

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**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): July 24, 2013

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**WPCS INTERNATIONAL INCORPORATED**

(Exact name of registrant as specified in its charter)

Delaware  
(State or Other Jurisdiction  
of Incorporation)

001-34643  
(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.  
James M. Turner, Esq.  
Sichenzia Ross Friedman Ference LLP  
61 Broadway  
New York, New York 10006  
Tel: (212) 930-9700 Fax: (212) 930-9725

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.**

**Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

*Hidalgo Separation*

On July 24, 2013, WPCS International Incorporated (the "Company") entered into a separation agreement (the "Separation Agreement") with Andrew Hidalgo ("Hidalgo"), the Company's President, Chief Executive Officer and a member of the board of directors. Pursuant to the Separation Agreement, Hidalgo will resign effective at the close of business on July 30, 2013 (the "Termination Date"), as the President, Chief Executive Officer and a member of the board of directors of the Company and from all officer and director positions with all of the Company's subsidiaries.

Pursuant to the Separation Agreement, Hidalgo intends to submit an offer to the Company to acquire the Company's subsidiaries located in Trenton, New Jersey and Australia (the "Proposed Acquisitions"). Between the Termination Date and the earlier of (1) October 1, 2013 or (2) the date of closing of the Proposed Acquisitions by Hidalgo (the "Severance Period"), the Company shall continue to pay Hidalgo his current base salary of \$325,000 per year through the Company's normal payroll process. At the end of the Severance Period, Hidalgo shall be entitled to receive a severance payment equal to Hidalgo's salary from the Termination Date through the end of the term of his employment agreement (January 31, 2018) minus any payments made to Hidalgo during the Severance Period (the "Severance Payment").

Hidalgo shall be entitled to apply the Severance Payment towards the purchase price of the Proposed Acquisitions, if successful. In the event that the Proposed Acquisitions are not completed by October 1, 2013, the Company and Hidalgo shall negotiate the payment terms of the Severance Payment.

*Giordano Appointment*

Effective August 1, 2013, Sebastian Giordano ("Giordano"), a member of the Company's board of directors, has been appointed as the Company's Interim Chief Executive Officer.

Effective August 1, 2013, the Company entered into a letter agreement (the "Giordano Agreement") with Giordano to serve as Interim Chief Executive Officer on a part-time basis until a permanent chief executive officer is appointed. The Giordano Agreement can be terminated by either party upon 30 days prior notice. Pursuant to the Giordano Agreement, Giordano shall receive a monthly consulting fee of \$10,833. In addition, upon the Company approving a new stock incentive plan, Giordano shall receive a grant of 30,000 shares of the Company's common stock and Giordano shall be entitled to receive a discretionary bonus upon successful achievement of a merger or acquisition of the Company by another entity. The Company will also reimburse Giordano for all reasonable expenses in connection with his services to the Company. A copy of the letter agreement between Giordano and the Company is filed as Exhibit 10.02 to this Current Report on Form 8-K. In addition, Giordano will execute an indemnification agreement, a copy of which is filed as Exhibit 10.03 to this Current Report on Form 8-K.

**Item 7.01. Regulation FD Disclosure.**

On July 24, 2013, the Company issued a press release relating to the Separation Agreement with Hidalgo and the appointment of Giordano as the Company's Interim Chief Executive Officer, as discussed in Items 1.01 and 5.02 above. A copy of the press release that discusses these matters is filed as Exhibit 99.01 to, and incorporated by reference in, this report.

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The information contained in Item 7.01 of this Current Report on Form 8-K, including Exhibit 99.01, is furnished pursuant to, and shall not be deemed to be "filed" for the purposes of, Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section. The information contained in Item 7.01 of this Current Report shall not be incorporated by reference into any registration statement or any other document filed pursuant to the Securities Act of 1933, as amended, except as otherwise expressly stated in such filing. By filing this Current Report on Form 8-K and furnishing the information contained in this Item 7.01, including Exhibit 99.01, the Company makes no admission as to the materiality of any such information that it is furnishing.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

10.01	Separation Agreement, dated July 24, 2013, by and between WPCS International Incorporated and Andrew Hidalgo.
10.02	Form of Letter Agreement, by and between WPCS International Incorporated and Sebastian Giordano.
10.03	Form of Indemnification Agreement, by and between WPCS International Incorporated and Sebastian Giordano.
99.01	Press Release, issued by WPCS International Incorporated on July 24, 2013.

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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: July 24, 2013

By: /s/ JOSEPH HEATER

Joseph Heater

Chief Financial Officer

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**SEPARATION AGREEMENT**

THIS SEPARATION AGREEMENT (the "Agreement") is entered into as of the 24th day of July, 2013, by and between, Andrew Hidalgo ("Hidalgo") and WPCS International Incorporated, a Delaware corporation (the "Company").

**WHEREAS**, Hidalgo is employed as the President and Chief Executive Officer of the Company pursuant to an employment agreement dated as of February 1, 2010, between the Company and Hidalgo (the "Employment Agreement");

**WHEREAS**, the Company and Hidalgo desire to enter into this agreement providing for Hidalgo's amicable resignation from the Company's employment, and to settle any payments that may be due under the Employment Agreement; and

**WHEREAS**, Hidalgo is considering making an offer to the Company to acquire the Company's subsidiaries located in Trenton, New Jersey and Australia (the "Acquisition").

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties hereby agree as follows:

1. **Termination Date.** Hidalgo acknowledges that his last day of employment with the Company will be July 30, 2013, or such other date mutually agreed upon between the Company and Hidalgo (the "Termination Date"). Hidalgo will also resign as a member of the Board of Directors of the Company and each of its subsidiaries (the "Subsidiaries"), effective as of the Termination Date. Hidalgo further understands and agrees that, as of the Termination Date, he will be no longer authorized to conduct any business on behalf of the Company as an executive or to hold himself out as an officer, agent or representative of the Company. Any and all positions and/or titles held by Hidalgo with the Company or any Subsidiaries of the Company will be deemed to have been resigned as of the Termination Date.

2. **Severance.**

(a) For the period commencing on the Termination Date through the earlier to occur of (i) the date of the Acquisition of the Trenton and Australia Subsidiaries, or (ii) October 1, 2013 (the "Severance Period"), the Company shall continue to pay Hidalgo his current base salary at the rate of \$325,000 per year (the "Severance Employment Payment") through the Company's normal payroll process. The Company will make the appropriate payments of payroll taxes such as FICA, Medicare and other relevant taxes, consistent with the normal payroll process for its employees. Hidalgo will not be entitled to payment of any bonus, vacation or other incentive compensation during the Severance Period.

(b) In the event the Acquisition has not been consummated prior to the expiration of the Severance Period, Hidalgo shall be entitled to the full payment of the Severance Payment (as defined in the Employment Agreement) due pursuant to Section 10.4 of the Employment Agreement, less any amounts paid between the Termination Date and the expiration of the Severance Period (the "Adjusted Severance Payment"). The parties shall negotiate in good faith with respect to the payment terms for the Adjusted Severance Payment. Until such time as the parties reach a mutually satisfactory agreement, the Company shall continue to pay Hidalgo his current base salary at the rate of \$325,000 per year through the Company's normal payroll process. The Company will make the appropriate payments of payroll taxes such as FICA, Medicare and other relevant taxes, consistent with the normal payroll process for its employees. Hidalgo will not be entitled to payment of any bonus, vacation or other incentive compensation during this time. The aggregate amount of all such payments shall in no event exceed the adjusted Severance Payment. Notwithstanding the foregoing, it is agreed and understood that Hidalgo, at his option, may apply the adjusted Severance Payment to the purchase price for the Acquisition, but any such agreement shall be set forth in an independent agreement related to the Acquisition on terms and conditions mutually agreed upon between Hidalgo and the Company, including but not limited to the aggregate purchase price for the Acquisition.

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3. Stock Options. Any vesting of stock options (the "Options") to purchase shares of the common stock of the Company previously granted to Hidalgo shall terminate as of the Termination Date. Hidalgo shall have the right at any time within 120 days following the Termination Date or the remaining term of the Options, whichever is the lesser, to exercise in whole or in part the Options to the extent, but only to the extent, that the Options were exercisable as of the date of the Termination Date and had not previously been exercised.

4. Health Benefits. Hidalgo will be entitled to continue to receive medical and other insurance benefits during the Severance Period under the applicable plans maintained by the Company, consistent with the Company's then current practice. After the expiration of the Severance Period, Hidalgo will be eligible for benefit continuation under COBRA.

5. Expense Reimbursements. The Company shall promptly reimburse Hidalgo for reasonable expenses incurred by him during the term of the Employment Agreement in connection with his services under the Employment Agreement, provided Hidalgo provides the Company with reasonably acceptable proof of such expenses no later than the Termination Date. No further expenses may be incurred by Hidalgo after the Termination Date.

6. Assignment of Certain Rights and Personal Property. Hidalgo is hereby assigned all right, title and interest possessed by the Company in the laptop computer, automobile and cellphone (the "Personal Property"), of which he has use as of the Termination Date; provided that Hidalgo shall make arrangements to assume all payment and other obligations related to the use of the Personal Property, to the reasonable satisfaction of the Company.

7. Survival of Provisions of Employment Agreement. Section 6.1 and Article 7 of the Employment Agreement shall remain in full force and effect in accordance with the terms thereof or any relevant statute of limitation with respect to the provisions of such sections.

8. Hidalgo's Release. In consideration for the payments and benefits described above and for other good and valuable consideration, Hidalgo hereby releases and forever discharges the Company and its Subsidiaries, as well as its affiliates and all of their respective directors, officers, employees, members, agents, and attorneys, of and from any and all manner of actions and causes of action, suits, debts, claims, and demands whatsoever, in law or equity, known or unknown, asserted or unasserted, which he ever had, now has, or hereafter may have on account of his employment with the Company, the termination of his employment with the Company, and/or any other fact, matter, incident, claim, injury, event, circumstance, happening, occurrence, and/or thing of any kind or nature which arose or occurred prior to the date when he executes this Agreement, including, but not limited to, any and all claims for wrongful termination; breach of any implied or express employment contract; unpaid compensation of any kind; breach of any fiduciary duty and/or duty of loyalty; breach of any implied covenant of good faith and fair dealing; negligent or intentional infliction of emotional distress; defamation; fraud; unlawful discrimination, harassment; or retaliation based upon age, race, sex, gender, sexual orientation, marital status, religion, national origin, medical condition, disability, handicap, or otherwise; any and all claims arising under arising under Title VII of the Civil Rights Act of 1964, as amended ("Title VII"); the Equal Pay Act of 1963, as amended ("EPA"); the Age Discrimination in Employment Act of 1967, as amended ("ADEA"); the Americans with Disabilities Act of 1990, as amended ("ADA"); the Family and Medical Leave Act, as amended ("FMLA"); the Employee Retirement Income Security Act of 1974, as amended ("ERISA"); the Sarbanes-Oxley Act of 2002, as amended ("SOX"); the Worker Adjustment and Retraining Notification Act of 1988, as amended ("WARN"); and/or any other federal, state, or local law(s) or regulation(s); any and all claims for damages of any nature, including compensatory, general, special, or punitive; and any and all claims for costs, fees, or other expenses, including attorneys' fees, incurred in any of these matters. The Company acknowledges, however, that Hidalgo does not release or waive any rights to contribution or indemnity under this Agreement to which he may otherwise be entitled. The Company also acknowledges that Hidalgo does not release or waive any claims, and that he retains any rights he may have, to any vested 401(k) monies (if any) or benefits (if any), or any other benefit entitlement that is vested as of the Termination Date pursuant to the terms of any Company-sponsored benefit plan governed by ERISA. Nothing contained herein shall release the Company from its obligations set forth in this Agreement.

9. Company Release. In exchange for the consideration provided for in this Agreement, the Company irrevocably and unconditionally releases Hidalgo of and from all claims, demands, causes of actions, fees and liabilities of any kind whatsoever, which it had, now has or may have against Hidalgo, as of the date of this Agreement, by reason of any actual or alleged act, omission, transaction, practice, conduct, statement, occurrence, or any other matter, within the reasonable scope of Hidalgo's employment. The Company represents that, as of the date of this Agreement, there are no known claims relating to Hidalgo. Notwithstanding the foregoing, this release does not include Company's right to enforce the terms of this Agreement

10. Future Cooperation. Hidalgo agrees to reasonably cooperate with the Company, its financial and legal advisors in any claims, investigations, administrative proceedings or lawsuits which relate to the Company and for which Hidalgo may possess relevant knowledge or information. Any travel and accommodation expenses incurred by the Hidalgo as a result of such cooperation will be reimbursed in accordance with the Company's standard policies. The parties agree that should Hidalgo's assistance be required in connection with any business matters that the parties will agree to reasonable compensation for such services.

11. Applicable Law and Dispute Resolution. Except as to matters preempted by ERISA or other laws of the United States of America, this Agreement shall be interpreted solely pursuant to the laws of the State of Delaware, exclusive of its conflicts of laws principles. Each of the parties hereto irrevocably submits to the exclusive jurisdiction of the courts of the State of Delaware, for the purposes of any suit, action, or other proceeding arising out of this Agreement or any transaction contemplated hereby.

12. Entire Agreement. This Agreement may not be changed or altered, except by a writing signed by both parties. Until such time as this Agreement has been executed and subscribed by both parties hereto: (i) its terms and conditions and any discussions relating thereto, without any exception whatsoever, shall not be binding nor enforceable for any purpose upon any party; and (ii) no provision contained herein shall be construed as an inducement to act or to withhold an action, or be relied upon as such. This Agreement constitutes an integrated, written contract, expressing the entire agreement and understanding between the parties with respect to the subject matter hereof and supersedes any and all prior agreements and understandings, oral or written, between the parties.

13. Assignment. Hidalgo has not assigned or transferred any claim he is releasing, nor has he purported to do so. If any provision in this Agreement is found to be unenforceable, all other provisions will remain fully enforceable. This Agreement binds Hidalgo's heirs, administrators, representatives, executors, successors, and assigns, and will insure to the benefit of all Released Parties and their respective heirs, administrators, representatives, executors, successors, and assigns.

14. Binding Effect. This Agreement will be deemed binding and effective immediately upon its execution by the Hidalgo; provided, however, that in accordance with the Age Discrimination in Employment Act of 1967 ("ADEA") (29 U.S.C. § 626, as amended), Hidalgo's waiver of ADEA claims under this Agreement is subject to the following: Hidalgo may consider the terms of his waiver of claims under the ADEA for twenty-one (21) days before signing it and may consult legal counsel if Hidalgo so desires. Hidalgo may revoke his waiver of claims under the ADEA within seven (7) days of the day he executes this Agreement. Hidalgo's waiver of claims under the ADEA will not become effective until the eighth (8th) day following Hidalgo's signing of this Agreement. Hidalgo may revoke his waiver of ADEA claims under this Agreement by delivering written notice of his revocation, via facsimile and overnight mail, before the end of the seventh (7th) day following Hidalgo's signing of this Agreement to: Thomas A. Rose, Esq., Sichenzia Ross Friedman Ference LLP, 61 Broadway, 32<sup>nd</sup> Floor, New York, NY 10006, Fax: 212-930-9725. In the event that Hidalgo revokes his waiver of ADEA claims under this Agreement prior to the eighth (8th) day after signing it, the remaining portions of this Agreement shall remain in full force in effect, except that the obligation of the Company to provide the payments and benefits set forth in Section 2 of this Agreement shall be null and void. Hidalgo further understands that if Hidalgo does not revoke the ADEA waiver in this Agreement within seven (7) days after signing this Agreement, his waiver of ADEA claims will be final, binding, enforceable, and irrevocable.

HIDALGO UNDERSTANDS THAT FOR ALL PURPOSES OTHER THAN HIS WAIVER OF CLAIMS UNDER THE ADEA, THIS AGREEMENT WILL BE FINAL, EFFECTIVE, BINDING, AND IRREVOCABLE IMMEDIATELY UPON ITS EXECUTION.



15. Acknowledgement. Hidalgo acknowledges that he: (a) has carefully read this Agreement in its entirety; (b) has been presented with the opportunity to consider it for at least twenty-one (21) days; (c) has been advised to consult and has been provided with an opportunity to consult with legal counsel of his choosing in connection with this Agreement; (d) fully understands the significance of all of the terms and conditions of this Agreement and has discussed them with his independent legal counsel or has been provided with a reasonable opportunity to do so; (e) has had answered to his satisfaction any questions asked with regard to the meaning and significance of any of the provisions of this Agreement; and (f) is signing this Agreement voluntarily and of his own free will and agrees to abide by all the terms and conditions contained herein.

16. Notices. For the purposes of this Agreement, notices, demands and all other communications provided for in this Agreement shall be in writing and shall be delivered (i) personally, (ii) by first class mail, certified, return receipt requested, postage prepaid, (iii) by overnight courier, with acknowledged receipt, or (iv) by facsimile transmission followed by delivery by first class mail or by overnight courier, in the manner provided for in this Section, and properly addressed as follows:

If to the Company:   WPCS                   International  
                          Incorporated  
                          One East Uwchlan Avenue, Suite 301  
                          Exton, PA 19341  
                          Fax: 610-903-0401

With a copy to:       Thomas A. Rose,  
                          Esq  
                          Sichenzia Ross Friedman Ference LLP  
                          61 Broadway, 32<sup>nd</sup> Floor  
                          New York, NY 10006  
                          Fax: 212-930-9725

If to Hidalgo:       Mr. Andrew Hidalgo  
                          10 East Kentucky Avenue  
                          Long Beach Township, NJ 08008  
                          ahidalgo@msn.com

With a copy to:       Gurinder J. Singh,  
                          Esq  
                          Miller, Canfield, Paddock and Stone P.L.L.C.  
                          500 Fifth Avenue, 43<sup>rd</sup> Floor  
                          New York, NY 10110  
                          Fax: 212-704-4410

17. Facsimile, Counterparts. This Agreement may be executed in facsimile counterparts, each of which, when all parties have executed at least one such counterpart, shall be deemed an original, with the same force and effect as if all signatures were appended to one instrument, but all of which together shall constitute one and the same Agreement.

[Signature page follows]

IN WITNESS HEREOF, the parties hereby enter into this Agreement and affix their signatures as of the date first above written.

**WPCS INTERNATIONAL INCORPORATED**

By: /s/ SEBASTIAN GIORDANO

Name: Sebastian Giordano

Title: On behalf of WPCS International Incorporated as  
Chairman and Director of Special Committee

/s/ ANDREW HIDALGO

Andrew Hidalgo



WPCS INTERNATIONAL INCORPORATED

ONE EAST UWCHLAN AVENUE, SUITE 301, EXTON, PA 19341

TELEPHONE 610.903.0400 FAX 610.903.0401

[www.wpcs.com](http://www.wpcs.com)

Mr. Sebastian Giordano  
149 Schweitzer Lane  
Bardonia, NY 10954

July 19, 2013

Dear Sebastian,

Contingent on the approval by majority vote and/or resolution by the WPCS International Incorporated (WPCS) Board of Directors, as Chairman of the Executive Committee, I am pleased to offer you the part-time role of Interim Chief Executive Officer for WPCS effective August 1, 2013. If accepted, you will serve in this role until a permanent Chief Executive Officer is appointed. The role can be terminated by either yourself or WPCS on thirty days notice. I have enclosed an updated indemnification agreement that will cover your role as director and Interim Chief Executive Officer which will be countersigned by the current WPCS Chairman of Board. WPCS will be increasing its directors and officer's policy to \$3 million within the next sixty days. Your primary focus will be as follows.

- Assist WPCS in obtaining additional working capital in the near future by compelling the current bondholders to convert some or all of the company's debt to equity.
- Divesting certain operation centers and concluding a strategic alternatives effort that can result in the merger of WPCS with another company.
- Assist the management team in maintaining effective operations.

It is understood that you will act as an independent consultant and that you will commit to a minimum of twenty hours a week in your role as Interim Chief Executive Officer. If you are required to commit more time, the Executive Committee will consider additional compensation on mutually agreeable parameters. Your compensation parameters for now will be as follows:

- A monthly consulting fee of \$10,833 paid within five days upon the submission of an invoice from you to WPCS for each month as Interim Chief Executive Officer.
- Upon approval of a new employee, director and officer stock option plan, you will be awarded, as a director, a grant to acquire 30,000 shares of WPCS stock vesting immediately. It is our intent to submit a proxy ballot for the approval of the new stock option plan and certain other items by the end of August 2013. Upon approval, your allocation, along with an allocation for our other directors will be made.
- During your term as Interim Chief Executive Officer, other than a divestiture of operation centers, should WPCS conclude a merger or be acquired by another entity, you will be eligible for a discretionary bonus to be decided upon by the Executive Committee for all directors and to be paid within thirty days after the conclusion of such event.
- You will be reimbursed for any business expenses that are approved by the WPCS Finance Department upon your submission of documentation and receipts when appropriate.

If you wish to accept the role, please sign and return this offer letter along with the signed indemnification agreement.

Respectfully,

Signed & Accepted

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Charles Benton  
Chairman of the Executive Committee  
WPCS International Incorporated

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Sebastian Giordano

**INDEMNIFICATION, DEFENSE AND HOLD HARMLESS AGREEMENT**

This INDEMNIFICATION, DEFENSE AND HOLD HARMLESS AGREEMENT made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2013 (the "Agreement"), by and between WPCS International Incorporated, a Delaware corporation (together with its subsidiaries, as defined in the federal securities laws, the "Company"), and Sebastian Giordano (the "Indemnitee"):

WHEREAS, competent persons are becoming more reluctant to serve publicly-held corporations as members of the Board of Directors or in other capacities unless they are provided with adequate protection through insurance and indemnification against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the corporation; and

WHEREAS, the Board of Directors of the Company has determined that the inability to attract and retain such persons is detrimental to the best interests of the Company's stockholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future; and

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified; and

WHEREAS, the Indemnitee is willing to serve as a member of the Company's Board of Directors and as **interim chief executive officer** on the condition that he be so indemnified;

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and the Indemnitee do hereby covenant and agree as follows:

**Section 1 - Services by Indemnitee**

The Indemnitee agrees to serve as a director of the Company and as its **interim chief executive officer**. The Indemnitee may at any time and for any reason resign from such position.

**Section 2 - Indemnification**

The Company shall indemnify the Indemnitee to the fullest extent permitted by applicable law in effect on the date hereof or as such laws may from time to time be amended. Without diminishing the scope of the indemnification provided by this Section 2, the rights of indemnification of the Indemnitee provided hereunder shall include but shall not be limited to those rights set forth hereinafter, except to the extent expressly prohibited by applicable law.

**Section 3 - Actions or Proceeding Actions**

The Indemnitee shall be entitled to the indemnification rights provided in this Section 3 if, through his role as director of the Company o **interim chief executive officer**, he is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative in nature. Pursuant to this Section 3, the Indemnitee shall be indemnified by the Company against all expenses including attorneys' fees, costs, judgments, penalties and fines if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, he had no actual knowledge that his conduct was unlawful.. The Indemnitee is entitled to engage attorneys of his choice to represent and defend him.

**Section 4 - Reimbursement for Costs, Charges and Expenses**

Notwithstanding the other provisions of this Agreement and in addition to the rights to indemnification set forth in Section 3 hereof, Indemnitee shall be reimbursed by the Company for all costs, charges and expenses, including attorneys' fees incurred by him or on his behalf in connection therewith within twenty (20) days of providing invoices for the same, subject to Indemnitee's right to redact portions of the detailed invoices to protect attorney/client privileged communications.

**Section 5 - Other Rights to Indemnification**

The indemnification and reimbursement of expenses, including attorneys' fees and costs provided by this Agreement shall not be deemed exclusive of any other rights to which the Indemnitee may now or in the future be entitled.

**Section 6 - Representations and Warranties**

The Company hereby makes the following representations and warranties that:

- (i) this Agreement is consistent with the Articles of Incorporation and the Bylaws of the Company and any amendments thereto; and;
- (ii) the Company currently has in force and will maintain Directors' and Officers' Liability (D & O) insurance.

**Section 7 - Indemnitee Enforcement**

In the event that the Indemnitee is required to enforce his rights under this Agreement or to recover damages for the breach of this Agreement, the Indemnitee, if he prevails in whole or in part in such action, shall be entitled to recover from the Company any actual expenses for attorneys' fees and disbursements reasonably incurred by him.

**Section 8 - Duration of Agreement**

This Agreement shall continue until final termination of any pending or threatened actions, suits, proceedings or investigations with respect to the Indemnitee as a director or former director of the Company. This Agreement shall be binding upon the Company and its successors and assigns and shall inure to the benefit of the Indemnitee and his spouse, assigns, heirs, executors, administrators or other legal representatives.

**Section 9 - Severability, Identical Counterparts and Headings**

If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever the validity, legality and enforceability of the remaining provisions of this Agreement including, without limitation, all portions of any paragraphs of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable shall not in any way be affected or impaired. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement. The headings of the Sections of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

**Section 10 - Modification, Waiver and Notices**

No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof. The Indemnitee agrees promptly to notify the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any matter which may be subject to indemnification covered hereunder, either civil, criminal or investigative. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered by certified, overnight mail or registered mail to the respective addresses of the parties. Failure to provide notice of being served should not cause Indemnitee to lose any of his rights unless such failure causes the Company to lose any of its material rights.

In connection with the foregoing, Indemnitee shall be provided at least ten (10) days written notice before any vote on any amendments that would change any of the Indemnitee's rights under this Agreement and that such rights under this Agreement shall not be amended without Indemnitee's consent.

The Indemnitee will be provided with at least 30 days written notice prior to the termination of the D&O insurance.

**Section 11 - Governing Law**

The parties agree that this Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without giving effect to the conflict of laws.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

**WPCS INTERNATIONAL INCORPORATED**

By: \_\_\_\_\_  
Andrew Hidalgo  
Chairman of the Board

**INDEMNITEE**

By: \_\_\_\_\_  
Sebastian Giordano

## WPCS Announces Executive Change

**EXTON, PA - (Marketwire - July 24, 2013)** WPCS International Incorporated (NASDAQ: WPCS), (“WPCS” or the “Company”) a leader in design-build engineering services for communications infrastructure, has announced that its Chairman and CEO, Andrew Hidalgo will be stepping down from his position, effective July 30, 2013, to pursue private equity investments. Mr. Hidalgo will be replaced by Sebastian Giordano, a current director, who will assume an Interim CEO role, while the WPCS Board of Directors undertakes a search for a permanent Chairman and CEO.

Mr. Hidalgo stated “I have enjoyed my time at WPCS and look forward to supporting the continued success of the Company. I have been interested in private equity for some time however, due to the two difficult fiscal years prior to this fiscal year I felt an obligation to turnaround the financial performance before exiting. This fiscal year has been a healthier fiscal year for the Company and now I can step back and allow new leadership to bring WPCS to its next level of success.”

Joseph Heater, Chief Financial Officer for WPCS, commented, “We cannot express enough gratitude to Andy, as founder of WPCS, for building the Company from the ground up into a multi-million dollar corporation operating on three continents. Andy’s efforts created value for all investors and his recent success in turning around the Company from a difficult financial period just accentuates his leadership skills.”

Mr. Giordano who has over 25 years of strategic, financial and operational experience serving as a board member, CEO, CFO, and Chief Restructuring Officer, added, “With a strong management team that includes Executive Vice President, Myron Polulak and Chief Financial Officer, Joseph Heater, as well as strong operation center presidents, we look forward to building upon the recent positive developments the Company has achieved. As part of his separation agreement, Mr. Hidalgo intends to submit a bid to acquire certain underperforming operation centers from WPCS, which is consistent with the Company’s ongoing plan to improve its financial results, including evaluating such opportunities, that can increase shareholder value for all our investors in the near future.”

About WPCS International Incorporated:

WPCS is a design-build engineering company that focuses on the implementation requirements of communications infrastructure. The company provides its engineering capabilities including wireless communication, specialty construction and electrical power to the public services, healthcare, energy and corporate enterprise markets worldwide. For more information, please visit [www.wpcs.com](http://www.wpcs.com).

*Statements about the company's future expectations, including future revenue and earnings and all other statements in this press release, other than historical facts, are "forward looking" statements and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve risks and uncertainties and are subject to change at any time. The company's actual results could differ materially from expected results. In reflecting subsequent events or circumstances, the company undertakes no obligation to update forward-looking statements.*

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