

SECURITIES AND EXCHANGE COMMISSION

FORM DEF 14A

Definitive proxy statements

Filing Date: **2021-05-05** | Period of Report: **2021-06-16**  
SEC Accession No. [0001575705-21-000236](#)

[\(HTML Version on secdatabase.com\)](#)

FILER

**AgEagle Aerial Systems Inc.**

CIK:[8504](#) | IRS No.: [880422242](#) | State of Incorporation: **NV** | Fiscal Year End: **1231**  
Type: **DEF 14A** | Act: **34** | File No.: [001-36492](#) | Film No.: **21891896**  
SIC: **3721** Aircraft

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

**SCHEDULE 14A  
(Rule 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**AGEAGLE AERIAL SYSTEMS INC.**

(Name of Registrant as Specified in Its Charter)

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(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

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Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

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**AGEAGLE AERIAL SYSTEMS INC.**

**8833 E. 34th Street North  
Wichita, Kansas 67226**

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**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
to be held June 16, 2021**

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**TO THE SHAREHOLDERS OF AGEAGLE AERIAL SYSTEMS INC.:**

The Annual Meeting of the shareholders (the "Annual Meeting") of AgEagle Aerial Systems Inc., a Nevada corporation (the "Company"), will be held on June 16, 2021, at 11:00 a.m., local time, at 700 NW 1st Avenue, Ste. 1200, Miami, Florida 33136-4118, for the following purposes:

- (1) To elect five directors;
- (2) To approve, on an advisory basis, the compensation of our named executive officers ("say-on-pay");
- (3) To amend the Company's 2017 Omnibus Equity Incentive Plan to increase the number of shares of Common Stock authorized for issuance under the plan to 10,000,000 shares;
- (4) To ratify the appointment of WithumSmith+Brown, PC, as the Company's independent accountants, for the fiscal year ending December 31, 2020; and

(5) To transact any other business as may properly be presented at the Annual Meeting or any adjournment thereof.

Shareholders of record of the Company's common stock at the close of business on April 21, 2021 are entitled to notice of, and to vote at, the Annual Meeting or any adjournment or postponement thereof.

Your attention is directed to the Proxy Statement accompanying this Notice for a more complete statement of matters to be considered at the Annual Meeting.

We are pleased to take advantage of the U.S. Securities and Exchange Commission rule that allows companies to furnish proxy materials primarily over the Internet. We believe that it will expedite shareholders' receipt of proxy materials, lower costs and reduce the environmental impact of distributing proxy materials for our Annual Meeting. We anticipate mailing to our shareholders on or about May 5, 2021 (other than those who previously requested electronic or paper delivery) a Notice of Internet Availability of Proxy Materials (the "Notice") containing instructions on how to access our proxy materials, including our 2021 Proxy Statement and Annual Report to Shareholders for the fiscal year ended December 31, 2020 (the "2020 Annual Report"), over the Internet. The Notice also includes instructions on how you can receive a paper copy of the proxy materials by mail. If you receive your annual meeting materials by mail, the Notice, 2021 Proxy Statement, 2020 Annual Report and proxy card will be enclosed. If you receive your proxy materials via e-mail, the e-mail will contain voting instructions and links to the 2020 Annual Report and 2021 Proxy Statement on the Internet, both of which are available at <https://web.viewproxy.com/uavs/2021>.

**All shareholders are cordially invited to attend the meeting. Whether or not you plan to participate in this year's annual meeting, your vote is very important and we encourage you to vote promptly. After reading the 2021 Proxy Statement, please promptly mark, sign and date the enclosed proxy card and return it by following the instructions on the proxy card or voting instruction card or vote by telephone or by Internet. If you attend the Annual Meeting, you will have the right to revoke the proxy and vote your shares in person. If you hold your shares through an account with a brokerage firm, bank or other nominee, please follow the instructions you receive from your brokerage firm, bank or other nominee to vote your shares.**

By Order of the Board of Directors,

/s/ Barrett Mooney

Barrett Mooney

Chairman of the Board

Dated: May 5, 2021

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**AGEAGLE AERIAL SYSTEMS INC.**

**8833 E 34th Street North  
Wichita, Kansas 67226**

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**PROXY STATEMENT  
for  
Annual Meeting of Shareholders  
to be held June 16, 2021**

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**PROXY SOLICITATION**

The Company is soliciting proxies on behalf of the Board of Directors in connection with the Annual Meeting of the shareholders (the "Annual Meeting") of AgEagle Aerial Systems Inc., a Nevada corporation (the "Company"), will be held on June 16, 2021, at 11:00 a.m., local time, at 700 NW 1st Avenue, Ste. 1200, Miami, Florida 33136-4118, for the following purposes:

- (1) To elect five directors;
- (2) To approve, on an advisory basis, the compensation of our named executive officers (“say-on-pay”);
- (3) To amend the Company’s 2017 Omnibus Equity Incentive Plan to increase the number of shares of Common Stock authorized for issuance under the plan to 10,000,000 shares;
- (4) To ratify the appointment of WithumSmith+Brown, PC, as the Company’s independent accountants, for the fiscal year ending December 31, 2020; and
- (5) To transact any other business as may properly be presented at the Annual Meeting or any adjournment thereof.

The Board of Directors set April 21, 2021 as the record date (the “Record Date”) to determine those holders of common stock, par value \$0.001 per share, of the Company (the “Common Stock”), who are entitled to notice of, and to vote at, the Annual Meeting. A list of the shareholders entitled to vote at the meeting may be examined at the Company’s office at 8833 E 34th Street North, Wichita, Kansas 67226 during the 10-day period preceding the Annual Meeting.

**On or about May 5, 2021, the Company shall mail to all shareholders of record, as of the Record Date, a Notice of Availability of Proxy Materials (the “Notice”). Please carefully review the Notice for information on how to access the Notice of Annual Meeting, Proxy Statement, proxy card and 2020 Annual Report on <https://web.viewproxy.com/uavs/2021>, in addition to instructions on how you may request to receive a paper or email copy of these documents. There is no charge to you for requesting a paper copy of these documents.**

**IMPORTANT:** Please mark, date and sign the enclosed proxy card and promptly return it in the accompanying postage-paid envelope or vote by telephone or by Internet to assure that your shares are represented at the meeting. If you attend the virtual meeting, you may choose to vote online even if you have previously sent in your proxy card.

**IMPORTANT NOTICE REGARDING THE INTERNET AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON JUNE 16, 2021:** Our 2021 Proxy Statement is enclosed. Financial and other information concerning AgEagle Aerial Systems Inc. is contained in our Annual Report to Shareholders for the fiscal year ended December 31, 2020 (“2020 Annual Report”). A complete set of proxy materials relating to our 2021 Annual Meeting, consisting of the Notice of 2021 Annual Meeting of Shareholders, 2021 Proxy Statement, proxy card and 2020 Annual Report, is available on the Internet and may be viewed at <https://web.viewproxy.com/uavs/2021>.

## GENERAL INFORMATION ABOUT VOTING

### Proxy Materials

#### *Why am I receiving these materials?*

The Board of Directors (the “Board”) of AgEagle Aerial Systems Inc. (the “Company”) has made these proxy materials available to you on the Internet, or, upon your request, has delivered printed versions of these materials to you by mail, in connection with the solicitation of proxies for use at the Company’s 2021 Annual meeting of shareholders (the “2021 Annual Meeting”), which will take place on June 16, 2021 at 9:00 a.m. local time at 700 NW 1st Avenue, Ste. 1200, Miami, Florida 33136-4118.

As a shareholder, you are invited to participate in the 2021 Annual Meeting and are requested to vote on the proposals described in this 2021 Proxy Statement (the “2021 Proxy Statement”). This 2021 Proxy Statement includes information that we are required to provide to you under Securities and Exchange Commission (“SEC”) rules and is designed to assist you in voting your shares.

#### *What is included in these materials?*

The proxy materials include:

- our 2021 Proxy Statement for the 2021 Annual Meeting;
- our Annual Report to shareholders, which includes our Annual Report on Form 10-K for the fiscal year ended December 31, 2020 (the “2020 Annual Report”); and
- the proxy card or a voting instruction card for the 2021 Annual Meeting.

***Why did I receive a notice in the mail regarding the Internet availability of the proxy materials instead of a paper copy of the proxy materials?***

In accordance with rules adopted by the SEC, we may furnish proxy materials, including this 2021 Proxy Statement and our 2020 Annual Report, to our shareholders by providing access to such documents over the Internet instead of mailing printed copies. Most shareholders will not receive printed copies of the proxy materials unless they request them. Instead, the Notice of Internet Availability of Proxy Materials (“Notice”), which was mailed to most of our shareholders, will instruct you as to how you may access and review all of the proxy materials on the Internet. If you would like to receive a paper copy of our proxy materials, you should follow the instructions for requesting such materials in the Notice.

***How can I access the proxy materials over the Internet?***

The Notice of Internet Availability, proxy card or voting instructions card will contain instructions on how to:

- access and view our proxy materials for the 2021 Annual Meeting over the Internet; and
- how to vote your shares.

If you choose to receive our future proxy materials electronically, it will save us the cost of printing and mailing documents to you and will reduce the impact of printing and mailing these materials on the environment. If you choose to receive future proxy materials electronically, you will receive an e-mail next year with instructions containing a link to the website where those materials are available. Your election to receive proxy materials electronically will remain in effect until you terminate it.

***How may I obtain a paper copy of the proxy materials?***

Shareholders receiving a Notice will find instructions in that notice about how to obtain a paper copy of the proxy materials. Shareholders receiving a Notice by e-mail will find instructions in that e-mail about how to obtain a paper copy of the proxy materials. Shareholders who have previously submitted a standing request to receive paper copies of our proxy materials will receive a paper copy of the proxy materials by mail.

***What shares are included on the proxy card?***

If you are a shareholder of record, you will receive only one proxy card for all the shares you hold of record in certificate form and in book-entry form. If you are a beneficial owner, you will receive voting instructions from your broker, bank or other holder of record.

***What is “householding” and how does it affect me?***

We have adopted a procedure approved by the SEC called “householding.” Under this procedure, shareholders of record who have the same address and last name and do not participate in electronic delivery of proxy materials will receive only one copy of the Notice of 2021 Annual Meeting of Shareholders, 2021 Proxy Statement and 2020 Annual Report, unless we are notified that one or more of these shareholders wishes to continue receiving individual copies. This procedure will reduce our printing costs and postage fees.

Shareholders who participate in householding will continue to receive separate proxy cards.

If you are eligible for householding, but you and other shareholders of record with whom you share an address currently receive multiple copies of the Notice of 2021 Annual Meeting of Shareholders, 2021 Proxy Statement and 2020 Annual Report, or if you hold stock of the Company in more than one account, and in either case you wish to receive only a single copy of each of these documents for your household, please contact the Corporate Secretary of the Company by sending a written request to AgEagle Aerial Systems, Inc., Corporate Secretary, 8833 E 34th Street North, Wichita, Kansas 67226.

If you participate in householding and wish to receive, free of charge, a separate copy of the Notice of 2021 Annual Meeting of Shareholders, 2021 Proxy Statement and 2020 Annual Report, or if you do not wish to continue to participate in householding and prefer to receive separate copies of these documents in the future, please contact the Corporate Secretary of the Company, as set forth above.

If you are a beneficial owner, you can request information about householding from your broker, bank or other holder of record.

## **Voting Information**

### ***What items of business will be voted on at the 2021 Annual Meeting?***

The items of business scheduled to be voted on at the 2021 Annual Meeting are:

- (1) To elect five Directors to hold office until the next annual meeting and until their respective successors are elected and qualified.
- (2) To approve, on an advisory basis, the compensation of our named executive officers (“say-on-pay”);
- (3) To amend the Company’s 2017 Omnibus Equity Incentive Plan to increase the number of shares of Common Stock authorized for issuance under the plan to 10,000,000 shares; and
- (4) To ratify the appointment of WithumSmith+Brown, PC, as the Company’s independent accountants, for the fiscal year ending December 31, 2020.

We will also consider any other business that properly comes before the 2021 Annual Meeting.

### ***How does the Board recommend that I vote?***

The Board unanimously recommends that you vote your shares:

- “FOR” the election of each of the nominees for Director listed in Proposal No. 1.
- “FOR” the non-binding advisory vote to approve the compensation of our named executive officers;
- “FOR” the amendment to 2017 Omnibus Equity Incentive Plan; and
- “FOR” the ratification of the appointment of WithumSmith+Brown, PC as our independent registered public accounting firm for the fiscal year ending December 31, 2020.

### ***Who is entitled to vote at the 2021 Annual Meeting?***

Only shareholders of record at the close of business on April 21, 2021 (the “Record Date”) will be entitled to vote at the 2021 Annual Meeting. As of the Record Date, 67,824,960 shares of the Company’s common stock were outstanding and entitled to vote. Each share of our common stock outstanding on the Record Date is entitled to one vote on each of the five director nominees and one vote on each other matter.

### ***Is there a list of shareholders entitled to vote at the Annual Meeting?***

The names of shareholders of record entitled to vote at the 2021 Annual Meeting will be available for ten days prior to the 2021 Annual Meeting at our principal executive offices at 8833 E 34th Street North, Wichita, Kansas 67226. If you would like to examine the list for any purpose germane to the 2021 Annual Meeting prior to the meeting date, please contact our Corporate Secretary.

### ***How can I vote if I own shares directly?***

Most shareholders do not own shares registered directly in their name, but rather are “beneficial holders” of shares held in a stock brokerage account or by a bank or other nominee (that is, shares held “in street name”). Those shareholders should refer to “How can I vote if my shares are held in a stock brokerage account, or by a bank or other nominee?” below for instructions regarding how to vote their shares.

If, however, your shares are registered directly in your name with our transfer agent, Computershare, you are considered, with respect to those shares, the shareholder of record, and these proxy materials are being sent directly to you. You may vote in the following ways:

- ***By Mail:*** Votes may be cast by mail, as long as the proxy card or voting instruction card is delivered in accordance with its instructions prior to 4:00 p.m., Eastern Time, on June 15, 2021. Shareholders who have received a paper copy of a proxy card or voting instruction card by mail may submit proxies by completing, signing and dating their proxy card or voting instruction card and mailing it in the accompanying pre-addressed envelope.
- ***By Attending the Meeting:*** We are holding the 2021 Annual Meeting in person. As a shareholder of record, if you attend you may cast your vote by ballot, which will be available at the meeting. If you are a beneficial owner of shares, you may not vote these shares in person unless you obtain a legal proxy from your brokerage firm or bank.

- ***By Phone or Internet:*** Shareholders may vote by phone or Internet by following the instructions included in the proxy card they received. Your vote must be received by 11:59 p.m., Eastern Time on June 15, 2021 to be counted. If you received a Notice by mail, you may vote by proxy over the Internet by going to [www.fcvote.com/UAWS](http://www.fcvote.com/UAWS) to complete an electronic proxy card or vote your proxy by phone by calling 1 866-402-3905. Have your proxy card available when you access the website or when you call. We provide Internet and telephone proxy voting to allow you to vote your shares on-line or by phone, with procedures designed to ensure the authenticity and correctness of your proxy vote instructions. However, please be aware that you must bear any costs or usage charges from Internet access providers and telephone companies.

If you vote by proxy, your vote must be received by 11:59 p.m. U.S. Eastern Standard Time on June 15, 2021 to be counted.

Whichever method you select to transmit your instructions, the proxy holders will vote your shares in accordance with those instructions. If no specific instructions are given, the shares will be voted in accordance with the recommendation of our Board and as the proxy holders may determine in their discretion with respect to any other matters that properly come before the meeting.

### ***How can I vote if my shares are held in a stock brokerage account, or by a bank or other nominee?***

If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the “beneficial owner” of shares held in “street name,” and your broker or nominee is considered the “shareholder of record” with respect to those shares. Your broker or nominee should be forwarding these proxy materials to you. As the beneficial owner, you have the right to direct your broker, bank or other nominee how to vote, and you are also invited to participate in the 2021 Annual Meeting. However, since you are not the shareholder of record, you may not vote these shares in person unless you obtain a legal proxy from your brokerage firm or bank. If a broker, bank or other nominee holds your shares, you will receive instructions from them that you must follow in order to have your shares voted.

### ***What is a quorum for the Annual Meeting?***

The presence of the holders of stock representing a majority of the voting power of all shares of stock issued and outstanding as of the Record Date, is necessary to constitute a quorum for the transaction of business at the 2021 Annual Meeting. Your shares will be



counted towards the quorum only if you submit a valid proxy (or one is submitted on your behalf by your broker) or if you participate in, and vote by ballot at, the 2021 Annual Meeting. Abstentions and broker non-votes will be counted as present for purposes of determining a quorum.

***What is the voting requirement to approve each of the proposals?***

<b>Proposal</b>	<b>Vote Required</b>	<b>Broker Discretionary Voting Allowed</b>
No. 1 - Election of Directors	Director nominees receiving the highest number of “FOR” votes	No
No. 2 - Say on Pay Proposal	Majority vote of shares present and entitled to vote in person or by proxy	No
No. 3 –Amendment to the Equity Incentive Plan	Majority vote of shares present and entitled to vote in person or by proxy	No
No. 4 - Ratification of Appointment of WithumSmith+Brown, PC	Majority vote of shares present and entitled to vote in person or by proxy	Yes

For the election of Directors, the five Director nominees who receive the highest number of “FOR” votes will be elected as Directors. You may vote “FOR” or “WITHHOLD” with respect to each Director nominee. Votes that are withheld will be excluded entirely from the vote with respect to the nominee from which they are withheld and will have the same effect as an abstention. The Say on Pay Proposal, the amendment to the Equity Incentive Plan and ratification of the appointment WithumSmith+Brown, PC each requires the affirmative vote of a majority of the shares present and entitled to vote either in person or by proxy.

***What is the effect of abstentions and broker non-votes?***

Shares not present at the meeting and shares voted “WITHHOLD” will have no effect on the election of Directors. For the amendment to the Equity Incentive Plan, the Say on Pay Proposal and the ratification of the appointment of WithumSmith+Brown, PC, abstentions will have the same effect as an “AGAINST” vote while broker non-votes will not be counted as votes cast and, accordingly, will not have an effect on such matters.

If you are a beneficial owner and hold your shares in “street name” in an account at a bank or brokerage firm, it is critical that you cast your vote if you want it to count in the election of Directors, the Say on Pay Proposal or the amendment to the Equity Incentive Plan. Under the rules governing banks and brokers who submit a proxy card with respect to shares held in “street name,” such banks and brokers have the discretion to vote on routine matters, but not on non-routine matters. Routine matters include the ratification of auditors. Non-routine matters include the election of Directors, advisory votes such as the Say on Pay Proposal and the amendment to the Equity Incentive Plan. Banks and brokers may not vote on the election of Directors proposal, the Say on Pay Proposal or the amendment to the Equity Incentive Plan if you do not provide specific voting instructions. Accordingly, we encourage you to vote promptly, even if you plan to participate in the 2021 Annual Meeting. In tabulating the voting results for any particular proposal, shares that constitute broker non-votes are not considered entitled to vote on that proposal.

***Can I change my vote or revoke my proxy?***

Subject to any rules and deadlines your broker, trustee or nominee may have, you may change your proxy instructions at any time before your proxy is voted at the 2021 Annual Meeting. If you are a shareholder of record, you may change your vote by (1) delivering to the Company’s Corporate Secretary, prior to your shares being voted at the 2021 Annual Meeting, a written notice of revocation dated later than the prior proxy card relating to the same shares, (2) delivering a valid, later-dated proxy in a timely manner, (3) attending the 2021 Annual Meeting and voting by ballot (although attendance at the 2021 Annual Meeting will not, by itself, revoke a proxy), or (4) voting again via phone or Internet at a later date.

If you are a beneficial owner of shares held in street name, you may change your vote (1) by submitting new voting instructions to your broker, trustee or other nominee, or (2) if you have obtained a legal proxy from the broker, trustee or other nominee that holds your shares giving you the right to vote the shares and provided a copy to our transfer agent and registrar, Equiniti, together with your email address as described below, by attending the 2021 Annual Meeting and voting by ballot.

Any written notice of revocation or subsequent proxy card must be received by the Company's Corporate Secretary prior to the taking of the vote at the 2021 Annual Meeting.

***What happens if additional matters are presented at the 2021 Annual Meeting?***

If any other matters are properly presented for consideration at the 2021 Annual Meeting, including, among other things, consideration of a motion to adjourn the 2021 Annual Meeting to another time or venue (including, without limitation, for the purpose of soliciting additional proxies), the persons named in the proxy card and acting thereunder will have discretion to vote on those matters in accordance with their best judgment. The Company does not currently anticipate that any other matters will be raised at the 2021 Annual Meeting.

***Who will bear the cost of soliciting votes for the 2021 Annual Meeting?***

The Company will bear the cost of preparing, assembling, printing, mailing and distributing these proxy materials and soliciting votes. If you access the proxy materials over the Internet, you are responsible for Internet access charges you may incur. In addition, we will request banks, brokers and other intermediaries holding shares of our common stock beneficially owned by others to obtain proxies from the beneficial owners and will reimburse them for their reasonable expenses in so doing. Solicitation of proxies by mail may be supplemented by telephone, by electronic communications and personal solicitation by our officers, Directors and employees. No additional compensation will be paid to our officers, Directors or employees for such solicitation.

Proxies with respect to the Annual Meeting may be solicited by telephone, by mail, on the internet or in person. AgEagle has engaged Alliance Advisors to assist in the solicitation of proxies.

***Who Can Answer Your Questions About Voting Your Shares?***

If you are a holder of AgEagle's shares and have any questions about how to vote or direct a vote in respect of your securities, you may call Alliance Advisors, AgEagle's proxy solicitor, at 866-620-1197 (toll free); or email at [UAVS@AllianceAdvisors.com](mailto:UAVS@AllianceAdvisors.com).

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information regarding beneficial ownership of the Common Stock, as of April 21, 2021, the record date of the meeting, by each of the Company's nominees for director, and executive officers; all executive officers and directors as a group, and each person known to the Company to own beneficially more than 5% of the Common Stock. Except as otherwise noted, the persons identified have sole voting and investment power with respect to their shares. There are 67,824,960 shares of Common Stock issued and outstanding as of the Record Date.

<b>Name and Address of Beneficial Owner<sup>(1)</sup></b>	<b>Number of Shares<sup>(2)</sup></b>	<b>Percent of Class</b>
Barrett Mooney <i>Chairman of the Board &amp; Former Chief Executive Officer<sup>(3)</sup></i>	278,262	*0%
Michael Drozd <i>Chief Executive Officer<sup>(3)</sup></i>	43,908	*0%
Nicole Fernandez-McGovern <i>Chief Financial Officer &amp; EVP of Operations<sup>(3)</sup></i>	407,966	*0%
Brandon Torres Delet <i>Chief Operating Officer &amp; Executive Director<sup>(4)</sup></i>	571,366	*0%
Grant Begley <i>Director<sup>(3)</sup></i>	197,206	*0%
Thomas Gardner <i>Director<sup>(3)</sup></i>	88,726	*0%
Luisa Ingargiola <i>Director<sup>(3)</sup></i>	106,979	*0%

\* Represents less than one percent

- (1) Unless otherwise indicated, such individual's address is c/o AgEagle Aerial Systems Inc., 8833 E. 34<sup>th</sup> Street North, Wichita, Kansas 67226.

- (2) The persons named in this table have sole voting and investment power with respect to all shares of Common Stock reflected as beneficially owned by them. A person is deemed to be the beneficial owner of securities that can be acquired by such person within sixty (60) days from April 21, 2021 and the total outstanding shares used to calculate each beneficial owner's percentage includes such shares, although such shares are not taken into account in the calculations of the total number of shares or percentage of outstanding shares. Beneficial ownership as reported does not include shares subject to option or conversion that are not exercisable within 60 days of April 21, 2021.

- (3) All shares reflected are those shares of common stock which underlie options issued and fully vested, as of April 21, 2021.

- (4) Represents shares of common stock.

## PROPOSAL 1

### ELECTION OF DIRECTORS

#### Nominees of the Board of Directors

The Board of Directors has nominated the persons identified below for election as directors, to serve until the next annual meeting at which time their successors have been elected and qualified. Directors are elected by a plurality of votes cast. If any nominee becomes unavailable for election, which is not expected, the persons named in the accompanying proxy intend to vote for any substitute whom the Board nominates.

Name	Age	Other positions with the Company	Has served as the Company director since
Barrett Mooney	36	Chairman of the Board	May 2020
Grant Begley <sup>(1)(2)(3)</sup>	67	Director	June 2016
Louisa Ingargiola <sup>(1)(2)(3)</sup>	53	Director	November 2018
Thomas Gardner <sup>(1)(2)(3)</sup>	45	Director	June 2016
Brandon Torres Declet	45	Director	April 19, 2021

- (1) Member of the audit committee.  
 (2) Member of the compensation committee.  
 (3) Member of the nominating and corporate governance committee.

**Barrett Mooney.** Mr. Mooney was appointed as Chairman of the Board effective as of May 5, 2020. Prior to that Mr. Mooney served as Chief Executive Officer from July 2018 to May 2020. From May 2017 to July 2018, he served as Group Product Lead for The Climate Corporation, a subsidiary of Monsanto (recently acquired by Bayer), where he led the satellite imagery team, managed a team focused on using artificial intelligence to enhance crop yield production and introduced a new organizational structure to improve sales efficiency. Prior to The Climate Corporation, from July 2012 to May 2017, Mr. Mooney co-founded and was CEO and president of HydroBio, a software company that used satellite-driven image analytics to conserve water and maximize crop yields. In May 2017, he sold HydroBio to The Climate Corporation. Mr. Mooney holds a Doctor of Philosophy in Agricultural and Biological Engineering from the University of Florida. He is also a member of the American Society of Agricultural and Biological Engineers. The Company believes that Mr. Mooney's extensive experience in technological advances in agriculture is a vital asset to the Company.

**Grant Begley.** Mr. Begley has served as a member of the Board of Directors of the Company since June 2016. Since July 2011, Mr. Begley has served as President of Concepts to Capabilities Consulting LLC, which advises global executive clients on competitive positioning and performance in aerospace. From August 2010 to September 2011, Mr. Begley was Corporate Senior Vice President for Alion Science and Technology. Prior to Alion, Mr. Begley served as Pentagon Senior Advisor to the Office of the Under Secretary of Defense, for Unmanned Systems, advising on critical issues and leading development of DoD's 2011 Unmanned Systems Roadmap. Mr. Begley's career includes defense industry leadership positions for the development of advanced capabilities with Raytheon and Lockheed Martin where he initiated and led cross-corporation unmanned systems and robotics successes. Mr. Begley served in the United States Navy for 26 years, where his duties included operational assignments flying fighter aircraft, designated Top Gun, followed by acquisition assignments for the development and management of next generation manned and unmanned aircraft systems, weapon systems and joint executive acquisition assignments. Mr. Begley holds Master's degrees in Aerospace and Aeronautic Engineering from the Naval Post-Graduate School and a Bachelor's degree in General Engineering from the U.S. Naval Academy. The Company believes that Mr. Begley's 20 plus years of experience as a UAV industry expert, focused on UAV technologies, regulations and commercial applications, will be an invaluable resource to the Board of Directors.

**Louisa Ingargiola.** Ms. Ingargiola has served as a member of the Board of Directors of the Company since November 27, 2018. In 1990, Ms. Ingargiola joined Boston Capital Partners as an Investment Advisor in their Limited Partnership Division. In this capacity, she worked with investors and partners to report investment results, file tax forms, and recommend investments. In 1992, Ms. Ingargiola joined MetLife Insurance Company as a Budget and Expense Manager. In this capacity she managed a \$30 million annual budget. Her responsibilities included budget implementation, expense and variance analysis and financial reporting. From 2007 through 2016, Ms. Ingargiola served as the Chief Financial Officer at MagneGas Corporation (NASDAQ: MNGA) and continues to serve as a director. Ms. Ingargiola currently serves as Chief Financial Officer of Avalon-Globocare (NASDAQ:AVCO) and as the Audit Committee Chair of FTE Networks, Inc. (NYSE:FTNW) and Electra Meccanica (NASDAQ:SOLO) where she has helped manage over \$200 Million in equity and debt financing. Ms. Ingargiola also serves as a Director of The JBF Foundation Worldwide, a 501(c)(3) non-profit. Ms. Ingargiola graduated in 1989 from Boston University with a Bachelor's degree in Business Administration and a concentration in Finance. In 1996, she received her MBA in Health Administration from the University of South Florida. The Company believes that Ms. Ingargiola's extensive experience in finance, accounting and investments is a significant asset to the Board of Directors.

**Thomas Gardner.** Mr. Gardner has served as a member of the Board of Directors since June 2016 and he and his firm has been engaged as a consultant to the Company. Since May 2010, Mr. Gardner has served as COO and Director at NeuEon, Inc., a technology advisory consulting firm, where he oversees operations and provides strategic technology and business guidance to select clients. Mr. Gardner has extensive experience in the areas of business and technology leadership across many industries, including financial services, manufacturing, telecommunications, and consumer goods. Within these sectors, Mr. Gardner has specific expertise in the areas of process improvement, digitization and standardization, mergers and acquisitions, system implementations, enterprise resource planning and work-force optimization. Mr. Gardner holds a dual Bachelor of Science in Accounting and Management from Bryant University. The Company believes that Mr. Gardner's experience as a data analytics expert, along with his strategic technology and business expertise, brings a unique perspective to the Board of Directors.

**Brandon Torres Delet.** Mr. Torres Delet was named Chief Operating Officer and a member of the Board of Directors following AgEagle's acquisition of Measure Global Inc. in April 2021. In 2014, he co-founded Measure, an award-winning aerial intelligence company. In addition to his responsibilities as COO of AgEagle, Mr. Torres Delet also leads Measure as the Subsidiary's President. Prior to founding Measure, he established and managed the Defense and Homeland Security government relations practice at McAllister & Quinn, a Washington, D.C.-based consulting firm. Previously, he served as Counsel on Capitol Hill to Senator Dianne Feinstein and Congresswoman Jane Harman; led the intelligence program at the NYPD Counter Terrorism Bureau under Police Commissioner Ray Kelly; and coordinated drone policy for the DoD and Homeland Security. Mr. Torres Delet served on the UAS Registration Task Force Aviation Rulemaking Committee and authored a precedent-setting Section 333 exemption. In January 2021, he was appointed to the FAA's Drone Advisory Committee. He was also named a Senior Advisor to Oxford University's Centre for Technology and Global Affairs in 2018 and has been recognized as a "Tech Titan" by Washingtonian Magazine. Mr. Torres Delet holds a J.D. from Fordham University School of Law, an L.L.M. from Georgetown University Law Center and a B.A. from Union College.

The Board of Directors has reviewed the independence of the directors based on the listing standards of the NYSE American. Based on this review, the Board of Directors determined that each of Grant Begley, Luisa Ingargiola and Thomas Gardner are independent within the meaning of the NYSE American. In making this determination, the Board of Directors considered the relationships that each of these non-employee directors has with the Company and all other facts and circumstances the Board of Directors deemed relevant in determining their independence.

## Board Operations

The positions of principal executive officer and chairman of the Board of Directors of the Company are held by different persons. The chairman of the Board chairs the Board and shareholder meetings and participates in preparing their agendas. Given the limited number of directors comprising the Board, the independent directors call, plan, and chair their executive sessions collaboratively and, between board meetings, communicate with management and one another directly. The Company believes that these arrangements afford the independent directors sufficient resources to supervise management effectively, without being overly engaged in day-to-day operations.

## Risk Oversight

The Board of Directors oversees a company-wide approach to risk management. The Board of Directors assists management to determine the appropriate risk level for the Company generally, assess the specific risks faced by the Company and reviews the steps taken by management to manage those risks. While the Board has ultimate oversight responsibility for the risk management process, its committees will oversee risk in certain specified areas.

Specifically, the Compensation Committee is responsible for overseeing the management of risks relating to the Company's executive compensation plans and arrangements, and the incentives created by the compensation awards it administers. The Audit Committee will oversee management of enterprise risks and financial risks, as well as potential conflicts of interests. The Board of Directors is responsible for overseeing the management of risks associated with the independence of the Board of Directors.

## Board Committees

The Board of Directors has standing audit, compensation, and nominating committees, comprised solely of independent directors. Each committee has a charter, which is available at the Company's website, [www.ageagle.com](http://www.ageagle.com). Each committee member is independent under NYSE American committee independence requirements applicable to the committee on which such member serves.

### *Audit Committee*

The Audit Committee, which is established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, is responsible for assisting the Board of Directors in its oversight of the integrity of the Company's financial statements, the qualifications and independence of the Company's independent auditors, and the Company's internal financial and accounting controls. The Audit Committee has direct responsibility for the appointment, compensation, retention (including termination) and oversight of the Company's independent auditors, and the Company's independent auditors report directly to the Audit Committee.

The current members of the Audit Committee are Luisa Ingargiola, Chair, Grant Begley, and Thomas Gardner. Each member of the Audit Committee qualifies as an independent director under the corporate governance standards of the NYSE American and the independence requirements of Rule 10A-3 of the Exchange Act. The Board of Directors has determined that Luisa Ingargiola qualifies as an "audit committee financial expert" as such term is currently defined in Item 407(d)(5) of Regulation S-K and meets the financial sophistication requirements of the NYSE American.

For the fiscal year ending December 31, 2020, the Audit Committee held four meetings.

### *Audit Committee Report*

With respect to the audit of the Company's financial statements for the year ended December 31, 2020, the members of the Audit Committee:

- reviewed and discussed the audited financial statements with management;
- discussed with Company's independent accountants the matters required to be discussed by the applicable requirements of the Public Company Accounting Oversight Board ("PCAOB") and the Commission; and

- received the written disclosures and the letter from the independent accountant required by applicable requirements of the PCAOB regarding the independent accountant's communications with the Audit Committee concerning independence and has discussed with the independent accountant the independent accountant's independence.

Based on these reviews and discussions, the Audit Committee recommended to the Board of Directors of the Company that the audited financial statements be included in Company's annual report on Form 10-K for the year ended December 31, 2020.

Luisa Ingargiola, Chair  
Grant Begley  
Thomas Gardner

### *Compensation Committee*

The Compensation Committee approves the compensation objectives for the Company, approves the compensation of the chief executive officer and approves or recommends to the Board of Directors for approval the compensation of other executives. The Compensation Committee reviews all compensation components, including base salary, bonus, benefits and other perquisites.

For the fiscal year ending December 31, 2020, the Compensation Committee held four meetings.

The members of the compensation committee are Messrs. Begley and Gardner and Ms. Ingargiola. Mr. Begley serves as chair of the compensation committee. Each member of the compensation committee is a non-employee director within the meaning of Rule 16b-3 of the rules promulgated under the Exchange Act, each is an outside director as defined by Section 162(m) of the United States Internal Revenue Code of 1986, as amended, or the Code, and each is an independent director as defined by the NYSE American. The compensation committee has adopted a written charter that satisfies the applicable standards of the SEC and the NYSE American, which is available on our website.

### **Compensation Committee Interlocks and Insider Participation**

None of the members of the Compensation Committee has ever been an officer or employee of the Company. None of the Company's executive officers serves, or has served since inception, as a member of the board of directors, compensation committee or other board committee performing equivalent functions of any entity that has one or more executive officers serving as one of the Company's directors or on the Company's compensation committee.

### *Nominating and Corporate Governance Committee*

The Nominating and Corporate Governance Committee is responsible for making recommendations to the Board of Directors regarding candidates for directorships and the structure and composition of the Board of Directors and the board committees. In addition, the Nominating and Corporate Governance Committee will be responsible for developing and recommending to the Board corporate governance guidelines applicable to the company and advising the Board on corporate governance matters. The current members of the Nominating and Corporate Governance Committee are Thomas Gardner, Chairman, Louisa Ingargiola, and Grant Begley.

The Nominating and Corporate Governance Committee will consider director candidates recommended by security holders. Potential nominees to the Board of Directors are required to have such experience in business or financial matters as would make such nominee an asset to the Board of Directors and may, under certain circumstances, be required to be "independent", as such term is defined under Section 121(a) of the listing standards of NYSE American and applicable SEC regulations. Security holders wishing to submit the name of a person as a potential nominee to the Board of Directors must send the name, address, and a brief (no more than 500 words) biographical description of such potential nominee to the Nominating and Corporate Governance Committee at the following address: Nominating and Corporate Governance Committee of the Board of Directors, c/o AgEagle Aerial Systems Inc., 8833 E. 34th Street North, Wichita, Kansas 67226. Potential director nominees will be evaluated by personal interview, such interview to be conducted by one or more members of the Nominating and Corporate Governance Committee, and/or any other method the Nominating and Corporate Governance Committee deems appropriate, which may, but need not, include a questionnaire. The Nominating and Corporate Governance Committee may solicit or receive information concerning potential nominees from any source it deems appropriate. The Nominating and Corporate Governance Committee need not engage in an evaluation process unless (i) there is a vacancy on the Board of Directors, (ii) a director is not standing for re-election, or (iii) the Nominating and Corporate Governance Committee does not intend

to recommend the nomination of a sitting director for re-election. A potential director nominee recommended by a security holder will not be evaluated differently from any other potential nominee. Although it has not done so in the past, the Nominating and Corporate Governance Committee may retain search firms to assist in identifying suitable director candidates.

The Board does not have a formal policy on Board candidate qualifications. The Board may consider those factors it deems appropriate in evaluating director nominees made either by the Board or shareholders, including judgment, skill, strength of character, experience with businesses and organizations comparable in size or scope to the Company, experience and skill relative to other Board members, and specialized knowledge or experience. Depending upon the current needs of the Board, certain factors may be weighed more or less heavily. In considering candidates for the Board, the directors evaluate the entirety of each candidate's credentials and do not have any specific minimum qualifications that must be met. The directors will consider candidates from any reasonable source, including current Board members, shareholders, professional search firms or other persons. The directors will not evaluate candidates differently based on who has made the recommendation.

For the fiscal year ending December 31, 2020, the Nominating and Corporate Governance Committee held no meetings and acted by unanimous written consent on one occasion.

### Shareholder Communications

Shareholders can mail communications to the Board of Directors, c/o Secretary, AgEagle Aerial Systems Inc., 8833 E. 34<sup>th</sup> Street North, Wichita, Kansas 67226, who will forward the correspondence to each addressee.

### Delinquent Section 16(a) Reports

Section 16(a) of the Securities Exchange Act of 1934 requires Company's directors and executive officers and any beneficial owner of more than 10% of any class of Company equity security to file reports of ownership and changes in ownership with the Securities and Exchange Commission. Based solely on the Company's review only of Section 16 reports that have been filed on EDGAR Company believes that during 2020, the following reports were not filed or untimely filed:

Name	Late Reports	Transactions Covered	Number of Shares
Barrett Mooney	Form 4	Acquisition of Stock Options	25,000
Michael Drozd	Form 4	Acquisition of Stock Options	140,000
Thomas Gardner	Form 4	Acquisition of Stock Options	25,000
Luisa Ingargiola	Form 4	Acquisition of Stock Options	25,000
Nicole Fernandez-McGovern	Form 4	Acquisition of Stock Options	140,000

### EXECUTIVE OFFICERS

The following sets forth, the names and ages of our Named Executive Officers as of the date hereof, their respective positions and offices, and their respective prior principal occupations or brief employment history.

Name	Age	Position
Michael Drozd	54	Chief Executive Officer
Nicole Fernandez-McGovern	48	Chief Financial Officer
Brandon Torres Delet*	45	Chief Operating Officer

\* Mr. Torres Decllet joined the Company as Chief Operating Officer in 2021 and, therefore, was not a Named Executive Officer during the fiscal year ended December 31, 2020.

**Michael Drozd.** Mr. Drozd has served as Chief Executive Officer since May 18, 2020. From October 2019 through May 2020, Mr. Drozd served as Chief Executive Officer of Ryte Brands, a vertically-integrated hemp and CBD company that owns the farm, the processing, and consumer facing brands. From September 2015 through October 2019, Mr. Drozd served as President of Eurofins AgBio Division, a global business focused primarily on testing for the agriculture sector (seed, plant and animals) with an emphasis on using genetic analysis. From November 2014 until September 2015, he was Chief Operating Officer of Arbiom, a French biotechnology company where he restructured the organization, materially increasing overall efficiency and improving resource allocations through numerous measured steps and initiatives. Mr. Drozd served as President and CEO of Aseptia/Wright Foods from January 2011 through July 2014, a leading technology company in shelf-stable food processing and co-packaging.

**Nicole Fernandez-McGovern.** Ms. Fernandez-McGovern has served as Chief Financial Officer since April 2016. From April 2013 to January 2016, Ms. Fernandez-McGovern served as the CEO and CFO of Trunity Holdings, Inc. (OTCQB: TNTY), where she was able to lead a successful restructuring of the company by acquiring a new compounding pharmacy business and finalizing the spin-out of the legacy educational business into a newly formed private company. From January 2011 to April 2013, Ms. Fernandez-McGovern was President of RCM Financial Consulting, a consulting firm where she provided interim accounting and financial services to small and medium sized companies. Ms. Fernandez-McGovern was also a financial manager at Elizabeth Arden, Inc. (NASDAQ: RDEN) from July 2001 to October 2010, where she was involved in all aspects of the SEC and financial reporting process. Her career began with KPMG LLP in the audit and assurance practice where she managed various large scale engagements for both public and privately held companies. Ms. Fernandez-McGovern has a Master of Business Administration with a concentration in Accounting and International Business and a Bachelor of Business Administration with a concentration in accounting, both from the University of Miami. She is also a Certified Public Accountant in the State of Florida, serves on the boards of the South Florida Chapter of Financial Executives International and Pembroke Pines Charter Schools Advisory Board and is fluent in Spanish.

**Brandon Torres Decllet.** Mr. Torres Decllet was named Chief Operating Officer and a member of the Board of Directors following AgEagle’s acquisition of Measure Global Inc. in April 2021. In 2014, he co-founded Measure, an award-winning aerial intelligence company. In addition to his responsibilities as COO of AgEagle, Mr. Torres Decllet also leads Measure as the Subsidiary’s President. Prior to founding Measure, he established and managed the Defense and Homeland Security government relations practice at McAllister & Quinn, a Washington, D.C.-based consulting firm. Previously, he served as Counsel on Capitol Hill to Senator Dianne Feinstein and Congresswoman Jane Harman; led the intelligence program at the NYPD Counter Terrorism Bureau under Police Commissioner Ray Kelly; and coordinated drone policy for the DoD and Homeland Security. Mr. Torres Decllet served on the UAS Registration Task Force Aviation Rulemaking Committee and authored a precedent-setting Section 333 exemption. In January 2021, he was appointed to the FAA’s Drone Advisory Committee. He was also named a Senior Advisor to Oxford University’s Centre for Technology and Global Affairs in 2018 and has been recognized as a “Tech Titan” by Washingtonian Magazine. Mr. Torres Decllet holds a J.D. from Fordham University School of Law, an L.L.M. from Georgetown University Law Center and a B.A. from Union College.

## Executive Compensation

### Summary Compensation Table

The following table sets forth information regarding compensation of the Named Executive Officers for each of the two fiscal years in the period ended December 31, 2020.

Name & Principal Position	Year	Salary	Bonus	Stock Awards <sup>(2)</sup>	Option Awards <sup>(3)</sup>	All Other Compensation <sup>(5)</sup>	Total
Barrett Mooney <sup>(1)</sup>	2020	\$ 57,539	\$ —	\$ 35,000	\$ 128,338	\$ 66,500	\$ 287,377
Chairman of the Board & Former Chief Executive Officer	2019	\$ 220,000	\$ 12,000	\$ —	\$ 99,547	\$ —	\$ 331,547
Nicole Fernandez-McGovern	2020	\$ 206,692	\$ 75,000	\$ 24,500	\$ 522,928	\$ —	\$ 829,120
Chief Financial Officer & EVP of Operations	2019	\$ 180,000	\$ 7,000	\$ —	\$ 84,640	\$ —	\$ 271,640
J. Michael Drozd <sup>(4)</sup>	2020	\$ 148,231	\$ 12,000	\$ 134,000	\$ 420,465	\$ —	\$ 714,696



<i>Chief Executive Officer</i>	2019	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Bret Chilcott <sup>(6)</sup>	2020	\$141,077	\$ —	\$ —	\$ —	\$ —	\$141,077
<i>Former Chairman of the Board, Former President and Former Secretary</i>	2019	\$140,000	\$ —	\$ —	\$ —	\$ —	\$140,000

- (1) Barrett Mooney was appointed as Chief Executive Officer of the Company effective July 18, 2018; and resigned from the position in May 2020. Simultaneous with his stepping down as CEO, Mr. Mooney was appointed as the new Chairman of the Board, replacing Mr. Chilcott.
- (2) Represents restricted stock units granted to Mr. Drozd, Mr. Mooney, and Ms. Fernandez-McGovern.
- (3) The aggregate grant date fair value of the options awarded to each executive officer is computed in accordance with FASB ASC Topic 718 and excludes the effect of forfeiture assumptions. Also, these awards generally vest over a one period from the date of grant. The assumptions used to calculate the fair value of stock option awards are Black-Scholes option valuation model.
- (4) J. Michael Drozd joined AgEagle in May 2020 upon his appointment as the Company’s new Chief Executive Officer, replacing Mr. Mooney.
- (5) Represents consulting fees paid to Mr. Mooney following his resignation as Chief Executive Officer effective May 2020. Mr. Mooney agreed to provide consulting services to the Company, as needed, at a fixed fee of \$4,500 per month on a month-to-month basis, plus reimbursement for travel expenses. On July 20, 2020, the Board of Directors, upon recommendation of the Compensation Committee, increased Mr. Mooney’s monthly fee for consulting services to \$10,000 from \$4,500 per month, which commenced on August 1, 2020 and ending on November 30, 2020.
- (6) Bret Chilcott served as our Chairman of the Board and President in 2019 but resigned as an officer and director in May 2020.

## Employment Agreements

### *Barrett Mooney*

Pursuant to an employment offer letter dated July 9, 2018, Mr. Mooney received compensation for his services as Chief Executive Officer a base salary of \$220,000 per year, which was subject to annual performance review by the Compensation Committee of the Board and could be revised by the Board, in its sole discretion. Mr. Mooney received an initial grant of 75,000 shares of restricted Common Stock of the Company which is fully vested. Mr. Mooney was also eligible to receive an award of 75,000 shares of restricted Common Stock of the Company, which was eligible for full vesting on January 1, 2019 if, and only if, the stock price of the Company reached \$3.55 per share and the closing price per share was at or above such price at the end of the day on January 1, 2019. In addition, Mr. Mooney was eligible to receive an award of 20,000 nonqualified stock options under the Company’s 2017 Omnibus Equity Incentive Plan (the “Equity Plan”) upon securing one sustainability pilot program on or before October 31, 2018, and an additional award of 30,000 nonqualified stock options under the Equity Plan upon securing a second sustainability pilot program on or before January 31, 2019. Both awards provided for immediate vesting and exercisability at an exercise price equal to the fair market value of the Company’s shares of Common Stock underlying the options as of the date of grant. Mr. Mooney was also eligible to receive an award of up to 55,000 Non-qualified Stock Options under the Equity Plan based upon the results of his annual performance review in the first quarter of 2019.

Effective December 18, 2018, an amendment was signed for the original employment offer letter dated July 9, 2018, thereby providing an amendment to provide that in lieu of the issuance of 75,000 shares of restricted Common Stock of the Company (the “Shares”), the Company awarded Mr. Mooney 125,000 Non-qualified Stock Options (the “Stock Options”) under the Company’s 2017 Omnibus Equity Incentive Plan (the “Equity Plan”). The Stock Options are subject to the terms of the Equity Plan and standard option award agreement which shall have a term of 10 years and provide for vesting over a one-year period and exercisability at an exercise price equal to the fair market value of the Company’s Common Stock as of the date of the grant. The award of 75,000 shares were returned to the Company and immediately cancelled.

On September 30, 2019, the Board of Directors and the Compensation Committee approved a new compensatory arrangement for Mr. Mooney. Commencing on September 30, 2019, Mr. Mooney received quarterly awards of stock options to purchase 15,000 shares

of the Company's Common Stock under the Company's current shareholder approved equity incentive plan. The exercise price at the time of the awards were based on the fair market value of the Company's Common Stock on the NYSE American on the date of grant. The options were issued quarterly for a period of two years, vested in equal amounts over a two-year term from the date of grant, and are exercisable for a period of five years from date of grant. Mr. Mooney was also entitled to receive bonuses up to \$48,000 in cash, 250,000 shares of restricted stock and 225,000 stock options upon the achievement of certain Company operational milestones. The foregoing compensation arrangements were in addition to the compensation received by Mr. Mooney under his employment agreement.

On March 6, 2020, Mr. Mooney resigned as Chief Executive of the Company. The Board of Directors and Mr. Mooney reached a mutual agreement that he would continue in his role as Chief Executive Officer for an additional sixty (60) days through May 5, 2020 during which time the Company initiated and completed an executive search for his replacement. It was also agreed that Mr. Mooney would continue with the Company in the role as Chairman of the Board to replace Mr. Chilcott for a period of 12 months.

For the period March 6, 2020 through April 4, 2020, the Compensation Committee agreed to pay Mr. Mooney his then current salary and benefits and \$50,000 in cash, \$25,000 of which was paid in a lump sum in April 2020, and the balance paid in equal installments over a six-month period beginning on May 5, 2020. In addition, Mr. Mooney will remain eligible for bonuses of up to \$15,000 as approved by the Board based upon certain revenue and operational targets being achieved. Commencing May 5, 2020 in his role as Chairman, he will receive a quarterly grant of 16,500 stock options at the fair market value of the stock on the issuance date, vesting over two years and exercisable for a period of five years, and reimbursement for travel expenses. Mr. Mooney also agreed to provide consulting services to the Company, as needed, at a fixed fee of \$4,500 per month on a month-to-month basis, plus reimbursement for travel expenses.

On July 20, 2020, the Board of Directors, upon recommendation of the Compensation Committee, increased Mr. Mooney's monthly fee for consulting services to \$10,000 from \$4,500 per month, commencing on August 1, 2020 and ending on November 30, 2020.

#### ***Nicole Fernandez-McGovern***

Based on her agreement commencing with the date of appointment as CFO in August 2016, Ms. Fernandez-McGovern earned a salary of \$66,000 per year, payable in monthly installments of \$5,500 for 2017. In 2018, her monthly installment payment increased to \$8,000 and effective upon the closing of the Merger, Ms. Fernandez-McGovern's salary increased to \$150,000. As part of her compensation upon the closing of the Merger, Ms. Fernandez-McGovern also received 10-year stock options to purchase 265,033 shares of Common Stock at an exercise price of \$0.06 per share, of which half of the options vested upon issuance and the remainder vested equally over two years. Additionally, on a quarterly basis, Ms. Fernandez-McGovern was awarded 12,500 shares of stock options to purchase Common Stock at an exercise price per share equal to the market price of our Common Stock at the time of issuance during the term of her employment.

Effective January 1, 2019, Ms. Fernandez-McGovern signed a new employment agreement with the Company, whereby her annual base salary increased to \$180,000; and a ten-year grant of 50,000 stock options to purchase shares of Common Stock at an exercise price of \$0.54 was awarded. In addition, Ms. Fernandez-McGovern continued to receive quarterly grants of 12,000 stock options to purchase Common Stock at an exercise price equal to the market price of our Common Stock at the time of issue during the term of her employment. All of the awards vested equally over two years.

On September 30, 2019, the Board of Directors and the Compensation Committee approved a new compensatory arrangement for Ms. Fernandez-McGovern. On September 30, 2019, Ms. Fernandez-McGovern was awarded a stock option to purchase 25,000 shares of the Company's Common Stock under the Company's current shareholder approved equity incentive plan. The option will vest in equal amounts over a two-year term from the date of grant and will be exercisable for a period of five years from date of grant. The exercise price of the stock option is \$0.31 per share, which was the fair market value of the Company's Common Stock on the NYSE American on September 30, 2019. Ms. Fernandez-McGovern is also entitled to receive bonuses up to \$39,000 in cash, 170,000 shares of restricted stock and 175,000 stock options upon the achievement of certain Company operational milestones. The foregoing compensation arrangements are in addition to the current compensation received by Ms. Fernandez-McGovern under her employment agreement.

On April 20, 2020, the Compensation Committee approved a 2020 Executive Compensation Plan for Ms. Fernandez-McGovern as CFO and EVP of Operations, providing for an annual salary of \$200,000, cash bonus of \$30,000, quarterly stock option grants

of 15,000 and restricted stock units (RSUs) of 125,000, with the cash bonus, option and RSUs dependent upon her achieving certain financial and operational milestones.

On July 20, 2020, the Board of Directors, upon recommendation of the Compensation Committee, approved a change in the compensation of Ms. Fernandez-McGovern. The Compensation Committee engaged an independent third party to conduct a compensation study to assess if the Company's compensation of its Board and its executive officers is in line with the industry average. As a result of the study, and upon the recommendation of the Compensation Committee, the Board approved an increase in Ms. Fernandez-McGovern's annual salary from \$200,000 to \$220,000 and an increase in quarterly stock options from 12,500 to 15,000. In addition to the previously approved 2020 bonus structure, Mr. Fernandez-McGovern was awarded an additional performance-based bonus of \$40,000, equal to 20% of her then current salary. The approved compensation was retroactive to July 1, 2020.

On April 19, 2021, the Board of Directors of the Company, upon recommendation of the Compensation Committee, approved changes in the compensation of Ms. Fernandez-McGovern. With respect to Ms. Fernandez-McGovern, the Board approved: (i) an additional one-time grant of 125,000 RSUs that will vest on a pro rata basis over one year subject to the terms of an RSU grant agreement, and (ii) an increase in the number of grants, on a quarterly basis, of non-qualified options from 15,000 to 25,000 shares of Company common stock subject to the terms of the Plan, and the vesting requirements, the term of the option and exercisability at an exercise price equal to the fair market value of the option shares will be set forth in a grant agreement as of each date of grant. Ms. Fernandez-McGovern's current base salary and potential bonus payments have not been changed.

### ***J. Michael Drozd***

Mr. Drozd receives a base salary of \$235,000 per year, in his role as Chief Executive Officer which is subject to an annual performance review by the Compensation Committee of the Board and may be revised by the Committee, in its sole discretion. Mr. Drozd is entitled to receive an annual 20% bonus, which may be a mix of cash and stock options, based upon his performance as determined by certain metrics to be established by the Board and Mr. Drozd. He received an initial grant of 100,000 restricted stock units under the Plan, which will fully vest after one year of continued employment. Mr. Drozd is eligible to receive a quarterly award of 15,000 non-qualified stock options under the Plan. At the time of issuance, the stock option award agreements will set forth the vesting, exercisability, and exercise price of the stock options as of the date of the grants.

On April 19, 2021, the Board of Directors of the Company, upon recommendation of the Compensation Committee, approved changes in the compensation of Mr. Drozd. The Board approved the following amendments to current compensation terms: (i) an additional one-time grant of 100,000 RSUs that will vest on a pro rata basis over one year subject to the terms of an RSU grant agreement, and (ii) an increase in the number of grants, on a quarterly basis, of non-qualified options from 20,000 to 25,000 shares of Company common stock subject to the terms of the Plan, and the vesting requirements, the term of the option and exercisability at an exercise price equal to the fair market value of the option shares will be set forth in a grant agreement as of each date of grant. Mr. Drozd's current base salary and potential bonus payments have not been changed.

### ***Bret Chilcott***

Mr. Chilcott served as a member of the Board of Directors of the Company and as President since the inception of the Company in 2010 and had served as Chief Executive Officer from February 2016 to July 18, 2018. As of July 18, 2018, Mr. Chilcott stepped down as Chief Executive Officer and served as President, Secretary and Chairman of the Board of the Directors until his resignation as an officer and director on March 6, 2020. Up until May 2020, Mr. Chilcott had no formal agreement with the Company but did hold the position of Chief Executive of the Company for an annual salary of \$175,000. Upon his resignation as Chief Executive Officer of the Company in 2018 his salary was reduced to \$140,000, annually. Following his resignation in May 2020, Mr. Chilcott agreed to remain an employee of AgEagle and trust advisor to the Company's leadership team for a period of twelve months to help ensure a seamless management transition.

### ***Brandon Torres Declat***

Mr. Torres Declat was named Chief Operating Officer and a member of the Board of Directors following AgEagle's acquisition of Measure Global Inc. on April 19, 2021. Pursuant to the terms of his employment offer letter, in his position as Chief Operating Officer, Mr. Declat will receive a base salary of \$235,000 per year, subject to increase at the discretion of the Board. Mr. Declat will be eligible for an annual cash bonus of up to 20% of his then-current base salary, as determined by the Board in its good faith discretion, based

on the achievement of a combination of personal and Company objectives. Mr. Declet is also eligible to participate in any benefit plans offered by the Company as in effect from time to time on the same basis as generally made available to other employees of the Company. Mr. Declet will be awarded a one-time grant of 125,000 Restricted Stock Units (RSUs) that will vest on a pro rata basis over one year commencing on April 19, 2021. Additionally, Mr. Declet will be granted, on a quarterly basis, non-qualified options to acquire 25,000 shares of Company common stock. Such options will be subject to the terms of the Plan, and the vesting requirements, the term of the option and exercisability at an exercise price equal to the fair market value of the option shares will be set forth in a grant agreement as of each date of grant. Mr. Declet will be subject to the terms of a confidentiality and proprietary rights agreement. In the event that Mr. Declet is terminated by the Company other than for Cause or for Good Reason (as such terms are defined in Mr. Declet's employment offer letter), he is entitled to base salary continuation for six months, reimbursement of COBRA health insurance premiums for a period of six months, and a grant of fully-vested restricted shares of common stock of the Company with a fair market value of \$125,000 on the date of termination of employment. Furthermore, in the event the Board determines in its discretion that Mr. Declet must relocate from his principal place of performance of his duties, the Company shall pay and/or reimburse him for expenses, up to \$100,000, in connection with such relocation.

### ***Severance upon Termination***

In addition, commencing as of April 19, 2021, Mr. Drozd and Ms. Fernandez-McGovern are now being provided with severance benefits in the event of termination without cause or for good reason, as defined in the amended employment offer letters. The severance benefits consist of (i) six months of base salary, paid in the form of salary continuation, in accordance with the terms of a Separation Agreement to be entered into at the time of termination; (ii) reimbursement of COBRA health insurance premiums at the same rate as if the executive officer were an active employee of the Company (conditioned on the executive officer having elected COBRA continuation coverage) for a period of 6 months or, if earlier, until the executive officer is eligible for group health insurance benefits from another employer; and (iii) a grant of fully-vested restricted shares of common stock of the Company with a fair market value of \$125,000 on the date of termination of employment, pursuant to the terms of, and effective on the effective date of, the Separation Agreement.

The severance benefits are conditioned upon each persons (i) continued compliance in all material respects with their respective continuing obligations to the Company, including, without limitation, the terms of the amended employment offer letter and of the confidentiality agreement that survive termination of employment with the Company, and (ii) signing (without revoking if such right is provided under applicable law) a separation agreement and general release in a form provided to the executive officer by the Company on or about the date of termination of employment. Furthermore, in the event the Board determines in its discretion that the executive officers must relocate their principal place of performance of their duties, the Company shall pay and/or reimburse them for expenses, up to \$100,000, in connection with such relocation,

### **Company 2017 Omnibus Equity Incentive Plan**

The 2017 Omnibus Equity Plan is a comprehensive incentive compensation plan under which the Company can grant equity-based and other incentive awards to officers, employees and directors of, and consultants and advisers to, the Company. The purpose of the Plan is to help the Company attract, motivate and retain such persons and thereby enhance shareholder value. The Plan provides for the grant of awards which are incentive stock options ("ISOs"), non-qualified stock options ("NQSOs"), unrestricted shares, restricted shares, restricted stock units, performance stock, performance units, SARs, tandem stock appreciation rights, distribution equivalent rights, or any combination of the foregoing, to key management employees, non-employee directors, and non-employee consultants of the Company or any of its subsidiaries (each a "participant") (however, solely Company employees or employees of the Company's subsidiaries are eligible for incentive stock option awards). The Company currently has reserved a total of 4,000,000 shares of common stock for issuance as or under awards to be made under the Plan.

#### *Types of Stock Awards*

The Plan provides for the grant of incentive stock options and non-qualified stock options. Stock options may be granted to employees, including officers, non-employee directors and consultants of the Company or its affiliates, except that incentive stock options may be granted only to employees.

#### *Share Reserve*

The aggregate number of shares of Common Stock that have been reserved for issuance under the Plan is 4,000,000. As of the Record Date, there are 3,662,465 awards granted under the Plan, and only has 337,535 shares of Common Stock remaining for future issuance under the Plan. If a stock option award expires, terminates, is canceled or is forfeited for any reason, the number of shares subject to the stock option award will again be available for issuance. In addition, if stock awards are settled in cash, the share reserve will be reduced by the number of shares of common stock with a value equal to the amount of the cash distributions as of the time that such amount was determined and if stock options are exercised using net exercise, the share reserve will be reduced by the gross number of shares of common stock subject to the exercised portion of the option. We also had 207,055 shares underlying options that have been granted outside of the Plan which were exercised on July 20, 2020.

#### *Administration*

The Board of Directors or a duly authorized committee thereof, has the authority to administer the Plan. Subject to the terms of the Plan, the Board of Directors or the authorized committee, referred to herein as the committee, determines recipients, dates of grant, the numbers and types of stock awards to be granted and the terms and conditions of the stock option awards, including the period of exercisability and vesting schedule applicable to a stock option award. Subject to the limitations set forth below, the committee will also determine the exercise price and the types of consideration to be paid for the award. The committee has the authority to modify outstanding awards under the Plan. The committee has the authority to adopt, alter and repeal administrative rules, guidelines and practices governing the Plan and to perform all other acts, including delegating administrative responsibilities, as it deems advisable to construe and interpret the terms and provisions of the Plan and any stock option award granted under the Plan. Decisions and interpretations or other actions by the committee are in the discretion of the committee and are final binding and conclusive on the company and all participants in the Plan.

#### *Stock Options*

Incentive stock options and non-qualified stock options are granted pursuant to stock option award agreements adopted by the committee. The committee determines the exercise price for a stock option, within the terms and conditions of the Plan, provided that the exercise price shall not be less than (i) in the case of a grant of any NQSO or an ISO to a key employee who at the time of the grant does not own stock representing more than ten percent (10%) of the total combined voting power of all classes of our stock or of any subsidiary, one hundred percent (100%) of the fair market value of a share of common stock as determined on the date the stock option award is granted; (ii) in the case of a grant of an ISO to a key employee who, at the time of grant, owns stock representing more than ten percent (10%) of the total combined voting power of all classes of our stock or of any subsidiary, one hundred ten percent (110%) of the fair market value of a share of common stock, as determined on the date the stock option award is granted. The fair market value of the common stock for purposes of determining the exercise price shall be determined by the committee in accordance with any reasonable method of valuation consistent with applicable requirements of Federal tax law, including, as applicable, the provisions of Code Section 422(c)(8) and 409A as applicable. Stock options granted under the Plan will become exercisable at the rate specified by the committee and may be exercisable for restricted stock, if determined by the committee.

The committee determines the term of stock options granted under the Plan, up to a maximum of ten years. The option holder's stock option agreement shall provide the rights, if any, that such holder has to exercise the stock option at such time that such holder's service relationship with us, or any of our affiliates, ceases for any reason, including disability, death, with or without cause, or voluntary resignation. All unvested stock option awards are forfeited if the participant's employment or service is terminated for any reason, unless our compensation committee determines otherwise.

Acceptable consideration for the purchase of common stock issued upon the exercise of a stock option will be determined by the committee and may include (i) check, bank draft or money order, or wire transfer, (ii) if the company's common stock is publicly traded, a broker-assisted cashless exercise, or (iii) such other methods as may be approved by the committee, including without limitation, the tender of shares of our common stock previously owned by the option holder or a net exercise of the option.

Unless the committee provides otherwise, options generally are not transferable except by will, the laws of descent and distribution. The committee may provide that a non-qualified stock option may be transferred to a family member, as such term is defined under the applicable securities laws.

#### *Tax Limitations on Incentive Stock Options*

The aggregate fair market value, determined at the time of grant, of our common stock with respect to incentive stock options that are exercisable for the first time by an option holder during any calendar year may not exceed \$100,000. Options or portions thereof that exceed such limit will generally be treated as non-qualified stock options. No incentive stock option may be granted to any person who, at the time of the grant, owns or is deemed to own stock possessing more than 10% of our total combined voting power or that of any of our affiliates unless (i) the option exercise price is at least 110% of the fair market value of the stock subject to the option on the date of grant, and (ii) the term of the incentive stock option does not exceed five years from the date of grant.

*Adjustments for Changes in Capital Structure and other Special Transactions*

In the event of a stock dividend, stock split, or recapitalization, or a corporate reorganization in which we are a surviving corporation (and our shareholders prior to such transaction continue to own at least 50% of our capital stock after such transaction), including without limitation a merger, consolidation, split-up or spin-off, or a liquidation, or distribution of securities or assets other than cash dividends, the number or kinds of shares subject to the Plan or to any stock option award previously granted, and the exercise price, shall be adjusted proportionately by the committee to reflect such event.

In the event of a merger, consolidation, or other form of reorganization with or into another corporation (other than a merger, consolidation, or other form of reorganization in which we are the surviving corporation and our shareholders prior to such transaction continue to own at least 50% of the capital stock after such transaction), a sale or transfer of all or substantially all of the assets of the Company or a tender or exchange offer made by any corporation, person or entity (other than an offer made by us), all stock options held by any option holder shall be fully vested and exercisable by the option holder.

Furthermore, the committee, either before or after the merger, consolidation or other form of reorganization, may take such action as it determines in its sole discretion with respect to the number or kinds of shares subject to the Plan or any option under the Plan.

*Amendment, Suspension or Termination*

The committee may at any time amend, suspend, or terminate any and all parts of the Plan, any stock option award granted under the Plan, or both in such respects as the committee shall deem necessary or desirable, except that no such action may be taken which would impair the rights of any option holder with respect to any stock option award previously granted under the Plan without the option holder's consent.

**Outstanding Equity Awards at 2020 Fiscal Year-End**

The following table lists the outstanding equity incentive awards held by the Named Executive Officers as of the fiscal year ended December 31, 2020:

Name & Principal Position	Year	Option Awards				Stock Awards	
		Number of securities underlying unexercised options (#) Exercisable	Number of securities underlying unexercised options (#) Unexercisable	Options Exercise price (\$)	Expiration Date	Number of shares or units of stock that have not Vested (#)	Market value of shares or units of stock that have not Vested (\$)
Barrett Mooney Chairman of the Board & Former Chief Executive Officer	2020	—	25,000	\$ 6.00	12/30/2025	—	\$ —
	2020	3,125	21,875	\$ 2.28	9/29/2025	—	\$ —
	2020	3,750	11,250	\$ 1.19	6/29/2025	—	\$ —
	2020	5,625	9,375	\$ 0.41	3/30/2025	—	\$ —
	2019	7,500	7,500	\$ 0.45	12/29/2024	—	\$ —

	2019	9,375	5,625	\$	0.31	9/28/2024	—	\$	—
	2019	62,500	37,500	\$	0.31	9/28/2024	—	\$	—
	2019	145,833	104,167	\$	0.41	3/28/2029	—	\$	—
Michael Drozd	2020	—	15,000	\$	6.00	12/30/2025	100,000	\$	600,000
Chief									
Executive									
Officer	2020	—	125,000	\$	5.20	12/20/2025	—	\$	—
	2020	1,875	13,125	\$	2.28	9/29/2025	—	\$	—
	2020	1,791	5,376	\$	1.19	6/29/2025	—	\$	—
Nicole									
Fernandez-	2020	—	15,000	\$	6.00	12/30/2025	—	\$	—
McGovern									
Chief									
Financial									
Officer &	2020	—	125,000	\$	5.20	12/20/2025	—	\$	—
EVP of									
Operations	2020	1,875	13,125	\$	2.28	9/29/2025	—	\$	—
	2020	3,124	9,376	\$	1.19	6/29/2025	—	\$	—
	2020	36,458	88,542	\$	1.27	5/13/2025	—	\$	—
	2020	4,687	7,813	\$	0.41	3/30/2025	—	\$	—
	2019	6,249	6,251	\$	0.45	12/29/2024	—	\$	—
	2019	31,249	18,751	\$	0.31	9/28/2024	—	\$	—
	2019	15,625	9,375	\$	0.31	9/28/2024	—	\$	—
	2019	7,812	4,688	\$	0.31	9/28/2024	—	\$	—
	2019	9,374	3,126	\$	0.29	6/28/2024	—	\$	—
	2019	87,500	62,500	\$	0.41	3/28/2029	—	\$	—
	2019	10,937	1,563	\$	0.41	3/29/2024	—	\$	—
	2019	47,916	2,084	\$	0.54	12/31/2023	—	\$	—
	2018	12,500	—	\$	0.56	12/30/2023	—	\$	—
	2017	115,533	—	\$	0.06	10/2/2027	—	\$	—

## Compensation of Directors

The following table sets forth information regarding compensation of each independent director for fiscal 2020.

Name	Year	Fees Earned or Paid in Cash <sup>(2)</sup>	Stock Awards \$ <sup>(1)(2)(3)</sup>	Total \$
Thomas Gardner	2020	\$ 30,000	\$ 129,784	\$ 159,784
Director	2019	\$ —	\$ 23,273	\$ 23,273
Grant Begley	2020	\$ 30,000	\$ 129,784	\$ 159,784
Director	2019	\$ —	\$ 23,273	\$ 23,273
Luisa Ingargiola	2020	\$ 30,000	\$ 129,784	\$ 159,784
Director	2019	\$ —	\$ 32,343	\$ 32,343

- (1) Pursuant to their respective offer letters in 2018, Messrs. Grant Begley and Thomas Gardner were entitled to receive for their service on the Board: (1) an initial grant of five-year options to purchase 77,356 shares of Common Stock as accrued for time served as a Board member at an exercise price of \$0.06 per share that vested half upon issuance and the remainder is vesting equally over two years; and (2) additional five-year options to purchase 16,500 shares of Common Stock issuable per calendar quarter of service at an exercise price per share equal to the market price of our Common Stock at the time of issuance that will vest equally over two years.

(2) On July 20, 2020, the Board of Directors, upon recommendation of the Compensation Committee, approved a change in the compensation of the directors. The Compensation Committee engaged an independent third party to perform a compensation study to assess if the Company's compensation to its Board members is in line with the industry averages. As a result of the study, and upon the recommendation of the Compensation Committee, the Board approved a cash component for director compensation in the amount of \$60,000 per year, payable quarterly, and an increase in quarterly stock options from 16,500 shares to 25,000. The approved compensation was retroactive to July 1, 2020.

(3) Pursuant to Ms. Luisa Ingargiola's offer letter dated November 27, 2018, she was entitled to receive for her service on the board: (1) an initial grant of five-year options to purchase 41,250 shares of Common Stock upon appointment, which was at an exercise price of \$0.77 (equal to the market price of our Common Stock on the date of grant) that will vest in equal installments every calendar quarter over a one year period; and (2) five-year options to purchase 16,500 shares of Common Stock per calendar quarter of service at an exercise price per share equal to the market price of our Common Stock at the time of issuance that will vest in equal installments every calendar quarter for the two year period after date the grant. On September 30, 2019, the board granted Ms. Ingargiola an additional 100,000 options to purchased shares of Common Stock for her services as audit chair.

## CODE OF ETHICS

We adopted a code of ethics that applies to our directors, officers and employees, including our Chief Executive Officer and Chief Financial Officer, and other persons who perform similar functions. A written copy of the code can be found on our website at [www.ageagle.com](http://www.ageagle.com) and can be made available in print to any shareholder upon request at no charge by writing to our Secretary, c/o AgEagle Aerial Systems Inc., 8833 E. 34<sup>th</sup> Street North, Wichita, Kansas 67226. Our Code of Ethics is intended to be a codification of the business and ethical principles which guide us, deter wrongdoing, promote honest and ethical conduct, avoid conflicts of interest, and foster full, fair, accurate, timely and understandable disclosures, compliance with applicable governmental laws, rules and regulations, the prompt internal reporting of violations and accountability for adherence to this code.

## CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

There are no transactions, since January 1, 2020, the beginning of the Company's last fiscal year, or any currently proposed transactions, in which the Company was or is to be a participant and in which any related person had or will have a direct or indirect material interest. It is the Company's policy that the Company will not enter into any related party transactions unless the Audit Committee or another independent body of the Board of Directors first reviews and approves the transactions.

### Policies and Procedures for Related Person Transactions

While the Company has not adopted a written related party transaction policy for the review, approval and ratification of transactions involving "related parties," related parties are deemed to be directors and nominees for director, executive officers and immediate family members of the foregoing, as well as security holders known to beneficially own more than five percent of our common stock. The policy covers any transaction, arrangement or relationship, or series of transactions, arrangements or relationships, in which the Company was, is or will be a participant and the amount exceeds \$120,000, and in which a related party has any direct or indirect interest. The policy is administered by the Audit Committee.

In determining whether to approve or ratify a related party transaction, the Audit Committee will consider whether or not the transaction is in, or not inconsistent with, the best interests of the appropriate company. In making this determination, the Audit Committee is required to consider all of the relevant facts and circumstances in light of the following factors and any other factors to the extent deemed pertinent by the committee:

- The position within or relationship of the related party with the Company;
- The materiality of the transaction to the related party and the Company, including the dollar value of the transaction, without regard to profit or loss;
- The business purpose for and reasonableness of the transaction, taken in the context of the alternatives available for attaining the purposes of the transaction;



- Whether the transaction is comparable to a transaction that could be available on an arms-length basis or is on terms and conditions offered generally to parties that are not related parties;
- Whether the transaction is in the ordinary course of business and was proposed and considered in the ordinary course of business; and
- The effect of the transaction on the business and operations, including on internal control over financial reporting and system of disclosure controls or procedures, and any additional conditions or controls (including reporting and review requirements) that should be applied to such transactions.

The policy contains standing pre-approvals for certain types of transactions which, even though they may fall within the definition of a related party transaction, are deemed to be pre-approved by the Company given their nature, size and/or degree of significance to the company. These include compensation arrangements with directors and executive officers for which disclosure is required in the proxy statement and sales of products or services in the ordinary course of business.

In the event the Company inadvertently enters into a related party transaction that requires, but has not received, pre-approval under the policy, the transaction will be presented to the appropriate Board for review and ratification promptly upon discovery. In such event, the committee will consider whether such transaction should be rescinded or modified and whether any changes in our controls and procedures or other actions are needed.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE “FOR” THE ELECTION OF THE BOARD OF DIRECTORS’  
NOMINEES.**

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**PROPOSAL 2**

**ADVISORY VOTE ON COMPENSATION OF  
NAMED EXECUTIVE OFFICERS (“SAY-ON-PAY”)**

**Proposed Advisory Resolution of Shareholders**

At the Annual Meeting, shareholders will be given the opportunity to vote on the following advisory resolution:

RESOLVED, that the shareholders of AgEagle Aerial Systems Inc. hereby approve, on an advisory basis, the compensation of the Company’s named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including, the compensation tables and accompanying narrative discussion set forth in this Proxy Statement.

**Background on Proposal**

In accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) and related SEC rules, shareholders are being given the opportunity to vote at the Annual Meeting on this advisory resolution regarding the compensation of our current named executive officers (commonly referred to as “say-on-pay”). For more information about the compensation that we paid to our named executive officers during fiscal 2020, as well as compensation paid to our current named executive officers, please refer to the “Executive Compensation” section of this Proxy Statement, as well as the compensation tables and accompanying narrative disclosures that follow such section.

**Effects of Advisory Vote**

Because the vote on this proposal is advisory in nature, it will not affect any compensation already paid or awarded to our current executive officers and will not be binding on the Board or the Compensation Committee. However, the Compensation Committee and the Board will consider the outcome of the vote when making future executive compensation decisions.

**Frequency of Advisory Vote**

The Company intends to submit to its shareholders an advisory vote to approve the executive compensation every year.

### Vote Required

The resolution approving, on an advisory basis, the compensation of our named executive officers (“say-on-pay”) will be approved if a majority of the votes cast at the Annual Meeting are voted in favor of the proposal, assuming a quorum is present. A properly executed proxy marked “ABSTAIN” with respect to the proposal will not be voted or treated as a vote cast, although it will be counted for purposes of determining whether a quorum is present. Accordingly, an abstention will not affect the outcome of the proposal. Brokers are not entitled to use their discretion to vote uninstructed proxies with respect to the proposal, and any such “broker non-votes” will not be deemed a vote cast.

**The Board recommends a vote FOR approval of the resolution set forth above regarding the compensation of our named executive officers.**

## PROPOSAL NO. 3

### AMENDMENT TO AGEAGLE AERIAL SYSTEMS INC. 2017 OMNIBUS EQUITY INCENTIVE PLAN

#### Summary and Purpose of the Amendment to AgEagle Aerial Systems Inc. 2017 Omnibus Equity Incentive Plan

The Board of Directors has voted to amend the Company’s 2017 Omnibus Equity Incentive Plan (the “Plan”) to increase the number of shares of Common Stock authorized for issuance under the Plan by 6,000,000 shares to 10,000,000 shares.

#### *Increase in Number of Authorized Shares*

The Plan has been in place since 2017. Currently, there are 4,000,000 shares of Common Stock authorized for issuance under the Plan. However, as of the date hereof, the Company has 3,662,465 awards granted under the Plan, and only has 337,535 shares of Common Stock remaining for future issuance under the Plan. The Board of Directors believes that the Company’s success depends in large part on its ability to attract, retain, and motivate its executive officers and other key personnel and that grants of awards under the Plan may be a significant element of compensation for such persons. In addition, as the Company considers future acquisitions it will need flexibility to grant awards to employees of such companies. The Board of Directors believes that the proposed increase in the number of shares of Common Stock available for issuance as provided in the Plan will provide the Compensation Committee with greater flexibility in the administration of the Plan and is appropriate in light of the growth of the Company in order to attract and retain key individuals. Following the proposed increase, the total authorized number of shares under the Plan will be 10,000,000 shares, which shall represent approximately 14% of the issued and outstanding shares of Common Stock of the Company as of the date hereof.

The amendment to the Plan is attached as Appendix A to this Proxy Statement.

#### Awards to be Granted to Certain Individuals and Groups

As of the date hereof, the following table includes annual awards granted under the Plan that are anticipated to be allocated as follows to each named executive officer, the non-executive directors as a group and employees as a group, resulting from the approval of the amendment to the Plan.

Name	Annual Awards
J. Michael Drozd, Chief Executive Officer	200,000
Nicole Fernandez-McGovern, Chief Financial Officer and EVP of Operations	225,000
Brandon Torres Delet, Chief Operating Officer	100,000
All Non – Executive Directors as a group	400,000
All Other Employees as a group	500,000

<b>Total</b>	<b>1,425,000</b>
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### Equity Compensation Plan Information

The following table provides information as of December 31, 2020 about our equity compensation plan and arrangements:

Plan category	Number of securities to be issued upon exercise of outstanding options and restricted stock units	Weighted-average exercise price of outstanding options, and restricted stock units	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	2,525,267	\$ 1.38	732,035
Equity compensation plans not approved by security holders	—	—	—
<b>Total</b>	<b>2,525,267</b>	<b>\$ 1.38</b>	<b>732,035</b>

A vote of a majority of shares present in person or by proxy at such meeting and entitled to vote is required to approve Proposal No. 3.

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE “FOR” THE AMENDMENT TO THE PLAN TO INCREASE THE NUMBER OF AWARDS AVAILABLE FOR FUTURE ISSUANCE.**

## PROPOSAL 4

### RATIFICATION OF THE APPOINTMENT OF INDEPENDENT ACCOUNTANTS

On December 11, 2021, the Board of Directors of the Company terminated the engagement of D. Brooks and Associates CPAs (“D.Brooks”), as the independent registered public accounting firm of the Company. On the same date, the Audit Committee of the Board of Directors of the Company approved the engagement of WithumSmith+ Brown (“WSB”) as the Company’s independent registered public accounting firm for the year ending December 31, 2020. Representatives of WSB have been invited to attend the Annual Meeting in person or by tele-conference to respond to appropriate questions and will have an opportunity to make a statement if they so desire.

D. Brooks’s reports on the consolidated financial statements of the Company as of and for the fiscal years ended December 31, 2019 and 2018 did not contain any adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainty, audit scope or accounting principles. During the fiscal years ended December 31, 2019 and 2018 and through December 11, 2020, there were no disagreements with D.Brooks on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which if not resolved to D. Brooks satisfaction would have caused it to make reference thereto in connection with its reports on the financial statements for such years. During the fiscal years ended December 31, 2019 and 2018 and through December 11, 2020, there were no “reportable events” of the type described in Item 304(a)(1)(v) of Regulation S-K.

During the fiscal years ended December 31, 2019 and 2018 and through December 11, 2020, the Company did not consult with WSB with respect to any matter whatsoever including without limitation with respect to any of (i) the application of accounting principles to a specified transaction, either completed or proposed; (ii) the type of audit opinion that might be rendered on the Company’s financial statements; or (iii) any matter that was either the subject of a disagreement (as defined in Item 304(a)(1)(iv) of Regulation S-K) or an event of the type described in Item 304(a)(1)(v) of Regulation S-K.

#### *Audit Fees*

Audit Fees include fees billed and expected to be billed for services performed to comply with Generally Accepted Auditing Standards (GAAS), including the reviews of the quarterly financial statements included in the Quarterly Reports on Form 10-Q filed with the Securities and Exchange Commission. This category also includes fees for audits provided in connection with statutory filings

or procedures related to audit of income tax provisions and related reserves, consents and assistance with and review of documents filed with the SEC.

#### *Audit-Related Fees*

Audit-Related Fees include fees for services associated with assurance and reasonably related to the performance of the audit or review of our financial statements. This category includes fees related to assistance in financial due diligence related to mergers and acquisitions, consultations regarding Generally Accepted Accounting Principles, reviews and evaluations of the impact of new regulatory pronouncements, general assistance with implementation of Sarbanes-Oxley Act of 2002 requirements and audit services not required by statute or regulation.

#### *Tax Fees.*

Tax Fees consists of fees billed for professional services for tax compliance, tax advice and tax planning. These services include assistance regarding federal, state and local tax compliance and consultation in connection with various transactions and acquisitions.

	2020	2019
Audit Fees	\$ 52,311	\$ 45,000
Audit-Related Fees	1,000	1,000
Tax Fees	8,540	10,550
Total	<u>\$ 61,851</u>	<u>\$ 56,550</u>

#### **Pre-Approval of Services**

The Audit Committee appoints the independent accountant each year and pre-approves all services to be provided to us by our independent auditor. This process involves obtaining (i) a written description of the proposed services, (ii) the confirmation of our chief financial officer that the services are compatible with maintaining specific principles relating to independence, and (iii) confirmation from our securities counsel that the services are not among those that our independent auditors have been prohibited from performing under SEC rules. After engaging in this process, the members of the Board of Directors determine to approve or disapprove the engagement of the auditors for the proposed services.

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE “FOR” RATIFICATION OF THE APPOINTMENT OF THE INDEPENDENT ACCOUNTANTS.**

#### **OTHER INFORMATION**

The Company’s 2020 annual report on Form 10-K, excluding exhibits, will be mailed without charge to any shareholder entitled to vote at the meeting, upon written request to Nicole Fernandez-McGovern, AgEagle Aerial Systems Inc., 8833 E. 34<sup>th</sup> Street North, Wichita, Kansas 67226.

#### **Important Notice Regarding Delivery of Shareholder Documents**

If your shares are held in street name, your broker, bank, custodian, or other nominee holder may, upon request, deliver only one copy of this proxy statement and the annual report to shareholders to multiple shareholders sharing an address, absent contrary instructions from one or more of the shareholders. The Company will, upon request, deliver a separate copy of the proxy materials to a shareholder at a shared address to which a single copy was delivered, upon written or oral request, to Nicole Fernandez-McGovern, Secretary AgEagle Aerial Systems Inc., 8833 E. 34<sup>th</sup> Street North, Wichita, Kansas 67226. Shareholders sharing an address and receiving multiple copies of the proxy materials who wish to receive a single copy should contact their broker, bank, custodian or other nominee holder.

#### **Other Matters to Be Presented at the Annual Meeting**

The Company did not have notice, as of the date of this proxy statement, of any matter to be presented for action at the Annual Meeting, except as discussed in this proxy statement. The persons authorized by the accompanying form of proxy will vote in their discretion as to any other matter that comes before the Annual Meeting.

### Shareholder Proposals for Next Annual Meeting

Shareholder proposals intended to be included in the proxy statement for the next annual meeting must be received by Company by January 5, 2022. The persons authorized by the form of proxy to be sent in connection with the solicitation of proxies on behalf of Company's board of directors for next year's annual meeting will vote in their discretion as to any matter of which Company has not received notice by March 19, 2022.

By Order of the Board of Directors,

/s/ Barrett Mooney

Barrett Mooney

Chairman of the Board

May 5, 2021

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## APPENDIX A

### AGEAGLE AERIAL SYSTEMS INC.

#### 2017 OMNIBUS EQUITY INCENTIVE PLAN (Amendment No. 3)

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### AGEAGLE AERIAL SYSTEMS INC. 2017 OMNIBUS EQUITY INCENTIVE PLAN (Amendment No. 3)

#### ARTICLE I PURPOSE

The purpose of this AgEagle Aerial Systems Inc. 2017 Omnibus Equity Incentive Plan, as amended (the "Plan") is to benefit AgEagle Aerial Systems Inc, a Nevada corporation (the "Company") and its stockholders, by assisting the Company and its subsidiaries to attract, retain and provide incentives to key management employees, directors, and consultants of the Company and its Affiliates, and to align the interests of such service providers with those of the Company's stockholders. Accordingly, the Plan provides for the granting of Non-qualified Stock Options, Incentive Stock Options, Restricted Stock Awards, Restricted Stock Unit Awards, Stock Appreciation Rights, Performance Stock Awards, Performance Unit Awards, Unrestricted Stock Awards, Distribution Equivalent Rights or any combination of the foregoing.

#### ARTICLE II DEFINITIONS

The following definitions shall be applicable throughout the Plan unless the context otherwise requires:

2.1 "Affiliate" shall mean any corporation which, with respect to the Company, is a "subsidiary corporation" within the meaning of Section 424(f) of the Code or other entity in which the Company has a controlling interest in such entity or another entity

which is part of a chain of entities in which the Company or each entity has a controlling interest in another entity in the unbroken chain of entities ending with the applicable entity.

2.2 “Award” shall mean, individually or collectively, any Option, Restricted Stock Award, Restricted Stock Unit Award, Performance Stock Award, Performance Unit Award, Stock Appreciation Right, Distribution Equivalent Right or Unrestricted Stock Award.

2.3 “Award Agreement” shall mean a written agreement between the Company and the Holder with respect to an Award, setting forth the terms and conditions of the Award, as amended.

2.4 “Board” shall mean the Board of Directors of the Company.

2.5 “Base Value” shall have the meaning given to such term in Section 14.2.

2.6 “Cause” shall mean (i) if the Holder is a party to an employment or service agreement with the Company or an Affiliate which agreement defines “Cause” (or a similar term), “Cause” shall have the same meaning as provided for in such agreement, or (ii) for a Holder who is not a party to such an agreement, “Cause” shall mean termination by the Company or an Affiliate of the employment (or other service relationship) of the Holder by reason of the Holder’s (A) intentional failure to perform reasonably assigned duties, (B) dishonesty or willful misconduct in the performance of the Holder’s duties, (C) involvement in a transaction which is materially adverse to the Company or an Affiliate, (D) breach of fiduciary duty involving personal profit, (E) willful violation of any law, rule, regulation or court order (other than misdemeanor traffic violations and misdemeanors not involving misuse or misappropriation of money or property), (F) commission of an act of fraud or intentional misappropriation or conversion of any asset or opportunity of the Company or an Affiliate, or (G) material breach of any provision of the Plan or the Holder’s Award Agreement or any other written agreement between the Holder and the Company or an Affiliate, in each case as determined in good faith by the Board, the determination of which shall be final, conclusive and binding on all parties.

2.7 “Change of Control” shall mean: (i) for a Holder who is a party to an employment or consulting agreement with the Company or an Affiliate which agreement defines “Change of Control” (or a similar term), “Change of Control” shall have the same meaning as provided for in such agreement, or (ii) for a Holder who is not a party to such an agreement, “Change of Control” shall mean the satisfaction of any one or more of the following conditions (and the “Change of Control” shall be deemed to have occurred as of the first day that any one or more of the following conditions shall have been satisfied):

(a) Any person (as such term is used in paragraphs 13(d) and 14(d)(2) of the Exchange Act, hereinafter in this definition, “Person”), other than the Company or an Affiliate or an employee benefit plan of the Company or an Affiliate, becomes the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company’s then outstanding securities;

(b) The closing of a merger, consolidation or other business combination (a “Business Combination”) other than a Business Combination in which holders of the Shares immediately prior to the Business Combination have substantially the same proportionate ownership of the common stock or ordinary shares, as applicable, of the surviving corporation immediately after the Business Combination as immediately before;

(c) The closing of an agreement for the sale or disposition of all or substantially all of the Company’s assets to any entity that is not an Affiliate;

(d) The approval by the holders of shares of Shares of a plan of complete liquidation of the Company, other than a merger of the Company into any subsidiary or a liquidation as a result of which persons who were stockholders of the Company immediately prior to such liquidation have substantially the same proportionate ownership of shares of common stock of the surviving corporation immediately after such liquidation as immediately before; or

(e) Within any twenty-four (24) month period, the Incumbent Directors shall cease to constitute at least a majority of the Board or the board of directors of any successor to the Company; provided, however, that any director elected to the Board, or nominated for election, by a majority of the Incumbent Directors then still in office, shall be deemed to be an Incumbent Director for purposes of this paragraph (e), but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of

either an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of an individual, entity or “group” other than the Board (including, but not limited to, any such assumption that results from paragraphs (a), (b), (c), or (d) of this definition).

2.8 “Code” shall mean the United States of America Internal Revenue Code of 1986, as amended. Reference in the Plan to any section of the Code shall be deemed to include any amendments or successor provisions to any section and any regulation under such section.

2.9 “Committee” shall mean a committee comprised of two (2) or more members of the Board who are selected by the Board as provided in Section 4.1.

2.10 “Company” shall have the meaning given to such term in the introductory paragraph, including any successor thereto.

2.11 “Consultant” shall mean any non-Employee (individual or entity) advisor to the Company or an Affiliate who or which has contracted directly with the Company or an Affiliate to render bona fide consulting or advisory services thereto.

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2.12 “Director” shall mean a member of the Board or a member of the board of directors of an Affiliate, in either case, who is not an Employee.

2.13 “Distribution Equivalent Right” shall mean an Award granted under Article XIII of the Plan which entitles the Holder to receive bookkeeping credits, cash payments and/or Share distributions equal in amount to the distributions that would have been made to the Holder had the Holder held a specified number of Shares during the period the Holder held the Distribution Equivalent Right.

2.14 “Distribution Equivalent Right Award Agreement” shall mean a written agreement between the Company and a Holder with respect to a Distribution Equivalent Right Award.

2.15 “Effective Date” shall mean [●]

2.16 “Employee” shall mean any employee, including any officer, of the Company or an Affiliate.

2.17 “Exchange Act” shall mean the United States of America Securities Exchange Act of 1934, as amended.

2.18 “Fair Market Value” shall mean, as of any specified date, the closing sales price of the Shares for such date (or, in the event that the Shares are not traded on such date, on the immediately preceding trading date) on the NYSE American, LLC (“NYSE American”), as reported by the NYSE American, or such other domestic or foreign national securities exchange on which the Shares may be listed. If the Shares are not listed on the NYSE American or on a national securities exchange, but are quoted on the OTC Markets or by the National Quotation Bureau, the Fair Market Value of the Shares shall be the mean of the highest bid and lowest asked prices per Share for such date. If the Shares are not quoted or listed as set forth above, Fair Market Value shall be determined by the Board in good faith by any fair and reasonable means (which means may be set forth with greater specificity in the applicable Award Agreement). The Fair Market Value of property other than Shares shall be determined by the Board in good faith by any fair and reasonable means consistent with the requirements of applicable law.

2.19 “Family Member” of an individual shall mean any child, stepchild, grandchild, parent, stepparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law, including adoptive relationships, any person sharing the Holder’s household (other than a tenant or employee of the Holder), a trust in which such persons have more than fifty percent (50%) of the beneficial interest, a foundation in which such persons (or the Holder) control the management of assets, and any other entity in which such persons (or the Holder) own more than fifty percent (50%) of the voting interests.

2.20 “Holder” shall mean an Employee, Director or Consultant who has been granted an Award or any such individual’s beneficiary, estate or representative, who has acquired such Award in accordance with the terms of the Plan, as applicable.

2.21 “Incentive Stock Option” shall mean an Option which is intended by the Committee to constitute an “incentive stock option” and conforms to the applicable provisions of Section 422 of the Code.

2.22 “Incumbent Director” shall mean, with respect to any period of time specified under the Plan for purposes of determining whether or not a Change of Control has occurred, the individuals who were members of the Board at the beginning of such period.

2.23 “Non-qualified Stock Option” shall mean an Option which is not an Incentive Stock Option or which is designated as an Incentive Stock Option but does not meet the applicable requirements of Section 422 of the Code.

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2.24 “Option” shall mean an Award granted under Article VII of the Plan of an option to purchase Shares and shall include both Incentive Stock Options and Non-qualified Stock Options.

2.25 “Option Agreement” shall mean a written agreement between the Company and a Holder with respect to an Option.

2.26 “Performance Criteria” shall mean the criteria selected by the Committee for purposes of establishing the Performance Goal(s) for a Holder for a Performance Period.

2.27 “Performance Goals” shall mean, for a Performance Period, the written goal or goals established by the Committee for the Performance Period based upon the Performance Criteria, which may be related to the performance of the Holder, the Company or an Affiliate.

2.28 “Performance Period” shall mean one or more periods of time, which may be of varying and overlapping durations, selected by the Committee, over which the attainment of the Performance Goals shall be measured for purposes of determining a Holder’s right to, and the payment of, a Qualified Performance-Based Award.

2.29 “Performance Stock Award” or “Performance Stock” shall mean an Award granted under Article XII of the Plan under which, upon the satisfaction of predetermined Performance Goals, Shares are paid to the Holder.

2.30 “Performance Stock Agreement” shall mean a written agreement between the Company and a Holder with respect to a Performance Stock Award.

2.31 “Performance Unit” shall mean a Unit awarded to a Holder pursuant to a Performance Unit Award.

2.32 “Performance Unit Award” shall mean an Award granted under Article XI of the Plan under which, upon the satisfaction of predetermined Performance Goals, a cash payment shall be made to the Holder, based on the number of Units awarded to the Holder.

2.33 “Performance Unit Agreement” shall mean a written agreement between the Company and a Holder with respect to a Performance Unit Award.

2.34 “Plan” shall mean this AgEagle Aerial Systems Inc. 2017 Omnibus Equity Incentive Plan, as amended from time to time, together with each of the Award Agreements utilized hereunder.

2.35 “Qualified Performance-Based Award” shall mean an Award that is intended to qualify as “performance-based” compensation under Section 162(m) of the Code.

2.36 “Restricted Stock Award” and “Restricted Stock” shall mean an Award granted under Article VIII of the Plan of Shares, the transferability of which by the Holder is subject to Restrictions.

2.37 “Restricted Stock Agreement” shall mean a written agreement between the Company and a Holder with respect to a Restricted Stock Award.

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2.38 “Restricted Stock Unit Award” and “RSUs” shall refer to an Award granted under Article X of the Plan under which, upon the satisfaction of predetermined individual service-related vesting requirements, a cash payment shall be made to the Holder, based on the number of Units awarded to the Holder.

2.39 “Restricted Stock Unit Agreement” shall mean a written agreement between the Company and a Holder with respect to a Restricted Stock Award.

2.40 “Restriction Period” shall mean the period of time for which Shares subject to a Restricted Stock Award shall be subject to Restrictions, as set forth in the applicable Restricted Stock Agreement.

2.41 “Restrictions” shall mean the forfeiture, transfer and/or other restrictions applicable to Shares awarded to an Employee, Director or Consultant under the Plan pursuant to a Restricted Stock Award and set forth in a Restricted Stock Agreement.

2.42 “Rule 16b-3” shall mean Rule 16b-3 promulgated by the Securities and Exchange Commission under the Exchange Act, as such may be amended from time to time, and any successor rule, regulation or statute fulfilling the same or a substantially similar function.

2.43 “Shares” or “Stock” shall mean the common stock of the Company, par value \$0.001 per share.

2.44 “Stock Appreciation Right” or “SAR” shall mean an Award granted under Article XIV of the Plan of a right, granted alone or in connection with a related Option, to receive a payment equal to the increase in value of a specified number of Shares between the date of Award and the date of exercise.

2.45 “Stock Appreciation Right Agreement” shall mean a written agreement between the Company and a Holder with respect to a Stock Appreciation Right.

2.46 “Tandem Stock Appreciation Right” shall mean a Stock Appreciation Right granted in connection with a related Option, the exercise of some or all of which results in termination of the entitlement to purchase some or all of the Shares under the related Option, all as set forth in Article XIV.

2.47 “Ten Percent Stockholder” shall mean an Employee who, at the time an Option is granted to him or her, owns shares possessing more than ten percent (10%) of the total combined voting power of all classes of shares of the Company or of any parent corporation or subsidiary corporation thereof (both as defined in Section 424 of the Code), within the meaning of Section 422(b)(6) of the Code.

2.48 “Termination of Service” shall mean a termination of a Holder’s employment with, or status as a Director or Consultant of, the Company or an Affiliate, as applicable, for any reason, including, without limitation, Total and Permanent Disability or death, except as provided in Section 6.4. In the event Termination of Service shall constitute a payment event with respect to any Award subject to Code Section 409A, Termination of Service shall only be deemed to occur upon a “separation from service” as such term is defined under Code Section 409A and applicable authorities.

2.49 “Total and Permanent Disability” of an individual shall mean the inability of such individual to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve (12) months, within the meaning of Section 22(e)(3) of the Code.

2.50 “Unit” shall mean a bookkeeping unit, which represents such monetary amount as shall be designated by the Committee in each Performance Unit Agreement, or represents one Share for purposes of each Restricted Stock Unit Award.

2.51 “Unrestricted Stock Award” shall mean an Award granted under Article IX of the Plan of Shares which are not subject to Restrictions.

2.52 “Unrestricted Stock Agreement” shall mean a written agreement between the Company and a Holder with respect to an Unrestricted Stock Award.

### ARTICLE III EFFECTIVE DATE OF PLAN

The Plan shall be effective as of the Effective Date, provided that the Plan is approved by the stockholders of the Company within twelve (12) months of such date.

### ARTICLE IV ADMINISTRATION

4.1 Composition of Committee. The Plan shall be administered by the Committee, which shall be appointed by the Board. If necessary, in the Board’s discretion, to comply with Rule 16b-3 under the Exchange Act and Section 162(m) of the Code, the Committee shall consist solely of two (2) or more Directors who are each (i) “outside directors” within the meaning of Section 162(m) of the Code (“Outside Directors”), (ii) “non-employee directors” within the meaning of Rule 16b-3 (“Non-Employee Directors”) and (iii) “independent” for purposes of any applicable listing requirements; provided, however, that the Board or the Committee may delegate to a committee of one or more members of the Board who are not (x) Outside Directors, the authority to grant Awards to eligible persons who are not (A) then “covered employees” within the meaning of Section 162(m) of the Code and are not expected to be “covered employees” at the time of recognition of income resulting from such Award, or (B) persons with respect to whom the Company wishes to comply with the requirements of Section 162(m) of the Code, and/or (y) Non-Employee Directors, the authority to grant Awards to eligible persons who are not then subject to the requirements of Section 16 of the Exchange Act. If a member of the Committee shall be eligible to receive an Award under the Plan, such Committee member shall have no authority hereunder with respect to his or her own Award.

4.2 Powers. Subject to the other provisions of the Plan, the Committee shall have the sole authority, in its discretion, to make all determinations under the Plan, including but not limited to (i) determining which Employees, Directors or Consultants shall receive an Award, (ii) the time or times when an Award shall be made (the date of grant of an Award shall be the date on which the Award is awarded by the Committee), (iii) what type of Award shall be granted, (iv) the term of an Award, (v) the date or dates on which an Award vests, (vi) the form of any payment to be made pursuant to an Award, (vii) the terms and conditions of an Award (including the forfeiture of the Award, and/or any financial gain, if the Holder of the Award violates any applicable restrictive covenant thereof), (viii) the Restrictions under a Restricted Stock Award, (ix) the number of Shares which may be issued under an Award, (x) Performance Goals applicable to any Award and certification of the achievement of such goals, and (xi) the waiver of any Restrictions or Performance Goals, subject in all cases to compliance with applicable laws. In making such determinations the Committee may take into account the nature of the services rendered by the respective Employees, Directors and Consultants, their present and potential contribution to the Company’s (or the Affiliate’s) success and such other factors as the Committee in its discretion may deem relevant.

4.3 Additional Powers. The Committee shall have such additional powers as are delegated to it under the other provisions of the Plan. Subject to the express provisions of the Plan, the Committee is authorized to construe the Plan and the respective Award Agreements executed hereunder, to prescribe such rules and regulations relating to the Plan as it may deem advisable to carry out the intent of the Plan, to determine the terms, restrictions and provisions of each Award and to make all other determinations necessary or advisable for administering the Plan. The Committee may correct any defect or supply any omission or reconcile any inconsistency in any Award Agreement in the manner and to the extent the Committee shall deem necessary, appropriate or expedient to carry it into effect. The determinations of the Committee on the matters referred to in this Article IV shall be conclusive and binding on the Company and all Holders.

4.4 Committee Action. Subject to compliance with all applicable laws, action by the Committee shall require the consent of a majority of the members of the Committee, expressed either orally at a meeting of the Committee or in writing in the absence of a meeting. No member of the Committee shall have any liability for any good faith action, inaction or determination in connection with the Plan.

### ARTICLE V SHARES SUBJECT TO PLAN AND LIMITATIONS THEREON

5.1 Authorized Shares and Award Limits. The Committee may from time to time grant Awards to one or more Employees, Directors and/or Consultants determined by it to be eligible for participation in the Plan in accordance with the provisions of Article VI. Subject to Article XV, the aggregate number of Shares that may be issued under the Plan shall not exceed Ten Million (10,000,000) Shares. Shares shall be deemed to have been issued under the Plan solely to the extent actually issued and delivered pursuant to an Award. To the extent that an Award lapses, expires, is canceled, is terminated unexercised or ceases to be exercisable for any reason, or the rights of its Holder terminate, any Shares subject to such Award shall again be available for the grant of a new Award. Notwithstanding any provision in the Plan to the contrary, the maximum number of Shares that may be subject to Awards of Options under Article VII and/or Stock Appreciation Rights under Article XIV, in either or both cases granted to any one person during any calendar year, shall be 500,000 Shares (subject to adjustment in the same manner as provided in Article XV with respect to Shares subject to Awards then outstanding). The limitation set forth in the preceding sentence shall be applied in a manner which shall permit compensation generated in connection with the exercise of Options or Stock Appreciation Rights to constitute "performance-based" compensation for purposes of Section 162(m) of the Code, including, but not limited to, counting against such maximum number of Shares, to the extent required under Section 162(m) of the Code, any Shares subject to Options or Stock Appreciation Rights that are canceled or re-priced.

5.2 Types of Shares. The Shares to be issued pursuant to the grant or exercise of an Award may consist of authorized but unissued Shares, Shares purchased on the open market or Shares previously issued and outstanding and reacquired by the Company.

## ARTICLE VI ELIGIBILITY AND TERMINATION OF SERVICE

6.1 Eligibility. Awards made under the Plan may be granted solely to individuals or entities who, at the time of grant, are Employees, Directors or Consultants. An Award may be granted on more than one occasion to the same Employee, Director or Consultant, and, subject to the limitations set forth in the Plan, such Award may include, a Non-qualified Stock Option, a Restricted Stock Award, a Restricted Stock Unit Award, an Unrestricted Stock Award, a Distribution Equivalent Right Award, a Performance Stock Award, a Performance Unit Award, a Stock Appreciation Right, a Tandem Stock Appreciation Right, or any combination thereof, and solely for Employees, an Incentive Stock Option.

6.2 Termination of Service. Except to the extent inconsistent with the terms of the applicable Award Agreement and/or the provisions of Section 6.3 or 6.4, the following terms and conditions shall apply with respect to a Holder's Termination of Service with the Company or an Affiliate, as applicable:

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(a) The Holder's rights, if any, to exercise any then exercisable Options and/or Stock Appreciation Rights shall terminate:

(i) If such termination is for a reason other than the Holder's Total and Permanent Disability or death, ninety (90) days after the date of such Termination of Service;

(ii) If such termination is on account of the Holder's Total and Permanent Disability, one (1) year after the date of such Termination of Service; or

(iii) If such termination is on account of the Holder's death, one (1) year after the date of the Holder's death.

Upon such applicable date the Holder (and such Holder's estate, designated beneficiary or other legal representative) shall forfeit any rights or interests in or with respect to any such Options and Stock Appreciation Rights. Notwithstanding the foregoing, the Committee, in its sole discretion, may provide for a different time period in the Award Agreement, or may extend the time period, following a Termination of Service, during which the Holder has the right to exercise any vested Non-qualified Stock Option or Stock Appreciation Right, which time period may not extend beyond the expiration date of the Award term.

(b) In the event of a Holder's Termination of Service for any reason prior to the actual or deemed satisfaction and/or lapse of the Restrictions, vesting requirements, terms and conditions applicable to a Restricted Stock Award and/or Restricted Stock Unit Award, such Restricted Stock and/or RSUs shall immediately be canceled, and the Holder (and such Holder's estate, designated beneficiary or other legal representative) shall forfeit any rights or interests in and with respect to any such Restricted Stock and/or RSUs. Notwithstanding the immediately preceding sentence, the Committee, in its sole discretion, may determine, prior to or within thirty (30)

days after the date of such Termination of Service that all or a portion of any such Holder's Restricted Stock and/or RSUs shall not be so canceled and forfeited.

6.3 Special Termination Rule. Except to the extent inconsistent with the terms of the applicable Award Agreement, and notwithstanding anything to the contrary contained in this Article VI, if a Holder's employment with, or status as a Director of, the Company or an Affiliate shall terminate, and if, within ninety (90) days of such termination, such Holder shall become a Consultant, such Holder's rights with respect to any Award or portion thereof granted thereto prior to the date of such termination may be preserved, if and to the extent determined by the Committee in its sole discretion, as if such Holder had been a Consultant for the entire period during which such Award or portion thereof had been outstanding. Should the Committee effect such determination with respect to such Holder, for all purposes of the Plan, such Holder shall not be treated as if his or her employment or Director status had terminated until such time as his or her Consultant status shall terminate, in which case his or her Award, as it may have been reduced in connection with the Holder's becoming a Consultant, shall be treated pursuant to the provisions of Section 6.2, provided, however, that any such Award which is intended to be an Incentive Stock Option shall, upon the Holder's no longer being an Employee, automatically convert to a Non-qualified Stock Option. Should a Holder's status as a Consultant terminate, and if, within ninety (90) days of such termination, such Holder shall become an Employee or a Director, such Holder's rights with respect to any Award or portion thereof granted thereto prior to the date of such termination may be preserved, if and to the extent determined by the Committee in its sole discretion, as if such Holder had been an Employee or a Director, as applicable, for the entire period during which such Award or portion thereof had been outstanding, and, should the Committee effect such determination with respect to such Holder, for all purposes of the Plan, such Holder shall not be treated as if his or her Consultant status had terminated until such time as his or her employment with the Company or an Affiliate, or his or her Director status, as applicable, shall terminate, in which case his or her Award shall be treated pursuant to the provisions of Section 6.2.

6.4 Termination of Service for Cause. Notwithstanding anything in this Article VI or elsewhere in the Plan to the contrary, and unless a Holder's Award Agreement specifically provides otherwise, in the event of a Holder's Termination of Service for Cause, all of such Holder's then outstanding Awards shall expire immediately and be forfeited in their entirety upon such Termination of Service.

## ARTICLE VII OPTIONS

7.1 Option Period. The term of each Option shall be as specified in the Option Agreement; provided, however, that except as set forth in Section 7.3, no Option shall be exercisable after the expiration of ten (10) years from the date of its grant.

7.2 Limitations on Exercise of Option. An Option shall be exercisable in whole or in such installments and at such times as specified in the Option Agreement.

7.3 Special Limitations on Incentive Stock Options. To the extent that the aggregate Fair Market Value (determined at the time the respective Incentive Stock Option is granted) of Shares with respect to which Incentive Stock Options are exercisable for the first time by an individual during any calendar year under all plans of the Company and any parent corporation or subsidiary corporation thereof (both as defined in Section 424 of the Code) which provide for the grant of Incentive Stock Options exceeds One Hundred Thousand Dollars (\$100,000) (or such other individual limit as may be in effect under the Code on the date of grant), the portion of such Incentive Stock Options that exceeds such threshold shall be treated as Non-qualified Stock Options. The Committee shall determine, in accordance with applicable provisions of the Code, Treasury Regulations and other administrative pronouncements, which of a Holder's Options, which were intended by the Committee to be Incentive Stock Options when granted to the Holder, will not constitute Incentive Stock Options because of such limitation, and shall notify the Holder of such determination as soon as practicable after such determination. No Incentive Stock Option shall be granted to an Employee if, at the time the Incentive Stock Option is granted, such Employee is a Ten Percent Stockholder, unless (i) at the time such Incentive Stock Option is granted the Option price is at least one hundred ten percent (110%) of the Fair Market Value of the Shares subject to the Incentive Stock Option, and (ii) such Incentive Stock Option by its terms is not exercisable after the expiration of five (5) years from the date of grant. No Incentive Stock Option shall be granted more than ten (10) years from the earlier of the Effective Date or date on which the Plan is approved by the Company's stockholders. The designation by the Committee of an Option as an Incentive Stock Option shall not guarantee the Holder that the Option will satisfy the applicable requirements for "incentive stock option" status under Section 422 of the Code.

7.4 Option Agreement. Each Option shall be evidenced by an Option Agreement in such form and containing such provisions not inconsistent with the other provisions of the Plan as the Committee from time to time shall approve, including, but not

limited to, provisions intended to qualify an Option as an Incentive Stock Option. An Option Agreement may provide for the payment of the Option price, in whole or in part, by the delivery of a number of Shares (plus cash if necessary) that have been owned by the Holder for at least six (6) months and having a Fair Market Value equal to such Option price, or such other forms or methods as the Committee may determine from time to time, in each case, subject to such rules and regulations as may be adopted by the Committee. Each Option Agreement shall, solely to the extent inconsistent with the provisions of Sections 6.2, 6.3, and 6.4, as applicable, specify the effect of Termination of Service on the exercisability of the Option. Moreover, without limiting the generality of the foregoing, a Non-qualified Stock Option Agreement may provide for a “cashless exercise” of the Option, in whole or in part, by (a) establishing procedures whereby the Holder, by a properly-executed written notice, directs (i) an immediate market sale or margin loan as to all or a part of Shares to which he is entitled to receive upon exercise of the Option, pursuant to an extension of credit by the Company to the Holder of the Option price, (ii) the delivery of the Shares from the Company directly to a brokerage firm and (iii) the delivery of the Option price from sale or margin loan proceeds from the brokerage firm directly to the Company, or (b) reducing the number of Shares to be issued upon exercise of the Option by the number of such Shares having an aggregate Fair Market Value equal to the Option price (or portion thereof to be so paid) as of the date of the Option’s exercise. An Option Agreement may also include provisions relating to: (i) subject to the provisions hereof, accelerated vesting of Options, including but not limited to, upon the occurrence of a Change of Control, (ii) tax matters (including provisions covering any applicable Employee wage withholding requirements and requiring additional “gross-up” payments to Holders to meet any excise taxes or other additional income tax liability imposed as a result of a payment made upon a Change of Control resulting from the operation of the Plan or of such Option Agreement) and (iii) any other matters not inconsistent with the terms and provisions of the Plan that the Committee shall in its sole discretion determine. The terms and conditions of the respective Option Agreements need not be identical.

7.5 Option Price and Payment. The price at which an Share may be purchased upon exercise of an Option shall be determined by the Committee; provided, however, that such Option price (i) shall not be less than the Fair Market Value of an Share on the date such Option is granted (or 110% of Fair Market Value for an Incentive Stock Option held by Ten Percent Stockholder, as provided in Section 7.3), and (ii) shall be subject to adjustment as provided in Article XV. The Option or portion thereof may be exercised by delivery of an irrevocable notice of exercise to the Company. The Option price for the Option or portion thereof shall be paid in full in the manner prescribed by the Committee as set forth in the Plan and the applicable Option Agreement, which manner, with the consent of the Committee, may include the withholding of Shares otherwise issuable in connection with the exercise of the Option. Separate share certificates shall be issued by the Company for those Shares acquired pursuant to the exercise of an Incentive Stock Option and for those Shares acquired pursuant to the exercise of a Non-qualified Stock Option.

7.6 Stockholder Rights and Privileges. The Holder of an Option shall be entitled to all the privileges and rights of a stockholder of the Company solely with respect to such Shares as have been purchased under the Option and for which share certificates have been registered in the Holder’s name.

7.7 Options and Rights in Substitution for Stock or Options Granted by Other Corporations. Options may be granted under the Plan from time to time in substitution for stock options held by individuals employed by entities who become Employees, Directors or Consultants as a result of a merger or consolidation of the employing entity with the Company or any Affiliate, or the acquisition by the Company or an Affiliate of the assets of the employing entity, or the acquisition by the Company or an Affiliate of stock or shares of the employing entity with the result that such employing entity becomes an Affiliate.

7.8 Prohibition Against Re-Pricing. Except to the extent (i) approved in advance by holders of a majority of the shares of the Company entitled to vote generally in the election of directors, or (ii) as a result of any Change of Control or any adjustment as provided in Article XV, the Committee shall not have the power or authority to reduce, whether through amendment or otherwise, the exercise price under any outstanding Option or Stock Appreciation Right, or to grant any new Award or make any payment of cash in substitution for or upon the cancellation of Options and/or Stock Appreciation Rights previously granted.

## ARTICLE VIII RESTRICTED STOCK AWARDS

8.1 Award. A Restricted Stock Award shall constitute an Award of Shares to the Holder as of the date of the Award which are subject to a “substantial risk of forfeiture” as defined under Section 83 of the Code during the specified Restriction Period. At the time a Restricted Stock Award is made, the Committee shall establish the Restriction Period applicable to such Award. Each Restricted Stock Award may have a different Restriction Period, in the discretion of the Committee. The Restriction Period applicable to a particular Restricted Stock Award shall not be changed except as permitted by Section 8.2.

8.2 Terms and Conditions. At the time any Award is made under this Article VIII, the Company and the Holder shall enter into a Restricted Stock Agreement setting forth each of the matters contemplated thereby and such other matters as the Committee may determine to be appropriate. The Company shall cause the Shares to be issued in the name of Holder, either by book-entry registration or issuance of one or more stock certificates evidencing the Shares, which Shares or certificates shall be held by the Company or the stock transfer agent or brokerage service selected by the Company to provide services for the Plan. The Shares shall be restricted from transfer and shall be subject to an appropriate stop-transfer order, and if any certificate is issued, such certificate shall bear an appropriate legend referring to the restrictions applicable to the Shares. After any Shares vest, the Company shall deliver the vested Shares, in book-entry or certificated form in the Company's sole discretion, registered in the name of Holder or his or her legal representatives, beneficiaries or heirs, as the case may be, less any Shares withheld to pay withholding taxes. If provided for under the Restricted Stock Agreement, the Holder shall have the right to vote Shares subject thereto and to enjoy all other stockholder rights, including the entitlement to receive dividends on the Shares during the Restriction Period. At the time of such Award, the Committee may, in its sole discretion, prescribe additional terms and conditions or restrictions relating to Restricted Stock Awards, including, but not limited to, rules pertaining to the effect of Termination of Service prior to expiration of the Restriction Period. Such additional terms, conditions or restrictions shall, to the extent inconsistent with the provisions of Sections 6.2, 6.3 and 6.4, as applicable, be set forth in a Restricted Stock Agreement made in conjunction with the Award. Such Restricted Stock Agreement may also include provisions relating to: (i) subject to the provisions hereof, accelerated vesting of Awards, including but not limited to accelerated vesting upon the occurrence of a Change of Control, (ii) tax matters (including provisions covering any applicable Employee wage withholding requirements and requiring additional "gross-up" payments to Holders to meet any excise taxes or other additional income tax liability imposed as a result of a payment made in connection with a Change of Control resulting from the operation of the Plan or of such Restricted Stock Agreement) and (iii) any other matters not inconsistent with the terms and provisions of the Plan that the Committee shall in its sole discretion determine. The terms and conditions of the respective Restricted Stock Agreements need not be identical. All Shares delivered to a Holder as part of a Restricted Stock Award shall be delivered and reported by the Company or the Affiliate, as applicable, to the Holder at the time of vesting.

8.3 Payment for Restricted Stock. The Committee shall determine the amount and form of any payment from a Holder for Shares received pursuant to a Restricted Stock Award, if any, provided that in the absence of such a determination, a Holder shall not be required to make any payment for Shares received pursuant to a Restricted Stock Award, except to the extent otherwise required by law.

## ARTICLE IX UNRESTRICTED STOCK AWARDS

9.1 Award. Shares may be awarded (or sold) to Employees, Directors or Consultants under the Plan which are not subject to Restrictions of any kind, in consideration for past services rendered thereby to the Company or an Affiliate or for other valid consideration.

9.2 Terms and Conditions. At the time any Award is made under this Article IX, the Company and the Holder shall enter into an Unrestricted Stock Agreement setting forth each of the matters contemplated hereby and such other matters as the Committee may determine to be appropriate.

9.3 Payment for Unrestricted Stock. The Committee shall determine the amount and form of any payment from a Holder for Shares received pursuant to an Unrestricted Stock Award, if any, provided that in the absence of such a determination, a Holder shall not be required to make any payment for Shares received pursuant to an Unrestricted Stock Award, except to the extent otherwise required by law.

## ARTICLE X RESTRICTED STOCK UNIT AWARDS

10.1 Award. A Restricted Stock Unit Award shall constitute a promise to grant Shares (or cash equal to the Fair Market Value of Shares) to the Holder at the end of a specified Restriction Period. At the time a Restricted Stock Unit Award is made, the Committee shall establish the Restriction Period applicable to such Award. Each Restricted Stock Unit Award may have a different Restriction Period,

in the discretion of the Committee. A Restricted Stock Unit shall not constitute an equity interest in the Company and shall not entitle the Holder to voting rights, dividends or any other rights associated with ownership of Shares prior to the time the Holder shall receive a distribution of Shares pursuant to Section 10.3.

10.2 Terms and Conditions. At the time any Award is made under this Article X, the Company and the Holder shall enter into a Restricted Stock Unit Agreement setting forth each of the matters contemplated thereby and such other matters as the Committee may determine to be appropriate. The Restricted Stock Unit Agreement shall set forth the individual service-based vesting requirement which the Holder would be required to satisfy before the Holder would become entitled to distribution pursuant to Section 10.3 and the number of Units awarded to the Holder. Such conditions shall be sufficient to constitute a “substantial risk of forfeiture” as such term is defined under Section 409A of the Code. At the time of such Award, the Committee may, in its sole discretion, prescribe additional terms and conditions or restrictions relating to Restricted Stock Unit Awards in the Restricted Stock Unit Agreement, including, but not limited to, rules pertaining to the effect of Termination of Service prior to expiration of the applicable vesting period. The terms and conditions of the respective Restricted Stock Unit Agreements need not be identical.

10.3 Distributions of Shares. The Holder of a Restricted Stock Unit shall be entitled to receive a cash payment equal to the Fair Market Value of an Share, or one Share, as determined in the sole discretion of the Committee and as set forth in the Restricted Stock Unit Agreement, for each Restricted Stock Unit subject to such Restricted Stock Unit Award, if the Holder satisfies the applicable vesting requirement. Such distribution shall be made no later than by the fifteenth (15<sup>th</sup>) day of the third (3<sup>rd</sup>) calendar month next following the end of the calendar year in which the Restricted Stock Unit first becomes vested (i.e., no longer subject to a “substantial risk of forfeiture”).

## ARTICLE XI PERFORMANCE UNIT AWARDS

11.1 Award. A Performance Unit Award shall constitute an Award under which, upon the satisfaction of predetermined individual and/or Company (and/or Affiliate) Performance Goals based on selected Performance Criteria, a cash payment shall be made to the Holder, based on the number of Units awarded to the Holder. At the time a Performance Unit Award is made, the Committee shall establish the Performance Period and applicable Performance Goals. Each Performance Unit Award may have different Performance Goals, in the discretion of the Committee. A Performance Unit Award shall not constitute an equity interest in the Company and shall not entitle the Holder to voting rights, dividends or any other rights associated with ownership of Shares.

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11.2 Terms and Conditions. At the time any Award is made under this Article XI, the Company and the Holder shall enter into a Performance Unit Agreement setting forth each of the matters contemplated thereby and such other matters as the Committee may determine to be appropriate. The Committee shall set forth in the applicable Performance Unit Agreement the Performance Period, Performance Criteria and Performance Goals which the Holder and/or the Company would be required to satisfy before the Holder would become entitled to payment pursuant to Section 11.3, the number of Units awarded to the Holder and the dollar value or formula assigned to each such Unit. Such payment shall be subject to a “substantial risk of forfeiture” under Section 409A of the Code. At the time of such Award, the Committee may, in its sole discretion, prescribe additional terms and conditions or restrictions relating to Performance Unit Awards, including, but not limited to, rules pertaining to the effect of Termination of Service prior to expiration of the applicable performance period. The terms and conditions of the respective Performance Unit Agreements need not be identical.

11.3 Payments. The Holder of a Performance Unit shall be entitled to receive a cash payment equal to the dollar value assigned to such Unit under the applicable Performance Unit Agreement if the Holder and/or the Company satisfy (or partially satisfy, if applicable under the applicable Performance Unit Agreement) the Performance Goals set forth in such Performance Unit Agreement. If necessary to satisfy the requirements of Code Section 162(m), if applicable, the achievement of such Performance Goals shall be certified in writing by the Committee prior to any payment. All payments shall be made no later than by the fifteenth (15<sup>th</sup>) day of the third (3<sup>rd</sup>) calendar month next following the end of the Company’s fiscal year to which such performance goals and objectives relate.

## ARTICLE XII PERFORMANCE STOCK AWARDS

12.1 Award. A Performance Stock Award shall constitute a promise to grant Shares (or cash equal to the Fair Market Value of Shares) to the Holder at the end of a specified Performance Period subject to achievement of specified Performance Goals. At the

time a Performance Stock Award is made, the Committee shall establish the Performance Period and applicable Performance Goals based on selected Performance Criteria. Each Performance Stock Award may have different Performance Goals, in the discretion of the Committee. A Performance Stock Award shall not constitute an equity interest in the Company and shall not entitle the Holder to voting rights, dividends or any other rights associated with ownership of Shares unless and until the Holder shall receive a distribution of Shares pursuant to Section 11.3.

12.2 Terms and Conditions. At the time any Award is made under this Article XII, the Company and the Holder shall enter into a Performance Stock Agreement setting forth each of the matters contemplated thereby and such other matters as the Committee may determine to be appropriate. The Committee shall set forth in the applicable Performance Stock Agreement the Performance Period, selected Performance Criteria and Performance Goals which the Holder and/or the Company would be required to satisfy before the Holder would become entitled to the receipt of Shares pursuant to such Holder's Performance Stock Award and the number of Shares subject to such Performance Stock Award. Such distribution shall be subject to a "substantial risk of forfeiture" under Section 409A of the Code. If such Performance Goals are achieved, the distribution of Shares (or the payment of cash, as determined in the sole discretion of the Committee), shall be made no later than by the fifteenth (15<sup>th</sup>) day of the third (3<sup>rd</sup>) calendar month next following the end of the Company's fiscal year to which such goals and objectives relate. At the time of such Award, the Committee may, in its sole discretion, prescribe additional terms and conditions or restrictions relating to Performance Stock Awards, including, but not limited to, rules pertaining to the effect of the Holder's Termination of Service prior to the expiration of the applicable performance period. The terms and conditions of the respective Performance Stock Agreements need not be identical.

12.3 Distributions of Shares. The Holder of a Performance Stock Award shall be entitled to receive a cash payment equal to the Fair Market Value of a Share, or one Share, as determined in the sole discretion of the Committee, for each Performance Stock Award subject to such Performance Stock Agreement, if the Holder satisfies the applicable vesting requirement. If necessary to satisfy the requirements of Code Section 162(m), if applicable, the achievement of such Performance Goals shall be certified in writing by the Committee prior to any payment. Such distribution shall be made no later than by the fifteenth (15<sup>th</sup>) day of the third (3<sup>rd</sup>) calendar month next following the end of the Company's fiscal year to which such performance goals and objectives relate.

### **ARTICLE XIII DISTRIBUTION EQUIVALENT RIGHTS**

13.1 Award. A Distribution Equivalent Right shall entitle the Holder to receive bookkeeping credits, cash payments and/or Share distributions equal in amount to the distributions that would have been made to the Holder had the Holder held a specified number of Shares during the specified period of the Award.

13.2 Terms and Conditions. At the time any Award is made under this Article XIII, the Company and the Holder shall enter into a Distribution Equivalent Rights Award Agreement setting forth each of the matters contemplated thereby and such other matters as the Committee may determine to be appropriate. The Committee shall set forth in the applicable Distribution Equivalent Rights Award Agreement the terms and conditions, if any, including whether the Holder is to receive credits currently in cash, is to have such credits reinvested (at Fair Market Value determined as of the date of reinvestment) in additional Shares or is to be entitled to choose among such alternatives. Such receipt shall be subject to a "substantial risk of forfeiture" under Section 409A of the Code and, if such Award becomes vested, the distribution of such cash or Shares shall be made no later than by the fifteenth (15<sup>th</sup>) day of the third (3<sup>rd</sup>) calendar month next following the end of the Company's fiscal year in which the Holder's interest in the Award vests. Distribution Equivalent Rights Awards may be settled in cash or in Shares, as set forth in the applicable Distribution Equivalent Rights Award Agreement. A Distribution Equivalent Rights Award may, but need not be, awarded in tandem with another Award (other than an Option or a SAR), whereby, if so awarded, such Distribution Equivalent Rights Award shall expire, terminate or be forfeited by the Holder, as applicable, under the same conditions as under such other Award.

13.3 Interest Equivalents. The Distribution Equivalent Rights Award Agreement for a Distribution Equivalent Rights Award may provide for the crediting of interest on a Distribution Rights Award to be settled in cash at a future date (but in no event later than by the fifteenth (15<sup>th</sup>) day of the third (3<sup>rd</sup>) calendar month next following the end of the Company's fiscal year in which such interest is credited and vested), at a rate set forth in the applicable Distribution Equivalent Rights Award Agreement, on the amount of cash payable thereunder.



**ARTICLE XIV  
STOCK APPRECIATION RIGHTS**

14.1 Award. A Stock Appreciation Right shall constitute a right, granted alone or in connection with a related Option, to receive a payment equal to the increase in value of a specified number of Shares between the date of Award and the date of exercise.

14.2 Terms and Conditions. At the time any Award is made under this Article XIV, the Company and the Holder shall enter into a Stock Appreciation Right Agreement setting forth each of the matters contemplated thereby and such other matters as the Committee may determine to be appropriate. The Committee shall set forth in the applicable Stock Appreciation Right Agreement the terms and conditions of the Stock Appreciation Right, including (i) the base value (the "Base Value") for the Stock Appreciation Right, which shall be not less than the Fair Market Value of an Share on the date of grant of the Stock Appreciation Right, (ii) the number of Shares subject to the Stock Appreciation Right, (iii) the period during which the Stock Appreciation Right may be exercised; provided, however, that no Stock Appreciation Right shall be exercisable after the expiration of ten (10) years from the date of its grant, and (iv) any other special rules and/or requirements which the Committee imposes upon the Stock Appreciation Right. Upon the exercise of some or all of the portion of a Stock Appreciation Right, the Holder shall receive a payment from the Company, in cash or in the form of Shares having an equivalent Fair Market Value or in a combination of both, as determined in the sole discretion of the Committee, equal to the product of:

- (a) The excess of (i) the Fair Market Value of an Share on the date of exercise, over (ii) the Base Value, multiplied by,
- (b) The number of Shares with respect to which the Stock Appreciation Right is exercised.

14.3 Tandem Stock Appreciation Rights. If the Committee grants a Stock Appreciation Right which is intended to be a Tandem Stock Appreciation Right, the Tandem Stock Appreciation Right shall be granted at the same time as the related Option, and the following special rules shall apply:

- (a) The Base Value shall be equal to or greater than the per Share exercise price under the related Option;
- (b) The Tandem Stock Appreciation Right may be exercised for all or part of the Shares which are subject to the related Option, but solely upon the surrender by the Holder of the Holder's right to exercise the equivalent portion of the related Option (and when a Share is purchased under the related Option, an equivalent portion of the related Tandem Stock Appreciation Right shall be canceled);
- (c) The Tandem Stock Appreciation Right shall expire no later than the date of the expiration of the related Option;
- (d) The value of the payment with respect to the Tandem Stock Appreciation Right may be no more than one hundred percent (100%) of the difference between the per Share exercise price under the related Option and the Fair Market Value of the Shares subject to the related Option at the time the Tandem Stock Appreciation Right is exercised, multiplied by the number of the Shares with respect to which the Tandem Stock Appreciation Right is exercised; and
- (e) The Tandem Stock Appreciation Right may be exercised solely when the Fair Market Value of the Shares subject to the related Option exceeds the per Share exercise price under the related Option.

**ARTICLE XV  
RECAPITALIZATION OR REORGANIZATION**

15.1 Adjustments to Shares. The shares with respect to which Awards may be granted under the Plan are Shares as presently constituted; provided, however, that if, and whenever, prior to the expiration or distribution to the Holder of Shares underlying an Award theretofore granted, the Company shall effect a subdivision or consolidation of the Shares or the payment of an Share dividend on Shares without receipt of consideration by the Company, the number of Shares with respect to which such Award may thereafter be exercised or satisfied, as applicable, (i) in the event of an increase in the number of outstanding Shares, shall be proportionately increased, and the purchase price per Share shall be proportionately reduced, and (ii) in the event of a reduction in the number of outstanding Shares, shall be proportionately reduced, and the purchase price per Share shall be proportionately increased. Notwithstanding the foregoing or any

other provision of this Article XV, any adjustment made with respect to an Award (x) which is an Incentive Stock Option, shall comply with the requirements of Section 424(a) of the Code, and in no event shall any adjustment be made which would render any Incentive Stock Option granted under the Plan to be other than an “incentive stock option” for purposes of Section 422 of the Code, and (y) which is a Non-qualified Stock Option, shall comply with the requirements of Section 409A of the Code, and in no event shall any adjustment be made which would render any Non-qualified Stock Option granted under the Plan to become subject to Section 409A of the Code.

15.2 Recapitalization. If the Company recapitalizes or otherwise changes its capital structure, thereafter upon any exercise or satisfaction, as applicable, of a previously granted Award, the Holder shall be entitled to receive (or entitled to purchase, if applicable) under such Award, in lieu of the number of Shares then covered by such Award, the number and class of shares and securities to which the Holder would have been entitled pursuant to the terms of the recapitalization if, immediately prior to such recapitalization, the Holder had been the holder of record of the number of Shares then covered by such Award.

15.3 Other Events. In the event of changes to the outstanding Shares by reason of an extraordinary cash dividend, reorganization, merger, consolidation, combination, split-up, spin-off, exchange or other relevant change in capitalization occurring after the date of the grant of any Award and not otherwise provided for under this Article XV, any outstanding Awards and any Award Agreements evidencing such Awards shall be adjusted by the Board in its discretion in such manner as the Board shall deem equitable or appropriate taking into consideration the applicable accounting and tax consequences, as to the number and price of Shares or other consideration subject to such Awards. In the event of any adjustment pursuant to Sections 15.1, 15.2 or this Section 15.3, the aggregate number of Shares available under the Plan pursuant to Section 5.1 (and the Code Section 162(m) limit set forth therein) may be appropriately adjusted by the Board, the determination of which shall be conclusive. In addition, the Committee may make provision for a cash payment to a Holder or a person who has an outstanding Award. In addition, the Committee may make provision for a cash payment to a Holder or a person who has an outstanding Award.

15.4 Change of Control. The Committee may, in its sole discretion, at the time an Award is made or at any time prior to, coincident with or after the time of a Change of Control, cause any Award either (i) to be canceled in consideration of a payment in cash or other consideration in amount per share equal to the excess, if any, of the price or implied price per Share in the Change of Control over the per Share exercise, base or purchase price of such Award, which may be paid immediately or over the vesting schedule of the Award; (ii) to be assumed, or new rights substituted therefore, by the surviving corporation or a parent or subsidiary of such surviving corporation following such Change of Control; (iii) accelerate any time periods, or waive any other conditions, relating to the vesting, exercise, payment or distribution of an Award so that any Award to a Holder whose employment has been terminated as a result of a Change of Control may be vested, exercised, paid or distributed in full on or before a date fixed by the Committee; (iv) to be purchased from a Holder whose employment has been terminated as a result of a Change of Control, upon the Holder’s request, for an amount of cash equal to the amount that could have been obtained upon the exercise, payment or distribution of such rights had such Award been currently exercisable or payable; or (v) terminate any then outstanding Award or make any other adjustment to the Awards then outstanding as the Committee deems necessary or appropriate to reflect such transaction or change. The number of Shares subject to any Award shall be rounded to the nearest whole number.

15.5 Powers Not Affected. The existence of the Plan and the Awards granted hereunder shall not affect in any way the right or power of the Board or of the stockholders of the Company to make or authorize any adjustment, recapitalization, reorganization or other change of the Company’s capital structure or business, any merger or consolidation of the Company, any issue of debt or equity securities ahead of or affecting Shares or the rights thereof, the dissolution or liquidation of the Company or any sale, lease, exchange or other disposition of all or any part of its assets or business or any other corporate act or proceeding.

15.6 No Adjustment for Certain Awards. Except as hereinabove expressly provided, the issuance by the Company of shares of any class or securities convertible into shares of any class, for cash, property, labor or services, upon direct sale, upon the exercise of rights or warrants to subscribe therefor or upon conversion of shares or obligations of the Company convertible into such shares or other securities, and in any case whether or not for fair value, shall not affect previously granted Awards, and no adjustment by reason thereof shall be made with respect to the number of Shares subject to Awards theretofore granted or the purchase price per Share, if applicable.

**ARTICLE XVI  
AMENDMENT AND TERMINATION OF PLAN**

The Plan shall continue in effect, unless sooner terminated pursuant to this Article XVI, until the tenth (10<sup>th</sup>) anniversary of the date on which it is adopted by the Board (except as to Awards outstanding on that date). The Board in its discretion may terminate the Plan at any time with respect to any shares for which Awards have not theretofore been granted; provided, however, that the Plan's termination shall not materially and adversely impair the rights of a Holder with respect to any Award theretofore granted without the consent of the Holder. The Board shall have the right to alter or amend the Plan or any part hereof from time to time; provided, however, that without the approval by a majority of the votes cast at a meeting of stockholders at which a quorum representing a majority of the shares of the Company entitled to vote generally in the election of directors is present in person or by proxy, no amendment or modification of the Plan may (i) materially increase the benefits accruing to Holders, (ii) except as otherwise expressly provided in Article XV, materially increase the number of Shares subject to the Plan or the individual Award Agreements specified in Article V, (iii) materially modify the requirements for participation in the Plan, or (iv) amend, modify or suspend Section 7.7 (re-pricing prohibitions) or this Article XVI. In addition, no change in any Award theretofore granted may be made which would materially and adversely impair the rights of a Holder with respect to such Award without the consent of the Holder (unless such change is required in order to cause the benefits under the Plan to qualify as "performance-based" compensation within the meaning of Section 162(m) of the Code or to exempt the Plan or any Award from Section 409A of the Code).

**ARTICLE XVII  
MISCELLANEOUS**

17.1 No Right to Award. Neither the adoption of the Plan by the Company nor any action of the Board or the Committee shall be deemed to give an Employee, Director or Consultant any right to an Award except as may be evidenced by an Award Agreement duly executed on behalf of the Company, and then solely to the extent and on the terms and conditions expressly set forth therein.

17.2 No Rights Conferred. Nothing contained in the Plan shall (i) confer upon any Employee any right with respect to continuation of employment with the Company or any Affiliate, (ii) interfere in any way with any right of the Company or any Affiliate to terminate the employment of an Employee at any time, (iii) confer upon any Director any right with respect to continuation of such Director's membership on the Board, (iv) interfere in any way with any right of the Company or an Affiliate to terminate a Director's membership on the Board at any time, (v) confer upon any Consultant any right with respect to continuation of his or her consulting engagement with the Company or any Affiliate, or (vi) interfere in any way with any right of the Company or an Affiliate to terminate a Consultant's consulting engagement with the Company or an Affiliate at any time.

17.3 Other Laws; No Fractional Shares; Withholding. The Company shall not be obligated by virtue of any provision of the Plan to recognize the exercise of any Award or to otherwise sell or issue Shares in violation of any laws, rules or regulations, and any postponement of the exercise or settlement of any Award under this provision shall not extend the term of such Award. Neither the Company nor its directors or officers shall have any obligation or liability to a Holder with respect to any Award (or Shares issuable thereunder) (i) that shall lapse because of such postponement, or (ii) for any failure to comply with the requirements of any applicable law, rules or regulations, including but not limited to any failure to comply with the requirements of Section 409A of this Code. No fractional Shares shall be delivered, nor shall any cash in lieu of fractional Shares be paid. The Company shall have the right to deduct in cash (whether under this Plan or otherwise) in connection with all Awards any taxes required by law to be withheld and to require any payments required to enable it to satisfy its withholding obligations. In the case of any Award satisfied in the form of Shares, no Shares shall be issued unless and until arrangements satisfactory to the Company shall have been made to satisfy any tax withholding obligations applicable with respect to such Award. Subject to such terms and conditions as the Committee may impose, the Company shall have the right to retain, or the Committee may, subject to such terms and conditions as it may establish from time to time, permit Holders to elect to tender, Shares (including Shares issuable in respect of an Award) to satisfy, in whole or in part, the amount required to be withheld.

17.4 No Restriction on Corporate Action. Nothing contained in the Plan shall be construed to prevent the Company or any Affiliate from taking any corporate action which is deemed by the Company or such Affiliate to be appropriate or in its best interest, whether or not such action would have an adverse effect on the Plan or any Award made under the Plan. No Employee, Director, Consultant, beneficiary or other person shall have any claim against the Company or any Affiliate as a result of any such action.

17.5 Restrictions on Transfer. No Award under the Plan or any Award Agreement and no rights or interests herein or therein, shall or may be assigned, transferred, sold, exchanged, encumbered, pledged or otherwise hypothecated or disposed of by a Holder except

(i) by will or by the laws of descent and distribution, or (ii) where permitted under applicable tax rules, by gift to any Family Member of the Holder, subject to compliance with applicable laws. An Award may be exercisable during the lifetime of the Holder only by such Holder or by the Holder's guardian or legal representative unless it has been transferred by gift to a Family Member of the Holder, in which case it shall be exercisable solely by such transferee. Notwithstanding any such transfer, the Holder shall continue to be subject to the withholding requirements provided for under Section 17.3 hereof.

17.6 Beneficiary Designations. Each Holder may, from time to time, name a beneficiary or beneficiaries (who may be contingent or successive beneficiaries) for purposes of receiving any amount which is payable in connection with an Award under the Plan upon or subsequent to the Holder's death. Each such beneficiary designation shall serve to revoke all prior beneficiary designations, be in a form prescribed by the Company and be effective solely when filed by the Holder in writing with the Company during the Holder's lifetime. In the absence of any such written beneficiary designation, for purposes of the Plan, a Holder's beneficiary shall be the Holder's estate.

17.7 Rule 16b-3. It is intended that the Plan and any Award made to a person subject to Section 16 of the Exchange Act shall meet all of the requirements of Rule 16b-3. If any provision of the Plan or of any such Award would disqualify the Plan or such Award under, or would otherwise not comply with the requirements of, Rule 16b-3, such provision or Award shall be construed or deemed to have been amended as necessary to conform to the requirements of Rule 16b-3.

17.8 Section 162(m). The following conditions shall apply if it is intended that the requirements of Section 162(m) of the Code be satisfied such that Awards under the Plan which are made to Holders who are "covered employees" (as defined in Section 162(m) of the Code) shall constitute "performance-based" compensation within the meaning of Section 162(m) of the Code: Any Performance Goal(s) applicable to Qualified Performance-Based Awards shall be objective, shall be established not later than ninety (90) days after the beginning of any applicable Performance Period (or at such other date as may be required or permitted for "performance-based" compensation under Section 162(m) of the Code) and shall otherwise meet the requirements of Section 162(m) of the Code, including the requirement that the outcome of the Performance Goal or Goals be substantially uncertain (as defined in the regulations under Section 162(m) of the Code) at the time established. The Performance Criteria to be utilized under the Plan to establish Performance Goals shall consist of objective tests based on one or more of the following: earnings or earnings per share, cash flow or cash flow per share, operating cash flow or operating cash flow per share revenue growth, product revenue growth, financial return ratios (such as return on equity, return on investment and/or return on assets), share price performance, stockholder return, equity and/or value, operating income, operating margins, earnings before interest, taxes, depreciation and amortization, earnings, pre- or post-tax income, economic value added (or an equivalent metric), profit returns and margins, credit quality, sales growth, market share, working capital levels, comparisons with various share market indices, year-end cash, debt reduction, assets under management, operating efficiencies, strategic partnerships or transactions (including co-development, co-marketing, profit sharing, joint venture or other similar arrangements), and/or financing and other capital raising transaction. Performance criteria may be established on a Company-wide basis or with respect to one or more Company business units or divisions or subsidiaries; and either in absolute terms, relative to the performance of one or more similarly situated companies, or relative to the performance of an index covering a peer group of companies. When establishing Performance Goals for the applicable Performance Period, the Committee may exclude any or all "extraordinary items" as determined under U.S. generally accepted accounting principles including, without limitation, the charges or costs associated with restructurings of the Company, discontinued operations, other unusual or non-recurring items, and the cumulative effects of accounting changes, and as identified in the Company's financial statements, notes to the Company's financial statements or management's discussion and analysis of financial condition and results of operations contained in the Company's most recent annual report filed with the U.S. Securities and Exchange Commission pursuant to the Exchange Act. Holders who are "covered employees" (as defined in Section 162(m) of the Code) shall be eligible to receive payment under a Qualified Performance-Based Award which is subject to achievement of a Performance Goal or Goals only if the applicable Performance Goal or Goals are achieved within the applicable Performance Period, as determined by the Committee. If any provision of the Plan would disqualify the Plan or would not otherwise permit the Plan to comply with Section 162(m) of the Code as so intended, such provision shall be construed or deemed amended to conform to the requirements or provisions of Section 162(m) of the Code. The Committee may postpone the exercising of Awards, the issuance or delivery of Shares under any Award or any action permitted under the Plan to prevent the Company or any subsidiary from being denied a federal income tax deduction, provided that such deferral satisfies the requirements of Section 409A of the Code. For purposes of the requirements of Treasury Regulation Section 1.162-27(e)(4)(i), the maximum aggregate amount that may be paid in cash during any calendar year to any one person (measured from the date of any payment) with respect to one or more Awards payable in cash shall be \$500,000.

17.9 Clawback Policy. Notwithstanding any contained herein or in any incentive “performance based” Awards under the Plan shall be subject to reduction, forfeiture or repayment by reason of a correction or restatement of the Company’s financial information if and to the extent such reduction or repayment is required by any applicable law.

17.10 Section 409A. Notwithstanding any other provision of the Plan, the Committee shall have no authority to issue an Award under the Plan with terms and/or conditions which would cause such Award to constitute non-qualified “deferred compensation” under Section 409A of the Code unless such Award shall be structured to be exempt from or comply with all requirements of Code Section 409A. The Plan and all Award Agreements are intended to comply with the requirements of Section 409A of the Code (or to be exempt therefrom) and shall be so interpreted and construed and no amount shall be paid or distributed from the Plan unless and until such payment complies with all requirements of Code Section 409A. It is the intent of the Company that the provisions of this Agreement and all other plans and programs sponsored by the Company be interpreted to comply in all respects with Code Section 409A, however, the Company shall have no liability to the Holder, or any successor or beneficiary thereof, in the event taxes, penalties or excise taxes may ultimately be determined to be applicable to any payment or benefit received by the Holder or any successor or beneficiary thereof.

17.11 Indemnification. Each person who is or shall have been a member of the Committee or of the Board shall be indemnified and held harmless by the Company against and from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred thereby in connection with or resulting from any claim, action, suit, or proceeding to which such person may be made a party or may be involved by reason of any action taken or failure to act under the Plan and against and from any and all amounts paid thereby in settlement thereof, with the Company’s approval, or paid thereby in satisfaction of any judgment in any such action, suit, or proceeding against such person; provided, however, that such person shall give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive and shall be independent of any other rights of indemnification to which such persons may be entitled under the Company’s Articles of Incorporation or By-laws, by contract, as a matter of law, or otherwise.

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17.12 Other Benefit Plans. No Award, payment or amount received hereunder shall be taken into account in computing an Employee’s salary or compensation for the purposes of determining any benefits under any pension, retirement, life insurance or other benefit plan of the Company or any Affiliate, unless such other plan specifically provides for the inclusion of such Award, payment or amount received. Nothing in the Plan shall be construed to limit the right of the Company to establish other plans or to pay compensation to its employees, in cash or property, in a manner which is not expressly authorized under the Plan.

17.13 Limits of Liability. Any liability of the Company with respect to an Award shall be based solely upon the contractual obligations created under the Plan and the Award Agreement. None of the Company, any member of the Board nor any member of the Committee shall have any liability to any party for any action taken or not taken, in good faith, in connection with or under the Plan.

17.14 Governing Law. Except as otherwise provided herein, the Plan shall be construed in accordance with the laws of the State of Nevada, without regard to principles of conflicts of law.

17.15 Severability of Provisions. If any provision of the Plan is held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision of the Plan, and the Plan shall be construed and enforced as if such invalid or unenforceable provision had not been included in the Plan.

17.16 No Funding. The Plan shall be unfunded. The Company shall not be required to establish any special or separate fund or to make any other segregation of funds or assets to ensure the payment of any Award. Prior to receipt of Shares or a cash distribution pursuant to the terms of an Award, such Award shall represent an unfunded unsecured contractual obligation of the Company and the Holder shall have no greater claim to the Shares underlying such Award or any other assets of the Company or Affiliate than any other unsecured general creditor.

17.17 Headings. Headings used throughout the Plan are for convenience only and shall not be given legal significance.

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**PROXY**

AgEagle Aerial Systems Inc.

PROXY FOR ANNUAL MEETING OF SHAREHOLDERS TO BE HELD JUNE 16, 2021 THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED

The undersigned hereby appoints Michael Drozd and Nicole Fernandez-McGovern, or either of them, each with power of substitution, as proxies for the undersigned to vote all shares of Common Stock of said Company which the undersigned is entitled to vote at the Annual Meeting of Shareholders (the "Annual Meeting") of AgEagle Aerial Systems Inc. (the "Company") to be held at 700 NW 1st Avenue, Ste. 1200, Miami, Florida 33136-4118 on June 16, 2021, at 11:00 a.m. (local time), and any adjournment or postponement thereof, as hereinafter specified and, in their judgment, upon such other matters as may properly come before the meeting. The undersigned hereby revokes all proxies previously given.

THIS PROXY WILL BE VOTED AS DIRECTED OR, IF NO DIRECTION IS GIVEN, WILL BE VOTED "FOR" EACH OF THE NOMINEES NAMED IN PROPOSAL 1, "FOR" PROPOSALS 2, 3 AND 4. THE PROXIES ARE AUTHORIZED TO VOTE IN THEIR JUDGMENT UPON SUCH OTHER BUSINESS NOT KNOWN AS MAY PROPERLY COME BEFORE THE ANNUAL MEETING OR ANY ADJOURNMENTS THEREOF.

(Continued and to be marked, dated and signed on other side)

▲ PLEASE DETACH ALONG PERFORATED LINE AND MAIL IN THE ENVELOPE PROVIDED. ▲

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be held June 16, 2021

The Proxy Statement and our 2020 Annual Report to Shareholders are available at: https://web.viewproxy.com/uavs/2021

Please mark your votes like this in blue or black ink [X]

The Board of Directors recommends you vote FOR each of the nominees named in Proposal 1.

Proposal 1 – Election of Directors

Table with 4 columns: Nominees, FOR all nominees, WITHHOLD AUTHORITY from all nominees, FOR ALL EXCEPT (see instructions below). Rows include Barrett Mooney, Grant Begley, Luisa Ingargiola, Thomas Gardner, and Brandon Torres Declet.

INSTRUCTION: To withhold authority to vote for any individual nominee, mark "FOR All Except" and write that nominee's name in the space provided below.

Address Change/Comments: (If you noted any Address Changes and/or Comments above, please mark box.)

Please indicate if you plan to attend this meeting

The Board of Directors recommends you vote FOR Proposals 2, 3, and 4.

Proposal 2 – To approve, on an advisory basis, the compensation of our named executive officers ("say-on-pay");

[ ] FOR [ ] AGAINST [ ] ABSTAIN

Proposal 3 – To amend the Company's 2017 Omnibus Equity Incentive Plan to increase the number of shares of Common Stock authorized for issuance under the plan to 10,000,000 shares.

[ ] FOR [ ] AGAINST [ ] ABSTAIN

Proposal 4 – To ratify the appointment of WithumSmith+Brown, PC, as the Company's independent accountants, for the fiscal year ending December 31, 2020; and

[ ] FOR [ ] AGAINST [ ] ABSTAIN

To transact other business as may properly come before the meeting or any adjournment or postponement thereof.

Date

Signature

Signature (Joint Owners)

Note: Please sign exactly as your name or names appear on this card. Joint owners should each sign personally. If signing as a fiduciary or attorney, please give your exact title.

CONTROL NUMBER



▲ PLEASE DETACH ALONG PERFORATED LINE AND MAIL IN THE ENVELOPE PROVIDED. ▲

As a shareholder of AgEagle Aerial Systems Inc., you have the option of voting your shares electronically through the Internet or by telephone, eliminating the need to return the proxy card. Your electronic vote authorizes the named proxies to vote your shares in the

same manner as if you marked, signed, dated and returned the proxy card. Votes submitted electronically over the Internet or by telephone must be received by 11:59 pm, Eastern Standard Time, on June 15, 2021.



**PROXY VOTING INSTRUCTIONS**

Please have your 11-digit control number ready when voting by Internet or Telephone



**INTERNET**

**Vote Your Proxy on the  
Internet:**

Go to [www.fcvote.com/UAWS](http://www.fcvote.com/UAWS)

Have your proxy card available  
when you access the above  
website. Follow the prompts to  
vote your shares.



**TELEPHONE**

**Vote Your Proxy by Phone:**

**Call 1 866-402-3905**

Use any touch-tone telephone to vote  
your proxy. Have your proxy card  
available when you call. Follow the  
voting instructions to vote your shares.



**MAIL**

**Vote Your Shares by Mail:**

Mark, sign, and date your proxy card, then  
detach it, and return it in the postage-paid  
envelope provided.