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

FORM 8-K

CURRENT REPORT

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

Date of report (date of earliest event reported): January 9, 2017

DRONE AVIATION HOLDING CORP.
(Exact name of registrant as specified in its charter)

Nevada
(State or Other Jurisdiction
of Incorporation)

333-150332
(Commission
File Number)

46-5538504
(IRS Employer
Identification No.)

11651 Central Parkway #118, Jacksonville, FL 32224
(Address of principal executive offices)

Registrant's telephone number, including area code: (904) 834-4400

Not applicable.

(Registrant's 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 (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

Election of Director

On January 9, 2017 (the “Appointment Date”), the Board of Directors (the “Board”) of Drone Aviation Holding Corp. (the “Company”) appointed David V. Aguilar to its Board to fill the vacancy resulting from the previously disclosed resignation of Lt. Gen. Michael T. Flynn (Ret.) from the Board. Mr. Aguilar was not appointed to any standing committees of the Board, but may be appointed to one or more standing committees of the Board in the future, although which specific standing committee(s) has not yet been determined. Other than as disclosed herein, there are no understandings or arrangements between Mr. Aguilar and any other persons pursuant to which Mr. Aguilar was selected as a director, and there are no transactions in which the Company was or is a participant and in which Mr. Aguilar had or will have a direct or indirect material interest that are required to be reported pursuant to Item 404(a) of Regulation S-K.

Background

Mr. Aguilar, age 61, has been a Principal at Global Security Innovative Strategies, LLC (“GSIS”) since 2013. At GSIS, Mr. Aguilar advises clients on a broad range of national homeland and international security matters, including border security and logistics, global trade and commerce, supply chain management and security, risk management, viability assessments, and strategic planning and implementation. In April 2010, Mr. Aguilar became Deputy Commissioner of the U.S. Customs and Border Protection (the “CBP”) and, from December 2011 until his retirement in February 2013, served as Acting Commissioner of the CBP. From July 2004 to January 2010, he served as Chief of the U.S. Board Patrol within the CBP. The CBP is the United States’ largest law enforcement organization whose mission is to detect and prevent the illegal entry of persons and goods into the United States. As Acting Commissioner of the CBP, Mr. Aguilar took the helm of a workforce of 60,000 agents, officers, and other personnel with responsibility for strategic planning and oversight of an annual budget of nearly \$12 billion. Mr. Aguilar is a recipient of the 2005 President’s Meritorious Excellence Award, and in 2008, was a recipient of the Presidential Rank Award. Prior to joining the CBP, Mr. Aguilar held a variety of operational and administrative positions within the U.S. Board Patrol since entering duty in June 1978.

Mr. Aguilar holds an associate degree in accounting from Laredo Community College and attended Laredo State University and the University of Texas at Arlington. He is a graduate of the Senior Executive Fellows program at Harvard University’s John F. Kennedy School of Government.

Compensation

Mr. Aguilar agreed to serve as a member of the Board pursuant to an Offer Letter accepted by Mr. Aguilar on January 9, 2017, and the Company, Mr. Aguilar, and GSIS entered into a Director Agreement, dated January 9, 2017. In consideration of Mr. Aguilar’s services as a member of the Board, the Offer Letter and the Director Agreement provide for the Company to pay and provide the following to GSIS:

- (i) Annual fee of \$24,000 payable in equal monthly installments;
- (ii) Stock Options (the “Options”). Options to purchase 100,000 shares of the Company’s common stock with an exercise price of \$2.90 per share issued pursuant to the form of Drone Aviation Holding Corp. Nonqualified Stock Option Agreement attached hereto and vesting as follows:
 - a. with respect to Options to purchase 50,000 shares of the Company’s common stock, one year after the Appointment Date, so long as Mr. Aguilar is a member of the Board; and
 - b. with respect to Options to purchase 50,000 shares of the Company’s common stock, two years after the Appointment Date so long as Mr. Aguilar is a member of the Board.
- (iii) Exercise Period. The Options may be exercised at any time after they have vested until four years after the Appointment Date; and
- (iv) Term. Mr. Aguilar has been appointed to the Board for a period of two (2) years. The appointment will terminate, however, upon his resignation, removal or failure to be appointed or re-appointed by the Company’s shareholders as a director of the Company as provided for in its bylaws or as provided for under Nevada law, or upon request of the Company’s Chief Executive Officer.

Additionally, the Offer Letter provides for the Company to pay GSIS an annual bonus in consideration of Mr. Aguilar's service as a member of the Board as determined by the Compensation Committee of the Board.

The foregoing description of the Offer Letter, Director Agreement, and form of Drone Aviation Holding Corp. Nonqualified Stock Option Agreement does not purport to be complete and is qualified in its entirety by the Offer Letter, Director Agreement, and form of Drone Aviation Holding Corp. Nonqualified Stock Option Agreement, copies of which are attached to this Current Report on Form 8-K as Exhibits 10.1, 10.2, and 10.3, respectively, which are incorporated herein by reference.

Item 7.01 Regulation FD Disclosure.

On January 12, 2017, the Company issued a press release regarding the appointment of Mr. Aguilar to the Board. The press release is attached hereto as Exhibit 99.1 and incorporated herein by this reference.

The information contained in the press release attached hereto is being furnished and shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liability of that Section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

The following Exhibits are filed herewith:

- 10.1 Offer Letter between Drone Aviation Holding Corp. and David V. Aguilar, accepted on January 9, 2017.
- 10.2 Director Agreement between Drone Aviation Holding Corp., Global Security Innovative Strategies, LLC, and David V. Aguilar, dated January 9, 2017.
- 10.3 Form of Drone Aviation Holding Corp. Nonqualified Stock Option Agreement.

The following Exhibit is furnished herewith:

- 99.1 Press Release dated January 12, 2017 (furnished pursuant to Item 7.01 of Form 8-K).

SIGNATURE

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

DRONE AVIATION HOLDING CORP.

Date: January 12, 2017

By: /s/ Kendall Carpenter
Kendall Carpenter
Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Incorporation by Reference			SEC File No.	Filed Herewith
		Filing Form	Date	Exhibit Number		
10.1	Offer Letter between Drone Aviation Holding Corp. and David V. Aguilar, accepted on January 9, 2017.	—	—	—	—	X
10.2	Director Agreement between Drone Aviation Holding Corp., Global Security Innovative Strategies, LLC, and David V. Aguilar, dated January 9, 2017.	—	—	—	—	X
10.3	Form of Drone Aviation Holding Corp. Nonqualified Stock Option Agreement.	—	—	—	—	X
99.1*	Press Release dated January 12, 2017	—	—	—	—	—

* Furnished herewith pursuant to Item 7.01 of Form 8-K.



11651 CENTRAL PARKWAY, STE. 118
JACKSONVILLE, FLORIDA 32224

January 5, 2017

Mr. David V. Aguilar

Dear Mr. Aguilar,

We are pleased to offer you a seat on the Board of Directors of Drone Aviation Holding Corp., a Nevada corporation (the "Company") for a term of two (2) years. Upon your execution of this letter agreement, you will have consented to your appointment, which will be contingent and dependent upon approval of the Director Agreement by the Board of Directors (such date, the "Appointment Date").

For and in consideration of the services to be performed by you, the Company agrees to pay Global Security Innovative Strategies LLC for your services as follows:

Fee: An annual fee equal to \$24,000 ("Annual Fee"), payable in equal monthly installments

Annual bonus: As determined by the Compensation Committee

Restricted stock: 100,000 options to purchase the Company's unregistered common stock at an exercise price based on the closing price of the Company's common stock on the Appointment Date (the "Options"). The Options shall vest 50% one year from the Appointment Date and the other 50% two years from the Appointment Date so long as you are a member of the Company's Board of Directors. The Options will be exercisable at any time after they vest and prior to the four year anniversary of the Appointment Date. The Option shall be issued in compliance with all rules and regulations of the United States Securities and Exchange Commission pursuant to the terms of a Stock Option Agreement to be provided by the Company. The Options granted to you shall be in effect subject to your continuous service as a member of the Board. In the event that your service is terminated prior to the two (2) year anniversary of the Appointment Date for any reason, all unvested options shall be forfeited.

You hereby also consent to the use of your name and biographical information in documentation prepared by the Company as it relates to your becoming a member of the Company's Board

Kindly indicate your consent to the matters discussed herein by signing and returning a copy of this letter to us as soon as possible.

Sincerely,

/s/ Jay Nussbaum

Jay H. Nussbaum,
CEO and Chairman

Accepted: /s/ David V. Aguilar Date: 1/9/2017

MAIN: 904•834•4400
FAX: 904•834•4360
INFO@DRONEAVIATIONCORP.COM
WWW.DRONEAVIATIONCORP.COM

TAMING ALTITUDE™

DIRECTOR AGREEMENT

DIRECTOR AGREEMENT (this "*Agreement*") made as of the 9 day of January 2017 by and between Drone Aviation Holding Corp., a Nevada corporation (the "*Company*"), Global Security Innovative Strategies, LLC ("*GSIS*") and David V. Aguilar ("*Nominee*").

WHEREAS, the Company desires to attract and retain a director who will consent to serve a member of the Board of Directors of the Company (the "*Board*");

WHEREAS, the Nominee is a principal of GSIS and has agreed to serve on the Board as part of his duties with GSIS; and

WHEREAS, the Company believes that Nominee possesses valuable qualifications and abilities to serve on the Company's Board.

NOW, THEREFORE, the parties agree as follows:

1. Service to the Board.

(a) *Service as a Director.* Consistent with his duties as a principal of GSIS, Nominee consents to serve as a Director of the Company for a term of up to two (2) years if elected or appointed and, upon re-appointment or election to the Board of the Company, to serve as a member of the Board of the Company.

Nominee agrees that upon appointment or election he will dutifully perform his responsibilities as a director in good faith, in accordance with applicable law, and in accordance with the Articles of Incorporation, bylaws and other policy and procedures applicable to such service. Upon appointment to the Board, Nominee shall resign from the Board of Directors of the Company, upon the request of the Chief Executive.

Nominee understands that this Agreement does not constitute an offer to serve as a director of the Company, or as an employee, or in any other capacity and that appointment shall only occur by vote of the Board or shareholders of the Company. Nominee understands and agrees that if the Company offers Nominee employment, the Company may request a background check consisting of a criminal history and other background checks to be used solely for employment-related purposes and understands an offer and any position will be contingent on the receipt and evaluation of the background check report.

2. Compensation and Expenses.

(a) *Compensation.* The Company agrees to adopt or has adopted compensation plans for directors applicable to Nominee's appointment, in the event Nominee becomes a director, and such compensation shall be payable to GSIS as follows:

- Annual fee of \$24,000, payable in monthly installments in accordance with the Company's past accounting practices; and

- 100,000 options to purchase the Company's unregistered common stock at an exercise price based on the closing price of the Company's common stock on the Appointment Date (the "Options"). The Options shall vest 50% one year from the Appointment Date and the other 50% two years from the Appointment Date so long as Nominee is a member of the Company's Board of Directors. The Options will be exercisable at any time after they vest and prior to the four year anniversary of the Appointment Date. The Option shall be issued in compliance with all rules and regulations of the United States Securities and Exchange Commission pursuant to the terms of a Stock Option Agreement to be provided by the Company. The Options granted to GSIS shall be in effect subject to Nominee's continuous service as a member of the Board. In the event that Nominee's service is terminated prior to the two (2) year anniversary of the Appointment Date for any reason, all unvested options shall be forfeited.

(b) Expenses. The Company shall reimburse GSIS for all of Nominee's reasonable and necessary out-of-pocket expenses, including travel, incurred in connection with the performance of Nominee's duties as a director on behalf of the Company ("**Expenses**"), upon submission of adequate documentation therefor.

(c) Insurance. The Company presently maintains a policy of directors' and officers' insurance coverage with a liability limit of \$2,000,000 ("**D&O Insurance**"). In the event any notice of termination or significant change in coverage or terms of D&O Insurance are received by the Company, prompt written notice shall be provided GSIS and Nominee for so long as Nominee serves as a director of the Company and during any subsequent period during which Nominee may be entitled to the benefit of such D&O Insurance.

3. Confidentiality. GSIS and Nominee acknowledge that they will be obtaining access to certain confidential information concerning the Company and its plans and affairs, including, but not limited to, business methods, systems, scheduling, financial data, intellectual property and strategic plans which are unique assets ("**Confidential Information**"). Each of GSIS and Nominee covenants and agrees to not, directly or indirectly, in any manner, utilize or disclose to any person, firm or entity, such Confidential Information.

4. Termination. This Agreement shall terminate upon resignation, removal or failure of Nominee to be appointed or re-appointed by the Company's shareholders as a director of the Company as provided for in the Company's bylaws or as provided for under Nevada law, provided that any provision of this Agreement not capable of performance prior to termination shall survive, shall survive such termination for the period necessary for performance.

5. Assignment. The duties and obligations of Nominee under this Agreement are personal and therefore Nominee may not assign any right or duty under this Agreement without the prior written consent of the Company.

6. Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one instrument. Facsimile execution and delivery of this Agreement is legal, valid and binding for all purposes.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and signed as of the day and year first above written.

DRONE AVIATION HOLDING CORP.

By: /s/ Jay N. Nussbaum

Name: Jay N. Nussbaum

Title: Chief Executive Officer

Global Security Innovative Strategies, LLC

By: /s/ Noah Kroloff

Name:

Title:

NOMINEE:

/s/ David V. Aguilar

Name: David V. Aguilar

Business Address:

DRONE AVIATION HOLDING CORP.

NONQUALIFIED STOCK OPTION AGREEMENT

This **NONQUALIFIED STOCK OPTION AGREEMENT** (the "Option Agreement"), dated as of ____, 20__ (the "Grant Date"), is between Drone Aviation Holding Corp., a Nevada corporation (the "Company"), and _____ (a "____").

WHEREAS, the Company desires to give the Optionee the opportunity to purchase shares of common stock of the Company, par value \$0.0001 ("Common Shares");

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth and for other good and valuable consideration, the parties hereto, intending to be legally bound hereby, agree as follows:

1. **Grant of Option.** The Company hereby grants to the Optionee the right and option (the "Option") to purchase all or any part of an aggregate of _____ (____) shares of the Common Stock of the Company (the "Option Shares"). The Option is in all respects limited and conditioned as hereinafter provided. The Option granted hereunder is intended to be a nonqualified stock option ("NQSO") and not an incentive stock option ("ISO") as such term is defined in section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. **Exercise Price.** The exercise price of the Option Shares covered by this Option shall be \$_____ per share, which equals or exceeds the fair market value of a Common Share on the grant date.

3. **Term.** Unless earlier terminated pursuant to any provision of this Option Agreement, this Option shall expire _____ years after the Grant Date (the "Expiration Date"). This Option shall not be exercisable on or after the Expiration Date.

4. **Exercisability Schedule.** No portion of this Option may be exercised until such portion shall have become exercisable. Except as set forth below in Sections 7(a), (b), (c) or (d), this Option shall be exercisable with respect to the following number of Option Shares on the dates indicated so long as Aguilar remains a director of the Company or a Related Corporation on such dates:

Incremental Number of Option Shares Exercisable	Exercisability Date
_____	_____
_____	_____
_____	_____

Once exercisable, this Option shall continue to be exercisable at any time or times prior to the close of business on the Expiration Date.

5. **Method of Exercising Option.** Subject to the terms and conditions of this Option Agreement, the Option may be exercised by written notice to the Company at its principal office. The form of such notice is attached hereto and shall state the election to exercise the Option and the number of whole shares with respect to which it is being exercised; shall be signed by the person or persons so exercising the Option; and shall be accompanied by payment of the full exercise price of such shares. Only full shares will be issued.

The exercise price shall be paid to the Company:

- (a) in cash, or by certified check, bank draft, or postal or express money order;
- (b) through the delivery of Common Shares previously acquired by the Optionee;

- (c) by delivering a properly executed notice of exercise of the Option to the Company and a broker, with irrevocable instructions to the broker promptly to deliver to the Company the amount necessary to pay the exercise price of the Option;
- (d) in Common Shares newly acquired by the Optionee upon exercise of the Option; or
- (e) in any combination of (a), (b), (c) or (d) above.

In the event the exercise price is paid, in whole or in part, with Common Shares, the portion of the exercise price so paid shall be equal to the Fair Market Value of the Option Shares surrendered on the date of exercise.

Upon receipt of notice of exercise and payment, the Company shall deliver a certificate or certificates representing the Option Shares with respect to which the Option is so exercised. The Optionee shall obtain the rights of a shareholder upon receipt of a certificate(s) representing such Option Shares.

Such certificate(s) shall be registered in the name of the person so exercising the Option (or, if the Option is exercised by the Optionee and if the Optionee so requests in the notice exercising the Option, shall be registered in the name of the Optionee and the Optionee's spouse, jointly, with right of survivorship), and shall be delivered as provided above to, or upon the written order of, the person exercising the Option. In the event the Option is exercised by any person after the death or disability (as determined in accordance with Section 22(e)(3) of the Code) of the Optionee, the notice shall be accompanied by appropriate proof of the right of such person to exercise the Option. All Option Shares that are purchased upon exercise of the Option as provided herein shall be fully paid and non-assessable.

Upon exercise of the Option, Optionee shall be responsible for all employment and income taxes then or thereafter due (whether Federal, State or local), and if the Optionee does not remit to the Company sufficient cash (or, with the consent of the Board of Directors, Option Shares) to satisfy all applicable withholding requirements, the Company shall be entitled to satisfy any withholding requirements for any such tax by disposing of Option Shares at exercise, withholding cash from Optionee's salary or other compensation or such other means as the Board of Directors considers appropriate to the fullest extent permitted by applicable law. Nothing in the preceding sentence shall impair or limit the Company's rights with respect to satisfying withholding obligations consistent with applicable law.

The minimum number of shares with respect to which this Stock Option may be exercised at any one time shall be 100 shares, unless the number of shares with respect to which this Stock Option is being exercised is the total number of shares subject to exercise under this Stock Option at the time.

6. Non-Transferability of Option. This Option is not assignable or transferable, in whole or in part, by the Optionee.

7. Termination of Service.

(a) Termination by Optionee. If terminated by Optionee for any reason other than death or disability (as defined below), the Option shall thereupon terminate, except that the portion of any Option that was exercisable on the date of such termination of employment or service may be exercised at any time prior to the Expiration Date. The transfer of an Optionee from the employ of or service to the Company to the employ of or service to a Related Corporation, or vice versa, or from one Related Corporation to another, shall not be deemed to constitute a termination of employment or service for purposes of the Option Agreement.

(b) Termination by Company for Cause. In the event that Optionee's service with the Company and all Related Corporations is terminated by the Company or any Related Corporations for "cause" any unexercised portion of any Option shall immediately terminate in its entirety. For purposes hereof, unless otherwise defined in an employment agreement between the Company, the Optionee, "Cause" shall exist upon a good-faith determination by the Board of Directors, following a hearing before the Board of Directors at which the Optionee was given an opportunity to be heard, that such Optionee has been accused of fraud, dishonesty or act detrimental to the interests of the Company or any Related Corporation of Company or that the Optionee has been accused of or convicted of an act of willful and material embezzlement or fraud against the Company or of a felony under any state or federal statute; provided, however, that it is specifically understood that "Cause" shall not include any act of commission or omission in the good-faith exercise of the Optionee's business judgment as a director, officer or employee of the Company, as the case may be, or upon the advice of counsel to the Company.

(c) Termination by Company without Cause. In the event that Optionee is removed as a director, officer or employee by the Company at any time other than for "Cause" or is not re-appointed by a vote of the Company's shareholders or otherwise, the Option will vest and become exercisable with respect to a number of shares of Common Stock equal to the product of (i) a fraction the numerator of which is the number of completed months elapsed after the Grant Date to the date of removal or termination of service, as the case may be, and the denominator of which is twenty four (24) and multiplied by (ii) the number of Option Shares that have not become exercisable as provided for in Section 4 of this Agreement.

(d) Termination upon Death or Disability. If Optionee's employment with or service to the Company and all Related Corporations terminates by reason of death or Disability (as defined below), then the Option will vest and become exercisable with respect to a number of shares of Common Stock equal to the product of (i) a fraction the numerator of which is the number of completed months elapsed after the Grant Date to the date of death or permanent and total disability (as defined in Section 22(e)(3) of the Internal Revenue Code), as the case may be, and the denominator of which is twenty four (24) and multiplied by (ii) the number of Option Shares that have not become exercisable as provided for in Section 4 of this Agreement.

As to any Option Shares that are not exercisable upon termination of service of Optionee shall be forfeited to the Company.

8. Securities Matters.

(a) If, at any time, counsel to the Company shall determine that the listing, registration or qualification of the Option Shares subject to the Option upon any securities exchange or under any state or federal law, or the consent or approval of any governmental or regulatory body, or that the disclosure of non-public information or the satisfaction of any other condition is necessary as a condition of, or in connection with, the issuance or purchase of Option Shares hereunder, such Option may not be exercised, in whole or in part, unless such listing, registration, qualification, consent or approval, or satisfaction of such condition shall have been effected or obtained on conditions acceptable to the Board of Directors. The Company shall be under no obligation to apply for or to obtain such listing, registration or qualification, or to satisfy such condition. The Board of Directors shall inform the Optionee in writing of any decision to defer or prohibit the exercise of an Option. During the period that the effectiveness of the exercise of an Option has been deferred or prohibited, the Optionee may, by written notice, withdraw the Optionee's decision to exercise and obtain a refund of any amount paid with respect thereto.

(b) The Company may require: (i) the Optionee (or any other person exercising the Option in the case of the Optionee's death or Disability) as a condition of exercising the Option, to give written assurances, in substance and form satisfactory to the Company, to the effect that such person is acquiring the Option Shares subject to the Option for his or her own account for investment and not with any present intention of selling or otherwise distributing the same, and to make such other representations or covenants; and (ii) that any certificates for Option Shares delivered in connection with the exercise of the Option bear such legends, in each case as the Company deems necessary or appropriate, in order to comply with federal and applicable state securities laws, to comply with covenants or representations made by the Company in connection with any public offering of its Option Shares or otherwise. The Optionee specifically understands and agrees that the Option Shares, if and when issued upon exercise of the Option, may be "restricted securities," as that term is defined in Rule 144 under the Securities Act of 1933 and, accordingly, the Optionee may be required to hold the shares indefinitely unless they are registered under such Securities Act of 1933, as amended, or an exemption from such registration is available.

(c) The Optionee shall have no rights as a shareholder with respect to any Option Shares covered by the Option (including, without limitation, any rights to receive dividends or non-cash distributions with respect to such shares) until the date of issue of a stock certificate to the Optionee for such Option Shares. No adjustment shall be made for dividends or other rights for which the record date is prior to the date such stock certificate is issued.

9. No Obligation to Continue Appointment. Neither the Company nor any Subsidiary is obligated by or as a result of this Agreement to continue Aguilar in employment and this Agreement shall not interfere in any way with the right of the Company or any Related Corporation to terminate the services of the Optionee or Aguilar at any time.

10. Governing Law. This Option Agreement shall be governed by the applicable Code provisions to the maximum extent possible. Otherwise, the laws of the State of Florida (without reference to the principles of conflict of laws) shall govern the Option and the rights of the Optionee.

IN WITNESS WHEREOF, the parties hereto have duly executed this Nonqualified Stock Option Agreement as of the grant date set forth above.

DRONE AVIATION HOLDING CORP.

By: _____
Name: Kendall W. Carpenter
Title: Chief Financial Officer

Optionee

By: _____
Name:
Title:

DRONE AVIATION HOLDING CORP.

Notice of Exercise of Nonqualified Stock Option

I hereby exercise the nonqualified stock option granted to me pursuant to the Nonqualified Stock Option Agreement dated as of _____, by Drone Aviation Holding Corp. (the "Company"), with respect to the following number of shares of the Company's common stock ("Shares"), par value \$0.0001 per Share, covered by said option:

Number of Shares to be purchased: _____

Purchase price per Share: \$ _____

Total purchase price: \$ _____

___ A. Enclosed is cash or my certified check, bank draft, or postal or express money order in the amount of \$ _____ in full/partial **[circle one]** payment for such Shares;

and/or

___ B. Enclosed is/are _____ Share(s) with a total fair market value of \$ _____ on the date hereof in full/partial **[circle one]** payment for such Shares;

and/or

___ C. I have provided notice to _____ **[insert name of broker]**, a broker, who will render full/partial **[circle one]** payment for such Shares. **[Optionee should attach to the notice of exercise provided to such broker a copy of this Notice of Exercise and irrevocable instructions to pay to the Company the full exercise price.]**

and/or

___ D. I elect to satisfy the payment for Shares purchased hereunder by having the Company withhold newly acquired Shares pursuant to the exercise of the Option.

Please have the certificate or certificates representing the purchased Shares registered in the following name or names * : _____; and sent to _____.

DATED: _____, 20__

Optionee's Signature

* Certificates may be registered in the name of the Optionee alone or in the joint names (with right of survivorship) of the Optionee and his or her spouse.



Drone Aviation Appoints David V. Aguilar, Former Deputy Commissioner of U.S. Customs and Border Protection to Board of Directors

- Aguilar Brings to the Company More Than 35 Years of Combined Experience in Federal Law Enforcement and International Security Consulting -

JACKSONVILLE, FL – January 12, 2017 – Drone Aviation Holding Corp. (OTCQX: DRNE) (“Drone Aviation” the “Company” or “DAC”), a leading provider of tethered drones and lighter-than-air aerostats, today announced that former Commissioner of U.S. Customs and Border Protection (the “CBP”), David V. Aguilar, has been appointed to the Company’s Board of Directors.

During a 35-year career at the U.S. Border Patrol and Customs and Border Protection, Mr. Aguilar led our nation’s largest federal law enforcement organization with a workforce of over 60,000 including 43,000 uniformed law enforcement officers. During his tenure as National Chief of the Border Patrol he developed the first US Border Strategy, doubled the size of the Border Patrol, and developed/instituted the Border Patrol’s Infrastructure and Technology Program. Since retiring in February 2013, Aguilar has been a Principal at Global Security and Innovative Strategies (“GSIS”), a leading security consulting and business advisory firm headquartered in Washington, DC. At GSIS, David advises clients on a broad range of national homeland and international security matters including border security and logistics, global trade and commerce, supply chain management and security, risk management, viability assessments, and strategic planning and implementation.

“I am honored to welcome David to serve on our Board, bringing with him unmatched expertise and knowledge on matters of homeland and border security developed through his distinguished career at the CBP. His practical experience combined with his proven leadership and well-established network of global business relationships brings tremendous value to Drone Aviation and will be an important contributor to our efforts to serve the Border Patrol and other critical federal and foreign agencies involved in homeland security and law enforcement,” said Jay Nussbaum, Chairman and CEO of Drone Aviation.

“I have dedicated my career to the defense of our country by protecting our borders and securing our nation’s trade and international travel sector. I believe that Drone Aviation’s patented technology, management team and corporate focus will play a key role in helping ensure our security at home as well as our allies for years ahead,” said David Aguilar. “I look forward to working with Jay and the entire team at Drone Aviation to provide law enforcement and those dedicated to our security with communications and monitoring solutions that can assist in their mission to protect the public.”

Mr. Aguilar began his CBP career as a Border Patrol agent in 1978 and became Chief of the U.S. Border Patrol in 2004. He was appointed Deputy Commissioner in April 2010 and served as acting Commissioner from 2011 to March 2013. For his work and his career of service, Commissioner Aguilar received the Presidential Rank Award in 2008, the President’s Meritorious Excellence Award in 2005, the Department of Homeland Security Distinguished Service Medal, the Washington Homeland Security Roundtable Lifetime Achievement Award, and the Institute for Defense and Government Advancement Lifetime Achievement Award. During his tenure, Commissioner Aguilar focused on integrated border management, which includes securing our nation’s border from all threats, while facilitating travel and trade. Following his retirement from the CBP, Mr. Aguilar co-founded GSIS where he focuses on the development of global risk management solutions related to supply chain security, customs compliance, and all issues related to border protection at and between international ports of entry.



About Drone Aviation Holding Corp.

Drone Aviation Holding Corp. (OTCQX: DRNE) develops and manufactures cost-effective, compact and rapidly deployable aerial platforms, including lighter-than-air aerostats and electric-powered drones designed to provide government and commercial customers with enhanced surveillance and communication capabilities. Utilizing a patented tether system, Drone Aviation's products are designed to provide prolonged operational duration capabilities combined with improved reliability, uniquely fulfilling critical requirements in military, law enforcement, commercial, and industrial applications. For more information about Drone Aviation, please visit www.DroneAviationCorp.com or view our reports and filings with the Securities and Exchange Commission at <http://www.sec.gov>, including the Risk Factors included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, as well as information in our Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

Forward-Looking Statements

Statements in this press release that are not historical facts are forward-looking statements that reflect management's current expectations, assumptions, and estimates of future performance and economic conditions, and involve risks and uncertainties that could cause actual results to differ materially from those anticipated by the statements made herein. Such statements are made in reliance upon the safe harbor provisions of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are generally identifiable by the use of forward-looking terminology such as "believe," "expects," "may," "will," "should," "plan," "intend," "target," "see," "potential," "estimates," "preliminary," or "anticipates" or the negative thereof or comparable terminology, or by discussion of strategy or goals or other future events, circumstances, or effects. Moreover, forward-looking statements in this release include, but are not limited to, those relating to: the adoption of the Company's drone technology and products; the Company's role in homeland security; growing demand for drones for military and state and local law enforcement authorities including the U.S. Customs and Border Patrol and expectations regarding future production and sales. The Company's financial results and the forward-looking statements could be affected by many factors, including, but not limited to, demand for the Company's products and services, economic conditions in the U.S. and worldwide, changes in appropriations by Congress and reduced funding for defense procurement and research and development programs, and the Company's ability to recruit and retain management, technical, and sales personnel. Further information relating to factors that may impact the Company's results and forward-looking statements are disclosed in the Company's filings with the SEC. The forward-looking statements contained in this press release are made as of the date of this press release, and the Company disclaims any intention or obligation, other than imposed by law, to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Media Relations:
Michael Glickman
MWGCO, Inc.
917-397-2272
mike@mwgco.net

Investor Relations:
Steve Gersten
813-926-8920
investors@Droneaviationcorp.com
