

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

FORM 8-K

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

February 2, 2024
Date of Report (Date of earliest event reported)

AIRSHIP AI HOLDINGS, INC.

(Exact Name of Registrant as Specified in its Charter)

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| Delaware (State or other jurisdiction of incorporation) | 001-40222 (Commission File Number) | 93-4974766 (I.R.S. Employer Identification No.) |
| 8210 154th Ave NE Redmond, WA (Address of Principal Executive Offices) | | 98052 (Zip Code) |

Registrant's telephone number, including area code: **(877) 462-4250**

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

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

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

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

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|----------------------------|--------------------------|--|
| Common Stock | AISP | The Nasdaq Stock Market LLC |
| Warrants | AISPW | The Nasdaq Stock Market LLC |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

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

Item 1.01. Entry into Material Definitive Agreement

On February 2, 2024, Airship AI Holdings, Inc. (the “Company”) issued and sold to Platinum Capital Partners Inc. (“Platinum”) in a private placement an Amended and Restated Senior Secured Convertible Promissory Note in the principal amount of \$2,000,000 (the “Note”). The Note amends and restates in its entirety the Senior Secured Convertible Promissory Note issued to Platinum in the principal amount of \$2,000,000 on June 22, 2023. The repayment amount of the Note is 110% of the principal amount (\$2,200,000) and matures in full on June 22, 2024. Interest accrues on the Note at the rate of 6% per annum calculated on the basis of 360 days. At the option of Platinum, the principal amount of the Note plus any accrued but unpaid interest is convertible into shares of the Company’s common stock (“Common Stock”) at a conversion price per share equal to the lower of (i) \$3.69717, subject to appropriate adjustment as provided in the Note, and (ii) 65% of the VWAP for the Common Stock for the preceding five trading days immediately prior to any conversion, but in no event below \$2.27518, subject to appropriate adjustment as provided in the Note. The Note contains “weighted average” anti-dilution protection for issuances of shares of Common Stock or Common Stock equivalents at a price less than the conversion price then in effect.

In connection with the issuance of the Note, the Company also issued to Platinum an Amended and Restated Common Stock Purchase Warrant (the “Warrant”) on February 2, 2024 to purchase 189,334 shares of Common Stock at an exercise price per share of \$3.69717. The term of the Warrant expires on June 22, 2028. The Note may not be converted, and the Warrant may not be exercised, to the extent that after giving effect to such conversion and/or exercise, Platinum (together with its affiliates) would beneficially own in excess of 4.99% of the Common Stock outstanding immediately after giving effect to such conversion and/or exercise.

The obligations under the Note are secured by a blanket lien on all assets of the Company pursuant to an Amended and Restated Security Agreement dated February 2, 2024 (the “Security Agreement”) and are guaranteed pursuant to an Amended and Restated Guaranty dated February 2, 2024 (the “Guaranty”). The Company also concurrently entered into an Amended and Restated Subordination Agreement.

The foregoing summaries of the terms and conditions of the Note, the Warrant, the Security Agreement, the Guaranty and the Amended and Restated Subordination Agreement set forth herein do not purport to be complete and are qualified in their entirety by the full text of the forms of the Note, the Warrant, the Security Agreement, the Guaranty and the Amended and Restated Subordination Agreement, which are attached hereto as Exhibits 10.1, 4.1, 10.2, 10.3 and 10.4, respectively, and incorporated herein by reference.

Item 2.03. Creation of a Direct Financial Obligation.

The disclosure set forth under Item 1.01 of this Current Report on Form 8-K is hereby incorporated in its entirety under this Item 2.03.

Item 3.02. Unregistered Sales of Equity Securities

The disclosure set forth in Item 1.01 of this Current Report on Form 8-K is hereby incorporated in its entirety into this Item 3.02. The Note, the Warrant and the shares of Common Stock issuable upon conversion of the Note and exercise of the Warrant described herein have not been registered under the Securities Act of 1933, as amended (the “Securities Act”), and were offered and sold in reliance upon exemption from the registration requirements under Section 4(a)(2) under the Securities Act and/or Regulation D promulgated thereunder.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

| No. | Description of Exhibit |
|----------------------|--|
| 4.1 | Amended and Restated Common Stock Purchase Warrant issued February 2, 2024 by Airship AI Holdings, Inc. to Platinum Capital Partners Inc. |
| 10.1 | Amended and Restated Senior Secured Convertible Promissory Note issued February 2, 2024 by Airship AI Holdings, Inc. to Platinum Capital Partners Inc. |
| 10.2 | Amended and Restated Security Agreement dated February 2, 2024 between Airship AI Holdings, Inc. and Platinum Capital Partners Inc. |
| 10.3 | Amended and Restated Guaranty dated February 2, 2024 between Airship AI Holdings, Inc., Platinum Capital Partners Inc. |
| 10.4 | Amended and Restated Subordination Agreement dated February 2, 2024 between Airship AI Holdings, Inc. and Platinum Capital Partners Inc. |

SIGNATURES

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

Dated: February 6, 2024

AIRSHIP AI HOLDINGS, INC.

By: /s/ Victor Huang
Name: Victor Huang
Title: Chief Executive Officer

NEITHER THE OFFER NOR THE SALE OF THIS SECURITY NOR THE SECURITIES FOR WHICH THIS SECURITY IS EXERCISABLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS.

AIRSHIP AI HOLDINGS, INC.

AMENDED AND RESTATED
COMMON STOCK PURCHASE WARRANT
(the "Warrant")

Warrant Shares: 189,334

Initial Exercise Date: June 22, 2023
Amended and Restated Date: February 2, 2024

THIS COMMON STOCK PURCHASE WARRANT (this "Warrant") certifies that, for value received, PLATINUM CAPITAL PARTNERS INC., a British Virgin Islands company, or its assigns (the "Holder") is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time on or after June 22, 2023 (the "Initial Exercise Date") and on or prior to the close of business at 5:00 p.m. (New York City time) on June 22, 2028 (the "Termination Date") but not thereafter, to subscribe for and purchase from AIRSHIP AI HOLDINGS, INC., a Delaware corporation (the "Company"), up to 189,334 shares (as subject to adjustment hereunder, the "Warrant Shares") of Common Stock, par value \$0.0001 per share. The purchase price of one share of Common Stock under this Warrant shall be equal to the Exercise Price, as defined in Section 2(b).

1. Definitions. Capitalized terms used and not otherwise defined herein shall have the meanings set forth in that certain Convertible Note Purchase Agreement (the "Purchase Agreement"), dated June 22, 2023, among the Company and the Holder, pursuant to which, among other matters, the Company issued the initial Holder a \$2,000,000 Senior Secured Convertible Promissory Note (the "Note").

2. Exercise.

(a) Exercise of Warrant. Exercise of the purchase rights represented by this Warrant may be made, in whole or in part, at any time or times on or after the Initial Exercise Date and on or before the Termination Date by delivery to the Company of a duly executed facsimile copy or PDF copy submitted by electronic (or e-mail attachment) of the Notice of Exercise in the form annexed hereto ("Notice of Exercise"). Within the earlier of (i) two (2) Trading Days and (ii) the number of Trading Days comprising the Standard Settlement Period (as defined in Section 2(d)(i) herein) following the date of exercise as aforesaid, the Holder shall deliver the aggregate Exercise Price for the shares specified in the applicable Notice of Exercise by wire transfer or cashier's check drawn on a United States bank unless the Cashless Exercise procedure specified in Section 2(c) below is specified in the applicable Notice of Exercise. No ink-original Notice of Exercise shall be required, nor shall any medallion guarantee (or other type of guarantee or notarization) of any Notice of Exercise form be required. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company until the Holder has purchased all of the Warrant Shares available hereunder and the Warrant has been exercised in full, in which case, the Holder shall surrender this Warrant to the Company for cancellation within two (2) Trading Days of the date the final Notice of Exercise is delivered to the Company. Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased. The Holder and the Company shall maintain records showing the number of Warrant Shares purchased and the date of such purchases. The Company shall deliver any objection to any Notice of Exercise within one (1) Business Day of receipt of such notice. The Holder and any assignee, by acceptance of this Warrant, acknowledge and agree that, by reason of the provisions of this paragraph, following the purchase of a portion of the Warrant Shares hereunder, the number of Warrant Shares available for purchase hereunder at any given time may be less than the amount stated on the face hereof. Without the consent of the Company, each Notice of Exercise shall provide for an aggregate Exercise Price of not less than \$87,500 (or the Cashless Exercise equivalent) or the remaining Warrant Shares issuable under this Warrant, whichever is lower.

(b) Exercise Price. The exercise price per share of the Common Stock under this Warrant shall be \$3.69717, subject to adjustment hereunder (the "Exercise Price").

(c) Cashless Exercise. Holder may, by delivering an Exercise Notice and in lieu of making payment of the aggregate Exercise Price in cash or wire transfer, elect instead to receive upon such exercise the "Net Number" of shares of Common Stock determined according to the following formula (the "Cashless Exercise"):

$$\text{Net Number} = \frac{(A \times B) - (A \times C)}{B}$$

For purposes of the foregoing formula:

A = the total number of Warrant Shares with respect to which this Warrant is then being exercised.

B = the Closing Bid Price of the Common Stock on the date of exercise of the Warrant.

C = the Warrant Exercise Price then in effect for the applicable Warrant Shares at the time of such exercise.

"Bid Price" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the bid price of the Common Stock for the time in question (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), or (b) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Holder and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

(d) Mechanics of Exercise.

(i) Delivery of Warrant Shares Upon Exercise. Subject to the requirements of applicable law, the Company shall cause the Warrant Shares purchased hereunder to be transmitted by the Transfer Agent to the Holder by crediting the account of the Holder's or its designee's balance account with The Depository Trust Company through its Deposit or Withdrawal at Custodian system ("DWAC") if the Company is then a participant in such system and either (A) there is an effective registration statement permitting the issuance of the Warrant Shares to or resale of the Warrant Shares by the Holder or (B) the Warrant Shares are eligible for resale by the Holder pursuant to Rule 144 (assuming Cashless Exercise of the Warrants) and otherwise by physical delivery of a certificate, registered in the Company's share register in the name of the Holder or its designee, for the number of Warrant Shares to which the Holder is entitled pursuant to such exercise to the address specified by the Holder in the Notice of Exercise by the date that is the earlier of (i) the earlier of (A) three (3) Trading Days after the delivery to the Company of the Notice of Exercise and (B) one (1) Trading Day after delivery of the aggregate Exercise Price to the Company and (ii) the number of Trading Days comprising the Standard Settlement Period after the delivery to the Company of the Notice of Exercise (such date, the "Warrant Share Delivery Date"). Upon delivery of the Notice of Exercise, the Holder shall be deemed for all corporate purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised, irrespective of the date of delivery of the Warrant Shares, provided that payment of the aggregate Exercise Price (other than in the case of a Cashless Exercise) is received within the earlier of (i) three (3) Trading Days and (ii) the number of Trading Days comprising the Standard Settlement Period following delivery of the Notice of Exercise. If the Company fails for any reason to deliver to the Holder the Warrant Shares subject to a Notice of Exercise by the Warrant Share Delivery Date, the Company shall pay to the Holder, in cash, as liquidated damages and not as a penalty, for each \$1,000 of Warrant Shares subject to such exercise (based on the VWAP of the Common Stock on the date of the applicable Notice of Exercise), \$10 per Trading Day (increasing to \$20 per Trading Day on the fifth Trading Day after such liquidated damages begin to accrue) for each Trading Day after the first Business Day after the Warrant Share Delivery Date until such Warrant Shares are delivered or Holder rescinds such exercise. The Company agrees to maintain a transfer agent that is a participant in the FAST program so long as this Warrant remains outstanding and exercisable. As used herein, "Standard Settlement Period" means the standard settlement period, expressed in a number of Trading Days, on the Company's primary Trading Market with respect to the Common Stock as in effect on the date of delivery of the Notice of Exercise.

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

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

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

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

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

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

(c) Holder's Exercise Limitations.

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

(ii) Section 2(e)(i) shall apply only in the event that the Common Stock is registered under Section 12(b) or Section 12(g) of the Exchange Act.

(f) Earnout Shares. In addition to the Warrant Shares to be issued to Holder upon exercise hereof from time to time, the Company agrees, as part of the Earnout Escrow Agreement (as described below), to allocate such proportionate number of Earnout Shares that may be due Holder in accordance with this Warrant and that Merger Agreement, dated as of June 27, 2023, as amended, by and among the Company (formerly known as BYTE Acquisition Corp.) and Airship AI Holdings, Inc., a Washington corporation, *et al.*, and that Earnout Escrow Agreement, dated as of December 21, 2023, by and among the Company and Continental Stock Transfer & Trust Company, a New York corporation.

3. Certain Adjustments.

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

(b) Adjustments to Exercise Price for Diluting Issues

(i) Special Definitions. For purposes of this Section 3(b)(ii), the following definitions shall apply:

(A) "Additional Shares of Common Stock" shall mean all shares of Common Stock issued (or, pursuant to Section 3(b)(iii) below, deemed to be issued) by the Company after the Original Issue Date; *provided, however*, shall exclude shares of Common Stock or Common Stock Equivalents issued by reason of a dividend, stock split, split-up or other distribution on shares of Common Stock that is covered by Section 3(b)(i), Section 3(b)(iii), Section 3(b)(iv) or Section 3(b)(vi) herein; *provided, further*, shall exclude shares of Common Stock or Common Stock Equivalents issued under the Company's 2023 Equity Incentive Plan.

(B) "Aggregate Exercise Amount" shall mean, as of any specific time, the Exercise Price as of such time multiplied by the total number of Warrant Shares which may be purchased upon exercise of this Warrant as of such time (without taking into account any exercise limitation under Section 2(e) or otherwise).

(C) "Common Stock Equivalents" means any securities, instrument or contract which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any debt, preferred stock, right, option, warrant or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

(ii) No Adjustment of Exercise Price. No adjustment in the Exercise Price shall be made as the result of the issuance or deemed issuance of Additional Shares of Common Stock if the Company receives written notice from the Holder agreeing that no such adjustment shall be made as the result of the issuance or deemed issuance of such Additional Shares of Common Stock.

(iii) Deemed Issue of Additional Shares of Common Stock

(A) If the Company at any time or from time to time after the Original Issue Date shall issue any Common Stock Equivalents or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Common Stock Equivalents, then the maximum number of shares of Common Stock (as set forth in the instrument relating thereto, assuming the satisfaction of any conditions to exercisability, convertibility or exchangeability but without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise, conversion or exchange of such Common Stock Equivalents, shall be deemed to be Additional Shares of Common Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date.

(B) If the terms of any Common Stock Equivalents, the issuance of which resulted in an adjustment to the Exercise Price pursuant to the terms of Section 3(b)(iv), are revised as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Common Stock Equivalents (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Common Stock Equivalents) to provide for either (1) any increase or decrease in the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any such Common Stock Equivalents or (2) any increase or decrease in the consideration payable to the Company upon such exercise, conversion and/or exchange, then, effective upon such increase or decrease becoming effective, the Exercise Price computed upon the original issue of such Common Stock Equivalents (or upon the occurrence of a record date with respect thereto) shall be readjusted to such Exercise Price as would have obtained had such revised terms been in effect upon the original date of issuance of such Common Stock Equivalents. Notwithstanding the foregoing, no readjustment pursuant to this clause (2) shall have the effect of increasing the Exercise Price to an amount which exceeds the lower of (i) the Exercise Price in effect immediately prior to the original adjustment made as a result of the issuance of such Common Stock Equivalents, or (ii) the Exercise Price that would have resulted from any issuances of Additional Shares of Common Stock (other than deemed issuances of Additional Shares of Common Stock as a result of the issuance of such Common Stock Equivalents) between the original adjustment date and such readjustment date

(C) If the terms of any Common Stock Equivalents, the issuance of which did not result in an adjustment to the Exercise Price pursuant to the terms of Section 3(b)(iv) (either because the consideration per share (determined pursuant to Section 3(b)(v) of the Additional Shares of Common Stock subject thereto was equal to or greater than the Exercise Price then in effect, or because such Common Stock Equivalents was issued before the Issue Date), are revised after the Issue Date as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Common Stock Equivalents (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Common Stock Equivalents) to provide for either (1) any increase in the number of shares of Common Stock issuable upon the exercise, conversion or exchange of any such Common Stock Equivalents or (2) any decrease in the consideration payable to the Company upon such exercise, conversion or exchange, then such Common Stock Equivalents, as so amended or adjusted, and the Additional Shares of Common Stock subject thereto (determined in the manner provided in Section 3(b)(iii) shall be deemed to have been issued effective upon such increase or decrease becoming effective.

(D) Upon the expiration or termination of any unexercised, unconverted or unexchanged Common Stock Equivalents (or portion thereof) which resulted (either upon its original issuance or upon a revision of its terms) in an adjustment to the Exercise Price pursuant to the terms of Section 3(b)(iv), the Exercise Price shall be readjusted to such Exercise Price as would have obtained had such Common Stock Equivalents (or portion thereof) never been issued.

(E) If the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any Common Stock Equivalents, or the consideration payable to the Company upon such exercise, conversion and/or exchange, is calculable at the time such Common Stock Equivalents are issued or amended but is subject to adjustment based upon subsequent events, any adjustment to the Exercise Price provided for in this Section 3(b)(iii) shall be effected at the time of such issuance or amendment based on such number of shares or amount of consideration without regard to any provisions for subsequent adjustments (and any subsequent adjustments shall be treated as provided in clauses (2) and (3) of this Section 3(b)(iii)). If the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any Common Stock Equivalents, or the consideration payable to the Company upon such exercise, conversion and/or exchange, cannot be calculated at all at the time such Common Stock Equivalents are issued or amended, any adjustment to the Exercise Price that would result under the terms of this Section 3(b)(iii) at the time of such issuance or amendment shall instead be effected at the time such number of shares and/or amount of consideration is first calculable (even if subject to subsequent adjustments), assuming for purposes of calculating such adjustment to the Exercise Price that such issuance or amendment took place at the time such calculation can first be made.

(iv) Adjustment of Exercise Price Upon Issuance of Additional Shares of Common Stock. In the event the Company shall at any time after the Original Issue Date issue Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Section 3(b)(iii), without consideration or for a consideration per share less than the Exercise Price in effect immediately prior to such issuance or deemed issuance, then the Exercise Price shall be reduced, concurrently with such issue, to a price (calculated to the nearest one-hundredth of a cent) determined in accordance with the following formula and consequently the number of Warrant Shares issuable hereunder shall be increased such that the Aggregate Exercise Amount hereunder, after taking into account the decrease in the Exercise Price, shall be equal to the Aggregate Exercise Amount prior to such adjustment:

$$CP_2 = CP_1 * (A + B) \div (A + C).$$

For purposes of the foregoing formula, the following definitions shall apply:

“CP₂” shall mean the Exercise Price in effect immediately after such issuance or deemed issuance of Additional Shares of Common Stock

“CP₁” shall mean the Exercise Price in effect immediately prior to such issuance or deemed issuance of Additional Shares of Common Stock;

“A” shall mean the number of shares of Common Stock outstanding immediately prior to such issuance or deemed issuance of Additional Shares of Common Stock (treating for this purpose as outstanding all shares of Common Stock issuable upon exercise, conversion or exchange of Common Stock Equivalents outstanding immediately prior to such issue);

“B” shall mean the number of shares of Common Stock that would have been issued if such Additional Shares of Common Stock had been issued or deemed issued at a price per share equal to CP₁ (determined by dividing the aggregate consideration received by the Company in respect of such issue by CP₁); and

“C” shall mean the number of such Additional Shares of Common Stock issued in such transaction.

(v) Determination of Consideration. For purposes of this Section 3, the consideration received by the Company for the issuance or deemed issuance of any Additional Shares of Common Stock shall be computed as follows:

(A) Cash and Property. Such consideration shall (x) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Company, excluding amounts paid or payable for accrued interest; (y) insofar as it consists of property other than cash, be computed at the fair market value thereof at the time of such issue, as determined in good faith by the Board of Directors of the Company; and (z) in the event Additional Shares of Common Stock are issued together with other shares or securities or other assets of the Company for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (x) and (y) above, as determined in good faith by the Board of Directors of the Company ; *provided, however*, the Holder may promptly object to either such determination by the Board of Directors and the fair market value shall be determined by an independent appraiser selected in good faith by the Holder and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

(B) Common Stock Equivalents. The consideration per share received by the Company for Additional Shares of Common Stock deemed to have been issued pursuant to Section 3(b)(iii)(C) relating to Common Stock Equivalents, shall be determined by dividing: (y) the total amount, if any, received or receivable by the Company as consideration for the issue of such Common Stock Equivalents, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Company upon the exercise, conversion or exchange of such Common Stock Equivalents, by (z) the maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise, conversion or exchange of such Common Stock Equivalents.

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

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

(d) Intentionally omitted.

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

(f) Notice to Holder.

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

(ii) Notice to Allow Exercise by Holder. If (A) the Company shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Company shall authorize the granting to all holders of the Common Stock rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Company shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Company is a party, any sale or transfer of all or substantially all of the assets of the Company, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property, or (E) the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company, then, in each case, the Company shall cause to be delivered by facsimile or email to the Holder at its last facsimile number or email address as it shall appear upon the Warrant Register of the Company, at least 20 calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange; provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice. To the extent that any notice provided in this Warrant constitutes, or contains, material, non-public information regarding the Company or any of the Subsidiaries, the Company shall simultaneously publicly disseminate such notice. The Holder shall remain entitled to exercise this Warrant during the period commencing on the date of such notice to the effective date of the event triggering such notice except as may otherwise be expressly set forth herein.

4. Transfer of Warrant.

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

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

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

(d) Transfer Restrictions. If, at the time of the surrender of this Warrant in connection with any transfer of this Warrant, the transfer of this Warrant shall not be either (i) registered pursuant to an effective registration statement under the Securities Act and under applicable state securities or blue sky laws or (ii) eligible for resale pursuant to Rule 144, the Company may require, as a condition of allowing such transfer, that the Holder or transferee of this Warrant, as the case may be, comply with the provisions of the Purchase Agreement.

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

5. Miscellaneous.

(a) No Rights as Stockholder Until Exercise. This Warrant does not entitle the Holder to any voting rights, dividends or other rights as a stockholder of the Company prior to the exercise hereof as set forth in Section 2(d)(i), except as expressly set forth in Section 3.

(b) Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity and/or security reasonably satisfactory to it (which, in the case of the Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or stock certificate.

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

(d) Authorized Shares.

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

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

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

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

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

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

(h) Governing Law. This Warrant shall be governed by the internal law of the State of New York, without regard to conflict of law principles that would result in the application of any law other than the law of the State of New York.

(i) Dispute Resolution. The parties (a) hereby irrevocably and unconditionally submit to the jurisdiction of the state courts of New York and to the jurisdiction of the United States District Court for the Southern District of New York for the purpose of any suit, action or other proceeding arising out of or based upon this Warrant, (b) agree not to commence any suit, action or other proceeding arising out of or based upon this Agreement except in the state courts of New York or the United States District Court for the Southern District of New York, and (c) hereby waive, and agree not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Warrant or the subject matter hereof may not be enforced in or by such court.

(j) Waiver of Jury Trial. EACH PARTY HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS WARRANT, THE OTHER TRANSACTION DOCUMENTS, THE SECURITIES OR THE SUBJECT MATTER HEREOF OR THEREOF. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS (INCLUDING NEGLIGENCE), BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THIS SECTION HAS BEEN FULLY DISCUSSED BY EACH OF THE PARTIES HERETO AND THESE PROVISIONS WILL NOT BE SUBJECT TO ANY EXCEPTIONS. EACH PARTY HERETO HEREBY FURTHER WARRANTS AND REPRESENTS THAT SUCH PARTY HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT SUCH PARTY KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL.

(k) Notices. All notices or other communications required or permitted hereunder shall be governed by Section 6.5 of the Purchase Agreement.

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

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

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

(o) Amendment. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company and the Holder.

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

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

(r) Counterparts. This Warrant may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

[remainder of this page intentionally left blank]

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

AIRSHIP AI HOLDINGS, INC.

By: _____
Name: Victor Huang
Title: Chief Executive Officer

Agreed and accepted:

PLATINUM CAPITAL PARTNERS INC.

By: _____
Name: Harris Stasis
Title: Director

NOTICE OF EXERCISE

To: **AIRSHIP AI HOLDINGS, INC.**

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

(2) Payment shall take the form of [*check one*]:

- in lawful money of the United States; or
- the cancellation of such number of Warrant Shares as is necessary, in accordance with the formula set forth in Section 1.3, to exercise this Warrant with respect to the maximum number of Warrant Shares purchasable pursuant to the cashless exercise procedure set forth in Section 1.3.

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

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

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

[SIGNATURE OF HOLDER]

Name of Investing Entity: _____

Signature of Authorized Signatory of Investing Entity: _____

Name of Authorized Signatory: _____

Title of Authorized Signatory: _____

Date: _____

ASSIGNMENT FORM

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

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

Name: _____
(Please Print)

Address: _____
(Please Print)

Phone Number: _____

Email Address: _____

Dated: _____, _____

Holder's Signature: _____

Holder's Address: _____

NEITHER THE OFFER NOR THE SALE OF THIS SECURITY NOR THE SECURITIES FOR WHICH THIS SECURITY IS CONVERTIBLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS.

AIRSHIP AI HOLDINGS, INC.

AMENDED AND RESTATED
SENIOR SECURED CONVERTIBLE PROMISSORY NOTE
(the "Note")

US\$2,000,000.00

Issue Date: June 22, 2023
Amended and Restated: February 2, 2024

For value received AIRSHIP AI HOLDINGS, INC., a Delaware corporation (the "Company") promises to pay to PLATINUM CAPITAL PARTNERS INC., a British Virgin Islands company (the "Purchaser", together with its successors and assigns, the "Holder"), at 167, Doiranis str, Suite 500, Kallithea, 17673, Athens, Greece, or at such other address as the holder hereof may from time to time designate in writing, the principal sum of Two Million Dollars (US\$2,000,000.00), or such lesser amount as shall be equal to the outstanding principal amount hereof (the "Principal Amount"), together with all accrued and unpaid interest thereon, upon the terms and conditions specified below. This Note is issued pursuant to that certain Convertible Promissory Note Purchase Agreement, dated as of June 22, 2023, by and between AIRSHIP AI, INC., a Washington corporation, and the Purchaser, as amended by that letter agreement dated as of February 2, 2024, by and among the Purchaser, the Company, *et al* (the "Purchase Agreement"). Additional rights of the Purchaser are set forth in the Purchase Agreement. All capitalized terms used herein and not otherwise defined shall have the respective meanings given to them in the Purchase Agreement.

So long as any portion of this Note remains outstanding and unpaid, the Company will comply with the following provisions to which this Note is subject and by which it is governed:

1. Interest. Interest shall accrue on the principal outstanding from time to time, commencing from the Issue Date of this Note and continuing until repayment of this Note in full, at a rate equal to six percent (6.0%) per annum. Upon an Event of Default (as defined below), this Note will bear interest at a default rate of interest equal to the sum of the interest rate set forth in the immediately preceding sentence plus an additional ten percent (10%) per annum (collectively, "Default Interest"). Interest shall accrue on the basis of actual days elapsed in a year consisting of 360 days. Notwithstanding anything herein to the contrary, if during any period for which interest is computed under this Note, the amount of interest computed on the basis provided for in this Note, together with all fees, charges and other payments which are treated as interest under applicable law, would exceed the amount of such interest computed on the basis of the Highest Lawful Rate (as defined below), the Company's obligations hereunder shall, automatically and retroactively, be deemed reduced to the Highest Lawful Rate, and during any such period the interest payable under this Note shall be computed on the basis of the Highest Lawful Rate. In the event the Holder receives as interest an amount which would exceed the Highest Lawful Rate, then the amount of any excess interest shall not be applied to the payment of interest hereunder, but shall be applied to the reduction of the unpaid principal balance due hereunder. As used herein, "Highest Lawful Rate" means the maximum non-usurious rate of interest, as in effect from time to time, which may be lawfully charged, contracted for, reserved, received or collected by the Holder in connection with this Note under applicable law.

2. Principal.

(a) Repayment at Maturity. The amount of 110% of the unpaid principal amount of this Note, together with any then unpaid and accrued interest and any other amounts payable hereunder, shall be due and payable on the earlier of (i) the Maturity Date (as defined below) or (ii) when, upon the occurrence of an Event of Default, such amounts are declared due and payable by the Holder or made automatically due and payable, in each case, in accordance with the terms hereof. The “Maturity Date” shall mean June 22, 2024.

(b) Prepayment. The Company may not prepay all or any part of the principal or interest owed under this Note prior to the Maturity Date, except (i) to the extent conversion by the Holder constitutes prepayment, or (ii) acceleration by Holder upon an Event of Default in Section 5.

3. Payment Terms. Unless earlier converted, all payments of principal and interest shall be in lawful money of the United States of America. Payments under this Note shall be applied first to the payment of all accrued and unpaid interest and then to the payment of principal.

4. Conversion.

(a) General. At any time after the Issue Date until this Note is no longer outstanding, this Note shall be convertible, in whole or in part, into shares (the “Conversion Shares”) of the Company’s common stock, par value \$0.0001 per share (the “Common Stock”), which such Common Stock shall include such other security that becomes issuable upon conversion of this Note as provide herein, at the option of the Holder, at any time and from time to time. The Holder shall effect conversions by delivering to the Company a Notice of Conversion (each, a “Notice of Conversion”), specifying therein the principal amount of this Note, and amount of accrued and unpaid interest (if any), to be converted and the date on which such conversion shall be effected (such date, the “Conversion Date”). If no Conversion Date is specified in a Notice of Conversion, the Conversion Date shall be the date that such Notice of Conversion is deemed delivered hereunder. To effect conversions hereunder, the Holder shall not be required to physically surrender this Note to the Company unless the entire principal amount of this Note, plus all accrued and unpaid interest thereon, has been so converted. Conversions hereunder shall have the effect of lowering (i) first, accrued and unpaid interest, if so elected by the Holder, and (ii) second, the outstanding principal amount of this Note in an amount equal to the applicable conversion. The Holder and the Company shall maintain records showing the amount(s) converted and the date of such conversion(s). The Company may deliver an objection to any Notice of Conversion within two (2) Business Days of delivery of such Notice of Conversion, stating the basis of such objection and citing the relevant Section of the Note upon which such objection is based. In the event of any dispute or discrepancy, the Company and the Holder shall work to resolve such dispute or discrepancy to the mutual satisfaction of both parties. The Holder, and any assignee by acceptance of this Note, acknowledge and agree that, by reason of the provisions of this paragraph, following conversion of a portion of this Note, the unpaid and unconverted principal amount of this Note may be less than the amount stated on the face hereof. Without the consent of the Company, each Notice of Conversion shall provide for principal and/or interest being converted not less than the lower of (A) \$250,000, and (B) the outstanding principal on this Note.

(b) Conversion Price. Except as expressly set forth herein, the conversion price per Conversion Share shall be the lower of (i) \$3.69717, subject to appropriate adjustment as provided in Section 4(d), and (ii) 65% of the VWAP for the Common Stock for the preceding five (5) Trading Days immediately prior to any conversion by the Holder, but in no event below \$2.27518, subject to appropriate adjustment as provided in Section 4(d) (the “Conversion Price”).

(c) Mechanics of Conversion.

(i) Common Stock Issuable Upon Conversion of Amount. The number of Conversion Shares issuable upon a conversion hereunder shall be determined by the quotient obtained by dividing (x) the outstanding amount of this Note to be converted by (y) the Conversion Price.

(ii) Delivery of Certificate Upon Conversion. Not later than three Trading Days after each Conversion Date (the "Share Delivery Date"), the Company shall deliver, or cause to be delivered, to the Holder (A) a certificate or certificates representing the Conversion Shares representing the number of Conversion Shares being acquired upon the conversion of this Note and (B) a bank check in the amount of accrued and unpaid interest (unless the Holder has elected to receive Conversion Shares for the accrued and unpaid interest).

(iii) Failure to Deliver Certificates. If, in the case of any Notice of Conversion, such certificate or certificates are not delivered to or as directed by the applicable Holder by the Share Delivery Date, the Holder shall be entitled to elect by written notice to the Company at any time on or before its receipt of such certificate or certificates, to rescind such Notice of Conversion, *ab initio*, in which event the Company shall promptly return to the Holder any original Note delivered to the Company and the Holder shall promptly return to the Company the Common Stock certificates issued to such Holder pursuant to the rescinded Notice of Conversion.

(iv) Obligation Absolute; Partial Liquidated Damages. The Company's obligations to issue and deliver the Conversion Shares upon conversion of this Note in accordance with the terms hereof are absolute and unconditional, irrespective of any action or inaction by the Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim, recoupment, limitation or termination, or any breach or alleged breach by the Holder or any other Person of any obligation to the Company or any violation or alleged violation of law by the Holder or any other Person, and irrespective of any other circumstance which might otherwise limit such obligation of the Company to the Holder in connection with the issuance of such Conversion Shares; *provided, however*, that such delivery shall not operate as a waiver by the Company of any such action the Company may have against the Holder. If the Company fails for any reason to deliver to the Holder such certificate or certificates pursuant to Section 4(c)(ii) by the Share Delivery Date, the Company shall pay to the Holder, in cash, as liquidated damages for the delay in such delivery and not as a penalty, for each \$1,000 of principal amount being converted \$5 per Trading Day (increasing to \$10 per Trading Day on the fifth (5th) Trading Day after such liquidated damages begin to accrue) for each Trading Day after such Share Delivery Date until such certificates are delivered or the Holder rescinds such conversion. Nothing herein shall limit the Holder's right to pursue actual damages or declare an Event of Default pursuant to Section 5 hereof for the Company's failure to deliver Conversion Shares within the period specified herein and the Holder shall have the right to pursue all remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief. The exercise of any such rights shall not prohibit the Holder from seeking to enforce damages pursuant to any other Section hereof or under applicable law.

(v) Compensation for Buy-In on Failure to Timely Deliver Certificates Upon Conversion. In addition to any other rights available to the Holder, during any time that the Common Stock is then listed on a Trading Market, if the Company fails for any reason to deliver to the Holder such certificate or certificates by the Share Delivery Date pursuant to Section 4(c)(ii), and if after such Share Delivery Date the Holder is required by its brokerage firm to purchase (in an open market transaction or otherwise), or the Holder's brokerage firm otherwise purchases, Common Stock to deliver in satisfaction of a sale by the Holder of the Conversion Shares which the Holder was entitled to receive upon the conversion relating to such Share Delivery Date (a "Buy-In"), then the Company shall (A) pay in cash to the Holder (in addition to any other remedies available to or elected by the Holder) the amount, if any, by which (x) the Holder's total purchase price (including any brokerage commissions) for the Common Stock so purchased exceeds (y) the product of (1) the aggregate number of shares of Common Stock that the Holder was entitled to receive from the conversion at issue multiplied by (2) the actual sale price at which the sell order giving rise to such purchase obligation was executed (including any brokerage commissions) and (B) at the option of the Holder, either reissue (if surrendered) this Note in a principal amount equal to the principal amount of the attempted conversion (in which case such conversion shall be deemed rescinded) or deliver to the Holder the number of shares of Common Stock that would have been issued if the Company had timely complied with its delivery requirements under Section 4(c)(ii). The Holder shall provide the Company written notice indicating the amounts payable to the Holder in respect of the Buy-In and, upon request of the Company, evidence of the amount of such loss. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver certificates representing Common Stock upon conversion of this Note as required pursuant to the terms hereof.

(vi) Reservation of Shares Issuable Upon Conversion. The Company covenants that it will at all times reserve and keep available out of its authorized and unissued Common Stock a sufficient number of shares of Common Stock for the sole purpose of issuance upon conversion of this Note, each as herein provided, free from preemptive rights or any other actual contingent purchase rights of Persons other than the Holder (and the other holders of the Note). The Company covenants that all Common Stock that shall be so issuable shall, upon issue, be duly authorized, validly issued, fully paid and nonassessable.

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

(viii) Transfer Taxes and Expenses. The issuance of certificates for Common Stock on conversion of this Note shall be made without charge to the Holder hereof for any documentary stamp or similar taxes that may be payable in respect of the issue or delivery of such certificates, provided that, the Company shall not be required to pay any tax that may be payable in respect of any transfer involved in the issuance and delivery of any such certificate upon conversion in a name other than that of the Holder of this Note so converted and the Company shall not be required to issue or deliver such certificates unless or until the Person or Persons requesting the issuance thereof shall have paid to the Company the amount of such tax or shall have established to the satisfaction of the Company that such tax has been paid. The Company shall pay all transfer agent fees required for processing of any Notice of Conversion.

(d) Certain Adjustments.

(i) Stock Dividends and Stock Splits. If the Company, at any time while this Note is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions payable in the class of Common Stock or any Common Stock Equivalents (which, for avoidance of doubt, shall not include any Common Stock issued by the Company upon conversion of, or payment of interest on, the Note), (ii) subdivides outstanding Common Stock into a larger number of shares, (iii) combines (including by way of a reverse stock split) outstanding Common Stock into a smaller number of shares or (iv) issues, in the event of a reclassification of Common Stock, any shares of capital stock of the Company, then the Conversion Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding any treasury shares of the Company) outstanding immediately before such event, and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event. Any adjustment made pursuant to this Section shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or reclassification.

(ii) Adjustments to Conversion Price for Diluting Issues.

(A) Special Definitions. For purposes of this Section 4, the following definitions shall apply:

(1) “Additional Shares of Common Stock” shall mean all Common Stock issued (or, pursuant to Section 4(d)(ii)(C) below, deemed to be issued) by the Company after the Issue Date; *provided, however*, shall exclude Common Stock or Common Stock Equivalents issued by reason of a dividend, stock split, split-up or other distribution on Common Stock that is covered by Section 4(d)(i), Section 4(d)(iii) or Section 4(d)(iv) herein; *provided, further*, shall exclude Common Stock or Common Stock Equivalents issued under the Company’s 2023 Equity Incentive Plan.

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

(B) No Adjustment of Conversion Price. No adjustment in the Conversion Price shall be made as the result of the issuance or deemed issuance of Additional Shares of Common Stock if the Company receives written notice from the Holder agreeing that no such adjustment shall be made as the result of the issuance or deemed issuance of such Additional Shares of Common Stock.

(C) Deemed Issue of Additional Shares of Common Stock.

(1) If the Company at any time or from time to time after the Issue Date shall issue any Common Stock Equivalents or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Common Stock Equivalents, then the maximum number of shares of Common Stock (as set forth in the instrument relating thereto, assuming the satisfaction of any conditions to exercisability, convertibility or exchangeability but without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise, conversion or exchange of Common Stock Equivalents, shall be deemed to be Additional Shares of Common Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date.

(2) If the terms of any Common Stock Equivalent, the issuance of which resulted in an adjustment to the Conversion Price pursuant to the terms of Section 4(d)(ii)(D), are revised as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Common Stock Equivalent (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Common Stock Equivalent) to provide for either (1) any increase or decrease in the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any such Common Stock Equivalent or (2) any increase or decrease in the consideration payable to the Company upon such exercise, conversion and/or exchange, then, effective upon such increase or decrease becoming effective, the Conversion Price computed upon the original issue of such Common Stock Equivalent (or upon the occurrence of a record date with respect thereto) shall be readjusted to such Conversion Price as would have obtained had such revised terms been in effect upon the original date of issuance of such Common Stock Equivalent. Notwithstanding the foregoing, no readjustment pursuant to this clause (2) shall have the effect of increasing the Conversion Price to an amount which exceeds the lower of (i) the Conversion Price in effect immediately prior to the original adjustment made as a result of the issuance of such Common Stock Equivalent, or (ii) the Conversion Price that would have resulted from any issuances of Additional Shares of Common Stock (other than deemed issuances of Additional Shares of Common Stock as a result of the issuance of such Common Stock Equivalent) between the original adjustment date and such readjustment date.

(3) If the terms of any Common Stock Equivalent, the issuance of which did not result in an adjustment to the Conversion Price pursuant to the terms of Section 4(d)(ii)(D) (either because the consideration per share (determined pursuant to Section 4(d)(ii)(E) of the Additional Shares of Common Stock subject thereto was equal to or greater than the Conversion Price then in effect, or because such Common Stock Equivalent was issued before the Issue Date), are revised after the Issue Date as a result of an amendment to such terms or any other adjustment pursuant to the provisions of such Common Stock Equivalent (but excluding automatic adjustments to such terms pursuant to anti-dilution or similar provisions of such Common Stock Equivalent) to provide for either (1) any increase in the number of shares of Common Stock issuable upon the exercise, conversion or exchange of any such Common Stock Equivalent or (2) any decrease in the consideration payable to the Company upon such exercise, conversion or exchange, then such Common Stock Equivalent, as so amended or adjusted, and the Additional Shares of Common Stock subject thereto (determined in the manner provided in Section 4(d)(ii)(E) shall be deemed to have been issued effective upon such increase or decrease becoming effective.

(4) Upon the expiration or termination of any unexercised or unconverted or unexchanged Common Stock Equivalents (or portion thereof) which resulted (either upon its original issuance or upon a revision of its terms) in an adjustment to the Conversion Price pursuant to the terms of Section 4(d)(ii)(D), the Conversion Price shall be readjusted to such Conversion Price as would have obtained had such Common Stock Equivalent (or portion thereof) never been issued.

(5) If the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any Common Stock Equivalent, or the consideration payable to the Company upon such exercise, conversion and/or exchange, is calculable at the time such Common Stock Equivalent is issued or amended but is subject to adjustment based upon subsequent events, any adjustment to the Conversion Price provided for in this Section 4(d)(ii) shall be effected at the time of such issuance or amendment based on such number of shares or amount of consideration without regard to any provisions for subsequent adjustments (and any subsequent adjustments shall be treated as provided in clauses (2) and (3) of this Section 4(d)(ii)(C)). If the number of shares of Common Stock issuable upon the exercise, conversion and/or exchange of any Common Stock Equivalent, or the consideration payable to the Company upon such exercise, conversion and/or exchange, cannot be calculated at all at the time such Common Stock Equivalent is issued or amended, any adjustment to the Conversion Price that would result under the terms of this Section 4(d)(ii)(C) at the time of such issuance or amendment shall instead be effected at the time such number of shares and/or amount of consideration is first calculable (even if subject to subsequent adjustments), assuming for purposes of calculating such adjustment to the Conversion Price that such issuance or amendment took place at the time such calculation can first be made.

(D) Adjustment of Conversion Price Upon Issuance of Additional Shares of Common Stock. In the event the Company shall at any time after the Issue Date issue Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Section 4(d)(ii)(C), without consideration or for a consideration per share less than the Conversion Price in effect immediately prior to such issuance or deemed issuance, then the Conversion Price shall be reduced, concurrently with such issue, to a price (calculated to the nearest one-hundredth of a cent) determined in accordance with the following formula:

$$CP_2 = CP_1 * (A + B) \div (A + C).$$

For purposes of the foregoing formula, the following definitions shall apply:

“CP₂” shall mean the Conversion Price in effect immediately after such issuance or deemed issuance of Additional Shares of Common Stock

“CP₁” shall mean the Conversion Price in effect immediately prior to such issuance or deemed issuance of Additional Shares of Common Stock;

“A” shall mean the number of shares of Common Stock outstanding immediately prior to such issuance or deemed issuance of Additional Shares of Common Stock (treating for this purpose as outstanding all Common Stock issuable upon exercise, conversion or exchange of Common Stock Equivalents outstanding immediately prior to such issue);

“B” shall mean the number of shares of Common Stock that would have been issued if such Additional Shares of Common Stock had been issued or deemed issued at a price per share equal to CP₁ (determined by dividing the aggregate consideration received by the Company in respect of such issue by CP₁); and

“C” shall mean the number of such Additional Shares of Common Stock issued in such transaction.

(E) Determination of Consideration. For purposes of this Section 4, the consideration received by the Company for the issuance or deemed issuance of any Additional Shares of Common Stock shall be computed as follows:

(1) Cash and Property. Such consideration shall (x) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Company, excluding amounts paid or payable for accrued interest; (y) insofar as it consists of property other than cash, be computed at the fair market value thereof at the time of such issue, as determined in good faith by the Board of Directors of the Company; and (z) in the event Additional Shares of Common Stock are issued together with other shares or securities or other assets of the Company for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (x) and (y) above, as determined in good faith by the Board of Directors of the Company; *provided, however*, the Holder may promptly object to either such determination by the Board of Directors and the fair market value shall be determined by an independent appraiser selected in good faith by the Holder and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

(2) Common Stock Equivalents. The consideration per share received by the Company for Additional Shares of Common Stock deemed to have been issued pursuant to Section 4(d)(ii)(C) relating to Common Stock Equivalents, shall be determined by dividing: (y) the total amount, if any, received or receivable by the Company as consideration for the issue of such Common Stock Equivalents, plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Company upon the exercise, conversion or exchange of such Common Stock Equivalents, by (z) the maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise, conversion or exchange of such Common Stock Equivalents.

(iii) Subsequent Rights Offerings. In addition to any adjustments pursuant to Section 4(d)(i) and Section 4(d)(ii) above, if at any time the Company grants, issues or sells any Common Stock Equivalents or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of shares of Common Stock (the "Purchase Rights"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of shares of Common Stock acquirable upon complete conversion of this Note (without regard to any limitations on exercise hereof, including without limitation, the Beneficial Ownership Limitation) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights (provided, however, to the extent that the Holder's right to participate in any such Purchase Right would result in the Holder exceeding the Beneficial Ownership Limitation, then the Holder shall not be entitled to participate in such Purchase Right to such extent (or beneficial ownership of such Common Stock as a result of such Purchase Right to such extent) and such Purchase Right to such extent shall be held in abeyance for the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Beneficial Ownership Limitation).

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

(v) Calculations. All calculations under this Section 5 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 5, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding any treasury shares of the Company) issued and outstanding.

(e) Notice to the Holder.

(i) Adjustment to Conversion Price. Whenever the Conversion Price is adjusted pursuant to any provision of this Section 4, the Company shall promptly deliver to each Holder a notice setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment.

(ii) Notice to Allow Conversion by Holder. If (A) the Company shall declare a dividend (or any other distribution in whatever form) on Common Stock, (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Company shall authorize the granting to all holders of Common Stock of rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Company shall be required in connection with any reclassification of Common Stock, any consolidation or merger to which the Company is a party, any sale or transfer of all or substantially all of the assets of the Company, or any compulsory share exchange whereby Common Stock are converted into other securities, cash or property or (E) the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company, then, in each case, the Company shall cause to be filed at each office or agency maintained for the purpose of conversion of this Note, and shall cause to be delivered to the Holder at its last address as it shall appear upon the Note Register, at least twenty (20) calendar days prior to the applicable record or effective date hereinafter specified (or such shorter period as is reasonably possible, but not less than ten (10) calendar days, if twenty (20) calendar days is not reasonably possible), a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, or the date on which the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company was authorized, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities, cash or other property deliverable upon any such reclassification, consolidation, merger, sale, transfer, share exchange, or voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company, provided that the failure to deliver such notice or any defect therein or in the delivery thereof shall not affect the validity of the corporate action required to be specified in such notice. To the extent that any notice provided hereunder constitutes, or contains, material, non-public information regarding the Company, the Company shall simultaneously file such notice with the Commission pursuant to a Current Report on Form 8-K or if it is not subject to the reporting requirements of the Commission, a press release. The Holder shall remain entitled to convert this Note during the 20-day period commencing on the date of such notice through the effective date of the event triggering such notice except as may otherwise be expressly set forth herein.

(f) Earnout Shares. In addition to the Conversion Shares to be issued to the Purchaser upon conversion hereof from time to time, the Company agrees, as part of the Earnout Escrow Agreement (as described below), to allocate such proportionate number of Earnout Shares that may be due Purchaser in accordance with this Note and that Merger Agreement, dated as of June 27, 2023, as amended, by and among the Company (formerly known as BYTE Acquisition Corp.) and Airship AI Holdings, Inc., a Washington corporation, *et al.*, and that Earnout Escrow Agreement, dated as of December 21, 2023, by and among the Company and Continental Stock Transfer & Trust Company, a New York corporation.

(g) Intentionally omitted.

(h) Intentionally omitted.

(i) Definitions.

(i) "VWAP" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if the Common Stock is quoted for trading on the OTCQB or OTCQX, as applicable, and if the OTCQB or OTCQX is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on OTCQB or OTCQX as applicable, or (c) if the Common Stock is not then listed or quoted for trading on OTCQB or OTCQX and if prices for the Common Stock are then reported in The Pink Open Market (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported.

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

(j) Beneficial Ownership Limitation. The Company shall not effect any conversion of this Note, and the Holder shall not have the right to convert any portion of this Note, pursuant to Section 4 or otherwise, to the extent that after giving effect to such issuance after conversion as set forth on the applicable Notice of Conversion, the Holder (together with the Holder’s Affiliates, and any other Persons acting as a group together with the Holder or any of the Holder’s Affiliates (such Persons, “Attribution Parties”)), would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by the Holder and its Affiliates and Attribution Parties shall include the number of shares of Common Stock issuable upon conversion of this Note with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which would be issuable upon (i) conversion of the remaining, nonconverted portion of this Note beneficially owned by the Holder or any of its Affiliates or Attribution Parties and (ii) exercise or conversion of the unexercised or nonconverted portion of any other securities of the Company (including, without limitation, any other Common Stock Equivalents) subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by the Holder or any of its Affiliates or Attribution Parties. Except as set forth in the preceding sentence, for purposes of this Section 4(j), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder, it being acknowledged by the Holder that the Company is not representing to the Holder that such calculation is in compliance with Section 13(d) of the Exchange Act and the Holder is solely responsible for any schedules required to be filed in accordance therewith. To the extent that the limitation contained in this Section 4(j) applies, the determination of whether this Note is exercisable (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which portion of this Note is exercisable shall be in the sole discretion of the Holder, and the submission of a Notice of Conversion shall be deemed to be the Holder’s determination of whether this Note is exercisable (in relation to other securities owned by the Holder together with any Affiliates and Attribution Parties) and of which portion of this Note is exercisable, in each case subject to the Beneficial Ownership Limitation, and the Company shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 4(j), in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as reflected in (A) the Company’s most recent periodic or annual report filed with the Securities and Exchange Commission, as the case may be, (B) a more recent public announcement by the Company or (C) a more recent written notice by the Company or the Transfer Agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request of a Holder, the Company shall within two Trading Days confirm orally and in writing to the Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Note, by the Holder or its Affiliates or Attribution Parties since the date as of which such number of outstanding shares of Common Stock was reported. The “Beneficial Ownership Limitation” shall be 4.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon conversion of this Note. The Holder, upon notice to the Company, may increase or decrease the Beneficial Ownership Limitation provisions of this Section 4(j). Any increase in the Beneficial Ownership Limitation will not be effective until the 61st day after such notice is delivered to the Company. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 4(j) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Note. This Section 4(j) shall apply only in the event that the Common Stock is registered under Section 12(b) or 12(g) under the Exchange Act.

5. Events of Acceleration. Upon the occurrence of any Event of Default and so long as any Event of Default is continuing, the Holder may, with the written consent of the Holder, declare the entire unpaid balance of this Note, together with all accrued and unpaid interest on this Note, to be immediately due and payable prior to the Maturity Date (in the case of any occurrence of any of the events described in paragraphs (c) and (d) below, this Note shall become automatically due and payable, including unpaid interest accrued hereon, without notice or demand). In the event the Company fails to make any payment of principal or accrued interest on this Note to Holder when due after demand is made in accordance herewith, Holder will be entitled to exercise all rights and remedies available to it without the consent or approval of any other party and the Company will reimburse Holder for its reasonable costs and expenses, including attorneys' fees, incurred in connection with the enforcement of its rights under this Note. In addition to any other rights Holder may have under applicable laws, during an Event of Default, Holder shall have the right to set off the indebtedness evidenced by this Note against any other indebtedness of the Holder to the Company. For purposes of this Section 6, each of the following events will constitute an "Event of Default":

(a) Failure to Pay. The Company shall fail to pay (i) when due any principal payment on the due date hereunder, including Section 2(c), or (ii) any interest payment or other payment required under the terms of this Note or the Security Agreement (as defined below) on the date due and such payment shall not have been made within five (5) days following the date when due.

(b) Failure to Comply. The Company shall fail to comply in any material respect with the terms, conditions and covenants of this Note or the Security Agreement including, without limitation, any representation or warranty provided herein or pursuant to the Security Agreement is untrue or incorrect in any material respect as to Company.

(c) Voluntary Bankruptcy or Insolvency Proceedings. The Company shall (i) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian of itself or of all or a substantial part of its property, (ii) admit in writing its inability to pay its debts generally as they mature, (iii) make a general assignment for the benefit of its or any of its creditors, (iv) be dissolved or liquidated, (v) commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or consent to any such relief or to the appointment of or taking possession of its property by any official in an involuntary case or other proceeding commenced against it, or (vi) take any action for the purpose of effecting any of the foregoing.

(d) Involuntary Bankruptcy or Insolvency Proceedings. Proceedings for the appointment of a receiver, trustee, liquidator or custodian of the Company, or of all or a substantial part of the property thereof, or an involuntary case or other proceedings seeking liquidation, reorganization or other relief with respect to the Company, if any, or the debts thereof under any bankruptcy, insolvency or other similar law now or hereafter in effect shall be commenced and an order for relief entered or such proceeding shall not be dismissed or discharged within 90 days of commencement.

(e) Cross Default. A default (however denominated or defined) shall occur under any other indebtedness for borrowed money (not covered hereunder) of the Company, which shall not have been cured within applicable notice and grace periods and the holders thereof shall have accelerated payment of such indebtedness.

(f) Judgments. A final non-appealable judgment or order for the payment of money shall be rendered against the Company and the same shall remain undischarged for a period of thirty (30) days during which execution shall not be effectively stayed, or any judgment, writ, assessment, warrant of attachment, or execution or similar process shall be issued or levied against a substantial part of the Company's property, if any and such judgment, writ, or similar process shall not be released, stayed, vacated or otherwise dismissed within thirty (30) days after issue or levy.

6. Security Agreement. This Note is secured pursuant to a Security Agreement by and between the Company and the Holder (as the same may be amended, restated or otherwise modified from time to time, the "Security Agreement").

7. No Stockholder Rights. This Note, as such, shall not entitle the Holder to any rights as a stockholder of the Company.

8. Portfolio Interest.

(a) Portfolio Interest. It is intended that all interest paid hereunder, including the original issue discount or Default Interest or otherwise, shall constitute "portfolio interest" within the meaning of Section 871(h) of the Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury Regulations promulgated thereunder. Holder represents that it is not a United States person. Any United States person who does hold any obligation of the Company under this Note is subject to limitations under the United States income tax laws.

(b) Non-U.S. Person. Whenever this Note is held by a noteholder that is not a "United States person" within the meaning of Section 7701(a)(30) of the Code, then it is the intention of the Company and such noteholder that (i) all interest accrued and paid on this Note will qualify for exemption from United States withholding tax as "portfolio interest" because this Note is an obligation which is in "registered form" within the meaning of Sections 871(h)(2)(B) and 881(c)(2)(B) of the Code and the applicable Treasury Regulations promulgated thereunder, and (ii) as such, all interest accrued and paid on this Note will be exempt from United States information reporting under Sections 6041 and 6049 of the Code and United States backup withholding under Section 3406 of the Code. The Company and the Holder shall cooperate with one another, and execute and file such forms or other documents, or do or refrain from doing such other acts, as may be required, to secure such exemptions from United States withholding tax, information reporting, and backup withholding.

(c) Transferees. In furtherance of the foregoing, any transferee or assignee noteholder that is not a United States person shall represent, warrant and covenant to the Company that (i) such noteholder is not, and will not be as long as any amounts due under this Note have not been paid in full, a “United States person,” within the meaning of Section 7701(a)(30) of the Code, (ii) such noteholder is not, and will not be as long as any amounts due under this Note have not been paid in full, a person described in Section 881(c)(3) of the Code, (iii) on or prior to the date of transfer or assignment (and on or prior to the date the form provided pursuant to this clause (iii) is no longer valid) until all amounts due under this Note have been paid in full, such noteholder shall provide the Company with a properly executed U.S. Internal Revenue Service (“IRS”) Form W-8BEN, Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding (or any successor form prescribed by the IRS), certifying as to such noteholder’s status for purposes of determining exemption from United States withholding tax, information reporting and backup withholding with respect to all payments to be made to such noteholder hereunder, and (iv) if an event occurs that would require a change in the exempt status of such noteholder or any of the other information provided on the most recent IRS Form W-8BEN (or successor form) previously submitted by such noteholder to the Company, such noteholder will so inform the Company in writing (or by submitting to the Company a new IRS Form W-8BEN or successor form) within thirty days after the occurrence of such event.

(d) Registered Note. In order to qualify as a “registered note” for purposes of the Code, transfer of this Note may be effected only by surrender of this Note to the Company and the re-issuance of this Note to the transferee, or the Company’s issuance to the Holder of a new note in the same form as this Note but with the transferee denoted as Holder. It is the intention of the Company and Holder that this Note is to be a registered instrument and not a bearer instrument and the provisions of this Note are to be interpreted accordingly. This Note is intended to be registered as to both principal and interest and all payments hereunder shall be made to the named Holder or, in the event of a transfer pursuant to this Note, to the transferee identified in the record of ownership of this Note maintained by the Holder on behalf of the Company. The terms and conditions of this Note shall be binding upon and inure to the benefit of the Company and Holder and their permitted assigns.

9. Miscellaneous.

(a) Waivers. The Company hereby waives demand for payment, notice of dishonor, presentment, protest and notice of protest. No failure or delay on the part of the holder of this Note in exercising any power or right under this Note shall operate as a waiver thereof, nor shall any single or partial exercise of any such power or right preclude any other or further exercise thereof of the exercise of any other power or right. No notice to or demand on the Company in any case shall entitle the Company to any notice or demand in similar or other circumstances.

(b) Amendment. This Note may not be amended or modified, nor may any of its terms be waived, except by written instrument signed by the Company and the Holder.

(c) Binding; Successors and Assigns. If any provision of this Note is determined to be invalid, illegal or unenforceable, in whole or in part, the validity, legality and enforceability of any of the remaining provisions or portions of this Note shall not in any way be affected or impaired thereby, and this Note shall nevertheless be binding between the Company and the Holder. This Note shall be binding upon, inure to the benefit of and be enforceable by the Company, the Holder and their respective successors and assigns.

(d) Governing Law. This Note shall be governed by the internal law of the State of New York, without regard to conflict of law principles that would result in the application of any law other than the law of the State of New York.

(e) Dispute Resolution. The parties (a) hereby irrevocably and unconditionally submit to the jurisdiction of the state courts of New York and to the jurisdiction of the United States District Court for the Southern District of New York for the purpose of any suit, action or other proceeding arising out of or based upon this Note, (b) agree not to commence any suit, action or other proceeding arising out of or based upon this Agreement except in the state courts of New York or the United States District Court for the Southern District of New York, and (c) hereby waive, and agree not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Note or the subject matter hereof may not be enforced in or by such court.

(f) Waiver of Jury Trial. EACH PARTY HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS NOTE, THE OTHER TRANSACTION DOCUMENTS, THE SECURITIES OR THE SUBJECT MATTER HEREOF OR THEREOF. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS (INCLUDING NEGLIGENCE), BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THIS SECTION HAS BEEN FULLY DISCUSSED BY EACH OF THE PARTIES HERETO AND THESE PROVISIONS WILL NOT BE SUBJECT TO ANY EXCEPTIONS. EACH PARTY HERETO HEREBY FURTHER WARRANTS AND REPRESENTS THAT SUCH PARTY HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT SUCH PARTY KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL.

(g) Notices. All notices or other communications required or permitted hereunder shall be governed by Section 6.5 of the Purchase Agreement.

(h) Time of the Essence; Remedies. Time is of the essence of this Note. The rights and remedies under this Note are cumulative and not exclusive of any rights, remedies, powers and privileges that may otherwise be available to the Holder.

(i) Severability. If one or more provisions of this Note are held to be unenforceable under applicable law, such provision shall be excluded from this Note, the balance of the Note shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms, and the parties shall use good faith to negotiate a substitute, valid and enforceable provision that replaces the excluded provision and that most nearly effects the parties' intent in entering into this Note.

(j) Entire Note. This Note and the Security Agreement constitute the full and entire understanding, promise and agreement between the Company and the Holder with respect to the subject matter hereof and thereof, and supersede, merge and render void every other prior written and/or oral understanding, promise or agreement between the Company and the Holder with respect to the subject matter hereof and thereof.

(k) Headings. Section headings are inserted herein for convenience only and do not form a part of this Note.

(l) Counterparts. This Note may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via electronic mail (including pdf or any electronic signature complying with the U.S. federal E-SIGN Act of 2000, *e.g.*, www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

IN WITNESS WHEREOF, the parties have executed this Amended and Restated Senior Secured Convertible Promissory Note as of the date first written above.

AIRSHIP AI HOLDINGS, INC.

By: _____
Name: Victor Huang
Title: Chief Executive Officer

Agreed and accepted:

PLATINUM CAPITAL PARTNERS INC.

By: _____
Name: Harris Stasis
Title: Director

**AMENDED AND RESTATED
SECURITY AGREEMENT**

THIS AMENDED AND RESTATED SECURITY AGREEMENT, dated as of February 2, 2024 (as amended, amended and restated, supplemented or otherwise modified from time to time in accordance with the provisions hereof, this "Agreement") made by and among AIRSHIP AI HOLDINGS, INC., a Delaware corporation (the "Company") and the guarantors listed on the signature pages hereto (the "Original Guarantors") or from time to time party hereto by execution of a joinder agreement (the "Additional Guarantors"), and together with the Original Guarantors, the "Guarantors"), as grantors, pledgors, assignors and debtors (the Company, together with the Guarantors, in such capacities and together with any successors in such capacities, the "Grantors", and each, a "Grantor"), in favor of PLATINUM CAPITAL PARTNERS INC., a British Virgin Islands company (the "Purchaser").

WHEREAS, AIRSHIP AI, INC., a Washington corporation (formerly known as AIRSHIP AI HOLDINGS, INC., a Washington corporation) (the "Initial Company") and the Purchaser have entered into that certain Convertible Note Purchase Agreement, dated as of June 22, 2023 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Purchase Agreement") pursuant to which, among other matters, the Company issued the Purchaser a \$2,000,000 Senior Secured Convertible Promissory Note (the "Initial Note");

WHEREAS, on December 21, 2023, the Company completed the business combination (the "Business Combination") contemplated by the Merger Agreement, dated as of June 27, 2023, as amended, (the "Merger Agreement") by and among the Company (formerly known as BYTE Acquisition Corp.) and the Initial Company, *et al*;

WHEREAS, pursuant to the Purchase Agreement, as amended by that letter agreement dated February 2, 2024 by and between the Purchaser and the Company, *et al*, the Company issued the Purchaser a \$2,000,000 Amended and Restated Senior Secured Convertible Promissory Note (the "Note"), replacing the Initial Note;

WHEREAS, each Guarantor is party to that certain Guaranty pursuant to which they have guaranteed the Secured Obligations (as hereinafter defined);

WHEREAS, the Company and each Guarantor has and will receive substantial direct and indirect benefits from the execution, delivery and performance of the obligations under the Purchase Agreement and the other Transaction Documents and each is, therefore, willing to enter into this Agreement;

WHEREAS, this Agreement is given by each Grantor in favor of the Purchaser to secure the payment and performance of all of the Secured Obligations; and

WHEREAS, it is a requirement of the Purchase Agreement that each Grantor execute and deliver the applicable Transaction Documents, including this Agreement;

NOW THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Grantor and the Purchaser hereby agree as follows:

**ARTICLE I
DEFINITIONS AND INTERPRETATION**

Section 1.01 Definitions.

(a) Unless otherwise defined herein or in the Purchase Agreement, capitalized terms used herein that are defined in the UCC shall have the meanings assigned to them in the UCC. However, if a term is defined in Article 9 of the UCC differently than in another Article of the UCC, the term has the meaning specified in Article 9.

(b) The following terms shall have the following meanings:

“Additional Guarantors” has the meaning set forth in the Preamble hereof.

“Agreement” has the meaning set forth in the Preamble hereof.

“Business Combination” has the meaning set forth in the Preamble hereof.

“Claims” means any and all property and other taxes, assessments and special assessments, levies, fees and all governmental charges imposed upon or assessed against, and landlords’, carriers’, mechanics’, workmen’s, repairmen’s, laborers’, materialmen’s, suppliers’ and warehousemen’s Liens and other claims arising by operation of law against, all or any portion of the Pledged Collateral.

“Company” has the meaning set forth in the Preamble hereof.

“Collateral Support” means all Property assigned, hypothecated or otherwise securing any Pledged Collateral and shall include any security agreement or other agreement granting a Lien or security interest in such Property.

“Commodity Account Control Agreement” means a control agreement in form and substance satisfactory to the Purchaser establishing the Purchaser’s Control with respect to any Commodity Account.

“Contested Liens” means, collectively, any Liens incurred in respect of any Claims to the extent that the amounts owing in respect thereof are not yet delinquent or are being contested in good faith and otherwise comply with the provisions of Section 4.13; *provided, however*, that such Liens shall in all respects be subject and subordinate in priority to the Lien and security interest created by this Agreement, except if and to the extent that the law or regulation creating, permitting or authorizing such Lien provides that such Lien must be superior to the Lien and security interest created and evidenced hereby.

“Contracts” means, collectively, with respect to each Grantor, the Intellectual Property Licenses, all sale, service, performance, equipment or property lease contracts, agreements and grants and all other contracts, agreements or grants (in each case, whether written or oral, or third party or intercompany), between such Grantor and any third party, and all assignments, amendments, restatements, supplements, extensions, renewals, replacements or modifications thereof.

“Control” means (i) with respect to any Deposit Account, “control,” within the meaning of Section 9-104 of the UCC, (ii) with respect to any Securities Account, Security Entitlement, Commodity Contract or Commodity Account, control within the meaning of Section 9-106 of the UCC, (iii) with respect to any Uncertificated Security, control within the meaning of Section 8-106(c) of the UCC, (iv) with respect to any Certificated Security, control within the meaning of Section 8-106(a) or (b) of the UCC, (v) with respect to any Electronic Chattel Paper, control within the meaning of Section 9-105 of the UCC, (vi) with respect to Letter-of-Credit Rights, control within the meaning of Section 9-107 of the UCC and (vii) with respect to any “transferable record” (as that term is defined in Section 201 of the Federal Electronic Signatures in Global and National Commerce Act or in Section 16 of the Uniform Electronic Transactions Act as in effect in any relevant jurisdiction), control within the meaning of Section 201 of the Federal Electronic Signatures in Global and National Commerce Act or in Section 16 of the Uniform Electronic Transactions Act as in effect in the jurisdiction relevant to such transferable record.

“Control Agreements” means, collectively, the Deposit Account Control Agreement, the Securities Account Control Agreement and the Commodity Account Control Agreement.

“Copyrights” means, collectively, with respect to each Grantor, all copyrights (whether statutory or common law, whether established or registered in the United States or any other country or any political subdivision thereof, whether registered or unregistered and whether published or unpublished), all tangible embodiments of the foregoing and all copyright registrations and applications made by such Grantor, in each case, whether now owned or hereafter created or acquired by or assigned to such Grantor, together with any and all (i) rights and privileges arising under applicable law and international treaties and conventions with respect to such Grantor’s use of such copyrights, (ii) reissues, renewals, continuations and extensions thereof and amendments thereto, (iii) income, fees, royalties, damages, claims and payments now or hereafter due and/or payable with respect thereto, including damages and payments for past, present or future infringements thereof, (iv) rights corresponding thereto throughout the world and (v) rights to sue for past, present or future infringements thereof.

“Deposit Account Control Agreement” means a control agreement in form and substance satisfactory to the Purchaser establishing the Purchaser’s Control with respect to any Deposit Account.

“Deposit Accounts” means, collectively, with respect to each Grantor, (i) all “deposit accounts” as such term is defined in the UCC and all accounts and sub-accounts relating to any of the foregoing accounts and (ii) all cash, funds, checks, notes and instruments from time to time on deposit in any of the accounts or sub-accounts described in clause (i) of this definition.

“Distributions” means, collectively, with respect to each Grantor, all dividends, cash, options, warrants, rights, instruments, distributions, returns of capital or principal, income, interest, profits and other property, interests (debt or equity) or proceeds, including as a result of a split, revision, reclassification or other like change of the Pledged Securities, from time to time received, receivable or otherwise distributed or distributable to such Grantor in respect of or in exchange for any or all of the Pledged Securities or Pledged Debt.

“Event of Default” has the meaning as defined in the Note.

“First Priority” means, with respect to any Lien purported to be created in any Pledged Collateral pursuant to this Agreement, such Lien is the most senior lien to which such Pledged Collateral is subject (subject only to Liens permitted under the Purchase Agreement).

“Grantor” has the meaning set forth in the Preamble hereof.

“Guarantors” has the meaning set forth in the Preamble hereof.

“Initial Company” has the meaning set forth in the Preamble hereof.

“Initial Note” has the meaning set forth in the Preamble hereof.

“Intellectual Property Collateral” means, collectively, the Patents, Trademarks (excluding only United States intent-to-use Trademark applications to the extent that and solely during the period in which the grant of a security interest therein would impair, under applicable federal law, the registrability of such applications or the validity or enforceability of registrations issuing from such applications), Copyrights, Trade Secrets, Intellectual Property Licenses and all other industrial, intangible and intellectual property of any type, including mask works and industrial designs.

“Intellectual Property Licenses” means, collectively, with respect to each Grantor, all license and distribution agreements with, and covenants not to sue, any other party with respect to any Patent, Trademark, Copyright or Trade Secret or any other patent, trademark, copyright or trade secret, whether such Grantor is a licensor or licensee, distributor or distributee under any such license or distribution agreement, together with any and all (i) renewals, extensions, supplements and continuations thereof, (ii) income, fees, royalties, damages, claims and payments now and hereafter due and/or payable thereunder and with respect thereto including damages and payments for past, present or future infringements or violations thereof, (iii) rights to sue for past, present and future infringements or violations thereof and (iv) other rights to use, exploit or practice any or all of the Patents, Trademarks, Copyrights or Trade Secrets or any other patent, trademark, copyright or trade secret.

“Intellectual Property Security Agreement” means a security agreement in such other form reasonably acceptable to the Purchaser.

“Joinder Agreement” means an agreement substantially in the form of Exhibit A hereto.

“Merger Agreement” has the meaning set forth in the Preamble hereof.

“Organizational Documents” means the certificate of incorporation and by-laws or any comparable organizational documents of any corporate entity (including limited liability companies and partnerships).

“Original Guarantors” has the meaning set forth in the Preamble hereof.

“Patents” means, collectively, with respect to each Grantor, all patents issued or assigned to, and all patent applications and registrations made by, such Grantor (whether issued, established or registered or recorded in the United States or any other country or any political subdivision thereof) and all tangible embodiments of the foregoing, together with any and all (i) rights and privileges arising under applicable law and international treaties and conventions with respect to such Grantor’s use of any patents, (ii) inventions and improvements described and claimed therein, (iii) reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof and amendments thereto, (iv) income, fees, royalties, damages, claims and payments now or hereafter due and/or payable thereunder and with respect thereto including damages and payments for past, present or future infringements thereof, (v) rights corresponding thereto throughout the world and (vi) rights to sue for past, present or future infringements thereof.

“Pledged Collateral” has the meaning set forth in Section 2.01.

“Pledged Debt” means, with respect to each Grantor, all Debt (including intercompany notes) from time to time owed to such Grantor by any obligor, and all interest, cash, instruments and other property, assets or proceeds from time to time received, receivable or otherwise distributed or distributable in respect of or in exchange for any or all of such Debt and all certificates, instruments or agreements evidencing such Debt, and all assignments, amendments, restatements, supplements, extensions, renewals, replacements or modifications thereof.

“Pledged Securities” means, collectively, with respect to each Grantor, (i) all issued and outstanding Equity Interests of each Subsidiary that are owned by such Grantor and all options, warrants, rights, agreements and additional Equity Interests of whatever class of any such Subsidiary acquired by such Grantor in any manner, together with all claims, rights, privileges, authority and powers of such Grantor relating to such Equity Interests in each such Subsidiary or under any Organizational Document of each such Subsidiary, and the certificates, instruments and agreements representing such Equity Interests and any and all interest of such Grantor in the entries on the books of any financial intermediary pertaining to such Equity Interests, including the Equity Interests listed in Schedule A hereof, (ii) all additional Equity Interests of any Subsidiary from time to time acquired by or issued to such Grantor and all options, warrants, rights, agreements and additional Equity Interests of whatever class of any such Subsidiary from time to time acquired by such Grantor in any manner, together with all claims, rights, privileges, authority and powers of such Grantor relating to such Equity Interests or under any Organizational Document of any such Subsidiary, and the certificates, instruments and agreements representing such Equity Interests and any and all interest of such Grantor in the entries on the books of any financial intermediary pertaining to such Equity Interests, from time to time acquired by such Grantor in any manner, and (iii) all Equity Interests issued in respect of the Equity Interests referred to in clause (i) or (ii) upon any consolidation or merger of any issuer of such Equity Interests.

“Purchaser” has the meaning set forth in the Preamble hereof.

“Purchase Agreement” has the meaning set forth in the first Recital hereof.

“Receivables” means all (i) Accounts, (ii) Chattel Paper, (iii) Payment Intangibles, (iv) Instruments, (v) General Intangibles, and (vi) to the extent not otherwise covered above, all other rights to payment, whether or not earned by performance, for goods or other property sold, leased, licensed, assigned or otherwise disposed of, or services rendered or to be rendered, regardless of how classified under the UCC together with all of Grantors’ rights, if any, in any goods or other property giving rise to such right to payment and all Collateral Support and Supporting Obligations related thereto and all Records relating thereto.

“Related Parties” means, with respect to any Person, such Person’s Affiliates and the directors, officers, employees, partners, agents, trustees, administrators, managers, advisors and representatives of it and its Affiliates.

“Secured Obligations” means (i) obligations of the Company or any Guarantor from time to time arising under the Purchase Agreement, the Note, any other Transaction Document or otherwise with respect to the due and prompt payment of (A) the principal of and premium, if any, and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding on the Note), when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, and (B) all other monetary obligations, including fees, costs, attorneys’ fees and disbursements, reimbursement obligations, contract causes of action, expenses and indemnities, whether primary, secondary, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), of the Company or any Guarantor under or in respect of the Purchase Agreement, the Note, or any other Transaction Document, and (ii) the due and prompt performance of all other covenants, duties, debts, obligations and liabilities of any kind of the Company or any Guarantor, individually or collectively, under or in respect of the Purchase Agreement, the Note, this Agreement, the other Transaction Documents or any other document made, delivered or given in connection with any of the foregoing, in each case whether evidenced by a note or other writing, whether allowed in any bankruptcy, insolvency, receivership or other similar proceeding, whether arising from an extension of credit, issuance of a letter of credit, acceptance, loan, guaranty, indemnification or otherwise, and whether primary, secondary, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, fixed or otherwise.

“Securities Account Control Agreement” means a control agreement in form and substance satisfactory to the Purchaser establishing the Purchaser’s Control with respect to any Securities Account.

“Securities Collateral” means, collectively, the Pledged Securities, the Pledged Debt and the Distributions.

“Trade Secrets” means, collectively, with respect to each Grantor, all know-how, trade secrets, manufacturing and production processes and techniques, inventions, research and development information, technical, marketing, financial and business data and databases, pricing and cost information, business and marketing plans, customer and supplier lists and information, all other confidential and proprietary information and all tangible embodiments of the foregoing, together with any and all (i) rights and privileges arising under applicable law and international treaties and conventions with respect to such trade secrets, (ii) income, fees, royalties, damages, claims and payments now or hereafter due and/or payable with respect thereto including damages and payments for past, present or future misappropriations thereof, (iii) rights corresponding thereto throughout the world and (iv) rights to sue for past, present or future misappropriations thereof.

“Trademarks” means, collectively, with respect to each Grantor, all trademarks (including service marks), slogans, logos, symbols, certification marks, collective marks, trade dress, uniform resource locators (URL’s), domain names, corporate names and trade names, whether statutory or common law, whether registered or unregistered and whether established or registered in the United States or any other country or any political subdivision thereof, that are owned by or assigned to such Grantor, all registrations and applications for the foregoing and all tangible embodiments of the foregoing, together with, in each case, the goodwill symbolized thereby and any and all (i) rights and privileges arising under applicable law and international treaties and conventions with respect to such Grantor’s use of any trademarks, (ii) reissues, continuations, extensions and renewals thereof and amendments thereto, (iii) income, fees, royalties, damages and payments now and hereafter due and/or payable thereunder and with respect thereto, including damages, claims and payments for past, present or future infringements thereof, (iv) rights corresponding thereto throughout the world and (v) rights to sue for past, present and future infringements thereof.

“UCC” means the Uniform Commercial Code as in effect from time to time in the State of New York; *provided, however*, that if by reason of mandatory provisions of law, any or all of the perfection or priority of the Purchaser’s security interest in any item or portion of the Pledged Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, the term “UCC” means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions hereof relating to such perfection or priority and for purposes of definitions relating to such provisions.

Section 1.02 Interpretation. The rules of interpretation specified in the Purchase Agreement shall be applicable to this Agreement. All references in this Agreement to Sections are references to Sections of this Agreement unless otherwise specified. Capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Purchase Agreement.

Section 1.03 Resolution of Drafting Ambiguities. Each Grantor acknowledges and agrees that it was represented by counsel in connection with the execution and delivery of this Agreement, that it and its counsel reviewed and participated in the preparation and negotiation of this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party (i.e., the Purchaser) shall not be employed in the interpretation of this Agreement.

Section 1.04 Schedules. The Purchaser and each Grantor agree that the Schedules hereof and all descriptions of Pledged Collateral contained in the Schedules and all amendments and supplements thereto are and shall at all times remain a part of this Agreement.

ARTICLE II GRANT OF SECURITY INTEREST

Section 2.01 Grant of Security Interest. As collateral security for the payment and performance in full of all the Secured Obligations, each Grantor hereby pledges to the Purchaser, and grants to the Purchaser a First Priority Lien on and security interest in and to, all of the right, title and interest of such Grantor in, to and under the following property, wherever located, and whether now existing or hereafter arising or acquired from time to time (collectively, the “Pledged Collateral”):

- (a) all Accounts;
- (b) all Equipment, Goods, Inventory and Fixtures;
- (c) all Documents, Instruments and Chattel Paper;
- (d) all Letters of Credit and Letter-of-Credit Rights;
- (e) all Securities Collateral;
- (f) all Investment Property;
- (g) all Intellectual Property Collateral;
- (h) all Commercial Tort Claims as supplemented by any written notification given by a Grantor to the Purchaser pursuant to Section 3.04(f);
- (i) all General Intangibles;

(j) all Money and all Deposit Accounts;

(k) all Supporting Obligations;

(l) all books and records, customer lists, credit files, computer files, programs, printouts and other computer materials and records relating to the Pledged Collateral and any General Intangibles at any time evidencing or relating to any of the foregoing; and

(m) to the extent not covered by clauses (a) through (l) of this sentence, all other assets, personal property and rights of such Grantor, whether tangible or intangible, all Proceeds and products of each of the foregoing and all accessions of and to, substitutions and replacements for, and rents, profits and products of, each of the foregoing, and any and all Proceeds of any insurance, indemnity, warranty or guaranty payable to such Grantor from time to time with respect to any of the foregoing.

Section 2.02 Filings.

(a) Each Grantor hereby irrevocably authorizes the Purchaser at any time and from time to time to file in any relevant jurisdiction any financing statements (including fixture filings) and amendments thereto that contain the information required by Article 9 of the UCC of each applicable jurisdiction for the filing of any financing statement or amendment relating to the Pledged Collateral, including (i) whether such Grantor is an organization, the type of organization and, if required, any organizational identification number issued to such Grantor, (ii) any financing or continuation statements or other documents for the purpose of perfecting, confirming, continuing, enforcing or protecting the security interest granted by such Grantor hereunder, without the signature of such Grantor where permitted by law, including the filing of a financing statement describing the Pledged Collateral as "all assets" or "all personal property" of such Grantor or words of similar effect or as being of an equal or lesser scope or with greater detail and (iii) in the case of a financing statement filed as a fixture filing or covering Pledged Collateral constituting minerals or the like to be extracted or timber to be cut, a sufficient description of the real property to which such Pledged Collateral relates. Each Grantor agrees to provide all information described in the immediately preceding sentence to the Purchaser promptly upon request by the Purchaser.

(b) Each Grantor hereby further authorizes the Purchaser to file with the United States Patent and Trademark Office and the United States Copyright Office (and any successor office and any similar office in any United States state or other country) this Agreement, the Intellectual Property Security Agreement, and other documents for the purpose of perfecting, confirming, continuing, enforcing or protecting the security interest granted by such Grantor hereunder, without the signature of such Grantor where permitted by law, and naming such Grantor as debtor, and the Purchaser as secured party.

(c) Each Grantor hereby ratifies its authorization for the Purchaser to have filed in any relevant jurisdiction any initial financing statements or amendments thereto relating to the Pledged Collateral if filed prior to the date hereof.

**ARTICLE III
PERFECTION AND FURTHER ASSURANCES**

Section 3.01 Perfection of Certificated Securities Collateral Each Grantor represents and warrants that all certificates, agreements or instruments representing or evidencing the Securities Collateral in existence on the date hereof have been delivered to the Purchaser in suitable form for transfer by delivery or accompanied by duly executed undated instruments of transfer or assignment in blank and that (assuming continuing possession by the Purchaser of any such Securities Collateral) the Purchaser has a perfected First Priority security interest therein. Each Grantor hereby agrees that all certificates, agreements or instruments representing or evidencing the Securities Collateral acquired by such Grantor after the date hereof, shall immediately upon receipt thereof by such Grantor be held by or on behalf of and delivered to the Purchaser in suitable form for transfer by delivery or accompanied by duly executed undated instruments of transfer or assignment in blank, all in form and substance satisfactory to the Purchaser. The Purchaser shall have the right, at any time upon the occurrence and during the continuance of any Event of Default, to endorse, assign or otherwise transfer to or to register in the name of the Purchaser or any of its nominees or endorse for negotiation any or all of the Securities Collateral, without any indication that such Securities Collateral is subject to the security interest hereunder. In addition, at any time, the Purchaser shall have the right to exchange certificates representing or evidencing Securities Collateral for certificates of smaller or larger denominations.

Section 3.02 Perfection of Uncertificated Securities Collateral Each Grantor represents and warrants that the Purchaser has a perfected First Priority security interest in all uncertificated Pledged Securities pledged by it hereunder that are in existence on the date hereof. Each Grantor hereby agrees that if any of the Pledged Securities are at any time not evidenced by certificates of ownership, such Grantor will (a) cause the issuer thereof to either (i) register the Purchaser as the registered owner of such securities or (ii) agree in an authenticated record with such Grantor and the Purchaser that such issuer will comply with instructions with respect to such securities originated by the Purchaser without further consent of such Grantor, such authenticated record to be in form and substance satisfactory to the Purchaser, (b) upon request by the Purchaser, provide to the Purchaser an opinion of counsel, in form and substance satisfactory to the Purchaser, confirming such pledge and perfection thereof, and (c) if requested by the Purchaser, request the issuer of such Pledged Securities to cause such Pledged Securities to become certificated and in the event such Pledged Securities become certificated, to deliver such Pledged Securities to the Purchaser in accordance with the provisions of Section 3.01. Each Grantor hereby agrees, with respect to Pledged Securities that are partnership interests or limited liability company interests, that after the occurrence and during the continuance of any Event of Default, upon request by the Purchaser, such Grantor will (A) cause the Organizational Documents of each issuer that is a Subsidiary of the Company to be amended to provide that such Pledged Securities shall be treated as "securities" for purposes of the UCC and (B) cause such Pledged Securities to become certificated and delivered to the Purchaser in accordance with the provisions of Section 3.01.

Section 3.03 Maintenance of Perfected Security Interest Each Grantor represents and warrants that on the date hereof all financing statements, agreements (including the Intellectual Property Security Agreement), instruments and other documents necessary to perfect the security interest granted by it to the Purchaser in respect of the Pledged Collateral have been delivered to the Purchaser in completed and, to the extent necessary or appropriate, duly executed form for filing in each governmental, municipal or other office. Each Grantor agrees that at its sole cost and expense, such Grantor will maintain the security interest created by this Agreement in the Pledged Collateral as a perfected First Priority security interest.

Section 3.04 Other Actions for Perfection. In order to further insure the attachment, perfection and priority of, and the ability of the Purchaser to enforce, the Purchaser's security interest in the Pledged Collateral, each Grantor represents and warrants (as to itself) as follows and agrees, in each case at such Grantor's own expense, to take the following actions with respect to the following Pledged Collateral:

(a) Instruments and Tangible Chattel Paper. (i) As of the date hereof, no amounts payable to such Grantor under or in connection with any of the Pledged Collateral are evidenced by any Instrument or Tangible Chattel Paper, or (ii) each Instrument and each item of Tangible Chattel Paper has been properly endorsed, assigned and delivered to the Purchaser, accompanied by undated instruments of transfer or assignment duly executed in blank. If any amount then payable under or in connection with any of the Pledged Collateral shall be evidenced by any Instrument or Tangible Chattel Paper, the Grantor acquiring such Instrument or Tangible Chattel Paper shall promptly (but in any event within five (5) Business Days after receipt thereof by such Grantor) endorse, assign and deliver the same to the Purchaser, accompanied by such undated instruments of transfer or assignment duly executed in blank as the Purchaser may from time to time specify.

(b) Deposit Accounts. As of the date hereof, no Grantor has opened or maintains any Deposit Accounts other than the accounts listed in Schedule B hereof. At the request of the Purchaser, each Grantor shall cause to be perfected a First Priority security interest in any or each Deposit Account listed in Schedule B hereof which security interest is perfected by Control. No Grantor shall hereafter establish and maintain any Deposit Account unless the Purchaser agrees in writing that it is not required, such depository bank and such Grantor shall have duly executed and delivered to the Purchaser a Deposit Account Control Agreement with respect to such Deposit Account. The Purchaser agrees with each Grantor that the Purchaser shall not give any instructions directing the disposition of funds from time to time credited to any Deposit Account subject to a Control Agreement or withhold any withdrawal rights from such Grantor with respect to funds from time to time credited to any Deposit Account subject to a Control Agreement unless an Event of Default has occurred and is continuing. No Grantor shall grant Control of any Deposit Account to any Person other than the Purchaser.

(c) Investment Property.

(i) As of the date hereof, no Grantor (1) has any Securities Accounts or Commodity Accounts, (2) holds, owns or has any interest in any certificated securities or uncertificated securities other than those constituting Pledged Securities. No Grantor shall hereafter establish or maintain any Securities Account or Commodity Account with any Securities Intermediary or Commodity Intermediary unless (A) the applicable Grantor shall have given the Purchaser ten (10) Business Days prior written notice of its intention to establish such new Securities Account or Commodity Account with such Securities Intermediary or Commodity Intermediary, (B) such Securities Intermediary or Commodity Intermediary shall be acceptable to the Purchaser and (C) unless the Purchaser agrees in writing that it is not required, such Securities Intermediary or Commodity Intermediary, as the case may be, and such Grantor shall have duly executed and delivered a Control Agreement with respect to such Securities Account or Commodity Account, as the case may be. Each Grantor shall accept any cash and Investment Property in trust for the benefit of the Purchaser and within five (5) Business Days of actual receipt thereof, deposit any and all cash and Investment Property (other than any Investment Property pledged pursuant to clauses (ii)(1), (iii)(1) or (iii)(3) below) received by it into a Deposit Account or Securities Account subject to the Purchaser's Control. The Purchaser agrees with each Grantor that the Purchaser shall not give any Entitlement Orders or instructions or directions to any issuer of uncertificated securities, Securities Intermediary or Commodity Intermediary, and shall not withhold its consent to the exercise of any withdrawal or dealing rights by such Grantor, unless an Event of Default has occurred and is continuing or, after giving effect to any such investment and withdrawal rights, would occur. No Grantor shall grant Control over any Investment Property to any Person other than the Purchaser.

(ii) If any Grantor shall at any time hold or acquire any certificated securities constituting Investment Property, such Grantor shall promptly (1) endorse, assign and deliver the same to the Purchaser, accompanied by such undated instruments of transfer or assignment duly executed in blank, all in form and substance satisfactory to the Purchaser or (2) deliver such securities into a Securities Account with respect to which a Securities Account Control Agreement is in effect in favor of the Purchaser.

(iii) If any securities now or hereafter acquired by any Grantor constituting Investment Property are uncertificated and are issued to such Grantor or its nominee directly by the issuer thereof, such Grantor shall promptly notify the Purchaser thereof and pursuant to an agreement in form and substance satisfactory to the Purchaser, either (1) cause the issuer to agree to comply with instructions from the Purchaser as to such securities, without further consent of any Grantor or such nominee, (2) cause a Security Entitlement with respect to such uncertificated security to be held in a Securities Account with respect to which the Purchaser has Control or (3) arrange for the Purchaser to become the registered owner of such securities.

(d) Electronic Chattel Paper and Transferable Records. As of the date hereof, no amount under or in connection with any of the Pledged Collateral is evidenced by any Electronic Chattel Paper or any "transferable record" (as that term is defined in Section 201 of the Federal Electronic Signatures in Global and National Commerce Act, or in Section 16 of the Uniform Electronic Transactions Act as in effect in any relevant jurisdiction). Each Grantor will maintain all (i) Electronic Chattel Paper so that the Purchaser has Control of the Electronic Chattel Paper and (ii) all transferable records so that the Purchaser has Control of the transferable records.

(e) Letter-of-Credit Rights. If any Grantor is at any time a beneficiary under a Letter of Credit now or hereafter issued in favor of such Grantor, such Grantor shall promptly notify the Purchaser thereof and such Grantor shall maintain all Letter-of-Credit Rights assigned to the Purchaser so that the Purchaser has Control of the Letter-of-Credit Rights.

(f) Commercial Tort Claims. On the date hereof, no Grantor holds any Commercial Tort Claim which might reasonably result in awarded damages (less any and all legal and other expenses incurred or reasonably expected to be incurred by such Grantor). Each Grantor will immediately give notice to the Purchaser of any Commercial Tort Claim that is commenced in the future and will immediately execute or otherwise authenticate a supplement to this Agreement, and otherwise take all necessary action, to subject such Commercial Tort Claim to the First Priority security interest created under this Agreement.

(g) Landlord's Access Agreements. Each Grantor shall obtain as soon as practicable upon request of the Purchaser with respect to each location where such Grantor maintains Pledged Collateral, a landlord access agreement and landlord's lien waiver, as applicable, from all such landlords, as applicable, who from time to time have possession of Pledged Collateral in the ordinary course of such Grantor's business and if requested by the Purchaser.

Section 3.05 Joinder of Additional Grantors. The Company shall cause each Person that becomes a Subsidiary after the date hereof to become a Grantor and pledge any assets to the Purchaser and to execute and deliver to the Purchaser a Joinder Agreement within ten (10) days of the date on which it was acquired or created and, upon such execution and delivery, such Subsidiary shall constitute a "Grantor" for all purposes hereunder with the same force and effect as if originally named as a Grantor herein. Upon the execution and delivery by any Subsidiary of a Joinder Agreement, the supplemental schedules attached to such Joinder Agreement shall be incorporated into and become part of and supplement the Schedules to this Agreement and each reference to such Schedules shall mean and be a reference to such Schedules as supplemented pursuant to each Joinder Agreement and from time to time. The execution and delivery of such Joinder Agreement shall not require the consent of any Grantor hereunder. The rights and obligations of each Grantor hereunder shall remain in full force and effect notwithstanding the addition of any new Grantor as a party to this Agreement.

Section 3.06 Further Assurances.

(a) Further Assurances. Each Grantor shall take such further actions, and execute and/or deliver to the Purchaser such additional financing statements, amendments, assignments, agreements, supplements, powers and instruments, as the Purchaser may in its judgment deem necessary or appropriate in order to create and/or maintain the validity, perfection or priority of and protect any security interest granted or purported to be granted in the Pledged Collateral as provided herein and the rights and interests granted to the Purchaser hereunder, and enable the Purchaser to exercise and enforce its rights, powers and remedies hereunder with respect to any Pledged Collateral, including the filing of any financing statements, continuation statements and other documents under the UCC (or other similar laws) in effect in any jurisdiction with respect to the security interest created hereby, the filing of the Intellectual Property Security Agreement and supplemental Intellectual Property Security Agreements with the United States Patent and Trademark Office and the United States Copyright Office and the execution and delivery of Control Agreements with respect to Securities Accounts, Commodities Accounts and Deposit Accounts (other than Excluded Accounts), all in form satisfactory to the Purchaser and in such offices wherever required by law to perfect, continue and maintain the validity, enforceability and priority of the security interest in the Pledged Collateral as provided herein and to preserve the other rights and interests granted to the Purchaser hereunder, as against third parties, with respect to the Pledged Collateral. Without limiting the generality of the foregoing, but subject to applicable law, each Grantor shall make, execute, endorse, acknowledge, file or refile and/or deliver to the Purchaser from time to time upon request by the Purchaser such lists, schedules, descriptions and designations of the Pledged Collateral, statements, copies of warehouse receipts, bills of lading, documents of title, vouchers, invoices, schedules, confirmatory assignments, supplements, additional security agreements, conveyances, financing statements, transfer endorsements, powers of attorney, certificates, reports and other assurances or instruments as the Purchaser shall request. If an Event of Default has occurred and is continuing, the Purchaser may institute and maintain, in its own name or in the name of any Grantor, such suits and proceedings as the Purchaser may deem necessary or expedient to prevent any impairment of the security interest in or the perfection thereof in the Pledged Collateral. All of the foregoing shall be at the sole cost and expense of the Grantors.

(b) Report. Within ten (10) Business Days after the end of each calendar month the Company shall furnish the Purchaser with a report listing for such month:

- (i) any Subsidiary formed or acquired by any Grantor;
- (ii) any certificated securities, uncertificated securities, other equity interests or Debt not held in a Securities Account acquired by any Grantor;
- (iii) any change in name or jurisdiction of organization of any Grantor as permitted by the Transaction Documents;
- (iv) any new location of Inventory or Equipment of any Grantor;
- (v) all Instruments or Chattel Paper received by any Grantor;
- (vi) any Securities Account, Commodities Account or Deposit Account opened by any Grantor;

(vii) all applications for and registration received by any Grantor in respect of any Intellectual Property;

(viii) any Letter of Credit Rights acquired by any Grantor; and

(ix) any Commercial Tort Claims acquired by any Grantor.

(c) Financial Statements.

(i) The Company shall deliver to the Purchaser:

(A) as soon as practicable, but in any event within ninety (90) days after the end of each fiscal year of the Company (i) a balance sheet as of the end of such year, (ii) statements of income and of cash flows for such year, and (iii) a statement of stockholders' equity as of the end of such year, which, if audited, the independent public accountants audit report:

(B) as soon as practicable, but in any event within forty-five (45) days after the end of each fiscal quarter of each fiscal year of the Company, unaudited statements of income and cash flows for such fiscal quarter, and an unaudited balance sheet as of the end of such fiscal quarter;

(C) as soon as practicable, but in any event within thirty (30) days after the end of each calendar month, an unaudited trial balance sheet as of the end of such month; and

with respect to the financial statements called for in Section 3.06(c)(i)(A), (B) and/or (C), an instrument executed by the chief financial officer and chief executive officer of the Company certifying that such financial statements were prepared in accordance with the applicable accounting standards set forth therein consistently applied with prior practice for earlier periods and fairly present the financial condition of the Company and its results of operation for the periods specified therein; and

(ii) If, for any period, the Company has any subsidiary whose accounts are consolidated with those of the Company, then in respect of such period the financial statements delivered pursuant to the foregoing sections shall be the consolidated and consolidating financial statements of the Company and all such consolidated subsidiaries

(iii) The Company may cease providing the information set forth in Section 3.06(c)(i) during the period the Company's Common Stock is registered under Section 12(b) or Section 12(g) of the Securities Exchange Act of 1934, as amended.

(d) Aging Report. Within ten (10) calendar days after the end of each calendar month or on such other more frequent basis as may be required by the Purchaser from time to time, each Grantor shall submit to the Purchaser an aging report in form satisfactory to the Purchaser showing the amounts due to such Grantor on all Receivables as of the close of such month or shorter period as may be required by the Purchaser from time to time, together with such other information regarding such Receivables as the Purchaser may require. If any Grantor's aging reports are prepared by an accounting service or other agent, such Grantor hereby authorizes such service or agent to deliver such aging reports and any other related documents to the Purchaser.

**ARTICLE IV
REPRESENTATIONS, WARRANTIES AND COVENANTS**

Each Grantor represents, warrants and covenants as follows:

Section 4.01 Purchase Agreement Representations.

(a) Purchase Agreement Representations. Each Grantor makes the representations and warranties set forth in Section 2 of the Purchase Agreement as they relate to the Grantors or to the Transaction Documents to which any Grantor is a party, each of which is hereby incorporated herein by reference, and the Purchaser shall be entitled to rely on each of them as if they were fully set forth herein, provided that each reference in each such representation and warranty to the Company's knowledge shall, for the purposes of this Section 4.01, be deemed to be a reference to the Grantors' knowledge.

(b) Existence. Each Grantor (i) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation, (ii) is duly qualified as a foreign corporation or other organization and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification, and (iii) is in compliance with all requirements of law. No Grantor is a Transmitting Utility.

(c) Power and Authorization. Each Grantor has the power and authority, and the legal right, to own or lease and operate its property, and to carry on the business as now conducted and as proposed to be conducted, and to execute, deliver and perform the Transaction Documents to which it is a party. Each Grantor has taken all necessary organizational action to authorize the execution, delivery and performance of the Transaction Documents to which it is a party. No consent or authorization of, filing with, notice to or other act by, or in respect of, any Governmental Authority or any other Person is required in connection with the execution, delivery, performance, validity or enforceability of this Agreement or any of the Transaction Documents.

(d) Enforceability. This Agreement constitutes, and each other Transaction Document when delivered hereunder will constitute, a legal, valid and binding obligation of each Grantor thereto, enforceable against each such Grantor in accordance with its terms.

(e) No Contravention. The execution, delivery and performance of this Agreement and the other Transaction Documents will not violate any Requirement of Law or any Contractual Obligation of any Grantor and will not result in, or require, the creation or imposition of any Lien on any of their respective properties or assets pursuant to any Requirement of Law or any such Contractual Obligation (other than the Liens created by the Transaction Documents).

(f) No Litigation. No action, suit, litigation, investigation or proceeding of or before any arbitrator or Governmental Authority is pending or, to the knowledge of any Grantor, threatened by or against any Grantor or against any of its property or assets with respect to any of the Transaction Documents or any of the transactions contemplated hereby or thereby.

Section 4.02 Ownership of Property and No Other Liens. Each Grantor has fee simple title to, or a valid leasehold interest in, all its real property, and good title to, or a valid leasehold interest in, all its Pledged Collateral, and none of such property is subject to any Lien, claim, option or right of others, except for the security interest granted to the Purchaser. No Person other than the Purchaser has control or possession of all or any part of the Pledged Collateral, except as permitted by the Purchase Agreement. None of the Pledged Collateral constitutes, or is the Proceeds of, (i) Farm Products, (ii) As-Extracted Collateral, (iii) Manufactured Homes, (iv) Health-Care-Insurance Receivables, (v) timber to be cut, (vi) aircraft, aircraft engines, satellites, ships or railroad rolling stock. None of the account debtors or other Persons obligated on any of the Pledged Collateral is a Governmental Authority covered by the Federal Assignment of Claims Act or like federal, state or local statute or rule in respect of such Pledged Collateral.

Section 4.03 Perfected First Priority Security Interest. This Agreement is effective to create in favor of the Purchaser, a legal, valid and enforceable security interest in the Pledged Collateral and the Proceeds thereof. In the case of the certificated Pledged Securities, when stock certificates representing such Pledged Securities are delivered to the Purchaser and in the case of the other Pledged Collateral, when financing statements and other filings specified in Section 3.02, this Agreement shall constitute, and will at all times constitute, a fully perfected First Priority Lien on, and security interest in, all rights, title and interest of the Grantors in such Pledged Collateral and the Proceeds thereof, as security for the Secured Obligations.

Section 4.04 No Transfer of Pledged Collateral. No Grantor shall sell, offer to sell, dispose of, convey, assign or otherwise transfer, or grant any option with respect to, restrict, or grant, create, permit or suffer to exist any Lien on, any of the Pledged Collateral pledged by it hereunder or any interest therein except as permitted by the Purchase Agreement.

Section 4.05 Claims Against Pledged Collateral. Each Grantor shall, at its own cost and expense, defend title to the Pledged Collateral and the First Priority security interest and Lien granted to the Purchaser with respect thereto against all claims and demands of all Persons at any time claiming any interest therein adverse to the Purchaser other than Liens permitted under the Purchase Agreement. Except as expressly permitted by the Purchase Agreement or any other Transaction Document, there is no agreement to which any Grantor is a party, order, judgment or decree, and no Grantor shall enter into any agreement or take any other action, that would reasonably be expected to restrict the transferability of any of the Pledged Collateral or otherwise impair or conflict in any material respect with such Grantors' obligations or the rights of the Purchaser hereunder.

Section 4.06 Other Financing Statements. No financing statement or other instrument similar in effect covering all or any part of the Pledged Collateral or listing such Grantor as debtor is on file in any recording office, except such as have been filed in favor of the Purchaser pursuant to this Agreement or as otherwise permitted under the Purchase Agreement. No Grantor shall execute, authorize or permit to be filed in any recording office any financing statement or other instrument similar in effect covering all or any part of the Pledged Collateral or listing such Grantor as debtor with respect to all or any part of the Pledged Collateral, except financing statements and other instruments filed in respect of Liens permitted under the Purchase Agreement.

Section 4.07 Changes in Name, Jurisdiction of Organization, Etc. On the date hereof, such Grantor's type of organization, jurisdiction of organization, legal name, Federal Taxpayer Identification Number, organizational identification number (if any) and chief executive office or principal place of business have been provided to the Purchaser, which includes all of such Grantor's jurisdictions and types of organization, legal names and locations of chief executive office or principal place of business at any time during the four months preceding the date hereof, if different from those referred to in the preceding sentence. Such Grantor shall not, except upon not less than thirty (30) days' prior written notice (in the form of an officer's certificate) to the Purchaser and the Purchaser, and delivery to the Purchaser of all additional financing statements, information and other documents requested by the Purchaser or the Purchaser to maintain the validity, perfection and priority of the security interests provided for herein:

- (a) change its legal name, identity, type of organization or corporate structure;

(b) change the location of its chief executive office or its principal place of business;

(c) change its Federal Taxpayer Identification Number or organizational identification number (if any); or

(d) change its jurisdiction of organization (in each case, including by merging with or into any other entity, reorganizing, organizing, dissolving, liquidating, reincorporating or incorporating in any other jurisdiction).

Such Grantor shall, prior to any change described in the preceding sentence, take all actions requested by the Purchaser to maintain the perfection and priority of the security interest of the Purchaser in the Pledged Collateral intended to be granted hereunder. Each Grantor agrees to promptly provide the Purchaser with certified Organizational Documents reflecting any of the changes described in this section 4.07. Each Grantor also agrees to promptly notify the Purchaser of any change in the location of any office in which it maintains books or records relating to Pledged Collateral owned by it or any office or facility at which Pledged Collateral is located (including the establishment of any such new office or facility).

Section 4.08 Location of Inventory and Equipment. On the date hereof, the Inventory and the Equipment (other than mobile goods and goods in transit) of such Grantor are kept at locations listed at such Grantor's place of business as has been provided to the Purchaser. Such Grantor shall not move any Equipment or Inventory to any location, other any location as has been provided to the Purchaser except upon not less than thirty (30) days' prior written notice (in the form of an officer's certificate) to the Purchaser and the Purchaser, of its intention so to do, clearly describing such new location and providing such other information and documents to the Purchaser requested by the Purchaser or the Purchaser to maintain the validity, perfection and priority of the security interests provided for herein . Such Grantor shall, prior to any change described in the preceding sentence, take all actions requested by the Purchaser to maintain the perfection and priority of the security interest of the Purchaser in the Pledged Collateral, including using commercially reasonable efforts to obtain waivers of landlord's or warehousemen's liens with respect to such new location, if applicable, who from time to time have possession of Pledged Collateral; provided that, in no event shall any Equipment or Inventory of any Grantor be moved to any location outside of the continental United States.

Section 4.09 Pledged Securities and Pledged Debt. Schedule C sets forth a complete and accurate list of all Pledged Securities and Pledged Debt held by such Grantor as of the date hereof. The Pledged Securities pledged by such Grantor hereunder constitute all of the issued and outstanding Equity Interests of each Subsidiary owned by such Grantor. Such Equity Interests represent all of the outstanding Equity Interests of each such issuer which is a Subsidiary except as noted in such Schedule C. All of the Pledged Securities existing on the date hereof have been, and to the extent any Pledged Securities are hereafter issued, such Pledged Securities will be, upon such issuance, duly authorized, validly issued, fully paid and non-assessable. There is no amount or other obligation owing by any Grantor to any issuer of the Pledged Securities in exchange for or in connection with the issuance of the Pledged Securities or any Grantor's status as a partner or a member of any issuer of the Pledged Securities. No Grantor is in default or violation of any provisions of any agreement to which such Grantor is a party relating to the Pledged Securities. All of the Pledged Debt described on Schedule C has been duly authorized, authenticated or issued, and delivered and is the legal, valid and binding obligation of the issuers thereof, enforceable in accordance with their respective terms (subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, general equitable principles (whether considered in a proceeding in equity or at law)) and is not in default. The Pledged Debt constitutes all of the issued and outstanding intercompany indebtedness owing to such Grantor and if evidenced by promissory notes, such notes have been delivered to the Purchaser. No Securities Collateral pledged by such Grantor is subject to any defense, offset or counterclaim, nor have any of the foregoing been asserted or alleged against such Grantor by any Person with respect thereto, and there are no certificates, instruments, documents or other writings (other than the Organizational Documents and certificates representing such Pledged Securities or Pledged Debt, if any, that have been delivered to the Purchaser) which evidence any Pledged Securities or Pledged Debt of such Grantor. Each Grantor shall, upon obtaining any Pledged Securities or Pledged Debt of any Person, accept the same in trust for the benefit of the Purchaser and immediately deliver to the Purchaser an updated Schedule C, and the certificates and other documents required under Section 3.01 and Section 3.02 in respect of the additional Pledged Securities or Pledged Debt which are to be pledged pursuant to this Agreement, and confirming the Lien hereby created on such additional Pledged Securities or Pledged Debt.

Section 4.10 Approvals. In the event that the Purchaser desires to exercise any remedies, voting or consensual rights or attorney-in-fact powers set forth in this Agreement and determines it necessary to obtain any approvals or consents of any Governmental Authority or any other Person therefor, then, upon the request of the Purchaser, such Grantor agrees to assist the Purchaser in obtaining as soon as practicable any necessary approvals or consents for the exercise of any such remedies, rights and powers.

Section 4.11 Pledged Collateral Information. All information set forth herein, including the schedules annexed hereto, and all information contained in any documents, schedules and lists heretofore delivered to the Purchaser, in connection with this Agreement, in each case, relating to the Pledged Collateral, is accurate and complete. The Pledged Collateral described on the schedules hereof constitutes all of the property of such type of Pledged Collateral owned or held by the Grantors.

Section 4.12 Insurance. In the event that the proceeds of any insurance claim are paid to any Grantor after the Purchaser has exercised its right to foreclose on all or any part of the Pledged Collateral during the existence of an Event of Default, such proceeds shall be held in trust for the benefit of the Purchaser and immediately after receipt thereof shall be paid to the Purchaser for application in accordance with the Purchase Agreement.

Section 4.13 Compliance With Laws. Each Grantor shall pay promptly when due all Claims upon the Pledged Collateral or incurred in connection with the use or operation of the Pledged Collateral or incurred in connection with this Agreement. All Claims imposed upon or assessed against the Pledged Collateral have been paid and discharged except to the extent such Claims constitute a Lien not yet due and payable which is a Contested Lien or a Lien permitted by the Purchase Agreement. In the event any Grantor shall fail to make such payment contemplated in the immediately preceding sentence, the Purchaser may (following notice to the Grantor, to the extent practicable) do so for the account of such Grantor and the Grantors shall promptly reimburse and indemnify the Purchaser for all costs and expenses incurred by the Purchaser under this Section 4.13 in accordance with Section 9.08. Each Grantor shall comply with all requirements of law applicable to the Pledged Collateral. Each Grantor has at all times operated, and shall continue to operate, its business in compliance with all applicable provisions of the federal Fair Labor Standards Act, as amended, and with all applicable provisions of federal, state and local statutes and ordinances dealing with the control, shipment, storage or disposal of hazardous materials or substances.

Section 4.14 Intellectual Property. (a) Schedule D lists all patents and pending applications, registered trademarks and pending applications, registered domain names, registered copyrights and pending applications and material Intellectual Property Licenses owned by such Grantor; (b) all Intellectual Property Collateral is valid, subsisting, unexpired and enforceable and has not been abandoned; (c) such Grantor is the exclusive owner of all right, title and interest in and to, or has the right to use, all such Intellectual Property Collateral; (d) consummation and performance of this Agreement will not result in the invalidity, unenforceability or impairment of any such Intellectual Property Collateral, or in default or termination of any material Intellectual Property License; (e) there are no outstanding holdings, decisions, consents, settlements, decrees, orders, injunctions, rulings or judgments that would limit, cancel or question the validity or enforceability of any such Intellectual Property Collateral or such Grantor's rights therein or use thereof; (f) to such Grantor's knowledge, the operation of such Grantor's business and such Grantor's use of Intellectual Property Collateral in connection therewith, does not infringe or misappropriate the intellectual property rights of any other Person; (g) no action or proceeding is pending or, to such Grantor's knowledge, threatened (i) seeking to limit, cancel or question the validity of any Intellectual Property Collateral or such Grantor's ownership interest or rights therein, or (ii) alleging that any such Intellectual Property Collateral, or such Grantor's use thereof in the operation of its business, infringes or misappropriates the intellectual property rights of any Person; and (h) to such Grantor's knowledge, there has been no material adverse effect on such Grantor's rights in its material Trade Secrets as a result of any unauthorized use, disclosure or appropriation by or to any Person, including such Grantor's current and former employees, contractors and agents.

Section 4.15 Inspection of Pledged Collateral. Each Grantor shall keep the Pledged Collateral in good order and repair and will not use the same in violation of law or any policy of insurance thereon. Each Grantor shall permit the Purchaser, or its designee, to inspect the Pledged Collateral at any reasonable time, wherever located.

**ARTICLE V
SECURITIES COLLATERAL**

Section 5.01 Existing Voting Rights and Distributions.

(a) So long as no Event of Default shall have occurred and be continuing:

(i) Each Grantor shall be entitled to exercise any and all voting and other consensual rights pertaining to the Securities Collateral or any part thereof for any purpose not inconsistent with the terms or purposes hereof, the Purchase Agreement or any other Transaction Document.

(ii) Each Grantor shall be entitled to receive and retain, and to utilize free and clear of the Lien hereof, any and all Distributions, if and to the extent made in accordance with the provisions of the Purchase Agreement; provided, however, that any and all such Distributions consisting of rights or interests in the form of securities shall be immediately delivered to the Purchaser to hold as Pledged Collateral and shall, if received by any Grantor, be received in trust for the benefit of the Purchaser, be segregated from the other property or funds of such Grantor and be immediately delivered to the Purchaser as Pledged Collateral in the same form as so received (with any necessary endorsement).

(b) The Purchaser shall be deemed without further action to have granted to each Grantor all necessary consents relating to voting rights and shall, if necessary, upon written request of any Grantor and at the sole cost and expense of such Grantor, from time to time execute and deliver (or cause to be executed and delivered) to such Grantor all such instruments as such Grantor may reasonably request in order to permit such Grantor to exercise the voting and other rights which it is entitled to exercise pursuant to Section 5.01(a)(i) and to receive the Distributions which it is authorized to receive and retain pursuant to Section 5.01(a)(ii).

(c) Upon the occurrence and during the continuance of any Event of Default:

(i) All rights of each Grantor to exercise the voting and other consensual rights it would otherwise be entitled to exercise pursuant to Section 5.01(a)(i) shall immediately cease, and all such rights shall thereupon become vested in the Purchaser, which shall have the sole right to exercise such voting and other consensual rights.

(ii) All rights of each Grantor to receive Distributions which it would otherwise be authorized to receive and retain pursuant to Section 5.01(a)(ii) shall immediately cease and all such rights shall thereupon become vested in the Purchaser, which shall have the sole right to receive and hold such Distributions as Pledged Collateral.

(d) Each Grantor shall, at its sole cost and expense, from time to time execute and deliver to the Purchaser appropriate instruments as the Purchaser may request in order to permit the Purchaser to exercise the voting and other rights which it may be entitled to exercise pursuant to Section 5.01(c)(i) and to receive all Distributions which it may be entitled to receive under Section 5.01(c)(ii).

(e) All Distributions which are received by any Grantor contrary to the provisions of Section 5.01(a)(ii) or Section 5.01(c) shall be received in trust for the benefit of the Purchaser, shall be segregated from other funds of such Grantor and shall immediately be paid over to the Purchaser as Pledged Collateral in the same form as so received (with any necessary endorsement).

Section 5.02 Certain Agreements of Grantors.

(a) In the case of each Grantor which is an issuer of Securities Collateral, such Grantor agrees to be bound by the terms of this Agreement relating to the Securities Collateral issued by it and will comply with such terms insofar as such terms are applicable to it.

(b) In the case of each Grantor which is a partner, shareholder or member, as the case may be, in a partnership, limited liability company or other entity, such Grantor hereby (i) consents to the extent required by the applicable Organizational Document to the pledge by each other Grantor, pursuant to the terms hereof, of the Pledged Securities in such partnership, limited liability company or other entity and, upon the occurrence and during the continuance of an Event of Default, to the transfer of such Pledged Securities to the Purchaser or its nominee and to the substitution of the Purchaser or its nominee as a substituted partner, shareholder or member in such partnership, limited liability company or other entity with all the rights, powers and duties of a general partner, limited partner, shareholder or member, as the case may be and (ii) irrevocably waives any and all provisions of the applicable Organizational Documents that conflict with the terms of this Agreement or prohibit, restrict, condition or otherwise affect the grant hereunder of any Lien on any of the Pledged Collateral or any enforcement action which may be taken in respect of any such Lien.

ARTICLE VI INTELLECTUAL PROPERTY COLLATERAL

Section 6.01 Intellectual Property License. For the purpose of enabling the Purchaser, during the continuance of an Event of Default, to exercise rights and remedies under Article VIII hereof at such time as the Purchaser shall be lawfully entitled to exercise such rights and remedies, and for no other purpose, each Grantor hereby grants to the Purchaser, to the extent of such Grantor's rights and effective only during the continuance of an Event of Default, an irrevocable, non-exclusive license, subject, in the case of Trademarks, to sufficient rights to quality control and inspection in favor of such Grantor to avoid the risk of invalidation of such Trademarks, to use and sublicense any of the Intellectual Property Collateral then owned by or licensed to such Grantor. Such license shall include access to all devices, products and media in which any of the Intellectual Property Collateral is embodied, embedded, recorded or stored and to all computer programs used for the compilation or printout hereof.

Section 6.02 Dealing With Intellectual Property. On a continuing basis, each Grantor shall, at its sole cost and expense:

(a) promptly following its becoming aware thereof, notify the Purchaser of any adverse determination in any proceeding or the institution of any proceeding in any federal, state or local court or administrative body or in the United States Patent and Trademark Office or the United States Copyright Office regarding such Grantor's claim of ownership in or right to use any of the Intellectual Property Collateral, such Grantor's right to register such Intellectual Property Collateral or its right to keep and maintain such registration in full force and effect;

(b) maintain and protect the Intellectual Property Collateral as presently used and operated and as contemplated by the Purchase Agreement;

(c) not permit to lapse or become abandoned any Intellectual Property Collateral as presently used and operated and as contemplated by the Purchase Agreement, and not settle or compromise any pending or future litigation or administrative proceeding with respect to such Intellectual Property Collateral, in each case except as shall be consistent with commercially reasonable business judgment;

(d) upon such Grantor obtaining knowledge thereof, promptly notify the Purchaser in writing of any event which may be reasonably expected to materially and adversely affect the value or utility of any of the Intellectual Property Collateral, the ability of such Grantor or the Purchaser to dispose of the Intellectual Property Collateral or any portion thereof or the rights and remedies of the Purchaser in relation thereto including a levy or threat of levy or any legal process against the Intellectual Property Collateral or any portion thereof;

(e) not license the Intellectual Property Collateral other than licenses entered into by such Grantor in, or incidental to, the ordinary course of business, or amend or permit the amendment of any of the licenses in a manner that materially and adversely affects the right to receive payments thereunder, or in any manner that could materially impair the value of the Intellectual Property Collateral or the Lien on and security interest in the Intellectual Property Collateral created therein hereby, without the consent of the Purchaser;

(f) diligently keep adequate records respecting its Intellectual Property Collateral; and

(g) furnish to the Purchaser from time to time upon the Purchaser's reasonable request therefor reasonably detailed statements and amended schedules further identifying and describing the Intellectual Property Collateral and such other materials evidencing or reports pertaining to the Intellectual Property Collateral as the Purchaser may from time to time request.

Section 6.03 Additional Intellectual Property. If any Grantor shall at any time after the date hereof (a) obtain any rights to any additional Intellectual Property Collateral or (b) become entitled to the benefit of any additional Intellectual Property Collateral or any registration, renewal or extension thereof, including any reissue, division, continuation, or continuation-in-part of any Intellectual Property Collateral, or any improvement on any Intellectual Property Collateral, the provisions hereof shall automatically apply thereto and any such item enumerated in clause (a) or (b) of this Section 6.03 with respect to such Grantor shall automatically constitute Intellectual Property Collateral as if such would have constituted Intellectual Property Collateral at the time of execution hereof and be subject to the Lien and security interest created by this Agreement without further action by any party. Each Grantor shall promptly (i) provide to the Purchaser written notice of any of the foregoing and (ii) confirm the attachment of the Lien and security interest created by this Agreement to any rights described in clauses (a) and (b) of the immediately preceding sentence of this Section 6.03 by execution of an instrument in form acceptable to the Purchaser and the filing of any instruments or statements as shall be reasonably necessary to create, preserve, protect or perfect the Purchaser's security interest in such Intellectual Property Collateral, including by execution and filing of a supplemental Intellectual Property Security Agreement in accordance with Section 3.06. Further, each Grantor authorizes the Purchaser to modify this Agreement by amending Schedule D hereof to include any such Intellectual Property Collateral of such Grantor.

Section 6.04 Intellectual Property Litigation. Unless there shall occur and be continuing any Event of Default, each Grantor shall have the right to commence and prosecute in its own name, as the party in interest, for its own benefit and at the sole cost and expense of the Grantors, such applications for protection of the Intellectual Property Collateral and suits, proceedings or other actions to prevent the infringement, misappropriation, counterfeiting, unfair competition, dilution, diminution in value or other damage as are necessary to protect the Intellectual Property Collateral. Upon the occurrence and during the continuance of any Event of Default, the Purchaser shall have the right but shall in no way be obligated to file applications for protection of the Intellectual Property Collateral and/or bring suit in the name of any Grantor, the Purchaser to enforce the Intellectual Property Collateral and any license thereunder. In the event of such suit, each Grantor shall, at the request of the Purchaser, do any and all lawful acts and execute any and all documents requested by the Purchaser in aid of such enforcement and the Grantors shall promptly reimburse and indemnify the Purchaser for all reasonable costs and expenses incurred by the Purchaser in the exercise of its rights under this Section 6.04 in accordance with Section 9.08. In the event that the Purchaser shall elect not to bring suit to enforce the Intellectual Property Collateral as permitted by this Section 6.04 and an Event of Default has occurred and is continuing, each Grantor agrees, at the reasonable request of the Purchaser, to take all commercially reasonable actions necessary, whether by suit, proceeding or other action, to prevent the infringement, misappropriation, counterfeiting, unfair competition, dilution, diminution in value of or other damage to any of the Intellectual Property Collateral by others and for that purpose agrees to diligently maintain any suit, proceeding or other action against any Person so infringing necessary to prevent such infringement.

ARTICLE VII RECEIVABLES

Section 7.01 Dealing With Receivables. Each Grantor shall keep and maintain at its own cost and expense complete records of each Receivable, including records of all payments received, all credits granted thereon, all merchandise returned and all other documentation relating thereto. Each Grantor shall, at such Grantor's sole cost and expense, upon the Purchaser's demand made at any time after the occurrence and during the continuance of any Event of Default, deliver copies of all tangible evidence of Receivables, including copies of all documents evidencing Receivables and any books and records relating thereto to the Purchaser or to its representatives. Each Grantor shall legend, at the request of the Purchaser, and in form and manner satisfactory to the Purchaser, the Receivables and the other books, records and documents of such Grantor evidencing or pertaining to the Receivables with an appropriate reference to the fact that the Receivables have been assigned to the Purchaser and that the Purchaser has a security interest therein.

Section 7.02 Modification of Receivables. Other than in the ordinary course of business consistent with its past practice, such Grantor will not (i) grant any extension of the time of payment of any Receivable, (ii) compromise or settle any Receivable for less than the full amount thereof, (iii) release, wholly or partially, any Person liable for the payment of any Receivable, (iv) allow any credit or discount whatsoever on any Receivable or (v) amend, supplement or modify any Receivable in any manner that could adversely affect the value thereof.

**ARTICLE VIII
REMEDIES**

Section 8.01 Remedies.

(a) If any Event of Default shall have occurred and be continuing, the Purchaser may exercise, without any other notice to or demand upon any Grantor, in addition to the other rights and remedies provided for herein or in any other Transaction Document or otherwise available to it, all the rights and remedies of a secured party upon default under the UCC (whether or not the UCC applies to the affected Pledged Collateral) and also may:

(i) require each Grantor to, and each Grantor hereby agrees that it will at its expense and upon request of the Purchaser immediately, assemble the Pledged Collateral or any part thereof, as directed by the Purchaser and make it available to the Purchaser at a place and time to be designated by the Purchaser;

(ii) without notice except as specified below, sell, resell, assign and deliver or grant a license to use or otherwise dispose of the Pledged Collateral or any part thereof, in one or more parcels at public or private sale, at any of the Purchaser's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Purchaser may deem commercially reasonable;

(iii) occupy any premises owned or leased by any of the Grantors where the Pledged Collateral or any part thereof is assembled or located for a reasonable period in order to effectuate its rights and remedies hereunder or under law, without obligation to such Grantor in respect of such occupation; and

(iv) exercise any and all rights and remedies of any of the Grantors under or in connection with the Pledged Collateral, or otherwise in respect of the Pledged Collateral, including without limitation, (A) any and all rights of such Grantor to demand or otherwise require payment of any amount under, or performance of any provision of, the Contracts, the Receivables, and the other Pledged Collateral, (B) withdraw, or cause or direct the withdrawal of, all funds with respect to the Deposit Accounts, (C) exercise all other rights and remedies with respect to the Receivables, and the other Pledged Collateral, including without limitation, those set forth in Section 9-607 of the UCC and (D) exercise any and all voting, consensual and other rights with respect to any Pledged Collateral.

(b) Each Grantor agrees that, unless the Pledged Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, to the extent notice of sale shall be required by law, at least ten (10) days' notice to such Grantor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. At any sale of the Pledged Collateral, if permitted by applicable law, the Purchaser may be the purchaser, licensee, assignee or recipient of the Pledged Collateral or any part thereof and shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Pledged Collateral sold, assigned or licensed at such sale, to use and apply any of the Secured Obligations as a credit on account of the purchase price of the Pledged Collateral or any part thereof payable at such sale. To the extent permitted by applicable law, each Grantor waives all claims, damages and demands it may acquire against the Purchaser arising out of the exercise by it of any rights hereunder. Each Grantor hereby waives and releases to the fullest extent permitted by law any right or equity of redemption with respect to the Pledged Collateral, whether before or after sale hereunder, and all rights, if any, of marshalling the Pledged Collateral and any other security for the Secured Obligations or otherwise. The Purchaser shall not be liable for failure to collect or realize upon any or all of the Pledged Collateral or for any delay in so doing nor shall it be under any obligation to take any action with regard thereto. The Purchaser shall not be obligated to make any sale of Pledged Collateral regardless of notice of sale having been given. The Purchaser may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. Each Grantor agrees that it would not be commercially unreasonable for the Purchaser to dispose of the Pledged Collateral or any portion thereof by utilizing internet sites that provide for the auction of assets of the type included in the Pledged Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets. The Purchaser shall not be obligated to clean-up or otherwise prepare the Pledged Collateral for sale.

(c) If any Event of Default shall have occurred and be continuing, all payments received by any Grantor in respect of the Pledged Collateral shall be received in trust for the benefit of the Purchaser, shall be segregated from other funds of such Grantor and shall be forthwith paid over to the Purchaser in the same form as so received (with any necessary endorsement).

(d) If any Event of Default shall have occurred and be continuing, the Purchaser may, without notice to any Grantor except as required by law and at any time or from time to time, charge, set off and otherwise apply all or part of the Secured Obligations against any funds deposited with it or held by it.

(e) If any Event of Default shall have occurred and be continuing, upon the written demand of the Purchaser, each Grantor shall execute and deliver to the Purchaser an assignment or assignments of any or all of the Intellectual Property Collateral and such other documents and take such other actions as are necessary or appropriate to carry out the intent and purposes hereof. Within five Business Days of written notice thereafter from the Purchaser, each Grantor shall make available to the Purchaser, to the extent within such Grantor's power and authority, such personnel in such Grantor's employ on the date of the Event of Default as the Purchaser may designate to permit such Grantor to continue, directly or indirectly, to produce, advertise and sell the products and services sold by such Grantor under the Intellectual Property Collateral, and such persons shall be available to perform their prior functions on the Purchaser's behalf.

(f) If the Purchaser shall determine to exercise its right to sell all or any of the Securities Collateral of any Grantor pursuant to this Section 8.01, each Grantor recognizes that the Purchaser may be unable to effect a public sale of any or all of the Pledged Securities, by reason of certain prohibitions contained in the Securities Act of 1933, as amended (the "Securities Act"), and applicable state securities laws or otherwise, and may be compelled to resort to one or more private sales thereof to a restricted group of purchasers or a single purchaser which will be obliged to agree, among other things, to acquire such securities for their own account for investment and not with a view to the distribution or resale thereof. Each Grantor acknowledges and agrees that any such private sale may result in prices and other terms less favorable to the Purchaser than if such sale were a public sale and, notwithstanding such circumstances, agrees that any such private sale shall not be deemed to have been made in a commercially unreasonable manner solely by virtue of being a private sale. The Purchaser shall be under no obligation to delay a sale of any of the Pledged Securities for the period of time necessary to permit any Subsidiary or Grantor to register such securities for public sale under the Securities Act, or under applicable state securities laws, even if any Subsidiary or Grantor would agree to do so.

(g) Each Grantor further shall use its commercial best efforts to do or cause to be done all such other acts as may be reasonably necessary to make any sale or sales of all or any portion of the Pledged Securities pursuant to this Section 8.01 valid and binding and in compliance with any and all other requirements of applicable law. Each Grantor further agrees that a breach of any of the covenants contained in this Section 8.01 will cause irreparable injury to the Purchaser, that the Purchaser has no adequate remedy at law in respect of such breach and, as a consequence, that each and every covenant contained in this Section 8.01 shall be specifically enforceable against such Grantor, and each Grantor hereby waives and agrees not to assert any defenses against an action for specific performance of such covenants.

(h) The Purchaser shall not incur any liability as a result of the sale of any Pledged Securities, or any part thereof, at any private sale conducted in a commercially reasonable manner, it being agreed that the Pledged Securities are not customarily sold in a recognized market. Each Grantor hereby waives any claims against the Purchaser arising by reason of the fact that the price at which any of the Pledged Securities may have been sold at such a private sale was less than the price which might have been obtained at a public sale or was less than the aggregate amount of the Obligations, even if the Purchaser accepts the first offer received and does not offer any Pledged Securities to more than one offeree.

(i) The UCC states that the Purchaser is able to purchase the Pledged Securities only if they are sold at a public sale. The Purchaser has advised Grantor that Securities and Exchange Commission staff personnel have issued various No-Action Letters describing procedures which, in the view of the SEC staff, permit a foreclosure sale of securities to occur in a manner that is public for purposes of the UCC, yet not public for purposes of Section 4(a)(2) of the Securities Act of 1933. The UCC permits each Grantor to agree on the standards for determining whether the Purchaser has complied with its obligations under the UCC. Pursuant to the UCC, each Grantor specifically agrees (A) that it shall not raise any objection to the Purchaser's purchase of the Pledged Securities (through bidding on the obligations or otherwise) and (B) that a foreclosure sale conducted in substantial conformity with the principles set forth in such No-Action Letters (x) shall be considered to be a "public" sale for purposes of the UCC; (y) will be considered commercially reasonable notwithstanding that the Purchaser has not registered or sought to register the Pledged Securities under any federal or state securities laws, even if such Grantor or Subsidiary agrees to pay all costs of the registration process; and (z) shall be considered to be commercially reasonable notwithstanding that the Purchaser purchases the Pledged Securities at such a sale.

(j) Each Grantor agrees that the Purchaser shall not have any general duty or obligation to make any effort to obtain or pay any particular price for any Pledged Securities sold by the Purchaser pursuant to this Agreement. The Purchaser, may, in its reasonable discretion, among other things, accept the first offer received, or decide to approach or not to approach any potential purchasers. Without in any way limiting the Purchaser's right to conduct a foreclosure sale in any manner which is considered commercially reasonable, each Grantor and Subsidiary hereby agrees that any foreclosure sale conducted in accordance with the following provisions shall be considered a commercially reasonable sale and hereby irrevocably waives any right to contest any such sale: (i) the Purchaser conducts the foreclosure sale in the State of New York; (ii) the foreclosure sale is conducted in accordance with the laws of the State of New York; (iii) not less than ten (10) Business Days in advance of the foreclosure sale, the Purchaser notifies such Grantor in writing at the address set forth herein of the time and place of such foreclosure sale; (iv) the foreclosure sale is conducted by an auctioneer licensed in the State of New York and is conducted in front of the New York Supreme Court located in New York City or such other New York State Court in the City of New York, County of New York, having jurisdiction over the Pledged Securities on any Business Day between the hours of 9:00 a.m. and 5:00 p.m.; (v) the notice of the date, time and location of the foreclosure sale is published in the New York Times or Wall Street Journal (or such other daily newspaper widely circulated in New York, New York) for seven (7) consecutive days prior to the date of the foreclosure sale, and (vi) the Purchaser sends notification of the foreclosure sale to all secured parties identified as a result of a search of the UCC financings statements in the state filing office located in the Grantor's state of formation or, if a natural person state of residence, conducted not later than twenty (20) days and not earlier than thirty (30) days before such notification date.

Section 8.02 No Waiver and Cumulative Remedies. The Purchaser shall not by any act (except by a written instrument pursuant to Section 9.06), delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Default or Event of Default. No failure on the part of the Purchaser to exercise, no course of dealing with respect to, and no delay on the part of the Purchaser in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right, power, privilege or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power, privilege or remedy; nor shall the Purchaser be required to look first to, enforce or exhaust any other security, collateral or guaranties. All rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies provided by law.

Section 8.03 Application of Proceeds. Upon the exercise by the Purchaser of its remedies hereunder, any proceeds received by the Purchaser in respect of any realization upon any Pledged Collateral shall be applied, together with any other sums then held by the Purchaser pursuant to this Agreement, in accordance with the Purchase Agreement. Each Grantor shall remain liable for any deficiency if the proceeds of any sale or other disposition of the Pledged Collateral are insufficient to pay the Secured Obligations and the fees and other charges of any attorneys employed by the Purchaser to collect such deficiency.

ARTICLE IX MISCELLANEOUS

Section 9.01 Concerning Purchaser.

(a) Conduct. The Purchaser may exercise or refrain from exercising any rights (including making demands and giving notices) and take or refrain from taking any action (including the release or substitution of the Pledged Collateral), in accordance with this Agreement and the Purchase Agreement. The Purchaser may employ agents and attorneys-in-fact in connection herewith and shall not be liable for the negligence or misconduct of any such agents or attorneys-in-fact selected by it in good faith.

(b) Duty of Care. The Purchaser's sole duty with respect to the custody, safekeeping and physical preservation of the Pledged Collateral in its possession, under Section 9-207 of the UCC or otherwise, shall be to deal with it in the same manner as the Purchaser deals with its own property consisting of similar instruments or interests. The Purchaser shall not have responsibility for (i) ascertaining or taking action whatsoever with regard to any Pledged Collateral (including matters relating to the Pledged Securities, whether or not the Purchaser has or is deemed to have knowledge of such matters) or (ii) taking any necessary steps to preserve rights against any Person with respect to any Pledged Collateral.

(c) Reliance. The Purchaser shall be entitled to rely upon any written notice, statement, certificate, order or other document or any telephone message believed by it to be genuine and correct and to have been signed, sent or made by the proper Person, and, with respect to all matters pertaining to this Agreement and its duties hereunder.

(d) Conflict. If any item of Pledged Collateral also constitutes collateral granted to the Purchaser under any other deed of trust, mortgage, security agreement, pledge or instrument of any type, in the event of any conflict between the provisions hereof and the provisions of such other document in respect of such collateral, the provisions of this Agreement shall control unless the other deed of trust, mortgage, security agreement, pledge or instrument expressly states otherwise.

Section 9.02 Performance By Purchaser. If any Grantor shall fail to perform any covenants contained in this Agreement (including covenants to pay insurance, taxes and claims arising by operation of law in respect of the Pledged Collateral and to pay or perform any Grantor obligations under any Pledged Collateral) or if any representation or warranty on the part of any Grantor contained herein shall be breached, the Purchaser may (but shall not be obligated to) during the existence of an Event of Default do the same or cause it to be done or remedy any such breach, and may make payments for such purpose; provided, however, that the Purchaser shall in no event be bound to inquire into the validity of any tax, Lien, imposition or other obligation which such Grantor fails to pay or perform as and when required hereby and which such Grantor does not contest in accordance with the provisions of the Purchase Agreement. Any and all amounts so paid by the Purchaser shall be reimbursed by the Grantors in accordance with the provisions of Section 9.08. Neither the provisions of this Section 9.02 nor any action taken by the Purchaser pursuant to the provisions of this Section 9.02 shall prevent any such failure to observe any covenant contained in this Agreement nor any breach of representation or warranty from constituting an Event of Default.

Section 9.03 Power of Attorney. Each Grantor hereby appoints the Purchaser its attorney-in-fact, with full power and authority in the place and stead of such Grantor and in the name of such Grantor, or otherwise, from time to time during the existence of an Event of Default in the Purchaser's discretion to take any action and to execute any instrument consistent with the terms of the Purchase Agreement and the other Transaction Documents which the Purchaser may deem necessary or advisable to accomplish the purposes hereof (but the Purchaser shall not be obligated to and neither the Purchaser nor any of such Purchaser's Related Persons shall have any liability to such Grantor or any third party for failure to so do or take action). The Purchaser shall use commercially reasonable efforts to provide notice to the Grantor prior to taking any action taken in the preceding sentence, provided that failure to deliver such notice shall not limit the Purchaser's right to take such action or the validity of any such action. The foregoing grant of authority is a power of attorney coupled with an interest and such appointment shall be irrevocable for the term hereof. Each Grantor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof.

Section 9.04 Continuing Security Interest and Assignment. This Agreement shall create a continuing security interest in the Pledged Collateral and shall (a) be binding upon the Grantors, their respective successors and assigns and (b) inure, together with the rights and remedies of the Purchaser hereunder, to the benefit of the Purchaser and its permitted successors, transferees and assigns and their respective officers, directors, employees, affiliates, agents, advisors and controlling Persons; provided that, no Grantor shall assign or otherwise transfer any of its rights or obligations under this Agreement without the prior written consent of the Purchaser and any attempted assignment or transfer without such consent shall be null and void. Without limiting the generality of the foregoing clause (b), the Purchaser may assign or otherwise transfer any indebtedness held by it secured by this Agreement to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to the Purchaser, herein or otherwise, subject however, to the provisions of the Purchase Agreement.

Section 9.05 Termination and Release.

(a) At such time as the Secured Obligations shall have been paid in full (other than contingent indemnification obligations in which no claim has been made or is reasonably foreseeable), the Pledged Collateral shall be released from the Liens created hereby, and this Agreement and all obligations (other than those expressly stated to survive such termination) of the Purchaser and each Grantor hereunder shall terminate, all without delivery of any instrument or any further action by any party, and all rights to the Pledged Collateral shall revert to the Grantors. At the request and sole expense of any Grantor following any such termination, the Purchaser shall deliver to such Grantor any Pledged Collateral held by the Purchaser hereunder, and execute and deliver to such Grantor such documents as such Grantor shall reasonably request to evidence such termination.

(b) If any of the Pledged Collateral shall be sold, transferred or otherwise disposed of by any Grantor in a transaction permitted by the Purchase Agreement, then the Lien created pursuant to this Agreement in such Pledged Collateral shall be released, and the Purchaser, at the request and sole expense of such Grantor, shall execute and deliver to such Grantor all releases and other documents reasonably necessary or advisable for the release of the Liens created hereby on such Pledged Collateral; provided that the Company shall provide to the Purchaser evidence of such transaction's compliance with the Purchase Agreement and the other Transaction Documents as the Purchaser shall request. At the request and sole expense of the Company, a Grantor shall be released from its obligations hereunder in the event that all the Equity Interests of such Grantor are sold, transferred or otherwise disposed of in a transaction permitted by the Purchase Agreement; provided that the Company shall have delivered to the Purchaser, at least ten (10) Business Days (or such shorter period acceptable to the Purchaser) prior to the date of the proposed release, a written request for release identifying the relevant Grantor and the terms of the sale or other disposition in reasonable detail, including the price thereof and any expenses in connection therewith, together with a certification by the Company stating that such transaction is in compliance with the Purchase Agreement and the other Transaction Documents.

Section 9.06 Modification in Writing. None of the terms or provisions of this Agreement may be amended, modified, supplemented, terminated or waived, and no consent to any departure by any Grantor therefrom shall be effective, except by a written instrument signed by the Purchaser in accordance with the terms of the Purchase Agreement. Any amendment, modification or supplement of any provision hereof, any waiver of any provision hereof and any consent to any departure by any Grantor from the terms of any provision hereof in each case shall be effective only in the specific instance and for the specific purpose for which made or given. This Agreement shall be construed as a separate agreement with respect to each Grantor and may be amended, modified, supplemented, terminated or waived with respect to any Grantor without the approval of any other Grantor and without affecting the obligations of any other Grantor hereunder.

Section 9.07 Notices. Unless otherwise provided herein, any notice or other communication required or permitted to be given under this Agreement shall be in writing and shall be given in the manner and become effective as set forth in the Purchase Agreement, and, as to any Grantor, addressed to it at the address of such Grantor set forth in Schedule E hereof and as to the Purchaser, addressed to it at the address set forth in the Purchase Agreement, or in each case at such other address as shall be designated by such party in a written notice to the other party.

Section 9.08 Indemnity and Expenses.

(a) Each Grantor hereby agrees to indemnify and hold harmless the Purchaser (and any sub-agent thereof), and each Related Party of the Purchaser (each such Person being called an "Indemnitee") from any losses, damages, liabilities, claims and related expenses (including the fees and expenses of any counsel for any Indemnitee), and shall indemnify and hold harmless each Indemnitee from all fees, expenses and time charges for attorneys who are employees of any Indemnitee, incurred by any Indemnitee or asserted against any Indemnitee by any Person (including any Grantor) other than such Indemnitee and its Related Parties arising out of, in connection with or resulting from this Agreement (including, without limitation, enforcement of this Agreement) or any failure of any Secured Obligations to be the legal, valid, and binding obligations of any Grantor enforceable against such Grantor in accordance with their terms, whether brought by a third party or by such Grantor, and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (i) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee, (ii) result from a claim brought by any Grantor against an Indemnitee for breach in bad faith of such Indemnitee's obligations hereunder or under any other Transaction Document, if such Grantor has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction or (iii) result from a claim not involving an act or omission of any Grantor or any of its subsidiaries and that is brought by an Indemnitee against another Indemnitee (other than against the Purchaser).

(b) To the fullest extent permitted by applicable law, each Grantor hereby agrees not to assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Transaction Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby or the use of proceeds thereof. No Indemnitee shall be liable for any damages arising from the use of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Transaction Documents or the transactions contemplated hereby or thereby by unintended recipients.

(c) Each Grantor agrees to pay or reimburse the Purchaser for all its costs and expenses incurred in collecting against such Grantor its Secured Obligations or otherwise protecting, enforcing or preserving any rights or remedies under this Agreement and the other Transaction Documents to which such Grantor is a party, including the fees and other charges of counsel to the Purchaser.

(d) All amounts due under this Section 9.08 shall be payable not later than five (5) days after demand therefor, shall constitute Secured Obligations and shall bear interest until paid at a rate per annum equal to the highest rate per annum at which interest would then be payable on any past due amount under the Purchase Agreement.

(e) Without prejudice to the survival of any other agreement of any Grantor under this Agreement or any other Transaction Documents, the agreements and obligations of each Grantor contained in this Section 9.08 shall survive termination of the Transaction Documents and payment in full of the Obligations and all other amounts payable under this Agreement.

Section 9.09 Governing Law. This Agreement shall be governed by the internal law of the State of New York, without regard to conflict of law principles that would result in the application of any law other than the law of the State of New York.

Section 9.10 Dispute Resolution. The parties (a) hereby irrevocably and unconditionally submit to the jurisdiction of the state courts of New York and to the jurisdiction of the United States District Court for the Southern District of New York for the purpose of any suit, action or other proceeding arising out of or based upon this Agreement, (b) agree not to commence any suit, action or other proceeding arising out of or based upon this Agreement except in the state courts of New York or the United States District Court for the Southern District of New York, and (c) hereby waive, and agree not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof may not be enforced in or by such court.

Section 9.11 Waiver of Jury Trial. EACH PARTY HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS OR THE SUBJECT MATTER HEREOF OR THEREOF. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS (INCLUDING NEGLIGENCE), BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THIS SECTION HAS BEEN FULLY DISCUSSED BY EACH OF THE PARTIES HERETO AND THESE PROVISIONS WILL NOT BE SUBJECT TO ANY EXCEPTIONS. EACH PARTY HERETO HEREBY FURTHER WARRANTS AND REPRESENTS THAT SUCH PARTY HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT SUCH PARTY KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL.

Section 9.12 Severability of Provisions. Any provision hereof which is invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without invalidating the remaining provisions hereof or affecting the validity, legality or enforceability of such provision in any other jurisdiction.

Section 9.13 Integration. This Agreement and any amendments, waivers, consents or supplements hereto may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all taken together shall constitute a single contract. This Agreement and the other Transaction Documents constitute the entire contract among the parties with respect to the subject matter hereof and supersede all previous agreements and understandings, oral or written, with respect thereto.

Section 9.14 No Release. Nothing set forth in this Agreement or any other Transaction Document, nor the exercise by the Purchaser of any of the rights or remedies hereunder, shall relieve any Grantor from the performance of any term, covenant, condition or agreement on such Grantor's part to be performed or observed in respect of any of the Pledged Collateral or from any liability to any Person in respect of any of the Pledged Collateral or shall impose any obligation on the Purchaser to perform or observe any such term, covenant, condition or agreement on such Grantor's part to be so performed or observed or shall impose any liability on the Purchaser for any act or omission on the part of such Grantor relating thereto or for any breach of any representation or warranty on the part of such Grantor contained in this Agreement, the Purchase Agreement or the other Transaction Documents, or in respect of the Pledged Collateral or made in connection herewith or therewith. Anything herein to the contrary notwithstanding, the Purchaser shall not have any obligation or liability under any contracts, agreements and other documents included in the Pledged Collateral by reason of this Agreement, nor shall the Purchaser be obligated to perform any of the obligations or duties of any Grantor thereunder or to take any action to collect or enforce any such contract, agreement or other document included in the Pledged Collateral. The obligations of each Grantor contained in this Section 9.14 shall survive the termination hereof and the discharge of such Grantor's other obligations under this Agreement, the Purchase Agreement and the other Transaction Documents.

Section 9.15 Obligations Absolute. Each Grantor hereby waives demand, notice, protest, notice of acceptance of this Agreement, notice of loans made, credit extended, Pledged Collateral received or delivered or other action taken in reliance hereon and all other demands and notices of any description. All obligations of each Grantor hereunder shall be absolute and unconditional irrespective of:

- (a) any illegality or lack of validity or enforceability of any Secured Obligation or any Transaction Document or any related agreement or instrument;
- (b) any change in the time, place or manner of payment of, or in any other term of, the Secured Obligations or any other obligation of any Grantor under any Transaction Document, or any rescission, waiver, amendment or other modification of any Transaction Document or any other agreement, including any increase in the Secured Obligations resulting from any extension of additional credit or otherwise;
- (c) any taking, exchange, substitution, release, impairment or non-perfection of any Pledged Collateral, or any taking, release, impairment, amendment, waiver or other modification of any guaranty, for the Secured Obligations;
- (d) any manner of sale, disposition or application of proceeds of any Pledged Collateral or any other collateral or other assets to all or part of the Secured Obligations;
- (e) any default, failure or delay, willful or otherwise, in the performance of the Secured Obligations;
- (f) any change, restructuring or termination of the corporate structure, ownership or existence of any Grantor or any of its Subsidiaries or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Company or its assets or any resulting release or discharge of any Secured Obligations;
- (g) any failure of Purchaser to disclose to any Grantor any information relating to the business, condition (financial or otherwise), operations, performance, properties or prospects of any other Grantor now or hereafter known to Purchaser; each Grantor waiving any duty of the Purchaser to disclose such information;
- (h) the failure of any other Person to execute or deliver this Agreement, any Joinder Agreement or any other agreement or the release or reduction of liability of any Grantor or other grantor or surety with respect to the Secured Obligations;
- (i) the failure of the Purchaser to assert any claim or demand or to exercise or enforce any right or remedy under the provisions of any Transaction Document or otherwise;
- (j) any defense, set-off or counterclaim (other than a defense of payment or performance) that may at any time be available to, or be asserted by, the Company against the Purchaser; or
- (k) any other circumstance (including, without limitation, any statute of limitations) or any existence of or reliance on any representation by the Purchaser that might vary the risk of any Grantor or otherwise operate as a defense available to, or a legal or equitable discharge of, any Grantor or any other guarantor or surety.

Section 9.16 Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

[remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amended and Restated Security Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

PURCHASER:

PLATINUM CAPITAL PARTNERS INC.

By: _____
Name: Harris Stasis
Title: Director

GRANTORS:

AIRSHIP AI HOLDINGS, INC.

By: _____
Name: Victor Huang
Title: Chief Executive Officer

AIRSHIP AI, INC.

By: _____
Name: Victor Huang
Title: President / Chief Executive Officer

JDL DIGITAL SYSTEMS, INC.

By: _____
Name: Victor Huang
Title: President / Chief Executive Officer
ZEPPELIN WORLDWIDE LLC

By: _____
Name: Victor Huang
Title: President / Chief Executive Officer

ZEPPELIN TAIWAN LTD.

By: _____
Name: Victor Huang
Title: President / Chief Executive Officer

Exhibit A
FORM OF JOINDER AGREEMENT

THIS JOINDER AGREEMENT (the "Joinder Agreement"), dated as of [date] is made by [joining grantor], a [state of organization] [entity type] (the "Joining Grantor"), and delivered to PLATINUM CAPITAL PARTNERS INC., a British Virgin Islands company (together with any successors, the "Purchaser") under that certain Security Agreement (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Security Agreement"; capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Security Agreement), dated as of [date] made by and among AIRSHIP AI HOLDINGS, INC., a Delaware corporation (the "Company"), and the Grantors party thereto, in favor of the Purchaser.

WHEREAS, the Joining Grantor is a direct or indirect Subsidiary of the Company and required by the terms of the Purchase Agreement to become a Guarantor (as defined in the Purchase Agreement) and be joined as a party to the Security Agreement as a Grantor;

WHEREAS, this Joinder Agreement supplements the Security Agreement and is delivered by the Joining Grantor pursuant to Section 3.06 of the Security Agreement; and

WHEREAS, the Joining Grantor will materially benefit directly and indirectly from the Loans made available and to be made available to the Company by the Purchasers under the Purchase Agreement;

NOW, THEREFORE, the Joining Grantor hereby agrees as follows with the Purchaser:

1. Joinder. The Joining Grantor hereby irrevocably, absolutely and unconditionally becomes a party to the Security Agreement as a Grantor and agrees to be bound by all the terms, conditions, covenants, obligations, liabilities and undertakings of each Grantor or to which each Grantor is subject thereunder, all with the same force and effect as if the Joining Grantor were a signatory to the Security Agreement. Without limiting the generality of the foregoing, as collateral security for the payment and performance in full of all the Secured Obligations, the Joining Grantor hereby pledges to the Purchaser, and grants to the Purchaser a Lien on and security interest in and to, all of its right, title and interest in, to and under the Pledged Collateral owned by it, wherever located, and whether now existing or hereafter arising or acquired from time to time and expressly assumes all obligations and liabilities of a Grantor thereunder.

2. Affirmations. The Joining Grantor hereby makes each of the representations and warranties and agrees to each of the covenants applicable to the Grantors contained in the Security Agreement. The Joining Grantor also represents and warrants to the Purchaser that (i) it has the power and authority, and the legal right, to make, deliver and perform this Joinder Agreement and has taken all necessary action to authorize the execution, delivery and performance of this Joinder Agreement; (ii) no consent or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person that has not been obtained, made or completed is required in connection with the execution, delivery and performance, validity or enforceability of this Joinder Agreement; (iii) this Joinder Agreement has been duly executed and delivered on behalf of the Joining Grantor; and (iv) this Joinder Agreement constitutes a legal, valid and binding obligation of the Joining Grantor enforceable against such Joining Grantor in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, general equitable principles (whether considered in a proceeding in equity or at law) and an implied covenant of good faith and fair dealing.

3. Supplemental Schedules. Attached to this Joinder Agreement are duly completed schedules (the “Supplemental Schedules”) supplementing the respective Schedules to the Security Agreement. The Joining Grantor represents and warrants that the information contained on each of the Supplemental Schedules with respect to such Joining Grantor and its properties is true, complete and accurate as of the date hereof. Such Supplemental Schedules shall be deemed to be part of the Security Agreement.

4. Severability. The provisions of this Joinder Agreement are independent of and separable from each other. If any provision hereof shall for any reason be held invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of any other provision hereof, but this Joinder Agreement shall be construed as if such invalid or unenforceable provision had never been contained herein.

5. Delivery. The Joining Grantor hereby irrevocably waives notice of acceptance of this Joinder Agreement and acknowledges that the Secured Obligations are incurred, and credit extensions under the Purchase Agreement and the other Transaction Documents made and maintained, in reliance on this Joinder Agreement and the Joining Grantor’s joinder as a party to the Security Agreement as herein provided.

6. Governing Law; Venue; Waiver of Jury Trial. This Joinder Agreement and the other Transaction Documents and any claim, controversy, dispute or cause of action (whether in contract or tort or otherwise) based upon, arising out of or relating to this Joinder Agreement or any other Transaction Document (except, as to any other Transaction Document, as expressly set forth therein) and the transactions contemplated hereby and thereby shall be governed by and construed in accordance with the laws of New York. The provisions of Section 9.09 of the Security Agreement are hereby incorporated by reference as if fully set forth herein.

7. Counterparts. This Joinder Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

[remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Joinder Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

[*name of joining grantor*]

By:

Name:

Title:

Address for Notices:

AGREED TO AND ACCEPTED:

PLATINUM CAPITAL PARTNERS INC., as Purchaser

By:

Name:

Title:

Address for Notices:

Schedule A
Equity Interests

| Subsidiary | Jurisdiction of Organization | Parent | Wholly-Owned | Certificated (Yes or No) |
|---------------------------|-------------------------------------|---------------------------|---------------------|-------------------------------------|
| Airship AI, Inc. | Washington State, U.S. | Airship AI Holdings, Inc. | Yes | |
| JDL Digital Systems, Inc. | Delaware, U.S. | Airship AI, Inc. | Yes | |
| Zeppelin Worldwide LLC | Washington State, U.S. | Airship AI, Inc. | Yes | |
| Zeppelin Taiwan Ltd. | Taiwan | Zeppelin Worldwide LLC | Yes | |

Schedule B

Deposit Accounts

See attached

Schedule C

Pledged Securities

See Schedule A

Pledged Debt

None

Schedule D

Intellectual Property

| TM | Reg No. | Date | Class | Applicant |
|--------------|---------|-----------------|-------|---|
| AIRSHIP | 5832408 | August 13, 2019 | 9 | JDL Digital Systems, Inc. DBA Airship Industries |
| AIRSHIP logo | 5832410 | August 13, 2019 | 9 | JDL Digital Systems, Inc. DBA Airship Industries |

Schedule E

Address for Notices – Grantors

| Grantor | Address |
|---------------------------|---|
| Airship AI Holdings, Inc. | Airship AI Holdings, Inc. 12226 134 th Ct. NE Redmond, WA 98052 victor@airship.ai |
| Airship AI, Inc. | Airship AI, Inc. 12226 134 th Ct. NE Redmond, WA 98052 victor@airship.ai |
| JDL Digital Systems, Inc. | JDL Digital Systems, Inc. 12226 134 th Ct. NE Redmond, WA 98052 victor@airship.ai |
| Zeppelin Worldwide LLC | Zeppelin Worldwide LLC 12226 134 th Ct. NE Redmond, WA 98052 victor@airship.ai |
| Zeppelin Taiwan Ltd. | Zeppelin Taiwan Ltd. Floor 5-1, No. 90, Lane 555, Section 1 Wenhua 3 rd Road, Linkou District New Taipei City, Taiwan, Republic of China victor@airship.ai |

AMENDED AND RESTATED GUARANTY

THIS AMENDED AND RESTATED GUARANTY (this “Agreement”), dated as of February 2, 2024, is made by and among the Persons listed on the signature pages hereof under the caption “Guarantors” and the Additional Guarantors, as defined in Section 6.05 (such Persons and the Additional Guarantors, collectively, the “Guarantors” and, individually, each a “Guarantor”), AIRSHIP AI HOLDINGS, INC., a Delaware corporation (the “Company”), and PLATINUM CAPITAL PARTNERS INC., a British Virgin Islands company (the “Purchaser”).

WHEREAS, AIRSHIP AI, INC., a Washington corporation (formerly known as AIRSHIP AI HOLDINGS, INC., a Washington corporation) (the “Initial Company”) and the Purchaser have entered into that certain Convertible Note Purchase Agreement, dated as of June 22, 2023 (as amended, amended and restated, supplemented or otherwise modified from time to time, the “Purchase Agreement”) pursuant to which, among other matters, the Company issued the Purchaser a \$2,000,000 Senior Secured Convertible Promissory Note (the “Initial Note”);

WHEREAS, on December 21, 2023, the Company completed the business combination (the “Business Combination”) contemplated by the Merger Agreement, dated as of June 27, 2023, as amended, (the “Merger Agreement”) by and among the Company (formerly known as BYTE Acquisition Corp.) and the Initial Company, *et al*;

WHEREAS, pursuant to the Purchase Agreement, as amended by that letter agreement dated February 2, 2024 by and between the Purchaser and the Company, *et al*, the Company issued the Purchaser a \$2,000,000 Amended and Restated Senior Secured Convertible Promissory Note (the “Note”), replacing the Initial Note;

WHEREAS, each Guarantor has and will derive substantial direct and indirect benefits from the transactions contemplated by the Purchase Agreement; and

WHEREAS, it is a requirement of the Purchase Agreement that each Grantor execute and deliver the applicable Transaction Documents, including this Agreement;

NOW, THEREFORE, in consideration of the premises and in order to induce the Purchaser to enter into the transactions contemplated by the Purchase Agreement, each Guarantor, jointly and severally with each other Guarantor, hereby agrees as follows:

**ARTICLE I
DEFINITIONS**

For purposes of this Agreement, the following terms shall have the following meanings:

“Bankruptcy Code” means Title 11 of the United States Code, as amended, or any similar federal or state law for the relief of debtors.

“Debtor Relief Laws” means the Bankruptcy Code and all other liquidation, bankruptcy, assignment for the benefit of creditors, conservatorship, moratorium, receivership, insolvency, rearrangement, reorganization or similar debtor relief laws of the US or other applicable jurisdictions in effect from time to time.

“Governmental Authority” means the government of any nation or any political subdivision thereof, whether at the national, state, territorial, provincial, municipal or any other level, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of, or pertaining to, government.

“Obligors” means each of the Company and each Guarantor and “Obligors” means the Company and the Guarantors collectively.

“Related Parties” means, with respect to any Person, such Person’s Affiliates and the directors, officers, employees, partners, agents, trustees, administrators, managers, advisors and representatives of it and its Affiliates.

ARTICLE II
AGREEMENT TO GUARANTEE OBLIGATIONS

Section 2.01 Guaranty. Each Guarantor, hereby absolutely, unconditionally and irrevocably guarantees, as primary obligor and not merely as surety:

(a) the due and prompt payment by the Company of the obligations of the Company or any Guarantor from time to time arising under the Purchase Agreement, the Note, any other Transaction Document or otherwise with respect to the due and prompt payment of:

(i) the principal of and premium, if any, and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding on the Note), when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise; and

(ii) all other monetary obligations, including fees, costs, attorneys’ fees and disbursements, reimbursement obligations, contract causes of action, expenses and indemnities, whether primary, secondary, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), of the Company or any Guarantor under or in respect of any Transaction Document; and

(b) the due and prompt performance of all other covenants, duties, debts, obligations and liabilities of any kind of the Company or any Guarantor, individually or collectively, under or in respect of the Purchase Agreement, this Agreement, the other Transaction Documents or any other document made, delivered or given in connection with any of the foregoing, in each case whether evidenced by a note or other writing, whether allowed in any bankruptcy, insolvency, receivership or other similar proceeding, whether arising from an extension of credit, issuance of a letter of credit, acceptance, loan, guaranty, indemnification or otherwise, and whether primary, secondary, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, fixed or otherwise;

all such obligations in subsections (a) and (b), whether now or hereafter existing, being referred to collectively as the “Obligations”. Each Guarantor further agrees that all or part of the Obligations may be increased, extended, substituted, amended, renewed or otherwise modified without notice to or consent from such Guarantor and such actions shall not affect the liability of such Guarantor hereunder. Without limiting the generality of the foregoing, each Guarantor’s liability shall extend to all amounts that constitute part of the Obligations and would be owed by any other Obligor to Purchaser under or in respect of the Transaction Documents but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving such other Obligor.

Section 2.02 Contribution. If any payment shall be required to be made to Purchaser under this Agreement, each Guarantor hereby unconditionally and irrevocably agrees it will contribute, to the maximum extent permitted by law, such amounts to each other Guarantor and the Company so as to maximize the aggregate amount paid to the Purchaser under or in connection with the Transaction Documents.

Section 2.03 Reinstatement. Each Guarantor agrees that its guaranty hereunder shall continue to be effective or be reinstated, as the case may be, if at any time all or part of any payment of any Obligation is rescinded or must otherwise be returned by Purchaser or any other Person upon the insolvency, bankruptcy or reorganization of the Company or any other Obligor or otherwise.

ARTICLE III
GUARANTY ABSOLUTE AND UNCONDITIONAL; WAIVERS

Section 3.01 Guaranty Absolute and Unconditional; No Waiver of Obligations. Each Guarantor guarantees that the Obligations will be paid strictly in accordance with the terms of the Transaction Documents, regardless of any law, regulation or order of any Governmental Authority now or hereafter in effect. The Obligations of each Guarantor hereunder are independent of the Obligations of any other Guarantor or any other Obligor under any Transaction Document. A separate action may be brought against each Guarantor to enforce this Agreement, whether or not any action is brought against the Company or any other Obligor or whether or not the Company or any other Obligor is joined in any such action. The liability of each Guarantor hereunder is irrevocable, continuing, absolute and unconditional and the Obligations of each Guarantor hereunder, to the fullest extent permitted by applicable law, shall not be discharged or impaired or otherwise effected by, and each Guarantor hereby irrevocably waives any defenses to enforcement it may have (now or in the future) by reason of:

(a) any illegality or lack of validity or enforceability of any Obligation or any Transaction Document or any related agreement or instrument;

(b) any change in the time, place or manner of payment of, or in any other term of, the Obligations or any other obligation of any Obligor under any Transaction Document, or any rescission, waiver, amendment or other modification of any Transaction Document or any other agreement, including any increase in the Obligations resulting from any extension of additional credit or otherwise;

(c) any taking, exchange, substitution, release, impairment or non-perfection of any collateral, or any taking, release, impairment, amendment, waiver or other modification of any guaranty, for the Obligations;

(d) any manner of sale, disposition or application of proceeds of any collateral or other assets to all or part of the Obligations;

(e) any default, failure or delay, willful or otherwise, in the performance of the Obligations;

(f) any change, restructuring or termination of the corporate structure, ownership or existence of any Obligor or any of its Subsidiaries or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Company or its assets or any resulting release or discharge of any Obligation;

(g) any failure of Purchaser to disclose to any Obligor any information relating to the business, condition (financial or otherwise), operations, performance, properties or prospects of any other Obligor now or hereafter known to the Purchaser; each Guarantor waiving any duty of the Purchaser to disclose such information;

(h) the failure of any other Person to execute or deliver this Agreement, any Guaranty Supplement or any other guaranty or agreement or the release or reduction of liability of any Guarantor or other guarantor or surety with respect to the Obligations;

(i) the failure of the Purchaser to assert any claim or demand or to exercise or enforce any right or remedy under the provisions of any Transaction Document or otherwise;

(j) any defense, set-off or counterclaim (other than a defense of payment or performance) that may at any time be available to, or be asserted by, the Company against the Purchaser; or

(k) any other circumstance (including, without limitation, any statute of limitations) or manner of administering the Loans or any existence of or reliance on any representation by the Purchaser that might vary the risk of any Guarantor or otherwise operate as a defense available to, or a legal or equitable discharge of, any Obligor or any other guarantor or surety.

Section 3.02 Waivers and Acknowledgements.

(a) Each Guarantor hereby unconditionally and irrevocably waives any right to revoke this Agreement and acknowledges that this Agreement is continuing in nature and applies to all presently existing and future Obligations.

(b) Each Guarantor hereby unconditionally and irrevocably waives promptness, diligence, notice of acceptance, presentment, demand for performance, notice of non-performance, default, acceleration, protest or dishonor and any other notice with respect to any of the Obligations and this Agreement and any requirement that Purchaser protect, secure, perfect or insure any Lien or any property subject thereto.

(c) Each Guarantor hereby unconditionally and irrevocably waives any defense based on any right of set-off or recoupment or counterclaim against or in respect of the Obligations of such Guarantor hereunder.

(d) Each Guarantor acknowledges that the Purchaser may, at its election and without notice to or demand upon such Guarantor, foreclose on any collateral held by it by one or more judicial or non-judicial sales, accept an assignment of any such collateral in lieu of foreclosure, compromise or adjust any part of the Obligations, make any other accommodation with the Company or any other guarantor or exercise any other right or remedy available to it against the Company or any other guarantor, without affecting or impairing in any way the liability of any Guarantor hereunder except to the extent the Obligations (other than contingent or unliquidated obligations or liabilities) have been paid in full or collateralized in full in cash. Each Guarantor hereby waives any defense arising out of such election even though such election operates, pursuant to applicable law, to impair or to extinguish any right of subrogation, reimbursement, exoneration, contribution or indemnification or other right or remedy of such Guarantor against the Company or any other Guarantor or guarantor or any collateral.

ARTICLE IV
GUARANTOR RIGHTS OF SUBROGATION, ETC.

Section 4.01 Agreement to Pay: Subrogation, Subordination, Etc.

(a) Without limiting any other right that the Purchaser has at law or in equity against any Guarantor, if the Company or any other Obligor fails to pay any Obligation when and as due, whether at maturity, by acceleration, after notice of prepayment or otherwise, each Guarantor agrees to promptly pay the amount of such unpaid Obligations to the Purchaser in cash. Upon payment by any Guarantor of any sums to the Purchaser as provided herein, all of such Guarantor's rights of subrogation, exoneration, contribution, reimbursement, indemnity or otherwise arising therefrom against the Company or any other Guarantor shall be subordinate and junior in right of payment to the prior indefeasible payment in full in cash of all Obligations. In addition, any indebtedness of the Company now or hereafter held by any Guarantor is hereby subordinated in right of payment to the prior payment in full in cash of the Obligations. If any payment shall be paid to any Guarantor in violation of the immediately preceding sentence on account of (i) such subrogation, exoneration, contribution, reimbursement, indemnity or similar right or (ii) such amount shall be held in trust for the benefit of the Purchaser, segregated from other funds of such Guarantor, and promptly paid or delivered to the Purchaser in the same form as so received (with any necessary endorsement or assignment) to be credited against the payment of the Obligations, whether due or to become due, in accordance with the terms of the Transaction Documents or to be held as collateral for any Obligations. If any Guarantor shall make payment to Purchaser of all or any part of the Obligations, after indefeasible payment in full in cash of all Obligations, the Purchaser will, at such Guarantor's request and expense, execute and deliver to such Guarantor, without recourse or representation or warranty, appropriate documents necessary to evidence the transfer by subrogation to such Guarantor of an interest in the Obligations resulting from such payment.

(b) Each Guarantor hereby subordinates any and all obligations owed to such Guarantor by the Company and each other Obligor (the "Subordinated Obligations") to the Obligations to the extent provided below:

(i) Except during the continuance of an Event of Default (including the commencement and continuation of any proceeding against any Obligor under any Debtor Relief Law), each Guarantor may receive regularly scheduled payments of principal and interest on the Subordinated Obligations from any Obligor. After the occurrence and during the continuance of any Event of Default (including the commencement and continuation of any proceeding against any Obligor under any Debtor Relief Law), no Guarantor shall accept, demand or take any action to collect any payment on the Subordinated Obligations without the prior written consent of the Purchaser.

(ii) Each Guarantor agrees that the Purchaser shall be entitled to receive full payment in cash of all Obligations in any proceeding under any Debtor Relief Law against any other Obligor before such Guarantor receives any payment on account of any Subordinated Obligations.

(iii) After the occurrence and during the continuance of any Event of Default (including the commencement and continuation of any proceeding against any Obligor under any Debtor Relief Law), upon the request of the Purchaser, each Guarantor shall collect, enforce and receive payments on the Subordinated Obligations as trustee for the Purchaser and deliver such payments to the Purchaser on account of the Obligations, together with any necessary endorsements or other instruments of transfer, without reducing or affecting the liability of such Guarantor under this Agreement in any respect.

(iv) After the occurrence and during the continuance of any Event of Default (including the commencement and continuation of any proceeding against any Obligor under any Debtor Relief Law), the Purchaser is authorized and empowered (but not obligated), in its discretion, (x) in the name of each Guarantor, to collect and enforce, and to submit claims in respect of, Subordinated Obligations and to apply any amount so received to the Obligations or hold such amounts as collateral for any Obligations, and (y) to require each Guarantor (A) to collect and enforce and to submit claims in respect of, Subordinated Obligations and (B) to pay any amounts received on such obligations to the Purchaser for application to the Obligations or to be held as collateral for any Obligations.

Section 4.02 Right of Contribution. Each Guarantor hereby agrees that to the extent a Guarantor shall have paid more than its proportionate share of any payment made hereunder, such Guarantor shall be entitled to seek and receive contribution from and against the Company and any other Guarantor hereunder that has not paid its proportionate share of such payment. Each Guarantor's right of contribution shall be subject to the terms and conditions of Section 4.01 hereof. The provisions of this Section shall in no respect limit the obligations and liabilities of any Guarantor to Purchaser, and each Guarantor shall remain liable to the Purchaser for the full amount guaranteed by such Guarantor hereunder.

ARTICLE V REPRESENTATIONS AND WARRANTIES; COVENANTS

Section 5.01 Representations and Warranties. Each Guarantor represents and warrants as to itself that all representations and warranties relating to it contained in the Transaction Documents are true and correct. Each Guarantor further represents and warrants that:

(a) There are no conditions precedent to the effectiveness of this Agreement that have not been satisfied or waived.

(b) Such Guarantor has, independently and without reliance upon Purchaser and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and any other Transaction Document to which it is or may become a party, and has established adequate procedures for continually obtaining information pertaining to, and is now and at all times will be completely familiar with, the business, condition (financial or otherwise), operations, performance, properties and prospects of the Company and each other Obligor.

Section 5.02 Covenants. Each Guarantor covenants and agrees that, until the Termination Date, such Guarantor will perform and observe, and cause each of its Subsidiaries to perform and observe, all of the terms, covenants and agreements set forth in the Transaction Documents that are required to be, or that the Company has agreed to cause to be, performed or observed by such Guarantor or Subsidiary.

ARTICLE VI MISCELLANEOUS

Section 6.01 Taxes. Any and all payments by any Guarantor under or in respect of this Agreement shall be made free and clear of and without deduction or withholding for any taxes except as required by applicable law.

Section 6.02 Right of Set-off. If an Event of Default shall have occurred and be continuing, the Purchaser and its Affiliates are hereby authorized at any time and from time to time, to the fullest extent permitted by law, and without prior notice to any Guarantor or any other Obligor, any such notice being expressly waived by the Company and each Guarantor, to set off and apply any and all obligations (in whatever currency) at any time owing by the Purchaser or such Affiliate to or for the credit or the account of the Company or any Guarantor or any other Obligor against any and all of the obligations of the Company or any Guarantor or any other Obligor now or hereafter existing under this Agreement or any other Transaction Document to the Purchaser or its Affiliates whether direct or indirect, absolute or contingent, matured or unmatured, and irrespective of whether or not the Purchaser or Affiliate shall have made any demand under this Agreement or any other Transaction Document.

Section 6.03 Amendments. No term or provision of this Agreement may be waived, amended, supplemented or otherwise modified except in a writing signed by each Guarantor, the Company and the Purchaser (except as expressly provided otherwise in the Purchase Agreement).

Section 6.04 Indemnification.

(a) Each Guarantor hereby agrees to indemnify and hold harmless the Purchaser and each Related Party of the Purchaser (each such Person being called an “Indemnitee”) from any losses, damages, liabilities, claims and related expenses (including the fees and expenses of any counsel for any Indemnitee), and shall indemnify and hold harmless each Indemnitee from all fees, expenses and time charges for attorneys who are employees of any Indemnitee, incurred by any Indemnitee or asserted against any Indemnitee by any Person (including any Guarantor or any other Obligor) other than such Indemnitee and its Related Parties arising out of, in connection with or resulting from this Agreement (including, without limitation, enforcement of this Agreement) or any failure of any Obligations to be the legal, valid, and binding obligations of any Obligor enforceable against such Obligor in accordance with their terms, whether brought by a third party or by such Guarantor or any other Obligor, and regardless of whether any Indemnitee is a party thereto; *provided* that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (i) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee or (ii) result from a claim brought by any Guarantor or any other Obligor against an Indemnitee for breach in bad faith of such Indemnitee’s obligations hereunder or under any other Transaction Document, if such Guarantor or such Obligor has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction.

(b) To the fullest extent permitted by applicable law, each Guarantor hereby agrees not to assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Transaction Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, or the use of proceeds thereof. No Indemnitee shall be liable for any damages arising from the use of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Transaction Documents or the transactions contemplated hereby or thereby by unintended recipients.

(c) All amounts due under this Section shall be payable promptly after demand therefor.

(d) Without prejudice to the survival of any other agreement of any Guarantor under this Agreement or any other Transaction Documents, the agreements and obligations of each Guarantor contained in Section 2.01 (with respect to enforcement expenses), Section 2.03, Section 6.01 and this Section 6.04 shall survive termination of the Transaction Documents and payment in full of the Obligations and all other amounts payable under this Agreement.

Section 6.05 Additional Guarantors. The Company shall cause each Person that becomes a Subsidiary after the date hereof to become a Guarantor (each an “Additional Guarantor”), with the same force and effect as if it was originally named as a Guarantor herein, for all purposes of this Agreement upon the execution and delivery by such Person of a supplement to this Agreement in such form as is reasonably acceptable to the Purchaser (each a “Guaranty Supplement”). Each reference to “Guarantor” (or any words of like import referring to a Guarantor) in this Agreement or any other Transaction Document shall also mean the Additional Guarantor; and each reference in this Agreement or any other Transaction Document to this “Guaranty” (or words of like import referring to this Agreement) shall mean this Agreement as supplemented by each Guaranty Supplement. No consent of any other Guarantor hereunder will be required for the execution and delivery of any Guaranty Supplement. The rights and obligations of each Guarantor hereunder shall remain in full force and effect notwithstanding the addition of any Additional Guarantor as a party to this Agreement.

Section 6.06 Notices. Unless otherwise provided herein, any notice or other communication required or permitted to be given under this Agreement shall be in writing and shall be given in the manner and become effective as set forth in the Purchase Agreement, and, as to any Guarantor, addressed to it at the address of such Guarantor set forth in Schedule A hereof and as to the Company or the Purchaser, addressed to it at the address set forth in the Purchase Agreement, or in each case at such other address as shall be designated by such party in a written notice to the other party.

Section 6.07 Continuing Guaranty: Assignments Under the Purchase Agreement. This Agreement is a continuing guaranty and shall (i) remain in full force and effect until the payment in full in cash of the Obligations and all other amounts payable under this Agreement (the “Termination Date”), (ii) be binding on each Guarantor, its successors and assigns, and (iii) inure to the benefit of and be enforceable by the Purchaser and its successors and assigns. The Purchaser may assign or otherwise transfer all or any portion of its rights and obligations under the Purchase Agreement to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to the Purchaser herein or otherwise. No Guarantor shall have the right to assign its rights hereunder or any interest herein without the prior written consent of the Purchaser.

Section 6.08 Integration. This Agreement and the other Transaction Documents constitute the entire contract among the parties with respect to the subject matter hereof and supersede all previous agreements and understandings, oral or written, with respect thereto.

Section 6.09 Governing Law. This Agreement shall be governed by the internal law of the State of New York, without regard to conflict of law principles that would result in the application of any law other than the law of the State of New York .

Section 6.10 Dispute Resolution. The parties (a) hereby irrevocably and unconditionally submit to the jurisdiction of the state courts of New York and to the jurisdiction of the United States District Court for the Southern District of New York for the purpose of any suit, action or other proceeding arising out of or based upon this Agreement, (b) agree not to commence any suit, action or other proceeding arising out of or based upon this Agreement except in the state courts of New York or the United States District Court for the Southern District of New York, and (c) hereby waive, and agree not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof may not be enforced in or by such court.

Section 6.11 Waiver of Jury Trial. EACH PARTY HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS OR THE SUBJECT MATTER HEREOF OR THEREOF. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS (INCLUDING NEGLIGENCE), BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THIS SECTION HAS BEEN FULLY DISCUSSED BY EACH OF THE PARTIES HERETO AND THESE PROVISIONS WILL NOT BE SUBJECT TO ANY EXCEPTIONS. EACH PARTY HERETO HEREBY FURTHER WARRANTS AND REPRESENTS THAT SUCH PARTY HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT SUCH PARTY KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL.

Section 6.12 Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

[remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amended and Restated Guaranty to be executed as of the date first written above by their respective officers thereunto duly authorized.

Company:

AIRSHIP AI HOLDINGS, INC.

By: _____
Name: Victor Huang
Title: Chief Executive Officer

Guarantors:

AIRSHIP AI, INC.

By: _____
Name: Victor Huang
Title: President / Chief Executive Officer

JDL DIGITAL SYSTEMS, INC.

By: _____
Name: Victor Huang
Title: President / Chief Executive Officer

ZEPPELIN WORLDWIDE LLC

By: _____
Name: Victor Huang
Title: President / Chief Executive Officer

ZEPPELIN TAIWAN LTD.

By: _____
Name: Victor Huang
Title: President / Chief Executive Officer

Accepted:

PLATINUM CAPITAL PARTNERS INC.

By: _____

Name: Harris Stasis

Title: Director

Schedule A
Addresses

JDL Digital Systems, Inc.
12226 134th Ct. NE
Redmond, WA 98052
victor@airship.ai

Zeppelin Worldwide LLC
12226 134th Ct. NE
Redmond, WA 98052
victor@airship.ai

Zeppelin Taiwan Ltd.
Floor 5-1, No. 90, Lane 555, Section 1
Wenhua 3rd Road, Linkou District
New Taipei City, Taiwan, Republic of China
victor@airship.ai

AMENDED AND RESTATED SUBORDINATION AGREEMENT

THIS AMENDED AND RESTATED SUBORDINATION AGREEMENT (this "Agreement") is entered into as of February 2, 2024, by and among PLATINUM CAPITAL PARTNERS INC., a British Virgin Islands company, its successors and/or assigns (the "Purchaser"), and the Persons listed on the signature pages hereto (the "Original Subordinated Parties") or from time to time party hereto by execution of a joinder agreement (the "Additional Subordinated Parties"), and together with the Original Subordinated Parties, the "Subordinated Parties").

WHEREAS, AIRSHIP AI, INC., a Washington corporation (formerly known as AIRSHIP AI HOLDINGS, INC., a Washington corporation) (the "Initial Company") and the Purchaser have entered into that certain Convertible Note Purchase Agreement, dated as of June 22, 2023 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Purchase Agreement") pursuant to which, among other matters, the Company issued the Purchaser a \$2,000,000 Senior Secured Convertible Promissory Note (the "Initial Note");

WHEREAS, on December 21, 2023, the Company completed the business combination (the "Business Combination") contemplated by the Merger Agreement, dated as of June 27, 2023, as amended, (the "Merger Agreement") by and among the Company (formerly known as BYTE Acquisition Corp.) and the Initial Company, *et al*;

WHEREAS, pursuant to the Purchase Agreement, as amended by that letter agreement dated February 2, 2024 by and between the Purchaser and the Company, *et al*, the Company issued the Purchaser a \$2,000,000 Amended and Restated Senior Secured Convertible Promissory Note (the "Note"), replacing the Initial Note;

WHEREAS, each Guarantor on the signature pages hereto (each a "Guarantors" and collectively the "Guarantors") is party to that certain Guaranty pursuant to which they have guaranteed the obligations of the Company under the Purchase Agreement, the Note and the other Transaction Documents (the "Guaranty");

WHEREAS, the Company and the Guarantors (the "Grantors") are party to that certain Security Agreement pursuant to which they have granted to the Purchaser a first priority security interest and lien on their assets to further secure the obligations of the Company under the Purchase Agreement and the Transaction Documents (the "Security Agreement");

WHEREAS, it is a requirement of the Purchase Agreement that each of the Subordinated Parties execute and deliver this Agreement;

NOW THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Grantor, each Subordinated Party and the Purchaser hereby agree as follows:

1. Subordination.

(a) Each Subordinated Party hereby agrees to subordinate, and does hereby subordinate (i) the payment of any principal indebtedness which may now or hereafter be owing by the Company or any Guarantor (each an “Obligor” and collectively the “Obligors”) to such Subordinated Party, together with all interest on such indebtedness and all fees, costs and expenses owed by any such Obligor to such Subordinated Party with respect to such indebtedness; (ii) such Subordinated Party’s right to receive dividends, distributions, income and other payments on account of such Subordinated Party’s ownership of equity interests in any Obligor; and (iii) the payment of all management, consulting and other similar fees, but excluding base salary or expense reimbursement as established prior to the date hereof, which may now or hereafter be owing by any Obligor to such Subordinated Party (collectively, the “Subordinated Payments”), to the payment in full of all Obligations (as such term is defined in the Guaranty), whether direct or contingent, due or not due, now in existence of hereafter arising, including, without limitation, interest accruing after the commencement of any case involving Borrower under the U.S. Bankruptcy Code, regardless of whether the Purchaser is entitled to receive all or any part of its contractual interest charges in such case. Except as provided in Section 1(b) below, no claim or demand which any Subordinated Party now has or may hereafter have or acquire against any Obligor in connection with any Subordinated Payment shall be payable or paid to any Subordinated Party, nor shall payment thereof be received or retained by any Subordinated Party, until Obligations have been fully and finally paid and satisfied in full.

(b) In the event a Subordinated Party receives any Subordinated Payment, such Subordinated Party agrees to promptly pay over to the Purchaser the full amount of such Subordinated Payment to hold in trust as Pledged Collateral under the Security Agreement in the same form as so received (with any necessary endorsement). While an Event of Default has occurred and is continuing, the Purchaser may apply so much thereof as may be necessary to payment of the Obligations until the Obligations are paid and satisfied in full, and shall remit the surplus, if any, to the applicable Subordinated Party.

(c) Subject to and conditioned upon the closing of the BYTE Merger (as defined in the Note), provided no Event of Default (as defined in the Note) has occurred and is continuing, the Company may pay, and the restrictions under this Agreement shall not apply to, those loans described in Schedule 2.11(b) of the Disclosure Schedule to the Purchase Agreement.

2. Representations and Warranties. Each Subordinated Party represents and warrants to the Purchaser that: (a) such Subordinated Party has not relied on any representations or information of any nature made by or received from the Purchaser relating to Borrower in deciding to execute this Agreement; (b) this Agreement is a legal, valid and binding obligation of such Subordinated Party, enforceable in accordance with its terms; and (c) if such Subordinated Party is a corporation, limited liability company or other business organization, the execution and delivery of this Agreement has been duly authorized by all necessary organizational action, and does not violate any term, provision or covenant contained in the organizational documents of such Subordinated Party or any term, provision, covenant or representation contained in any credit agreement, lease, indenture, mortgage, deed of trust, note, security agreement, pledge agreement or any other document to which such Subordinated Party is a signatory or by which such Subordinated Party or any of such Subordinated Party’s assets are bound.

3. Security. The Borrower shall not grant, and a Subordinated Party shall not take, any lien on or security interest in any of such Obligor’s property, now owned or hereafter acquired or created, without the prior written consent of the Purchaser.

4. Standby Limitation. Notwithstanding any breach or default by such Obligor under any document or agreement by and between such Obligor and a Subordinated Party, a Subordinated Party shall not at any time or in any manner: (a) foreclose upon, take possession of, or attempt to realize on any Collateral (as defined in the Security Agreement), or proceed in any way to enforce any claims it has or may have against such Obligor to the Subordinated Payments or otherwise; or (b) contest, protest or object to any action taken by the Purchaser under the Loan Documents (as such term is defined in the Purchase Agreement) or otherwise, unless and until the Obligations have been fully and indefeasibly paid and satisfied in full.

5. Bankruptcy/Probate of Borrower. In the event a petition or action for relief shall be filed by or against such Obligor under any federal bankruptcy statute in effect from time to time, or under any other law relating to bankruptcy, insolvency, reorganization, receivership, general assignment for the benefit of creditors, moratorium, creditor composition, arrangement or other relief for debtors, the Purchaser's claim (secured or unsecured) against the assets or estate of such Obligor for repayment of the Obligations shall be indefeasibly paid in full before any payment is made to any Subordinated Party on the Subordinated Payments, whether such payment is in cash, securities or any other form of property or rights. the Purchaser may, in its discretion, file a proof of claim for or collect a Subordinated Party's claim first for the benefit of the Purchaser to the extent of the unpaid Obligations and then for the benefit of such Subordinated Party (but without creating any duty or liability to the Subordinated Party other than to remit to such Subordinated Party distributions, if any, actually received in such proceedings after the Obligations have been paid and satisfied in full) directly from the receiver, trustee, custodian, liquidator or representative of such Obligor's estate in such proceeding. The Borrower and each Subordinated Party shall furnish all assignments, powers or other documents requested by the Purchaser to facilitate such direct collection by the Purchaser.

6. Governing Law; Dispute Resolution.

(a) Governing Law. This Agreement shall be governed by the internal law of the State of New York, without regard to conflict of law principles that would result in the application of any law other than the law of the State of New York.

(b) Dispute Resolution. The parties (a) hereby irrevocably and unconditionally submit to the jurisdiction of the state courts of New York and to the jurisdiction of the United States District Court for the Southern District of New York for the purpose of any suit, action or other proceeding arising out of or based upon this Agreement, (b) agree not to commence any suit, action or other proceeding arising out of or based upon this Agreement except in the state courts of New York or the United States District Court for the Southern District of New York, and (c) hereby waive, and agree not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof may not be enforced in or by such court.

(c) Waiver of Jury Trial. EACH PARTY HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, THE OTHER TRANSACTION DOCUMENTS OR THE SUBJECT MATTER HEREOF OR THEREOF. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS (INCLUDING NEGLIGENCE), BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THIS SECTION HAS BEEN FULLY DISCUSSED BY EACH OF THE PARTIES HERETO AND THESE PROVISIONS WILL NOT BE SUBJECT TO ANY EXCEPTIONS. EACH PARTY HERETO HEREBY FURTHER WARRANTS AND REPRESENTS THAT SUCH PARTY HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT SUCH PARTY KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL.

7. Miscellaneous Matters.

(a) This Agreement (i) constitutes the entire agreement between the Subordinated Parties and the Purchaser with respect to the Subordinated Payments; (ii) supersedes any prior agreements; (iii) may be amended only by a writing signed by the Subordinated Parties and the Purchaser; and (iv) shall bind and benefit the Subordinated Parties and the Purchaser, and their respective successors, heirs, executors and personal representatives. The Purchaser's failure to enforce any of the Purchaser's rights hereunder shall not be construed as a waiver of the right to exercise such rights, and all of such rights shall be cumulative and not exclusive. The knowledge by the Purchaser of any breach or other non-observance by a Subordinated Party of the terms of this Agreement shall not constitute a waiver thereof or of any of the other obligations to be performed by a Subordinated Party hereunder.

(b) If any provision of this Agreement is held to be illegal or unenforceable, such provision shall be fully severable, and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by such provision's severance. Furthermore, in lieu of any such provision, there shall be added automatically as a part of this Agreement a legal and enforceable provision as similar in terms to the severed provision as may be possible.

(c) The Purchaser may at any time or times, in the Purchaser's discretion (i) renew, extend or otherwise modify the rate of interest on, the time and/or terms of payment of, and/or any other of the terms and provisions relative to the Obligations or any of the other provisions of the Loan Documents; (ii) lend additional monies, extend additional credit and make other financial accommodations to or for the account of Borrower; or (iii) waive or release any collateral or guaranties which may be held as security for all or any part of the obligations under the Transaction Documents, in each case without necessity of consent from any Subordinated Party and without impairing or affecting this Agreement or any of the Purchaser's rights hereunder.

(d) Notices. Unless otherwise provided herein, any notice or other communication required or permitted to be given under this Agreement shall be in writing and shall be given in the manner and become effective as set forth in the Purchase Agreement, and, as to any Grantor, addressed to it at the address of such Grantor set forth in the Security Agreement hereof and, as to any Subordinated Party, addressed to it at the address of such Grantor set forth on such Subordinated Party's signature page hereto, and as to the Purchaser, addressed to it at the address set forth in the Purchase Agreement, or in each case at such other address as shall be designated by such party in a written notice to the other party.

(e) This Agreement may be signed in any number of counterpart copies and by the parties hereto on separate counterparts, but all such copies shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or other electronic transmission (including via email) shall be effective as delivery of a manually executed counterpart. Any party so executing, this Agreement by facsimile or other electronic transmission shall promptly deliver a manually executed counterpart, provided that any failure to do so shall not affect the validity of the counterpart executed by facsimile or other electronic transmission.

(f) This Agreement will be binding upon and inure to the benefit of such Obligor, the Subordinated Parties and the Purchaser and their respective heirs, executors, administrators, successors and assigns; *provided, however*, that neither such Obligor nor any Subordinated Party may assign this Agreement in whole or in part without the Purchaser's prior written consent and the Purchaser at any time may assign this Agreement in whole or in part. No claims or rights are intended to be created hereunder for the benefit of such Obligor or any alleged third party beneficiary hereof.

8. Borrower's Joinder. By executing this Agreement where indicated below, Borrower hereby (a) agrees not to make any Subordinated Payments to any Subordinated Party unless expressly permitted by Section 1(b) above, and (b) acknowledges that if Borrower makes any Subordinated Payment to a Subordinated Party that is not expressly permitted by Section 1(b) above, an Event of Default shall be deemed to have occurred under the Note.

9. Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

[remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amended and Restated Subordination Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

PURCHASER:

PLATINUM CAPITAL PARTNERS INC.

By: _____
Name: Harris Stasis
Title: Director

COMPANY:

AIRSHIP AI HOLDINGS, INC.

By: _____
Name: Victor Huang
Title: Chief Executive Officer

GUARANTORS:

AIRSHIP AI, INC.

By: _____
Name: Victor Huang
Title: President / Chief Executive Officer

JDL DIGITAL SYSTEMS, INC.

By: _____
Name: Victor Huang
Title: President / Chief Executive Officer

ZEPPELIN WORLDWIDE LLC

By: _____
Name: Victor Huang
Title: President / Chief Executive Officer

ZEPPELIN TAIWAN LTD.

By: _____
Name: Victor Huang
Title: President / Chief Executive Officer

SUBORDINATED PARTY:

[signature]

Name: _____

Address for Notices:

Email: _____