

**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): March 28, 2011

**WPCS INTERNATIONAL INCORPORATED**  
(Exact name of registrant as specified in its charter)

**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**0-26277**  
(Commission  
File Number)

**98-0204758**  
(IRS Employer  
Identification No.)

**One East Uwchlan Avenue, Suite 301, Exton, PA 19341**  
(Address of principal executive offices and zip code)

**Registrant's telephone number, including area code: (610) 903-0400**

**Copy of correspondence to:**

Marc J. Ross, Esq.  
Thomas A. Rose, Esq.  
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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.

On March 28, 2011 but effective as of February 28, 2011, WPCS International Incorporated (the "Company") and its United States based subsidiaries (the "Subsidiaries") entered into a first amendment to forbearance agreement (the "Forbearance Amendment") with Bank of America, N.A. ("BOA") pursuant to which the forbearance agreement, dated as of December 22, 2010 by and among BOA, the Company and the Company's Subsidiaries (the "Forbearance Agreement"), was amended, whereby BOA agreed to not exercise its rights or remedies against the Company as a result of certain events of default pursuant to the loan and security agreements (collectively, the "Loan Documents"), as amended, previously entered into between the Company and BOA. Pursuant to the Forbearance Amendment, BOA agreed to forbear as a result of existing events of default under the Loan Documents until the earlier of (a) September 30, 2011 or (b) an event of termination under the Forbearance Agreement. Pursuant to the Forbearance Amendment, the Company and BOA agreed that:

1. During the term of the Forbearance Amendment, available funds pursuant to the Loan Documents will be limited to the lesser of (a) \$7,000,000 or (b) the aggregate sum of (i) 70% of eligible accounts receivable (as defined in the Forbearance Agreement) which are not more than 90 days past original invoice date, plus (ii) 30% percent of eligible inventory (as defined in the Forbearance Agreement);
2. By April 30, 2011, the Company shall prepare and submit to BOA a budget on a month by month basis, for the period through September 30, 2011;
3. The Company shall deliver to BOA management-prepared income statement and balance sheet, with a comparison of actual and budgeted results, with a written explanation of any significant deviation from budgeted amounts, with the statements for January 2011 delivered upon execution of the Forbearance Amendment, and thereafter within 30 days after the end of each successive month, starting with February 28, 2011;
4. During the term of the Forbearance Amendment, the "Minimum Year-to-Date EBITDA" requirement of the Loan Agreement was amended so that the Company is required to maintain, on a consolidated basis (but excluding the results for Taian AGS Pipeline Construction Co., Ltd. ("TAGS")), EBITDA on a quarterly basis of not less than \$425,000 for the quarters ending April 30, 2011 and July 31, 2011;
5. During the term of the Forbearance Amendment, the "Interest Coverage Ratio" requirement of the Loan Agreement was amended so that the Company is required to maintain, on a consolidated basis (but excluding the results for TAGS), an Interest Coverage Ratio, on a quarterly (and not a rolling four-quarter) basis, of at least 3.0 to 1.0 for the quarters ending April 30, 2011 and July 31, 2011. Pursuant to the Forbearance Amendment, "Interest Coverage Ratio" means the ratio of (a) EBITDA minus unfinanced capital expenditures, to (b) interest expense;
6. During the term of the Forbearance Amendment, the "Funded Debt to EBITDA Ratio" requirement of the Loan Agreement was amended so that the Company is required to maintain, on a consolidated basis (but excluding the results for TAGS), a Funded Debt to EBITDA Ratio on a quarterly basis of not more than (x) 21.0 to 1.0 for the quarter ending April 30, 2011, and (y) 12.0 to 1.0 for the quarter ending July 31, 2011;
7. During the term of the Forbearance Amendment, the Company is required to maintain, on a consolidated basis (but excluding the results for TAGS), a Basic Fixed Charge Coverage Ratio of not less than 1.2 to 1.0 as of the end of each quarterly period, commencing with the period ending April 30, 2011. Pursuant to the Forbearance Amendment, "Basic Fixed Charge Coverage Ratio" means the ratio of (a) the sum of EBITDA plus lease expense and rent expense, minus cash income tax (to the extent not previously deducted), minus dividends, withdrawals, and other distributions, minus unfinanced capital expenditures, to (b) the sum of interest expense, lease expense, rent expense, the current portion of long term debt, and the current portion of capitalized leases;
8. During the term of the Forbearance Amendment, the Company is prohibited from, without BOA's prior written consent, (A) advance any loans (including the provision of goods or services without the expectation or requirement of prompt payment), (B) contribute any capital, (C) sell any goods or provide any services on terms which are more preferential than those offered to unaffiliated third parties, or (D) provide any other direct or indirect financial support, however characterized, to the Chinese affiliates or subsidiaries of the Company, WPCS Asia Limited and TAGS; and
9. The Company will pay a forbearance fee of \$35,000 and reimburse BOA for costs and expenses incurred as a result of the Forbearance Amendment.

In addition, in connection with the Forbearance Amendment, the Company, Subsidiaries and BOA entered into an amended and restated security agreement.

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**ITEM 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

10.01 First Amendment to Forbearance Agreement, dated as of March 28, 2011 and effective as of February 28, 2011, by and among Bank of America, N.A., WPCS International Incorporated, WPCS International – Sarasota, Inc., WPCS International – St. Louis, Inc., WPCS International – Lakewood, Inc., WPCS International – Suisun City, Inc., WPCS International – Hartford, Inc., WPCS International - Seattle, Inc., WPCS International – Trenton, Inc., and WPCS International – Portland, Inc.

10.02 Amended and Restated Security Agreement (Multiple Use), dated as of March 28, 2011 and effective as of February 28, 2011, by and among Bank of America, N.A., WPCS International Incorporated, WPCS International – Sarasota, Inc., WPCS International – St. Louis, Inc., WPCS International – Lakewood, Inc., WPCS International – Suisun City, Inc., WPCS International – Hartford, Inc., WPCS International - Seattle, Inc., WPCS International – Trenton, Inc., and WPCS International – Portland, Inc.

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**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.

**WPCS INTERNATIONAL INCORPORATED**

Date: March 29, 2011

By: /s/ JOSEPH HEATER

Joseph Heater  
Chief Financial Officer

**FIRST AMENDMENT TO  
FORBEARANCE AGREEMENT**

This First Amendment to Forbearance Agreement (this “**Amendment**” or this “**Forbearance Amendment**”) is made as of March 28, 2011, effective as of February 28, 2011, by and among **BANK OF AMERICA, N.A. (“Bank”)**, a national banking association, having an office and place of business located at c/o Special Assets Group, 111 Westminster Street, Mail Stop R11-102-15-01, Providence, Rhode Island 02903, and **WPCS INTERNATIONAL INCORPORATED (“WPCS”)**, a corporation of the State of Delaware, **WPCS INTERNATIONAL – SARASOTA, INC.** (formerly Southeastern Communication Services, Inc., herein “**Sarasota**”) a corporation of the State of Florida, **WPCS INTERNATIONAL – ST. LOUIS, INC.** (formerly Heinz Corporation, herein “**St. Louis**”), a corporation of the State of Missouri, **WPCS INTERNATIONAL – LAKEWOOD, INC.** (formerly Quality Communications & Alarm Company, Inc., herein “**Lakewood**”), a corporation of the State of New Jersey, **WPCS INTERNATIONAL – SUISUN CITY, INC.** (formerly Walker Comm Inc., herein “**Suisun City**”), a corporation of the State of California, **WPCS INTERNATIONAL – HARTFORD, INC.** (formerly New England Communications Systems, Inc., herein “**Hartford**”), a corporation of the State of Connecticut, **WPCS INTERNATIONAL - SEATTLE, INC.** (formerly Major Electric Inc., herein “**Seattle**”), a corporation of the State of Washington, **WPCS INTERNATIONAL – TRENTON, INC.** (formerly Voacolo Electric Incorporated, herein “**Trenton**”), a corporation of the State of New Jersey, and **WPCS INTERNATIONAL – PORTLAND, INC.**, a corporation of the State of Oregon (formerly Midway Electric Company, herein “**Portland**” and, collectively with WPCS, Sarasota, St. Louis, Lakewood, Suisun City, Hartford, Seattle, and Trenton, “**Borrowers**”).

**BACKGROUND:**

**WHEREAS**, Bank and Borrowers are parties to a certain Forbearance Agreement dated December 22, 2010 (the “**Forbearance Agreement**”) with respect to the Existing Events of Default which had occurred and were continuing under the Loan Documents; and

**WHEREAS**, Bank has agreed to, among other things, extend Forbearance Period, subject to the terms and conditions set forth herein; and

**WHEREAS**, since the execution of the Forbearance Agreement, Borrowers failed to (or anticipate that they shall fail to) comply, as of January 31, 2011, with (i) the requirement to maintain Year-to-Date EBITDA of not less than \$1,983,000.00 as required by Section 8.3 of the Loan Agreement (the “**YTDE Default**”) and (ii) the requirement to maintain a Funded Debt to EBITDA Ratio of not more than 3.25 to 1.00 as required by Section 8.25 of the Loan Agreement (the “**Debt to EBITDA Default**” and, collectively with the YTDE Default, the “**Additional Defaults**”); and

**WHEREAS**, Borrowers have requested that the Bank extend its forbearance to the Additional Defaults and the Bank has approved this request; and

**WHEREAS**, Bank and Borrowers wish to memorialize the terms of their agreements by this writing,

NOW, THEREFORE, Bank and Borrowers agree as follows:

1. **Incorporation of Recitals**. Each of the foregoing recitals is hereby acknowledged and affirmed as being accurate and complete and is hereby incorporated as part of this Forbearance Amendment.

2. **Defined Terms**. Each capitalized term used, but not defined, in this Forbearance Amendment shall be defined as set forth in the Forbearance Agreement or the Loan Documents, as applicable. In the event of any inconsistencies between definitions, the definition set forth in the Forbearance Agreement shall be controlling. Any reference to the "Forbearance Agreement" in this Forbearance Amendment shall be deemed to refer to the Forbearance Agreement as modified by this Forbearance Amendment.

3. **Existing Defaults**.

- (a) The Borrowers hereby acknowledge and agree that the Existing Events of Default described in the Forbearance Agreement have occurred and are continuing.
- (b) Borrowers and Bank hereby acknowledge and agree that, for the purposes of the Forbearance Agreement and this Amendment, the term "Existing Events of Default" shall be deemed to include the Additional Defaults.

4. **Amendments to the Forbearance Agreement**.

- (a) Paragraph 2 of the Forbearance Agreement is hereby amended and restated to read as follows:

2. **Temporary Forbearance**. Subject to the satisfaction of the terms and conditions set forth herein, during the period (the "**Forbearance Period**") commencing on the date of this Agreement and continuing until that date which is the earliest to occur of (a) September 30, 2011, and (b) the date of the occurrence of any one or more of the Events of Termination set forth in this Agreement, the Bank will not exercise or enforce its rights or remedies against Borrowers to which Bank would be entitled under the terms of the Loan Documents by reason of the occurrence of the Forbearance Defaults; provided that such forbearance shall not act as a waiver of Bank's right to enforce any such right or remedy after the termination or conclusion of the Forbearance Period.

Upon the occurrence of any Event of Termination, the Bank shall have the immediate right to exercise all of the rights and remedies which are available to it under the Loan Documents, at law and in equity.

Upon the lapse or termination of the Forbearance Period, all Obligations under the Loan Agreement, including without limitation all principal, all accrued and unpaid interest, fees, and charges, if any, and all unpaid or unreimbursed amounts due pursuant to this Agreement shall be and become immediately due and payable, without notice or demand.

All payments received by Bank with respect to the Obligations, howsoever designated by Borrowers, may be applied by Bank to the indebtedness and obligations related to the Loan, including principal, accrued and unpaid interest fees and charges, and costs incurred by Bank, in such order as Bank, acting in its sole and absolute discretion may elect.

- (b) The first sentence of clause 3(a)(ii) of the Forbearance Agreement is hereby amended to (y) delete the following amount: “Seven Million Six Hundred Thousand Dollars (\$7,600,000.00)” and (z) insert the following amount: “Seven Million Dollars (\$7,000,000.00)” in lieu thereof.
- (c) Sub-Paragraph 3(d) of the Forbearance Agreement is hereby amended and restated to read as follows:
- (d) Budget. Not later than April 30, 2011, the Bank shall receive the Borrowers’ detailed budget and financial projections, on a month by month basis, for the period through September 30, 2011, as reviewed and commented on (in writing) by the Consultant.
- (d) Notwithstanding anything in the Loan Documents to the contrary, from on and after the date of this Agreement, the Bank and Borrowers agree that the following additional terms and conditions are added to Section 3 of the Forbearance Agreement, “Forbearance Terms and Conditions”:
- (i) In addition to the Financial Information required to be delivered pursuant to Section 8.2, “Financial Statements” of the Loan Agreement, Borrowers agree to deliver to Bank (x) upon the execution of this Amendment, for the month ending January 31, 2011, and (y) thereafter within thirty (30) days of the end of each successive month, beginning with the month ending February 28, 2011, a management-prepared income statement and balance sheet, prepared on a consolidating and consolidated basis for WPCS International Incorporated and each of its subsidiaries together with a comparison of actual versus budgeted results (1) for the consolidating income statement and (2) for the consolidated balance sheet, in each case accompanied by a written explanation of any significant deviation from budgeted amounts.
- (ii) During the Forbearance Period:
- (A) the “Minimum Year-to-Date EBITDA” requirement set forth in Section 8.3 of the Loan Agreement shall be amended so that Borrowers shall be required to maintain, on a consolidated basis (but excluding the results for Taian AGS Pipeline Construction Co., Ltd. [“TAGS”]), EBITDA on a quarterly basis of not less than \$425,000.00 for the quarters ending April 30, 2011 and July 31, 2011; and
- (B) the “Interest Coverage Ratio” requirement set forth in Section 8.5 of the Loan Agreement shall be amended so that Borrowers shall be required to maintain, on a consolidated basis (but excluding the results for TAGS), an Interest Coverage Ratio, on a quarterly (and not a rolling four-quarter) basis, of at least 3.0 to 1.0 for the quarters ending April 30, 2011 and July 31, 2011, provided that for the purposes of this Agreement “**Interest Coverage Ratio**” means the ratio of (a) EBITDA minus unfinanced capital expenditures, to (b) interest expense; and
- (C) the “Funded Debt to EBITDA Ratio” requirement set forth in Section 8.25 of the Loan Agreement shall be amended so that Borrowers shall be required to maintain, on a consolidated basis (but excluding the results for TAGS), a Funded Debt to EBITDA Ratio on a quarterly basis of not more than (x) 21.0 to 1.0 for the quarter ending April 30, 2011, and (y) 12.0 to 1.0 for the quarter ending July 31, 2011.

- (iii) During the Forbearance Period, in addition to the requirements to comply, as and when required by the Loan Agreement, with (A) the “Minimum Year-to-Date EBITDA requirement set forth in Section 8.3 of the Loan Agreement (as amended by this Forbearance Amendment), (B) the “Funded Debt to Tangible Net Worth Ratio set forth in Section 8.4 of the Loan Agreement, (C) the “Interest Coverage Ratio” set forth in Section 8.5 of the Loan Agreement (as amended by this Forbearance Amendment), and (D) the “Funded Debt to EBITDA Ratio” set forth in Section 8.25 of the Loan Agreement (as amended by this Forbearance Amendment), Borrowers shall maintain, on a consolidated basis (but excluding the results for TAGS), a Basic Fixed Charge Coverage Ratio of not less than 1.2 to 1.0 as of the end of each quarterly period, commencing with the period ending April 30, 2011.

“**Basic Fixed Charge Coverage Ratio**” means the ratio of (a) the sum of EBITDA plus lease expense and rent expense, minus cash income tax (to the extent not previously deducted), minus dividends, withdrawals, and other distributions, minus unfinanced capital expenditures, to (b) the sum of interest expense, lease expense, rent expense, the current portion of long term debt, and the current portion of capitalized leases

The current portion of long-term liabilities will be measured as of the last day of the calculation period.

- (iv) During the Forbearance Period Borrowers shall not without the prior written consent of Bank which may be granted or withheld in Bank’s sole and absolute discretion, (A) advance any loans (including the provision of goods or services without the expectation or requirement of prompt payment), (B) contribute any capital, (C) sell any goods or provide any services on terms which are more preferential than those offered to unaffiliated third parties, or (D) provide any other direct or indirect financial support, however characterized, to the Chinese affiliates or subsidiaries of Borrowers, WPCS Asia Limited and TAGS.
- (e) Paragraph 5. of the Forbearance Agreement, “Cross Default and Cross-Collateralization”, is hereby amended and restated to read as follows:

**5. Cross-Default and Cross-Collateralization.** The Borrowers agree that (a) all Collateral previously, now or hereafter pledged by the Borrowers to the Bank as collateral security for the Loan and/or any other indebtedness, obligations or liabilities of any kind or description of Borrowers to Bank or to any affiliate or subsidiary of the Bank, whether now existing or hereafter arising, shall serve as security for the Loan and all such other indebtedness, obligations or liabilities; including without limitation any loan, credit card obligation, lease, obligation or liability for treasury management services, or obligation or liability under any swap or other derivative transaction, and (b) a default by any of the Borrowers under the terms of any agreement between the Bank or any affiliate or subsidiary of the Bank and the Borrowers shall constitute a default as to the Loan and all other indebtedness, obligations or liabilities of the Borrowers to the Bank or any affiliate or subsidiary of the Bank and under all agreements between the Borrowers and the Bank and any affiliate or subsidiary of the Bank. Further, the Borrowers hereby agree to execute and deliver to the Bank any and all documents and to do all things that the Bank may require, in its sole and absolute discretion, to give effect to the cross-collateralization and cross-default of such obligations.



**5. Conditions to Effectiveness of this Amendment.** The extension of the Forbearance Period set forth in sub-paragraph 4(a) of this Forbearance Amendment is further conditioned upon the execution by all parties of this Amendment and (a) the Bank's receipt of the documents, instruments and agreements listed below, fully executed by all parties thereto, and in form and substance satisfactory to the Bank, (b) the Bank's receipt of the amounts specified below, in cash in immediately available funds, and (c) satisfaction of the other requirements set forth below:

- (i) Upon the execution of this Amendment, such enabling resolutions, officer certificates and other documents, agreements and instruments which Bank determines are reasonably necessary to memorialize or carry out the intents and purposes of this Amendment;
- (ii) On or before the execution of this Amendment, a countersigned copy of the notice letter from Bank regarding the requirement to pre-fund all Automated Clearing House ("ACH") transactions and other changes to Borrowers' ACH arrangements with the Bank;
- (iii) Upon the execution of this Amendment, an amended and restated Security Agreement (Multiple Use) in form and substance acceptable to Bank, securing all obligations, debts and liabilities of the Borrowers to the Bank and all affiliates and subsidiaries of the Bank;
- (iv) Payment by Borrowers of a forbearance extension fee in the amount of Thirty Five Thousand Dollars (\$35,000.00), which shall be deemed fully earned, non-refundable and not subject to rebate or proration. Provided also, however, as an accommodation to the Borrowers, such forbearance extension fee shall be paid in two (2) equal installments of Seventeen Thousand Five Hundred Dollars (\$17,500.00) each, the first of which shall be due and payable upon the execution of this Amendment, with the balance due and payable on the date which is thirty (30) days after the execution of this Amendment or such earlier date upon which the Forbearance Period is terminated for any reason.
- (v) Upon the execution of this Amendment, payment by Borrowers of the out-of-pocket costs and expenses incurred by the Bank from the date of the Forbearance Agreement through the date of this Amendment consisting of legal fees and costs of \$4,219.32.
- (vi) No material adverse change shall have occurred in the condition, financial or otherwise, operations, properties, assets or prospects of Borrowers since the date of the Forbearance Agreement which has not been disclosed to the Bank prior to the date of this Amendment, and Borrowers hereby represent and warrant to Bank that, as of the date of this Amendment, all such occurrences have been disclosed.
- (vii) There shall exist no material threatened or pending litigation or material contingent obligations with respect to Borrowers, and Borrowers hereby represent and warrant to Bank that, as of the date of this Amendment, there is no pending litigation and/or outstanding judgments against any of the Borrowers.
- (viii) Borrowers shall continue to be obligated to make all payments under the Loan Documents as and when due, including the timely payment of interest with respect to the Obligations and shall comply with all of the other terms and conditions set forth in the Loan Documents, as modified by the Forbearance Agreement.

- 6. Ratification of Forbearance Agreement and Loan Documents.** Except as expressly modified herein, all terms and conditions of the Forbearance Agreement, and the Loan Documents remain in full force and effect. Borrowers reaffirm all of the terms, conditions, representations and warranties of the Forbearance Agreement and the Loan Documents (except as expressly modified by the Forbearance Agreement or this Forbearance Amendment) and acknowledge that all of the Borrowers' obligations and liabilities under the Loan Documents are, by Borrowers' execution of this Forbearance Amendment, ratified and confirmed in all respects by Borrowers. Borrowers acknowledge that all of their obligations, indebtedness and liabilities to Bank under the Loan Documents are joint and several.
- 7. Release of Bank.** In consideration of Bank's extension of the Forbearance Period, each Borrower, by its execution of this Amendment, hereby acknowledges and confirms that it does not have any offsets, defenses or claims against the Bank, or any of its subsidiaries, affiliates, officers, directors, employees, agents, attorneys, predecessors, successors or assigns whether asserted or unasserted. To the extent that such offsets, defenses or claims may exist, the Borrowers and each of their respective successors, assigns, parents, subsidiaries, affiliates, predecessors, employees, agents, heirs and executors, as applicable (collectively, "**Releasers**"), jointly and severally, release and forever discharge the Bank, its subsidiaries, affiliates, officers, directors, employees, agents, attorneys, predecessors, successors and assigns, both present and former (collectively the "**Bank Affiliates**") of and from any and all manner of actions, causes of action, suits, debts, controversies, damages, judgments, executions, claims and demands whatsoever, asserted or unasserted, in law or in equity, which Releasers ever had or now have against the Bank and/or Bank Affiliates, including, without limitation, any presently existing claim or defense whether or not presently suspected, contemplated or anticipated.
- 8. No Waiver by Bank.** Nothing in this Forbearance Amendment shall extend to or affect in any way any of the rights of Bank and remedies of Bank arising under the Forbearance Agreement or the Loan Documents. Except as specifically set forth in this Forbearance Amendment, Bank shall not be deemed to have waived any or all of such rights or remedies with respect to any default or Event of Default or event or condition which, with notice or the lapse of time, or both, would become a default or Event of Default under the Loan Documents or an Event of Termination under the Forbearance Agreement and which upon Borrowers' execution and delivery of this Forbearance Amendment might otherwise exist or which might hereafter occur. The failure of Bank at any time or times hereafter to require strict performance by Borrowers of any of the provisions, warranties, terms and conditions contained in the Forbearance Agreement, in this Forbearance Amendment or in the Loan Documents shall not waive, affect or diminish any right of Bank at any time or times thereafter to demand strict performance thereof; and, no rights of Bank hereunder shall be deemed to have been waived by any act or knowledge of Bank, its agents, officers or employees, unless such waiver is contained in an instrument in writing signed by an officer of Bank and directed to the applicable Borrowers specifying such waiver. No waiver by Bank of any of its rights shall operate as a waiver of any other of its rights or any of its rights on a future occasion.
- 9. Representations, Warranties and Acknowledgments.** Each Borrower hereby represents and warrants that it (i) is represented by legal counsel of its choice, or (ii) has knowingly and intentionally waived its right to have legal counsel of its choice review this Forbearance Amendment and represent it them with respect to the negotiation and preparation of this Forbearance Amendment; and, in either event, is fully aware of the terms contained in this Forbearance Amendment and has voluntarily and without coercion or duress of any kind, entered into this Forbearance Amendment and the documents executed in connection with this Forbearance Amendment.

10. **Changes in Writing.** No modification, amendment or waiver of any provision of this Forbearance Amendment nor consent to any departure by Borrowers or Bank therefrom will be effective unless made in a writing and signed by all parties, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given.
11. **Counterparts.** This Forbearance Amendment may be executed in counterparts, each of which will be deemed an original document, but all of which will constitute a single document.
12. **Governing Law.** It is the desire and intention of the parties that this Amendment be in all respects interpreted according to the laws of the State of New York (the “State”). Each Borrower specifically and irrevocably consents to the jurisdiction and venue of the state and federal courts of the State sitting in the County of New York or the Southern District of New York, respectively, with respect to all matters concerning this Agreement or the Loan Documents or the enforcement of any of the foregoing. Each Borrower agrees that the execution and performance of this Agreement shall have a State situs and accordingly, consents to personal jurisdiction in the State.
13. **WAIVER OF JURY TRIAL.** EACH BORROWER AND BANK EACH KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHT IT MAY NOW OR HEREAFTER HAVE TO A TRIAL BY JURY IN RESPECT OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AMENDMENT OR THE UNDERLYING TRANSACTIONS. EACH BORROWER CERTIFIES THAT NEITHER BANK NOR ANY OF ITS REPRESENTATIVES, AGENTS OR COUNSEL HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT BANK WOULD NOT, IN THE EVENT OF ANY SUCH SUIT, SEEK TO ENFORCE THIS WAIVER OF RIGHT TO TRIAL BY JURY.

[Signature page follows.]

IN WITNESS WHEREOF, the parties have executed this First Amendment to Forbearance Agreement as an instrument under seal as of the day and year first written above.

BANK OF AMERICA, N.A.

By: /s/ EDMOND T. GIORGI  
Edmond T. Giorgi,  
Vice President

ATTEST/WITNESS:

WPCS INTERNATIONAL INCORPORATED

By: /s/ HUIJUAN WANG  
Print Name: Huijuan Wang  
Print Title: Witness

By: /s/ JOSEPH HEATER  
Print Name: Joseph Heater  
Print Title: Authorized Signatory

WPCS INTERNATIONAL – SARASOTA, INC.

By: /s/ HUIJUAN WANG  
Print Name: Huijuan Wang  
Print Title: Witness

By: /s/ JOSEPH HEATER  
Print Name: Joseph Heater  
Print Title: Authorized Signatory

WPCS INTERNATIONAL – ST. LOUIS, INC.

By: /s/ HUIJUAN WANG  
Print Name: Huijuan Wang  
Print Title: Witness

By: /s/ JOSEPH HEATER  
Print Name: Joseph Heater  
Print Title: Authorized Signatory

WPCS INTERNATIONAL – LAKEWOOD, INC.

By: /s/ HUIJUAN WANG  
Print Name: Huijuan Wang  
Print Title: Witness

By: /s/ JOSEPH HEATER  
Print Name: Joseph Heater  
Print Title: Authorized Signatory

WPCS INTERNATIONAL – SUISUN CITY, INC.

By: /s/ HUIJUAN WANG  
Print Name: Huijuan Wang  
Print Title: Witness

By: /s/ JOSEPH HEATER  
Print Name: Joseph Heater  
Print Title: Authorized Signatory

WPCS INTERNATIONAL – HARTFORD, INC.

By: /s/ HUIJUAN WANG  
Print Name: Huijuan Wang  
Print Title: Witness

By: /s/ JOSEPH HEATER  
Print Name: Joseph Heater  
Print Title: Authorized Signatory

[SIGNATURES CONTINUE ON NEXT PAGE]

WPCS INTERNATIONAL - SEATTLE, INC.

By: /s/ HUIJUAN WANG  
Print Name: Huijuan Wang  
Print Title: Witness

By: /s/ JOSEPH HEATER  
Print Name: Joseph Heater  
Print Title: Authorized Signatory

WPCS INTERNATIONAL – TRENTON, INC.

By: /s/ HUIJUAN WANG  
Print Name: Huijuan Wang  
Print Title: Witness

By: /s/ JOSEPH HEATER  
Print Name: Joseph Heater  
Print Title: Authorized Signatory

WPCS INTERNATIONAL – PORTLAND, INC.

By: /s/ HUIJUAN WANG  
Print Name: Huijuan Wang  
Print Title: Witness

By: /s/ JOSEPH HEATER  
Print Name: Joseph Heater  
Print Title: Authorized Signatory

[CORPORATE NOTARY ACKNOWLEDGMENT FOLLOWS]

**CORPORATE ACKNOWLEDGMENT**

STATE OF \_\_\_\_\_ :  
SS :  
COUNTY OF \_\_\_\_\_ :

**BE IT REMEMBERED**, that on this \_\_\_\_\_ day of March, 2011, before me the subscriber, a Notary Public of the State and County aforesaid, personally appeared Joseph Heater, being by me duly sworn on her oath, deposed and made proof to my satisfaction, that he is an authorized signatory of WPCS International Incorporated, WPCS International-Sarasota, Inc., WPCS International-St. Louis, Inc., WPCS International-Lakewood, Inc., WPCS International-Suisun City, Inc., WPCS International-Hartford, Inc., WPCS International-Seattle, Inc., and WPCS International-Trenton, Inc., and WPCS International Portland, Inc., the corporations named in the within instrument, that the execution of the within instrument was duly authorized by all requisite corporate action; and that he executed the within instrument in his capacity as such authorized signatory, as and for the voluntary act and deed of said corporation.

WITNESS my hand and seal the day and year aforesaid.

\_\_\_\_\_  
Notary Public

My commission expires:



**AMENDED AND RESTATED  
SECURITY AGREEMENT  
(Multiple Use)**

1. THE SECURITY. The undersigned WPCS INTERNATIONAL INCORPORATED (“WPCS”), a corporation of the State of Delaware, WPCS INTERNATIONAL – SARASOTA, INC. (formerly Southeastern Communication Services, Inc., herein “Sarasota”) a corporation of the State of Florida, WPCS INTERNATIONAL – ST. LOUIS, INC. (formerly Heinz Corporation, herein “St. Louis”), a corporation of the State of Missouri, WPCS INTERNATIONAL – LAKEWOOD, INC. (formerly Quality Communications & Alarm Company, Inc., herein “Lakewood”), a corporation of the State of New Jersey, WPCS INTERNATIONAL – SUISUN CITY, INC. (formerly Walker Comm Inc., herein “Suisun City”), a corporation of the State of California, WPCS INTERNATIONAL – HARTFORD, INC. (formerly New England Communications Systems, Inc., herein “Hartford”), a corporation of the State of Connecticut, WPCS INTERNATIONAL - SEATTLE, INC. (formerly Major Electric Inc., herein “Seattle”), a corporation of the State of Washington, WPCS INTERNATIONAL – TRENTON, INC. (formerly Voacolo Electric Incorporated, herein “Trenton”), a corporation of the State of New Jersey, and WPCS INTERNATIONAL – PORTLAND, INC., a corporation of the State of Oregon (formerly Midway Electric Company, herein “Portland” and, collectively with WPCS, Sarasota, St. Louis, Lakewood, Suisun City, Hartford, Seattle, and Trenton, the “Pledgor”) hereby assigns and grants to BANK OF AMERICA, N.A., ITS SUBSIDIARIES AND AFFILIATES (collectively, the “Bank”), and hereby reaffirms the existing assignment and grant to Bank of America, N.A., a security interest in the following described property now owned or hereafter acquired by the Pledgor (“Collateral”):

- (a) All accounts, contract rights, chattel paper, instruments, deposit accounts, letter of credit rights, payment intangibles and general intangibles, including all amounts due to the Pledgor from a factor; rights to payment of money from the Bank under any Swap Contract (as defined in Paragraph 2 below); and all returned or repossessed goods which, on sale or lease, resulted in an account or chattel paper.
  - (b) All inventory, including all materials, work in process and finished goods.
  - (c) All machinery, furniture, fixtures and other equipment of every type now owned or hereafter acquired by the Pledgor, (including, but not limited to, the equipment described in the attached Equipment Description, if any).
  - (d) All of the Pledgor’s deposit accounts with the Bank. The Collateral shall include any renewals or rollovers of the deposit accounts, any successor accounts, and any general intangibles and choses in action arising therefrom or related thereto.
  - (e) All instruments, notes, chattel paper, documents, certificates of deposit, securities and investment property of every type. The Collateral shall include all liens, security agreements, leases and other contracts securing or otherwise relating to the foregoing.
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(f) All general intangibles, including, but not limited to, (i) all patents, and all unpatented or unpatentable inventions; (ii) all trademarks, service marks, and trade names; (iii) all copyrights and literary rights; (iv) all computer software programs; (v) all mask works of semiconductor chip products; (vi) all trade secrets, proprietary information, customer lists, manufacturing, engineering and production plans, drawings, specifications, processes and systems. The Collateral shall include all good will connected with or symbolized by any of such general intangibles; all contract rights, documents, applications, licenses, materials and other matters related to such general intangibles; all tangible property embodying or incorporating any such general intangibles; and all chattel paper and instruments relating to such general intangibles.

(g) All negotiable and nonnegotiable documents of title covering any Collateral.

(h) All accessions, attachments and other additions to the Collateral, and all tools, parts and equipment used in connection with the Collateral.

(i) All substitutes or replacements for any Collateral, all cash or non-cash proceeds, product, rents and profits of any Collateral, all income, benefits and property receivable on account of the Collateral, all rights under warranties and insurance contracts, letters of credit, guaranties or other supporting obligations covering the Collateral, and any causes of action relating to the Collateral, and all proceeds (including insurance proceeds) from the sale, destruction, loss, or other disposition of any of the Collateral and sums due from a third party which has damaged or destroyed the Collateral or from that party's insurer, whether due to judgment, settlement or other process.

(j) All books, data and records pertaining to any Collateral, whether in the form of a writing, photograph, microfilm or electronic media, including but not limited to any computer-readable memory and any computer hardware or software necessary to process such memory ("Books and Records").

2. THE INDEBTEDNESS. The Collateral secures and will secure all Indebtedness of the Pledgor to the Bank. Each party obligated under any Indebtedness is referred to in this Agreement as a "Debtor." "Indebtedness" means all debts, obligations or liabilities now or hereafter existing, absolute or contingent of the Debtor or any one or more of them to the Bank, whether voluntary or involuntary, whether due or not due, or whether incurred directly or indirectly or acquired by the Bank by assignment or otherwise. Indebtedness shall include, without limitation, all obligations of the Debtor arising under any loan, credit card, lease, Automated Clearing House transaction, or Swap Contract. "Swap Contract" means any interest rate, credit, commodity or equity swap, cap, floor, collar, forward foreign exchange transaction, currency swap, cross currency rate swap, currency option, securities puts, calls, collars, options or forwards or any combination of, or option with respect to, these or similar transactions now or hereafter entered into between the Debtor and the Bank.

3. PLEDGOR'S COVENANTS. The Pledgor represents, covenants and warrants that unless compliance is waived by the Bank in writing:

(a) The Pledgor will properly preserve the Collateral; defend the Collateral against any adverse claims and demands; and keep accurate Books and Records.

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- (b) Each Pledgor's chief executive office and the collateral is located as specified on Exhibit A attached hereto and made a part hereof. In addition, the Pledgor (if not an individual or other unregistered entity), is incorporated in or organized under the laws of the state specified on such signature page. The Pledgor shall give the Bank at least thirty (30) days notice before changing its chief executive office or state of incorporation or organization. The Pledgor will notify the Bank in writing prior to any change in the location of any Collateral, including the Books and Records.
- (c) The Pledgor will notify the Bank in writing prior to any change in the Pledgor's name, identity or business structure.
- (d) Unless otherwise agreed, the Pledgor has not granted and will not grant any security interest in any of the Collateral except to the Bank, and will keep the Collateral free of all liens, claims, security interests and encumbrances of any kind or nature except the security interest of the Bank.
- (e) The Pledgor will promptly notify the Bank in writing of any event which affects the value of the Collateral, the ability of the Pledgor or the Bank to dispose of the Collateral, or the rights and remedies of the Bank in relation thereto, including, but not limited to, the levy of any legal process against any Collateral and the adoption of any marketing order, arrangement or procedure affecting the Collateral, whether governmental or otherwise.
- (f) The Pledgor shall pay all costs necessary to preserve, defend, enforce and collect the Collateral, including but not limited to taxes, assessments, insurance premiums, repairs, rent, storage costs and expenses of sales, and any costs to perfect the Bank's security interest (collectively, the "Collateral Costs"). Without waiving the Pledgor's default for failure to make any such payment, the Bank at its option may pay any such Collateral Costs, and discharge encumbrances on the Collateral, and such Collateral Costs payments shall be a part of the Indebtedness and bear interest at the rate set out in the Indebtedness. The Pledgor agrees to reimburse the Bank on demand for any Collateral Costs so incurred.
- (g) Until the Bank exercises its rights to make collection, the Pledgor will diligently collect all Collateral.
- (h) If any Collateral is or becomes the subject of any registration certificate, certificate of deposit or negotiable document of title, including any warehouse receipt or bill of lading, the Pledgor shall immediately deliver such document to the Bank, together with any necessary endorsements.
- (i) The Pledgor will not sell, lease, agree to sell or lease, or otherwise dispose of any Collateral except with the prior written consent of the Bank; provided, however, that the Pledgor may sell inventory in the ordinary course of business.
- (j) The Pledgor will maintain and keep in force all risk insurance covering the Collateral against fire, theft, liability and extended coverages (including without limitation windstorm coverage and hurricane coverage as applicable), to the extent that any Collateral is of a type which can be so insured. Such insurance shall be in form, amounts, coverages and basis reasonably acceptable to the Bank, shall require losses to be paid on a replacement cost basis, shall be issued by insurance companies acceptable to the Bank and include a loss payable endorsement in favor of the Bank in a form acceptable to the Bank. Upon the request of the Bank, the Pledgor will deliver to the Bank a copy of each insurance policy, or, if permitted by the Bank, a certificate of insurance listing all insurance in force.
- (k) The Pledgor will not attach any Collateral to any real property or fixture in a manner which might cause such Collateral to become a part thereof unless the Pledgor first obtains the written consent of any owner, holder of any lien on the real property or fixture, or other person having an interest in such property to the removal by the Bank of the Collateral from such real property or fixture. Such written consent shall be in form and substance acceptable to the Bank and shall provide that the Bank has no liability to such owner, holder of any lien, or any other person.
- (l) Exhibit B to this Agreement is a complete list of all patents, trademark and service mark registrations, copyright registrations, mask work registrations, and all applications therefor, in which the Pledgor has any right, title, or interest, throughout the world. To the extent required by the Bank in its discretion, the Pledgor will promptly notify the Bank of any acquisition (by adoption and use, purchase, license or otherwise) of any patent, trademark or service mark registration, copyright registration, mask work registration, and applications therefor, and unregistered trademarks and service marks and copyrights, throughout the world, which are granted or filed or acquired after the date hereof or which are not listed on the Exhibit. The Pledgor authorizes the Bank, without notice to the Pledgor, to modify this Agreement by amending the Exhibit to include any such Collateral.
- (m) The Pledgor will, at its expense, diligently prosecute all patent, trademark or service mark or copyright applications pending on or after the date hereof, will maintain in effect all issued patents and will renew all trademark and service mark registrations, including payment of any and all maintenance and renewal fees relating thereto, except for such patents, service marks and trademarks that are being sold, donated or abandoned by the Pledgor pursuant to the terms of its intellectual property management program. The Pledgor also will promptly make application on any patentable but unpatented inventions, registerable but unregistered trademarks and service marks, and copyrightable but uncopyrighted works. The Pledgor will at its expense protect and defend all rights in the Collateral against any material claims and demands of all persons other than the Bank and will, at its expense, enforce all rights in the Collateral against any and all infringers of the Collateral where such infringement would materially impair the value or use of the Collateral to the Pledgor or the Bank. The Pledgor will not license or transfer any of the Collateral, except for such licenses as are customary in the ordinary course of the Pledgor's business, or except with the Bank's prior written consent.
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4. ADDITIONAL OPTIONAL REQUIREMENTS. The Pledgor agrees that the Bank may at its option at any time, whether or not the Pledgor is in default:

- (a) Require the Pledgor to deliver to the Bank (i) copies of or extracts from the Books and Records, and (ii) information on any contracts or other matters affecting the Collateral.
- (b) Examine the Collateral, including the Books and Records, and make copies of or extracts from the Books and Records, and for such purposes enter at any reasonable time upon the property where any Collateral or any Books and Records are located.
- (c) Require the Pledgor to deliver to the Bank any instruments, chattel paper or letters of credit which are part of the Collateral, and to assign to the Bank the proceeds of any such letters of credit.
- (d) Notify any account debtors, any buyers of the Collateral, or any other persons of the Bank's interest in the Collateral.

5. DEFAULTS. Any one or more of the following shall be a default hereunder:

- (a) Any Indebtedness is not paid when due, or any default occurs under any agreement relating to the Indebtedness, after giving effect to any applicable grace or cure periods.
- (b) The Pledgor breaches any term, provision, warranty or representation under this Agreement, or under any other obligation of the Pledgor to the Bank, and such breach remains uncured after any applicable cure period.
- (c) The Bank fails to have an enforceable first lien (except for any prior liens to which the Bank has consented in writing) on or security interest in the Collateral.
- (d) Any custodian, receiver or trustee is appointed to take possession, custody or control of all or a substantial portion of the property of the Pledgor or of any guarantor or other party obligated under any Indebtedness.
- (e) The Pledgor or any guarantor or other party obligated under any Indebtedness becomes insolvent, or is generally not paying or admits in writing its inability to pay its debts as they become due, fails in business, makes a general assignment for the benefit of creditors, dies, or commences any case, proceeding or other action under any bankruptcy or other law for the relief of, or relating to, debtors.
- (f) Any case, proceeding or other action is commenced against the Pledgor or any guarantor or other party obligated under any Indebtedness under any bankruptcy or other law for the relief of, or relating to, debtors.
- (g) Any involuntary lien of any kind or character attaches to any Collateral, except for liens for taxes not yet due.
- (h) The Pledgor has given the Bank any false or misleading information or representations.

6. BANK'S REMEDIES AFTER DEFAULT. In the event of any default, the Bank may do any one or more of the following, to the extent permitted by law:

- (a) Declare any Indebtedness immediately due and payable, without notice or demand.
  - (b) Enforce the security interest given hereunder pursuant to the Uniform Commercial Code and any other applicable law.
  - (c) Enforce the security interest of the Bank in any deposit account of the Pledgor maintained with the Bank by applying such account to the Indebtedness.
  - (d) Require the Pledgor to obtain the Bank's prior written consent to any sale, lease, agreement to sell or lease, or other disposition of any Collateral consisting of inventory.
  - (e) Require the Pledgor to segregate all collections and proceeds of the Collateral so that they are capable of identification and deliver daily such collections and proceeds to the Bank in kind.
  - (f) Require the Pledgor to direct all account debtors to forward all payments and proceeds of the Collateral to a post office box under the Bank's exclusive control.
  - (g) Require the Pledgor to assemble the Collateral, including the Books and Records, and make them available to the Bank at a place designated by the Bank.
  - (h) Enter upon the property where any Collateral, including any Books and Records, are located and take possession of such Collateral and such Books and Records, and use such property (including any buildings and facilities) and any of the Pledgor's equipment, if the Bank deems such use necessary or advisable in order to take possession of, hold, preserve, process, assemble, prepare for sale or lease, market for sale or lease, sell or lease, or otherwise dispose of, any Collateral.
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(i) Demand and collect any payments on and proceeds of the Collateral. In connection therewith the Pledgor irrevocably authorizes the Bank to endorse or sign the Pledgor's name on all checks, drafts, collections, receipts and other documents, and to take possession of and open the mail addressed to the Pledgor and remove therefrom any payments and proceeds of the Collateral.

(j) Grant extensions and compromise or settle claims with respect to the Collateral for less than face value, all without prior notice to the Pledgor.

(k) Use or transfer any of the Pledgor's rights and interests in any Intellectual Property now owned or hereafter acquired by the Pledgor, if the Bank deems such use or transfer necessary or advisable in order to take possession of, hold, preserve, process, assemble, prepare for sale or lease, market for sale or lease, sell or lease, or otherwise dispose of, any Collateral. The Pledgor agrees that any such use or transfer shall be without any additional consideration to the Pledgor. As used in this paragraph, "Intellectual Property" includes, but is not limited to, all trade secrets, computer software, service marks, trademarks, trade names, trade styles, copyrights, patents, applications for any of the foregoing, customer lists, working drawings, instructional manuals, and rights in processes for technical manufacturing, packaging and labeling, in which the Pledgor has any right or interest, whether by ownership, license, contract or otherwise.

(l) Have a receiver appointed by any court of competent jurisdiction to take possession of the Collateral. The Pledgor hereby consents to the appointment of such a receiver and agrees not to oppose any such appointment.

(m) Take such measures as the Bank may deem necessary or advisable to take possession of, hold, preserve, process, assemble, insure, prepare for sale or lease, market for sale or lease, sell or lease, or otherwise dispose of, any Collateral, and the Pledgor hereby irrevocably constitutes and appoints the Bank as the Pledgor's attorney-in-fact to perform all acts and execute all documents in connection therewith.

(n) Without notice or demand to the Pledgor, set off and apply against any and all of the Indebtedness any and all deposits (general or special, time or demand, provisional or final) and any other indebtedness, at any time held or owing by the Bank or any of the Bank's agents or affiliates to or for the credit of the account of the Pledgor or any guarantor or endorser of the Pledgor's Indebtedness.

(o) Exercise any other remedies available to the Bank at law or in equity.

7. WAIVER OF JURY TRIAL. EACH PLEDGOR AND BANK EACH KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHT IT MAY NOW OR HEREAFTER HAVE TO A TRIAL BY JURY IN RESPECT OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AMENDMENT OR THE UNDERLYING TRANSACTIONS. EACH BORROWER CERTIFIES THAT NEITHER BANK NOR ANY OF ITS REPRESENTATIVES, AGENTS OR COUNSEL HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT BANK WOULD NOT, IN THE EVENT OF ANY SUCH SUIT, SEEK TO ENFORCE THIS WAIVER OF RIGHT TO TRIAL BY JURY.

#### 8. MISCELLANEOUS.

(a) Any waiver, express or implied, of any provision hereunder and any delay or failure by the Bank to enforce any provision shall not preclude the Bank from enforcing any such provision thereafter.

(b) The Pledgor shall, at the request of the Bank, execute such other agreements, documents, instruments, or financing statements in connection with this Agreement as the Bank may reasonably deem necessary.

(c) All notes, security agreements, subordination agreements and other documents executed by the Pledgor or furnished to the Bank in connection with this Agreement must be in form and substance satisfactory to the Bank.

(d) This Agreement is governed by and shall be interpreted according to federal law and the laws of the State of New York. If state or local law and federal law are inconsistent, or if state or local law is preempted by federal law, federal law governs. If the Bank has greater rights or remedies under federal law, whether as a national bank or otherwise, this paragraph shall not be deemed to deprive the Bank of such rights and remedies as may be available under federal law. Jurisdiction and venue for any action or proceeding to enforce this Agreement shall be the forum appropriate for such action or proceeding against the Debtor, to which jurisdiction the Pledgor irrevocably submits and to which venue the Pledgor waives to the fullest extent permitted by law any defense asserting an inconvenient forum in connection therewith.

(e) All rights and remedies herein provided are cumulative and not exclusive of any rights or remedies otherwise provided by law. Any single or partial exercise of any right or remedy shall not preclude the further exercise thereof or the exercise of any other right or remedy.

(f) All terms not defined herein are used as set forth in the Uniform Commercial Code.

(g) In the event of any action by the Bank to enforce this Agreement or to protect the security interest of the Bank in the Collateral, or to take possession of, hold, preserve, process, assemble, insure, prepare for sale or lease, market for sale or lease, sell or lease, or otherwise dispose of, any Collateral, the Pledgor agrees to pay immediately the costs and expenses thereof, together with reasonable attorneys' fees and allocated costs for in-house legal services to the extent permitted by law.

(h) In the event the Bank seeks to take possession of any or all of the Collateral by judicial process, the Pledgor hereby irrevocably waives any bonds and any surety or security relating thereto that may be required by applicable law as an incident to such possession, and waives any demand for possession prior to the commencement of any such suit or action.

(i) This Agreement shall constitute a continuing agreement, applying to all future as well as existing transactions, whether or not of the character contemplated at the date of this Agreement, and if all transactions between the Bank and the Pledgor shall be closed at any time, shall be equally applicable to any new transactions thereafter.

(j) The Bank's rights hereunder shall inure to the benefit of its successors and assigns. In the event of any assignment or transfer by the Bank of any of the Indebtedness or the Collateral, the Bank thereafter shall be fully discharged from any responsibility with respect to the Collateral so assigned or transferred, but the Bank shall retain all rights and powers hereby given with respect to any of the Indebtedness or the Collateral not so assigned or transferred. All representations, warranties and agreements of the Pledgor if more than one are joint and several and all shall be binding upon the personal representatives, heirs, successors and assigns of the Pledgor.

(k) The Pledgor agrees that the Collateral may be sold as provided for in this Security Agreement and expressly waives any rights of notice of sale, advertisement procedures, or related provisions granted under applicable law, including the New York Lien Law.

[Signature pages follow.]

The parties executed this Amended and Restated Security Agreement on March 28, 2011, with the intention that it be effective as of February 28, 2011, and intending to create an instrument executed under seal.

BANK OF AMERICA, N.A.

By: /s/ EDMOND T. GIORGI  
Edmond T. Giorgi,  
Vice President

Address for Notices:

Special Assets Group  
111 Westminster Street  
Mail Stop R11-102-15-01  
Providence, Rhode Island 02903

ATTEST/WITNESS:

WPCS INTERNATIONAL INCORPORATED

By: /s/ HUIJUAN WANG  
Print Name: Huijuan Wang  
Print Title: Witness

By: /s/ JOSEPH HEATER  
Print Name: Joseph Heater  
Print Title: Authorized Signatory

WPCS INTERNATIONAL – SARASOTA, INC.

By: /s/ HUIJUAN WANG  
Print Name: Huijuan Wang  
Print Title: Witness

By: /s/ JOSEPH HEATER  
Print Name: Joseph Heater  
Print Title: Authorized Signatory

WPCS INTERNATIONAL – ST. LOUIS, INC.

By: /s/ HUIJUAN WANG  
Print Name: Huijuan Wang  
Print Title: Witness

By: /s/ JOSEPH HEATER  
Print Name: Joseph Heater  
Print Title: Authorized Signatory

WPCS INTERNATIONAL – LAKEWOOD, INC.

By: /s/ HUIJUAN WANG  
Print Name: Huijuan Wang  
Print Title: Witness

By: /s/ JOSEPH HEATER  
Print Name: Joseph Heater  
Print Title: Authorized Signatory

WPCS INTERNATIONAL – SUISUN CITY, INC.

By: /s/ HUIJUAN WANG  
Print Name: Huijuan Wang  
Print Title: Witness

By: /s/ JOSEPH HEATER  
Print Name: Joseph Heater  
Print Title: Authorized Signatory

WPCS INTERNATIONAL – HARTFORD, INC.

By: /s/ HUIJUAN WANG  
Print Name: Huijuan Wang  
Print Title: Witness

By: /s/ JOSEPH HEATER  
Print Name: Joseph Heater  
Print Title: Authorized Signatory

WPCS INTERNATIONAL - SEATTLE, INC.

By: /s/ HUIJUAN WANG  
Print Name: Huijuan Wang  
Print Title: Witness

By: /s/ JOSEPH HEATER  
Print Name: Joseph Heater  
Print Title: Authorized Signatory

WPCS INTERNATIONAL – TRENTON, INC.

By: /s/ HUIJUAN WANG  
Print Name: Huijuan Wang  
Print Title: Witness

By: /s/ JOSEPH HEATER  
Print Name: Joseph Heater  
Print Title: Authorized Signatory

WPCS INTERNATIONAL – PORTLAND, INC.

By: /s/ HUIJUAN WANG  
Print Name: Huijuan Wang  
Print Title: Witness

By: /s/ JOSEPH HEATER  
Print Name: Joseph Heater  
Print Title: Authorized Signatory

Mailing and Notice Address for each Pledgor:

One East Uwchian Avenue, Suite 301  
Exton, Pennsylvania 19341  
Attn: Joseph Heater

Each Pledgor's state of incorporation is as set forth in the preamble to this Security Agreement.

The location(s) of each Pledgor's Books and Records (chief executive office) and other assets is as set forth in Exhibit A to this Security Agreement.



EXHIBIT A  
TO SECURITY AGREEMENT:  
LOCATIONS OF BORROWERS' BOOKS, RECORDS  
AND PERSONAL PROPERTY

NAME OF ENTITY AND ADDRESS(ES)

IDENTIFY WHETHER OWNED, LEASED (NAME AND ADDRESS OF LANDLOR) OR PUBLIC  
WAREHOUSE (NAME AND ADDRESS OF OPERATOR) FOR EACH LOCATION:

**1. WPCS:**

Location of Books and Records: One East Uwchlan Avenue, Suite 301, Exton, PA 19341

Other locations:

**2. SARASOTA:**

Location of Books and Records: 2017 Cattleman Road, Sarasota, FL 34232

Other locations:

**3. ST LOUIS**

Location of Books and Records: 2315 Pine Street, St. Louis, MO 63103

Other locations: 4709 15<sup>th</sup> Street A, Moline, IL 61265  
15108 FM 359, Hempstead, TX 77445  
222 N. Walnut Street, West Chester, PA 19382

**4. LAKEWOOD**

Location of Books and Records: 1985 Swarthmore Avenue, Lakewood, NJ 08701

Other locations:

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**5. SUISUN CITY**

Location of Books and Records: 521 Railroad Avenue, Suisun City, CA 94585

Other locations: 14737 Catalina Street, San Leandro, CA 94577  
620 3<sup>rd</sup> Street, Suite 300, Lincoln, CA 95648  
2945 Ramco Street, Suite 130, West Sacramento, CA 95691  
1135 Terminal Way, Suite 114, Reno, NV 89502

**6. HARTFORD**

Location of Books and Records: 427 Hayden Station Road, Windsor, CT 06095

Other locations: 317 Meadow Street, Chicopee, MA 01013  
28 Nooseneck Hill Road, Unit #5, West Greenwich, RI 02817

**7. SEATTLE**

Location of Books and Records: 18538 142<sup>nd</sup> Avenue NE, Woodinville, WA 98072

Other locations:

**8. TRENTON**

Location of Books and Records: 65 Patterson Avenue, Trenton, NJ 08610

Other locations:

**9. PORTLAND**

Location of Books and Records: 1271 Columbia Boulevard, St. Helens, OR 97051

Other locations:

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EXHIBIT B  
TO SECURITY AGREEMENT  
(Intellectual Property)

List, owning entity, all patents, trademark and service mark registrations, copyright registrations,  
mask work registrations, and all applications therefor:

Entity Defined Name	Type of Property	Name or Description	Registration / Application Information
WPCS	N/A	N/A	N/A
Sarasota	N/A	N/A	N/A
St Louis	N/A	N/A	N/A
Lakewood	N/A	N/A	N/A
Suisun City	N/A	N/A	N/A
Hartford	N/A	N/A	N/A
Seattle	N/A	N/A	N/A
Trenton	N/A	N/A	N/A
Portland	N/A	N/A	N/A