

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): October 16, 2013

FLUX POWER HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Nevada
(State or Other Jurisdiction
of Incorporation)

000-25909
(Commission File Number)

86-0931332
(IRS Employer
Identification No.)

985 Poinsettia Avenue, Suite A, Vista, California
(Address of Principal Executive Offices)

92081
(Zip Code)

877-505-3589
(Registrant's telephone number, including area code)

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 1.01 Entry Into A Material Definitive Agreement

In October 2011, we entered into a revolving promissory note agreement (“Revolving Note”) for \$1,000,000 with Esenjay Investments, LLC (“Esenjay”), which is one of our major stockholders who beneficially own approximately 42.6% of our common stock. Mr. Michael Johnson, is a current member of our board of directors, is the director and sole shareholder of Esenjay. The Revolving Note had an interest rate of 8% per annum, and a maturity date of September 30, 2013, as amended, and is secured by substantially all of the assets of the Company. As of June 30, 2013, the balance outstanding payable on the note was \$1,000,000. On October 16, 2013, we entered into a certain Second Amendment to the Secondary Revolving Promissory Note for Operating Capital (the “Amendment”) to the Secondary Revolving Promissory Note pursuant to which the Revolving Note was amended to (i) extend the maturity date from September 30, 2013 to December 31, 2015; (ii) change the interest rate on the outstanding principal amount as of October 10, 2013 and forward to 6%, and (iii) grant the Lender of the Revolving Note the option to convert any or all of the amount outstanding under the Revolving Note, as amended, into shares of our common stock at a conversion price of \$0.30 until December 31, 2015.

On March 7, 2012, we entered into an additional note payable agreement with Esenjay for \$250,000 (“Bridge Note”). The Bridge Note had a maturity date of March 7, 2014 and an interest rate of 8% per annum. As of June 30, 2013, the balance outstanding payable on the Bridge Note was \$250,000 and there were no further funds available under the Bridge Note. On October 16, 2013, we entered into a certain First Amendment to the Bridge Loan Promissory Note (the “Amendment”) pursuant to which the Bridge Note as amended to: (i) extend the maturity date from March 7, 2014 to December 31, 2015, (ii) change the interest rate on the outstanding principal amount as of October 10, 2013 and forward to 6%, and (iii) grant the Holder of the Bridge Note the option to convert any or all of the amount outstanding under the Bridge Note, as amended, into shares of our common stock at a conversion price of \$0.30 until December 31, 2015.

On September 24, 2012, we entered into a Line of Credit with Esenjay for \$1,500,000 (“Line of Credit”). Borrowings under the Line of Credit is secured by our assets and is at an interest rate of 8% per annum, with all unpaid principal and accrued interest due and payable on September 24, 2014. On October 16, 2013, we entered into a certain First Amendment to the Unrestricted and Open Line of Credit (the “Amendment”) pursuant to which the Line of Credit was amended to (i) extend the maturity date from September 24, 2014 to December 31, 2015, (ii) change the interest rate on the outstanding principal amount as of October 10, 2013 and forward to 6%, (iii) increase the line of credit to \$2,000,000, and (iv) grant Lender the option to convert up to \$400,000 of the outstanding amount under the Line of Credit into shares of our common stock at a conversion price of \$0.06 until December 31, 2013, and the option to convert any or all of the amount outstanding under the Line of Credit into shares of common stock at a conversion price of \$0.30 until December 31, 2015.

The foregoing description of the terms of the respective amendments does not purport to be complete and is qualified in its entirety by reference to the full text of the respective agreement, a copy of which is filed as Exhibits 10.1, 10.2 and 10.3 to this Current Report on Form 8-K and incorporated by reference herein.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information disclosed in Item 1.01 of this Current Report on Form 8-K is incorporated by reference into this Item 2.03.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Exhibit Description</u>
10.1	Second Amendment to the Secondary Revolving Promissory Note
10.2	First Amendment to the Bridge Loan Promissory Note
10.3	First Amendment to the Unrestricted and Open Line of Credit

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.

Flux Power Holdings, Inc.,

Dated: October 22, 2013

By: /s/ Ronald Dutt

Name: Ronald Dutt

Title: Chief Financial Officer and Chief Executive Officer

**SECOND AMENDMENT TO THE
SECONDARY REVOLVING PROMISSORY NOTE FOR OPERATING CAPITAL**

This **Second Amendment to the Secondary Revolving Promissory Note for Operating Capital** (the "Amendment") is made and effective as of October 16, 2013 ("**Amendment Effective Date**") by and between Flux Power, Inc., a California corporation (the "**Borrower**"), and Esenjay Investments, LLC (the "**Lender**").

Pursuant to the terms and conditions hereof, the Amendment is hereby incorporated into the 2011 Loan (as defined below) as if fully set forth therein. Capitalized terms used herein and not otherwise defined shall have the meaning assigned in the 2011 Loan.

RECITALS

WHEREAS, Borrower and Lender have entered into that certain Secondary Revolving Promissory Note For Operating Capital, dated October 1, 2011 and as amended on October 19, 2011 (the "**2011 Loan**"), and whereby Lender has made available to the Borrower a line of credit with a maximum principal amount at any time outstanding of up to \$1,000,000 on terms and conditions set forth in the Agreement;

WHEREAS, as of the Amendment Effective Date, Lender has advanced to the Borrower an aggregate of \$1,000,000 under the 2011 Loan;

WHEREAS, the parties desires to amend the 2011 Loan pursuant to the terms and conditions of this Amendment to (i) extend the maturity date from September 30, 2013 to December 31, 2015, (ii) set the interest rate on the outstanding principal amount from the Amendment Effective Date forward to six percent (6%), and (iii) allow the Lender the option to convert any or all of the amounts outstanding under the 2011 Loan into shares of Common Stock of Borrower's parent, Flux Power Holdings, Inc. ("Flux Power")

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing premises, the mutual agreements set forth below, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Maturity Date. The Maturity Date referenced in the 2011 Loan is hereby deleted in its entirety and shall, as of the Amendment Effective Date, be amended to read in its entirety as follows:

"Maturity Date: December 31, 2015"

2. Annual Interest Rate. The Annual Interest Rate referenced in the 2012 Loan is hereby deleted in its entirety and shall, as of the Amendment Effective Date, be amended to read in its entirety as follows:

“Annual Interest Rate: The Annual Interest Rate from October 1, 2011 to the Amendment Effective Date shall be eight percent (8%) per annum, and shall be adjusted to six percent (6%) per annum thereafter until the Maturity Date.”

3. Optional Conversion. Effective on the Amendment Effective Date, the 2011 Loan is hereby amended by adding the following Optional Conversion provision to the terms and conditions of the 2011 Loan:

“Optional Conversion.

(a) Conversion Right. All advances and all unpaid interest accrued under this Note (collectively, the “Term Loan Balance”) may, at the option of the Lender and upon five (5) days prior written notice (pursuant to the form of notice attached hereto as Exhibit A), be converted in whole or in part into a number of shares of Common Stock of Flux Power Holdings, Inc. (the “Flux Shares”) on a per share conversion price equal to \$0.30 (the “Conversion Price”), as such price may be adjusted from time to time pursuant to the terms and conditions set forth herein. As promptly as practicable after such conversion, the Borrower shall cause Flux Power to issue and deliver to the Lender a certificate or certificates representing the full number of Flux Shares issuable upon such conversion (and the issuance of such certificate or certificates shall be made without charge to the Lender for any issuance in respect thereof or other cost incurred by the Lender in connection with such conversion and the related issuance of shares).

(b) Adjustment for Dividends and Distributions. If at any time after the date hereof, Flux Power shall make or issue, or shall fix a record date for the determination of eligible holders of securities entitled to receive, a dividend or other distribution payable with respect to the Flux Shares that is payable in (i) securities of Flux Power other than capital stock or (ii) any other assets, then, and in each such case, the Lender, upon conversion of the Term Loan Balance at any time after the consummation, effective date or record date of such event, shall receive, in addition to the Flux Shares issuable upon such conversion prior to such date, the securities or such other assets of Flux Power to which the Lender would have been entitled upon such date if the Lender had converted the Term Loan Balance immediately prior thereto (all subject to further adjustment as provided in this 2011 Loan).

(c) Reorganizations, Mergers, Consolidations or Asset Sales. If at any time after the date hereof there is a tender offer, exchange offer, merger, consolidation, recapitalization, sale of all or substantially all of Flux Power’s assets or reorganization involving the Flux Shares (each, a “Capital Reorganization”), provision shall be made so that the Lender will thereafter be entitled to receive upon conversion of the Term Loan Balance the number of Flux Shares or other securities or property of Flux Power to which a holder of the number of Flux Shares deliverable upon conversion would have been entitled on such Capital Reorganization, subject to adjustment in respect to such stock or securities by the terms thereof. In any such case, appropriate adjustment will be made in the application of the provisions of this paragraph with respect to the rights of the Lender after the Capital Reorganization to the end that the provisions of this paragraph (including adjustment of the Conversion Price then in effect and the number of shares issuable upon conversion of the Term Loan Balance) will be applicable after that event and be as nearly equivalent as practicable.

(d) Certificate As To Adjustments. Upon the occurrence of each adjustment or readjustment of the Conversion Price, Flux Power at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to the Lender a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment are based and shall file a copy of such certificate with its corporate records. Flux Power shall, upon the reasonable written request of the Lender, furnish or cause to be furnished to the Lender a similar certificate setting forth (i) such adjustments and readjustments, (ii) the Conversion Price then in effect, and (iii) the number of Flux Shares and the amount, if any, of other property which then would be received upon the conversion of the Term Loan Balance.”

4. Except as amended hereby, all the terms of the Agreement are hereby ratified and acknowledged as being in full force and effect.

5. This Amendment may be executed in two counterparts, each of which shall constitute an original and which, together, shall constitute one and the same instrument. The parties may execute facsimile copies of this Amendment and delivery by facsimile shall be deemed to be delivery of an executed Amendment.

IN WITNESS WHEREOF, the Parties have caused this Amendment to be executed by its authorized representative this 16th day of October, 2013.

BORROWER

Flux Power, Inc.,
a California corporation

By: /s/ Ronald Dutt
Name: Ronald Dutt
Title: Chief Executive Officer

LENDER

Esenjay Investments, LLC,

By: /s/Howard Williams
Name: Howard Williams
Title: Treasurer

Agreed and consent as to Section 3 of this Amendment.

Flux Power Holdings, Inc.,
a Nevada corporation

By: /s/ Ronald Dutt
Name: Ronald Dutt
Title: Chief Executive Officer
Dated: October 16, 2013

EXHIBIT A

NOTICE OF CONVERSION

The undersigned hereby irrevocably elects to convert \$ _____ under the Secondary Revolving Promissory Note For Operating Capital, dated October 1, 2011 and as amended (the "Note"), to purchase _____ shares of Common Stock of Flux Power Holdings, Inc., a Nevada corporation (the "Flux Shares"), in accordance with the terms and conditions of the Note.

In connection to this Notice of Conversion, the undersigned hereby represents and warrants to the Flux Power Holdings, Inc. (the "Company") as follows:

a. The undersigned represents that the Flux Shares to be received will be acquired for investment for its own account, not as a nominee or agent, and not with a view to the sale or distribution of any part thereof, and that it has no present intention of securing, granting any participation in or otherwise distributing the same. The undersigned further represents that it does not have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participation to such person or to any third person, with respect to any of the Flux Shares.

a. The undersigned is fully aware of: (1) the highly speculative nature of the investment in the Flux Shares; (2) the financial hazards involved; (3) the lack of liquidity of the Flux Shares and the restrictions on transferability of the Flux Shares; and (4) the qualifications and backgrounds of the management of the Company.

b. The undersigned understands and acknowledges that the offering of the Flux Shares have not and will not be registered under the Securities Act of 1933, as amended (the "Securities Act") on the ground that the sale and the issuance of securities hereunder is exempt under the pursuant to Section 4(2) of the Securities Act, and that the Company's reliance on such exemption is predicated on the undersigned's representations set forth herein.

c. At no time was the undersigned presented with or solicited by any publicly issued or circulated newspaper, mail, radio, television or other form of general advertising or solicitation in connection with the offer, sale and purchase of the Flux Shares.

d. The certificates for the Flux Shares will bear one or more restrictive legends determined by counsel to the Company to be necessary or appropriate in order to comply with federal or state securities law or to secure or protect any applicable exemptions from registration or qualification.

e. The undersigned represents that it is experienced technology companies such as the Company, is able to fend for itself in transactions, has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its prospective investment in the Company, and has the ability to bear the economic risks of the investment.

f. The undersigned acknowledges and understands that the Flux Shares, must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available, and that the Company is under no obligation to register the Flux Shares.

g. The undersigned understands that the Flux Shares the undersigned is purchasing are characterized as "restricted securities" under the federal securities laws inasmuch as they are being acquired from the Company in a transaction not involving a public offering and that under such laws and regulations such securities may be resold without registration under the Securities Act only in certain limited circumstances. The undersigned is familiar with Rule 144, as presently in effect, and understands the resale limitations imposed thereby and by the Securities Act. The undersigned also acknowledges that the Company was a former "shell company" (as defined in Rule 12b-2 under the Exchange Act of 1934, as amended) and as such the undersigned understands Rule 144 is not currently available for the sale of the Flux Shares and may never be so available.

h. The undersigned is an "accredited investor" as defined in Rule 501(a) under the Securities Act or a "qualified institutional buyer" as defined in Rule 144A(a) under the Securities Act.

Esenjay Investments, LLC

Signature: _____
[Name, Title]

Date: _____

Address: _____

**FIRST AMENDMENT TO THE
BRIDGE LOAN PROMISSORY NOTE**

This **First Amendment to the Bridge Loan Promissory Note** (the "Amendment") is made and effective as of October 16, 2013 ("Amendment Effective Date") by and between Flux Power, Inc., a California corporation (the "Maker"), and Esenjay Investments, LLC (the "Holder").

Pursuant to the terms and conditions hereof, the Amendment is hereby incorporated into the Bridge Loan (as defined below) as if fully set forth therein. Capitalized terms used herein and not otherwise defined shall have the meaning assigned in the Bridge Loan.

RECITALS

WHEREAS, Borrower and Holder have entered into that certain Bridge Loan Promissory Note, dated March 7, 2012 (the "Bridge Loan") whereby Holder has loaned \$250,000 to the Maker;

WHEREAS, the parties desires to amend the Bridge Loan pursuant to the terms and conditions of this Amendment to (i) extend the maturity date from March 7, 2014 to December 31, 2015, (ii) set the interest rate on the outstanding principal amount from the Amendment Effective Date forward to six percent (6%), and (iii) allow the Holder the option to convert any or all of the amount outstanding under the Bridge Loan into shares of Common Stock of Maker's parent, Flux Power Holdings, Inc. ("Flux Power")

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing premises, the mutual agreements set forth below, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Interest. Section 1 of the Bridge Loan (entitled "Interest") is hereby deleted in its entirety and shall, as of the Amendment Effective Date, be amended to read in its entirety as follows:

"1. *Interest*. Holder has transferred as good faith or intends to transfer as soon as practical Funds to Maker. Maker hereby agrees that the Funds will accrue interest at an annual rate of eight (8) percent from March 7, 2012 to the Amendment Effective Date, and six (6) percent from Amendment Effective Date to the Maturity Date."

2. Payments. Section 2 of the Bridge Loan (entitled "Payments") is hereby deleted in its entirety and shall, as of the Amendment Effective Date, be amended to read in its entirety as follows:

"2. *Payments*. All outstanding principal and interest shall be payable on December 31, 2015 (the "Maturity Date")."

3. Optional Conversion. Effective on the Amendment Effective Date, the Bridge Loan is hereby amended by adding the following Optional Conversion provision immediately after Section 9 of the Bridge Loan (entitled "Representations and Warranties of Maker"):

“10. Optional Conversion.

(a) Conversion Right. All advances and all unpaid interest accrued under this Note (collectively, the “Term Loan Balance”) may, at the option of the Holder and upon five (5) days prior written notice (pursuant to the form of notice attached hereto as Exhibit A), be converted in whole or in part into a number of shares of Common Stock of Flux Power Holdings, Inc. (the “Flux Shares”) on a per share conversion price equal to \$0.30 (the “Conversion Price”), as such price may be adjusted from time to time pursuant to the terms and conditions set forth herein. As promptly as practicable after such conversion, the Maker shall cause Flux Power to issue and deliver to the Holder a certificate or certificates representing the full number of Flux Shares issuable upon such conversion (and the issuance of such certificate or certificates shall be made without charge to the Holder for any issuance in respect thereof or other cost incurred by the Holder in connection with such conversion and the related issuance of shares).

(b) Adjustment for Dividends and Distributions. If at any time after the date hereof, Flux Power shall make or issue, or shall fix a record date for the determination of eligible holders of securities entitled to receive, a dividend or other distribution payable with respect to the Flux Shares that is payable in (i) securities of Flux Power other than capital stock or (ii) any other assets, then, and in each such case, the Holder, upon conversion of the Term Loan Balance at any time after the consummation, effective date or record date of such event, shall receive, in addition to the Flux Shares issuable upon such conversion prior to such date, the securities or such other assets of Flux Power to which the Holder would have been entitled upon such date if the Holder had converted the Term Loan Balance immediately prior thereto (all subject to further adjustment as provided in this Bridge Loan).

(c) Reorganizations, Mergers, Consolidations or Asset Sales. If at any time after the date hereof there is a tender offer, exchange offer, merger, consolidation, recapitalization, sale of all or substantially all of Flux Power’s assets or reorganization involving the Flux Shares (each, a “Capital Reorganization”), provision shall be made so that the Holder will thereafter be entitled to receive upon conversion of the Term Loan Balance the number of Flux Shares or other securities or property of Flux Power to which a holder of the number of Flux Shares deliverable upon conversion would have been entitled on such Capital Reorganization, subject to adjustment in respect to such stock or securities by the terms thereof. In any such case, appropriate adjustment will be made in the application of the provisions of this paragraph with respect to the rights of the Holder after the Capital Reorganization to the end that the provisions of this paragraph (including adjustment of the Conversion Price then in effect and the number of shares issuable upon conversion of the Term Loan Balance) will be applicable after that event and be as nearly equivalent as practicable.

(d) Certificate As To Adjustments. Upon the occurrence of each adjustment or readjustment of the Conversion Price, Flux Power at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to the Holder a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment are based and shall file a copy of such certificate with its corporate records. Flux Power shall, upon the reasonable written request of the Holder, furnish or cause to be furnished to the Holder a similar certificate setting forth (i) such adjustments and readjustments, (ii) the Conversion Price then in effect, and (iii) the number of Flux Shares and the amount, if any, of other property which then would be received upon the conversion of the Term Loan Balance.”

4. Except as amended hereby, all the terms of the Agreement are hereby ratified and acknowledged as being in full force and effect.

5. This Amendment may be executed in two counterparts, each of which shall constitute an original and which, together, shall constitute one and the same instrument. The parties may execute facsimile copies of this Amendment and delivery by facsimile shall be deemed to be delivery of an executed Amendment.

IN WITNESS WHEREOF, the Parties have caused this Amendment to be executed by its authorized representative this 16th day of October, 2013.

MAKER

Flux Power, Inc.,
a California corporation

By: /s/ Ronald Dutt
Name: Ronald Dutt
Title: Chief Executive Officer

HOLDER

Esenjay Investments, LLC,

By: /s/Howard Williams
Name: Howard Williams
Title: Treasurer

Agreed and consent as to Section 3 of this Amendment.

Flux Power Holdings, Inc.,
a Nevada corporation

By: /s/ Ronald Dutt
Name: Ronald Dutt
Title: Chief Executive Officer
Dated: October 16, 2013

EXHIBIT A

NOTICE OF CONVERSION

The undersigned hereby irrevocably elects to convert \$ _____ under the Bridge Loan Promissory Note, dated March 7, 2012, as amended (the "Note"), to purchase _____ shares of Common Stock of Flux Power Holdings, Inc., a Nevada corporation (the "Flux Shares"), in accordance with the terms and conditions of the Note.

In connection to this Notice of Conversion, the undersigned hereby represents and warrants to the Flux Power Holdings, Inc. (the "Company") as follows:

a. The undersigned represents that the Flux Shares to be received will be acquired for investment for its own account, not as a nominee or agent, and not with a view to the sale or distribution of any part thereof, and that it has no present intention of securing, granting any participation in or otherwise distributing the same. The undersigned further represents that it does not have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participation to such person or to any third person, with respect to any of the Flux Shares.

a. The undersigned is fully aware of: (1) the highly speculative nature of the investment in the Flux Shares; (2) the financial hazards involved; (3) the lack of liquidity of the Flux Shares and the restrictions on transferability of the Flux Shares; and (4) the qualifications and backgrounds of the management of the Company.

b. The undersigned understands and acknowledges that the offering of the Flux Shares have not and will not be registered under the Securities Act of 1933, as amended (the "Securities Act") on the ground that the sale and the issuance of securities hereunder is exempt under the pursuant to Section 4(2) of the Securities Act, and that the Company's reliance on such exemption is predicated on the undersigned's representations set forth herein.

c. At no time was the undersigned presented with or solicited by any publicly issued or circulated newspaper, mail, radio, television or other form of general advertising or solicitation in connection with the offer, sale and purchase of the Flux Shares.

d. The certificates for the Flux Shares will bear one or more restrictive legends determined by counsel to the Company to be necessary or appropriate in order to comply with federal or state securities law or to secure or protect any applicable exemptions from registration or qualification.

e. The undersigned represents that it is experienced technology companies such as the Company, is able to fend for itself in transactions, has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its prospective investment in the Company, and has the ability to bear the economic risks of the investment.

f. The undersigned acknowledges and understands that the Flux Shares, must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available, and that the Company is under no obligation to register the Flux Shares.

g. The undersigned understands that the Flux Shares the undersigned is purchasing are characterized as "restricted securities" under the federal securities laws inasmuch as they are being acquired from the Company in a transaction not involving a public offering and that under such laws and regulations such securities may be resold without registration under the Securities Act only in certain limited circumstances. The undersigned is familiar with Rule 144, as presently in effect, and understands the resale limitations imposed thereby and by the Securities Act. The undersigned also acknowledges that the Company was a former "shell company" (as defined in Rule 12b-2 under the Exchange Act of 1934, as amended) and as such the undersigned understands Rule 144 is not currently available for the sale of the Flux Shares and may never be so available.

h. The undersigned is an "accredited investor" as defined in Rule 501(a) under the Securities Act or a "qualified institutional buyer" as defined in Rule 144A(a) under the Securities Act.

Esenjay Investments, LLC

Signature: _____
[Name, Title]

Date: _____

Address: _____

**FIRST AMENDMENT TO THE
UNRESTRICTED AND OPEN LINE OF CREDIT**

This **First Amendment to the Unrestricted and Open Line of Credit** (the "Amendment") is made and effective as of October 16, 2013 ("**Amendment Effective Date**") by and between Flux Power, Inc., a California corporation (the "**Borrower**"), and Esenjay Investments, LLC (the "**Lender**").

Pursuant to the terms and conditions hereof, the Amendment is hereby incorporated into the 2012 Loan (as defined below) as if fully set forth therein. Capitalized terms used herein and not otherwise defined shall have the meaning assigned in the 2012 Loan.

RECITALS

WHEREAS, Borrower and Lender have entered into that certain Unrestricted and Open Line of Credit dated September 24, 2012 (the "**2012 Loan**"), and whereby Lender has made available to the Borrower a line of credit with a maximum principal amount at any time outstanding of up to \$1,500,000 on terms and conditions set forth in the Agreement;

WHEREAS, as of the Amendment Effective Date, Lender has advanced to the Borrower an aggregate of \$1,500,000 under the 2012 Loan;

WHEREAS, prior to the Amendment Effective Date, Lender extended a series of loans in the aggregate original principal amount of \$1,500,000 with the intent that such additional loan be covered by the 2012 Loan and this Amendment;

WHEREAS, the parties desires to amend the 2012 Loan pursuant to the terms and conditions of this Amendment to (i) extend the maturity date from September 24, 2014 to December 31, 2015, (ii) increase the line of credit from \$1,500,000 to \$2,000,000, (iii) set the interest rate on the outstanding principal amount from the Amendment Effective Date forward to six percent (6%), and (iv) allow the Lender the option to convert any or all of the amounts outstanding under the 2012 Loan into shares of Common Stock of Borrower's parent, Flux Power Holdings, Inc. ("Flux Power").

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing premises, the mutual agreements set forth below, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Maturity Date. The Maturity Date referenced in the 2012 Loan is hereby deleted in its entirety and shall, as of the Amendment Effective Date, be amended to read in its entirety as follows:

"Maturity Date: December 31, 2015"

2. Annual Interest Rate. The Annual Interest Rate referenced in the 2012 Loan is hereby deleted in its entirety and shall, as of the Amendment Effective Date, be amended to read in its entirety as follows:

“Annual Interest Rate: The Annual Interest Rate from September 24, 2012 to the Amendment Effective Date shall be eight percent (8%) per annum, and shall be adjusted to six percent (6%) per annum thereafter until the Maturity Date.”

3. Principal Amount. The Principal Amount referenced in the 2012 Loan is hereby deleted in its entirety and shall, as of the Amendment Effective Date, be amended to read in its entirety as follows:

“Principal Amount: Up to a maximum of \$2,000,000.

4. Security for Payment. The Security for Payment referenced in the 2012 Loan is hereby deleted in its entirety and shall, as of the Amendment Effective Date, be amended to read in its entirety as follows:

“**Security for Payment:** This note is secured by the general assets of Flux Power Inc.

Notwithstanding any provision herein to the contrary, it is expressly understood that this note is a revolving note, and Lender may in his discretion, but shall not be obligated to, advance funds pursuant to this note from time to time until 90 days from the Maturity Date, after which no advances shall be made under this note. All advances shall be requested by Borrower by means of the attached advance request notice and notation made by Borrower in their records regarding this note hereunder shall reflect any advance and each payment of principal. The aggregate unpaid amount of advances reflected by the notation shall be deemed rebuttably presumptive evidence of the principal amount owing under this note, which amount the undersigned unconditionally promises to pay to the order of Lender under the terms hereof. The minimum amount of any advance shall be \$10,000.00. The advances and repayments of principal under this note are not limited to \$2,000,000 of principal, but to \$2,000,000 of principal at any one time outstanding.

Borrower promises to pay to the order of Lender the Principal Amount plus interest and any fees at the Annual Interest Rate. This note is payable at the Place for Payment and according to the Terms of Payment. All unpaid amounts are due by the Maturity Date. After maturity, Borrower promises to pay any unpaid principal balance plus interest at the Annual Interest Rate on Matured, Unpaid Amounts.”

5. Optional Conversion. Effective on the Amendment Effective Date, the 2012 Loan is hereby amended by adding the following Optional Conversion provision to the terms and conditions of the 2012 Loan:

“Optional Conversion.

(a) Conversion Right. All advances and all unpaid interest accrued under this Note (collectively, the “Term Loan Balance”) may, at the option of the Lender and upon five (5) days prior written notice (pursuant to the form of notice attached hereto as Exhibit A), be converted in whole or in part into a number of shares of Common Stock of Flux Power Holdings, Inc. (the “Flux Shares”) on a per share conversion price equal to \$0.30 (the “Conversion Price”), as such price may be adjusted from time to time pursuant to the terms and conditions set forth herein; provided, however, the Lender shall have the option to convert up to \$400,000 of the Term Loan Balance for Flux Shares at a per share conversion price equal to \$0.06 if such notice of conversion is provided to Borrower on or before December 31, 2013. As promptly as practicable after such conversion, the Borrower shall cause Flux Power to issue and deliver to the Lender a certificate or certificates representing the full number of Flux Shares issuable upon such conversion (and the issuance of such certificate or certificates shall be made without charge to the Lender for any issuance in respect thereof or other cost incurred by the Lender in connection with such conversion and the related issuance of shares).

(b) Adjustment for Dividends and Distributions. If at any time after the date hereof, Flux Power shall make or issue, or shall fix a record date for the determination of eligible holders of securities entitled to receive, a dividend or other distribution payable with respect to the Flux Shares that is payable in (i) securities of Flux Power other than capital stock or (ii) any other assets, then, and in each such case, the Lender, upon conversion of the Term Loan Balance at any time after the consummation, effective date or record date of such event, shall receive, in addition to the Flux Shares issuable upon such conversion prior to such date, the securities or such other assets of Flux Power to which the Lender would have been entitled upon such date if the Lender had converted the Term Loan Balance immediately prior thereto (all subject to further adjustment as provided in this 2012 Loan).

(c) Reorganizations, Mergers, Consolidations or Asset Sales. If at any time after the date hereof there is a tender offer, exchange offer, merger, consolidation, recapitalization, sale of all or substantially all of Flux Power's assets or reorganization involving the Flux Shares (each, a "Capital Reorganization"), provision shall be made so that the Lender will thereafter be entitled to receive upon conversion of the Term Loan Balance the number of Flux Shares or other securities or property of Flux Power to which a holder of the number of Flux Shares deliverable upon conversion would have been entitled on such Capital Reorganization, subject to adjustment in respect to such stock or securities by the terms thereof. In any such case, appropriate adjustment will be made in the application of the provisions of this paragraph with respect to the rights of the Lender after the Capital Reorganization to the end that the provisions of this paragraph (including adjustment of the Conversion Price then in effect and the number of shares issuable upon conversion of the Term Loan Balance) will be applicable after that event and be as nearly equivalent as practicable.

(d) Certificate As To Adjustments. Upon the occurrence of each adjustment or readjustment of the Conversion Price, Flux Power at its expense shall promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to the Lender a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment are based and shall file a copy of such certificate with its corporate records. Flux Power shall, upon the reasonable written request of the Lender, furnish or cause to be furnished to the Lender a similar certificate setting forth (i) such adjustments and readjustments, (ii) the Conversion Price then in effect, and (iii) the number of Flux Shares and the amount, if any, of other property which then would be received upon the conversion of the Term Loan Balance."

6. Except as amended hereby, all the terms of the Agreement are hereby ratified and acknowledged as being in full force and effect.

7. This Amendment may be executed in two counterparts, each of which shall constitute an original and which, together, shall constitute one and the same instrument. The parties may execute facsimile copies of this Amendment and delivery by facsimile shall be deemed to be delivery of an executed Amendment.

IN WITNESS WHEREOF, the Parties have caused this Amendment to be executed by its authorized representative this 16th day of October, 2013.

BORROWER

Flux Power, Inc.,
a California corporation

By: /s/ Ronald Dutt
Name: Ronald Dutt
Title: Chief Executive Officer

LENDER

Esenjay Investments, LLC,

By: /s/Howard Williams
Name: Howard Williams
Title: Treasurer

Agreed and consent as to Section 5 of this Amendment.

Flux Power Holdings, Inc.,
a Nevada corporation

By: /s/ Ronald Dutt
Name: Ronald Dutt
Title: Chief Executive Officer
Dated: October 16, 2013

EXHIBIT A

NOTICE OF CONVERSION

The undersigned hereby irrevocably elects to convert \$ _____ under the Unrestricted and Open Line of Credit, dated September 24, 2012 and as amended (the "Note"), to purchase _____ shares of Common Stock of Flux Power Holdings, Inc., a Nevada corporation (the "Flux Shares"), in accordance with the terms and conditions of the Note.

In connection to this Notice of Conversion, the undersigned hereby represents and warrants to the Flux Power Holdings, Inc. (the "Company") as follows:

a. The undersigned represents that the Flux Shares to be received will be acquired for investment for its own account, not as a nominee or agent, and not with a view to the sale or distribution of any part thereof, and that it has no present intention of securing, granting any participation in or otherwise distributing the same. The undersigned further represents that it does not have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participation to such person or to any third person, with respect to any of the Flux Shares.

a. The undersigned is fully aware of: (1) the highly speculative nature of the investment in the Flux Shares; (2) the financial hazards involved; (3) the lack of liquidity of the Flux Shares and the restrictions on transferability of the Flux Shares; and (4) the qualifications and backgrounds of the management of the Company.

b. The undersigned understands and acknowledges that the offering of the Flux Shares have not and will not be registered under the Securities Act of 1933, as amended (the "Securities Act") on the ground that the sale and the issuance of securities hereunder is exempt under the pursuant to Section 4(2) of the Securities Act, and that the Company's reliance on such exemption is predicated on the undersigned's representations set forth herein.

c. At no time was the undersigned presented with or solicited by any publicly issued or circulated newspaper, mail, radio, television or other form of general advertising or solicitation in connection with the offer, sale and purchase of the Flux Shares.

d. The certificates for the Flux Shares will bear one or more restrictive legends determined by counsel to the Company to be necessary or appropriate in order to comply with federal or state securities law or to secure or protect any applicable exemptions from registration or qualification.

e. The undersigned represents that it is experienced technology companies such as the Company, is able to fend for itself in transactions, has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its prospective investment in the Company, and has the ability to bear the economic risks of the investment.

f. The undersigned acknowledges and understands that the Flux Shares, must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available, and that the Company is under no obligation to register the Flux Shares.

g. The undersigned understands that the Flux Shares the undersigned is purchasing are characterized as "restricted securities" under the federal securities laws inasmuch as they are being acquired from the Company in a transaction not involving a public offering and that under such laws and regulations such securities may be resold without registration under the Securities Act only in certain limited circumstances. The undersigned is familiar with Rule 144, as presently in effect, and understands the resale limitations imposed thereby and by the Securities Act. The undersigned also acknowledges that the Company was a former "shell company" (as defined in Rule 12b-2 under the Exchange Act of 1934, as amended) and as such the undersigned understands Rule 144 is not currently available for the sale of the Flux Shares and may never be so available.

h. The undersigned is an "accredited investor" as defined in Rule 501(a) under the Securities Act or a "qualified institutional buyer" as defined in Rule 144A(a) under the Securities Act.

Esenjay Investments, LLC

Signature: _____
[Name, Title]

Date: _____

Address: _____
