal Revenue Code of 1986, as amended (the "*Code*"), and (b) the Executive thereby would be subject to any United States federal excise tax due to that characterization, then if Executive would thereby be in a better after-tax position, the Company may elect, in the Company's sole discretion, to reduce the amounts payable under this Agreement or otherwise, or to have any portion of applicable options or restricted stock not vest or become exercisable, in order to avoid any "excess parachute payment" under Section 280G(b)(1) of the Code.

5.2 Calculation by Independent Public Accountants. Unless the Company and the Executive otherwise agree in writing, any calculation of the amount of any excess parachute payments payable by the Executive shall be made in writing by the Company's independent public accountants (the "*Accountants*") whose conclusion shall be final and binding on the parties. For purposes of making such calculations, the Accountants may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and the Executive shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make the required calculations. The Company shall bear all fees and expenses the Accountants may charge in connection with these services, but the engagement of the Accountants for this purpose shall be pursuant to an agreement between the Executive and the Accountants.

6. DEFINITIONS

6.1 Capitalized Terms Defined. Capitalized terms used in this Agreement shall have the meanings set forth in this Section 4, unless the context clearly requires a different meaning.

6.2 "Base Salary" means the greater of (a) if applicable, the monthly salary of the Executive in effect immediately prior to the Change of Control, or (b) the monthly salary of the Executive in effect immediately prior to the Termination Date.

6.3 "Cause" means:

- (a) the Executive willfully failed to follow the lawful written directions of the Board of Directors of the Company or Executive's immediate superior; provided that no termination for such Cause shall occur unless the Executive: (i) has been provided with notice, specifying such willful failure in reasonable detail, of the Company's intention to terminate the Executive for Cause; and (ii) has failed to cure or correct such willful failure within thirty (30) days of receiving such notice;

- (b) the Executive engaged in gross misconduct, or gross incompetence which is materially detrimental to the Company; provided that no termination for such Cause shall occur unless the Executive: (i) has been provided with notice, specifying such gross misconduct or gross incompetence in reasonable detail, of the Company's intention to terminate the Executive for Cause; and (ii) has failed to cure or correct such gross misconduct within thirty (30) days of receiving such notice;
- (c) the Executive willfully failed to comply in any material respect with the Employee Invention Assignment & Confidentiality Agreement, the Company's share dealing code, the Employee's non-competition agreement or any other reasonable policies of the Company where non-compliance would be materially detrimental to the Company; provided that no termination for such Cause shall occur unless the Executive: (i) has been provided with notice of the Company's intention to terminate the Executive for such Cause, and (ii) has failed to cure or correct such willful failure within thirty (30) days of receiving such notice, provided that such notice and cure period requirements shall not apply in the event that such non-compliance is of a nature that it is unable to be remedied; or
- (d) is convicted of a felony or crime involving moral turpitude (excluding drunk driving unless combined with other aggravating circumstances or offenses) or commission of a fraud which the Company reasonably believes would reflect adversely on the Company.

6.4 "Change of Control" means:

- (a) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "*Exchange Act*") becomes the "beneficial owner" (as defined in Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of securities of the Company representing fifty (50%) percent or more of (i) the outstanding shares of common stock of the Company, or (ii) the combined voting power of the Company's outstanding securities;
- (b) the Company is party to a merger or consolidation, or series of related transactions, which results in the voting securities of the Company outstanding immediately prior thereto failing to continue to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity), directly or indirectly, at least fifty (50%) percent of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation;
- (c) the sale or disposition of all or substantially all of the Company's assets, or consummation of any transaction, or series of related transactions, having similar effect (other than to a subsidiary of the Company);

6.5 “Company” shall mean Workhorse Group Inc. and, following a Change of Control, any Successor.

6.6 “Involuntary Termination” means:

- (a) any termination without Cause of the employment of the Executive by the Company; or
- (b) any resignation by Executive for Good Reason where such resignation occurs within sixty (60) days following the occurrence of such Good Reason.

Notwithstanding the foregoing, the term “Involuntary Termination” shall not include any termination of the employment of the Executive: (1) by the Company for Cause; (2) by the Company as a result of the Permanent Disability of the Executive; (3) as a result of the death of the Executive; (4) that occurs within the period of time to qualify as a “Termination Upon Change of Control”; or (5) as a result of the voluntary termination of employment by the Executive for any reason other than Good Reason.

6.7 “Good Reason” means the occurrence of any of the following conditions, without the Executive’s written consent:

- (a) Any act, set of facts or omissions with respect to the Executive that would, as a matter of applicable law, constitute a constructive termination of the Executive.
- (b) A reduction in the Executive’s Base Salary or, if applicable, target bonus opportunity (subject to applicable performance requirements with respect to the actual amount of bonus compensation earned similar to the applicable performance requirements currently in effect), and in the event of a Change of Control, as compared to Executive’s Base Salary and target bonus opportunity in effect immediately prior to the public announcement of the Change of Control; provided, however, that this clause (c) shall not apply in the event of a reduction in the Executive’s Base Salary or, if applicable, target bonus opportunity as part of a Company-wide or executive team-wide cost-cutting measure or Company-wide or executive team-wide cutback as a result of overall Company performance.
- (c) The failure of the Company (i) to continue to provide the Executive an opportunity to participate in any benefit or compensation plans provided to employees who hold positions with the Company comparable to the Executive’s position, (ii) to provide the Executive all other fringe benefits (or the equivalent) in effect for the benefit of any employee group which includes any employee who hold a position with the Company comparable to the Executive’s position, where in the event of a Change of Control, such comparison shall be made relative to the time immediately prior to the public announcement of such Change of Control); or (iii) continue to provide director’s and officers’ insurance.
- (d) A material breach of this Agreement by the Company, including, in the event of a Change of Control, failure of the Company to obtain the consent of a Successor to perform all of the obligations of the Company under this Agreement.

The Executive must first give the Company an opportunity to cure any of the foregoing within thirty (30) days following delivery to the Company of a written explanation specifying the specific basis for Executive's belief that Executive is entitled to terminate employment for Good Reason, and Executive terminates employment with the Company not later than (30) days following the Company's failure to cure.

6.8 "Permanent Disability" means that:

- (a) the Executive has been incapacitated by bodily injury, illness or disease so as to be prevented thereby from engaging in the performance of the Executive's duties;
- (b) such total incapacity shall have continued for a period of six consecutive months; and
- (c) such incapacity will, in the opinion of a qualified physician, be permanent and continuous during the remainder of the Executive's life.

6.9 "Substantive Functional Equivalent" means that the Executive's position must:

- (a) be in a substantive area of the Executive's competence (e.g., finance or executive management) and not materially different from the position occupied immediately prior;
- (b) allow the Executive to serve in a role and perform duties functionally equivalent to those performed immediately prior; and
- (c) not otherwise constitute a material, adverse change in authority, title, status, responsibilities or duties from those of the Executive immediately prior, causing the Executive to be of materially lesser rank or responsibility, including requiring the Executive to report to a person other than the Board.

6.10 "Successor" means any successor in interest to, or assignee of, substantially all of the business and assets of the Company.

6.11 "Termination Date" means the date of the termination of the Executive's employment with the Company.

6.12 "Termination Upon Change of Control" means:

- (a) any termination of the employment of the Executive by the Company without Cause during the period commencing on or after the date that the Company first publicly announces a definitive agreement that results in a Change of Control (even though still subject to approval by the Company's stockholders and other conditions and contingencies, but provided that the Change of Control actually occurs) and ending on the date which is twelve (12) months following the Change of Control; or

- (b) any resignation by Executive for Good Reason where (i) such Good Reason occurs during the period commencing on or after the date that the Company first publicly announces a definitive agreement that results in a Change of Control (even though still subject to approval by the Company's stockholders and other conditions and contingencies, but provided that the Change of Control actually occurs) and ending on the date which is twelve (12) months following the Change of Control, and (ii) such resignation occurs at or after such Change of Control and in any event within six (6) months following the occurrence of such Good Reason.

Notwithstanding the foregoing, the term "Termination Upon Change of Control" shall not include any termination of the employment of the Executive: (1) by the Company for Cause; (2) by the Company as a result of the Permanent Disability of the Executive; (3) as a result of the death of the Executive; or (4) as a result of the voluntary termination of employment by the Executive for any reason other than Good Reason.

7. EXCLUSIVE REMEDY

7.1 No Other Benefits Payable. The Executive shall be entitled to no other termination, severance or change of control compensation, benefits, or other payments from the Company as a result of any termination with respect to which the payments and benefits described in Section 2 have been provided to the Executive, except as expressly set forth in this Agreement.

7.2 No Limitation of Regular Benefit Plans. Except as may be provided elsewhere in this Agreement, this Agreement is not intended to and shall not affect, limit or terminate any plans, programs or arrangements of the Company that are regularly made available to a significant number of employees or officers of the Company, including, without limitation, the Company's stock option plans.

7.3 Release of Claims. The payment of the benefits described in Sections 3 and 4 of this Agreement is conditioned upon the delivery by the Executive to the Company of a signed and effective general release of claims as provided by the Company; provided, however, that the Executive shall not be required to release any rights the Executive may have to be indemnified by the Company or as otherwise provided under this Agreement.

7.4 Noncumulation of Benefits. The Executive may not cumulate cash severance payments, stock option vesting and exercisability and restricted stock vesting under this Agreement, any other written agreement with the Company and/or another plan or policy of the Company. If the Executive has any other binding written agreement with the Company which provides that, upon a Change of Control or Termination Upon a Change of Control or Involuntary Termination, the Executive shall receive termination, severance or similar benefits, then no benefits shall be received by Executive under this Agreement unless, prior to payment or receipt of benefits under this Agreement, the Executive waives Executive's rights to all such other benefits, in which case this Agreement shall supersede any such written agreement with respect to such other benefits.

8. NON-COMPETE; PROPRIETARY AND CONFIDENTIAL INFORMATION

During the term of this Agreement and following any termination of employment, Executive agrees to continue to abide by the terms and conditions of each of the non-competition agreement (during the term of such Agreement) and the Employee Invention Assignment & Confidentiality Agreement between the Executive and the Company.

9. ARBITRATION

9.1 Disputes Subject to Arbitration. Any claim, dispute or controversy arising out of this Agreement (other than claims relating to misuse or misappropriation of the intellectual property of the Company), the interpretation, validity or enforceability of this Agreement or the alleged breach thereof shall be submitted by the parties to binding arbitration by a sole arbitrator under the rules of the American Arbitration Association; provided, however, that (a) the arbitrator shall have no authority to make any ruling or judgment that would confer any rights with respect to the trade secrets, confidential and proprietary information or other intellectual property of the Company upon the Executive or any third party; and (b) this arbitration provision shall not preclude the Company from seeking legal and equitable relief from any court having jurisdiction with respect to any disputes or claims relating to or arising out of the misuse or misappropriation of the Company's intellectual property. Judgment may be entered on the award of the arbitrator in any court having jurisdiction.

9.2 Costs of Arbitration. All costs of arbitration, including reasonable attorney's fees of the Executive, will be borne by the Company, except that if the Executive initiates arbitration and the arbitrator finds the Executive's claims to be frivolous the Executive shall be responsible for his own costs and attorneys fees.

9.3 Site of Arbitration. The site of the arbitration proceeding shall be in New York City, New York.

10. NOTICES

For purposes of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or five (5) business days after being mailed, return receipt requested, as follows: (a) if to the Company, attention: Chief Executive Officer, at the Company's offices at 100 Commerce Blvd., Loveland, OH 45140 and, (b) if to the Executive, at the address indicated below or such other address specified by the Executive in writing to the Company. Either party may provide the other with notices of change of address, which shall be effective upon receipt.

11. MISCELLANEOUS PROVISIONS

11.1 Heirs and Representatives of the Executive; Successors and Assigns of the Company. This Agreement shall be binding upon and shall inure to the benefit of and be enforceable by the Executive's personal and legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the successors and assigns of the Company.

11.2 Amendment and Waiver. No provision of this Agreement shall be modified, amended, waived or discharged unless the modification, amendment, waiver or discharge is agreed to in writing, specifying such modification, amendment, waiver or discharge, and signed by the Executive and by an authorized officer of the Company (other than the Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

11.3 Withholding Taxes. All payments made under this Agreement shall be subject to deduction of all federal, state, local and other taxes required to be withheld by applicable law.

11.4 Severability. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

11.5 Choice of Law. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Ohio, without regard to where the Executive has his residence or principal office or where he performs his duties hereunder.

11.6 No Duty to Mitigate. The Executive is not required to seek alternative employment following termination, and payments called for under this Agreement will not be reduced by earnings from any other source.

11.7. Section 409A of the Code. To the extent (a) any payments or benefits to which Employee becomes entitled under this Agreement, or under any agreement or plan referenced herein, in connection with Employee's termination of employment with the Company constitute deferred compensation subject to Section 409A of the Code and (b) Employee is deemed at the time of such termination of employment to be a "specified employee" under Section 409A of the Code, then such payments shall not be made or commence until the earliest of (i) the expiration of the six (6)-month period measured from the date of Employee's "separation from service" (as such term is at the time defined in Treasury Regulations under Section 409A of the Code) from the Company; or (ii) the date of Employee's death following such separation from service; provided, however, that such deferral shall only be effected to the extent required to avoid adverse tax treatment to Employee, including (without limitation) the additional twenty percent (20%) tax for which Employee would otherwise be liable under Section 409A(a)(1)(B) of the Code in the absence of such deferral. Upon the expiration of the applicable deferral period, any payments which would have otherwise been made during that period (whether in a single sum or in installments) in the absence of this paragraph shall be paid to Employee or Employee's beneficiary in one lump sum (without interest). Any termination of Employee's employment is intended to constitute a "separation from service" as such term is defined in Treasury Regulation Section 1.409A-1. It is intended that each installment of the payments provided hereunder constitute separate "payments" for purposes of Treasury Regulation Section 1.409A-2(b)(2)(i). It is further intended that payments hereunder satisfy, to the greatest extent possible, the exemption from the application of Code Section 409A (and any state law of similar effect) provided under Treasury Regulation Section 1.409A-1(b) (4) (as a "short-term deferral").

11.8 Entire Agreement. This Agreement represents the entire agreement and understanding between the parties as to the subject matter herein (whether oral or written and whether express or implied).

[SIGNATURE PAGE TO EXECUTIVE RETENTION AGREEMENT FOLLOWS]

In Witness Whereof, each of the parties has executed this Agreement, in the case of the Company, by its duly authorized officer, as of the day and year first above written.

Executive

/s/ Duane Hughes

Duane Hughes

Workhorse Group Inc.

By: /s/ Stephen S. Burns

Name: Stephen S. Burns

Title: Chief Executive Officer

EXECUTIVE RETENTION AGREEMENT

This Executive Retention Agreement (the "*Agreement*") is made and entered into as of May 19, 2017 (the "Effective Date") by and between WORKHORSE GROUP INC., a Nevada corporation (the "*Company*"), and Julio Rodriguez (the "*Executive*").

Recitals:

WHEREAS, the Executive is a key employee of the Company who possesses valuable proprietary knowledge of the Company, its business and operations and the markets in which the Company competes; and

WHEREAS, the Company and the Executive desire to enter into this Agreement to encourage the Executive to continue to devote the Executive's full attention and dedication to the success of the Company, and to provide specified compensation and benefits to the Executive in the event of a Termination Upon Change of Control or certain other terminations pursuant to the terms of this Agreement.

NOW, THEREFORE, THE PARTIES HEREBY AGREE AS FOLLOWS:

1. PURPOSE AND TERM; DUTIES

1.1 The purpose of this Agreement is to provide specified compensation and benefits to the Executive in the event of (i) a Termination Upon Change of Control or (ii) an Involuntary Termination. Subject to the terms of any applicable written employment agreement between Company and the Executive (as to which Executive acknowledges no other such agreement exists as of the date hereof), either the Executive or Company may terminate the Executive's employment at any time for any reason, with or without notice. The term of this Agreement shall be the period from the date set forth above until Executive's employment is terminated for any reason or this Agreement is terminated by mutual agreement of the parties.

1.2 The Executive's job responsibilities will comprise managing and overseeing all financial operations and matters of the Company, including the subsidiaries, including but not limited to:

- (a) Timely and accurate annual and quarterly financial reporting in accordance with Securities & Exchange Commission ("SEC") rules and regulations, applicable law and United States Generally Accepted Accounting Principles ("GAAP").
 - (b) Management of our Finance Department and oversight of all financial personnel, accounting systems, procedures and policies.
 - (c) Establishing and maintaining adequate financial controls, sufficient as a minimum to enable your appropriate certification of the Company's annual and quarterly reports in accordance with SEC rules.
 - (d) Managing the treasury functions for the Company, as well as all borrowings, debt facilities and equity fundraising, subject to the approval of the Board (as defined below).
-

- (e) Undertaking financial planning for the Company, including preparing annual and other budgets and projections and managing in compliance with such budgets as may be approved by the Board.
- (f) Monthly management reporting and analysis for the Board.
- (g) Investor relations to the extent reasonably requested by the CEO.
- (h) All such functions as are customarily applicable to your position, as well as those that are reasonably assigned to you by the Company.

1.3 The Executive is entitled to four (4) weeks of vacation which will accrue on a pro-rata basis during the year, in addition to all public holidays when the office is closed. Executive will be eligible to participate in all employee benefit plans established by the Company for its employees from time to time. In accordance with Company policies from time to time, the Company will reimburse you for all reasonable and proper travel and business expenses incurred by you in the performance of your duties.

2. COMPENSATION AND TERMINATION GENERALLY

2.1 Compensation.

2.1.1 Annual Salary. The Executive's current base salary of \$225,000 per annum, subject to periodic review and modification which may not be adjusted downward by the Company's Board of Directors (the "**Board**") as may be delegated to the Compensation Committee of the Board (references herein to the Compensation Committee shall include reference to the Board if no such Committee exists at any time) at such time or times as it shall determine. The Company's Compensation Committee shall also from time to time, in its discretion, determine the type and amount of other forms of compensation for Executive's service with the Company (including, without limitation, stock options or other forms of equity awards).

2.1.2 Bonuses. Executive will be eligible for bonuses based on achievement of performance milestones, calculated and payable in an amount equal to 25% of the Base Salary (as amended by the Board from time to time) (the "Cash Bonus"), which shall be payable during any fiscal year upon the Company generating 75% of its projected revenue set forth in the Company's budget as established by the Company's Board of Directors and management and evidenced by the Company's financial statements as filed in its Form 10-K Annual Report (the "Revenue Target"). In the event the Company generates 100% or 125% of its Revenue Target, then the Cash Bonus will be increased to 37.5% and 50% of the Annual Salary, respectively. If such conditions are fulfilled, the Cash Bonus shall be payable with the next payroll following the latest to occur of the above events, subject to all applicable deductions required by law.

2.1.3 Options. The Executive will be provided with an initial grant of options to purchase 200,000 shares of common stock, which shall vest over four (4) years in equal quarterly installments of 12,500 shares per quarter commencing June 30, 2017. The exercise price of the options shall be \$5.28 per share and the term shall be ten years. The Executive has agreed that such options shall not be exercisable until such time that the Company has adopted its 2017 Stock Incentive Plan and increased its authorized shares of common stock, which such restriction may be waived by the Board of Directors in its sole discretion. The Executive may be eligible for additional equity incentive grants, subject to Executive's continued employment and satisfactory job performance, which may be made from time to time, by the Board, on the same terms as other executive employees of the Company. Terms and conditions of all the equity incentive grants, will be in accordance with the terms of the Company's Equity Incentive Plan in effect at the time of each such grant.

2.2 Termination of Employment Generally. In the event the Executive's employment with the Company terminates, for any reason whatsoever including death or disability the Executive shall be entitled to the benefits described in this Section 2.2.

2.2.1 Accrued Salary and Vacation. All salary and accrued vacation earned through the Termination Date shall be paid to Executive on such date.

2.2.2 Accrued Bonus Payment. The Executive shall receive a lump sum payment of any actual bonus amount to the extent that all the conditions for payment of such bonus have been satisfied and any such bonus was earned and is unpaid on the Termination Date.

2.2.3 Expense Reimbursement. Within ten (10) days following submission to the Company of proper expense reports by the Executive, the Company shall reimburse the Executive for all expenses incurred by the Executive, consistent with the Company's expense reimbursement policy in effect prior to the incurring of each such expense, in connection with the business of the Company prior to the Termination Date.

2.2.4 Equity Compensation. The period during which the Executive may exercise any rights ("*Exercise Period*") under any outstanding stock options (or any other equity award, including, without limitation, stock appreciation rights and restricted stock units) granted to the Executive under any equity incentive plan or agreement adopted by the Board of Directors (the "*Company Plans*") shall continue as set forth in such security; provide, however, such Exercise Period shall terminate immediately in the event Executive is terminated for Cause. Further, in the event the Executive is terminated for Cause or leaves for any reason except as set forth in Section 4, then the vesting of all outstanding stock options (or any other equity award, including, without limitation, stock appreciation rights and restricted stock units) shall cease.

3. TERMINATION UPON CHANGE OF CONTROL

3.1 Severance Payment. In the event of the Executive's Termination Upon Change of Control, the Executive shall be entitled to receive an amount equal to twelve (12) months of Executive's Base Salary which shall be paid according to the following schedule: (i) a lump sum payment equal to one-half of such amount shall be payable within ten (10) days following the Termination Date, and (ii) one-third of the balance of such amount shall be payable within ten (10) days of each of the three-month, six-month and nine-month anniversaries of the Termination Date (and in each case no interest shall accrue on such amount); provided, however, that if Section 409A of the Code would otherwise apply to such cash severance payment, it instead shall be paid at such time as permitted by Section 409A of the Code. In addition to the foregoing severance payment, in the event of the Executive's Termination Upon Change of Control, the Executive shall be entitled to receive, within ten (10) days following the Termination Upon Change of Control, a lump sum payment equal to one hundred percent (100%) of (a) any actual bonus amount earned with respect to a previous year to the extent that all the conditions for payment of such bonus have been satisfied (excluding any requirement to be in employment with the Company as of a given date which is after the Termination Date) and any such bonus was earned but is unpaid on the Termination Date; and (b) the target bonus then in effect for the Executive for the year in which such termination occurs, such payment to be prorated to reflect the full number of months the Executive remained in the employ of the Company; provided, however, that if Section 409A of the Code would otherwise apply to such cash payment, it instead shall be paid at such time as permitted by Section 409A of the Code. To illustrate, if the Executive's target bonus at 100% equals \$120,000 for the calendar year and the Executive is terminated on October 15th, then the foregoing payment shall equal \$100,000 (i.e., ten (10) months' prorated bonus at one hundred percent (100%) with October counting as a full month worked).

3 . 2 Equity Compensation Acceleration. Upon the Executive's Termination Upon Change of Control, the vesting and exercisability of all then outstanding stock options (or any other equity award, including, without limitation, stock appreciation rights and restricted stock units) granted to the Executive under any *Company Plans* shall be accelerated as to 100% of the shares subject to any such equity awards granted to the Executive.

3.3 COBRA. If the Executive timely elects coverage under the Consolidated Budget Reconciliation Act of 1985, as amended ("*COBRA*"), the Company shall continue to provide to the Executive, at the Company's expense, the Company's health-related employee insurance coverage for the employee only as in effect immediately prior to the Executive's Termination Upon Change of Control for a period of twelve (12) months following such Termination Upon Change of Control. The date of the "qualifying event" for the Executive and any dependents shall be the Termination Date.

3.4 Indemnification. In the event of the Executive's Termination Upon Change of Control, (a) the Company shall continue to indemnify the Executive against all claims related to actions arising prior to the termination of the Executive's employment to the fullest extent permitted by law, and (b) if the Executive was covered by the Company's directors' and officers' insurance policy, or an equivalent thereto, (the "*D&O Insurance Policy*") immediately prior to the Change of Control, the Company or its Successor shall continue to provide coverage under a D&O Insurance Policy for not less than twenty-four (24) months following the Executive's Termination Upon Change of Control on substantially the same terms of the D&O Insurance Policy in effect immediately prior to the Change of Control.

4. INVOLUNTARY TERMINATION

4.1 Severance Payment. In the event of the Executive's Involuntary Termination, the Executive shall be entitled to receive an amount equal to twelve (12) months of the Executive's Base Salary which shall be paid according to the following schedule: (i) a lump sum payment equal to one-fourth of such amount shall be payable within ten (10) days following the Termination Date, and (ii) one-fourth of such amount shall be payable within ten (10) days of each of the three-month, six-month and nine-month anniversaries of the Termination Date (and in each case no interest shall accrue on such amount); provided, however, that if Section 409A of the Code would otherwise apply to such cash severance payment, it instead shall be paid at such time as permitted by Section 409A of the Code. In addition to the foregoing severance payment, in the event of the Executive's Involuntary Termination, the Executive shall be entitled to receive, within ten (10) days following the Executive's Involuntary Termination, a lump sum payment equal to one hundred percent (100%) of (a) any actual bonus amount earned with respect to a previous year to the extent that all the conditions for payment of such bonus have been satisfied (excluding any requirement to be in employment with the Company as of a given date which is after the Termination Date) and any such bonus was earned but is unpaid on the Termination Date; and (b) the target bonus then in effect for the Executive for the year in which such termination occurs, such payment to be prorated to reflect the full number of months the Executive remained in the employ of the Company; provided, however, that if Section 409A of the Code would otherwise apply to such cash payment, it instead shall be paid at such time as permitted by Section 409A of the Code. To illustrate, if the Executive's target bonus at 100% equals \$120,000 for the calendar year and the Executive is terminated on October 15th, then the foregoing payment shall equal \$100,000 (i.e., ten (10) months' prorated bonus at one hundred percent (100%) with October counting as a full month worked).

4.2 Equity Compensation Acceleration. Upon the Executive's Involuntary Termination, the vesting and exercisability of all then outstanding stock options (or any other equity award, including, without limitation, stock appreciation rights and restricted stock units) granted to the Executive under any Company Plans shall be accelerated as to 100% of the shares subject to any such equity awards granted to the Executive.

4.3 COBRA. In the event of the Executive's Involuntary Termination, at any time after the expiration of twelve months after the Effective Date, if the Executive timely elects coverage under the Consolidated Budget Reconciliation Act of 1985, as amended ("COBRA"), the Company shall continue to provide to the Executive, at the Company's expense, the Company's health-related employee insurance coverage for the employee only as in effect immediately prior to the Executive's Involuntary Termination for a period of twelve (12) months following such Involuntary Termination. The date of the "qualifying event" for the Executive and any dependents shall be the Termination Date.

4.4 Indemnification. In the event of the Executive's Involuntary Termination, (a) the Company shall continue to indemnify the Executive against all claims related to actions arising prior to the Termination Date to the fullest extent permitted by law, and (b) if the Executive was covered by the D&O Insurance Policy immediately prior to the Termination Date, the Company shall continue to provide coverage under a D&O Insurance Policy for not less than twenty-four (24) months following the Executive's Involuntary Termination on substantially the same terms of the D&O Insurance Policy in effect immediately prior to the Termination Date.

5. FEDERAL EXCISE TAX UNDER SECTION 280G

5.1 Excise Tax. If (a) any amounts payable to the Executive under this Agreement or otherwise are characterized as excess parachute payments pursuant to Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), and (b) the Executive thereby would be subject to any United States federal excise tax due to that characterization, then if Executive would thereby be in a better after-tax position, the Company may elect, in the Company's sole discretion, to reduce the amounts payable under this Agreement or otherwise, or to have any portion of applicable options or restricted stock not vest or become exercisable, in order to avoid any "excess parachute payment" under Section 280G(b)(1) of the Code.

5.2 Calculation by Independent Public Accountants. Unless the Company and the Executive otherwise agree in writing, any calculation of the amount of any excess parachute payments payable by the Executive shall be made in writing by the Company's independent public accountants (the "Accountants") whose conclusion shall be final and binding on the parties. For purposes of making such calculations, the Accountants may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and the Executive shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make the required calculations. The Company shall bear all fees and expenses the Accountants may charge in connection with these services, but the engagement of the Accountants for this purpose shall be pursuant to an agreement between the Executive and the Accountants.

6. DEFINITIONS

6.1 Capitalized Terms Defined. Capitalized terms used in this Agreement shall have the meanings set forth in this Section 4, unless the context clearly requires a different meaning.

6.2 “Base Salary” means the greater of (a) if applicable, the monthly salary of the Executive in effect immediately prior to the Change of Control, or (b) the monthly salary of the Executive in effect immediately prior to the Termination Date.

6.3 “Cause” means:

- (a) the Executive willfully failed to follow the lawful written directions of the Board of Directors of the Company or Executive’s immediate superior; provided that no termination for such Cause shall occur unless the Executive: (i) has been provided with notice, specifying such willful failure in reasonable detail, of the Company’s intention to terminate the Executive for Cause; and (ii) has failed to cure or correct such willful failure within thirty (30) days of receiving such notice;
- (b) the Executive engaged in gross misconduct, or gross incompetence which is materially detrimental to the Company; provided that no termination for such Cause shall occur unless the Executive: (i) has been provided with notice, specifying such gross misconduct or gross incompetence in reasonable detail, of the Company’s intention to terminate the Executive for Cause; and (ii) has failed to cure or correct such gross misconduct within thirty (30) days of receiving such notice;
- (c) the Executive willfully failed to comply in any material respect with the Employee Invention Assignment & Confidentiality Agreement, the Company’s share dealing code, the Employee’s non-competition agreement or any other reasonable policies of the Company where non-compliance would be materially detrimental to the Company; provided that no termination for such Cause shall occur unless the Executive: (i) has been provided with notice of the Company’s intention to terminate the Executive for such Cause, and (ii) has failed to cure or correct such willful failure within thirty (30) days of receiving such notice, provided that such notice and cure period requirements shall not apply in the event that such non-compliance is of a nature that it is unable to be remedied; or
- (d) is convicted of a felony or crime involving moral turpitude (excluding drunk driving unless combined with other aggravating circumstances or offenses) or commission of a fraud which the Company reasonably believes would reflect adversely on the Company.

6.4 “Change of Control” means:

- (a) any “person” (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”)) becomes the “beneficial owner” (as defined in Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of securities of the Company representing fifty (50%) percent or more of (i) the outstanding shares of common stock of the Company, or (ii) the combined voting power of the Company’s outstanding securities;
- (b) the Company is party to a merger or consolidation, or series of related transactions, which results in the voting securities of the Company outstanding immediately prior thereto failing to continue to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity), directly or indirectly, at least fifty (50%) percent of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation;
- (c) the sale or disposition of all or substantially all of the Company’s assets, or consummation of any transaction, or series of related transactions, having similar effect (other than to a subsidiary of the Company);

6.5 “Company” shall mean Workhorse Group Inc. and, following a Change of Control, any Successor.

6.6 “Involuntary Termination” means:

- (a) any termination without Cause of the employment of the Executive by the Company; or
- (b) any resignation by Executive for Good Reason where such resignation occurs within sixty (60) days following the occurrence of such Good Reason.

Notwithstanding the foregoing, the term “Involuntary Termination” shall not include any termination of the employment of the Executive: (1) by the Company for Cause; (2) by the Company as a result of the Permanent Disability of the Executive; (3) as a result of the death of the Executive; (4) that occurs within the period of time to qualify as a “Termination Upon Change of Control”; or (5) as a result of the voluntary termination of employment by the Executive for any reason other than Good Reason.

6.7 “Good Reason” means the occurrence of any of the following conditions, without the Executive’s written consent:

- (a) Any act, set of facts or omissions with respect to the Executive that would, as a matter of applicable law, constitute a constructive termination of the Executive.
- (b) A reduction in the Executive’s Base Salary or, if applicable, target bonus opportunity (subject to applicable performance requirements with respect to the actual amount of bonus compensation earned similar to the applicable performance requirements currently in effect), and in the event of a Change of Control, as compared to Executive’s Base Salary and target bonus opportunity in effect immediately prior to the public announcement of the Change of Control; provided, however, that this clause (c) shall not apply in the event of a reduction in the Executive’s Base Salary or, if applicable, target bonus opportunity as part of a Company-wide or executive team-wide cost-cutting measure or Company-wide or executive team-wide cutback as a result of overall Company performance.

- (c) The failure of the Company (i) to continue to provide the Executive an opportunity to participate in any benefit or compensation plans provided to employees who hold positions with the Company comparable to the Executive's position, (ii) to provide the Executive all other fringe benefits (or the equivalent) in effect for the benefit of any employee group which includes any employee who hold a position with the Company comparable to the Executive's position, where in the event of a Change of Control, such comparison shall be made relative to the time immediately prior to the public announcement of such Change of Control); or (iii) continue to provide director's and officers' insurance.
- (d) A material breach of this Agreement by the Company, including, in the event of a Change of Control, failure of the Company to obtain the consent of a Successor to perform all of the obligations of the Company under this Agreement.

The Executive must first give the Company an opportunity to cure any of the foregoing within thirty (30) days following delivery to the Company of a written explanation specifying the specific basis for Executive's belief that Executive is entitled to terminate employment for Good Reason, and Executive terminates employment with the Company not later than (30) days following the Company's failure to cure.

6.8 "Permanent Disability" means that:

- (a) the Executive has been incapacitated by bodily injury, illness or disease so as to be prevented thereby from engaging in the performance of the Executive's duties;
- (b) such total incapacity shall have continued for a period of six consecutive months; and
- (c) such incapacity will, in the opinion of a qualified physician, be permanent and continuous during the remainder of the Executive's life.

6.9 "Substantive Functional Equivalent" means that the Executive's position must:

- (a) be in a substantive area of the Executive's competence (e.g., finance or executive management) and not materially different from the position occupied immediately prior;
- (b) allow the Executive to serve in a role and perform duties functionally equivalent to those performed immediately prior; and

- (c) not otherwise constitute a material, adverse change in authority, title, status, responsibilities or duties from those of the Executive immediately prior, causing the Executive to be of materially lesser rank or responsibility, including requiring the Executive to report to a person other than the Board.

6.10 “Successor” means any successor in interest to, or assignee of, substantially all of the business and assets of the Company.

6.11 “Termination Date” means the date of the termination of the Executive’s employment with the Company.

6.12 “Termination Upon Change of Control” means:

- (a) any termination of the employment of the Executive by the Company without Cause during the period commencing on or after the date that the Company first publicly announces a definitive agreement that results in a Change of Control (even though still subject to approval by the Company’s stockholders and other conditions and contingencies, but provided that the Change of Control actually occurs) and ending on the date which is twelve (12) months following the Change of Control; or
- (b) any resignation by Executive for Good Reason where (i) such Good Reason occurs during the period commencing on or after the date that the Company first publicly announces a definitive agreement that results in a Change of Control (even though still subject to approval by the Company’s stockholders and other conditions and contingencies, but provided that the Change of Control actually occurs) and ending on the date which is twelve (12) months following the Change of Control, and (ii) such resignation occurs at or after such Change of Control and in any event within six (6) months following the occurrence of such Good Reason.

Notwithstanding the foregoing, the term “Termination Upon Change of Control” shall not include any termination of the employment of the Executive: (1) by the Company for Cause; (2) by the Company as a result of the Permanent Disability of the Executive; (3) as a result of the death of the Executive; or (4) as a result of the voluntary termination of employment by the Executive for any reason other than Good Reason.

7. EXCLUSIVE REMEDY

7.1 No Other Benefits Payable. The Executive shall be entitled to no other termination, severance or change of control compensation, benefits, or other payments from the Company as a result of any termination with respect to which the payments and benefits described in Section 2 have been provided to the Executive, except as expressly set forth in this Agreement.

7.2 No Limitation of Regular Benefit Plans. Except as may be provided elsewhere in this Agreement, this Agreement is not intended to and shall not affect, limit or terminate any plans, programs or arrangements of the Company that are regularly made available to a significant number of employees or officers of the Company, including, without limitation, the Company’s stock option plans.

7.3 Release of Claims. The payment of the benefits described in Sections 3 and 4 of this Agreement is conditioned upon the delivery by the Executive to the Company of a signed and effective general release of claims as provided by the Company; provided, however, that the Executive shall not be required to release any rights the Executive may have to be indemnified by the Company or as otherwise provided under this Agreement.

7.4 Noncumulation of Benefits. The Executive may not cumulate cash severance payments, stock option vesting and exercisability and restricted stock vesting under this Agreement, any other written agreement with the Company and/or another plan or policy of the Company. If the Executive has any other binding written agreement with the Company which provides that, upon a Change of Control or Termination Upon a Change of Control or Involuntary Termination, the Executive shall receive termination, severance or similar benefits, then no benefits shall be received by Executive under this Agreement unless, prior to payment or receipt of benefits under this Agreement, the Executive waives Executive's rights to all such other benefits, in which case this Agreement shall supersede any such written agreement with respect to such other benefits.

8. NON-COMPETE; PROPRIETARY AND CONFIDENTIAL INFORMATION

During the term of this Agreement and following any termination of employment, Executive agrees to continue to abide by the terms and conditions of each of the non-competition agreement (during the term of such Agreement) and the Employee Invention Assignment & Confidentiality Agreement between the Executive and the Company.

9. ARBITRATION

9.1 Disputes Subject to Arbitration. Any claim, dispute or controversy arising out of this Agreement (other than claims relating to misuse or misappropriation of the intellectual property of the Company), the interpretation, validity or enforceability of this Agreement or the alleged breach thereof shall be submitted by the parties to binding arbitration by a sole arbitrator under the rules of the American Arbitration Association; provided, however, that (a) the arbitrator shall have no authority to make any ruling or judgment that would confer any rights with respect to the trade secrets, confidential and proprietary information or other intellectual property of the Company upon the Executive or any third party; and (b) this arbitration provision shall not preclude the Company from seeking legal and equitable relief from any court having jurisdiction with respect to any disputes or claims relating to or arising out of the misuse or misappropriation of the Company's intellectual property. Judgment may be entered on the award of the arbitrator in any court having jurisdiction.

9.2 Costs of Arbitration. All costs of arbitration, including reasonable attorney's fees of the Executive, will be borne by the Company, except that if the Executive initiates arbitration and the arbitrator finds the Executive's claims to be frivolous the Executive shall be responsible for his own costs and attorneys fees.

9.3 Site of Arbitration. The site of the arbitration proceeding shall be in New York City, New York.

10. NOTICES

For purposes of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or five (5) business days after being mailed, return receipt requested, as follows: (a) if to the Company, attention: Chief Executive Officer, at the Company's offices at 100 Commerce Blvd., Loveland, OH 45140 and, (b) if to the Executive, at the address indicated below or such other address specified by the Executive in writing to the Company. Either party may provide the other with notices of change of address, which shall be effective upon receipt.

11. MISCELLANEOUS PROVISIONS

11.1 Heirs and Representatives of the Executive; Successors and Assigns of the Company. This Agreement shall be binding upon and shall inure to the benefit of and be enforceable by the Executive's personal and legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the successors and assigns of the Company.

11.2 Amendment and Waiver. No provision of this Agreement shall be modified, amended, waived or discharged unless the modification, amendment, waiver or discharge is agreed to in writing, specifying such modification, amendment, waiver or discharge, and signed by the Executive and by an authorized officer of the Company (other than the Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

11.3 Withholding Taxes. All payments made under this Agreement shall be subject to deduction of all federal, state, local and other taxes required to be withheld by applicable law.

11.4 Severability. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

11.5 Choice of Law. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Ohio, without regard to where the Executive has his residence or principal office or where he performs his duties hereunder.

11.6 No Duty to Mitigate. The Executive is not required to seek alternative employment following termination, and payments called for under this Agreement will not be reduced by earnings from any other source.

11.7. Section 409A of the Code. To the extent (a) any payments or benefits to which Employee becomes entitled under this Agreement, or under any agreement or plan referenced herein, in connection with Employee's termination of employment with the Company constitute deferred compensation subject to Section 409A of the Code and (b) Employee is deemed at the time of such termination of employment to be a "specified employee" under Section 409A of the Code, then such payments shall not be made or commence until the earliest of (i) the expiration of the six (6)-month period measured from the date of Employee's "separation from service" (as such term is at the time defined in Treasury Regulations under Section 409A of the Code) from the Company; or (ii) the date of Employee's death following such separation from service; provided, however, that such deferral shall only be effected to the extent required to avoid adverse tax treatment to Employee, including (without limitation) the additional twenty percent (20%) tax for which Employee would otherwise be liable under Section 409A(a)(1)(B) of the Code in the absence of such deferral. Upon the expiration of the applicable deferral period, any payments which would have otherwise been made during that period (whether in a single sum or in installments) in the absence of this paragraph shall be paid to Employee or Employee's beneficiary in one lump sum (without interest). Any termination of Employee's employment is intended to constitute a "separation from service" as such term is defined in Treasury Regulation Section 1.409A-1. It is intended that each installment of the payments provided hereunder constitute separate "payments" for purposes of Treasury Regulation Section 1.409A-2(b)(2)(i). It is further intended that payments hereunder satisfy, to the greatest extent possible, the exemption from the application of Code Section 409A (and any state law of similar effect) provided under Treasury Regulation Section 1.409A-1(b) (4) (as a "short-term deferral").

11.8 Entire Agreement. This Agreement represents the entire agreement and understanding between the parties as to the subject matter herein (whether oral or written and whether express or implied).

[SIGNATURE PAGE TO EXECUTIVE RETENTION AGREEMENT FOLLOWS]

In Witness Whereof, each of the parties has executed this Agreement, in the case of the Company, by its duly authorized officer, as of the day and year first above written.

Executive

/s/ Julio Rodriguez

Julio Rodriguez

Workhorse Group Inc.

By: /s/ Stephen S. Burns

Name: Stephen S. Burns

Title: Chief Executive Officer

INDEMNIFICATION AGREEMENT

This Indemnification Agreement (this "*Agreement*"), dated as of May 19, 2017 is made by and between WORKHORSE GROUP INC., a Nevada corporation (the "*Company*"), and _____, a director and/or officer of the Company (the "*Indemnitee*").

RECITALS

A. The Company is aware that competent and experienced persons are increasingly reluctant to serve as directors or officers of corporations unless they are protected by comprehensive liability insurance and/or indemnification, due to increased exposure to litigation costs and risks resulting from their service to such corporations, and because the exposure frequently bears no reasonable relationship to the compensation of such directors and officers;

B. Based on their experience as business managers, the Board of Directors of the Company (the "*Board*") has concluded that, to retain and attract talented and experienced individuals to serve as officers and directors of the Company, and to encourage such individuals to take the business risks necessary for the success of the Company, it is necessary for the Company contractually to indemnify officers and directors and to assume for itself maximum liability for expenses and damages in connection with claims against such officers and directors in connection with their service to the Company;

C. The Nevada Revised Statutes, under which the Company is organized (the "*Law*"), empowers the Company to indemnify by agreement its officers, directors, employees and agents, and persons who serve, at the request of the Company, as directors, officers, employees or agents of other corporations or enterprises, and expressly provides that the indemnification provided by the Law is not exclusive; and

D. The Company desires and has requested the Indemnitee to serve or continue to serve as a director or officer of the Company free from undue concern for claims for damages arising out of or related to such services to the Company.

NOW, THEREFORE, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Definitions.

1.1. **Agent.** For the purposes of this Agreement, "*agent*" of the Company means any person who is or was a director or officer of the Company or a subsidiary of the Company; or is or was serving at the request of, for the convenience of, or to represent the interest of the Company or a subsidiary of the Company as a director or officer of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise or an affiliate of the Company; or was a director or officer of a foreign or domestic corporation which was a predecessor corporation of the Company, or was a director or officer of another enterprise or affiliate of the Company at the request of, for the convenience of, or to represent the interests of such predecessor corporation. The term "*enterprise*" includes any employee benefit plan of the Company, its subsidiaries, affiliates and predecessor corporations.

1 . 2 **Expenses.** For purposes of this Agreement, "expenses" includes all direct and indirect costs of any type or nature whatsoever (including, without limitation, all attorneys' fees and related disbursements and other out-of-pocket costs) actually and reasonably incurred by the Indemnitee in connection with the investigation, defense or appeal of a proceeding or establishing or enforcing a right to indemnification or advancement of expenses under this Agreement, the Law or otherwise.

1 . 3 **Proceeding.** For the purposes of this Agreement, "proceeding" means any threatened, pending or completed action, suit or other proceeding, whether civil, criminal, administrative, investigative or any other type whatsoever.

1 . 4 **Subsidiary.** For purposes of this Agreement, "subsidiary" means any corporation of which more than 50% of the outstanding voting securities is owned directly or indirectly by the Company, by the Company and one or more of its subsidiaries or by one or more of the Company's subsidiaries.

2 . **Agreement to Serve.** The Indemnitee agrees to serve and/or continue to serve as an agent of the Company, at the will of the Company (or under separate agreement, if such agreement exists), in the capacity the Indemnitee currently serves as an agent of the Company, faithfully and to the best of his ability, so long as he or she is duly appointed or elected and qualified in accordance with the applicable provisions of the charter documents of the Company or any subsidiary of the Company; provided, however, that the Indemnitee may at any time and for any reason resign from such position (subject to any contractual obligation that the Indemnitee may have assumed apart from this Agreement), and the Company or any subsidiary shall have no obligation under this Agreement to continue to indemnify the Indemnitee for any actions taken or not taken by him or her after the date of resignation or termination of such position.

3 . **Directors' and Officers' Insurance.** The Company shall, to the extent that the Board determines it to be economically reasonable, maintain a policy of directors' and officers' liability insurance ("**D&O Insurance**"), on such terms and conditions as may be approved by the Board.

4. **Mandatory Indemnification.** Subject to Section 9 below, the Company shall indemnify the Indemnitee:

4.1 **Third Party Actions.** If the Indemnitee is a person who was or is a party or is threatened to be made a party to any proceeding (other than an action by or in the right of the Company) by reason of the fact that he is or was an agent of the Company, or by reason of anything done or not done by him in any such capacity, against any and all expenses and liabilities of any type whatsoever (including, but not limited to, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) actually and reasonably incurred by him in connection with the investigation, defense, settlement or appeal of such proceeding if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Company and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful; and

4 . 2 **Derivative Actions.** If the Indemnitee is a person who was or is a party or is threatened to be made a party to any proceeding by or in the right of the Company to procure a judgment in its favor by reason of the fact that he is or was an agent of the Company, or by reason of anything done or not done by him in any such capacity, against any amounts paid in settlement of any such proceeding and all expenses actually and reasonably incurred by him in connection with the investigation, defense, settlement or appeal of such proceeding if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Company; except that no indemnification under this subsection shall be made in respect of any claim, issue or matter as to which such person shall have been finally adjudged to be liable to the Company by a court of competent jurisdiction due to willful misconduct of a culpable nature in the performance of his duty to the Company, unless and only to the extent that the Court of Chancery or the court in which such proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such amounts which the Court of Chancery or such other court shall deem proper; and

4.3 **Exception for Amounts Covered by Insurance.** Notwithstanding the foregoing, the Company shall not be obligated to indemnify the Indemnitee for expenses or liabilities of any type whatsoever (including, but not limited to, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) to the extent such have been paid directly to the Indemnitee by D&O Insurance.

5. Partial Indemnification and Contribution.

5.1 **Partial Indemnification.** If the Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of any expenses or liabilities of any type whatsoever (including, but not limited to, judgments, fines, BRISA excise taxes or penalties and amounts paid in settlement) incurred by him or her in the investigation, defense, settlement or appeal of a proceeding but is not entitled, however, to indemnification for all of the total amount thereof, then the Company shall nevertheless indemnify the Indemnitee for such total amount except as to the portion thereof to which the Indemnitee is not entitled to indemnification.

5.2 **Contribution.** If the Indemnitee is not entitled to the indemnification provided in Section 4 for any reason other than the statutory limitations set forth in the Law, then in respect of any threatened, pending or completed proceeding in which the Company is jointly liable with the Indemnitee (or would be if joined in such proceeding), the Company shall contribute to the amount of expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred and paid or payable by the Indemnitee in such proportion as is appropriate to reflect (i) the relative benefits received by the Company on the one hand and the Indemnitee on the other hand from the transaction from which such proceeding arose and (ii) the relative fault of the Company on the one hand and of the Indemnitee on the other hand in connection with the events which resulted in such expenses, judgments, fines or settlement amounts, as well as any other relevant equitable considerations. The relative fault of the Company on the one hand and of the Indemnitee on the other hand shall be determined by reference to, among other things, the parties' relative intent, knowledge, access to information and opportunity to correct or prevent the circumstances resulting in such expenses, judgments, fines or settlement amounts. The Company agrees that it would not be just and equitable if contribution pursuant to this Section 5 were determined by pro rata allocation or any other method of allocation that does not take account of the foregoing equitable considerations.

6. **Mandatory Advancement of Expenses.**

6.1 **Advancement.** Subject to Section 9 below and except as prohibited by law, the Company shall advance all expenses incurred by the Indemnitee in connection with the investigation, defense, settlement or appeal of any proceeding to which the Indemnitee is a party or is threatened to be made a party by reason of the fact that the Indemnitee is or was an agent of the Company or by reason of anything done or not done by him in any such capacity. The Indemnitee hereby undertakes to promptly repay such amounts advanced only if, and to the extent that, it shall ultimately be determined that the Indemnitee is not entitled to be indemnified by the Company under the provisions of this Agreement, the Certificate of Incorporation or Bylaws of the Company, the Law or otherwise. The advances to be made hereunder shall be paid by the Company to the Indemnitee within 30 days following delivery of a written request therefor by the Indemnitee to the Company.

6.2 **Exception.** Notwithstanding the foregoing provisions of this Section 6, the Company shall not be obligated to advance any expenses to the Indemnitee arising from a lawsuit filed directly by the Company against the Indemnitee if an absolute majority of the members of the Board reasonably determines in good faith, within 30 days of the Indemnitee's request to be advanced expenses, that the facts known to them at the time such determination is made demonstrate clearly and convincingly that the Indemnitee acted in bad faith. If such a determination is made, the Indemnitee may have such decision reviewed by another forum, in the manner set forth in Sections 8.3, 8.4 and 8.5 hereof, with all references therein to "indemnification" being deemed to refer to "advancement of expenses," and the burden of proof shall be on the Company to demonstrate clearly and convincingly that, based on the facts known at the time, the Indemnitee acted in bad faith. The Company may not avail itself of this Section 6.2 as to a given lawsuit if, at any time after the occurrence of the activities or omissions that are the primary focus of the lawsuit, the Company has undergone a change in control. For this purpose, a change in control shall mean a given person or group of affiliated persons or groups increasing their beneficial ownership interest in the Company by at least twenty (20) percentage points without advance Board approval.

7. **Notice and Other Indemnification Procedures.**

7.1 Promptly after receipt by the Indemnitee of notice of the commencement of or the threat of commencement of any proceeding, the Indemnitee shall, if the Indemnitee believes that indemnification with respect thereto may be sought from the Company under this Agreement, notify the Company of the commencement or threat of commencement thereof.

7.2 If, at the time of the receipt of a notice of the commencement of a proceeding pursuant to Section 7.1 hereof, the Company has D&O Insurance in effect, the Company shall give prompt notice of the commencement of such proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable because of such proceeding in accordance with the terms of such D&O Insurance policies.

7.3 In the event the Company shall be obligated to advance the expenses for any proceeding against the Indemnitee, the Company, if appropriate, shall be entitled to assume the defense of such proceeding, with counsel approved by the Indemnitee (which approval shall not be unreasonably withheld), upon the delivery to the Indemnitee of written notice of its election to do so. After delivery of such notice, approval of such counsel by the Indemnitee and the retention of such counsel by the Company, the Company will not be liable to the Indemnitee under this Agreement for any fees of counsel subsequently incurred by the Indemnitee with respect to the same proceeding, provided that: (a) the Indemnitee shall have the right to employ his or her own counsel in any such proceeding at the Indemnitee's expense; (b) the Indemnitee shall have the right to employ his or her own counsel in connection with any such proceeding, at the expense of the Company, if such counsel serves in a review, observer, advice and counseling capacity and does not otherwise materially control or participate in the defense of such proceeding; and (c) if (i) the employment of counsel by the Indemnitee has been previously authorized by the Company, (ii) the Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Company and the Indemnitee in the conduct of any such defense or (iii) the Company shall not, in fact, have employed counsel to assume the defense of such proceeding, then the fees and expenses of the Indemnitee's counsel shall be at the expense of the Company.

8. **Determination of Right to Indemnification.**

8.1 To the extent the Indemnitee has been successful on the merits or otherwise in defense of any proceeding referred to in Section 4.1 or 4.2 of this Agreement or in the defense of any claim, issue or matter described therein, the Company shall indemnify the Indemnitee against expenses actually and reasonably incurred by him or her in connection with the investigation, defense or appeal of such proceeding, or such claim, issue or matter, as the case may be.

8.2 In the event that Section 8.1 is inapplicable, or does not apply to the entire proceeding, the Company shall nonetheless indemnify the Indemnitee unless the Company shall prove by clear and convincing evidence to a forum listed in Section 8.3 below that the Indemnitee has not met the applicable standard of conduct required to entitle the Indemnitee to such indemnification.

8.3 The Indemnitee shall be entitled to select the forum in which the validity of the Company's claim under Section 8.2 hereof that the Indemnitee is not entitled to indemnification will be heard from among the following, except that the Indemnitee can select a forum consisting of the stockholders of the Company only with the approval of the Company:

- (a) A quorum of the Board consisting of directors who are not parties to the proceeding for which indemnification is being sought;
- (b) The stockholders of the Company;
- (c) Legal counsel mutually agreed upon by the Indemnitee and the Board, which counsel shall make such determination in a written opinion;
- (d) A panel of three arbitrators, one of whom is selected by the Company, another of whom is selected by the Indemnitee and the last of whom is selected by the first two arbitrators so selected; or
- (e) A court with jurisdiction over the matter.

8.4 As soon as practicable, and in no event later than 30 days after the forum has been selected pursuant to Section 8.3 above, the Company shall, at its own expense, submit to the selected forum its claim that the Indemnitee is not entitled to indemnification, and the Company shall act in the utmost good faith to assure the Indemnitee a complete opportunity to defend against such claim.

8.5 If the forum selected in accordance with Section 8.3 hereof is not a court, then after the final decision of such forum is rendered, the Company or the Indemnitee shall have the right to apply to a court with jurisdiction over the matter, for the purpose of appealing the decision of such forum, provided that such right is executed within 60 days after the final decision of such forum is rendered. If the forum selected in accordance with Section 8.3 hereof is a court, then the rights of the Company or the Indemnitee to appeal any decision of such court shall be governed by the applicable laws and rules governing appeals of the decision of such court.

8.6 Notwithstanding any other provision in this Agreement to the contrary, the Company shall indemnify the Indemnitee against all expenses incurred by the Indemnitee in connection with any hearing or proceeding under this Section 8 involving the Indemnitee and against all expenses incurred by the Indemnitee in connection with any other proceeding between the Company and the Indemnitee involving the interpretation or enforcement of the rights of the Indemnitee under this Agreement unless a court of competent jurisdiction finds that each of the material claims and/or defenses of the Indemnitee in any such proceeding was frivolous or not made in good faith.

9. **Exceptions.** Any other provision herein to the contrary notwithstanding, the Company shall not be obligated pursuant to the terms of this Agreement:

9.1 **Claims Initiated by Indemnitee.** To indemnify or advance expenses to the Indemnitee with respect to proceedings or claims initiated or brought voluntarily by the Indemnitee and not by way of defense, except with respect to proceedings specifically authorized by the Board or brought to establish or enforce a right to indemnification and/or advancement of expenses arising under this Agreement, the charter documents of the Company or any subsidiary or any statute or law or otherwise, but such indemnification or advancement of expenses may be provided by the Company in specific cases if the Board finds it to be appropriate; or

9.2 **Unauthorized Settlements.** To indemnify the Indemnitee hereunder for any amounts paid in settlement of a proceeding unless the Company consents in advance in writing to such settlement, which consent shall not be unreasonably withheld; or

9.3 **Securities Law Actions.** To indemnify the Indemnitee on account of any suit in which judgment is rendered against the Indemnitee for an accounting of profits made from the purchase or sale by the Indemnitee of securities of the Company pursuant to the provisions of Section 16(b) of the Securities Exchange Act of 1934 and amendments thereto or similar provisions of any federal, state or local statutory law; or

9.4 **Unlawful Indemnification.** To indemnify the Indemnitee if a final decision by a court having jurisdiction in the matter shall determine that such indemnification is not lawful. In this respect, the Company and the Indemnitee have been advised that the Securities and Exchange Commission takes the position that indemnification for liabilities arising under the federal securities laws is against public policy and is, therefore, unenforceable and that claims for indemnification should be submitted to appropriate courts for adjudication.

10. **Non-Exclusivity.** The provisions for indemnification and advancement of expenses set forth in this Agreement shall not be deemed exclusive of any other rights which the Indemnitee may have under any provision of law, the Company's Certificate of Incorporation or Bylaws, the vote of the Company's stockholders or disinterested directors, other agreements or otherwise, both as to action in the Indemnitee's official capacity and to action in another capacity while occupying his position as an agent of the Company, and the Indemnitee's rights hereunder shall continue after the Indemnitee has ceased acting as an agent of the Company and shall inure to the benefit of the heirs, executors and administrators of the Indemnitee.

11. **General Provisions.**

11.1 **Interpretation of Agreement.** It is understood that the parties hereto intend this Agreement to be interpreted and enforced so as to provide indemnification and advancement of expenses to the Indemnitee to the fullest extent now or hereafter permitted by law, except as expressly limited herein.

11.2 **Severability.** If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever, then: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including, without limitation, all portions of any paragraphs of this Agreement containing any such provision held to be invalid, illegal or unenforceable that are not themselves invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (b) to the fullest extent possible, the provisions of this Agreement (including, without limitation, all portions of any paragraphs of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable and to give effect to Section 11.1 hereof.

11.3 **Modification and Waiver.** No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar), nor shall such waiver constitute a continuing waiver.

11.4 **Subrogation.** In the event of full payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of the Indemnitee, who shall execute all documents required and shall do all acts that may be necessary or desirable to secure such rights and to enable the Company effectively to bring suit to enforce such rights.

11.5 **Counterparts.** This Agreement may be executed in one or more counterparts, which shall together constitute one agreement.

11.6 **Successors and Assigns.** The terms of this Agreement shall bind, and shall inure to the benefit of, the successors and assigns of the parties hereto.

11.7 **Notice.** All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed duly given: (a) if delivered by hand and signed for by the party addressee; or (b) if mailed by certified or registered mail, with postage prepaid, on the third business day after the mailing date. Addresses for notice to either party are as shown on the signature page of this Agreement or as subsequently modified by written notice.

11.8 **Governing Law.** This Agreement shall be governed exclusively by and construed according to the laws of the State of Nevada, without giving effect to that body of laws pertaining to conflict of laws.

11.9 **Consent to Jurisdiction.** The Company and the Indemnitee each hereby irrevocably consent to the jurisdiction of the courts of the State of Nevada for all purposes in connection with any action or proceeding that arises out of or relates to this Agreement.

11.10 **Attorneys' Fees.** In the event Indemnitee is required to bring any action to enforce rights under this Agreement (including, without limitation, the expenses of any Proceeding described in Section 1.3) the Indemnitee shall be entitled to all reasonable fees and expenses in bringing and pursuing such action, unless a court of competent jurisdiction finds each of the material claims of the Indemnitee in any such action was frivolous and not made in good faith.

IN WITNESS WHEREOF, the parties hereto have entered into this Indemnification Agreement effective as of the date first written above.

THE COMPANY:

BY:
Name:
Title:

THE INDEMNITEE:

EMPLOYEE INVENTION ASSIGNMENT, CONFIDENTIALITY, NON-COMPETE AND NON-SOLICIT AGREEMENT

THIS EMPLOYEE INVENTION ASSIGNMENT, CONFIDENTIALITY, NON-COMPETE AND NON-SOLICIT AGREEMENT is entered into as of the 19th day of May, 2017 between _____, and **WORKHORSE GROUP INC.**, a Nevada corporation with a place of business at 100 Commerce Drive, Loveland, Ohio 45140 (the "**Company**").

WHEREAS, I have agreed to be an employee of the Company or one of its affiliated entities (collectively referred to herein as the "**Company**").

IN CONSIDERATION OF, and as a condition of my employment with the Company (the receipt and sufficiency of which I hereby acknowledge) I hereby represent to, and agree with the Company as follows:

1. **Purpose of Agreement.** I understand that it is critical for the Company to preserve and protect its rights in "**Inventions**" (as defined in Section 2 below), its "**Confidential Information**" (as defined in Section 7 below) and in all related intellectual property rights. Accordingly, I am entering into this Employee Invention Assignment and Confidentiality Agreement (this "**Agreement**") as a condition of my employment with the Company.

2 . **Disclosure of Inventions.** I will promptly disclose in confidence to the Company all inventions, improvements, designs, original works of authorship, formulas, processes, compositions of matter, computer software programs, databases, mask works and trade secrets (the "**Inventions**") that I make or conceive or first reduce to practice or create, either alone or jointly with others, during the period of my employment, whether or not in the course of my employment, and whether or not such Inventions are patentable, copyrightable or protectable as trade secrets.

3. **Work for Hire.** I acknowledge and agree that any copyrightable works prepared by me within the scope of my employment, including for the avoidance of doubt any such works prepared prior to the date hereof are "works made for hire" under the Copyright Law of the United States and that the Company will be considered the author and owner of such copyrightable works.

4 . **Assignment of Inventions.** I agree that all Inventions that (i) have been or are developed using equipment, supplies, facilities, Confidential Information, or trade secrets of the Company, (ii) result from work performed by me for the Company, or (iii) relate to the Company's business or current or anticipated research and development (the "**Assigned Inventions**"), will be the sole and exclusive property of the Company and are hereby irrevocably assigned by me to the Company.

5 . **Assignment of Other Rights; Moral Rights.** In addition to the foregoing assignment of Assigned Inventions to the Company, I hereby irrevocably transfer and assign to the Company: (i) all worldwide patents, patent applications, copyrights, mask works, trade secrets and other intellectual property rights, including but not limited to rights in databases, in any Assigned Inventions, along with any registrations of or applications to register such rights; and (ii) any and all "Moral Rights" (as defined below) that I may have in or with respect to any Assigned Inventions. I also hereby forever waive and agree never to assert any and all Moral Rights I may have in or with respect to any Assigned Inventions, even after termination of my work on behalf of the Company. "**Moral Rights**" mean any rights to claim authorship of or credit on an Assigned Invention, to object to or prevent the modification or destruction of any Assigned Inventions, or to withdraw from circulation or control the publication or distribution of any Assigned Inventions, and any similar right, existing under judicial or statutory law of any country or subdivision thereof in the world, or under any treaty, regardless of whether or not such right is denominated or generally referred to as a "moral right."

6 . **Assistance.** I agree to assist the Company in every proper way, at the Company's cost, to obtain for the Company and enforce patents, copyrights, mask work rights, trade secret rights and other legal protections for the Company's Assigned Inventions in any and all countries. I will execute any documents that the Company may reasonably request for use in obtaining or enforcing such patents, copyrights, mask work rights, trade secrets and other legal protections. My obligations under this paragraph will continue beyond the termination of my employment with the Company, provided that the Company will compensate me at a reasonable rate after such termination for time or expenses actually spent by me at the Company's request on such assistance. I appoint the Secretary of the Company as my attorney-in-fact to execute documents on my behalf for this purpose.

7. **Confidential Information.** I understand that my employment by the Company creates a relationship of confidence and trust with respect to any information that may be disclosed to me by the Company and its officers, employees, shareholders or agents, whether orally, in writing, by computer or other medium, by demonstration, by supply of samples and parts or in any other manner, or which is otherwise accessible to me, that relates to the business of the Company or to the business of any parent, subsidiary, affiliate, customer or supplier of the Company including all information received by the Company from third parties, which is subject to an obligation of confidentiality (the "***Confidential Information***"). Such Confidential Information includes, but is not limited to, Assigned Inventions, computer programming and software, Company products and services, systems, functionality, designs, hardware, parts, concepts, specifications, features, techniques, plans, marketing, sales, performance, cost, pricing, supplier and customer information, data, tables, schedules, contracts and other information concerning the Company and its customers. I hereby acknowledge that all such Confidential Information belongs to the Company (or the respective customer, supplier or third party, which supplied it to the Company.)

8 . **Confidentiality.** At all times, both during my employment and after its termination (without limitation in point of time), I will keep and hold all such Confidential Information in strict confidence and trust. I will not use or disclose any Confidential Information without the prior written consent of the Company, except as may be necessary to perform my duties as an employee of the Company for the benefit of the Company. Upon termination of my employment with the Company, I will promptly deliver to the Company all documents and materials of any nature pertaining to my work with the Company. I will not take with me or retain any documents or materials or copies thereof containing any Confidential Information. I agree that I shall at all times comply with the Company's Information Security Policy and Procedures from time to time in force. **I acknowledge that breach of this policy or any other provision of this Agreement may be grounds for immediate dismissal.**

9 . **No Breach of Agreement or Infringement.** I represent that my acceptance of the Company's offer of employment, performance of all the terms of this Agreement and my duties as an employee of the Company will not so far as I am aware breach any invention assignment, proprietary information, confidentiality or similar agreement with any other party, nor infringe the rights of any third party. I represent that I will not bring with me to the Company or use in the performance of my duties for the Company any documents or materials or intangibles of a former employer or third party that are not generally available to the public or have not been legally transferred to the Company. I acknowledge that the Company is relying upon my warranty, representation and acknowledgement in this paragraph in offering me employment.

10. Non-Complete. I acknowledge that the Company and its affiliates have invested substantial time, money and resources in the development and retention of their respective customers, accounts and Confidential Information. You acknowledge and agree that any and all "goodwill" associated with any customer or account of the Company or any of its affiliates belongs exclusively to the Company and/or its affiliates, as the case may be. I further acknowledge and agree that, during the course of performing services the Company will, and its affiliates may, furnish, disclose or make available to you confidential and proprietary information related to the Company's and its affiliates' business(es) and that the Company and/or one or more affiliates may provide you with unique and specialized training. I also acknowledge that such confidential information and such training have been developed and will be developed by the Company and/or one or more affiliates through the expenditure by the Company and/or one or more affiliates of substantial time, effort and money and that all such confidential information and training could be used by you to compete with the Company and/or one or more affiliates. In recognition of this, you covenant and agree as follows:

(a) I understand and acknowledge that the Company's and its affiliates' business interests are world-wide because the Company's and its affiliates' products and/or services are sold in countries around the world and the Company's and its affiliates' competitors similarly operate from and market their products and/or services in many locations around the world. As used in this Agreement (i) the term "**Company Business**" means the business as described in the Company's Form 10-K for the year ended December 31, 2016 as conducted by the Company or any of its affiliates at any time anywhere in the world during your employment by the Company and (ii) the term "**Competitive Business**" means any Company Business engaged in by any third party anywhere in the world.

(b) From the date hereof until the date that is the second anniversary date of the termination of your employment with the Company (or any Affiliate, as applicable and whichever is later) (the "**Restricted Period**"), I shall not, directly or indirectly, without the prior written consent of the Company, individually or in partnership with, as part of a joint venture with, or otherwise in conjunction in any other manner with any other entity:

(i) be engaged in any manner whatsoever, including, without limitation, as an employee, employer, owner, partner, consultant, adviser, principal, agent, stockholder, member or proprietor, in any Competitive Business;

(ii) either individually or on behalf of or through any third party, solicit, divert or appropriate or attempt to solicit, divert or appropriate, for the purpose of competing with any Company Business, any customers or patrons of any Company Business, or any prospective customers or patrons with respect to which the Company or any Affiliate has developed or made a sales presentation (or similar offering of services); or

(iii) advise, invest in, lend money to, guarantee the debts or obligations of, or otherwise have any other financial interest in any Competitive Business. Notwithstanding the foregoing, I shall be permitted to make wholly passive investments in any publicly held Competitive Business, provided that my direct and indirect ownership shall not exceed 1 % (by voting power) of the aggregate ownership interests in the entity conducting such Competitive Business.

11. No Solicitation.

(a) **No Solicitation of Employees.** I acknowledge the importance to the business carried on by the Company and its affiliates of the human resources engaged and developed by such entities. Accordingly, during the Restricted Period, I covenant and agree that I shall not, directly or indirectly, induce or solicit or assist any third party in inducing or soliciting any employee or consultant of the Company or any affiliate to leave the Company or any affiliate or to accept employment or engagement elsewhere. The Company acknowledges that placing advertisements soliciting employees of the type then employed by the Company or its affiliates in newspapers, Internet job sites and similar media generally accessible to the public shall not be deemed to be a breach of this Section.

(b) **No Solicitation of Clients and Suppliers.** I acknowledge the importance to the business carried on by the Company and its affiliates of the client and supplier relationships developed by it and them and the unique opportunity that your employment or engagement and your access to the Confidential Information offers to interfere with these relationships. Accordingly, during the Restricted Period, I covenant and agree that I shall not after the termination of your employment or engagement with the Company, directly or indirectly, contact or solicit any person who I know to be a prospective, current or former client or supplier of the Company or any affiliate for the purpose of selling to such client or buying from such supplier any Company Business products or services.

12. Notification. I hereby authorize the Company to notify my actual or future employers of the terms of this Agreement and my responsibilities hereunder.

13. Injunctive Relief. I understand that in the event of a breach or threatened breach of this Agreement by me the Company may suffer irreparable harm and will therefore be entitled to injunctive relief to enforce this Agreement.

14. Governing Law; Jurisdiction. This Agreement will be governed by and construed in accordance with the laws of the State of Ohio, without giving effect to that body of laws pertaining to conflict of laws. I hereby submit to the jurisdiction of and consent to suit in the courts, Federal and State located in the State of Ohio with respect to any matter or dispute arising out of this Agreement.

15. Severability. If any provision of this Agreement is determined by any court or arbitrator of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such provision will be enforced to the maximum extent possible given the intent of the parties hereto. If such clause or provision cannot be so enforced, such provision shall be stricken from this Agreement and the remainder of this Agreement shall be enforced as if such invalid, illegal or unenforceable clause or provision had (to the extent not enforceable) never been contained in this Agreement.

16. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered will be deemed an original, and all of which together shall constitute one and the same agreement.

17. Entire Agreement. This Agreement and the documents referred to herein constitute the entire agreement and understanding of the parties with respect to the subject matter of this Agreement, and supersede all prior understandings and agreements, whether oral or written, between or among the parties hereto with respect to the specific subject matter hereof.

18. Amendment and Waivers. This Agreement may be amended only by a written agreement executed by each of the parties hereto. No amendment or waiver of, or modification of any obligation under this Agreement will be enforceable unless set forth in a writing signed by the party against which enforcement is sought. Any amendment effected in accordance with this section will be binding upon all parties hereto and each of their respective successors and assigns. No delay or failure to require performance of any provision of this Agreement shall constitute a waiver of that provision as to that or any other instance. No waiver granted under this Agreement as to any one provision herein shall constitute a subsequent waiver of such provision or of any other provision herein, nor shall it constitute the waiver of any performance other than the actual performance specifically waived.

19. **Successors and Assigns; Assignment.** Except as otherwise provided in this Agreement, this Agreement, and the rights and obligations of the parties hereunder, will be binding upon and inure to the benefit of their respective successors, assigns, heirs, executors, administrators and legal representatives. The Company may assign any of its rights and obligations under this Agreement to any entity which is my employer. No other party to this Agreement may assign, whether voluntarily or by operation of law, any of its rights and obligations under this Agreement, except with the prior written consent of the Company.

20. **Further Assurances.** The parties agree to execute such further documents and instruments and to take such further actions as may be reasonably necessary to carry out the purposes and intent of this Agreement.

SIGNED THIS 19th DAY OF MAY 2017

Name: