
**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): **April 28, 2016**

AEROVIRONMENT, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

001-33261
(Commission File Number)

95-2705790
(I.R.S. Employer Identification No.)

900 Innovators Way
Simi Valley, CA
(Address of Principal Executive Offices)

93065
(Zip Code)

Registrant's telephone number, including area code: **(626) 357-9983**

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.

On April 28, 2016, Cathleen Cline submitted her resignation and retired as Senior Vice President of Administration of AeroVironment, Inc. (the “Company”), effective April 30, 2016.

In connection with her resignation and retirement, Ms. Cline entered into a separation agreement (the “Separation Agreement”) with the Company. The Separation Agreement provides that Ms. Cline will receive (i) a separation payment in the aggregate amount of \$250,000, payable in two equal installments of \$125,000 on May 15, 2016 and January 15, 2017, (ii) her annual cash bonus earned for fiscal year 2016 based on her bonus target and the degree to which the Company achieves the performance metrics established for the annual bonus program, and (iii) a one-year consulting agreement with the Company (the “Consulting Agreement”). Ms. Cline also released the Company and certain of its related parties from all potential claims and agreed to be subject to certain non-disparagement obligations. Ms. Cline may revoke the Separation Agreement by providing written notice to the Company within seven days after her execution of the agreement on April 28, 2016, in which case the Separation Agreement and the Consulting Agreement (described below) will not go into effect.

The Company also entered into the Consulting Agreement with Ms. Cline, which will be effective May 1, 2016. Pursuant to the Consulting Agreement, which has a one-year term expiring April 30, 2017, Ms. Cline will receive the following for providing certain consulting services to the Company: (1) a monthly retainer of \$2,000; and (2) continued coverage under the Company’s medical benefits program and payment by the Company of her medical plan premiums. As a result of her continued service to the Company under the Consulting Agreement, the vesting of all unvested stock options and restricted stock awards outstanding as of the last date of Ms. Cline’s employment with the Company will continue during the one-year term of the Consulting Agreement.

The foregoing descriptions of the Separation Agreement and Consulting Agreement do not purport to be complete and are qualified in their entirety by reference to the full text of the agreements, copies of which are filed as Exhibit 10.1 and Exhibit 10.2, respectively, hereto and are incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits.

Exhibit Number	Description
10.1	Separation Agreement by and between AeroVironment, Inc. and Cathleen Cline dated as of April 28, 2016.
10.2	Consulting Agreement by and between AeroVironment, Inc. and Cathleen Cline dated as of April 28, 2016.

SIGNATURE

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.

AEROVIRONMENT, INC.

Date: May 4, 2016

By: /s/ Douglas E. Scott
Douglas E. Scott
Senior Vice President, General Counsel and Corporate Secretary

SEPARATION AGREEMENT

In connection with the termination of my employment with AeroVironment, Inc. (the "Company"), and to assist me with my transition to retirement, I, Cathleen S. Cline, am being offered a special payment of money and the opportunity to enter into a Consulting Agreement which will permit continued vesting of my stock options and restricted stock awards during the term of that Consulting Agreement. I understand that to receive this special payment and to be offered the Consulting Agreement I must sign this Agreement. I have been advised to carefully consider everything that is written in this Agreement before signing it.

In order to settle as fully as possible all known and unknown claims I might have against the Company and all related parties, the Company and I agree as follows:

(a) **Consideration:** Within 14 days after the Company receives this Agreement and it has become effective, the Company will do the following:

(i) Pay me the aggregate, gross amount of Two Hundred-Fifty Thousand Dollars (\$250,000.00) (the "Severance Payment"), reduced by legally required deductions, an amount to which I am not otherwise entitled. The Severance Payment will be paid in two equal installments of \$125,000, payable on May 15, 2016 and January 15, 2017. This amount will not be taken into account in determining my rights or benefits under any other program. The Company will report this amount on IRS Form W-2 and its state and local equivalents.

(ii) Pay me the annual cash bonus earned for fiscal year 2016 ("FY16") based on my bonus target and the degree to which the Company has achieved the performance metrics established for the annual bonus program, subject to all the terms and conditions of the annual bonus program and payable at the same time that bonus payments are made to other participants in the annual bonus program.

(iii) Offer me a Consulting Agreement pursuant to which I would render the consulting services described herein to the Company from May 1, 2016 until April 30, 2017 (the "Term") and receive monthly retainer payments of \$2,000 per month for my services under the Consulting Agreement, payable by the 15th day of the following month, subject to the terms and conditions of the Consulting Agreement.

(iv) It is intended that the termination of employment and the commencement of the consulting arrangement occur contemporaneously as contemplated by the 2006 Equity Incentive Plan, as amended and restated (the "2006 Plan"), so that a "Termination of Service" does not occur under the 2006 Plan.

(b) **Release:** I release (*i.e.*, give up) all known and unknown claims that I presently have against the Company, its current and former, direct and indirect owners, parents, subsidiaries, brother-sister companies, and all other affiliates and related entities, and their current and former directors, officers, employees, agents, and other related parties (the "Released Parties"), except claims that the law does not permit me to waive by signing this Agreement. For example, I am releasing all common law contract, tort, or other claims I might have, as well as all claims I might have under the Age Discrimination in Employment Act (ADEA), the Worker Adjustment & Retraining Notification Act (WARN Act), Title VII of the Civil Rights Act of 1964, Sections 1981 and 1983 of the Civil Rights Act of 1866, the Americans With Disabilities Act (ADA), the

Employee Retirement Income Security Act of 1974 (“ERISA”), and any similar domestic or foreign laws, such as the California Fair Employment and Housing Act, California Labor Code Section 200 et seq., and any applicable California Industrial Welfare Commission order.

I expressly waive the protection of Section 1542 of the Civil Code of the State of California, which states that:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.”

(c) **Treatment of AV Stock Options and Restricted Stock Awards:** I understand and agree that, pursuant to the terms of the 2006 Plan and the terms of each award agreement, (i) each of the restricted stock awards that I have received from the Company will cease vesting upon my Termination of Service (as defined below), (ii) all Unreleased Shares (as defined in the individual restricted stock award agreements but generally meaning unvested shares) of any restricted stock awards that I have received will terminate and be forfeited immediately without any further action of the Company upon my Termination of Service, (iii) any stock option awards that I have received from the Company will cease vesting upon my Termination of Service, and (iv) the portion of any stock options awards that are vested and exercisable as of the date of my Termination of Service may not be exercised after the expiration of three months following the date of my Termination of Service unless such Termination of Service occurs by reason of my death (in which case, the options must be exercised within one year of the Termination of Service), Disability (in which case, the options must be exercised within one year of Termination of Service) or discharge for cause (in which case, the options expire on the date of Termination of Service). My Termination of Service will occur upon the earlier to occur of the following: (i) the expiration of my Consulting Agreement on April 30, 2017, (ii) my earlier death or Disability or (iii) the termination of my Consulting Agreement with the Company for cause. In the event of any inconsistency between this letter and such documents, the terms contained in the 2006 Plan and your stock award documents shall govern.

Challenge to Validity and Communication with Government Agency: Nothing in this Agreement limits or affects my right to challenge the validity of this Agreement under the ADEA or Older Workers Benefit Protection Act or precludes me from filing an administrative charge, complaint, report, or other communication of any sort with any federal, state or local government office, official or agency. I promise never to seek or accept any damages, remedies or other relief for myself personally with respect to any claim released by Paragraph (b) of this Agreement.

(d) **Applicable Law:** This Agreement is governed by the laws of California without giving any effect to its choice of laws analysis.

(e) **Representations and Promises:** The Company and I acknowledge and agree that:

(i) **Complete Agreement:** This Agreement is the entire agreement relating to any claims or future rights that I might have with respect to the Company and the Released Parties. Once in effect, this Agreement is a legally admissible and binding agreement. It shall not be construed strictly for or against me, the Company, or any Released Party. This Agreement

supersedes any prior agreement I may have with the Company, including the Severance Protection Agreement. The Severance Protection Agreement shall terminate and be of no force and effect upon the effectiveness of this Agreement.

(ii) **Amendments:** This Agreement only may be amended by a written agreement that the Company and I both sign.

(iii) **Representations:** When I decided to sign this Agreement, I was not relying on any representations that are not in this Agreement. The Company would not have agreed to pay the consideration I am getting in exchange for this Agreement but for the representations and promises I am making by signing it. I have not suffered any job-related wrongs or injuries, such as any type of discrimination, for which I might still be entitled to compensation or relief now or in the future. I have properly reported all hours that I have worked and I have been paid all wages, compensation, benefits, and other amounts that the Company or any Released Party should have paid me in the past. I understand that the Company in the future may improve employee benefits or pay. I understand that my old job may be refilled. I have not been told that the Company or any Released Party ever will employ me in the future.

(iv) **No Wrongdoing:** This Agreement is not an admission of wrongdoing by the Company or any other Released Party; neither it nor any drafts shall be admissible evidence of wrongdoing.

(v) **Unknown Claims:** I am intentionally releasing claims that I do not know that I might have and that, with hindsight, I might regret having released. I have not assigned or given away any of the claims I am releasing.

(vi) **Effect of Void Provision:** If the Company successfully asserts, or I successfully assert, that any provision in this Agreement is void, the rest of the Agreement shall remain valid and enforceable unless the other party to this Agreement elects to cancel it. If this Agreement is cancelled, I will repay the consideration I received for signing it plus the value of any stock options or restricted stock awards that vested as a result of the delay in the occurrence of a Termination of Service that resulted from the parties entering into the consulting agreement contemplated herein.

(vii) **Consideration of Agreement:** If I initially did not think any representation I am making in this Agreement was true or if I initially was uncomfortable making it, I resolved all my doubts and concerns before signing this Agreement. I have carefully read this Agreement, I fully understand what it means, I am entering into it knowingly and voluntarily, and all my representations in it are true. The consideration period described in the box above my signature started when I first was given this Agreement, and I waive any right to have it restarted or extended by any subsequent changes to this Agreement.

(viii) **Disclosure of Unlawful Conduct or False Claims:** I have disclosed to the Company any information I have concerning any conduct involving the Company or any affiliate that I have any reason to believe may be unlawful or that involves any false claims to the United States. I promise to cooperate fully in any investigation the Company or any affiliate undertakes into matters occurring during my employment with the Company or any affiliate. I understand that nothing in this Agreement prevents me from cooperating with any U.S. government investigation. In addition, to the fullest extent permitted by law, I hereby irrevocably

assign to the U.S. government any right I might have to any proceeds or awards in connection with any false claims proceedings against the Company or any affiliate.

(ix) **Nondisparagement:** I agree not to criticize, denigrate, or otherwise disparage the Company, any other Released Party, or any of their products, processes, experiments, policies, practices, standards of business conduct, or areas or techniques of research. However, nothing in this subsection shall prohibit me from complying with any lawful subpoena or court order or taking any other actions affirmatively authorized by law.

(f) **Employment Termination:** The Company has accepted my resignation effective April 30, 2016 (the "Termination Date"). Except as otherwise specifically provided in this Agreement or the Consulting Agreement, I waive future coverage and benefits under all Company benefit programs that are only available for current and active employees of the Company. Whether I sign this Agreement or not, I understand that my rights and continued participation in those plans will be governed by their terms, and that I generally am ineligible for them shortly after my Termination Date, after which I may be able to purchase continued coverage under certain of such plans.

(h) **Arbitration of Disputes:** The Company and I agree to resolve any disputes we may have with each other through final and binding arbitration. For example, I am agreeing to arbitrate any dispute about the validity of this Agreement or any discrimination claim. I also agree to resolve through final and binding arbitration any disputes I have with any other Released Party who elects to arbitrate those disputes under this subsection. Arbitrations shall be conducted by JAMS in accordance with its employment dispute resolution rules. This agreement to arbitrate does not apply to government agency proceedings. **I acknowledge that I understand this section's arbitration requirements and that arbitration would be in lieu of a jury trial.**

(i) **AV Property:** The Company has agreed that I may retain my current cell phone after it has been wiped clean of all Company material, or at the option of the Company, the Company will purchase a replacement phone for me. I agree to return all other AV property in my possession, including my laptop computer and all other equipment and items.

YOU MAY NOT MAKE ANY CHANGES TO THE TERMS OF THIS AGREEMENT. BEFORE SIGNING THIS AGREEMENT, READ IT CAREFULLY, AND THE COMPANY SUGGESTS THAT YOU DISCUSS IT WITH YOUR ATTORNEY AT YOUR OWN EXPENSE. TAKE AS MUCH TIME AS YOU NEED TO CONSIDER THIS AGREEMENT BEFORE DECIDING WHETHER TO SIGN IT, UP TO 21 DAYS. BY SIGNING IT YOU WILL BE WAIVING YOUR KNOWN AND UNKNOWN CLAIMS.

MAY 19, 2016 IS THE DEADLINE FOR YOU TO DELIVER A SIGNED COPY OF THIS AGREEMENT TO GINO CESARIO AT 900 INNOVATORS WAY, SIMI VALLEY, CA 93065. IF YOU FAIL TO DO SO, YOU WILL NOT RECEIVE THE SPECIAL PAYMENT OR THE OFFER OF THE CONSULTING AGREEMENT DESCRIBED IN IT.

YOU MAY REVOKE THIS AGREEMENT IF YOU REGRET HAVING SIGNED IT. TO DO SO, YOU MUST DELIVER A WRITTEN NOTICE OF REVOCATION TO GINO CESARIO AT 900 INNOVATORS WAY, SIMI VALLEY, CA 93065 BEFORE SEVEN 24-HOUR PERIODS EXPIRE FROM THE TIME YOU SIGNED IT. IF YOU REVOKE THIS AGREEMENT, IT WILL NOT GO INTO EFFECT AND YOU WILL NOT RECEIVE THE SPECIAL PAYMENTS OR THE OFFER OF THE CONSULTING AGREEMENT DESCRIBED IN IT.

CATHLEEN S. CLINE

Date: 4/28/2016

Signature /s/ Cathleen S. Cline

AEROVIRONMENT, INC.

Date: 5/3/2016

By: /s/ Wahid Nawabi

Its: President and Chief Executive Officer



AeroVironment, Inc.
900 Innovators Way
Simi Valley, CA 93065
Phone: 805-581-2187
Fax: 805-581-4512

April 28, 2016

Cathleen S. Cline

Re: Consulting Agreement with AeroVironment, Inc.

Dear Cathy:

We are pleased to send this letter setting forth the consulting agreement between AeroVironment, Inc. (the "Company") and you ("Consultant"). To confirm your acceptance of the Company's offer of engagement and your agreement to abide by the provisions it sets forth, please sign this letter agreement in the space indicated below.

1. Consulting Services. Effective as of May 1, 2016 (the "Effective Date"), the Company hereby engages Consultant, and Consultant hereby accepts the engagement by the Company, on terms and conditions set out in this letter agreement. The Consulting Services shall include, without limitation, providing the following:

- Review with and provide requested input to Gino Cesario on the following:
 - Define and document all pending strategic initiatives
 - Document lessons learned from previous strategic initiatives
 - Medical/dental insurance plans prior to open enrollment periods
- Conduct monthly call with Gino Cesario to review questions about current practices and impact on future change considerations
- Transition all vendor relationships to Gino Cesario to ensure a seamless change
- Transition all internal files, in all known media to Gino Cesario
- Be available, with advanced notice for miscellaneous discussions on personal, past experiences with AV operations and indirect/direct staff

From time to time as requested, Consultant shall provide a report describing her activities, analysis and recommendations relating to the above scope of work.

2. **Term.** It is intended that the termination of employment and the commencement of the consulting arrangement occur contemporaneously at midnight on April 30, 2016/12:01 a.m. May 1, 2016 to enable the continuity of service contemplated by the 2006 Equity Incentive Plan, as amended and restated (the "2006 Plan"), so that a "Termination of Service" does not occur under the 2006 Plan. This letter agreement shall remain in effect up to and including April 30, 2017 (the "Term"), unless it is terminated earlier as provided in this agreement.

3. **Devotion of Time.** From and after the Effective Date, you agree to devote sufficient hours per week to adequately perform the Consulting Services requested by the Company, with flexibility in scheduling your time spent on Consulting Services according to the needs and convenience of both parties. During your engagement, you shall use your best efforts, skills, and abilities to perform the Consulting Services. Subject to the conditions in paragraph 9 below, and provided it does not interfere with your obligations set forth in this agreement, during your engagement you may provide consulting services to other persons or organizations or form, manage and operate a business.

4. **Compensation**

(a) As compensation for your services to the Company as a consultant, you shall receive:

1. A retainer of Two Thousand Dollars (\$2,000) per month for the Consulting Services, payable by the 15th day of the following month.

2. You will continue to be eligible to participate in the medical, hospitalization and prescription benefits under the medical benefits program in which you currently participate until the date on which this Consulting Agreement terminates. Until the termination of the Consulting Agreement, AV will continue to pay the costs attributable to AV as the sponsor of the medical plan and will pay your medical plan premium but not other costs that are normally paid by plan participants (e.g., co-pays, deductibles, non-covered costs of medical treatment, out of network etc.). After your Consulting Agreement terminates, the Company has been advised that you will be eligible to continue your participation in the medical plan for up to 18 months pursuant to COBRA, at your sole expense and without any financial contribution by the Company. If during the term of this Consulting Agreement, the Company changes the medical plan options generally provided to employees and no longer makes available to employees the existing medical plan in which you participate or if for any reason the Company is unable to provide you with the medical benefits contemplated above, the Company shall make available to you participation in a medical plan providing substantially similar benefits and coverages.

(b) As set forth in the Separation Agreement by and between the Company and you, provided that, and for so long as, you remain engaged as a consultant with the Company, you shall be entitled to continued vesting of the stock options and restricted stock awards described on Exhibit A and upon the Termination of Service (as defined in the award agreement and 2006 Plan), your stock options will cease vesting and you will have three months to exercise any then-vested stock options, after which such stock options will be forfeited without compensation. Upon Termination of Service, the vesting of your restricted stock awards will cease

and any unvested restricted awards (i.e., Unreleased Shares) will terminate and be forfeited. Your Termination of Service will occur upon the earlier to occur of the following: (i) the expiration of this Consulting Agreement on April 30, 2017, (ii) your earlier death or Disability or (iii) the termination of your employment or Consulting Agreement with the Company for cause. The rights and obligations associated with your stock options and restricted stock awards are governed by the terms and conditions of the 2006 Plan and your grant documents. In the event of any inconsistency between this letter and such documents, the terms contained in the 2006 Equity Incentive Plan and your grant documents shall govern.

(c) You are responsible for your own expenses. The Company only will reimburse you for business expenses that the Company has approved in advance in writing, provided that such expenses are reasonable and properly documented and reported.

5. ***Independent Contractor Relationship.*** You enter this agreement as, and will remain throughout the term of this agreement, an independent contractor. You are not and shall not be entitled to the rights or benefits afforded to the Company's employees including, without limitation, disability or employment insurance, worker's compensation, medical insurance, vacation, sick leave, or any other employment benefit, except as described in paragraph 4(a)(2).

6. ***Tax Matters.*** You understand and agree that you are solely responsible for all income and other tax obligations, if any, including but not limited to necessary reporting and payment obligations, if any, which may arise as a consequence of any payment under this agreement. You agree to indemnify the Company for any claims, costs, losses, fees, penalties, interest, or damages suffered by the Company resulting from failure to comply with this provision.

7. ***Termination of Consulting Agreement.*** Subject to your continuing obligations to comply with the covenants contained in Sections 3, 8 and 9 of this agreement, which shall survive any termination by Consultant, you may terminate this agreement for any reason or no reason at all, with thirty (30) days advance written notice. The Company may terminate this agreement for cause. Failure to comply with your obligations under Sections 3, 8 and 9 or a material breach of this agreement shall constitute "cause" under this agreement. Should the Company ever discover at a later date that you previously had engaged in conduct constituting cause for termination of this Agreement, you shall be required to repay to the Company all economic benefit you derived from the agreement after the date of such conduct constituting cause, i.e., all retainer payments made to you under Section 4(a) and all monies you received from the vesting of your stock options and restricted stock awards under Section 4(b). Subject to your reasonable business commitments following the termination of your status as a consultant with the Company, you agree to and shall be available to cooperate with the Company and any of its designees, as well as their outside counsel, and provide information with regard to any past, present, or future matters that relate to or arise out of the services you provided to the Company as an employee or a consultant.

8. ***Confidentiality; Work Product and Company Property.***

(a) You acknowledge that you may acquire in connection with your engagement with the Company, Confidential Information (as defined below) relating to the Company. Accordingly, you agree that, without the prior written consent of the Company, you shall not, at any

time, disclose to any unauthorized person or otherwise use any of the Company's trade secrets or Confidential Information for any reason other than the performance of your Consulting Services in furtherance of the business of the Company, except as requested or required to be disclosed by judicial or administrative process or by regulatory or supervisory authority or other requirement of law or directive of any governmental authority. In the event that you are required by law to disclose any Confidential Information, you shall promptly notify the Company in writing prior to any such disclosure, which notification shall include the nature of the legal requirement and the extent of the required disclosure, and you shall cooperate with the Company's efforts to object to the disclosure or obtain a protective order. "Confidential Information" means information you have actual knowledge or possession of relating to existing products, product ideas or enhancements, processes, know-how, machines, designs, drawings, software, formulas, test data, marketing data, business plans and strategies, business models, competitive analysis, and market analysis, not already public or generally known outside the Company. You acknowledge that all the foregoing information is proprietary to the Company and is a special, valuable and unique asset of the business of the Company.

(b) You agree that all memoranda, lists, notes, records and other documents or papers (and all copies thereof) relating to the Company, whether written or stored on an electronic media system, made or compiled by you, or on your behalf, in the course of your engagement with the Company or made available to you in the course of your engagement with the Company shall be the property of the Company and shall, unless otherwise agreed to by the Company, be delivered to the Company promptly upon the termination of your engagement with the Company. In the case of electronically stored property, you shall make all reasonable efforts to return or destroy such property, at the Company's option, within three (3) days after the date of your termination of engagement with the Company.

9. **Disclosure of Other Work.** You hereby acknowledge that, because you may be given access to the Company's Confidential Information and/or trade secrets as part of your engagement, the Company has a right to know if you begin performing services for any other business or enterprise during the Term of this agreement. Therefore, you agree that, if you decide to perform any services of any kind for any other business or enterprise, or participate in the creation of any business or enterprise, during the period of your engagement under this agreement, you will immediately disclose to the Company your intention to undertake such activity before assuming such position or performing such services. Failing to provide such advance notice will constitute a material breach of this agreement and entitle the Company to terminate this agreement for cause. The Company shall have five business days to consider and respond to any such request. You understand and agree that the Company has the right to terminate this agreement if it determines, in its sole discretion, that it would present an unacceptable level of risk to allow you to continue to have access to the Company's Confidential Information while also performing services for a particular business or enterprise. In that event, the Company shall be entitled to terminate this agreement immediately in writing for cause, and no further payments will be due to you

10. **Representations.** You hereby acknowledge that the provisions of Sections 8 and 9 of this letter agreement are (a) conditions of your engagement, (b) reasonable, and (c) necessary for the protection of the Company.

11. **Exclusive Remedy.** You acknowledge that, other than the payments described in Section 4 or under applicable law, you shall have no claims against and will have no entitlement to any

other payments or benefits from the Company or any affiliate thereof at any time during your engagement, upon termination of your engagement or breach by the Company of this letter agreement.

12. **Notices.** Any notice or other communication required or that may be given hereunder shall be in writing and shall be delivered personally or sent by internationally recognized overnight courier (*e.g.* FedEx) and shall be deemed given when received, as follows:

If to the Company, to:

AeroVironment, Inc.
900 Innovators Way
Simi Valley, CA 93065
Attention: Doug Scott

If to you, to the address set forth on the first page hereof.

Either Party may change the designation of its notice address by delivering a written notice to the other Party.

13. **Miscellaneous Provisions .**

(a) This letter agreement is entered into by the Company in consideration of your special and unique skills and capacities, is personal to you, and shall not be assignable by you. This letter agreement shall be assignable by the Company to any successor to all or a substantial portion of the Company's business.

(b) This letter agreement shall be governed by and construed in accordance with the laws of the State of California applicable to agreements made and/or to be performed in that state, without regard to any choice of law provisions thereof.

(c) You and the Company agree to resolve any disputes with each other through final and binding arbitration in accordance with the arbitration provision set forth in paragraph (h) of the Separation Agreement between the Company and you. For example, this includes any dispute about the validity of this agreement or any breach of this agreement. This agreement to arbitrate does not apply to government agency proceedings. **You acknowledge that you understand this section's arbitration requirements and that arbitration would be in lieu of a jury trial.** Further in the event of any dispute relating and/or arising out of this letter agreement, the prevailing party shall be entitled to all attorneys' fees and costs, including appellate and post-judgment.

(d) The headings in this letter agreement are for convenience of reference only and shall not limit or otherwise affect the meaning of terms contained herein. This letter agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument, and it shall not be necessary in making proof of this letter agreement to produce or account for more than one such counterpart. The Parties agree that any ambiguities in this letter agreement shall not be construed against the Company as the drafter of this letter agreement, and you agree to waive any such claims.

(e) No provisions of this letter agreement may be amended, modified, waived or discharged except as agreed to in writing by you and the Company.

This letter agreement supersedes any and all existing and contemporaneous agreements, oral or written, between you and the Company or any representative thereof relating to the terms and conditions of your consultancy with the Company, except that your previously executed Patent and Confidentiality Agreement and paragraph 7 and 8 above shall remain in full force and effect consistent with their terms after the termination of this letter agreement. You hereby agree that any agreements entered into between you and the Company after the Effective Date shall be in writing and signed by you and the other party to such agreement (if any) in order to be effective, and that no oral agreements between such parties will be effective. You are not entitled to any other payments or benefits except as expressly provided for herein.

ACCEPTED AND AGREED:

AEROVIRONMENT, INC.

/s/ Wahid Nawabi

By: Wahid Nawabi

Its: Chief Executive Officer and President

CATHLEEN S. CLINE

/s/ Cathleen S. Cline

Signature

Date: 4/28/2016
