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): December 17, 2013

WPCS INTERNATIONAL INCORPORATED

(Exact name of registrant as specified in its charter)

Delaware	**001-34643**	**98-0204758**
(State or Other Jurisdiction of Incorporation)	**(Commission File Number)**	**(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

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))

EXPLANATORY NOTE

WPCS International Incorporated (the "Company") confidentially presented to certain holders (the "Note Holders") of its senior secured convertible notes (as amended through the date hereof, the "Notes") issued pursuant to a Securities Purchase Agreement dated as of December 4, 2012 in connection with restructuring of the Notes and compliance with Note Covenants certain financial and non-financial information related to the Company. On November 4, 2013, the Notes were amended (the "Amendment") and the Company agreed to file a Current Report on Form 8-K disclosing all material, non-public information delivered to any of the Note Holders in connection with the Amendment.

During November 2013, in response to a letter received from The NASDAQ Stock Market ("NASDAQ") the Company submitted a plan to regain and sustain compliance with NASDAQ Listing Rule 5550(b)(1) (the "Plan") which contained certain forward looking information. Certain proposed actions described to NASDAQ in the Plan require Note Holders' approval under the Notes. The Plan, and forward looking information contained therein, was provided on a confidential basis to the Note Holders. On November 14, 2013, the Company was notified that a NASDAQ Hearing Panel determined the Company had regained compliance with the continued listing standards and the Company's common stock ("Common Stock") would continue to be listed on NASDAQ.

The information disclosed under Item 7.01 herein, including Exhibits 99.1, 99.2, 99.3, 99.4, 99.5, 99.6, 99.7 and 99.8 is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be incorporated by reference into any registration statement or other document pursuant to Securities Act of 1933, as amended, except as expressly set forth in such filing.

Certain statements disclosed under Item 7.01 herein and in the exhibits hereto constitute "forward-looking statements" within the meaning of the federal securities laws. Words such as "may," "might," "will," "should," "believe," "expect," "anticipate," "estimate," "continue," "predict," "forecast," "project," "plan," "intend" or similar expressions, or statements regarding intent, belief, or current expectations, are forward-looking statements. While the Company believes these forward-looking statements are reasonable, undue reliance should not be placed on any such forward-looking statements, which are based on information available and were made as of the date provided, and may not be accurate as of the date hereof. These forward looking statements are based upon current estimates and assumptions as existed on the date made and are subject to various risks and uncertainties, including without limitation those set forth in the Company's filings with the Securities and Exchange Commission (the "SEC"), not limited to Risk Factors relating to its business contained therein. Thus, actual results could be materially different. The Company expressly disclaims any obligation to update or alter statements whether as a result of new information, future events or otherwise, except as required by law.

Item 2.01 Completion of Acquisition or Disposition of Assets.
Item 3.02 Unregistered Sales of Equity Securities.
Item 3.03 Material Modification to Rights of Security Holders.
Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers
Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

Bitcoin Business of the Company

On December 17, 2013, the Company entered into various agreements, as more fully described below, which are expected to add a new line of business and reporting segment to the Company's existing operations. The Company has acquired BTX Trader, LLC, a Delaware limited liability company ("BTX"), which is a technology-based startup seeking to conduct business in the emerging Bitcoin industry. BTX is currently in early-stage beta testing of a cross-exchange trading technology platform that provides access to ninety percent of publicly available Bitcoin liquidity (the "BTX Technology"). The technology enables users to make informed decisions by providing aggregated and curated market data from all major trading venues.

Overview of Bitcoin

Bitcoin is a digital or virtual currency that uses peer-to-peer technology to facilitate instant payments. Bitcoin is a type of alternative currency known as a cryptocurrency, which uses cryptography for security, making it difficult to counterfeit. Bitcoin issuance and transactions are carried out collectively by the network, with no central authority, and allows users to make secure, verified transfers. We believe the market opportunities for Bitcoin are poised for significant growth in the future. Bitcoin is an accepted form of payment by a growing, but still number of businesses, while governments and regulators are beginning to create more regulation and structure to legitimize it as a currency. The opportunities as an asset class, a currency and a money transfer mechanism can make Bitcoin an important alternative in the financial currency space.

The total number of Bitcoins that will be issued is capped at 21 million to ensure they are not devalued by limitless supply. They are divisible to 8 decimal places. Bitcoins exist only in digital form and can be bought with traditional currency through the internet. Users store their Bitcoins in a digital wallet, while transactions are verified by a digital signature known as a public-encryption key. The first Bitcoin specification and proof-of-concept was published in 2009 by an individual or individuals under the pseudonym Satoshi Nakamoto. Bitcoins are created through a "mining" process that involves programmers solving complex math problems with the computers in this network; this process currently creates 25 Bitcoins every 10 minutes. The limit of 21 million is expected to be reached in the year 2140, after which the total number of Bitcoins will remain unchanged.

A basic premise underpinning the Bitcoin is that because it is decentralized and not issued by government, it is supposedly free from interference and manipulation, in stark contrast to the world's fiat currencies. However, these same features confer significant disadvantages on the Bitcoin. Since it is a virtual currency, it cannot be stored in physical form. Bitcoin businesses are subject to substantial risks and uncertainties associated with any new and emerging business and technology, including regulatory uncertainty. While the business of BTX is initially not believed to be subject to government regulation as it relies principally upon activity involving other Bitcoin businesses, the Company intends to expand BTX's activities in the Bitcoin industry in a manner that will likely subject certain aspects of the business to future governmental regulation.

Regulatory changes or actions may alter the nature of an investment in Bitcoins or restrict the use of Bitcoins in a manner that adversely affects BTX. Until recently, little or no regulatory attention has been directed toward Bitcoins by U.S. federal and state governments, foreign governments and self-regulatory agencies. As Bitcoins have grown in popularity and in market size, the U.S. Congress and certain U.S. agencies (e.g., FinCEN and the Federal Bureau of Investigation) have begun to examine the operations of Bitcoin networks, Bitcoin users and the Bitcoin market in general. Local state regulators such as the California Department of Financial Institutions and the New York State Department of Financial Services have also initiated examinations of Bitcoin. Additionally, a US federal magistrate judge in the U.S. District Court for the Eastern District of Texas has ruled that "Bitcoin is a currency or form of money," although there is no indication yet whether other courts or federal or state regulators will follow the federal magistrate's opinion. There is a possibility of future regulatory change altering, perhaps to a material extent, the nature of BTX's business or the ability of the Company to continue to operate a Bitcoin business. Currently, neither the SEC nor the U.S. Commodity Futures Trading Commission has formally asserted regulatory authority over the Bitcoin trading and ownership. To the extent that Bitcoins are determined to be a security, commodity future or other regulated asset, or to the extent that a U.S. or foreign government or quasi-governmental agency exerts regulatory authority over the Bitcoin activities of the Company, or trading or ownership of Bitcoins, the Company may be adversely affected.

BTX Strategy

BTX was founded to focus on two product categories within the Bitcoin market; (i) trading systems; and (ii) exchanges.

BTX's current business strategy is to continue to implement advanced trading algorithms for bitcoin traders. BTX expects to generate revenue from the trading systems by offering users advanced Bitcoin trading algorithms and strategies that are not currently available. The trading system is a cloud-hosted service that is in an early beta stage. It incorporates some high-end features traders may be familiar with from other asset classes, including advanced charting, trading blotters, and consolidated level 2 order books. BTX believes it is currently the only product that offers trading integration against the five current largest Bitcoin exchanges, allowing users to see liquidity across all platforms, route orders to the best platforms, and identify possible arbitrage opportunities across platforms. Additionally, it allows users to place synthetic stop loss orders against those exchanges, to hedge against Bitcoin price volatility which we believe is a feature not available on any other current software.

BTX's future strategy is to open a Bitcoin exchange to allow low-latency execution of trades in Bitcoin, where it expects to generate revenue on the inflows and outflows of Bitcoin trading. BTX's goal is to launch an exchange in the near future. BTX's model is to combine the best features of its competitors and provide features found nowhere else. So, while other platforms may offer multi-exchange integration, BTX intends to route to more exchanges, and allow synthetic stop-loss orders on top of them. BTX expects to initially launch in a jurisdiction where the regulations surrounding Bitcoin are clear, with a long-term strategy of moving into the United States, following a clearer understanding and development of the regulatory and compliance environment in the U.S. The Company is committed to ensuring compliance in all jurisdictions that in may operate in Bitcoin exchange.

BTX Trader LLC Formation

BTX was formed in the state of Delaware on December 4, 2013. In connection with the formation of BTX, certain investors who previously purchased Notes contributed an aggregate of (i) $439,408 of Notes, along with all rights under the related securities purchase agreement, security and pledge agreement and registration rights agreement (other than the Exchange Cap Allocation and Authorized Share Allocation, as such terms are defined in the Notes) (such $439,408 of Notes and certain related rights, the "Contributed Notes") and (ii) $1,185,000 in cash, as their initial capital contributions to BTX. On December 17, 2013, BTX purchased the BTX Technology and related intellectual property rights from Divya Thakur and Ilya Subkhankulov in consideration for (i) the assignment of the Contributed Notes and (ii) a secured promissory note in the principal amount of $500,000, which accrues interest a rate of 3.32% per annum and is due ten (10) years from the date of issuance (the "BTX Note"). BTX's obligations under the BTX Note are secured by the assets of BTX pursuant to a Security Agreement.

The foregoing is a summary description of BTX and its related transactions does not purport to be complete and is qualified in its entirety by reference to the Amended and Restated Limited Liability Company Agreement of BTX, the Form of Secured Note, the Securities Purchase Agreement among BTX, Divya Thakur and Ilya Subkhankulov and the Security Agreement among BTX, Divya Thakur and Ilya Subkhankulov, which are filed as Exhibits 10.1, 10.2, 10.3 and 10.4, respectively, and incorporated herein by reference.

New Securities Purchase Agreement

On December 17, 2013, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") with certain accredited investors (the "Investors") pursuant to which the Company sold an aggregate of 2,438 shares of its newly designated Series E Convertible Preferred Stock, $0.001 par value per share (the "Series E Preferred Stock") and warrants (the "Warrants" and, collectively with the shares of Series E Preferred Stock, the "Securities") to purchase up to an aggregate of 1,500,000 shares of Common Stock (the "Financing"). As consideration for the purchase of the Securities, the Investors sold their collective interests in BTX to the Company, which such interests constituted 100% of the outstanding membership interests of BTX, causing BTX to become a wholly owned subsidiary of the Company (the "Acquisition").

In connection with the Financing, (i) the Company entered into a registration rights agreement with the Investors (the "Registration Rights Agreement") and (ii) the Company entered into a voting agreement with its officers and directors to vote in favor of the Stockholder Approval (as hereinafter defined).

Each share of Series E Preferred Stock has a stated value of $1,000 and is convertible into shares of Common Stock equal to the stated value (and all accrued but unpaid dividends) divided by the conversion price of $3.50 per share (subject to adjustment in the event of stock splits and dividends). The Series E Preferred Stock accrues dividends at a rate of 12% per annum, payable quarterly in arrears in cash or in kind, subject to certain conditions being met. The Series E Preferred Stock contains a seven year "make-whole" provision such that if the Series E Preferred Stock is converted prior to the seventh anniversary of the date of original issuance, the holder will be entitled to receive the remaining amount of dividends that would accrued from the of the conversion until such seven year anniversary. The Company is prohibited from effecting the conversion of the Series E Preferred Stock to the extent that, as a result of such conversion, the holder beneficially owns more than 9.99%, in the aggregate, of the issued and outstanding shares of the Company's common stock calculated immediately after giving effect to the issuance of shares of common stock upon the conversion of the Series E Preferred Stock.

As part of the Purchase Agreement, (i) the Company agreed to waive any rights to compel the redemption of the Notes, (ii) the Note Holders waived provisions in the prior transaction documents prohibiting the payment of dividends, (iii) the Note Holders agreed that a default under the BTX Note would not constitute a default under the Notes, (iv) the Note Holders waived the default by the Company of its failure to disclose all material, non-public information in possession of the Note Holders by December 15, 2013 and (v) the Note Holders agreed to restrict their ability (individually and not in the aggregate) to convert their Notes or Preferred Stock and sell such shares of Common Stock issuable upon conversion of the Notes or Preferred Stock to a percentage of the aggregate trading volume of the Common Stock in excess of $5 million per day.

The Warrants have an initial exercise price of $5.00 per share (subject to adjustment in the event of stock splits and dividends) and are exercisable on a "cashless" basis beginning six months after the date of issuance if there is not then an effective registration statement covering the resale of the shares of Common Stock underlying the Warrants.

Pursuant to the Purchase Agreement, the Company agreed to use its reasonable best efforts to obtain its stockholders' approval at the next annual stockholder meeting or a special meeting of stockholders for (i) the increase of the number of shares of Common Stock authorized for issuance to 75,000,000 and (ii) the issuance of all of the securities issuable pursuant to the Purchase Agreement ("Stockholder Approval"). The Company agreed to seek to obtain Stockholder Approval by April 30, 2014. If, despite the Company's reasonable best efforts Stockholder Approval is not obtained on or prior to April 30, 2014, the Company agreed to cause an additional annual stockholder meeting to be held annually at which Stockholder Approval will be sought (or if no Annual Meeting of stockholders of the Company is held in any given year, to seek such approval at a special meeting of stockholders of the Company in such given year) until such Stockholder Approval is obtained.

Neither the shares of Series E Preferred Stock nor the Warrants shall be convertible or exercisable, respectively, until Stockholder Approval is obtained.

Pursuant to the Registration Rights Agreement, the Company will agree to file a registration statement with the SEC, within 30 days following receipt of a request from a Buyer (or 45 days with respect to an underwritten offering), covering such shares of common stock issuable upon conversion of the Notes or exercise of the Warrants, as requested by the Buyers, and have such registration statement declared effective by the SEC within 90 days thereafter. The Company also agreed to notify the Buyers if the Company at any time proposes to register any of its securities under the Securities Act of 1933, as amended, and of such Buyers' right to participate in such registration.

The foregoing description of the Acquisition, the Purchase Agreement, the Series E Preferred Stock, the Warrants and related transactions does not purport to be complete and is qualified in its entirety by reference to the complete text of the Purchase Agreement, the Series E Certificate of Designation, the form of Warrant and Registration Rights Agreement, which are filed as Exhibits 10.4, 10.5, 3.1 and 4.1, respectively hereto, and which are incorporated herein by reference.

In connection with the Acquisition, BTX entered into employment agreements with each of Mr. Thakur and Mr. Subkhankulov (respectively, the "Thakur Employment Agreement" and the "Subkhankulov Employment Agreement", and collectively, the "Employment Agreements"). Messrs. Thakur and Subkhankulov are the developers of the BTX Technology.

Under the terms of the Employment Agreements, Messrs. Thakur and Subkhankulov would serve as the Chief Technology Officer and Chief Operating Officer, respectively, of BTX. Messrs. Thakur and Mr. Subkhankulov sold the BTX Technology to BTX immediately prior to the Acquisition.

Pursuant to the Thakur Employment Agreement, Mr. Thakur will serve as the Chief Technology Officer of BTX for a period of one (1) year, subject to renewal, in consideration for (i) a one-time signing bonus of $133,333 and (ii) an annual base salary of $170,000. Mr. Thakur shall be eligible for an annual bonus if BTX meets certain criteria, as established by the Board of Directors of the Company, as BTX's sole member. Additionally, Mr. Thakur, at the sole discretion of the Company's Board of Directors, may be entitled to receive options to purchase up to 5.33% of the outstanding Common Stock of the Company, under an incentive plan adopted by the Company and approved by its shareholders (the "Thakur Option Award"). The Thakur Option Award, if and when issued, along with any other securities of the Company held by Mr. Thakur shall be subject to a two year lockup agreement, subject to certain leak-out provisions. In the event Mr. Thakur's employment is terminated without Cause or by Mr. Thakur with Good Reason (as such terms are defined in the Thakur Employment Agreement), Mr. Thakur shall be entitled to a lump sum payment equal to Mr. Thakur's salary for the prior twelve (12) months. Mr. Thakur shall be appointed as a director to the Company's Board of Directors upon the completion of standard background checks and procedures to the satisfaction of the Board.

Divya Thakur, 28, graduated from the University of Toronto in 2007 with a Bachelor of Science degree in electrical engineering. He worked as a software development engineer at Microsoft Corporation from 2007 to 2008, as a consultant at Goldman Sachs from 2011 through August 2013. Mr. Thakur was chosen to be a member of the Company's Board of Directors based on his knowledge of the Bitcoin trading and software industry, the business focus of BTX, the Company's new wholly owned subsidiary.

Pursuant to the Subkhankulov Employment Agreement, Mr. Subkhankulov will serve as the Chief Operating Officer of BTX for a period of one (1) year, subject to renewal, in consideration for (i) a one-time signing bonus of $66,667 and (ii) an annual base salary of $130,000. Mr. Subkhankulov shall be eligible for an annual bonus if BTX meets certain criteria, as established by the Board of Directors of the Company, as BTX's sole member. Additionally, Mr. Subkhankulov, at the sole discretion of the Company's Board of Directors, may be entitled to receive options to purchase up to 2.667% of the outstanding Common Stock of the Company, under an incentive plan adopted by the Company and approved by its shareholders (the "Subkhankulov Option Award"). The Subkhankulov Option Award, if and when issued, along with any other securities of the Company held by Mr. Subkhankulov shall be subject to a two year lockup agreement, subject to certain leak-out provisions. In the event Mr. Subkhankulov's employment is terminated without Cause or by Mr. Subkhankulov with Good Reason (as such terms are defined in the Subkhankulov Employment Agreement), Mr. Subkhankulov shall be entitled to a lump sum payment equal to Mr. Subkhankulov's salary for the prior twelve (12) months.

Ilya Subkhankulov, 24, graduated from The Johns Hopkins University with a Bachelor of Science degree in 2011, where he double majored in Applied Mathematics and Economics. He worked as an analyst at Thomson Reuters from June 2011 through February 2012, and as an analyst at Goldman Sachs from February 2012 through August 2013.

In addition, the Company entered into standard indemnification agreements ("Indemnification Agreements") with Messrs. Thakur and Subkhankulov whereby the Company agreed to indemnify them for serving as officers of BTX and Mr. Thakur for serving as a director of the Company. The foregoing is a summary description of the Employment Agreements and Indemnification Agreements and does not purport to be complete and is qualified in its entirety by reference to the Employment Agreements and Indemnification Agreements, which are filed as Exhibits 10.7 hereto and incorporated by reference herein.

Neither Mr. Thakur nor Mr. Subkhankulov has any family relationship with any other executive officers or directors of the Company. Except as disclosed herein, there are no arrangements or understandings between either Mr. Thakur or Mr. Subkhankulov and any other person pursuant to which such person was appointed as an officer or director of the Company. There have been no related party transactions in the past two years in which the Company or any of its subsidiaries was or is to be a party, in which either Mr. Thakur or Mr. Subkhankulov has, or will have, a direct or indirect material interest, other than as described herein.

The transactions did not involve any underwriters, underwriting discounts or commissions, or any public offering. The issuance of these securities was deemed to be exempt from the registration requirements of the Securities Act by virtue of Section 4(a)(2) and Rule 506 thereunder, thereof, as a transaction by an issuer not involving a public offering.

Item 7.01 Regulation FD Disclosure.

The Company has periodically provided to Note Holders confidential information concerning the Company. The purpose of this filing is to publicly disseminate in accordance with Regulation FD the information provided to the Note Holders that has not previously been publicly release. Investors should place no reliance on the information contained herein or in the exhibits hereto. The attached Exhibits reflect the current versions of reports previously provided and are believed to constitute all the material non-public disclosures referenced above, that have been provided to the Note Holders prior to the date of this Report. The Company has attached the following to this Current Report in order to disseminate all such information, which are attached as Exhibits 99.1 – 99.5, respectively, hereto:

1. Collateral Account Reconciliation for the week of December 12, 2013.
2. Weekly Disbursement Report dated December 12, 2013.
3. Borrowing Base Calculation December 10, 2013.
4. Capitalization Table December 1, 2013.
5, Cash and Receivables Forecast November 1, 2013.

On November 15, 2013, the Company issued a press release announcing the Panel's determination that the Company has regained compliance and will continue to list the Company's securities on The NASDAQ Stock Market. Prior to the determination the Company submitted a Plan to regain compliance. The Plan dated September 4, 2013, provided an overview of the Company and its operations. The Plan included certain non-public information and is attached hereto as Exhibit 99.6. In addition, the Company presented a power point presentation to NASDAQ which is attached hereto as Exhibit 99.7.

On December 17, 2013, the Company issued a press release announcing the Financing and Acquisition. The press release is attached hereto as Exhibit 99.8.

The foregoing information is a summary of the matters described above, is not complete, and is qualified in its entirety by reference to the full text of such Exhibits, copies of which are attached hereto as exhibits Readers should review such Exhibits for a complete understanding of the information contained therein.

The information in this Item 7.01 is being furnished and shall not be deemed "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 in this Current Report shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in any such filing.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

The following is filed as an Exhibit to this Current Report on Form 8-K.

Exhibit No.	Description
3.1	Certificate of Designations, Preferences and Rights of the Series E Convertible Preferred Stock of WPCS International Incorporated, filed with the Secretary of State of the State of Delaware on December 17, 2013
10.1	Amended and Restated Limited Liability Company Agreement of BTX Trader LLC
10.2	Securities Purchase Agreement between BTX Trader LLC and Divya Thakur and Ilya Subkhankulov dated December 17, 2013
10.3	Form of Secured Note
10.4	Security Agreement between BTX Trader LLC and Divya Thakur and Ilya Subkhankulov
10.5	Securities Purchase Agreement dated December 17, 2013
10.6	Form of Warrant
10.7	Registration Rights Agreement
10.8	Employment Agreement between BTX Trader LLC and Divya Thakur dated December 17, 2013
10.9	Employment Agreement between BTX Trader LLC and Ilya Subkhankulov dated December 17, 2013
10.10	Form of Lockup Agreement
10.11	Form of Voting Agreement
10.12	Indemnification Agreement between the Company and Divya Thakur dated December 17, 2013
10.13	Indemnification Agreement between the Company and Ilya Subkhankulov dated December 17, 2013
99.1	Collateral Account Reconciliation for the Week of December 13, 2013
99.2	Weekly Disbursement Report dated December 13, 2013
99.3	Borrowing Base Calculation dated December 10, 2013
99.4	Capitalization Table dated December 1, 2013
99.5	Cash and Receivables Forecast dated November 1, 2013
99.6	NASDAQ Submission dated October 22, 2013
99.7	NASDAQ Hearing PowerPoint Presentation
99.8	Press Release, issued by the Company on December 17, 2013

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: December 17, 2013

By: */s/ JOSEPH HEATER*
Joseph Heater
Chief Financial Officer

CERTIFICATE OF DESIGNATIONS, PREFERENCES AND RIGHTS OF THE SERIES E CONVERTIBLE PREFERRED STOCK OF WPCS INTERNATIONAL INCORPORATED

I, Joseph Heater, hereby certify that I am the Chief Financial Officer and Secretary of WPCS International Incorporated (the "**Company**"), a corporation organized and existing under the Delaware General Corporation Law (the "**DGCL**"), and further do hereby certify:

That pursuant to the authority expressly conferred upon the Board of Directors of the Company (the "**Board**") by the Company's Certificate of Incorporation, as amended (the "**Certificate of Incorporation**"), the Board on December 16, 2013 adopted the following resolutions creating a series of 2,438 shares of Preferred Stock designated as Series E Convertible Preferred Stock, none of which shares have been issued:

RESOLVED, that the Board designates the Series E Convertible Preferred Stock and the number of shares constituting such series, and fixes the rights, powers, preferences, privileges and restrictions relating to such series in addition to any set forth in the Certificate of Incorporation as follows:

TERMS OF SERIES E CONVERTIBLE PREFERRED STOCK

1. Designation and Number of Shares. There shall hereby be created and established a series of preferred stock of the Company designated as "Series E Convertible Preferred Stock" (the "**Preferred Shares**"). The authorized number of Preferred Shares shall be 2,438 shares. Each Preferred Share shall have a par value of $0.001. Capitalized terms not defined herein shall have the meaning as set forth in Section 24 below.

2. Ranking. Except to the extent that the holders of at least 2/3rds of the outstanding Preferred Shares (the "**Required Holders**") expressly consent to the creation of Parity Stock (as defined below) or Senior Preferred Stock (as defined below) in accordance with Section 14, all shares of capital stock of the Company shall be junior in rank to all Preferred Shares with respect to the preferences as to dividends, distributions and payments upon the liquidation, dissolution and winding up of the Company (such junior stock is referred to herein collectively as "**Junior Stock**"). The rights of all such shares of capital stock of the Company shall be subject to the rights, powers, preferences and privileges of the Preferred Shares. Without limiting any other provision of this Certificate of Designations, without the prior express consent of the Required Holders, voting separate as a single class, the Company shall not hereafter authorize or issue any additional or other shares of capital stock that is (i) of senior rank to the Preferred Shares in respect of the preferences as to dividends, distributions and payments upon the liquidation, dissolution and winding up of the Company (collectively, the "**Senior Preferred Stock**"), (ii) of pari passu rank to the Preferred Shares in respect of the preferences as to dividends, distributions and payments upon the liquidation, dissolution and winding up of the Company (collectively, the "**Parity Stock**") or (iii) any Junior Stock having a maturity date (or any other date requiring redemption or repayment of such shares of Junior Stock) that is prior to the date no Preferred Shares remain outstanding. In the event of the merger or consolidation of the Company with or into another corporation, the Preferred Shares shall maintain their relative rights, powers, designations, privileges and preferences provided for herein and no such merger or consolidation shall result inconsistent therewith.

3. Dividends.

(a) From and after December 17, 2013 (the "**Initial Issuance Date**"), each holder of a Preferred Share (each, a "**Holder**" and collectively, the "**Holders**") shall be entitled to receive dividends ("**Dividends**"), which Dividends shall be paid by the Company out of funds legally available therefor, payable, subject to the conditions and other terms hereof, in shares of Common Stock or cash on the Stated Value (as defined below) of such Preferred Share at the Dividend Rate (as defined below), which shall be cumulative and shall continue to accrue and compound monthly whether or not declared and whether or not in any fiscal year there shall be net profits or surplus available for the payment of dividends in such fiscal year. Dividends on the Preferred Shares shall commence accumulating on the Initial Issuance Date and shall be computed on the basis of a 365-day year and actual days elapsed. Dividends shall be payable quarterly in arrears on the first day of the next applicable quarter (each, a "**Dividend Date**") with the first Dividend Date being February 1, 2014. If a Dividend Date is not a Business Day (as defined below), then the Dividend shall be due and payable on the Business Day immediately following such Dividend Date.

(b) Dividends shall be payable on each Dividend Date, to the record holders of the Preferred Shares on the applicable Dividend Date, in shares of Common Stock ("**Dividend Shares**") so long as there has been no Equity Conditions Failure and so long as the delivery of Dividend Shares would not violate the provisions of Section 4(e); provided, however, that the Company may, at its option, pay Dividends on any Dividend Date in cash ("**Cash Dividends**") or in a combination of Cash Dividends and, so long as there has been no Equity Conditions Failure, Dividend Shares. The Company shall deliver a written notice (each, a "**Dividend Election Notice**") to each Holder on the Dividend Notice Due Date (the date such notice is delivered to all of the Holders, the "**Dividend Notice Date**") which notice (1) either (A) confirms that Dividends to be paid on such Dividend Date shall be paid entirely in Dividend Shares or (B) elects to pay Dividends as Cash Dividends or a combination of Cash Dividends and Dividend Shares and specifies the amount of Dividends that shall be paid as Cash Dividends and the amount of Dividends, if any, that shall be paid in Dividend Shares and (2) certifies that there has been no Equity Conditions Failure as of such time, if any portion of the Dividends shall be paid in Dividend Shares. Notwithstanding anything herein to the contrary, if no Equity Conditions Failure has occurred as of the Dividend Notice Date but an Equity Conditions Failure occurs at any time prior to the Dividend Date, (A) the Company shall provide each Holder a subsequent notice to that effect and (B) unless such Holder waives the Equity Conditions Failure, the Dividend payable to such Holder on such Dividend Date shall be paid in cash. Dividends to be paid to each Holder on a Dividend Date in Dividend Shares shall be paid in a number of fully paid and non-assessable shares (rounded to the nearest whole share) of Common Stock equal to the quotient of (1) the amount of Dividends payable to such Holder on such Dividend Date less any Cash Dividends paid and (2) the Conversion Price in effect on the applicable Dividend Date.

(c) When any Dividend Shares are to be paid on an Dividend Date to any Holder, the Company shall (i) (A) provided that (x) the Company's transfer agent (the "**Transfer Agent**") is participating in the Depository Trust Company ("**DTC**") Fast Automated Securities Transfer Program and (y) either a Registration Statement (as defined in the Registration Rights Agreement (as defined in the Securities Purchase Agreement)) for the resale by the applicable Holder of the Dividend Shares or such Dividend Shares to be so issued are otherwise eligible for resale pursuant to Rule 144 (as defined in the Securities Purchase Agreement), credit such aggregate number of Dividend Shares to which such Holder shall be entitled to such Holder's or its designee's balance account with DTC through its Deposit/Withdrawal at Custodian system, or (B) if either of the immediately preceding clauses (x) or (y) are not satisfied, issue and deliver on the applicable Dividend Date, to the address set forth in the register maintained by the Company for such purpose pursuant to the Securities Purchase Agreement or to such address as specified by such Holder in writing to the Company at least two (2) Business Days prior to the applicable Dividend Date, a certificate, registered in the name of such Holder or its designee, for the number of Dividend Shares to which such Holder shall be entitled and (ii) with respect to each Dividend Date, pay to such Holder, in cash by wire transfer of immediately available funds, the amount of any Cash Dividend. The Company shall pay any and all taxes that may be payable with respect to the issuance and delivery of Dividend Shares.

4. Conversion. Each Preferred Share shall be convertible into validly issued, fully paid and non-assessable shares of Common Stock (as defined below) on the terms and conditions set forth in this Section 4.

(a) Holder's Conversion Right. Subject to the provisions of Section 4(e), at any time or times on or after the Initial Issuance Date, each Holder shall be entitled to convert any whole number of Preferred Shares into validly issued, fully paid and non-assessable shares of Common Stock in accordance with Section 4(c) at the Conversion Rate (as defined below).

(b) Conversion Rate. The number of validly issued, fully paid and non-assessable shares of Common Stock issuable upon conversion of each Preferred Share pursuant to Section 4(a) shall be determined according to the following formula (the "**Conversion Rate**"):

$$\frac{\text{Conversion Amount}}{\text{Conversion Price}}$$

No fractional shares of Common Stock are to be issued upon the conversion of any Preferred Shares. If the issuance would result in the issuance of a fraction of a share of Common Stock, the Company shall round such fraction of a share of Common Stock up to the nearest whole share.

(c) Mechanics of Conversion. The conversion of each Preferred Share shall be conducted in the following manner:

(i) Holder's Conversion. To convert a Preferred Share into validly issued, fully paid and non-assessable shares of Common Stock on any date (a "**Conversion Date**"), a Holder shall deliver (whether via facsimile or otherwise), for receipt on or prior to 11:59 p.m., New York time, on such date, a copy of an executed notice of conversion of the share(s) of Preferred Shares subject to such conversion in the form attached hereto as **Exhibit I** (the "**Conversion Notice**") to the Company. If required by Section 4(c)(vi), within five (5) Trading Days following a conversion of any such Preferred Shares as aforesaid, such Holder shall surrender to a nationally recognized overnight delivery service for delivery to the Company the original certificates representing the share(s) of Preferred Shares (the "**Preferred Share Certificates**") so converted as aforesaid.

(ii) Company's Response. On or before the first (1st) Trading Day following the date of receipt of a Conversion Notice, the Company shall transmit by facsimile an acknowledgment of confirmation, in the form attached hereto as **Exhibit II**, of receipt of such Conversion Notice to such Holder and the Transfer Agent, which confirmation shall constitute an instruction to the Transfer Agent to process such Conversion Notice in accordance with the terms herein. On or before the second (2nd) Trading Day following the date of receipt by the Company of such Conversion Notice, the Company shall (1) provided that (x) the Transfer Agent is participating in DTC Fast Automated Securities Transfer Program and (y) either a Registration Statement (as defined in the Registration Rights Agreement (as defined in the Securities Purchase Agreement)) for the resale by the applicable Holder of the Dividend Shares or such Dividend Shares to be so issued are otherwise eligible for resale pursuant to Rule 144 (as defined in the Securities Purchase Agreement), credit such aggregate number of shares of Common Stock to which such Holder shall be entitled to such Holder's or its designee's balance account with DTC through its Deposit/Withdrawal at Custodian system, or (2) if either of the immediately preceding clauses (x) or (y) are not satisfied, issue and deliver (via reputable overnight courier) to the address as specified in such Conversion Notice, a certificate, registered in the name of such Holder or its designee, for the number of shares of Common Stock to which such Holder shall be entitled. If the number of Preferred Shares represented by the Preferred Share Certificate(s) submitted for conversion pursuant to Section 4(c)(vi) is greater than the number of Preferred Shares being converted, then the Company shall if requested by such Holder, as soon as practicable and in no event later than three (3) Trading Days after receipt of the Preferred Share Certificate(s) and at its own expense, issue and deliver to such Holder (or its designee) a new Preferred Share Certificate representing the number of Preferred Shares not converted.

(iii) Record Holder. The Person or Persons entitled to receive the shares of Common Stock issuable upon a conversion of Preferred Shares shall be treated for all purposes as the record holder or holders of such shares of Common Stock on the Conversion Date.

(iv) Company's Failure to Timely Convert. If the Company shall fail, for any reason or for no reason, to issue to a Holder within three (3) Trading Days after the Company's receipt of a Conversion Notice (whether via facsimile or otherwise) (the "**Share Delivery Deadline**"), a certificate for the number of shares of Common Stock to which such Holder is entitled and register such shares of Common Stock on the Company's share register or to credit such Holder's or its designee's balance account with DTC for such number of shares of Common Stock to which such Holder is entitled upon such Holder's conversion of any Preferred Shares (as the case may be) (a "**Conversion Failure**"), then, in addition to all other remedies available to such Holder, such Holder, upon written notice to the Company, may void its Conversion Notice with respect to, and retain or have returned (as the case may be) any Preferred Shares that have not been converted pursuant to such Holder's Conversion Notice, provided that the voiding of a Conversion Notice shall not affect the Company's obligations to make any payments which have accrued prior to the date of such notice pursuant to the terms of this Certificate of Designations or otherwise. In addition to the foregoing, if within three (3) Trading Days after the Company's receipt of a Conversion Notice (whether via facsimile or otherwise), the Company shall fail to issue and deliver a certificate to such Holder and register such shares of Common Stock on the Company's share register or credit such Holder's or its designee's balance account with DTC for the number of shares of Common Stock to which such Holder is entitled upon such Holder's conversion hereunder (as the case may be), and if on or after such third (3rd) Trading Day such Holder (or any other Person in respect, or on behalf, of such Holder) purchases (in an open market transaction or otherwise) shares of Common Stock to deliver in satisfaction of a sale by such Holder of all or any portion of the number of shares of Common Stock, or a sale of a number of shares of Common Stock equal to all or any portion of the number of shares of Common Stock, issuable upon such conversion that such Holder so anticipated receiving from the Company, then, in addition to all other remedies available to such Holder, the Company shall, within three (3) Business Days after such Holder's request, which request shall include reasonable documentation of all fees, costs and expenses, and in such Holder's discretion, either (i) pay cash to such Holder in an amount equal to such Holder's total purchase price (including brokerage commissions and other out-of-pocket expenses, if any) for the shares of Common Stock so purchased (including, without limitation, by any other Person in respect, or on behalf, of such Holder) (the "**Buy-In Price**"), at which point the Company's obligation to so issue and deliver such certificate or credit such Holder's balance account with DTC for the number of shares of Common Stock to which such Holder is entitled upon such Holder's conversion hereunder (as the case may be) (and to issue such shares of Common Stock) shall terminate, or (ii) promptly honor its obligation to so issue and deliver to such Holder a certificate or certificates representing such shares of Common Stock or credit such Holder's balance account with DTC for the number of shares of Common Stock to which such Holder is entitled upon such Holder's conversion hereunder (as the case may be) and pay cash to such Holder in an amount equal to the excess (if any) of the Buy-In Price over the product of (A) such number of shares of Common Stock multiplied by (B) the lowest Closing Sale Price of the Common Stock on any Trading Day during the period commencing on the date of the applicable Conversion Notice and ending on the date of such issuance and payment under this clause (ii). Immediately following the voiding of a Conversion Notice as aforesaid, the Conversion Price of any Preferred Shares returned or retained by such Holder for failure to timely convert shall be adjusted to the lesser of (I) the Conversion Price relating to the voided Conversion Notice and (II) the lowest Closing Bid Price of the Common Stock during the period beginning on the Conversion Date and ending on the date such Holder voided the Conversion Notice, subject to further adjustment as provided in this Certificate of Designations.

(v) Pro Rata Conversion; Disputes. In the event the Company receives a Conversion Notice from more than one Holder for the same Conversion Date and the Company can convert some, but not all, of such Preferred Shares submitted for conversion, the Company shall convert from each Holder electing to have Preferred Shares converted on such date a pro rata amount of such Holder's Preferred Shares submitted for conversion on such date based on the number of Preferred Shares submitted for conversion on such date by such Holder relative to the aggregate number of Preferred Shares submitted for conversion on such date. In the event of a dispute as to the number of shares of Common Stock issuable to a Holder in connection with a conversion of Preferred Shares, the Company shall issue to such Holder the number of shares of Common Stock not in dispute and resolve such dispute in accordance with Section 23.

(vi) Book-Entry. Notwithstanding anything to the contrary set forth in this Section 4, upon conversion of any Preferred Shares in accordance with the terms hereof, no Holder thereof shall be required to physically surrender the certificate representing the Preferred Shares to the Company following conversion thereof unless (A) the full or remaining number of Preferred Shares represented by the certificate are being converted (in which event such certificate(s) shall be delivered to the Company as contemplated by this Section 4(c)(vi)) or (B) such Holder has provided the Company with prior written notice (which notice may be included in a Conversion Notice) requesting reissuance of Preferred Shares upon physical surrender of any Preferred Shares. Each Holder and the Company shall maintain records showing the number of Preferred Shares so converted by such Holder and the dates of such conversions or shall use such other method, reasonably satisfactory to such Holder and the Company, so as not to require physical surrender of the certificate representing the Preferred Shares upon each such conversion. In the event of any dispute or discrepancy, such records of such Holder establishing the number of Preferred Shares to which the record holder is entitled shall be controlling and determinative in the absence of manifest error. A Holder and any transferee or assignee, by acceptance of a certificate, acknowledge and agree that, by reason of the provisions of this paragraph, following conversion of any Preferred Shares, the number of Preferred Shares represented by such certificate may be less than the number of Preferred Shares stated on the face thereof. Each certificate for Preferred Shares shall bear the following legend:

ANY TRANSFEREE OR ASSIGNEE OF THIS CERTIFICATE SHOULD CAREFULLY REVIEW THE TERMS OF THE CORPORATION'S CERTIFICATE OF DESIGNATIONS RELATING TO THE SHARES OF SERIES E PREFERRED STOCK REPRESENTED BY THIS CERTIFICATE, INCLUDING SECTION 4(c)(vi) THEREOF. THE NUMBER OF SHARES OF SERIES E PREFERRED STOCK REPRESENTED BY THIS CERTIFICATE MAY BE LESS THAN THE NUMBER OF SHARES OF SERIES E PREFERRED STOCK STATED ON THE FACE HEREOF PURSUANT TO SECTION 4(c)(vi) OF THE CERTIFICATE OF DESIGNATIONS RELATING TO THE SHARES OF SERIES E PREFERRED STOCK REPRESENTED BY THIS CERTIFICATE.

(d) Taxes. The Company shall pay any and all documentary, stamp, transfer (but only in respect of the registered holder thereof), issuance and other similar taxes that may be payable with respect to the issuance and delivery of shares of Common Stock upon the conversion of Preferred Shares.

(e) Limitation on Beneficial Ownership.

(i) Notwithstanding anything to the contrary contained in this Certificate of Designations, the Preferred Shares held by a Holder shall not be convertible by such Holder, and the Company shall not effect any conversion of any Preferred Shares held by such Holder, to the extent (but only to the extent) that such Holder or any of its affiliates would beneficially own in excess of 9.99% (the "**Maximum Percentage**") of the Common Stock. To the extent the above limitation applies, the determination of whether the Preferred Shares held by such Holder shall be convertible (vis-à-vis other convertible, exercisable or exchangeable securities owned by such Holder or any of its affiliates) and of which such securities shall be convertible, exercisable or exchangeable (as among all such securities owned by such Holder and its affiliates) shall, subject to such Maximum Percentage limitation, be determined on the basis of the first submission to the Company for conversion, exercise or exchange (as the case may be). No prior inability of a Holder to convert Preferred Shares, or of the Company to issue shares of Common Stock to such Holder, pursuant to this Section 4(e) shall have any effect on the applicability of the provisions of this Section 4(e) with respect to any subsequent determination of convertibility or issuance (as the case may be). For purposes of this Section 4(e), beneficial ownership and all determinations and calculations (including, without limitation, with respect to calculations of percentage ownership) shall be determined in accordance with Section 13(d) of the 1934 Act and the rules and regulations promulgated thereunder. The provisions of this Section 4(e) shall be implemented in a manner otherwise than in strict conformity with the terms of this Section 4(e) to correct this Section 4(e) (or any portion hereof) which may be defective or inconsistent with the intended Maximum Percentage beneficial ownership limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such Maximum Percentage limitation. The limitations contained in this Section 4(e) shall apply to a successor holder of Preferred Shares. The holders of Common Stock shall be third party beneficiaries of this Section 4(e) and the Company may not waive this Section 4(e) without the consent of holders of a majority of its Common Stock. For any reason at any time, upon the written or oral request of a Holder, the Company shall within one (1) Business Day confirm orally and in writing to such Holder the number of shares of Common Stock then outstanding, including by virtue of any prior conversion or exercise of convertible or exercisable securities into Common Stock, including, without limitation, pursuant to this Certificate of Designations or securities issued pursuant to the other Transaction Documents. By written notice to the Company, any Holder may increase or decrease the Maximum Percentage to any other percentage not in excess of 9.99% specified in such notice; provided that (i) any such increase will not be effective until the 61st day after such notice is delivered to the Company, and (ii) any such increase or decrease will apply only to such Holder sending such notice and not to any other Holder.

(ii) Principal Market Regulation. Notwithstanding anything herein to the contrary, the Company shall not issue any shares of Common Stock upon conversion of any Preferred Shares or otherwise pursuant to this Certificate of Designations, until the Company obtains the Stockholder Approval.

5. [INTENTIONALLY OMITTED]

6. Rights Upon Fundamental Transactions.

(a) Assumption. The Company shall not enter into or be party to a Fundamental Transaction unless (i) the Successor Entity assumes in writing all of the obligations of the Company under this Certificate of Designations and the other Transaction Documents in accordance with the provisions of this Section 7(a) pursuant to written agreements in form and substance satisfactory to the Required Holders and approved by the Required Holders prior to such Fundamental Transaction, including agreements to deliver to each holder of Preferred Shares in exchange for such Preferred Shares a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Certificate of Designations, including, without limitation, having a stated value and dividend rate equal to the stated value and dividend rate of the Preferred Shares held by the Holders and having similar ranking to the Preferred Shares, and reasonably satisfactory to the Required Holders and (ii) the Successor Entity (including its Parent Entity) is a publicly traded corporation whose shares of common stock are quoted on or listed for trading on an Eligible Market. Upon the occurrence of any Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Certificate of Designations and the other Transaction Documents referring to the "Company" shall refer instead to the Successor Entity), and may exercise every right and power of the Company and shall assume all of the obligations of the Company under this Certificate of Designations and the other Transaction Documents with the same effect as if such Successor Entity had been named as the Company herein and therein. In addition to the foregoing, upon consummation of a Fundamental Transaction, the Successor Entity shall deliver to each Holder confirmation that there shall be issued upon conversion of the Preferred Shares at any time after the consummation of such Fundamental Transaction, in lieu of the shares of Common Stock (or other securities, cash, assets or other property (except such items still issuable under Sections 8(a) and 13, which shall continue to be receivable thereafter)) issuable upon the conversion of the Preferred Shares prior to such Fundamental Transaction, such shares of publicly traded common stock (or their equivalent) of the Successor Entity (including its Parent Entity) which each Holder would have been entitled to receive upon the happening of such Fundamental Transaction had all the Preferred Shares held by each Holder been converted immediately prior to such Fundamental Transaction (without regard to any limitations on the conversion of the Preferred Shares contained in this Certificate of Designations), as adjusted in accordance with the provisions of this Certificate of Designations. The provisions of this Section 7 shall apply similarly and equally to successive Fundamental Transactions and shall be applied without regard to any limitations on the conversion of the Preferred Shares.

(b) [Intentionally Omitted]

7. Rights Upon Issuance of Purchase Rights and Other Corporate Events.

(a) Purchase Rights. In addition to any adjustments pursuant to Section 9 below, if at any time the Company grants, issues or sells any Options, Convertible Securities or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of Common Stock (the "**Purchase Rights**"), then each Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which such Holder could have acquired if such Holder had held the number of shares of Common Stock acquirable upon complete conversion of all the Preferred Shares (without taking into account any limitations or restrictions on the convertibility of the Preferred Shares) held by such Holder immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights (provided, however, to the extent that such Holder's right to participate in any such Purchase Right would result in such Holder exceeding the Maximum Percentage, then such Holder shall not be entitled to participate in such Purchase Right to such extent (or beneficial ownership of such shares of Common Stock as a result of such Purchase Right to such extent) and such Purchase Right to such extent shall be held in abeyance for such Holder until such time, if ever, as its right thereto would not result in such Holder exceeding the Maximum Percentage).

(b) Other Corporate Events. In addition to and not in substitution for any other rights hereunder, prior to the consummation of any Fundamental Transaction pursuant to which holders of shares of Common Stock are entitled to receive securities or other assets with respect to or in exchange for shares of Common Stock (a "**Corporate Event**"), the Company shall make appropriate provision to insure that each Holder will thereafter have the right to receive upon a conversion of all the Preferred Shares held by such Holder (i) in addition to the shares of Common Stock receivable upon such conversion, such securities or other assets to which such Holder would have been entitled with respect to such shares of Common Stock had such shares of Common Stock been held by such Holder upon the consummation of such Corporate Event (without taking into account any limitations or restrictions on the convertibility of the Preferred Shares contained in this Certificate of Designations) or (ii) in lieu of the shares of Common Stock otherwise receivable upon such conversion, such securities or other assets received by the holders of shares of Common Stock in connection with the consummation of such Corporate Event in such amounts as such Holder would have been entitled to receive had the Preferred Shares held by such Holder initially been issued with conversion rights for the form of such consideration (as opposed to shares of Common Stock) at a conversion rate for such consideration commensurate with the Conversion Rate. The provisions of this Section 8 shall apply similarly and equally to successive Corporate Events and shall be applied without regard to any limitations on the conversion of the Preferred Shares contained in this Certificate of Designations.

8 . Adjustment of Conversion Price upon Subdivision or Combination of Common Stock. Without limiting any provision of Section 8 or Section 13, if the Company at any time on or after the Subscription Date subdivides (by any stock split, stock dividend, recapitalization or otherwise) one or more classes of its outstanding shares of Common Stock into a greater number of shares, the Conversion Price in effect immediately prior to such subdivision will be proportionately reduced. Without limiting any provision of Section 8 or Section 13, if the Company at any time on or after the Subscription Date combines (by combination, reverse stock split or otherwise) one or more classes of its outstanding shares of Common Stock into a smaller number of shares, the Conversion Price in effect immediately prior to such combination will be proportionately increased. Any adjustment pursuant to this Section 9 shall become effective immediately after the effective date of such subdivision or combination. If any event requiring an adjustment under this Section 9 occurs during the period that a Conversion Price is calculated hereunder, then the calculation of such Conversion Price shall be adjusted appropriately to reflect such event.

9. Authorized Shares.

(a) Reservation. No later than the second (2nd) Trading Day after the Company has obtained the Stockholder Approval, the Company shall initially reserve out of its authorized and unissued Common Stock a number of shares of Common Stock equal to the sum of (i) 100% of the Conversion Rate with respect to the Conversion Amount of each Preferred Share as of the Initial Issuance Date (assuming for purposes hereof, that all the Preferred Shares issuable pursuant to the Securities Purchase Agreement have been issued, such Preferred Shares are convertible at the Conversion Price and without taking into account any limitations on the conversion of such Preferred Shares set forth in herein) and (ii) the maximum number of Dividend Shares issuable pursuant to the terms of this Certificate of Designations from the Initial Issuance Date through the seventh anniversary of the Initial Issuance Date (assuming for purposes hereof, that all the Preferred Shares issuable pursuant to the Securities Purchase Agreement have been issued and without taking into account any limitations on the issuance of securities set forth herein). So long as any of the Preferred Shares are outstanding, the Company shall take all action necessary to reserve and keep available out of its authorized and unissued shares of Common Stock, solely for the purpose of effecting the conversion of the Preferred Shares, as of any given date, the sum of (i) 100% of the number of shares of Common Stock as shall from time to time be necessary to effect the conversion of all of the Preferred Shares issued or issuable pursuant to the Securities Purchase Agreement and (ii) the maximum number of Dividend Shares issuable pursuant to the terms of this Certificate of Designations from such date through the seventh anniversary of such given date, assuming for purposes hereof, that all the Preferred Shares issuable pursuant to the Securities Purchase Agreement have been issued and without taking into account any limitations on the issuance of securities set forth herein), provided that at no time shall the number of shares of Common Stock so available be less than the number of shares required to be reserved by the previous sentence (without regard to any limitations on conversions contained in this Certificate of Designations) (the "**Required Amount**"). The initial number of shares of Common Stock reserved for conversions of the Preferred Shares and for issuance as Dividend Shares and each increase in the number of shares so reserved shall be allocated pro rata among the Holders based on the number of Preferred Shares held by each Holder on the Initial Issuance Date or increase in the number of reserved shares (as the case may be) (the "**Authorized Share Allocation**"). In the event a Holder shall sell or otherwise transfer any of such Holder's Preferred Shares, each transferee shall be allocated a pro rata portion of such Holder's Authorized Share Allocation. Any shares of Common Stock reserved and allocated to any Person which ceases to hold any Preferred Shares shall be allocated to the remaining Holders of Preferred Shares, pro rata based on the number of Preferred Shares then held by such Holders.

(b) Insufficient Authorized Shares. If, notwithstanding Section 10(a) and not in limitation thereof, at any time while any of the Preferred Shares remain outstanding the Company does not have a sufficient number of authorized and unissued shares of Common Stock to satisfy its obligation to have available for issuance upon conversion of the Preferred Shares at least a number of shares of Common Stock equal to the Required Amount (an "**Authorized Share Failure**"), then the Company shall immediately take all action necessary to increase the Company's authorized shares of Common Stock to an amount sufficient to allow the Company to reserve and have available the Required Amount for all of the Preferred Shares then outstanding. Without limiting the generality of the foregoing sentence, as soon as practicable after the date of the occurrence of an Authorized Share Failure, but in no event later than ninety (90) days after the occurrence of such Authorized Share Failure, the Company shall hold a meeting of its stockholders for the approval of an increase in the number of authorized shares of Common Stock. In connection with such meeting, the Company shall provide each stockholder with a proxy statement and shall use its best efforts to solicit its stockholders' approval of such increase in authorized shares of Common Stock and to cause its Board to recommend to the stockholders that they approve such proposal. Nothing contained in this Section 10 shall limit any obligations of the Company under any provision of the Securities Purchase Agreement. In the event that the Company, following the Stockholder Approval Date, is prohibited from issuing shares of Common Stock upon a conversion of any Preferred Share due to the failure by the Company to have sufficient shares of Common Stock available out of the authorized but unissued shares of Common Stock (such unavailable number of shares of Common Stock, the "**Authorization Failure Shares**"), in lieu of delivering such Authorization Failure Shares to such Holder of such Preferred Shares, the Company shall pay cash in exchange for the cancellation of such Preferred Shares convertible into such Authorized Failure Shares at a price equal to the sum of (i) the product of (x) such number of Authorization Failure Shares and (y) the Closing Sale Price on the Trading Day immediately preceding the date such Holder delivers the applicable Conversion Notice with respect to such Authorization Failure Shares to the Company and (ii) to the extent such Holder purchases (in an open market transaction or otherwise) shares of Common Stock to deliver in satisfaction of a sale by such Holder of Authorization Failure Shares, any brokerage commissions and other out-of-pocket expenses, if any, of such Holder incurred in connection therewith.

10. Voting Rights. Holders of Preferred Shares shall have no voting rights, except as required by law (including without limitation, the DGCL) and as expressly provided in this Certificate of Designations. To the extent that under the DGCL the vote of the holders of the Preferred Shares, voting separately as a class or series as applicable, is required to authorize a given action of the Company, the affirmative vote or consent of the holders of all of the shares of the Preferred Shares, voting together in the aggregate and not in separate series unless required under the DGCL, represented at a duly held meeting at which a quorum is presented or by written consent of all of the Preferred Shares (except as otherwise may be required under the DGCL), voting together in the aggregate and not in separate series unless required under the DGCL, shall constitute the approval of such action by both the class or the series, as applicable. Subject to Section 4(e), to the extent that under the DGCL holders of the Preferred Shares are entitled to vote on a matter with holders of shares of Common Stock, voting together as one class, each Preferred Share shall entitle the holder thereof to cast that number of votes per share as is equal to the number of shares of Common Stock into which it is then convertible (subject to the ownership limitations specified in Section 4(e) hereof) using the record date for determining the stockholders of the Company eligible to vote on such matters as the date as of which the Conversion Price is calculated. Holders of the Preferred Shares shall be entitled to written notice of all stockholder meetings or written consents (and copies of proxy materials and other information sent to stockholders) with respect to which they would be entitled by vote, which notice would be provided pursuant to the Company's bylaws and the DGCL).

11. Liquidation, Dissolution, Winding-Up. In the event of a Liquidation Event, the Holders shall be entitled to receive in cash out of the assets of the Company, whether from capital or from earnings available for distribution to its stockholders (the "**Liquidation Funds**"), before any amount shall be paid to the holders of any of shares of Junior Stock, an amount per Preferred Share equal to the greater of (A) 125% of the Conversion Amount thereof on the date of such payment and (B) the amount per share such Holder would receive if such Holder converted such Preferred Shares into Common Stock immediately prior to the date of such payment, provided that if the Liquidation Funds are insufficient to pay the full amount due to the Holders and holders of shares of Parity Stock, then each Holder and each holder of Parity Stock shall receive a percentage of the Liquidation Funds equal to the full amount of Liquidation Funds payable to such Holder and such holder of Parity Stock as a liquidation preference, in accordance with their respective certificate of designations (or equivalent), as a percentage of the full amount of Liquidation Funds payable to all holders of Preferred Shares and all holders of shares of Parity Stock. To the extent necessary, the Company shall cause such actions to be taken by each of its Subsidiaries so as to enable, to the maximum extent permitted by law, the proceeds of a Liquidation Event to be distributed to the Holders in accordance with this Section 12. All the preferential amounts to be paid to the Holders under this Section 12 shall be paid or set apart for payment before the payment or setting apart for payment of any amount for, or the distribution of any Liquidation Funds of the Company to the holders of shares of Junior Stock in connection with a Liquidation Event as to which this Section 12 applies.

12. Participation. In addition to any adjustments pursuant to Section 9, the Holders shall, as holders of Preferred Shares, be entitled to receive such dividends paid and distributions made to the holders of shares of Common Stock to the same extent as if such Holders had converted each Preferred Share held by each of them into shares of Common Stock (without regard to any limitations on conversion herein or elsewhere) and had held such shares of Common Stock on the record date for such dividends and distributions. Payments under the preceding sentence shall be made concurrently with the dividend or distribution to the holders of shares of Common Stock (provided, however, to the extent that a Holder's right to participate in any such dividend or distribution would result in such Holder exceeding the Maximum Percentage, then such Holder shall not be entitled to participate in such dividend or distribution to such extent (or the beneficial ownership of any such shares of Common Stock as a result of such dividend or distribution to such extent) and such dividend or distribution to such extent shall be held in abeyance for the benefit of such Holder until such time, if ever, as its right thereto would not result in such Holder exceeding the Maximum Percentage).

13. Vote to Change the Terms of or Issue Preferred Shares. In addition to any other rights provided by law, except where the vote or written consent of the holders of a greater number of shares is required by law or by another provision of the Certificate of Incorporation, without first obtaining the affirmative vote at a meeting duly called for such purpose or the written consent without a meeting of the Required Holders, voting together as a single class, the Company shall not: (a) amend or repeal any provision of, or add any provision to, its Certificate of Incorporation or bylaws, or file any certificate of designations or articles of amendment of any series of shares of preferred stock, if such action would adversely alter or change in any respect the preferences, rights, privileges or powers, or restrictions provided for the benefit, of the Preferred Shares, regardless of whether any such action shall be by means of amendment to the Certificate of Incorporation or by merger, consolidation or otherwise; provided, however, the Company shall be entitled, without the consent of the Required Holders unless such consent is otherwise required by the DGCL, to amend the Certificate of Incorporation to effectuate one or more reverse stock splits of its issued and outstanding Common Stock for purposes of maintaining compliance with the rules and regulations of the Principal Market; (b) increase or decrease (other than by conversion) the authorized number of Preferred Shares; (c) without limiting any provision of Section 2, create or authorize (by reclassification or otherwise) any new class or series of shares that has a preference over or is on a parity with the Preferred Shares with respect to dividends or the distribution of assets on the liquidation, dissolution or winding up of the Company; (d) purchase, repurchase or redeem any shares of capital stock of the Company junior in rank to the Preferred Shares (other than pursuant to equity incentive agreements (that have in good faith been approved by the Board) with employees giving the Company the right to repurchase shares upon the termination of services); (e) without limiting any provision of Section 2, pay dividends or make any other distribution on any shares of any capital stock of the Company junior in rank to the Preferred Shares; (f) issue any Preferred Shares other than pursuant to the Securities Purchase Agreement; or (g) without limiting any provision of Section 17, whether or not prohibited by the terms of the Preferred Shares, circumvent a right of the Preferred Shares.

14. Lost or Stolen Certificates. Upon receipt by the Company of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of any certificates representing Preferred Shares (as to which a written certification and the indemnification contemplated below shall suffice as such evidence), and, in the case of loss, theft or destruction, of an indemnification undertaking by the applicable Holder to the Company in customary and reasonable form and, in the case of mutilation, upon surrender and cancellation of the certificate(s), the Company shall execute and deliver new certificate(s) of like tenor and date.

15. Remedies, Characterizations, Other Obligations, Breaches and Injunctive Relief. The remedies provided in this Certificate of Designations shall be cumulative and in addition to all other remedies available under this Certificate of Designations and any of the other Transaction Documents, at law or in equity (including a decree of specific performance and/or other injunctive relief), and no remedy contained herein shall be deemed a waiver of compliance with the provisions giving rise to such remedy. Nothing herein shall limit any Holder's right to pursue actual and consequential damages for any failure by the Company to comply with the terms of this Certificate of Designations. The Company covenants to each Holder that there shall be no characterization concerning this instrument other than as expressly provided herein. Amounts set forth or provided for herein with respect to payments, conversion and the like (and the computation thereof) shall be the amounts to be received by a Holder and shall not, except as expressly provided herein, be subject to any other obligation of the Company (or the performance thereof). The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Holders and that the remedy at law for any such breach may be inadequate. The Company therefore agrees that, in the event of any such breach or threatened breach, each Holder shall be entitled, in addition to all other available remedies, to an injunction restraining any such breach or any such threatened breach, without the necessity of showing economic loss and without any bond or other security being required, to the extent permitted by applicable law. The Company shall provide all information and documentation to a Holder that is requested by such Holder to enable such Holder to confirm the Company's compliance with the terms and conditions of this Certificate of Designations.

16. Noncircumvention. The Company hereby covenants and agrees that the Company will not, by amendment of its Certificate of Incorporation, bylaws or through any reorganization, transfer of assets, consolidation, merger, scheme of arrangement, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Certificate of Designations, and will at all times in good faith carry out all the provisions of this Certificate of Designations and take all action as may be required to protect the rights of the Holders. Without limiting the generality of the foregoing or any other provision of this Certificate of Designations, the Company (i) shall not increase the par value of any shares of Common Stock receivable upon the conversion of any Preferred Shares above the Conversion Price then in effect, (ii) shall take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and non-assessable shares of Common Stock upon the conversion of Preferred Shares and (iii) shall, so long as any Preferred Shares are outstanding, take all action necessary to reserve and keep available out of its authorized and unissued shares of Common Stock, solely for the purpose of effecting the conversion of the Preferred Shares, the maximum number of shares of Common Stock as shall from time to time be necessary to effect the conversion of the Preferred Shares then outstanding (without regard to any limitations on conversion contained herein).

17. Failure or Indulgence Not Waiver. No failure or delay on the part of a Holder in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privilege. No waiver shall be effective unless it is in writing and signed by an authorized representative of the waiving party. This Certificate of Designations shall be deemed to be jointly drafted by the Company and all Holders and shall not be construed against any Person as the drafter hereof.

18. Notices. The Company shall provide each Holder of Preferred Shares with prompt written notice of all actions taken pursuant to the terms of this Certificate of Designations, including in reasonable detail a description of such action and the reason therefor. Whenever notice is required to be given under this Certificate of Designations, unless otherwise provided herein, such notice must be in writing and shall be given in accordance with Section 8(f) of the Securities Purchase Agreement. Without limiting the generality of the foregoing, the Company shall give written notice to each Holder (i) promptly following any adjustment of the Conversion Price, setting forth in reasonable detail, and certifying, the calculation of such adjustment and (ii) at least fifteen (15) days prior to the date on which the Company closes its books or takes a record (A) with respect to any dividend or distribution upon the Common Stock, (B) with respect to any grant, issuances, or sales of any Options, Convertible Securities or rights to purchase stock, warrants, securities or other property to all holders of shares of Common Stock as a class or (C) for determining rights to vote with respect to any Fundamental Transaction, dissolution or liquidation, provided, in each case, that such information shall be made known to the public prior to, or simultaneously with, such notice being provided to any Holder.

19. Transfer of Preferred Shares. Subject to the restrictions set forth in Section 9(g) of the Securities Purchase Agreement, a Holder may transfer some or all of its Preferred Shares without the consent of the Company.

20. Preferred Shares Register. The Company shall maintain at its principal executive offices (or such other office or agency of the Company as it may designate by notice to the Holders), a register for the Preferred Shares, in which the Company shall record the name, address and facsimile number of the Persons in whose name the Preferred Shares have been issued, as well as the name and address of each transferee. The Company may treat the Person in whose name any Preferred Shares is registered on the register as the owner and holder thereof for all purposes, notwithstanding any notice to the contrary, but in all events recognizing any properly made transfers.

21. Stockholder Matters; Amendment.

(a) Stockholder Matters. Any stockholder action, approval or consent required, desired or otherwise sought by the Company pursuant to the DGCL, the Certificate of Incorporation, this Certificate of Designations or otherwise with respect to the issuance of Preferred Shares may be effected by written consent of the Company's stockholders or at a duly called meeting of the Company's stockholders, all in accordance with the applicable rules and regulations of the DGCL. This provision is intended to comply with the applicable sections of the DGCL permitting stockholder action, approval and consent affected by written consent in lieu of a meeting.

(b) Amendment. This Certificate of Designations or any provision hereof may be amended by obtaining the affirmative vote at a meeting duly called for such purpose, or written consent without a meeting in accordance with the DGCL, of the Required Holders, voting separate as a single class, and with such other stockholder approval, if any, as may then be required pursuant to the DGCL and the Certificate of Incorporation.

22. Dispute Resolution.

(a) Submission to Dispute Resolution.

(i) In the case of a dispute relating to a Closing Bid Price, a Closing Sale Price, a Conversion Price, a VWAP or a fair market value or the arithmetic calculation of a Conversion Rate (as the case may be) (including, without limitation, a dispute relating to the determination of any of the foregoing), the Company or the applicable Holder (as the case may be) shall submit the dispute to the other party via facsimile (A) if by the Company, within two (2) Business Days after the occurrence of the circumstances giving rise to such dispute or (B) if by such Holder at any time after such Holder learned of the circumstances giving rise to such dispute. If such Holder and the Company are unable to promptly resolve such dispute relating to such Bid Price, such Closing Bid Price, such Closing Sale Price, such Conversion Price, such VWAP or such fair market value, or the arithmetic calculation of such Conversion Rate (as the case may be), at any time after the second (2nd) Business Day following such initial notice by the Company or such Holder (as the case may be) of such dispute to the Company or such Holder (as the case may be), then such Holder may, at its sole option, select an independent, reputable investment bank to resolve such dispute.

(ii) Such Holder and the Company shall each deliver to such investment bank (A) a copy of the initial dispute submission so delivered in accordance with the first sentence of this Section 23 and (B) written documentation supporting its position with respect to such dispute, in each case, no later than 5:00 p.m. (New York time) by the fifth (5th) Business Day immediately following the date on which such Holder selected such investment bank (the "**Dispute Submission Deadline**") (the documents referred to in the immediately preceding clauses (A) and (B) are collectively referred to herein as the "**Required Dispute Documentation**") (it being understood and agreed that if either such Holder or the Company fails to so deliver all of the Required Dispute Documentation by the Dispute Submission Deadline, then the party who fails to so submit all of the Required Dispute Documentation shall no longer be entitled to (and hereby waives its right to) deliver or submit any written documentation or other support to such investment bank with respect to such dispute and such investment bank shall resolve such dispute based solely on the Required Dispute Documentation that was delivered to such investment bank prior to the Dispute Submission Deadline). Unless otherwise agreed to in writing by both the Company and such Holder or otherwise requested by such investment bank, neither the Company nor such Holder shall be entitled to deliver or submit any written documentation or other support to such investment bank in connection with such dispute (other than the Required Dispute Documentation) .

(iii) The Company and such Holder shall cause such investment bank to determine the resolution of such dispute and notify the Company and such Holder of such resolution no later than ten (10) Business Days immediately following the Dispute Submission Deadline. The fees and expenses of such investment bank shall be borne solely by the Company, and such investment bank's resolution of such dispute shall be final and binding upon all parties absent manifest error.

(b) Miscellaneous. The Company expressly acknowledges and agrees that (i) this Section 23 constitutes an agreement to arbitrate between the Company and such Holder (and constitutes an arbitration agreement) under § 5701, et seq. of Title 10, Chapter 57 of the Delaware Code (the "**Uniform Arbitration Act**") and that each party shall be entitled to compel arbitration pursuant to the Uniform Arbitration Act in order to compel compliance with this Section 23, (ii) the terms of this Note and each other applicable Transaction Document shall serve as the basis for the selected investment bank's resolution of the applicable dispute, such investment bank shall be entitled (and is hereby expressly authorized) to make all findings, determinations and the like that such investment bank determines are required to be made by such investment bank in connection with its resolution of such dispute and in resolving such dispute such investment bank shall apply such findings, determinations and the like to the terms of this Note and any other applicable Transaction Documents, (iii) such Holder (and only such Holder), in its sole discretion, shall have the right to submit any dispute described in this Section 23 to any state or federal court sitting in Chicago, Illinois in lieu of utilizing the procedures set forth in this Section 23 and (iv) nothing in this Section 23 shall limit such Holder from obtaining any injunctive relief or other equitable remedies (including, without limitation, with respect to any matters described in this Section 23) .

23. Certain Defined Terms. For purposes of this Certificate of Designations, the following terms shall have the following meanings:

(a) "**1934 Act**" means the Securities Exchange Act of 1934, as amended.

(b) "**Additional Amount**" means, as of the applicable date of determination, with respect to each Preferred Share, all declared and unpaid Dividends on such Preferred Share.

(c) "**Approved Share Plan**" means any employee benefit plan which has been approved by the board of directors of the Company prior to or subsequent to the date hereof pursuant to which shares of Common Stock and standard options to purchase Common Stock may be issued to any employee, officer or director for services provided to the Company in their capacity as such.

(d) "**Bloomberg**" means Bloomberg, L.P.

(e) "**Business Day**" means any day other than Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required by law to remain closed.

(f) "**Closing Bid Price**" and "**Closing Sale Price**" means, for any security as of any date, the last closing bid price and last closing trade price, respectively, for such security on the Principal Market, as reported by Bloomberg, or, if the Principal Market begins to operate on an extended hours basis and does not designate the closing bid price or the closing trade price (as the case may be) then the last bid price or last trade price, respectively, of such security prior to 4:00:00 p.m., New York time, as reported by Bloomberg, or, if the Principal Market is not the principal securities exchange or trading market for such security, the last closing bid price or last trade price, respectively, of such security on the principal securities exchange or trading market where such security is listed or traded as reported by Bloomberg, or if the foregoing do not apply, the last closing bid price or last trade price, respectively, of such security in the over-the-counter market on the electronic bulletin board for such security as reported by Bloomberg, or, if no closing bid price or last trade price, respectively, is reported for such security by Bloomberg, the average of the bid prices, or the ask prices, respectively, of any market makers for such security as reported in the "pink sheets" by OTC Markets Group Inc. (formerly Pink Sheets LLC). If the Closing Bid Price or the Closing Sale Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Closing Bid Price or the Closing Sale Price (as the case may be) of such security on such date shall be the fair market value as mutually determined by the Company and the applicable Holder. If the Company and such Holder are unable to agree upon the fair market value of such security, then such dispute shall be resolved in accordance with the procedures in Section 23. All such determinations shall be appropriately adjusted for any stock dividend, stock split, stock combination or other similar transaction during such period.

(g) "**Common Stock**" means (i) the Company's shares of common stock, $0.001 par value per share, and (ii) any capital stock into which such common stock shall have been changed or any share capital resulting from a reclassification of such common stock.

(h) "**Contingent Obligation**" means, as to any Person, any direct or indirect liability, contingent or otherwise, of that Person with respect to any indebtedness, lease, dividend or other obligation of another Person if the primary purpose or intent of the Person incurring such liability, or the primary effect thereof, is to provide assurance to the obligee of such liability that such liability will be paid or discharged, or that any agreements relating thereto will be complied with, or that the holders of such liability will be protected (in whole or in part) against loss with respect thereto.

(i) "**Conversion Amount**" means, with respect to each Preferred Share, as of the applicable date of determination, the sum of (1) the Stated Value thereof, plus (2) the Additional Amount thereon as of such date of determination, plus (3) the Make-Whole Amount.

(j) "**Conversion Price**" means, with respect to each Preferred Share, as of any Conversion Date or other applicable date of determination, $3.50, subject to adjustment as provided herein.

(k) "**Convertible Securities**" means any stock or other security (other than Options) that is at any time and under any circumstances, directly or indirectly, convertible into, exercisable or exchangeable for, or which otherwise entitles the holder thereof to acquire, any shares of Common Stock.

(l) "**Dividend Notice Due Date**" means the eleventh (11th) Trading Day immediately prior to the applicable Dividend Date.

(m) "**Dividend Rate**" means twelve percent (12.0%) per annum.

(n) "**Eligible Market**" means The New York Stock Exchange, the NYSE MKT, the Nasdaq Global Select Market, the Nasdaq Global Market or the Principal Market.

(o) "**Equity Conditions**" means: (i) with respect to the applicable date of determination either (x) a registration statement is effective, and the prospectus contained therein is available, for the issuance by the Company to all of the Holders of all of the shares of Common Stock issuable upon conversion of all of the Preferred Shares and upon exercise of the Warrants (in each case, without regard to any limitations on conversion or exercise set forth therein) or (y) all of the shares of Common Stock issuable upon conversion of all of the Preferred Shares and exercise of the Warrants (assuming a cashless exercise to the extent permitted therein) are otherwise freely tradable without the need for registration under any applicable federal or state securities laws (in each case, disregarding any limitation on conversion contained herein); (ii) on each day during the period beginning thirty (30) days prior to the applicable date of determination and ending on and including the applicable date of determination (the "**Equity Conditions Measuring Period**"), the Common Stock (including all of the shares of Common Stock issuable upon conversion of all of the Preferred Shares and upon exercise of the Warrants) is listed or designated for quotation (as applicable) on an Eligible Market and shall not have been suspended from trading on an Eligible Market (other than suspensions of not more than two (2) days and occurring prior to the applicable date of determination due to business announcements by the Company); (iii) on each day during the Equity Conditions Measuring Period, the Company shall have delivered all shares of Common Stock issuable upon conversion of Preferred Shares and upon exercise of the Warrants on a timely basis as set forth in Section 4 hereof and as set forth in the Warrants, respectively, and all other shares of capital stock required to be delivered by the Company on a timely basis as set forth in the other Transaction Documents; (iv) any shares of Common Stock to be issued in connection with the event requiring determination may be issued in full without violating Section 4(e) hereof (each Holder acknowledges that the Company shall be entitled to assume that this condition has been met for all purposes hereunder absent written notice from such Holder); (v) any shares of Common Stock to be issued in connection with the event requiring determination may be issued in full without violating the rules or regulations of the Eligible Market on which the Common Stock is then listed or designated for quotation (as applicable); (vi) on each day during the Equity Conditions Measuring Period, no public announcement of a pending, proposed or intended Fundamental Transaction shall have occurred which has not been abandoned, terminated or consummated; (vii) the Company shall have no knowledge of any fact that would reasonably be expected to cause any of the shares of Common Stock issuable upon conversion of any Preferred Shares or upon exercise of the Warrants to not be freely tradable without the need for registration under any applicable state securities laws (disregarding any limitation on conversion contained herein); (viii) no Holder shall be in possession of any material, non-public information provided to any of them by the Company, any of its Subsidiaries or any of their respective affiliates, employees, officers, representatives, agents or the like; (ix) on each day during the Equity Conditions Measuring Period, the Company otherwise shall have been in material compliance with each, and shall not have breached any, provision, covenant, representation or warranty of any Transaction Document; and (x) on each day during the Equity Conditions Measuring Period, there shall not have occurred any Volume Failure or Price Failure.

(p) "**Equity Conditions Failure**" means, with respect to any date of determination, that on any day during the period commencing twenty (20) Trading Days immediately prior to such date of determination, the Equity Conditions have not been satisfied (or waived in writing by the Required Holders).

(q) "**Excluded Securities**" means, collectively, (A) shares of Common Stock or standard options to purchase Common Stock to directors, officers or employees of the Company in their capacity as such pursuant to an Approved Share Plan, provided that (1) all such issuances (taking into account the shares of Common Stock issuable upon exercise of such options) after the Subscription Date pursuant to this clause (A) do not, in the aggregate, exceed more than 500,000 shares of Common Stock (adjusted for stock splits, stock combinations and other similar transactions) and (2) the exercise price of any such options is not lowered, none of such options are amended to increase the number of shares issuable thereunder and none of the terms or conditions of any such options are otherwise materially changed in any manner that adversely affects any of the Holders; (B) shares of Common Stock issued upon the conversion or exercise of Convertible Securities (other than standard options to purchase Common Stock issued pursuant to an Approved Share Plan that are covered by clause (A) above) issued prior to the Subscription Date, provided that the conversion or exercise price of any such Convertible Securities (other than standard options to purchase Common Stock issued pursuant to an Approved Share Plan that are covered by clause (A) above) is not lowered, none of such Convertible Securities (other than standard options to purchase Common Stock issued pursuant to an Approved Share Plan that are covered by clause (A) above) are amended to increase the number of shares issuable thereunder and none of the terms or conditions of any such Convertible Securities (other than standard options to purchase Common Stock issued pursuant to an Approved Share Plan that are covered by clause (A) above) are otherwise materially changed in any manner that adversely affects any of the Holders; (C) the shares of Common Stock issuable upon conversion of all of the shares of Series E Preferred Stock; and (D) the Warrant Shares.

(r) "**Fundamental Transaction**" means that (i) the Company or any of its Subsidiaries shall, directly or indirectly, in one or more related transactions, (1) consolidate or merge with or into (whether or not the Company or any of its Subsidiaries is the surviving corporation) any other Person, or (2) sell, lease, license, assign, transfer, convey or otherwise dispose of all or substantially all of its respective properties or assets to any other Person, or (3) allow any other Person to make a purchase, tender or exchange offer that is accepted by the holders of more than 50% of the outstanding shares of Voting Stock of the Company (not including any shares of Voting Stock of the Company held by the Person or Persons making or party to, or associated or affiliated with the Persons making or party to, such purchase, tender or exchange offer), or (4) consummate a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with any other Person whereby such other Person acquires more than 50% of the outstanding shares of Voting Stock of the Company (not including any shares of Voting Stock of the Company held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase agreement or other business combination), or (5) (I) reorganize, recapitalize or reclassify the Common Stock, (II) effect or consummate a stock combination, reverse stock split or other similar transaction involving the Common Stock or (III) make any public announcement or disclosure with respect to any stock combination, reverse stock split or other similar transaction involving the Common Stock (including, without limitation, any public announcement or disclosure of (x) any potential, possible or actual stock combination, reverse stock split or other similar transaction involving the Common Stock or (y) board or stockholder approval thereof, or the intention of the Company to seek board or stockholder approval of any stock combination, reverse stock split or other similar transaction involving the Common Stock), or (ii) any "person" or "group" (as these terms are used for purposes of Sections 13(d) and 14(d) of the 1934 Act and the rules and regulations promulgated thereunder) is or shall become the "beneficial owner" (as defined in Rule 13d-3 under the 1934 Act), directly or indirectly, of 50% of the aggregate ordinary voting power represented by issued and outstanding Voting Stock of the Company.

(s) "**GAAP**" means United States generally accepted accounting principles, consistently applied.

(t) "**Indebtedness**" of any Person means, without duplication (A) all indebtedness for borrowed money, (B) all obligations issued, undertaken or assumed as the deferred purchase price of property or services (including, without limitation, "capital leases" in accordance with generally accepted accounting principles) (other than trade payables entered into in the ordinary course of business), (C) all reimbursement or payment obligations with respect to letters of credit, surety bonds and other similar instruments, (D) all obligations evidenced by notes, bonds, debentures or similar instruments, including obligations so evidenced incurred in connection with the acquisition of property, assets or businesses, (E) all indebtedness created or arising under any conditional sale or other title retention agreement, or incurred as financing, in either case with respect to any property or assets acquired with the proceeds of such indebtedness (even though the rights and remedies of the seller or bank under such agreement are limited to repossession or sale of such property), (F) all monetary obligations under any leasing or similar arrangement which, in connection with generally accepted accounting principles, consistently applied for the periods covered thereby, is classified as a capital lease, (G) all indebtedness referred to in clauses (A) through (F) above secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any mortgage, lien, pledge, charge, security interest or other encumbrance upon or in any property or assets (including accounts and contract rights) owned by any Person, even though the Person which owns such assets or property has not assumed or become liable for the payment of such indebtedness, and (H) all Contingent Obligations in respect of indebtedness or obligations of others of the kinds referred to in clauses (A) through (G) above.

(u) "**Liquidation Event**" means, whether in a single transaction or series of transactions, the voluntary or involuntary liquidation, dissolution or winding up of the Company or such Subsidiaries the assets of which constitute all or substantially all of the assets of the business of the Company and its Subsidiaries, taken as a whole.

(v) "**Make-Whole Amount**" means as of any given date, the amount of any Dividend that, but for any conversion hereunder on such given date, would have accrued with respect to the Conversion Amount being redeemed hereunder at the Dividend Rate then in effect for the period from such given date through the seventh anniversary of such given date.

(w) "**Options**" means any rights, warrants or options to subscribe for or purchase shares of Common Stock or Convertible Securities.

(x) "**Parent Entity**" of a Person means an entity that, directly or indirectly, controls the applicable Person and whose common stock or equivalent equity security is quoted or listed on an Eligible Market, or, if there is more than one such Person or Parent Entity, the Person or Parent Entity with the largest public market capitalization as of the date of consummation of the Fundamental Transaction.

(y) "**Person**" means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization, any other entity or a government or any department or agency thereof.

(z) "**Price Failure**" means, with respect to a particular date of determination, that the quotient of (x) the sum of the VWAP of the Common Stock for each Trading Day in the thirty (30) consecutive Trading Day period ending and including the Trading Day immediately preceding such date of determination, divided by (y) thirty (30) is less than $3.50 (as adjusted for stock splits, stock dividends, stock combinations, recapitalizations or other similar transactions).

(aa) "**Principal Market**" means the Nasdaq Capital Market.

(bb) "**SEC**" means the Securities and Exchange Commission or the successor thereto.

(cc) "**Securities**" means, collectively, the Preferred Shares, the shares of Common Stock issuable upon conversion of the Preferred Shares, the Warrants and the Warrant Shares.

(dd) "**Securities Purchase Agreement**" means that certain securities purchase agreement by and among the Company and the initial holders of Preferred Shares, dated as of the Subscription Date, as may be amended from time in accordance with the terms thereof.

(ee) "**Stated Value**" shall mean $1,000 per share, subject to adjustment for stock splits, stock dividends, recapitalizations, reorganizations, reclassifications, combinations, subdivisions or other similar events occurring after the Initial Issuance Date with respect to the Preferred Shares.

(ff) "**Stockholder Approval**" means, for the purposes of this Certificate of Designations and any other Transaction Document, the affirmative approval of the stockholders of the Company providing for (x) the Company's issuance of all of the Securities as described in the Transaction Documents in accordance with applicable law and the rules and regulations of the Principal Market and (y) the increase of the authorized shares of Common Stock of the Company from 14,285,714 to at least 75,000,000 shares of Common Stock.

(gg) "**Subscription Date**" means December 17, 2013.

(hh) "**Subsidiaries**" shall have the meaning as set forth in the Securities Purchase Agreement.

(ii) "**Successor Entity**" means the Person (or, if so elected by the Required Holders, the Parent Entity) formed by, resulting from or surviving any Fundamental Transaction or the Person (or, if so elected by the Required Holders, the Parent Entity) with which such Fundamental Transaction shall have been entered into.

(jj) "**Trading Day**" means any day on which the Common Stock is traded on the Principal Market, or, if the Principal Market is not the principal trading market for the Common Stock, then on the principal securities exchange or securities market on which the Common Stock is then traded, provided that "Trading Day" shall not include any day on which the Common Stock is scheduled to trade on such exchange or market for less than 4.5 hours or any day that the Common Stock is suspended from trading during the final hour of trading on such exchange or market (or if such exchange or market does not designate in advance the closing time of trading on such exchange or market, then during the hour ending at 4:00:00 p.m., New York time) unless such day is otherwise designated as a Trading Day in writing by the Required Holders.

(kk) "**Transaction Documents**" means the Securities Purchase Agreement, this Certificate of Designations, the Warrants and each of the other agreements and instruments entered into or delivered by the Company or any of the Holders in connection with the transactions contemplated by the Securities Purchase Agreement, all as may be amended from time to time in accordance with the terms thereof.

(ll) "**Volume Failure**" means, with respect to a particular date of determination, the aggregate dollar trading volume (as reported on Bloomberg) of the Common Stock on the Principal Market of any Trading Day in the thirty (30) consecutive Trading Day period ending on the Trading Day immediately preceding such date of determination is less than $100,000 (adjusted for any stock dividend, stock split, stock combination or other similar transaction during such period).

(mm) "**Voting Stock**" of a Person means capital stock of such Person of the class or classes pursuant to which the holders thereof have the general voting power to elect, or the general power to appoint, at least a majority of the board of directors, managers, trustees or other similar governing body of such Person (irrespective of whether or not at the time capital stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency).

(nn) "**VWAP**" means, for any security as of any date, the dollar volume-weighted average price for such security on the Principal Market (or, if the Principal Market is not the principal trading market for such security, then on the principal securities exchange or securities market on which such security is then traded) during the period beginning at 9:30:01 a.m., New York time, and ending at 4:00:00 p.m., New York time, as reported by Bloomberg through its "Volume at Price" function or, if the foregoing does not apply, the dollar volume-weighted average price of such security in the over-the-counter market on the electronic bulletin board for such security during the period beginning at 9:30:01 a.m., New York time, and ending at 4:00:00 p.m., New York time, as reported by Bloomberg, or, if no dollar volume-weighted average price is reported for such security by Bloomberg for such hours, the average of the highest closing bid price and the lowest closing ask price of any of the market makers for such security as reported in the "pink sheets" by OTC Markets Group Inc. (formerly Pink Sheets LLC). If the VWAP cannot be calculated for such security on such date on any of the foregoing bases, the VWAP of such security on such date shall be the fair market value as mutually determined by the Company and such Holder. If the Company and such Holder are unable to agree upon the fair market value of such security, then such dispute shall be resolved in accordance with the procedures in Section 23. All such determinations shall be appropriately adjusted for any stock dividend, stock split, stock combination or other similar transaction during such period.

(oo) "**Warrants**" means, collectively, all of the Warrants to purchase Common Stock issued or issuable by the Company pursuant to the terms of the Securities Purchase Agreement, as may be amended from time in accordance with the terms thereof, and all warrants issued in exchange therefor or replacement thereof, including, without limitation, the warrants to purchase Common Stock issued pursuant to the Exchange Agreements.

(pp) "**Warrant Shares**" means, collectively, the shares of Common Stock issuable upon exercise of the Warrants.

24. Disclosure. Upon receipt or delivery by the Company of any notice in accordance with the terms of this Certificate of Designations, unless the Company has in good faith determined that the matters relating to such notice do not constitute material, non-public information relating to the Company or any of its Subsidiaries, the Company shall simultaneously with any such receipt or delivery publicly disclose such material, non-public information on a Current Report on Form 8-K or otherwise. In the event that the Company believes that a notice contains material, non-public information relating to the Company or any of its Subsidiaries, the Company so shall indicate to each Holder contemporaneously with delivery of such notice, and in the absence of any such indication, each Holder shall be allowed to presume that all matters relating to such notice do not constitute material, non-public information relating to the Company or its Subsidiaries. Nothing contained in this Section 25 shall limit any obligations of the Company, or any rights of any Holder, under Section 4(i) of the Securities Purchase Agreement.

* * * * *

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Designations of Series E Convertible Preferred Stock of WPCS International Incorporated to be signed by its Chief Financial Officer and Secretary on this 17th day of December, 2013.

WPCS INTERNATIONAL INCORPORATED

By: _____

Name: Joseph Heater
Title: Chief Financial Officer and Secretary

EXHIBIT I

WPCS INTERNATIONAL INCORPORATED
CONVERSION NOTICE

Reference is made to the Certificate of Designations, Preferences and Rights of the Series E Convertible Preferred Stock of WPCS International Incorporated (the "**Certificate of Designations**"). In accordance with and pursuant to the Certificate of Designations, the undersigned hereby elects to convert the number of shares of Series E Convertible Preferred Stock, $0.001 par value per share (the "**Preferred Shares**"), of WPCS International Incorporated, a Delaware corporation (the "**Company**"), indicated below into shares of common stock, $0.001 value per share (the "**Common Stock**"), of the Company, as of the date specified below.

Date of Conversion:

Number of Preferred Shares to be converted:

Share certificate no(s). of Preferred Shares to be converted:

Tax ID Number (If applicable):

Conversion Price:

Number of shares of Common Stock to be credited:[1]

Number of shares of Common Stock to be issued:

Please issue the shares of Common Stock into which the Preferred Shares are being converted in the following name and to the following address:

Issue to:

Address:

Telephone Number:

Facsimile Number:

Holder:

By:
Title:

Dated:

Account Number (if electronic book entry transfer):

Transaction Code Number (if electronic book entry transfer):

[1] Only applicable if a credit exists under Section 8(b).

EXHIBIT II

ACKNOWLEDGMENT

The Company hereby acknowledges this Conversion Notice and hereby directs [ ] to issue the above indicated number of shares of Common Stock in accordance with the Irrevocable Transfer Agent Instructions dated _____, 2013 from the Company and acknowledged and agreed to by [ ].

WPCS INTERNATIONAL INCORPORATED

By:
Name:
Title:

AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT OF
BTX TRADER LLC
a Delaware limited liability company

THIS AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT (the "**Agreement**") of BTX TRADER LLC (the "**Company**") is made and entered into as of the 17th day of December, 2013, by and between JOHN O'ROURKE, the initial member and managing member of the Company (the "**Initial Member**" or the "**Managing Member**"), and the other investors listed on the Schedule of Members attached hereto (collectively with the Initial Member, the "**Other Members**", and such Other Members and the Managing Member, collectively, the "**Members**" and each a "**Member**").

RECITALS:

1. Pursuant to the Securities Purchase Agreement (as amended or modified from time to time in accordance with its terms, the "**Securities Purchase Agreement**"), dated as of December 4, 2012, by and among WPCS International Incorporated, a Delaware corporation with offices located at One East Uwchlan Avenue, Suite 301, Exton, Pennsylvania 19341 (the "**WPCS**"), and the investors listed on the Schedule of Buyers attached thereto (individually, a "**Buyer**" and collectively, the "**Buyers**"), which included certain of the Members (the "**Noteholders**"), the Buyers purchased, for a purchase price of $4,000,000, $4,000,000 in aggregate principal amount of senior secured convertible notes, in the form of Exhibit A to the Securities Purchase Agreement (the " **WPCS Notes**") and a warrant initially exercisable into shares of common stock, $0.0001 per share par value of WPCS.

2. Certain direct and indirect subsidiaries of WPCS (other than subsidiaries organized under the laws of a jurisdiction other than the United States, any of the states thereof or the District of Columbia (the "**Foreign Subsidiaries**"), and all other subsidiaries, the "**U.S. Subsidiaries**") guaranteed the obligations under the WPCS Notes pursuant to a guarantee agreement (as amended or modified from time to time in accordance with its terms, the "**Guarantee Agreement**").

3. The WPCS Notes are also secured by a security interest in all or substantially all of the current and future assets of WPCS and all direct and indirect U.S. Subsidiaries of WPCS currently formed or formed in the future, and a 66% pledge of the capital stock of each of the WPCS's Australia Subsidiaries (as defined in the WPCS Notes) and a 60% pledge of the capital stock of WPCS Asia Ltd, as evidenced by a pledge and security agreement (as amended or modified from time to time in accordance with its terms, the "**Security Agreement**" and together with the Guarantee Agreement, the "**Security Documents**");

4. The Buyers appointed Worldwide Stock Transfer LLC as collateral agent with respect to the Collateral (as defined in the Security Agreement) securing the WPCS Notes (in such capacity, the "**Collateral Agent**") pursuant to a Collateral Agency Agreement (as amended or modified from time to time, the "**Collateral Agency Agreement**");

5. Concurrently with the closing of the transactions contemplated by the Securities Purchase Agreement, WPCS and the Buyers entered into a Registration Rights Agreement (the "**Registration Rights Agreement**"), pursuant to which WPCS agreed to provide certain registration rights with respect to the Registrable Securities (as defined in the Registration Rights Agreement), under the Securities Act of 1933, as amended (the "**Securities Act**") and the rules and regulations promulgated thereunder, and applicable state securities laws;

6. A Certificate of Formation of the Company was filed with the Secretary of State of the State of Delaware on December 4, 2013.

7. On December 5, 2013, the Initial Member acquired 100% of the outstanding share capital of the Company and entered into the Limited Liability Company Agreement of the Company, dated December 5, 2013 (the "**Original LLC Agreement**").

8. In accordance with the Act (as defined in Section 1.1), the Members desire that (i) the Original LLC Agreement be amended and restated in its entirety in the form hereof, and (ii) each Member acquire Common Equity Units (as defined in Section 2.5 below) of the Company, as set forth opposite the name of such Member in column (5) on the Schedule of Members, and contribute, as their initial capital contribution, an aggregate of (x) $1,185,000 in cash, (y) $439,408 in aggregate principal amount of WPCS Notes, in each case, as set forth opposite the name of such Member in columns (3) and (4) on the Schedule of Members (the "**Contributed Notes**") and (z) each Noteholder desires to assign to the Company and the Company desires to assume from each Noteholder, its rights as a holder of the Contributed Notes being contributed by such Noteholder to the Company under (A) the Securities Purchase Agreement, (B) the Registration Rights Agreement, (C) the Collateral Agency Agreement and (D) the Security Documents.

NOW, THEREFORE, in consideration of the mutual promises and agreements herein made and intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE 1
Organization

1.1 Formation. The Company was formed on December 4, 2013 by the filing of a Certificate of Formation by an authorized person with the Secretary of State of the State of Delaware pursuant to the provisions of the Delaware Limited Liability Company Act as in effect on the date hereof (as it may be amended from time to time, the "**Act**").

1.2 Name. The name of the Company shall be BTX Trader LLC.

1.3 Principal Place of Business. The principal place of business of the Company shall be at c/o National Corporate Research, Ltd., 615 South Dupont Highway, Dover, County of Kent, Delaware 19901, or at such other place(s) as may be determined upon by the Managing Member from time to time.

1.4 Registered Agent. The name and address of the registered agent for service of process on the Company in the State of Delaware shall be National Corporate Research, Ltd., 615 South Dupont Highway, Dover, County of Kent, Delaware 19901, or such other person as may be determined by the Managing Member from time to time.

1.5 Purposes of Company. The purposes of the Company shall be to hold assets related to (or useful in connection with) Bitcoin and the Bitcoin network. The Managing Member may elect to have the Company's purpose be achieved (in whole or in part) through one or more wholly-owned subsidiaries of the Company (each, a "**Subsidiary**").

1.6 Term. The term of the Company shall be perpetual, unless the Company is dissolved in accordance with the provisions of the Act or this Agreement.

ARTICLE 2
Definitions

For purposes of this Agreement, in addition to the terms defined elsewhere herein, unless the context clearly indicates otherwise, the following terms shall have the following meanings:

2.1 "**Act**" shall have the meaning provided by Section 1.1;

2.2 "**Agreement**" shall have the meaning provided by the preamble hereto;

2.3 "**Capital Contribution**" shall mean the cash and/or the agreed-upon value of any property contributed or deemed contributed pursuant to this Agreement, by a Member or by the Members, either on a given date or in the aggregate, as applicable;

2.4 "**Code**" shall mean the Internal Revenue Code of 1986, as amended;

2.5 "**Common Equity Units**" shall mean limited liability company interests of the Company having the rights and terms appurtenant thereto as specified in this Agreement for Common Equity Units;

2.6 "**Company**" shall have the meaning provided by the preamble hereto;

2.7 "**Initial Capital**" shall refer to the sum of amounts set forth in the Schedule of Members attached hereto;

2.8 "**Initial Investment**" shall mean the Company's initial loan to and/or acquisition of assets from, Divya Thakur and Ilya Subkhankulov.

2.9 "**Investment Profits**" shall have the meaning provided by Section 8.1;

2.10 "**Liquidation**" shall mean any dissolution, termination, liquidation, or winding up of the Company, whether voluntary or involuntary;

2.11 "**Loan**" means one or more loans that the Company may incur, directly or indirectly, on or after the date hereof that encumbers all or any portion of the assets of the Company (if any);

2.12 "**Managing Member**" shall mean John O'Rourke for so long as such person has not been removed as Managing Member by judicial order or is deceased;

2.13 "**Member**" shall have the meaning provided by the preamble hereto;

2.14 "**Proportionate Share**" shall mean a Partner's proportionate share of Common Equity Units as set forth on the Schedule of Members; and

2. 15 "**Required Contribution**" shall have the meaning provided by Section 3.2.

ARTICLE 3
Capital Contributions

3.1 Initial Capital Contributions. On or prior to the business day immediately preceding the closing date of the Initial Investment (the "**Initial Capital Contribution Date**"), the Noteholders shall make the Capital Contributions to the Company as set forth opposite their name on Schedule (3) and (4) of the Schedule of Members.

(a) As part of such Capital Contribution, effective as of the Initial Capital Contribution Date, each Noteholder hereby assigns, transfers, conveys and delivers to the Company all of its right, title and interest in and to the Contributed Note of such Noteholder, and with respect to the Contributed Note of such Noteholder, to the Securities Purchase Agreement, the Security Documents, the Registration Rights Agreement and the Collateral Agency Agreement.

(b) On or prior to the Initial Capital Contribution Date, the Company and each Noteholder shall execute and deliver to WPCS the Notice and Acknowledgment of Transfer attached hereto as Exhibit A agreeing to be bound by all of the provisions contained therein.

(c) The Company hereby acknowledges and agrees that such contribution of the Contributed Notes did not include any contribution or other assignment of the Exchange Cap Allocation (as defined in the WPCS Notes) of any Noteholder or Authorized Share Allocation (as defined in the WPCS Notes) of any Noteholder, in each case, with respect to the WPCS Notes held by each Noteholder and, consequently, the entire Exchange Cap Allocation and Authorized Share Allocation held by any such Noteholder immediately prior to such contribution shall be held by such Noteholder and apply to the remaining WPCS Notes held by such Noteholder after giving effect to such contribution.

3.2 Additional Capital Contributions.

(a) The Members acknowledge and agree that the Company may require additional Capital Contributions to operate. If the Managing Member, in good faith, determines that the Company requires additional Capital Contributions to fund its operations (other than for the purpose of making new investments), then each Member shall be required to contribute an amount (a "**Required Contribution**") equal to its Proportionate Share of such additional Capital Contributions, in exchange for a number of Common Equity Units determined in accordance with Article 4. Any such Required Contribution shall be made within fifteen (15) days after receiving written notice thereof. Without the applicable Member's consent, the aggregate amount of Required Contributions with respect to such Member shall not exceed an amount equal to the amount of the Member's share of Initial Capital originally contributed pursuant to Section 3.1 above.

(b) Except as specifically set forth in this Article 3 or elsewhere in this Agreement or required by law, no Member shall be required to make any additional Capital Contributions to the Company.

3.3 Form of Contributions. All Capital Contributions shall be made in cash, unless otherwise provided by this Agreement.

3.4 Failure to Contribute. If a Member fails to timely and fully fund its share of a Required Contribution determined in accordance with Section 3.2(a), without limiting any other remedies available to the Company the other Member may at its sole option contribute an amount equal to the deficit, in exchange for such number of Common Equity Units determined in accordance with Article 4 below.

ARTICLE 4
Issuance of Units

In consideration for any disproportionately greater additional Capital Contribution made by a Member, the Company shall issue to such Member a number of additional Common Equity Units so as to increase such contributing Member's percentage ownership of outstanding Common Equity Units to equal a fraction (i) the numerator of which is the sum of (A) the value of the Member's own existing equity immediately prior to such event (as determined by the Managing Member in good faith) and (B) the amount of the additional Capital Contribution made by such Member, and (ii) the denominator of which is the sum of the value of all equity of the Company (as determined by the Managing Member in good faith) immediately prior to such event plus the amount of such additional Capital Contribution. For the avoidance of doubt, the initial allocation and issuance of Common Equity Units to each Member is set forth opposite such Member's name in column (5) of the Schedule of Members.

ARTICLE 5
Expenses

5.1 Except as provided in this Article 5 and/or in Article 13, each Member hereby acknowledges and agrees that all costs and expenses (including without limitation attorneys' fees and costs) incurred by such Member in connection with this Agreement shall be borne by such Member.

5.2 The Company shall bear its own expenses, including, without limitation, brokerage commissions, interest expense, bank fees, and legal, accounting and other professional expenses. The Managing Member (in its capacity as such) shall be entitled to reimbursement by the Company for the out-of-pocket expenses directly incurred by the Managing Member or any of its direct or indirect principals, employees or agents in connection with management of the Company.

ARTICLE 6
Management and Responsibilities

6.1 Management.

(a) John O'Rourke agrees that he shall serve as Managing Member of the Company, without compensation as such.

(b) The Managing Member shall have the sole right and authority to manage the Company and without limiting the generality of the foregoing, shall have the right, without the consent of any other party, to take any of the following actions, subject only to the express provisions of this Agreement and applicable law:

(i) to acquire and dispose of any obligations, securities or financial instruments of or relating to the purposes of the Company;

(ii) to invest any uncommitted cash held by the Company on a short-term basis;

(iii) to borrow money on behalf of the Company, whether from Members or otherwise;

(iv) to settle or compromise any claims against any party;

(v) to incur expenses on behalf of the Company as provided in Article 5 above;

(vi) to amend or modify any agreement to which the Company is a party or to waive any provisions thereof;

(vii) to dissolve or liquidate the Company or petition for relief under applicable bankruptcy or insolvency laws; and

(viii) to take all other actions and enter into any other binding commitments as the Managing Member may deem necessary or desirable in furtherance of the Company's purposes.

(c) The Managing Member may not be removed other than as a result of the Managing Member's dissolution or pursuant to an order by a court of competent jurisdiction finding that the Managing Member has committed actual fraud in relation to the Company.

ARTICLE 7
Capital Accounts; Allocation of Income and Losses; Tax Matters

7.1 Capital Accounts.

(a) A separate capital account shall be established and maintained for each Member throughout the term of the Company, and the balance of each such capital account shall be determined in accordance with the principles of Treasury Regulation Section 1.704-1(b)(2)(iv).

(b) If any interest in the Company is transferred under this Agreement, the transferee shall succeed to the capital account of the transferor to the extent the capital account is attributable to the transferred interest.

7.2 Allocation of Income and Losses. At the end of each fiscal year, Company items of income, gain, loss, deduction and/or credit for tax purposes shall be allocated among the Members in a manner such that the capital account of each Member, immediately after making such allocation is, as nearly as possible, equal to the distributions that would be made to such Members if the Company were to have sold its assets for an amount of cash equal to their adjusted tax bases, satisfied all of its liabilities and distributed all of its net assets in accordance with this Agreement immediately after making such an allocation.

7.3 Tax Matters.

(a) The Members intend that the Company shall be treated as a partnership for tax purposes. The Members hereby agree that they will not cause the Company to become an entity that is taxable as a corporation for federal income tax purposes. No Member shall under any circumstances be required to pay or restore any portion of the negative balance in its capital account or to repay any portion thereof to the Company, any Company creditor or another Member, except as specifically provided herein.

(b) The income, deductions, gains, losses and credits of the Company shall be allocated for federal, state, local and foreign income tax purposes by the Managing Member among the persons who were Members during the relevant taxable year. For purposes of determining the share of any items allocated to any period during the relevant taxable year of the Company, such shares shall be determined by the Managing Member using any method permitted by the Code and the regulations thereunder.

(c) Each Member agrees to promptly provide information as requested by the Managing Member (i) so that the Managing Member, in its sole discretion, can determine whether to file applicable composite returns and eligibility for inclusion in such returns, and (ii) so that the Company is not subject to, and does not have to withhold under, the Foreign Account Tax Compliance Act.

(d) Each Member agrees not to treat, on any tax return or in any claim for a refund, any item of income, gain, loss, deduction or credit in a manner inconsistent with the treatment of such item by the Company.

ARTICLE 8
Distributions

8.1 Distribution of Investment Profits. The Company shall make distributions of Investment Profits from time to time (which timing shall be at the Managing Member's sole discretion), promptly upon receipt of amounts that constitute Investment Profits, to the Members, *pro rata*, based upon the number of Common Equity Units owned by each such Member in the Company. "**Investment Profits**" shall mean the positive difference (if any) between (x) an amount equal to the sum of all interest and dividend income and sales proceeds income to the Company plus all other Company revenue, and (y) an amount equal to the sum of all current operating and other expenses of the Company, and reserves for other contingencies established by the Managing Member. The Managing Member may also make distributions of assets in kind, at its sole discretion.

8.2 Limitations on Distributions. Notwithstanding any provision of this Agreement to the contrary, the Company shall make distributions pursuant to this Article 8 only to the extent of the Company's available cash (or, in the case of a distribution of assets in kind, to the extent of such available assets), as determined by the Managing Member in its sole discretion. Other than as may be expressly set forth in this Agreement, the Company shall not be obligated to sell any asset, to borrow, or to take any action outside the ordinary course of business, in order to fund any distribution.

8.3 No Right to Withdrawal. No Member shall be entitled to withdraw any amount from the Company, except as provided in this Agreement.

8.4 Liquidating Distributions. Upon a Liquidation, after all of the Company's debts have been paid, distributions shall be made pursuant to this Section 8.

ARTICLE 9
No Additional Members; Restrictions on Transfer

9.1 No additional Members shall be admitted to the Company (or to any Subsidiary) except pursuant to an amendment hereto, as provided in this Article 9 or as required by operation of law.

9.2 No Member shall Assign any or all of its beneficial ownership interest in the Company or its responsibilities under this Agreement, without the prior written approval of the Managing Member, which approval may be granted or withheld in its sole and absolute discretion, except as may be required by operation of law. For the purposes of this Agreement, "**Assign**" means any sale, assignment, pledge, hypothecation, encumbrance, disposition, transfer, gift or attempt to create or grant a lien or security interest in the beneficial ownership interests, whether voluntary, involuntary, by operation of law or otherwise, and "**beneficial ownership interest**" includes any direct or indirect interest in the capital, profits and other economic rights, claims, interests or obligations of or with respect to a person or in the control or voting rights or obligations of the person.

ARTICLE 10
Other Activities

10.1 Except as expressly provided in this Agreement, each Member consents that the other Member(s) and their principals and affiliates, may engage in or possess an interest in, directly or indirectly, any other present or future business venture of any nature or description for its own account, independently or with others, and may be or become the manager or general partner in other investment entities, and neither the Company nor any other Member shall have any rights in or to such independent venture or the income or profits derived therefrom.

ARTICLE 11
Fiscal Year; Books & Records; Reports; Tax Matters Partner

11.1 Fiscal Year. The Company's fiscal year shall be the calendar year.

11.2 Books and Records. The books of account and records of the Company shall be maintained at its principal place of business or at such other location as may be determined by the Managing Member. Such books of account need not, unless so elected by the Managing Member, be audited. The books and records and tax returns discussed below shall be prepared using the accrual method of accounting.

11.3 Reports. The Company shall provide or cause to be provided to each Member the following reports:

(a) By December 1 of each year, the Company's best estimate of the Company's taxable income as of September 30 of such year (as computed for U.S. federal income tax purposes) for such fiscal year to date, and projected taxable income for such entire year;

(b) As soon as practicable but in any event within forty (40) days after the close of each calendar quarter other than the fourth quarter of each year, quarterly unaudited financial reports, including a balance sheet and income and expense statements; and

(c) As soon as reasonably practicable after the end of each fiscal year (but no later than April 30), the Company's accountant shall prepare and mail to each Member (unless waived) during such year a report setting forth as of the end of such year: (A) the balance sheet and income and expense statements of the Company prepared in accordance with U.S. generally accepted accounting principles consistently applied, but without footnotes; and (B) a copy of Schedule K-1 (or, in the case of an extension, a copy of an estimated Schedule K-1) to the Company's federal income tax return (and any state tax returns) for the preceding year, in a form sufficient to enable that Member to determine its share, for federal (and state) income tax purposes, of all items of Company income, gain, loss, deduction and credit.

11.4 Tax Matters Partner. The Managing Member shall at all times constitute, and have full powers and responsibilities of, the "**tax matters partner**" of the Company (the "**Tax Matters Partner**") for federal, state, local and foreign tax purposes. In the event the Company shall be the subject of an income tax audit by any federal, state, local or foreign authority, to the extent the Company is treated as an entity for purposes of such audit, including administrative settlement and judicial review, the Tax Matters Partner shall be authorized to act for, and its decision shall be final and binding upon, the Company and each Member thereof, and the Tax Matters Partner shall be indemnified and held harmless by the Company for any action so taken by him in good faith.

ARTICLE 12
Dissolution; Liquidation Proceeds; Winding Up

12.1 Dissolution. The Company shall be dissolved and its business terminated at any time in the sole discretion of the Managing Member, or upon the sale of all of the assets of the Company for cash or cash equivalents.

12.2 Liquidation Proceeds. All proceeds from a Liquidation shall be distributed pursuant to Section 8.5 hereof.

12.3 Winding Up. The winding up of the Company shall be completed when all debts, liabilities and obligations of the Company have been paid and discharged or reasonably adequate provision therefor has been made, and all of the remaining assets of the Company have been distributed to the Members in accordance with Section 8.4 above.

ARTICLE 13
Release and Indemnity

13.1 The Managing Member shall not be liable to the Company or to any other Member for any losses or liabilities caused by an act or omission of such Managing Member or its employees or agents, except for such person's acts or omissions constituting fraud, self-dealing or other intentional or criminal wrongdoing. The Managing Member may consult with legal counsel selected by him in good faith, and any action or omission taken or suffered by the Managing Member in reliance on and accordance with the opinion or advice of such counsel shall be full protection and justification to the Managing Member and its employees and agents with respect to the action or omission so taken or suffered. The fiduciary duty of care is hereby eliminated to the fullest extent permitted under the Act.

13.2 The Company shall indemnify and hold harmless the Managing Member (and any successor thereto, whether or not such successor is a Member) and each of its employees, affiliates and agents (each, an "**Indemnified Person**") from and against any loss, cost or expense (a "**Loss**") suffered or sustained by the Indemnified Person (including, without limitation, reasonable attorneys' fees) by reason of the fact that he is or was the Managing Member of the Company, or an employee, affiliate or agent of the Managing Member, and incurred in connection with any defense of any actual or any threatened action or proceeding by a third party, or any judgment or settlement with respect thereto, provided such Loss resulted from action or inaction taken in good faith for a purpose which such Indemnified Person reasonably believed to be in, or not opposed to, the best interests of the Company, and further provided such Loss did not arise from any fraud, self-dealing or intentional or criminal wrongdoing by such Indemnified Person. The Company shall, upon request, advance amounts and/or pay reasonable documented expenses as incurred by the Indemnified Person in connection with the indemnification obligation herein; provided, however, such payment of expenses in advance shall be made only upon receipt of a written undertaking by such Indemnified Person to the Company to repay all amounts advanced if it should be ultimately determined that such Indemnified Person is not entitled to indemnification or advancement of expenses under this Agreement or applicable law.

13.3 The parties acknowledge that notwithstanding the foregoing release and indemnity, certain claims arising out of the Investment Advisers Act of 1940, as amended, and certain other laws may not be subject to waiver or be indemnifiable. In the event this indemnification obligation shall be deemed to be unenforceable, whether in whole or in part, such unenforceable portion shall be stricken or modified so as to give effect to this paragraph to the fullest extent permitted by law.

13.4 The indemnification provided under this Article 13 shall not be deemed exclusive of any other rights to which an Indemnified Person may be entitled under law and shall continue as to a person who has ceased to be an Indemnified Person and shall inure to the benefit of the heirs, executors and administrators of such a person.

13.5 The Company shall have power at any time to purchase and maintain insurance on behalf of any person who is or was an Indemnified Person against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Company would have the power to indemnify him against such liability under the provisions of this Article 13.

ARTICLE 14
Representations and Warranties

14.1 Each Member hereby represents and warrants to the other Member as follows:

(a) If applicable, such Member is duly formed and validly existing under the laws of the jurisdiction of its organization with full power and authority to enter into this Agreement and to conduct its business to the extent contemplated in this Agreement;

(b) This Agreement has been duly authorized, executed and delivered by such Member and constitutes the valid and legally binding agreement of such Member, enforceable in accordance with its terms against such Member, except as such enforceability may be limited by bankruptcy, insolvency, moratorium and other similar laws relating to creditors' rights generally, by general equitable principles and by any implied covenant of good faith and fair dealing;

(c) The execution and delivery of this Agreement by such Member and the performance of its duties and obligations hereunder do not and will not result in a breach of nor conflict with any of the terms, conditions or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, credit agreement, note or other evidence of indebtedness, or any lease or other agreement, or any license, permit, franchise or certificate to which such Member is a party or by which it is bound or to which its properties are subject or require any authorization or approval under or pursuant to any of the foregoing, or violate any statute, regulation, law, order, writ, injunction, judgment or decree to which such Member is subject, or require any governmental consent; and

(d) Such Member is relying on such Member's own tax, legal and accounting professionals and consultants in connection with such Member entering into this Agreement.

(e) If the initial capital contribution of such Member includes any Contributed Notes, (i) such Member is the sole record and beneficial owner of such Contributed Notes being contributed by such Member to the Company and owns such Contributed Notes free from all taxes, liens, claims, encumbrances and charges and (ii) there are no outstanding rights, options, subscriptions or other agreements or commitments obligating such Member to sell or transfer such Contributed Notes and (iii) such Contributed Notes are not subject to any lock-up or other restriction on their transfer or on the ability of such Member to sell or transfer such Contributed Notes.

(f) Without suggesting that an offering of securities is being conducted hereby, each Member hereby acknowledges and agrees as follows:

(i) Each Other Member is an "accredited investor" as defined in Rule 501 ofRegulation D promulgated under the Securities Act and is managed by one or more highly sophisticated parties who have had the opportunity to ask questions of and have received appropriate answers from, the Managing Member and its principals or agents;

(ii) The Common Equity Units in the Company have not been registered under the Securities Act, or analogous state laws and may not be able to be transferred or sold without registration under the Securities Act and laws or an available exemption therefrom;

(iii) There can be no assurance that the Company will realize any profits and not incur losses. Each Other Member acknowledges receipt of a packet of disclosure materials concerning the Initial Investment and can afford the risk of an entire loss of its Capital Contributions; and

(iv) No Other Member will have the ability to control the terms of Initial Investment or the timing of distributions or the liquidation of the Company.

ARTICLE 15
Miscellaneous

15.1 Notices. All notices, demands and other communications to be given and delivered under or by reason of provisions under this Agreement shall be in writing and shall be deemed to have been given on the date when personally delivered, or when transmitted by e-mail, or when sent by reputable overnight courier service, in each case to the recipient at the address or email address set forth below or to such other address or email address or to the attention of such other person as has been indicated in writing to the Company and the other Members. For the avoidance of doubt, any obligation of a party under this Agreement to obtain any agreement or consent of another person "**in writing**" may be fulfilled if such party delivers an appropriate notice to the applicable person pursuant to this Section and the applicable person affirmatively responds to such notice by notice in accordance with the notice provisions set forth in the Schedule of Members.

15.2 Counterparts. This Agreement may be executed in counterparts and execution and delivery by facsimile or email transmission is authorized for all purposes.

15.3 Attorneys' Fees. In the event a party hereto files any action, lawsuit or other legal proceeding against another party hereto by reason of any breach of any of the covenants, agreements or provisions contained in this Agreement, the prevailing party in such proceeding will be entitled to have and recover certain fees from the other party including all reasonable attorneys' fees and costs resulting therefrom.

15.4 Entire Agreement; Binding Effect.

(a) This Agreement constitutes the whole and only agreement between the parties relating to the subject matter of this Agreement.

(b) Subject in all respects to the limitations concerning the Assignment of interests in the Company contained herein and except as otherwise herein expressly provided, the provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted Assigns.

15.5 Amendments to this Agreement. Notwithstanding any provision of this Agreement to the contrary, the terms and provisions of this Agreement may be modified or amended at any time and from time to time, but only with the prior written consent of all Members; provided, that the Managing Member shall have the right in its sole discretion to make insubstantial changes hereto and changes necessary to comply with applicable law or regulatory requirements. Each Other Member hereby consents to the Managing Member's amendment of this agreement to allow for the issuances of additional classes of interests and or to convert the Company to a "series company" under the act and to admit additional members to such classes or series, provided that the legal and economic terms applicable to the Other Members are not changed in a materially adverse manner.

15.6 Construction. Headings at the beginning of each section or subsection are solely for the convenience of the parties and are not a part of this Agreement. This Agreement shall not be construed as if it had been prepared by one of the parties, but rather as if both parties had prepared the same.

15.7 Relationship of Parties. Nothing herein contained shall be considered to constitute any Member as the agent of any other Member, except as may be specifically authorized and provided for herein.

15.8 Governing Law. This Agreement shall be governed by and interpreted in accordance with Delawarelaw (without regard to conflict of law provisions). To the fullest extent permitted by law, in the event of any dispute arising out of the terms and conditions of this Agreement, the parties hereto consent and submit to the personal jurisdiction and venue of the federal and state courts located in New York, New York.

15.9 Further Assurances. Each Member shall promptly execute and deliver all further instruments and documents and take such further action as may be reasonably necessary or desirable to effectuate the intent and purposes of this Agreement.

15.10 Severability. If any term or other provision of this Agreement is invalid, illegal, or incapable of being enforced by any rule of law or public policy, all of the other conditions and provisions of this Agreement will nevertheless remain in full force and effect, so as to cause the economic substance of the transactions contemplated hereby not to be affected in any adverse manner to either party.

15.11 Waiver. No waiver of any breach of any provision of this Agreement shall constitute a waiver of any other breach of such provision or any other provision hereof.

15.12 Sole Discretion. In any instance in this Agreement in which a Member may act in its sole discretion, such sole discretion means the sole, absolute and unfettered discretion of such Member, without any express or implied obligation or duty of good faith.

15.13 Confidentiality. The Members agree that this venture and any information of or concerning other Member(s), or any of their affiliates, including the fact that the Members have entered into this Agreement, or any confidential information of or relating to the any business acquired by the Company and received from such business or its agents, are confidential and shall not be disclosed to any third party or used by a Member at any time, except as may be required by law or as determined by the Managing Member to be in furtherance of the Company's purposes. The Managing Member may, but need not, disclose the general substance of this Agreement to the investors in its "feeder funds." Such restrictions shall not apply, however, to any information which enters the public domain other than through breach of this paragraph.

15.14 Uniform Commercial Code. Each limited liability company interest in the Company shall constitute a "security" within the meaning of, and governed by, (i) Article 8 of the Uniform Commercial Code (including Section 8 102(a)(15) thereof) as in effect from time to time in the State of Delaware, and (ii) Article 8 of the Uniform Commercial Code of any other applicable jurisdiction that now or hereafter substantially includes the 1994 revisions to Article 8 thereof as adopted by the American Law Institute and the National Conference of Commissioners on Uniform State Laws and approved by the American Bar Association on February 14, 1995.

[Signature page follows]

IN WITNESS WHEREOF, the Company and the undersigned Members have executed this Agreement as of the date first written above.

INITIAL MEMBER AND MANAGING MEMBER:

_____

JOHN O'ROURKE

Agreed and Accepted by:

BTX TRADER LLC

By:
Name: John O'Rourke
Title: Managing Member

IN WITNESS WHEREOF, the Company and the undersigned Members have executed this Agreement as of the date first written above.

OTHER MEMBERS:

HUDSON BAY MASTER FUND LTD

By:
Name:
Title:

IN WITNESS WHEREOF, the Company and the undersigned Members have executed this Agreement as of the date first written above.

OTHER MEMBERS:

ATG CAPITAL LLC

By:
Name:
Title:

IN WITNESS WHEREOF, the Company and the undersigned Members have executed this Agreement as of the date first written above.

OTHER MEMBERS:

IROQUOIS MASTER FUND LTD.

By:
Name:
Title:

AMERICAN CAPITAL MANAGEMENT LLC

By:
Name:
Title:

IN WITNESS WHEREOF, the Company and the undersigned Members have executed this Agreement as of the date first written above.

OTHER MEMBERS:

GRQ CONSULTANTS, INC. ROTH 401K FBO BARRY HONIG

By: _____
Name:
Title:

HS CONTRARIAN INVESTMENTS, LLC

By: _____
Name:
Title:

_____
BARRY HONIG

_____
RICHARD MOLINSKY

_____
JOHN FORD

Schedule of Members

(1)	(2)	(3)	(4)	(5)	(6)
Buyer	**Address and Facsimile Number**	**Aggregate Original Principal Amount of Contributed Notes**	**Initial Cash Contribution**	**Common Units**	**Legal Representative's Address and Facsimile Number**
Hudson Bay Master Fund Ltd.	777 Third Avenue, 30th Floor New York, NY 10017 Attention: Yoav Roth Facsimile: (212) 571-1279 E-mail: investments@hudsonbaycapital.com	$143,131	$385,996.32	3,258	N/A
Iroquois Master Fund Ltd.	c/o Iroquois Capital Management, LLC 641 Lexington Avenue 26th Floor New York, NY 10022 Attention: Joshua Silverman Facsimile: (646) 274-1728 Telephone: (212) 974-3070 Email: jsilverman@icfunds.com	$132,146	$356,371.32	3,007	N/A
American Capital Management LLC	c/o Iroquois Capital Management, LLC 641 Lexington Avenue 26th Floor New York, NY 10022 Attention: Joshua Silverman Facsimile: (646) 274-1728 Telephone: (212) 974-3070 Email: jsilverman@icfunds.com	$12,924	$34,852.94	294	N/A
GRQ Consultants, Inc. Roth 401K FBO Barry Honig	c/o Barry Honig 555 S Federal Highway #450 Boca Raton, FL 33432 Email: BRHonig@aol.com	N/A	$90,000.00	554	N/A
HS Contrarian Investments, LLC	c/o John Stetson 347 N New River Drive East #804 Fort Lauderdale, FL 33301 Email: stetson.john@gmail.com	$32,309	$200,000.00	1,430	N/A
Barry Honig	c/o Barry Honig 555 S Federal Highway #450 Boca Raton, FL 33432 Email: BRHonig@aol.com	$105,975	$82,926.47	1,163	N/A
Richard Molinsky	51 Lords Hwy East Weston,CT 06883 Email: rmol15@aol.com Residence: Connecticut	$10,985	$29,625.00	250	N/A
ATG Capital LLC	511 SE 5th Ave Suite 613 Fort Lauderdale, FL 33301 Email: tagjohn@gmail.com Attention: John O'Rourke	$1,292	$3,485.29	29	N/A
John Ford	90 Horseshoe Hill Rd Bolinas, CA, 94924 E-mail: bajarest@gmail.com Attention: John Ford	$646	$1,742.65	15	N/A
TOTAL		$439.408	$1,185,000	10,000	

EXHIBIT A

NOTICE AND ACKNOWLEDGEMENT AND JOINDER AGREEMENT

This Notice and Acknowledgement and Joinder Agreement (the "**Notice and Acknowledgement**") dated as of December 17, 2013, by and between WPCS International Incorporated, a Delaware corporation with offices located at One East Uwchlan Avenue, Suite 301, Exton, Pennsylvania 19341 (the "**Company**") and BTX Trader LLC, a Delaware limited liability company (the "**Assignee**").

Reference is made to (a) the Securities Purchase Agreement (the "**Securities Purchase Agreement**"), dated as of December 4, 2012, by and among the Company, and the investors listed on the Schedule of Buyers attached thereto (individually, a "**Buyer**" and collectively, the "**Buyers**"), whereby the Buyers purchased for an aggregate purchase price of $4,000,000, $4,000,000 in senior secured convertible notes (the "**Original Notes**") and warrants, which are initially exercisable into shares of common stock, $0.0001 par value of the Company (the "**Common Stock**") and (b) the Amended and Restated Limited Liability Company Agreement of the Assignee (the "**Contribution Agreement**"), dated as of December 17, 2013, by and among the Buyers listed onSchedule I attached hereto (the "**Assignors**") and the Assignee, whereby each Assignor (i) contributed, as part of its initial capital contribution to the Assignee, such aggregate original principal amount of the Original Note as described on Schedule I attached hereto opposite the name of such Assignor (collectively, the "**Contributed Notes**") and (ii) assigned to Assignee such Assignor's rights as a holder of such Contributed Note of such Assignor pursuant to (w) the Securities Purchase Agreement, (x) the Registration Rights Agreement (as defined in the Securities Purchase Agreement), (y) the Security Documents (as defined in the Securities Purchase Agreement) and (z) the Collateral Agency Agreement (as defined in the Securities Purchase Agreement) (collectively, the "**Contribution and Assignment**").

The Company and the Assignee hereby agree as follows:

1. The Company hereby acknowledges that it has received notice of the Contribution and Assignment in accordance with the Contribution Agreement as of the date first above written.

2. The Assignee (i) agrees that it will perform in accordance with their terms all of the agreements and obligations which by the terms of the Securities Purchase Agreement, the Registration Rights Agreement, the Security Documents and the Collateral Agency Agreement is required to be performed by it as a Buyer and, as of the Effective Date (as defined below), the terms of the Securities Purchase Agreement, the Registration Rights Agreement, the Security Documents and the Collateral Agency Agreement shall be the binding obligations of the Assignee; (ii) represents and warrants that the representations and warranties of the Buyer contained in the Securities Purchase Agreement, the Registration Rights Agreement, the Security Documents and the Collateral Agency Agreement are true and correct as if made by the Assignee on the date hereof; and (iii) agrees that it shall execute and deliver such additional documents assuming the obligations of the Assignors and perform all tasks reasonably requested by the Company to effect the assignment contemplated hereby.

3. This agreement shall become effective on such date (the "**Effective Date**") as the Company, the Assignee and the Assignors have executed and delivered this Notice and Acknowledgement.

4. The Company and the Assignee agree that as of the Effective Date the Assignee shall be a party to the Securities Purchase Agreement, the Registration Rights Agreement, the Security Documents and the Collateral Agency Agreement and, to the extent provided in this Notice and Acknowledgement, have the rights and obligations under the Securities Purchase Agreement, the Registration Rights Agreement, the Security Documents and the Collateral Agency Agreement of the Assignors with respect to the Contributed Notes.

5. The Assignee hereby acknowledges and agrees that such contribution of the Contributed Notes did not include any contribution or other assignment of the Exchange Cap Allocation (as defined in the Original Notes) of any Noteholder or Authorized Share Allocation (as defined in the Original Notes) of any Noteholder, in each case, with respect to the Original Notes held by each Noteholder and, consequently, the entire Exchange Cap Allocation and Authorized Share Allocation held by any such Noteholder immediately prior to such contribution shall be held by such Noteholder and apply to the remaining Original Notes held by such Noteholder after giving effect to such contribution.

6. Each of the parties represents and warrants that it is duly authorized to enter into this Notice and Acknowledgement. This Notice and Acknowledgement shall be binding on each party's successors and permitted assigns. This Notice and Acknowledgement is personal to the parties and may not be assigned or transferred by any party without the prior written consent of the other parties.

7. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICT OF LAW PRINCIPLES. EACH PARTY AGREES THAT ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING IN ANY WAY TO THIS AGREEMENT SHALL BE BROUGHT IN A U.S. FEDERAL OR STATE COURT OF COMPETENT JURISDICTION SITTING IN THE COUNTY, CITY, AND STATE OF NEW YORK. EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY CONSENTS TO THE JURISDICTION OF SUCH COURT AND HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY DEFENSE OF AN INCONVENIENT FORUM OR A LACK OF PERSONAL JURISDICTION TO THE MAINTENANCE OF ANY ACTION OR PROCEEDING AND ANY RIGHT OF JURISDICTION OR VENUE ON ACCOUNT OF THE PLACE OF RESIDENCE OR DOMICILE OF ANY PARTY HERETO. **EACH PARTY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY.**

[The remainder of the page is intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Notice and Acknowledgement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

THE COMPANY:

WPCS INTERNATIONAL INCORPORATED

By:
Name:
Title

ASSIGNEE:

BTX TRADER LLC

By:
Name: John O'Rourke
Title: Managing Member

Agreed and accepted,
this ___ day of December, 2013

WORLDWIDE STOCK TRANSFER LLC,
as Collateral Agent

By:
Name:
Title

ASSIGNORS:

Agreed and accepted,
this ___ day of December, 2013

HUDSON BAY MASTER FUND LTD

By:
Name:
Title:

ASSIGNORS:

Agreed and accepted,
this ___ day of December, 2013

ATG CAPITAL LLC

By:
Name:
Title:

ASSIGNORS:

Agreed and accepted,
this ___ day of December, 2013

IROQUOIS MASTER FUND LTD.

By:
Name:
Title:

AMERICAN CAPITAL MANAGEMENT LLC

By:
Name:
Title:

ASSIGNORS:

Agreed and accepted,
this ___ day of December, 2013

HS CONTRARIAN INVESTMENTS, LLC

By: _____
Name:
Title:

_____
BARRY HONIG

_____
RICHARD MOLINSKY

_____
JOHN FORD

Schedule I

Schedule of Assignors and Contributed Notes

Buyer	Address and Facsimile Number	Aggregate Original Principal Amount of Contributed Notes	Legal Representative's Address and Facsimile Number
Hudson Bay Master Fund Ltd.	777 Third Avenue, 30th Floor New York, NY 10017 Attention: Yoav Roth Facsimile: (212) 571-1279 E-mail: investments@hudsonbaycapital.com	$143,131	N/A
Iroquois Master Fund Ltd.	c/o Iroquois Capital Management, LLC 641 Lexington Avenue 26th Floor New York, NY 10022 Attention: Joshua Silverman Facsimile: (646) 274-1728 Telephone: (212) 974-3070 Email: jsilverman@icfunds.com	$132,146	N/A
American Capital Management LLC	c/o Iroquois Capital Management, LLC 641 Lexington Avenue 26th Floor New York, NY 10022 Attention: Joshua Silverman Facsimile: (646) 274-1728 Telephone: (212) 974-3070 Email: jsilverman@icfunds.com	$12,924	N/A
HS Contrarian Investments, LLC	c/o John Stetson 347 N New River Drive East #804 Fort Lauderdale, FL 33301 Email: stetson.john@gmail.com	$32,309	N/A
Barry Honig	c/o Barry Honig 555 S Federal Highway #450 Boca Raton, FL 33432 Email: BRHonig@aol.com	$105,975	N/A
Richard Molinsky	51 Lords Hwy East Weston,CT 06883 Email: rmol15@aol.com Residence: Connecticut	$10,985	N/A
ATG Capital LLC	511 SE 5th Ave Suite 613 Fort Lauderdale, FL 33301 Email: tagjohn@gmail.com Attention: John O'Rourke	$1,292	N/A
John Ford	90 Horseshoe Hill Rd Bolinas, CA, 94924 E-mail: bajarest@gmail.com Attention: John Ford	$646	N/A
TOTAL		$439,408	

SECURITIES PURCHASE AGREEMENT

THIS SECURITIES PURCHASE AGREEMENT (this "**Agreement**") is made on December 17, 2013 between BTX Trader LLC, a Delaware limited liability company ("**Seller**") and Divya Thakur, a natural person ("**DT**") and Ilya Subkhankulov, a natural person ("**IS**", and together with DT, "**Purchasers**").

WHEREAS, pursuant to the Securities Purchase Agreement (the "**Securities Purchase Agreement**"), dated as of December 4, 2012, by and among WPCS International Incorporated, a Delaware corporation with offices located at One East Uwchlan Avenue, Suite 301, Exton, Pennsylvania 19341 (the "**Company**") and the investors listed on the Schedule of Buyers attached thereto (individually, a "**Buyer**" and collectively, the "**Buyers**"), the Buyers purchased for an aggregate purchase price of $4,000,000, $4,000,000 in senior secured convertible notes (the "**Original Notes**") and warrants, which are initially exercisable into shares of common stock, $0.0001 par value of the Company (the "**Common Stock**").

WHEREAS, certain direct and indirect subsidiaries of the Company (other than subsidiaries organized under the laws of a jurisdiction other than the United States, any of the states thereof or the District of Columbia (the "**Foreign Subsidiaries**"), and all other subsidiaries, the "**U.S. Subsidiaries**") guaranteed the obligations under the Original Notes pursuant to a guarantee agreement (as amended or modified from time to time in accordance with its terms, the "**Guarantee Agreement**").

WHEREAS, the Original Notes were also secured by a security interest in substantially all of the current and future assets of the Company and all direct and indirect U.S. Subsidiaries of the Company currently formed or formed in the future, and a 66% pledge of the capital stock of each of the Company's Australia Subsidiaries (as defined in the Original Notes) and a 60% pledge of the capital stock of WPCS Asia Ltd, as evidenced by a pledge and security agreement (as amended or modified from time to time in accordance with its terms, the "**Security Agreement**" and together with the Guarantee Agreement, the "**Security Documents**");

WHEREAS, the Buyers appointed Worldwide Stock Transfer LLC as collateral agent with respect to the Collateral (as defined in the Security Agreement) securing the Original Notes (in such capacity, the "**Collateral Agent**") pursuant to a Collateral Agency Agreement (as amended or modified from time to time, the "**Collateral Agency Agreement**");

WHEREAS, concurrently with the closing of the transactions contemplated by the Securities Purchase Agreement, the Company and the Buyers entered into a Registration Rights Agreement (the "**Registration Rights Agreement**"), pursuant to which the Company agreed to provide certain registration rights with respect to the Registrable Securities (as defined in the Registration Rights Agreement), under the Securities Act of 1933, as amended (the "**Securities Act**") and the rules and regulations promulgated thereunder, and applicable state securities laws;

WHEREAS, pursuant to that certain Amended and Restated Limited Liability Company Agreement of Seller (the "**Contribution Agreement**"), dated as of December 17, 2013, by and among the members of Seller and Seller, certain members of the Seller (each a Buyer) (collectively, the "**Noteholders**") (i) contributed, as part of their initial capital contribution to Seller, an aggregate of 439,408 in principal amount of Original Notes (collectively, the "**Contributed Notes**") and (ii) assigned to the Seller the Noteholders' rights as holders of such Contributed Notes pursuant to (w) the Securities Purchase Agreement, (x) the Registration Rights Agreement, (y) the Security Documents and (z) the Collateral Agency Agreement (collectively, the "**Contribution and Assignment**");

WHEREAS, Purchasers are the owners of the assets described on Schedule I attached hereto, including, without limitation, the Bitcoin trading software program, all previous versions, and all work in progress comprising complete and incomplete updates, upgrades, improvements and derivative works thereof, including source code, object code development documentation and user manuals (collectively, the "**Program**"), underlying technology, and all associated proprietary rights (including without limitation, patent, copyright and trade secret rights and rights to develop, modify, enhance, copy, publish, market, distribute, license, sell, transfer, dispose of, use and otherwise deal with the Program throughout the world), in whatever form such Program may take, including, without limitation, (a) all versions of the source code and object code for the Program in machine readable and printed form and all national or computer language versions, (b) any and all end user manuals for the Program in both printed and diskette form, (c) source code development documentation, specifications and other documentation pertaining to the Program, to the extent that such documentation exists, (d) bug lists and product specifications, plus (e) to the extent that they exist, enhancement ideas and compatibility information (collectively, the "**Assets**");

WHEREAS, Seller desires to sell to Purchasers and Purchasers desire to purchase from Seller (a) $439,408 in aggregate principal amount of the Contributed Notes (collectively, the "**Purchased Notes**") and (b) $500,000 in aggregate principal amount of new secured promissory notes of Seller, in the form attached hereto as Exhibit A (the "**Seller Notes**", and together with the Purchased Notes, the "**Notes**"), in exchange for the sale and transfer by Purchasers of all worldwide right, title and interest in the Assets to Seller (the "**Asset Transfer**") on the basis of the representations, warranties and agreements contained in this Agreement, and upon the terms but subject to the conditions set forth herein;

WHEREAS, the Seller Notes will be secured by a first priority security interest in all of the assets of Seller, as evidenced by a security agreement in the form attached hereto as Exhibit B (the "**Security Agreement**"); and

WHEREAS, Seller desires to assign to each Purchaser and each Purchaser desires to assume from Seller, its rights as a holder of such Purchased Note being purchased by such Purchaser under (a) the Securities Purchase Agreement, (b) the Registration Rights Agreement, (c) the Collateral Agency Agreement and (d) the Security Documents.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the adequacy of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. *Purchase of Purchased Notes and the Seller Notes*

(a) *Purchase and Sale.* At the Closing (as defined below), Seller hereby agrees to sell (a) to DT: (i) a Purchased Note with an aggregate principal amount of $292,953.31 and (ii) a Seller Note with an aggregate principal amount of $333,350 and (b) to IS: (i) a Purchased Note with an aggregate principal amount of $146,454.69 and (ii) a Seller Note with an aggregate principal amount of $166,650, collectively, in exchange for the consummation by the parties hereto of the Asset Transfer.

(b) *No Assignment of Exchange Cap Allocation or Authorized Share Allocation.* The parties hereto hereby acknowledge and agree that the purchase of the Purchased Notes by Purchasers does not include any purchase or assignment of the Exchange Cap Allocation (as defined in the Original Notes) of any Noteholder or Authorized Share Allocation (as defined in the Original Notes) of any Noteholder, in each case, with respect to the Original Notes held by each Noteholder and, consequently, the entire Exchange Cap Allocation and Authorized Share Allocation held by any such Noteholder immediately prior to such contribution to the Assignor and the Closing shall be held by such Noteholder and apply to the remaining Original Notes held by such Noteholder after giving effect to such contribution and the Closing.

(c) *Closing.* The date and time of the closing of the transactions contemplated hereby (the "**Closing**", and such date, the "**Closing Date**") shall be 10:00 a.m., New York City time, on the date hereof, (or such other time as the parties may agree) after notification of satisfaction or waiver of the conditions to the closing set forth in Section 2 below at the offices of Greenberg Traurig, LLP, MetLife Building, 200 Park Avenue, New York, NY 10166.

Section 2. *Closing Conditions.*

(a) *Purchasers' Closing Conditions.* The obligation of Purchasers hereunder to purchase the Notes at the Closing is subject to the satisfaction, at or before the Closing Date, of each of the following conditions, provided that these conditions are for each Purchaser's sole benefit and may be waived by such Purchaser at any time in its sole discretion by providing Seller with prior written notice thereof.

(i) The representations and warranties of Seller set forth herein shall be true and correct in all material respects (except for those representations and warranties that are qualified by materiality, which shall be true and correct in all respects) as of the date when made and as of the Closing Date as though made at that time (except for representations and warranties that speak as of a specific date, which shall be made as of such specific date).

(ii) Seller shall have performed, satisfied and complied in all material respects with the covenants, agreements and conditions required by the Agreement to be performed, satisfied or complied with by it at or prior to the Closing Date.

(iii) No statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by any court or other governmental authority of competent jurisdiction that prohibits the consummation of any of the transactions contemplated by the Agreement.

(iv) On the Closing Date, Seller shall have delivered to the Company (with a copy to Purchasers) the Original Note along with irrevocable instructions to split the Original Note into certificates representing the Purchased Notes (in such denominations and registered in such names as each Purchaser shall request), in accordance with Section 1(a) herein.

(v) The Company and Seller shall have delivered into escrow signature pages to the Securities Purchase Agreement, in the form attached hereto as Exhibit C (the "**Securities Purchase Agreement**"), and, subject only to the release of signature pages from such escrow and the execution by Purchasers of agreements with the Company described therein (collectively, the "**Purchaser Other Agreements**"), satisfied the conditions to closing set forth therein.

(b) *Seller's Closing Conditions.* The obligation of Seller hereunder to transfer and sell the Notes, as applicable, at the Closing is subject to the satisfaction, at or before the Closing Date, of each of the following conditions, provided that these conditions are for Seller's sole benefit and may be waived by Seller at any time in its sole discretion by providing Purchasers with prior written notice thereof.

(i) The representations and warranties of each Purchaser set forth herein shall be true and correct in all material respects (except for those representations and warranties that are qualified by materiality, which shall be true and correct in all respects) as of the date when made and as of the Closing Date as though made at that time (except for representations and warranties that speak as of a specific date).

(ii) Purchasers shall have performed, satisfied and complied in all material respects with the covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by Purchasers at or prior to the Closing Date.

(iii) No statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by any court or other governmental authority of competent jurisdiction that prohibits the consummation of any of the transactions contemplated by the Agreement.

(iv) Purchasers shall have delivered into escrow signature pages to the Notice and Acknowledgment of Transfer attached hereto as Exhibit D and the Purchaser Other Agreements.

Section 3. *Seller Representations and Warranties.* Seller hereby represents, warrants and covenants to each Purchaser, as of the date hereof and the Closing Date, as follows:

(a) This Agreement has been duly authorized, executed and delivered by Seller and constitutes a valid and legally binding agreement of Seller enforceable against Seller in accordance with its terms, except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, and any other laws of general application affecting enforcement of creditors' rights generally, (b) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies, or (c) to the extent the indemnification provisions contained herein may be limited by federal or state securities laws.

(b) All government and other consents that are required to have been obtained by Seller with respect to this Agreement have been obtained and are in full force and effect and all conditions of any such consents have been complied with. Seller has complied and will comply with all applicable disclosure or reporting requirements in respect of the transaction contemplated hereby.

(c) The issuance of the Seller Notes are duly authorized and upon issuance in accordance with the terms hereof shall be validly issued and outstanding, fully paid and nonassessable, free and clear of all liens, mortgages, security interests, pledges, charges or encumbrances, rights of refusal of any kind or claims of any Person ("**Liens**"). For purposes of this Agreement, "**Person**" means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization, any other entity and any Governmental Entity or any department or agency thereof.

(d) Seller has good and valid title to the Purchased Notes free and clear of any Liens. Delivery of the Purchased Notes to such Purchaser will pass to such Purchaser good and valid title to the Purchased Note being purchased by such Purchaser, free and clear of Liens other than those of such Purchaser or under securities laws.

(e) The execution and delivery by Seller of this Agreement, the sale by Seller of the Purchased Notes, the issuance of the Seller Notes and the performance by Seller of its obligations under this Agreement do not and will not violate or conflict with any law applicable to Seller, any order or judgment of any court or other agency of government applicable to Seller or any of Seller's assets or any contractual restriction binding on or affecting Seller or any of Seller's assets.

(f) Seller is acting solely for Seller's own account, and has made Seller's own independent decision to enter into this Agreement and as to whether this Agreement is appropriate or proper for Seller based upon Seller's own judgment and upon advice of such advisors as Seller deems necessary. Seller acknowledges and agrees that Seller is not relying, and has not relied, upon any communication (written or oral) of such Purchaser or any affiliate, employee or agent of such Purchaser with respect to the legal, accounting, tax or other implications of this Agreement and that Seller has conducted Seller's own analyses of the legal, accounting, tax and other implications hereof and thereof; it being understood that information and explanations related to the terms and conditions of this Agreement shall not be considered investment advice or a recommendation to enter into this Agreement. Seller acknowledges that neither such Purchaser nor any affiliate, employee or agent of such Purchaser is acting as a fiduciary for or an advisor to Seller in respect of this Agreement.

Section 4. *Purchaser Representations and Warranties.* Each Purchaser hereby represents and warrants to Seller, as of the date hereof and as of the Closing Date, as follows:

(a) Such Purchaser has all legal capacity, requisite power and authority to execute, deliver and perform its obligations under this Agreement. This Agreement has been duly and validly authorized, executed and delivered on behalf of such Purchaser and shall constitute the legal, valid and binding obligation of such Purchaser enforceable against it in accordance with its terms, except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, and any other laws of general application affecting enforcement of creditors' rights generally, (b) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies, or (c) to the extent the indemnification provisions contained herein may be limited by federal or state securities laws.

(b) The execution, delivery and performance by such Purchaser of this Agreement and the consummation by such Purchaser of the transactions contemplated hereby and thereby will not (i) conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture or instrument to which such Purchaser is a party, (ii) conflict with and will not be constrained by any prior business relationship, agreement or understanding and such Purchaser does not possess confidential information arising out of any current or prior relationship which, in such Purchaser's best judgment, would be utilized in connection with the Assets in contravention of any policy or agreement relating to such confidential information or (iii) result in a violation of any law, rule, regulation, order, judgment or decree (including federal and state securities laws) applicable to such Purchaser, except for such conflicts, defaults, rights or violations which would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the ability of such Purchaser to perform its obligations hereunder.

(c) Purchasers solely possess of all worldwide right, title and interest in and to the Assets, free and clear of all any and all Liens, claims, encumbrances, preemptive rights, right of first refusal and adverse interests of any kind, including, without limitation, any and all patents, patent applications, copyrights, and trade secret rights associated therewith, to the extent that they exist, pertaining thereto. Purchasers own, validly licenses or otherwise has the right to use, all intellectual property (the "**Intellectual Property Rights**"), on an exclusive basis, which are material to ownership and operation of the Assets. Schedule 4(c) sets forth a description of all Intellectual Property Rights that are material to the operation and ownership of the Assets taken as a whole. No claims are pending or, to the knowledge of the Purchasers, threatened that the Purchasers are infringing or otherwise adversely affecting the rights of any Person with regard to any Intellectual Property Rights. To the knowledge of the Purchasers, no Person is infringing the rights of the Purchasers with respect to any Intellectual Property Rights.

(d) Such Purchaser shall execute assignment documents for recordation in the United States Copyright Office and/or United States Patent and Trademark Office, and any foreign copyright office and/or foreign patent and trademark office, as necessary, assigning to Seller, such Purchaser's worldwide right, title and interest in and to the Assets, including, any and all copyright registrations or applications and/or patents or patent applications pertaining thereto.

(e) Such Purchaser has all right and authority to transfer the Assets to Seller under this Agreement, and all worldwide right, title and interest in and to the Assets and associated proprietary rights are by this Agreement transferred to Seller free and clear of all Liens.

(f) No agreement, license, contract or other rights have been granted by any Purchaser to any third Person which conflict with the rights being granted to Seller herein.

(g) Such Purchaser understands that the Notes and any shares of Common Stock issuable upon conversion thereof have not been and are not being registered under the Securities Act or any state securities laws, and may not be offered for sale, sold, assigned or transferred unless subsequently registered thereunder or an exemption from such registration is available.

(h) Such Purchaser (a) is a sophisticated person with respect to the purchase of the Notes; (b) has adequate information concerning the business and financial condition of Seller to make an informed decision regarding the Asset Transfer and the purchase of the Notes; and (c) has independently and without reliance upon Seller, and based on such information as such Purchaser has deemed appropriate, made its own analysis and decision to enter into this Agreement, except that Such Purchaser has relied upon Seller's express representations, warranties and covenants in this Agreement. Such Purchaser acknowledges that Seller has not given such Purchaser any investment advice, credit information or opinion on whether the purchase of the Notes is prudent.

(i) Such Purchaser is purchasing the Notes solely for its own account and not with a view to the distribution or resale of the Notes or its rights thereunder except pursuant to a registration statement declared effective under, or an exemption from the registration requirements of, the Securities Act.

(j) Such Purchaser is an "accredited investor" (as defined in Regulation D under the Securities Act) and has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of the transaction contemplated herein, and it is able to bear the economic risk of such purchase.

(k) Such Purchaser understands that the Notes are being offered and sold to it in reliance on specific exemptions from the registration requirements of United States federal and state securities laws and that Seller is relying in part upon the truth and accuracy of, and such Purchaser's compliance with, the representations, warranties, agreements, acknowledgments and understandings of such Purchaser set forth herein in order to determine the availability of such exemptions and the eligibility of such Purchaser to acquire the Notes.

(l) Such Purchaser and its advisors, if any, have been furnished with copies of materials relating to the business, finances and operations of Seller and materials relating to the offer and exchange of the Notes, which have been requested by such Purchaser. Such Purchaser and its advisors, if any, have been afforded the opportunity to ask questions of Seller. Such Purchaser understands that its investment in the Notes involves a high degree of risk. Such Purchaser has sought such accounting, legal and tax advice as it has considered necessary to make an informed investment decision with respect to its acquisition of the Notes.

(m) Such Purchaser understands that no United States federal or state agency or any other government or governmental agency has passed on or made any recommendation or endorsement of the Notes or the fairness or suitability of the investment in the Notes nor have such authorities passed upon or endorsed the merits of the offering of the Notes.

(n) Such Purchaser understands that the Purchased Notes and the shares of Common Stock issuable upon conversion thereof, shall bear the legends set forth in Sections 5(c) of the Securities Purchase Agreement and such legends shall not be removed except in accordance with Sections 5(d) of the Securities Purchase Agreement.

(o) Such Purchaser acknowledges that (i) Seller currently may have, and later may come into possession of information with respect to the Company that is not known to such Purchaser and that may be material to a decision to purchase the Notes in exchange for the Asset Transfer ("**Purchaser Excluded Information**"), (ii) such Purchaser has determined to purchase the Purchased Notes notwithstanding its lack of knowledge of Purchaser Excluded Information, if any, and (iii) Seller shall have no liability to such Purchaser, and such Purchaser waives and releases any claims that it might have against Seller, whether under applicable securities laws or otherwise, with respect to the nondisclosure of Purchaser Excluded Information, if any, in connection with such Purchaser's purchase of the Notes for in exchange for the Asset Transfer in accordance herewith; provided, however, that Purchaser Excluded Information, if any, shall not and does not affect the truth or accuracy of the representations or warranties of Seller in this Agreement.

Section 5. *Payment of Expenses.* Seller shall reimburse counsel to Purchasers for up to $10,000 of reasonable, documented costs and expenses incurred in connection with the transactions contemplated hereby. Except as provided in the previous sentence, each party hereto shall be liable for its own costs and expenses in connection with the transactions contemplated hereby.

Section 6. *Covenants.*

(a) Seller, for good and valuable consideration, effective as of the Closing Date, hereby assigns, transfers, conveys and delivers to Purchaser all of its right, title and interest in and to the Purchased Note, and with respect to such Purchased Note, to the Securities Purchase Agreement, the Security Documents, the Registration Rights Agreement and the Collateral Agency Agreement, except as otherwise set forth in Section 1(b) herein.

(b) Each Purchaser, for good and valuable consideration, effective as of the Closing Date, hereby assigns, transfers, conveys and delivers to Seller all of its worldwide right, title and interest in the Assets and hereby agrees to be bound by the terms of the Securities Purchase Agreement, the Registration Rights Agreement, the Security Documents and the Collateral Agency with respect to the Purchased Note. Without limiting the generality of the foregoing, each Purchaser shall execute, acknowledge and deliver to Seller all such instruments of conveyance, assignment and further assurance as Seller may reasonably request to evidence, vest and confirm the rights, title and interest transferred or granted to Seller under this Agreement. In addition, each Purchaser shall execute and deliver to Seller and the Company the Notice and Acknowledgment of Transfer attached hereto as Exhibit D agreeing to be bound by all of the provisions contained therein.

Section 7. *Notices*. All communications hereunder shall be in writing and shall be mailed, hand delivered or telecopied and confirmed to the parties hereto as follows:

If to Seller:

BTX Trader LLC
511 SE 5th Ave
Suite 613
Fort Lauderdale, FL 33301
Attention: Managing Member

with a copy (for information purposes only) to:

Greenberg Traurig, LLP
MetLife Building
200 Park Avenue
New York, NY 10166
Attention: Michael A. Adelstein, Esq.

If to Purchasers to:

Ilya Subkhankulov

Divya Thakur

Any party hereto may change the address for receipt of communications by giving written notice to the others.

Section 8. *Governing Law*; *Submission to Jurisdiction.* THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICT OF LAW PRINCIPLES. EACH PARTY AGREES THAT ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING IN ANY WAY TO THIS AGREEMENT SHALL BE BROUGHT IN A U.S. FEDERAL OR STATE COURT OF COMPETENT JURISDICTION SITTING IN THE COUNTY, CITY, AND STATE OF NEW YORK. EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY CONSENTS TO THE JURISDICTION OF SUCH COURT AND HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY DEFENSE OF AN INCONVENIENT FORUM OR A LACK OF PERSONAL JURISDICTION TO THE MAINTENANCE OF ANY ACTION OR PROCEEDING AND ANY RIGHT OF JURISDICTION OR VENUE ON ACCOUNT OF THE PLACE OF RESIDENCE OR DOMICILE OF ANY PARTY HERETO. **EACH PARTY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY.**

Section 9. *Entire Agreement; Amendments.* This Agreement supersedes all other prior oral or written agreements among Purchasers, Seller, their affiliates and Persons acting on their behalf with respect to the matters discussed herein, and this Agreement and the instruments referenced herein contain the entire understanding of the parties with respect to the matters covered herein and therein and, except as specifically set forth herein or therein, neither Seller nor any Purchaser makes any representation, warranty, covenant or undertaking with respect to such matters. No provision hereof may be waived other than by an instrument in writing signed by the party against whom enforcement is sought.

Section 10. *Severability.* If any provision of this Agreement shall be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of this Agreement in that jurisdiction or the validity or enforceability of any provision of this Agreement in any other jurisdiction.

Section 11. *No Third Party Beneficiaries.* This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns, and is not for the benefit of, nor may any provision hereof be enforced by, any other Person.

Section 12 *Further Assurances.* Each party shall use its commercially reasonable efforts to do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as any other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

Section 13 *Confidentiality.* Each party agrees that, except as otherwise compelled by law, court order or by a competent regulator, it will not issue any reports, statements or releases, in each case relating to this Agreement or the transactions contemplated hereby, without the prior written consent of the other party hereto. Notwithstanding anything to the contrary set forth herein, any party and each representative of such party may disclose to any and all Persons, without limitation of any kind, the tax treatment and tax structure of the transactions contemplated by this Agreement, and all materials of any kind (including opinions or other tax analyses) related to such tax treatment and tax structure.

Section 14 *Successors.* This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

Section 15 *Counsel.* Each party hereto acknowledges that it has been represented by independent legal counsel in the preparation of this Agreement and the matters referred to herein. Each party recognizes and acknowledges that counsel to the Purchasers has represented certain members of the Seller in unrelated matters and each party waives any conflicts of interest in connection therewith, in connection with Seller's reimbursement of counsel to Purchasers, and other claims that it may not have been represented by its own counsel.

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IN WITNESS WHEREOF, Purchasers and Seller have caused their respective signature page to this Securities Purchase Agreement to be duly executed as of the date first written above.

SELLER:

BTX TRADER LLC

By:
Name: John O'Rourke
Title: Managing Member

PURCHASERS:

DIVYA THAKUR

ILYA SUBKHANKULOV

SCHEDULE I

ASSETS

1. www.btxtrader.com domain name
2. the BTX Trader name and all associated trademark, service mark, trade dress and copyrights associated with the BTX name, logo and graphic art
3. the BTX Trader business concept
4. source code

SCHEDULE 4(C)

DESCRIPTION OF INTELLECTUAL PROPERTY

1. www.btxtrader.com domain name
2. the BTX Trader name and all associated trademark, service mark, trade dress and copyrights associated with the BTX name, logo and graphic art
3. the BTX Trader business concept
4. source code

EXHIBIT D

NOTICE AND ACKNOWLEDGEMENT AND JOINDER AGREEMENT

This Notice and Acknowledgement and Joinder Agreement (the "**Notice and Acknowledgement**") dated as of December __, 2013 between WPCS International Incorporated, a Delaware corporation with offices located at One East Uwchlan Avenue, Suite 301, Exton, Pennsylvania 19341 (the "**Company**") and Divya Thakur, a natural person ("**DT**") and Ilya Subkhankulov, a natural person ("**IS**", and together with DT, "**Assignees**").

Reference is made to (a) the Securities Purchase Agreement (the "**Securities Purchase Agreement**"), dated as of December 4, 2012, by and among the Company, and the investors listed on the Schedule of Buyers attached thereto (individually, a "**Buyer**" and collectively, the "**Buyers**"), whereby the Buyers purchased at the Closing (as defined in the Securities Purchase Agreement) for an aggregate purchase price of $4,000,000, $4,000,000 in senior secured convertible notes (the "**Original Notes**") and warrants, which are initially exercisable into shares of common stock, $0.0001 par value of the Company (the "**Common Stock**"), (b) the Amended and Restated Limited Liability Company Agreement of BTX Trader LLC, a Delaware limited liability company (the "**Assignor**"), dated as of December __, 2013 (the "**Contribution Agreement**"), by and among certain members of the Assignor (the "**Original Noteholders**"), whereby each Original Noteholder (i) contributed, as part of its initial capital contribution to the Assignor, an aggregate of $439,408 in principal amount of Original Notes (collectively, the "**Contributed Notes**") and (ii) assigned to the Assignor such Original Noteholder's rights as a holder of such Contributed Note of such Original Noteholder pursuant to (w) the Securities Purchase Agreement, (x) the Registration Rights Agreement (as defined in the Securities Purchase Agreement), (y) the Security Documents (as defined in the Securities Purchase Agreement) and (z) the Collateral Agency Agreement (as defined in the Securities Purchase Agreement) (collectively, the "**Contribution and Assignment**") and (c) the Securities Purchase Agreement (the "**Assignment Agreement**"), dated as of December __, 2013, by and between the Assignor and the Assignee, whereby the Assignor (i) sold to the Assignees, together with other securities, $439,408 in aggregate principal amount of the Contributed Notes (collectively, the "**Purchased Notes**") and (ii) assigned to the Assignees its rights as a holder of the Purchased Notes pursuant to (w) the Securities Purchase Agreement, (x) the Registration Rights Agreement, (y) the Security Documents and (z) the Collateral Agency Agreement (collectively, the " **Sale and Assignment**").

The Company and each Assignee hereby agree as follows:

1. The Company hereby acknowledges that it has received notice of the Sale and Assignment in accordance with the Assignment Agreement as of the date first above written.

2. Each Assignee (i) agrees that it will perform in accordance with their terms all of the agreements and obligations which by the terms of the Securities Purchase Agreement, the Registration Rights Agreement, the Security Documents and the Collateral Agency Agreement is required to be performed by it as a Buyer and, as of the Effective Date (as defined below), the terms of the Securities Purchase Agreement, the Registration Rights Agreement, the Security Documents and the Collateral Agency Agreement shall be the binding obligations of such Assignee; (ii) represents and warrants that the representations and warranties of the Buyers contained in the Securities Purchase Agreement, the Registration Rights Agreement, the Security Documents and the Collateral Agency Agreement are true and correct as if made by such Assignee on the date hereof; and (iii) agrees that it shall execute and deliver such additional documents assuming the obligations of the Assignor and perform all tasks reasonably requested by the Company to effect the assignment contemplated hereby.

3. This agreement shall become effective on such date (the "**Effective Date**") as the Company, the Assignees and the Assignor have executed and delivered this Notice and Acknowledgement.

4. The Company and the Assignees agree that, as of the Effective Date, the Assignees shall be a party to the Securities Purchase Agreement, the Registration Rights Agreement, the Security Documents and the Collateral Agency Agreement and, to the extent provided in this Notice and Acknowledgement, have the rights and obligations under the Securities Purchase Agreement, the Registration Rights Agreement, the Security Documents and the Collateral Agency Agreement of the Assignors with respect to the Purchased Notes.

5. Each Assignee hereby acknowledges and agrees that the purchase of the Purchased Notes did not include any purchase or assignment of the Exchange Cap Allocation (as defined in the Original Notes) of any Noteholder or Authorized Share Allocation (as defined in the Original Notes) of any Original Noteholder, in each case, with respect to the Original Notes held by each Noteholder and, consequently, the entire Exchange Cap Allocation and Authorized Share Allocation held by any such Noteholder immediately prior to such contribution to the Assignor and such Sale and Assignment shall be held by such Noteholder and apply to the remaining Original Notes held by such Noteholder after giving effect to such contribution and such Sale and Assignment.

6. Each of the parties represents and warrants that it is duly authorized to enter into this Notice and Acknowledgement. This Notice and Acknowledgement shall be binding on each party's successors and permitted assigns. This Notice and Acknowledgement is personal to the parties and may not be assigned or transferred by any party without the prior written consent of the other parties.

7. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICT OF LAW PRINCIPLES. EACH PARTY AGREES THAT ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING IN ANY WAY TO THIS AGREEMENT SHALL BE BROUGHT IN A U.S. FEDERAL OR STATE COURT OF COMPETENT JURISDICTION SITTING IN THE COUNTY, CITY, AND STATE OF NEW YORK. EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY CONSENTS TO THE JURISDICTION OF SUCH COURT AND HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY DEFENSE OF AN INCONVENIENT FORUM OR A LACK OF PERSONAL JURISDICTION TO THE MAINTENANCE OF ANY ACTION OR PROCEEDING AND ANY RIGHT OF JURISDICTION OR VENUE ON ACCOUNT OF THE PLACE OF RESIDENCE OR DOMICILE OF ANY PARTY HERETO. **EACH PARTY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY.**

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IN WITNESS WHEREOF, the parties hereto have caused this Notice and Acknowledgement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

THE COMPANY:

WPCS INTERNATIONAL INCORPORATED

By:
Name:
Title

ASSIGNEES:

_____
DIVYA THAKUR

_____
ILYA SUBKHANKULOV

Agreed and accepted,
this ___ day of December, 2013

WORLDWIDE STOCK TRANSFER LLC,
as Collateral Agent

By:
Name:
Title

ASSIGNOR:

Agreed and accepted,
this ___ day of December, 2013

BTX TRADER LLC

By:
Name: John O'Rourke
Title: Managing Member

[FORM OF SENIOR SECURED NOTE]

BTX TRADER LLC

Senior Secured Note

Issuance Date: December 17, 2013 Original Principal Amount: U.S. $[ ]

FOR VALUE RECEIVED, BTX Trader LLC, a Delaware limited liability company (the "**Company**"), hereby promises to pay to the order of [PURCHASER] or its registered assigns ("**Holder**") the amount set out above as the Original Principal Amount (as reduced pursuant to the terms hereof, the "**Principal**") when due, whether upon the Maturity Date (as defined below) or earlier in accordance with the terms hereof, and to pay interest ("**Interest**") on any outstanding Principal at the applicable Interest Rate (as defined below) from the date set out above as the Issuance Date (the "**IssuanceDate**") until the same becomes due and payable, whether upon the Maturity Date, acceleration or otherwise (in each case in accordance with the terms hereof). This Senior Secured Note (including all Senior Secured Notes issued in exchange, transfer or replacement hereof, this "**Note**") is one of a series of Senior Secured Notes issued pursuant to the Securities Purchase Agreement (as defined below) on the Closing Date (as defined below) (collectively, the "**Notes**" and such other Senior Secured Notes, the "**OtherNotes**"). Certain capitalized terms used herein are defined in Section 20. The Company is issuing the Notes to the Holders in connection with the Company's corporate restructuring immediately prior to its acquisition (the "**WPCS Acquisition**") by WPCS International Incorporated ("**WPCS**").

1. PAYMENTS OF PRINCIPAL. On the Maturity Date, the Company shall pay to the Holder an amount in cash representing all outstanding Principal and accrued and unpaid Interest.

2 . INTEREST; INTEREST RATE. Interest shall accrue on the unpaid principal balance of this Note at the rate of 3.32% per annum (the "**Interest Rate**"). Interest shall be calculated from and include the date hereof and shall be calculated on an actual/360-day basis and payable on an annual basis, beginning on the one year anniversary of the Issuance Date. From and after the occurrence and during the continuance of any Event of Default, the Interest Rate shall automatically be increased to twelve percent (12%) (the "**Default Interest Rate**"). In the event that such Event of Default is subsequently cured, the adjustment referred to in the preceding sentence shall cease to be effective as of the date of such cure, provided that the Interest as calculated and unpaid at such increased rate during the continuance of such Event of Default shall continue to apply to the extent relating to the days after the occurrence of such Event of Default through and including the date of such cure of such Event of Default.

3. RIGHTS UPON EVENT OF DEFAULT.

(a) Event of Default. Each of the following events shall constitute an "**Event of Default**":

(i) the Company's failure to pay to the Holder any amount of Principal, Interest, or other amounts when and as due under this Note or any other Transaction Document or any other agreement, document, certificate or other instrument delivered in connection with the transactions contemplated hereby and thereby, except, in the case of a failure to pay Interest when and as due, in which case only if such failure remains uncured for a period of at least five (5) days;

(ii) the occurrence of any default under, redemption of or acceleration prior to maturity of any Indebtedness of the Company or any Person in which the Company, as of any date of determination following the Issuance Date, directly or indirectly, (i) owns any of the outstanding capital stock or holds any equity or similar interest of such Person or (ii) controls or operates all or any part of the business, operations or administration of such Person (each, a "**Company Subsidiary**, and collectively, the "**CompanySubsidiaries**., other than with respect to any Other Notes or any amounts not in excess of an aggregate of $100,000;

(iii) bankruptcy, insolvency, reorganization or liquidation proceedings or other proceedings for the relief of debtors shall be instituted by or against the Company or any Company Subsidiary by a third party, shall not be dismissed within thirty (30) days of their initiation;

(iv) the commencement by the Company or any Company Subsidiary of a voluntary case or proceeding under any applicable federal, state or foreign bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated as bankrupt or insolvent, or the consent by it to the entry of a decree, order, judgment or other similar document in respect of the Company or any Company Subsidiary in an involuntary case or proceeding under any applicable federal, state or foreign bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under any applicable federal, state or foreign law, or the consent by it to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company, Company Subsidiary or of any substantial part of their properites, or the making by it of an assignment for the benefit of creditors, or the execution of a composition of debts, or the occurrence of any other similar federal, state or foreign proceeding, or the admission by it in writing of its inability to pay its debts generally as they become due, the taking of corporate action by the Company or any Company Subsidiary in furtherance of any such action or the taking of any action by any Person to commence a UCC foreclosure sale or any other similar action under federal, state or foreign law;

(v) the entry by a court of (i) a decree, order, judgment or other similar document in respect of the Company or any Company Subsidiary of a voluntary or involuntary case or proceeding under any applicable federal, state or foreign bankruptcy, insolvency, reorganization or other similar law or (ii) a decree, order, judgment or other similar document adjudging the as bankrupt or insolvent, or approving as properly filed a petition seeking liquidation, reorganization, arrangement, adjustment or composition of or in respect of the Company or any Company Subsidiary under any applicable federal, state or foreign law or (iii) a decree, order, judgment or other similar document appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company, Company Subsidiary or of any substantial part of their property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree, order, judgment or other similar document or any such other decree, order, judgment or other similar document unstayed and in effect for a period of thirty (30) consecutive days;

(vi) the Company or any Company Subsidiary either (i) fails to pay, when due, or within any applicable grace period, any payment with respect to any Indebtedness in excess of $100,000 due to any third party (other than, with respect to unsecured Indebtedness only, payments contested by the Company or any Company Subsidiary in good faith by proper proceedings and with respect to which adequate reserves have been set aside for the payment thereof in accordance with GAAP) or is otherwise in breach or violation of any agreement for monies owed or owing in an amount in excess of $100,000, which breach or violation permits the other party thereto to declare a default or otherwise accelerate amounts due thereunder, or (ii) suffer to exist any other circumstance or event that would, with or without the passage of time or the giving of notice, result in a default or event of default under any agreement binding the Company or any Company Subsidiary which default or event of default would or is likely to have a material adverse effect on the business, assets, operations (including results thereof), liabilities, properties, condition (including financial condition) or prospects of the Company or any Company Subsidiary;

(vii) other than as specifically set forth in another clause of this Section 3(a), the Company breaches any representation, warranty, covenant or other term or condition of any Transaction Document, except, in the case of a breach of a covenant or other term or condition that is curable, only if such breach remains uncured for a period of five (5) consecutive Trading Days;

(viii) any breach or failure in any respect by the Company or any Company Subsidiary to comply with any provision of Section 6(b), 6(c), Section 6(d) or Section 6(g) of this Note;

(ix) any Material Adverse Effect occurs;

(x) any provision of any Transaction Document shall at any time for any material reason (other than pursuant to the express terms thereof) cease to be valid and binding on or enforceable against the parties thereto, or the validity or enforceability thereof shall be contested by any party thereto, or a proceeding shall be commenced by the Company or, any Company Subsidiary or any governmental authority having jurisdiction over any of them, seeking to establish the invalidity or unenforceability thereof, or the Company or any Company Subsidiary shall deny in writing that it has any liability or obligation purported to be created under any Transaction Document;

(xi) the Security Agreement shall for any reason fail or cease to create a separate valid and perfected and, except to the extent permitted by the terms hereof or thereof, first priority Lien on the Collateral (as defined in the Security Agreement) in favor of the Holder;

(xii) any material damage to, or loss, theft or destruction of, any Collateral, whether or not insured, other than by strike, lockout, labor dispute, embargo, condemnation, act of God or public enemy, which causes, for more than fifteen (15) consecutive days, the cessation or substantial curtailment of revenue producing activities at any facility of the Company if any such event or circumstance could have a Material Adverse Effect;

(xiii) any Event of Default (as defined in the Other Notes) occurs with respect to any Other Notes.

(b) Notice of an Event of Default. As soon as possible and in any event within 2 days after the Company becomes aware that an Event of Default has occurred, the Company shall notify the Holder in writing of the nature, extent and time of and the facts surrounding such Event of Default, and the action, if any, that the Company proposes to take with respect to such Event of Default.

(c) Acceleration of Maturity Date. Upon the occurrence of an Event of Default, the entire unpaid and outstanding Principal plus any accrued and unpaid Interest shall be immediately due and payable and shall bear interest at the Default Interest Rate.

(d) WPCS and Other Subsidiaries. Notwithstanding the foregoing and solely for purposes of clarification, no event that is described in Section 3(a)(i)-3(a)(xii) shall constitute an "Event of Default" under this Note (or any Other Note) if such event relates to WPCS or any subsidiary of WPCS (other than the Company or any Company Subsidiary).

4. NONCIRCUMVENTION. The Company hereby covenants and agrees that the Company will not, by amendment of its Certificate of Formation, operating agreement, or through any reorganization, transfer of assets, consolidation, merger, scheme of arrangement, dissolution, issue or sale of securities, or any other voluntary action (other than the WPCS Acquisition), avoid or seek to avoid the observance or performance of any of the terms of this Note, and will at all times in good faith carry out all of the provisions of this Note and take all action as may be required to protect the rights of the Holder of this Note.

5. PREPAYMENT. The Company may prepay this Note at any time, in whole or in part, without penalty or prepayment.

6. COVENANTS. Until so long as no Principal and accrued but unpaid interest remains outstanding:

(a) Rank. All payments due under this Note shall rank *pari passu* with all Other Notes.

(b) Existence of Liens. The Company shall not allow or suffer to exist any mortgage, lien, pledge, charge, security interest or other encumbrance upon or in any Intellectual Property Rights and Assets (as such terms are defined in the Securities Purchase Agreement) (collectively, "**Liens**") other than Permitted Liens. Notwithstanding anything to the contrary, the foregoing shall not prohibit any mortgage, lien, pledge, charge, security interest or other encumbrance upon or in any assets of the Company, related to intellectual property or otherwise, that the Company acquires after the original issuance date of this Note.

(c) Restriction on Transfer of Assets. Except for the WPCS Acquisition, the Company shall not sell, assign, transfer, spin-off, split-off, close, convey or otherwise dispose of any material assets or rights of the Company owned or hereafter acquired whether in a single transaction or a series of related transactions, other than (i) sales, assignments, transfers, conveyances and other dispositions of such assets or rights by the Company in the ordinary course of business and (ii) sales of inventory in the ordinary course of business.

(d) Change in Nature of Business. The Company shall not engage in any material line of business substantially different from those lines of business conducted by the Company immediately following the closing of the Securities Purchase Agreement or any business substantially related or incidental thereto.

(e) Preservation of Existence, Etc. The Company shall maintain and preserve its existence, rights and privileges, and become or remain duly qualified and in good standing in each jurisdiction in which the character of the properties owned or leased by it or in which the transaction of its business makes such qualification necessary.

(f) Maintenance of Properties, Etc. The Company shall maintain and preserve all of its properties which are necessary or useful in the proper conduct of its business in good working order and condition, ordinary wear and tear excepted, and comply at all times with the provisions of all leases to which it is a party as lessee or under which it occupies property, so as to prevent any loss or forfeiture thereof or thereunder.

(g) Intellectual Property. The Company shall not abandon any Intellectual Property Rights and Assets that are necessary or material to the conduct of its business in full force and effect.

(h) Change in Collateral; Collateral Records. The Company shall (i) give the Holder not less than thirty (30) days' prior written notice of any change in the location of any Collateral (as defined in the Security Agreement), (ii) advise the Holder promptly, in sufficient detail, of any material adverse change relating to the type, quantity or quality of the Collateral or the Lien granted thereon and (iii) execute and deliver to the Holder from time to time, solely for the Holder's convenience in maintaining a record of Collateral, such written statements and schedules as the Holder may reasonably require, designating, identifying or describing the Collateral.

7. SECURITY. This Note and the Other Notes are secured to the extent and in the manner set forth in the Transaction Documents (including, without limitation, the Security Agreement).

8 . AMENDING THE TERMS OF THIS NOTE. The prior written consent of the Holder shall be required for any change or amendment to this Note. No consideration shall be offered or paid to the Holder to amend or consent to a waiver or modification of any provision of this Note unless the same consideration is also offered to all of the holders of the Other Notes. The Holder shall be entitled, at its option, to the benefit of any amendment to any of the Other Notes.

9 . TRANSFER. This Note may be offered, sold, assigned or transferred by the Holder with the written consent of the Company, which such consent shall not be unreasonably withheld.

10. REISSUANCE OF THIS NOTE.

(a) Transfer. If this Note is to be transferred, the Holder shall surrender this Note to the Company, whereupon the Company will forthwith issue and deliver upon the order of the Holder a new Note (in accordance with Section 10(d)), registered as the Holder may request, representing the outstanding Principal being transferred by the Holder and, if less than the entire outstanding Principal is being transferred, a new Note (in accordance with Section 10(d)) to the Holder representing the outstanding Principal not being transferred. The Holder and any assignee, by acceptance of this Note, acknowledge and agree that, by reason of prepayment of any portion of this Note, the outstanding Principal represented by this Note may be less than the Principal stated on the face of this Note.

(b) Lost, Stolen or Mutilated Note. Upon receipt by the Company of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Note (as to which a written certification and the indemnification contemplated below shall suffice as such evidence), and, in the case of loss, theft or destruction, of any indemnification undertaking by the Holder to the Company in customary and reasonable form and, in the case of mutilation, upon surrender and cancellation of this Note, the Company shall execute and deliver to the Holder a new Note (in accordance with Section 10(d)) representing the outstanding Principal.

(c) Note Exchangeable for Different Denominations. This Note is exchangeable, upon the surrender hereof by the Holder at the principal office of the Company, for a new Note or Notes (in accordance with Section 10(d) and in principal amounts of at least $1,000) representing in the aggregate the outstanding Principal of this Note, and each such new Note will represent such portion of such outstanding Principal as is designated by the Holder at the time of such surrender.

(d) Issuance of New Notes. Whenever the Company is required to issue a new Note pursuant to the terms of this Note, such new Note (i) shall be of like tenor with this Note, (ii) shall represent, as indicated on the face of such new Note, the Principal remaining outstanding (or in the case of a new Note being issued pursuant to Section 10(a) or Section 10(c), the Principal designated by the Holder which, when added to the principal represented by the other new Notes issued in connection with such issuance, does not exceed the Principal remaining outstanding under this Note immediately prior to such issuance of new Notes), (iii) shall have an issuance date, as indicated on the face of such new Note, which is the same as the Issuance Date of this Note, (iv) shall have the same rights and conditions as this Note, and (v) shall represent accrued and unpaid Interest, from the Issuance Date.

11. REMEDIES, CHARACTERIZATIONS, OTHER OBLIGATIONS, BREACHES AND INJUNCTIVE RELIEF. The remedies provided in this Note shall be cumulative and in addition to all other remedies available under this Note and any of the other Transaction Documents at law or in equity (including a decree of specific performance and/or other injunctive relief), and nothing herein shall limit the Holder's right to pursue actual and consequential damages for any failure by the Company to comply with the terms of this Note. The Company covenants to the Holder that there shall be no characterization concerning this instrument other than as expressly provided herein. Amounts set forth or provided for herein with respect to payments and the like (and the computation thereof) shall be the amounts to be received by the Holder and shall not, except as expressly provided herein, be subject to any other obligation of the Company (or the performance thereof). The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Holder and that the remedy at law for any such breach may be inadequate. The Company therefore agrees that, in the event of any such breach or threatened breach, the Holder shall be entitled, in addition to all other available remedies, to an injunction restraining any such breach or any such threatened breach, without the necessity of showing economic loss and without any bond or other security being required. The Company shall provide all information and documentation to the Holder that is requested by the Holder to enable the Holder to confirm the Company's compliance with the terms and conditions of this Note.

12. PAYMENT OF COLLECTION, ENFORCEMENT AND OTHER COSTS. If (a) this Note is placed in the hands of an attorney for collection or enforcement or is collected or enforced through any legal proceeding or the Holder otherwise takes action to collect amounts due under this Note or to enforce the provisions of this Note or (b) there occurs any bankruptcy, reorganization, receivership of the Company or other proceedings affecting Company creditors' rights and involving a claim under this Note, then the Company shall pay the reasonable costs incurred by the Holder for such collection, enforcement or action or in connection with such bankruptcy, reorganization, receivership or other proceeding, including, without limitation, attorneys' fees and disbursements.

13. CONSTRUCTION; HEADINGS. This Note shall be deemed to be jointly drafted by the Company and the Holder and shall not be construed against any Person as the drafter hereof. The headings of this Note are for convenience of reference and shall not form part of, or affect the interpretation of, this Note. Terms used in this Note but defined in the other Transaction Documents shall have the meanings ascribed to such terms on the Closing Date in such other Transaction Documents unless otherwise consented to in writing by the Holder.

14. FAILURE OR INDULGENCE NOT WAIVER. No failure or delay on the part of the Holder in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privilege. No waiver shall be effective unless it is in writing and signed by an authorized representative of the waiving party.

15. NOTICES; CURRENCY; PAYMENTS.

(a) Notices. Whenever notice is required to be given under this Note, unless otherwise provided herein, such notice shall be given in accordance with Section 7 of the Securities Purchase Agreement. The Company shall provide the Holder with prompt written notice of all actions taken pursuant to this Note, including in reasonable detail a description of such action and the reason therefore.

(b) Currency. All dollar amounts referred to in this Note are in United States Dollars ("**U.S. Dollars**"), and all amounts owing under this Note shall be paid in U.S. Dollars. All amounts denominated in other currencies (if any) shall be converted in the U.S. Dollar equivalent amount in accordance with the Exchange Rate on the date of calculation (each, a "**US Dollar Equivalent**"). "**Exchange Rate**" means, in relation to any amount of currency to be converted into U.S. Dollars pursuant to this Note, the U.S. Dollar exchange rate as published in the Wall Street Journal on the relevant date of calculation (it being understood and agreed that where an amount is calculated with reference to, or over, a period of time, the date of calculation shall be the final date of such period of time).

(c) Payments. Whenever any payment of cash is to be made by the Company to any Person pursuant to this Note, unless otherwise expressly set forth herein, such payment shall be made in lawful money of the United States of America by a certified check drawn on the account of the Company and sent via overnight courier service to such Person at such address as previously provided to the Company in writing (which address, in the case of each of the Purchasers, shall initially be as set forth in the Securities Purchase Agreement), provided that the Holder may elect to receive a payment of cash via wire transfer of immediately available funds by providing the Company with prior written notice setting out such request and the Holder's wire transfer instructions. Whenever any amount expressed to be due by the terms of this Note is due on any day which is not a Business Day, the same shall instead be due on the next succeeding day which is a Business Day.

16. CANCELLATION. After all Principal, accrued Interest, and other amounts at any time owed on this Note have been paid in full, this Note shall automatically be deemed canceled, shall be surrendered to the Company for cancellation and shall not be reissued.

17. WAIVER OF NOTICE. To the extent permitted by law, the Company hereby irrevocably waives demand, notice, presentment, protest and all other demands and notices in connection with the delivery, acceptance, performance, default or enforcement of this Note and the Securities Purchase Agreement.

18. GOVERNING LAW. This Note shall be construed and enforced in accordance with, and all questions concerning the construction, validity, interpretation and performance of this Note shall be governed by, the internal laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the State of New York. The Company hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in The City of New York, Borough of Manhattan, for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. In the event that any provision of this Note is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform to such statute or rule of law. Any such provision which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision of this Note. Nothing contained herein shall be deemed or operate to preclude the Holder from bringing suit or taking other legal action against the Company in any other jurisdiction to collect on the Company's obligations to the Holder, to realize on any collateral or any other security for such obligations, or to enforce a judgment or other court ruling in favor of the Holder. **THE COMPANY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE TO, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS NOTE OR ANY TRANSACTION CONTEMPLATED HEREBY.**

19. MAXIMUM PAYMENTS. Nothing contained herein shall be deemed to establish or require the payment of a rate of interest or other charges in excess of the maximum permitted by applicable law. In the event that the rate of interest required to be paid or other charges hereunder exceed the maximum permitted by such law, any payments in excess of such maximum shall be credited against amounts owed by the Company to the Holder and thus refunded to the Company.

20. CERTAIN DEFINITIONS. For purposes of this Note, the following terms shall have the following meanings:

(a) "**Bankruptcy Proceeding**" means, with respect to any Person, (i) the occurrence of a voluntary case or proceeding under any applicable federal, state or foreign bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by it to the entry of a decree, order, judgment or other similar document in respect of such Person in an involuntary case or proceeding under any applicable federal, state or foreign bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under any applicable federal, state or foreign law, or the consent by it to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of such Person or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the execution of a composition of debts, or the occurrence of any other similar federal, state or foreign proceeding, or the admission by it in writing of its inability to pay its debts generally as they become due, the taking of corporate action by such Person in furtherance of any such action or the taking of any action by any Person to commence a UCC foreclosure sale or any other similar action under federal, state or foreign law or (ii) the entry by a court of (A) a decree, order, judgment or other similar document in respect of such Person of a voluntary or involuntary case or proceeding under any applicable federal, state or foreign bankruptcy, insolvency, reorganization or other similar law or (B) a decree, order, judgment or other similar document adjudging such Person as bankrupt or insolvent, or approving as properly filed a petition seeking liquidation, reorganization, arrangement, adjustment or composition of or in respect of such Person under any applicable federal, state or foreign law or (C) a decree, order, judgment or other similar document appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of such Person or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree, order, judgment or other similar document or any such other decree, order, judgment or other similar document unstayed and in effect for a period of thirty (30) consecutive days.

(b) "**Business Day**" means any day other than Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required by law to remain closed.

(c) "**Closing Date**" shall have the meaning set forth in the Securities Purchase Agreement, which date is the date the Company initially issued Notes pursuant to the terms of the Securities Purchase Agreement.

(d) "**Code**" means the Uniform Commercial Code as in effect from time to time in the State of New York.

(e) "**GAAP**" means United States generally accepted accounting principles, consistently applied.

(f) "**Instrument**" shall have the meaning as set forth in Article 3 of the New York Uniform Commercial Code.

(g) "**Indebtedness**" shall mean (A) all indebtedness for borrowed money, (B) all obligations issued, undertaken or assumed as the deferred purchase price of property or services (including, without limitation, "capital leases" in accordance with generally accepted accounting principles) (other than trade payables entered into in the ordinary course of business), (C) all reimbursement or payment obligations with respect to letters of credit, surety bonds and other similar instruments, (D) all obligations evidenced by notes, bonds, debentures or similar instruments, including obligations so evidenced incurred in connection with the acquisition of property, assets or businesses, (E) all indebtedness created or arising under any conditional sale or other title retention agreement, or incurred as financing, in either case with respect to any property or assets acquired with the proceeds of such indebtedness (even though the rights and remedies of the seller or bank under such agreement in the event of default are limited to repossession or sale of such property), (F) all monetary obligations under any leasing or similar arrangement which, in connection with generally accepted accounting principles, consistently applied for the periods covered thereby, is classified as a capital lease, and (G) all indebtedness referred to in clauses (A) through (F) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any mortgage, claim, lien, tax, right of first refusal, pledge, charge, security interest or other encumbrance upon or in any property or assets (including accounts and contract rights) owned by any Person, even though the Person which owns such assets or property has not assumed or become liable for the payment of such indebtedness.

(h) "**Material Adverse Effect**" shall mean any material adverse effect on (i) the business, properties, assets, liabilities, operations (including results thereof), condition (financial or otherwise) or prospects of the Company, (ii) the transactions contemplated hereby or in any of the other Transaction Documents or (iii) the authority or ability of the Company any of its obligations under any of the Transaction Documents.

(i) "**MaturityDate**" shall mean December 17, 2023; provided, however, the Maturity Date may be extended at the option of the Holder in the event that, and for so long as, an Event of Default shall have occurred and be continuing or any event shall have occurred and be continuing that with the passage of time and the failure to cure would result in an Event of Default.

(j) "**Permitted Liens**" means (i) any Lien for taxes not yet due or delinquent or being contested in good faith by appropriate proceedings for which adequate reserves have been established in accordance with GAAP, (ii) any statutory Lien arising in the ordinary course of business by operation of law with respect to a liability that is not yet due or delinquent, (iii) any Lien created by operation of law, such as materialmen's liens, mechanics' liens and other similar liens, arising in the ordinary course of business with respect to a liability that is not yet due or delinquent or that are being contested in good faith by appropriate proceedings, (iv) Liens (A) upon or in any equipment acquired or held by the Company to secure the purchase price of such equipment or indebtedness incurred solely for the purpose of financing the acquisition or lease of such equipment, or (B) existing on such equipment at the time of its acquisition, provided that the Lien is confined solely to the property so acquired and improvements thereon, and the proceeds of such equipment, (v) Liens incurred in connection with the extension, renewal or refinancing of the indebtedness secured by Liens of the type described in clause (iv) above, provided that any extension, renewal or replacement Lien shall be limited to the property encumbered by the existing Lien and the principal amount of the Indebtedness being extended, renewed or refinanced does not increase, and (vi) Liens securing the Company's obligations under the Notes.

(k) "**Person**" means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization, any other entity or a government or any department or agency thereof.

(l) "**Securities Purchase Agreement**" means that certain Securities Purchase Agreement, dated as of the date hereof, by and among the Company and the initial holders of the Notes pursuant to which the Company issued the Notes, as may be amended from time to time.

(m) "**Security Agreement**" means that certain security agreement, dated as of the Closing Date, by and among the Company and the initial holders of the Notes, as may be amended from time to time.

(n) "**Transaction Documents**" means, collectively, the Notes, the Securities Purchase Agreement, the Security Agreement, and each of the other agreements and instruments entered into or delivered by any of the parties hereto in connection with the transactions contemplated hereby and thereby, as may be amended from time to time.

[*signature page follows*]

IN WITNESS WHEREOF, the Company has caused this Note to be duly executed as of the Issuance Date set out above.

BTX Trader LLC

By:
Name: John O'Rourke
Title: Managing Member

SECURITY AGREEMENT

This SECURITY AGREEMENT, dated as of December 17, 2013 (this "Agreement"), is by and among BTX Trader LLC, a Delaware limited liability company (the "Company") and Ilya Subkhankulov and Divya Thakur (each, a "Holder", and together with their successors and assigns, the "Holders").

WHEREAS, the Holders are the holders of Senior Secured Promissory Notes issued by the Company bearing even date herewith in the aggregate principal amount of $500,000 (collectively and severally, the "Notes") pursuant to the terms of that certain Securities Purchase Agreement dated December 17, 2013 by and among the Company and the Holders (the "Securities Purchase Agreement");

WHEREAS, in order to induce the Holders to sell and transfer all of the worldwide right, title and interest in the Assets to the Company, the Company has agreed to execute and deliver to the Holders this Agreement and other collateral documents and to grant the to the Holders, for the pro rata benefit of the Holders, a security interest in the Assets to secure the prompt payment, performance and discharge in full of the obligations of the Company (the "Obligations") under the Securities Purchase Agreement and the other Transaction Documents (as defined in the Notes); and

WHEREAS, the following defined terms which are defined in the Uniform Commercial Code in effect in the State of New York on the date hereof are used herein as so defined: Accounts, Chattel Paper, Documents, General Intangibles, Instruments, Inventory and Proceeds; and all capitalized terms not otherwise specifically defined in this Agreement shall have the meanings given thereto in the Notes or if not expressly defined in the Notes, then in the Securities Purchase Agreement.

NOW, THEREFORE, in consideration of the agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. Grant of General Security Interest in Collateral.

1.1 As security for the Obligations of Company, Company hereby grants the Holders, a security interest in the Collateral.

1.2 "Collateral" shall mean all of the following property of Company: the Assets (as defined in the Securities Purchase Agreement.

1.3 The Holders are hereby specifically authorized, after the Maturity Date (as defined in the Notes) accelerated or otherwise, and after the occurrence of an Event of Default (as defined herein) and the expiration of any applicable cure period, to transfer any Collateral into the name of the Holders and to take any and all action deemed advisable to the Holders to remove any transfer restrictions affecting the Collateral.

2. Perfection of Security Interest.

2.1 Company shall prepare, execute and deliver to the Holders UCC-1 Financing Statements. The Holders are instructed to prepare and file at Company's cost and expense, financing statements in such jurisdictions deemed advisable to Holders, including but not limited to the State of Delaware.

2.2 If applicable, all other certificates and instruments constituting Collateral required to be pledged to Holders pursuant to the terms hereof (the "Additional Collateral") shall be delivered to Holders promptly upon receipt thereof by or on behalf of Company. All such certificates and instruments shall be held by or on behalf of Holders pursuant hereto and shall be delivered in suitable form for transfer by delivery, or shall be accompanied by duly executed instruments of transfer or assignment or undated stock powers executed in blank, all in form and substance satisfactory to Holders. If any Collateral consists of uncertificated securities, unless the immediately following sentence is applicable thereto, Company shall cause Holders (or its custodian, nominee or other designee) to become the registered holders thereof, or cause each issuer of such securities to agree that it will comply with instructions originated by Holders with respect to such securities without further consent by Company. If any Collateral consists of security entitlements, Company shall transfer such security entitlements to Holders (or its custodian, nominee or other designee) or cause the applicable securities intermediary to agree that it will comply with entitlement orders by Holders without further consent by Company.

2.3 If Company shall receive, by virtue of Company being or having been an owner of any Collateral, any (i) stock certificate (including, without limitation, any certificate representing a stock dividend or distribution in connection with any increase or reduction of capital, reclassification, merger, consolidation, sale of assets, combination of shares, stock split, spin-off or split-off), promissory note or other instrument, (ii) option or right, whether as an addition to, substitution for, or in exchange for, any Collateral, or otherwise, (iii) dividends payable in cash (except such dividends permitted to be retained by Company pursuant to Section 3.2 hereof) or in securities or other property or (iv) dividends or other distributions in connection with a partial or total liquidation or dissolution or in connection with a reduction of capital, capital surplus or paid-in surplus, Company shall receive such stock certificate, promissory note, instrument, option, right, payment or distribution in trust for the benefit of Holders, shall segregate it from Company's other property and shall deliver it forthwith to Holders, in the exact form received, with any necessary endorsement and/or appropriate stock powers duly executed in blank, to be held by Holders as Collateral and as further collateral security for the Obligations.

3. Distribution.

3.1 So long as an Event of Default does not exist, Company shall be entitled to exercise all voting power pertaining to any of the Collateral, provided such exercise is not contrary to the interests of the Holders and does not impair the Collateral.

3.2. At any time an Event of Default exists or has occurred and is continuing, all rights of Company, upon notice given by Holders, to exercise the voting power and receive payments, which it would otherwise be entitled to pursuant to Section 3.1, shall cease and all such rights shall thereupon become vested in Holders, which shall thereupon have the sole right to exercise such voting power and receive such payments.

3.3 All dividends, distributions, interest and other payments which are received by Company contrary to the provisions of Section 3.2 shall be received in trust for the benefit of Holders as security and Collateral for payment of the Obligation, shall be segregated from other funds of Company, and shall be forthwith paid over to Holders as Collateral in the exact form received with any necessary endorsement and/or appropriate stock powers duly executed in blank, to be held by Holders as Collateral and as further collateral security for the Obligations.

4. Further Action By Company; Covenants and Warranties

4.1 Subject to the terms of this Agreement, Holders at all times shall have a perfected security interest in the Collateral. Company represents that, other than the security interests described on Schedule 4.1, it has and will continue to have full title to the Collateral free from any liens, leases, encumbrances, judgments or other claims. The Holders' security interest in the Collateral constitutes and will continue to constitute a first, prior and indefeasible security interest in favor of Holders, subject only to the security interests described on Schedule 4.1. Company will do all acts and things, and will execute and file all instruments (including, but not limited to, security agreements, financing statements, continuation statements, etc.) reasonably requested by Holders to establish, maintain and continue the perfected security interest of Holders in the perfected Collateral, and will promptly on demand, pay all costs and expenses of filing and recording, including the costs of any searches reasonably deemed necessary by Holders from time to time to establish and determine the validity and the continuing priority of the security interest of Holders, and also pay all other claims and charges that, in the opinion of Holders are reasonably likely to materially prejudice, imperil or otherwise affect the Collateral or Holders' security interests therein.

4.2 Except (i) in connection with sales of Collateral, in the ordinary course of business, for fair value and in cash and (ii) for Collateral which is substituted by assets of identical or greater value (subject to the consent of the Holders) or which is inconsequential in value, Company will not sell, transfer, assign or pledge those items of Collateral (or allow any such items to be sold, transferred, assigned or pledged), without the prior written consent of Holders other than a transfer of the Collateral to a wholly-owned United States formed and located subsidiary on prior notice to Holders, and provided the Collateral remains subject to the security interest herein described. Although Proceeds of Collateral are covered by this Agreement, this shall not be construed to mean that Holders consent to any sale of the Collateral, except as provided herein. Sales of Collateral in the ordinary course of business and as described above shall be free of the security interest of Holders and Holders shall promptly execute such documents (including without limitation releases and termination statements) as may be required by Company to evidence or effectuate the same.

4.3 Company will, at all reasonable times during regular business hours and upon reasonable notice, allow Holders or their representatives free and complete access to the Collateral and all of Company's records that in any way relate to the Collateral, for such inspection and examination as Holders reasonably deem necessary.

4.4 Company, at its sole cost and expense, will protect and defend this Security Agreement, all of the rights of Holders hereunder, and the Collateral against the claims and demands of all other persons.

4.5 Company will promptly notify Holders of any levy, distraint or other seizure by legal process or otherwise of any part of the Collateral, and of any threatened or filed claims or proceedings that are reasonably likely to affect or impair any of the rights of Holders under this Security Agreement in any material respect.

4.6 Company, at its own expense, will obtain and maintain in force insurance policies covering losses or damage to those items of Collateral which constitute physical personal property, which insurance shall be of the types customarily insured against by companies in the same or similar business, similarly situated, in such amounts (with such deductible amounts) as is customary for such companies under the same or similar circumstances, similarly situated. Company shall make the Holders loss payee thereon to the extent of its interest in the Collateral. Holders are hereby irrevocably (until the Obligations are indefeasibly paid in full) appointed Company's attorney-in-fact to endorse any check or draft that may be payable to Company so that Holders may collect the proceeds payable for any loss under such insurance. The proceeds of such insurance, less any costs and expenses incurred or paid by Holders in the collection thereof, shall be applied either toward the cost of the repair or replacement of the items damaged or destroyed, or on account of any sums secured hereby, whether or not then due or payable.

4.7 In order to protect the Collateral and Holders' interest therein, Holders may, at Holders' option, and without any obligation to do so, pay, perform and discharge any and all amounts, costs, expenses and liabilities herein agreed to be paid or performed by Company upon Company's failure to do so. All amounts expended by Holders in so doing shall become part of the Obligations secured hereby, and shall be immediately due and payable by Company to Holders upon demand and shall bear interest at the lesser of 16% per annum or the highest legal amount allowed from the dates of such expenditures until paid.

4.8 Upon the request of Holders, Company will furnish to Holders within five (5) Business Days thereafter, or to any proposed assignee of this Security Agreement, a written statement in form reasonably satisfactory to Holders, duly acknowledged, certifying the amount of the principal and interest and any other sum then owing under the Obligations, whether to its knowledge any claims, offsets or defenses exist against the Obligations or against this Security Agreement, or any of the terms and provisions of any other agreement of Company securing the Obligations. In connection with any assignment by Holders of this Security Agreement, Company hereby agrees to cause the insurance policies required hereby to be carried by Company, if any, to be endorsed in form satisfactory to Holders or to such assignee, with loss payable clauses in favor of such assignee, and to cause such endorsements to be delivered to Holders within ten (10) calendar days after request therefor by Holders.

4.9 Company will, at its own expense, make, execute, endorse, acknowledge, file and/or deliver to the Holders from time to time such vouchers, invoices, schedules, confirmatory assignments, conveyances, financing statements, transfer endorsements, powers of attorney, certificates, reports and other reasonable assurances or instruments and take further steps relating to the Collateral and other property or rights covered by the security interest hereby granted, as the Holders may reasonably require to perfect their security interest hereunder.

4.10 Company represents and warrants that they are the true and lawful exclusive owners of the Collateral, free and clear of any liens, encumbrances and claims other than those listed on **Schedule 4.1**.

4.11 Company hereby agrees not to divest itself of any right under the Collateral except as permitted herein absent prior written approval of the Holders, except to a subsidiary organized and located in the United States on prior notice to Holders provided the Collateral remains subject to the security interest herein described.

4.12 Company will notify Holders within ten (10) days of the occurrence of any change of Company's name, domicile, address or jurisdiction of incorporation. The timely giving of this notice is a material obligation of Company.

5. Power of Attorney.

At any time an Event of Default has occurred, and only after the applicable cure period as set forth in this Agreement and the other Transaction Documents, and is continuing, Company hereby irrevocably constitutes and appoints Holders as the true and lawful attorney of Company, with full power of substitution, in the place and stead of Company and in the name of Company or otherwise, at any time or times, in the discretion of the Holders, to take any action and to execute any instrument or document which the Holders may deem necessary or advisable to accomplish the purposes of this Agreement. This power of attorney is coupled with an interest and is irrevocable until the Obligations are satisfied.

6. Performance By The Holders.

If Company fails to perform any material covenant, agreement, duty or obligation of Company under this Agreement, Holders may, after any applicable cure period, at any time or times in its discretion, take action to effect performance of such obligation. All reasonable expenses of the Holders incurred in connection with the foregoing authorization shall be payable by Company as provided in Paragraph 10.1 hereof. No discretionary right, remedy or power granted to the Holders under any part of this Agreement shall be deemed to impose any obligation whatsoever on the Holders with respect thereto, such rights, remedies and powers being solely for the protection of the Holders.

7. Event of Default.

An event of default ("Event of Default") shall be deemed to have occurred hereunder upon the occurrence of any event of default as defined and described in this Agreement or in the Notes or any other Transaction Document. Upon and after any Event of Default, after the applicable cure period, if any, any or all of the Obligations shall become immediately due and payable at the option of the Holders, and the Holders may dispose of Collateral as provided below. A default by Company of any of its material obligations pursuant to this Agreement and any of the Transaction Documents shall be an Event of Default hereunder and an "Event of Default" as defined in the Notes.

8. Disposition of Collateral.

Upon and after any Event of Default which is then continuing,

8.1 The Holders may exercise their rights with respect to each and every component of the Collateral, without regard to the existence of any other security or source of payment for, in order to satisfy the Obligations. In addition to other rights and remedies provided for herein or otherwise available to it, the Holders shall have all of the rights and remedies of a Holder on default under the Uniform Commercial Code then in effect in the State of New York.

8.2 If any notice to Company of the sale or other disposition of Collateral is required by then applicable law, five (5) Business Days prior written notice (which Company agrees is reasonable notice within the meaning of Section 9.612(a) of the Uniform Commercial Code) shall be given to Company of the time and place of any sale of Collateral which Company hereby agrees may be by private sale. The rights granted in this Section are in addition to any and all rights available to Holders under the Uniform Commercial Code.

8.3 The Holders are authorized, at any such sale, if the Holders deem it advisable to do so, in order to comply with any applicable securities laws, to restrict the prospective bidders or purchasers to persons who will represent and agree, among other things, that they are purchasing the Collateral for their own account for investment, and not with a view to the distribution or resale thereof, or otherwise to restrict such sale in such other manner as the Holders deem advisable to ensure such compliance. Sales made subject to such restrictions shall be deemed to have been made in a commercially reasonable manner.

8.4 All proceeds received by the Holders in respect of any sale, collection or other enforcement or disposition of Collateral, shall be applied (after deduction of any amounts payable to the Holders pursuant to Paragraph 10.1 hereof) against the Obligations. Upon payment in full of all Obligations, Company shall be entitled to the return of all Collateral, including cash, which has not been used or applied toward the payment of Obligations or used or applied to any and all costs or expenses of the Holders incurred in connection with the liquidation of the Collateral (unless another person is legally entitled thereto). Any assignment of Collateral by the Holders to Company shall be without representation or warranty of any nature whatsoever and wholly without recourse. To the extent allowed by law, Holders may purchase the Collateral and pay for such purchase by offsetting the purchase price with sums owed to Holders by Company arising under the Obligations or any other source.

8.5 Rights of Holders to Appoint Receiver. Without limiting, and in addition to, any other rights, options and remedies Holders have under the Transaction Documents, the UCC, at law or in equity, or otherwise, upon the occurrence and continuation of an Event of Default, Holders shall have the right to apply for and have a receiver appointed by a court of competent jurisdiction. Company expressly agrees that such a receiver will be able to manage, protect and preserve the Collateral and continue the operation of the business of Company to the extent necessary to collect all revenues and profits thereof and to apply the same to the payment of all expenses and other charges of such receivership, including the compensation of the receiver, until a sale or other disposition of such Collateral shall be finally made and consummated. Company waives any right to require a bond to be posted by or on behalf of any such receiver.

9. Waiver of Automatic Stay. Company acknowledges and agrees that should a proceeding under any bankruptcy or insolvency law be commenced by or against Company, or if any of the Collateral should become the subject of any bankruptcy or insolvency proceeding, then the Holders should be entitled to, among other relief to which the Holders may be entitled under the Notes and any other agreement to which the Company and Holders are parties and/or applicable law, an order from the court granting immediate relief from the automatic stay pursuant to 11 U.S.C. Section 362 to permit the Holders to exercise all of their rights and remedies pursuant to the Transaction Documents and/or applicable law. COMPANY EXPRESSLY WAIVES THE BENEFIT OF THE AUTOMATIC STAY IMPOSED BY 11 U.S.C. SECTION 362. FURTHERMORE, COMPANY EXPRESSLY ACKNOWLEDGES AND AGREES THAT NEITHER 11 U.S.C. SECTION 362 NOR ANY OTHER SECTION OF THE BANKRUPTCY CODE OR OTHER STATUTE OR RULE (INCLUDING, WITHOUT LIMITATION, 11 U.S.C. SECTION 105) SHALL STAY, INTERDICT, CONDITION, REDUCE OR INHIBIT IN ANY WAY THE ABILITY OF THE HOLDERS TO ENFORCE ANY OF ITS RIGHTS AND REMEDIES UNDER THE TRANSACTION DOCUMENTS AND/OR APPLICABLE LAW. Company hereby consents to any motion for relief from stay which may be filed by the Holders in any bankruptcy or insolvency proceeding initiated by or against Company, and further agrees not to file any opposition to any motion for relief from stay filed by the Holders. Company represents, acknowledges and agrees that this provision is a specific and material aspect of this Agreement, and that the Holders would not agree to the terms of this Agreement if this waiver were not a part of this Agreement. Company further represents, acknowledges and agrees that this waiver is knowingly, intelligently and voluntarily made, that neither the Holders nor any person acting on behalf of the Holders has made any representations to induce this waiver, that Company has been represented (or has had the opportunity to be represented) in the signing of this Agreement and in the making of this waiver by independent legal counsel selected by Company and that Company has had the opportunity to discuss this waiver with counsel. Company further agrees that any bankruptcy or insolvency proceeding initiated by Company will only be brought in the Federal Court within the Southern District of New York.

10. Miscellaneous.

10.1 Expenses. Company shall pay to the Holders, on demand, the amount of any and all reasonable expenses, including, without limitation, attorneys' fees, legal expenses and brokers' fees, which the Holders may incur in connection with (a) sale, collection or other enforcement or disposition of Collateral; (b) exercise or enforcement of any the rights, remedies or powers of the Holders hereunder or with respect to any or all of the Obligations upon breach or threatened breach; or (c) failure by Company to perform and observe any agreements of Company contained herein which are performed by Holders.

10.2 Waivers, Amendment and Remedies. No course of dealing by the Holders and no failure by the Holders to exercise, or delay by the Holders in exercising, any right, remedy or power hereunder shall operate as a waiver thereof, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right, remedy or power of the Holders. No amendment, modification or waiver of any provision of this Agreement and no consent to any departure by Company therefrom shall, in any event, be effective unless contained in a writing signed by the Holders, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. The rights, remedies and powers of the Holders, not only hereunder, but also under any instruments and agreements evidencing or securing the Obligations and under applicable law are cumulative, and may be exercised by the Holders from time to time in such order as the Holders may elect.

10.3 Notices. All notices or other communications given or made hereunder shall be in writing and shall be personally delivered or deemed delivered the first Business Day after being faxed (provided that a copy is delivered by first class mail) to the party to receive the same at its address set forth below or to such other address as either party shall hereafter give to the other by notice duly made under this Section:

To the Company: BTX Trader LLC

511 SE 5th Ave
Suite 613
Fort Lauderdale, Florida 33301
Attention: Managing Member

To Holders:

Ilya Subkhankulov

Divya Thakur

Any party may change its address by written notice in accordance with this paragraph.

10.4 Term; Binding Effect. This Agreement shall (a) remain in full force and effect until payment and satisfaction in full of all of the Obligations; (b) be binding upon Company, and its successors and permitted assigns; and (c) inure to the benefit of the Holders and their successors and assigns.

10.5 Captions. The captions of Paragraphs, Articles and Sections in this Agreement have been included for convenience of reference only, and shall not define or limit the provisions of this agreement and have no legal or other significance whatsoever.

10.6 Governing Law; Venue; Severability. This Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to conflicts of laws principles that would result in the application of the substantive laws of another jurisdiction, except to the extent that the perfection of the security interest granted hereby in respect of any item of Collateral may be governed by the law of another jurisdiction. Any legal action or proceeding against Company with respect to this Agreement must be brought only in the courts in the State of New York or of the United States for the Southern District of New York, and, by execution and delivery of this Agreement, Company hereby irrevocably accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of the aforesaid courts. Company hereby irrevocably waives any objection which they may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Agreement brought in the aforesaid courts and hereby further irrevocably waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum. If any provision of this Agreement, or the application thereof to any person or circumstance, is held invalid, such invalidity shall not affect any other provisions which can be given effect without the invalid provision or application, and to this end the provisions hereof shall be severable and the remaining, valid provisions shall remain of full force and effect.

10.7 Entire Agreement. This Agreement contains the entire agreement of the parties and supersedes all other agreements and understandings, oral or written, with respect to the matters contained herein.

10.8 Counterparts/Execution. This Agreement may be executed in any number of counterparts and by the different signatories hereto on separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute but one and the same instrument. This Agreement may be executed by facsimile signature and delivered by electronic transmission.

10.9 Counsel. Each party hereto acknowledges that it has been represented by independent legal counsel in the preparation of this Agreement and the matters referred to herein. Each party recognizes and acknowledges that counsel to the Holders may have represented investors/lenders in the Company and WPCS and may participate in the preparation of additional agreements and documents related to the parties and their relationship and each party waives any conflicts of interest in connection therewith and other claims that it may not have been represented by its own counsel.

11. Termination; Release. When the Obligations have been indefeasibly paid and performed in full pursuant to the terms of the Notes,, this Agreement shall be terminated, and the Holders, at the request and sole expense of the Company, will execute and deliver to the Company the proper instruments (including UCC termination statements) acknowledging the termination of the Security Agreement, and duly assign, transfer and deliver to the Company, without recourse, representation or warranty of any kind whatsoever, such of the Collateral, as may be in the possession of the Holders.

12. Holders' Powers.

12.1 Holders Powers. The powers conferred on the Holders hereunder are solely to protect Holders' interest in the Collateral and shall not impose any duty on it to exercise any such powers.

12.2 Reasonable Care. The Holders are required to exercise reasonable care in the custody and preservation of any Collateral in its possession; provided, however, that the Holders shall be deemed to have exercised reasonable care in the custody and preservation of any of the Collateral if it takes such action for that purposes as any owner thereof reasonably requests in writing at times other than upon the occurrence and during the continuance of any Event of Default, but failure of the Holders to comply with any such request at any time shall not in itself be deemed a failure to exercise reasonable care.

[THIS SPACE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the undersigned have executed and delivered this Security Agreement, as of the date first written above.

HOLDERS:

_____
Ilya Subkhankulov

_____
Divya Thakur

COMPANY: BTX TRADER, LLC

Member

By:
Name: John O'Rourke
Title: Managing Member

Schedule 4.1

Security Interests

[none]

SECURITIES PURCHASE AGREEMENT

This **SECURITIES PURCHASE AGREEMENT** (the "**Agreement**"), dated as of December 17, 2013, is by and among WPCS International Incorporated, a Delaware corporation with offices located at One East Uwchlan Avenue, Suite 301, Exton, Pennsylvania 19341 (the "**Company**"), and each of the investors listed on the Schedule of Buyers attached hereto (individually, a "**Buyer**" and collectively, the "**Buyers**").

RECITALS

A. The Buyers have previously acquired 10,000 common equity units of BTX Trader LLC, a Delaware limited liability company (the "**BTX Common Equity Units**") (100% of the share capital outstanding as of the date hereof), in such amounts as set forth in column (3) on the Schedule of Buyers.

B. Pursuant to the Securities Purchase Agreement (as amended or modified from time to time in accordance with its terms, the "**Existing Securities Purchase Agreement**"), dated as of December 4, 2012, by and among the Company, and the investors listed on the Schedule of Buyers attached thereto (the "**Original Buyers**"), which included certain of the Buyers (the "**Noteholders**"), the Original Buyers purchased, for a purchase price of $4,000,000, $4,000,000 in aggregate principal amount of senior secured convertible notes, in the form of Exhibit A to the Existing Securities Purchase Agreement (as amended, the "**Notes**") and warrants to initially purchase 15,923,567 shares of the Company's Common Stock (as defined below), in the form of Exhibit B to the Existing Securities Purchase Agreement (the "**Existing Warrants**").

C. The Company has authorized a new series of preferred stock designated as Series E Convertible Preferred Stock (the "**Series E Preferred Stock**"), the rights, preferences and other terms and provisions of which are set forth in the Certificate of Designations, Preferences and Rights of Series E Preferred Stock, in the form attached hereto as **Exhibit A** (the "**Certificate of Designations**"), which Series E Preferred Stock shall be convertible into shares of the Company's Common Stock (as defined below), in accordance with the terms of the Certificate of Designations.

D. The Company and each Buyer is executing and delivering this Agreement in reliance upon the exemption from securities registration afforded by Section 4(a)(2) of the Securities Act of 1933, as amended (the "**1933 Act**"), and Rule 506 of Regulation D ("**Regulation D**") as promulgated by the United States Securities and Exchange Commission (the "**SEC**") under the 1933 Act.

E. Each Buyer wishes to purchase, and the Company wishes to sell, upon the terms and conditions stated in this Agreement, (i) the aggregate number of shares of Series E Preferred Stock (which aggregate number for all Buyers shall not exceed 2,438) (collectively, the "**Preferred Shares**") (as converted, collectively, the "**Conversion Shares**") set forth opposite such Buyer's name in column (4) on the Schedule of Buyers and (ii) a warrant to initially acquire up to that number of additional shares of Common Stock set forth opposite such Buyer's name in column (5) on the Schedule of Buyers, in the form attached hereto as **Exhibit B** (the "**Warrants**") (as exercised, collectively, the "**Warrant Shares**").

F. The Preferred Shares may be entitled to dividends, which at the option of the Company, subject to certain conditions, may be paid in shares of Common Stock (the "**Dividend Shares**").

G. At the Closing, the parties hereto shall execute and deliver a Registration Rights Agreement, in the form attached hereto as **Exhibit C** (the "**Registration Rights Agreement**"), pursuant to which the Company has agreed to provide certain registration rights with respect to the Registrable Securities (as defined in the Registration Rights Agreement), under the 1933 Act and the rules and regulations promulgated thereunder, and applicable state securities laws.

H. The Preferred Shares, the Conversion Shares, Dividend Shares, the Warrants and the Warrant Shares are collectively referred to herein as the "**Securities**."

AGREEMENT

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and each Buyer hereby agree as follows:

1. PURCHASE AND SALE OF PREFERRED SHARES AND WARRANTS.

(a) Preferred Shares and Warrants. Subject to the satisfaction (or waiver) of the conditions set forth in Sections 6 and 6(a)(iv) below, the Company shall issue and sell to each Buyer, and each Buyer severally, but not jointly, shall purchase from the Company on the Closing Date (as defined below), the number of Preferred Shares as is set forth opposite such Buyer's name in column (4) on the Schedule of Buyers along with Warrants to acquire up to that aggregate number of Warrant Shares as is set forth opposite such Buyer's name in column (5) on the Schedule of Buyers.

(b) Closing. The closing (the "**Closing**") of the purchase of the Preferred Shares and the Warrants by the Buyers shall occur at the offices of Greenberg Traurig, LLP, MetLife Building, 200 Park Avenue, New York, NY 10166. The date and time of the Closing (the " **Closing Date**") shall be 10:00 a.m., New York time, on the first (1st) Business Day on which the conditions to the Closing set forth in Sections 6 and 6(a)(iv) below are satisfied or waived (or such other date as is mutually agreed to by the Company and each Buyer). As used herein "**Business Day**" means any day other than a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required by law to remain closed.

(c) Purchase Price. The aggregate purchase price for the Preferred Shares and the Warrants to be purchased by each Buyer (the "**Purchase Price**") shall be $1,624,408.06, which shall be deemed paid by transfer to the Company of such percentage of BTX Common Equity Units as set forth opposite such Buyer's name in column (3) on the Schedule of Buyers (at a deemed value of approximately $162.44 per each BTX Common Equity Unit being transferred to the Company by each Buyer).

(d) Payment of Purchase Price; Delivery of Preferred Shares and Warrants. On the Closing Date, (i) the Buyers shall transfer the BTX Common Equity Units to the Company as payment of the Purchase Price for the Preferred Shares and the Warrants to be issued and sold to such Buyer at the Closing and (ii) the Company shall issue and deliver to each Buyer (A) a certificate representing the number of Preferred Shares as is set forth opposite such Buyer's name in column (4) on the Schedule of Buyers and (B) a Warrant pursuant to which such Buyer shall have the right to initially acquire up to such aggregate number of Warrant Shares as is set forth opposite such Buyer's name in column (5) on the Schedule of Buyers, in all cases, duly executed on behalf of the Company and registered in the name of such Buyer or its designee.

(e) Consent; Waivers

(i) The Company hereby irrevocably waives any right of the Company to redeem the Notes at the option of the Company, including, without limitation, pursuant to Section 10 of the Notes.

(ii) The Noteholders hereby consent to the issuance of the Securities and the payment of dividends as required pursuant to the Certificate of Designations and hereby irrevocably waive any provision of the (A) Existing Securities Purchase Agreement and the Notes prohibiting the payment of such dividends and (B) Existing Warrants that would result in an adjustment of the exercise price or number of shares issuable upon exercise of the Existing Warrants.

(iii) The Noteholders hereby acknowledge and agree that a default by BTX Trader LLC solely with respect to the $500,000 in senior secured notes issued by BTX Trader LLC to Divya Thakur and Ilya Subkhankulov shall not constitute an Event of Default (as defined in the Notes) under the Notes.

(iv) The Noteholders hereby acknowledge and agree that, notwithstanding anything in the Note or any other Transaction Document (as defined in the Existing Securities Purchase Agreement) to the contrary, (A) any cash held by BTX Trader LLC immediately following the Closing Date shall not be required to be held in the Master Collection Account (as defined in the Notes) and may be held in an Operating Account (as defined in the Notes) of BTX Trader LLC, (B) the assets and liabilities of BTX Trader LLC shall be excluded for purposes of calculating the Current Ratio (as defined in the Notes), (C) the Company and its Subsidiaries (as defined in the Notes) may engage in the line of business conducted, or proposed to be conducted, by BTX Trader LLC and (D) the Company shall only be required to reserve 100% of the maximum number of shares of common stock issuable upon conversion of the Notes and exercise of the Existing Warrants.

(v) The Noteholders hereby (A) waive the default that has occurred pursuant to Section 3.1 under the Amendment Agreement, dated as of November 3, 2013 and effective as of October 31, 2013 pursuant to which the Company was required to publicly disclose all material, non-public information delivered to the Noteholders on or before December 15, 2013 and (B) acknowledge and agree that the Company shall have until December 17, 2013 to publicly disclose all material, non-public information delivered to the Noteholders.

(f) Trading Restrictions. Each Buyer hereby agrees, severally and not jointly, for so long as such Buyer (or any of its Affiliates (as defined below)) owns any Securities (as defined herein or as defined in the Existing Securities Purchase Agreement), neither such Buyer nor any of its Affiliates shall:

(i) At any time during the ten (10) Trading Day period immediately following the Closing Date (A) convert or exercise any Notes or Preferred Shares of the Company or (B) sell any shares of Common Stock issued or issuable upon conversion of any Notes or Preferred Shares of the Company upon any Trading Day during such period, in either case, unless either (x) the Bid Price (as defined in the Warrant) of the Common Stock exceeds $3.00 at the time of such conversion, exercise or sale, as applicable, or (y) if the composite aggregate trading volume of the Common Stock as reported on Bloomberg (as defined in the Warrants) at such time on such Trading Day exceeds $5 million (such excess amount, the "**Trading Surplus Amount**"), in an amount not to exceed the Maximum Trading Percentage (as defined below) of such Trading Surplus Amount.

(ii) At any time after the ten (10) Trading Day period immediately following the Closing Date until the four (4) month anniversary of the Closing Date, (A) convert or exercise any Notes or Preferred Shares of the Company or (B) sell any shares of Common Stock issued or issuable upon conversion of any Notes or Preferred Shares of the Company in any Trading Day during such period, in either case, except in an amount not to exceed the Maximum Trading Percentage of the composite aggregate trading volume of the Common Stock as reported on Bloomberg at such time for such Trading Day.

(iii) For the purposes of this Agreement, (x) "**Maximum Trading Percentage**" means, at any time, if the Bid Price of the Common Stock as of such time (a) is less than or equal to $3.00, 25%, (b) is greater than $3.00, but less than or equal to $4.00, 35%, (c) is greater than $4.00, but less than or equal to $5.00, 40% or (d) is greater than $5.00, unlimited amount (in each case, with such dollar amounts adjusted for any stock split, stock dividend, recapitalization or similar event from and after the date hereof) and (y) "**Affiliate**" means, with respect to any specified Person, (i) any other Person who or which, directly or indirectly, controls, is controlled by, or is under common control with such specified Person, including, without limitation, any partner, officer, director, member of such Person and any fund now or hereafter existing that is controlled by or under common control with one or more general partners or managing members of, or shares the same management company with, such Person or (ii) if such Person is a natural person, such Person's spouse, lineal descendant (including any adopted child or adopted grandchild) or other family member, or a custodian or trustee of any trust, partnership or limited liability company for the benefit of, in whole or in part, or the ownership interests of which are, directly or indirectly, controlled by, such Person or any other member or members of such Person's family.

2. BUYER'S REPRESENTATIONS AND WARRANTIES.

Each Buyer, severally and not jointly, represents and warrants to the Company with respect to only itself that, as of the date hereof and as of the Closing Date:

(a) Organization; Authority. Such Buyer is an entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization with the requisite power and authority to enter into and to consummate the transactions contemplated by the Transaction Documents (as defined below) to which it is a party and otherwise to carry out its obligations hereunder and thereunder.

(b) No Public Sale or Distribution. Such Buyer (i) is acquiring the Preferred Shares and Warrants, (ii) may acquire Dividend Shares in accordance with the terms of the Certificate of Designations, (iii) upon conversion of the Preferred Shares will acquire the Conversion Shares issuable upon conversion thereof, and (iv) upon exercise of its Warrants will acquire the Warrant Shares issuable upon exercise thereof, in each case, for its own account and not with a view towards, or for resale in connection with, the public sale or distribution thereof in violation of applicable securities laws, except pursuant to sales registered or exempted under the 1933 Act; provided, however, by making the representations herein, such Buyer does not agree, or make any representation or warranty, to hold any of the Securities for any minimum or other specific term and reserves the right to dispose of the Securities at any time in accordance with or pursuant to a registration statement or an exemption under the 1933 Act. Such Buyer is acquiring the Securities hereunder in the ordinary course of its business. Such Buyer does not presently have any agreement or understanding, directly or indirectly, with any Person to distribute any of the Securities in violation of applicable securities laws.

(c) Accredited Investor Status. Such Buyer is an "accredited investor" as that term is defined in Rule 501(a) of Regulation D.

(d) Reliance on Exemptions. Such Buyer understands that the Securities are being offered and sold to it in reliance on specific exemptions from the registration requirements of United States federal and state securities laws and that the Company is relying in part upon the truth and accuracy of, and such Buyer's compliance with, the representations, warranties, agreements, acknowledgments and understandings of such Buyer set forth herein in order to determine the availability of such exemptions and the eligibility of such Buyer to acquire the Securities.

(e) Information. Such Buyer and its advisors, if any, have been furnished with all materials relating to the business, finances and operations of the Company and materials relating to the offer and sale of the Securities which have been requested by such Buyer. Such Buyer and its advisors, if any, have been afforded the opportunity to ask questions of the Company. Such Buyer understands that its investment in the Securities involves a high degree of risk. Such Buyer has sought such accounting, legal and tax advice as it has considered necessary to make an informed investment decision with respect to its acquisition of the Securities.

(f) No Governmental Review. Such Buyer understands that no United States federal or state agency or any other government or governmental agency has passed on or made any recommendation or endorsement of the Securities or the fairness or suitability of the investment in the Securities nor have such authorities passed upon or endorsed the merits of the offering of the Securities.

(g) Transfer or Resale. Such Buyer understands that except as provided in the Registration Rights Agreement and Section 4(h) hereof: (i) the Securities have not been and are not being registered under the 1933 Act or any state securities laws, and may not be offered for sale, sold, assigned or transferred unless (A) subsequently registered thereunder, (B) such Buyer shall have delivered to the Company (if requested by the Company) an opinion of counsel to such Buyer, in a form reasonably acceptable to the Company, to the effect that such Securities to be sold, assigned or transferred may be sold, assigned or transferred pursuant to an exemption from such registration, or (C) such Buyer provides the Company with reasonable assurance that such Securities can be sold, assigned or transferred pursuant to Rule 144 or Rule 144A promulgated under the 1933 Act (or a successor rule thereto) (collectively, "**Rule 144**"); (ii) any sale of the Securities made in reliance on Rule 144 may be made only in accordance with the terms of Rule 144, and further, if Rule 144 is not applicable, any resale of the Securities under circumstances in which the seller (or the Person (as defined below) through whom the sale is made) may be deemed to be an underwriter (as that term is defined in the 1933 Act) may require compliance with some other exemption under the 1933 Act or the rules and regulations of the SEC promulgated thereunder; and (iii) neither the Company nor any other Person is under any obligation to register the Securities under the 1933 Act or any state securities laws or to comply with the terms and conditions of any exemption thereunder.

(h) Validity; Enforcement. This Agreement and the Registration Rights Agreement have been duly and validly authorized, executed and delivered on behalf of such Buyer and constitutes the legal, valid and binding obligations of such Buyer enforceable against such Buyer in accordance with their respective terms, except as such enforceability may be limited by general principles of equity or applicable bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws relating to, or affecting generally, the enforcement of applicable creditors' rights and remedies.

(i) No Conflicts. The execution, delivery and performance by such Buyer of this Agreement and the Registration Rights Agreement and the consummation by such Buyer of the transactions contemplated hereby and thereby will not (i) result in a violation of the organizational documents of such Buyer, (ii) conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture or instrument to which such Buyer is a party, or (iii) result in a violation of any law, rule, regulation, order, judgment or decree (including federal and state securities laws) applicable to such Buyer, except in the case of clauses (ii) and (iii) above, for such conflicts, defaults, rights or violations which would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on the ability of such Buyer to perform its obligations hereunder.

(j) Residency. Such Buyer is a resident of the jurisdiction specified below its address on the Schedule of Buyers.

(k) Certain Trading Activities. Except as described on Schedule 2(k), such Buyer has not directly or indirectly, nor has any Person acting on behalf of or pursuant to any understanding with such Buyer, engaged in any transactions in the securities of the Company (including, without limitation, any Short Sales (as defined below) involving the Company's securities) during the period commencing as of the time that such Buyer was first contacted regarding the specific investment in the Company contemplated by this Agreement and ending immediately prior to the execution of this Agreement by such Buyer (it being understood and agreed that for all purposes of this Agreement, and, without implication that the contrary would otherwise be true, that neither transactions nor purchases nor sales shall include the location and/or reservation of borrowable shares of Common Stock). "**Short Sales**" means all "short sales" as defined in Rule 200 promulgated under Regulation SHO under the Securities Exchange Act of 1934, as amended (the "**1934 Act**").

(l) Experience of Such Buyer. Such Buyer, either alone or together with its representatives, has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of the prospective investment in the Securities, and has so evaluated the merits and risks of such investment. Such Buyer is able to bear the economic risk of an investment in the Securities and, at the present time, is able to afford a complete loss of such investment.

(m) Not a 10% Owner. Such Buyer is not a "beneficial owner" of more than 10% of the shares of Common Stock (as defined for purposes of Rule 13d-3 of the 1934 Act).

(n) BTX Common Equity Units. Except as described on Schedule 2(n), such Buyer is the sole record and beneficial owner of the BTX Common Equity Units to be delivered to the Company pursuant to this Agreement as payment of the Purchase Price for the Preferred Shares and Warrants being purchased by such Buyer hereunder and owns such BTX Common Equity Units free from all taxes, liens, claims, encumbrances and charges. Except as described on Schedule 2(n), there are no outstanding rights, options, subscriptions or other agreements or commitments obligating such Buyer to sell or transfer such BTX Common Equity Units and such BTX Common Equity Units are not subject to any lock-up or other restriction on their transfer or on the ability of the Buyer to sell or transfer such BTX Common Equity Units.

3. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

The Company represents and warrants to each of the Buyers that, as of the date hereof and as of the Closing Date:

(a) Organization and Qualification. Each of the Company and each of its Subsidiaries (as defined below) are entities duly organized and validly existing and in good standing under the laws of the jurisdiction in which they are formed, and have the requisite power and authority to own their properties and to carry on their business as now being conducted and as presently proposed to be conducted. Each of the Company and each of its Subsidiaries is duly qualified as a foreign entity to do business and is in good standing in every jurisdiction in which its ownership of property or the nature of the business conducted by it makes such qualification necessary, except to the extent that the failure to be so qualified or be in good standing would not have a Material Adverse Effect. As used in this Agreement, " **Material Adverse Effect**" means any material adverse effect on (i) the business, properties, assets, liabilities, operations (including results thereof), condition (financial or otherwise) or prospects of the Company and its Subsidiaries, taken as a whole, (ii) the transactions contemplated hereby or in any of the other Transaction Documents or (iii) the authority or ability of the Company to perform any of its obligations under any of the Transaction Documents (as defined below). Other than the Persons (as defined below) set forth on Schedule 3(a) the Company has no Subsidiaries. "**Subsidiaries**" means any Person in which the Company, directly or indirectly, (I) owns a majority of the outstanding capital stock or holds a majority of equity or similar interest of such Person or (II) controls or operates all or any part of the business, operations or administration of such Person, and each of the foregoing, is individually referred to herein as a "**Subsidiary**."

(b) Authorization; Enforcement; Validity . Subject to the Stockholder Approval (as defined below), the Company has the requisite power and authority to enter into and perform its obligations under this Agreement and the other Transaction Documents and to issue the Securities in accordance with the terms hereof and thereof. The execution and delivery of this Agreement and the other Transaction Documents by the Company and the consummation by the Company of the transactions contemplated hereby and thereby (including, without limitation, the issuance of the Preferred Shares and the reservation for issuance and issuance of the Conversion Shares issuable upon conversion of the Preferred Shares and the reservation for issuance and issuance any Dividend Shares issuable pursuant to the terms of the Certificate of Designations and the issuance of the Warrants and the reservation for issuance and issuance of the Warrant Shares issuable upon exercise of the Warrants) have been duly authorized by the Company's board of directors and, other than, the Stockholder Approval, the filing with the SEC of one or more Registration Statements in accordance with the requirements of the Registration Rights Agreement, the 8-K Filing (as defined below), the filing of the listing of additional securities with the Principal Market (as hereinafter defined), a Form D with the SEC and any other filings as may be required by any state securities agencies (collectively, the "**Required Approvals**")) no further filing, consent or authorization is required by the Company, its board of directors or its stockholders or other governing body. This Agreement has been, and the other Transaction Documents to which it is a party will be prior to the Closing, duly executed and delivered by the Company, and each constitutes the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with its respective terms, except as such enforceability may be limited by general principles of equity or applicable bankruptcy, insolvency, reorganization, moratorium, liquidation or similar laws relating to, or affecting generally, the enforcement of applicable creditors' rights and remedies and except as rights to indemnification and to contribution may be limited by federal or state securities law and public policy, and the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought. "**Transaction Documents**" means, collectively, this Agreement, the Warrants, the Certificate of Designations, the Registration Rights Agreement, the Irrevocable Transfer Agent Instructions (as defined below), the Voting Agreements and each of the other agreements and instruments entered into or delivered by any of the parties hereto in connection with the transactions contemplated hereby and thereby, as may be amended from time to time.

(c) Issuance of Securities. The issuance of the Preferred Shares and the Warrants are duly authorized and upon issuance in accordance with the terms of the Transaction Documents shall be validly issued, fully paid and non-assessable and free from all preemptive or similar rights, taxes, liens, charges and other encumbrances with respect to the issue thereof. The Company shall not be required to reserve from its duly authorized capital stock any Conversion Shares, the Dividend Shares and the Warrant Shares until the Stockholder Approval is obtained. Subject to Stockholder Approval, upon issuance or conversion in accordance with the Certificate of Designations or exercise in accordance with the Warrants (as the case may be), the Conversion Shares, the Dividend Shares and the Warrant Shares, respectively, when issued, will be validly issued, fully paid and nonassessable and free from all preemptive or similar rights, taxes, liens, charges and other encumbrances with respect to the issue thereof, with the holders being entitled to all rights accorded to a holder of Common Stock. Subject to the accuracy of the representations and warranties of the Buyers in this Agreement, the offer and issuance by the Company of the Securities is exempt from registration under the 1933 Act. "**Common Stock**" means (i) the Company's shares of common stock, $0.001 par value per share, and (ii) any capital stock into which such common stock shall have been changed or any share capital resulting from a reclassification of such common stock.

(d) No Conflicts. The execution, delivery and performance of the Transaction Documents by the Company and the consummation by the Company of the transactions contemplated hereby and thereby (including, without limitation, the issuance of the Preferred Shares, the Warrants, the Conversion Shares, the Dividend Shares and the Warrant Shares and the reservation for issuance of the Conversion Shares, the Dividend Shares and the Warrant Shares) will not (i) result in a violation of the Certificate of Incorporation (as defined below) (including, without limitation, any certificates of designation contained therein) or other organizational documents of the Company or any of its Subsidiaries, any capital stock of the Company or any of its Subsidiaries or Bylaws (as defined below), (ii) conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture or instrument to which the Company or any of its Subsidiaries is a party, or (iii) subject to the Required Approvals, result in a violation of any law, rule, regulation, order, judgment or decree (including foreign, federal and state securities laws and regulations and the rules and regulations of the Nasdaq Capital Market (the **"Principal Market**") and including all applicable federal laws, rules and regulations) applicable to the Company or any of its Subsidiaries or by which any property or asset of the Company or any of its Subsidiaries is bound or affected except, in the case of clause (ii) or (iii) above, to the extent such violations that would not reasonably be expected to have a Material Adverse Effect.

(e) Consents. The Company is not required to obtain any consent from, authorization or order of, or make any filing or registration with (other than the Required Approvals), any Governmental Entity (as defined below) or any regulatory or self-regulatory agency or any other Person in order for it to execute, deliver or perform any of its obligations under or contemplated by the Transaction Documents, in each case, in accordance with the terms hereof or thereof. All consents, authorizations, orders, filings and registrations which the Company is required to obtain at or prior to the Closing have been obtained or effected on or prior to the Closing Date, and the Company is not aware of any facts or circumstances which might prevent the Company from obtaining or effecting any of the registration, application or filings contemplated by the Transaction Documents. Except as set forth on Schedule 3(e), the Company is not in violation of the requirements of the Principal Market and has no knowledge of any facts or circumstances which could reasonably lead to delisting or suspension of the Common Stock in the foreseeable future. "**Governmental Entity**" means any nation, state, county, city, town, village, district, or other political jurisdiction of any nature, federal, state, local, municipal, foreign, or other government, governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department, official, or entity and any court or other tribunal), multi-national organization or body; or body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory, or taxing authority or power of any nature or instrumentality of any of the foregoing, including any entity or enterprise owned or controlled by a government or a public international organization or any of the foregoing.

(f) Acknowledgment Regarding Buyer's Purchase of Securities. The Company acknowledges and agrees that each Buyer is acting solely in the capacity of an arm's length purchaser with respect to the Transaction Documents and the transactions contemplated hereby and thereby and that no Buyer is (i) an officer or director of the Company or any of its Subsidiaries, (ii) an "affiliate" (as defined in Rule 144) of the Company or any of its Subsidiaries or (iii) to its knowledge, a "beneficial owner" of more than 10% of the shares of Common Stock (as defined for purposes of Rule 13d-3 of the 1934 Act. The Company further acknowledges that no Buyer is acting as a financial advisor or fiduciary of the Company or any of its Subsidiaries (or in any similar capacity) with respect to the Transaction Documents and the transactions contemplated hereby and thereby, and any advice given by a Buyer or any of its representatives or agents in connection with the Transaction Documents and the transactions contemplated hereby and thereby is merely incidental to such Buyer's purchase of the Securities. The Company further represents to each Buyer that the Company's decision to enter into the Transaction Documents has been based solely on the independent evaluation by the Company and its representatives.

(g) No General Solicitation; Placement Agent's Fees. Neither the Company, nor any of its Subsidiaries or affiliates, nor any Person acting on its or their behalf, has engaged in any form of general solicitation or general advertising (within the meaning of Regulation D) in connection with the offer or sale of the Securities. The Company shall be responsible for the payment of any placement agent's fees, financial advisory fees, or brokers' commissions (other than for Persons engaged by any Buyer or its investment advisor) relating to or arising out of the transactions contemplated hereby. Neither the Company nor any of its Subsidiaries has engaged any placement agent or other agent in connection with the offer or sale of the Securities.

(h) No Integrated Offering. None of the Company, its Subsidiaries or any of their affiliates, nor, to the knowledge of the Company, any Person acting on their behalf has, directly or indirectly, made any offers or sales of any security or solicited any offers to buy any security, under circumstances that would require registration of the issuance of any of the Securities under the 1933 Act, whether through integration with prior offerings or otherwise, or cause this offering of the Securities to require approval of stockholders of the Company under any applicable stockholder approval provisions, including, without limitation, under the rules and regulations of any exchange or automated quotation system on which any of the securities of the Company are listed or designated for quotation. None of the Company, its Subsidiaries, their affiliates nor, to the knowledge of the Company, any Person acting on their behalf will take any action or steps that would require registration of the issuance of any of the Securities under the 1933 Act or cause the offering of any of the Securities to be integrated with other offerings of securities of the Company.

(i) Dilutive Effect. The Company acknowledges that its obligation to issue the Conversion Shares upon conversion of the Preferred Shares in accordance with this Agreement and the Certificate of Designations, the Dividend Shares in accordance with this Agreement and the Certificate of Designations and the Warrant Shares upon exercise of the Warrants in accordance with this Agreement and the Warrants is absolute and unconditional (other than the conditions set forth herein, in the Certificate of Designations and in the Warrants, respectively) regardless of the dilutive effect that such issuance may have on the ownership interests of other stockholders of the Company.

(j) Application of Takeover Protections; Rights Agreement. At or prior to Closing, the Company and its board of directors shall have taken all necessary action, if any, in order to render inapplicable any control share acquisition, interested stockholder, business combination, poison pill (including, without limitation, any distribution under a rights agreement), stockholder rights plan or other similar anti-takeover provision under the Certificate of Incorporation, Bylaws or other organizational documents or the laws of the jurisdiction of its incorporation or otherwise which is or could become applicable to any Buyer as a result of the transactions contemplated by this Agreement, including, without limitation, the Company's issuance of the Securities and any Buyer's ownership of the Securities. At or prior to Closing, the Company and its board of directors shall have taken all necessary action, if any, in order to render inapplicable any stockholder rights plan or similar arrangement relating to accumulations of beneficial ownership of shares of Common Stock or a change in control of the Company or any of its Subsidiaries.

(k) SEC Documents; Financial Statements. During the two (2) years prior to the date hereof, the Company has timely filed all reports, schedules, forms, proxy statements, financial statements and other documents required to be filed by it with the SEC pursuant to the reporting requirements of the 1934 Act (all of the foregoing filed prior to the date hereof and all exhibits and appendices included therein and financial statements, notes and schedules thereto and documents incorporated by reference therein being hereinafter referred to as the "**SEC Documents**"). The Company has made available to the Buyers or their respective representatives true, correct and complete copies of each of the SEC Documents not available on the EDGAR system. As of their respective dates, the SEC Documents complied in all material respects with the requirements of the 1934 Act and the rules and regulations of the SEC promulgated thereunder applicable to the SEC Documents, and none of the SEC Documents, at the time they were filed with the SEC, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. As of their respective dates, the financial statements of the Company included in the SEC Documents complied as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto as in effect as of the time of filing. Such financial statements have been prepared in accordance with generally accepted accounting principles, consistently applied, during the periods involved (except (i) as may be otherwise indicated in such financial statements or the notes thereto, or (ii) in the case of unaudited interim statements, to the extent they may exclude footnotes or may be condensed or summary statements) and fairly present in all material respects the financial position of the Company as of the dates thereof and the results of its operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments which will not be material, either individually or in the aggregate). No other information provided by or on behalf of the Company to any of the Buyers which is not included in the SEC Documents (including, without limitation, information referred to in Section 2(e) of this Agreement) contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements therein not misleading, in the light of the circumstance under which they are or were made. The Company is not currently contemplating to amend or restate any of the financial statements (including without limitation, any notes or any letter of the independent accountants of the Company with respect thereto) included in the SEC Documents (the "**Financial Statements**"), nor is the Company currently aware of facts or circumstances which would require the Company to amend or restate any of the Financial Statements, in each case, in order for any of the Financials Statements to be in compliance with GAAP and the rules and regulations of the SEC. The Company has not been informed by its independent accountants that they recommend that the Company amend or restate any of the Financial Statements or that there is any need for the Company to amend or restate any of the Financial Statements.

(l) Absence of Certain Changes. Since the date of the Company's most recent audited financial statements contained in a Form 10-K except as set forth on Schedule 3(l) or disclosed in the SEC Documents filed subsequent to such Form 10-K, there has been no material adverse change and no material adverse development in the business, assets, liabilities, properties, operations (including results thereof), condition (financial or otherwise) or prospects of the Company and its Subsidiaries taken as a whole. Since the date of the Company's most recent audited financial statements contained in a Form 10-K except as disclosed in the SEC Documents filed subsequent to such Form 10-K, neither the Company nor any of its Subsidiaries has (i) declared or paid any dividends, (ii) sold any assets, individually or in the aggregate, outside of the ordinary course of business or (iii) made any material capital expenditures, individually or in the aggregate, outside the ordinary course of business. Neither the Company nor any of its Subsidiaries has taken any steps to seek protection pursuant to any law or statute relating to bankruptcy, insolvency, reorganization, receivership, liquidation or winding up, nor does the Company or any Subsidiary have any knowledge or reason to believe that any of their respective creditors intend to initiate involuntary bankruptcy proceedings or any actual knowledge of any fact which would reasonably lead a creditor to do so.

(m) No Undisclosed Events, Liabilities, Developments or Circumstances. Except as disclosed in the SEC Documents, no event, liability, development or circumstance has occurred or exists, or is reasonably expected to exist or occur with respect to the Company, any of its Subsidiaries or any of their respective businesses, properties, liabilities, prospects, operations (including results thereof) or condition (financial or otherwise), that (i) would be required to be disclosed by the Company under applicable securities laws on a registration statement on Form S-1 filed with the SEC relating to an issuance and sale by the Company of its Common Stock and which has not been publicly announced, (ii) could have a material adverse effect on any Buyer's investment hereunder or (iii) could have a Material Adverse Effect.

(n) Conduct of Business; Regulatory Permits. Neither the Company nor any of its Subsidiaries is in violation of any term of or in default under its Certificate of Incorporation, any certificate of designations, preferences or rights of any other outstanding series of preferred stock of the Company or any of its Subsidiaries or Bylaws or their organizational charter, certificate of formation or certificate of incorporation or bylaws, respectively. Except as disclosed in the SEC Documents, neither the Company nor any of its Subsidiaries is in violation of any judgment, decree or order or any statute, ordinance, rule or regulation applicable to the Company or any of its Subsidiaries, and neither the Company nor any of its Subsidiaries will conduct its business in violation of any of the foregoing, except in all cases for possible violations which could not, individually or in the aggregate, have a Material Adverse Effect. Except as set forth on Schedule 3(n), without limiting the generality of the foregoing, the Company is not in violation of any of the rules, regulations or requirements of the Principal Market and has no knowledge of any facts or circumstances that could reasonably lead to delisting or suspension of the Common Stock by the Principal Market in the foreseeable future. Since January 1, 2010, (i) the Common Stock has been listed or designated for quotation on the Principal Market or the Nasdaq Global Market, (ii) trading in the Common Stock has not been suspended by the SEC or the Principal Market and (iii) except as disclosed in the SEC Documents, the Company has received no communication, written or oral, from the SEC or the Principal Market regarding the suspension or delisting of the Common Stock from the Principal Market. The Company and each of its Subsidiaries possess all certificates, authorizations and permits issued by the appropriate regulatory authorities necessary to conduct their respective businesses, except where the failure to possess such certificates, authorizations or permits would not have, individually or in the aggregate, a Material Adverse Effect, and neither the Company nor any such Subsidiary has received any notice of proceedings relating to the revocation or modification of any such certificate, authorization or permit.

(o) Foreign Corrupt Practices. Neither the Company nor any of its Subsidiaries nor to the knowledge of the Company, any director, officer, agent, employee, nor any other person acting for or on behalf of the foregoing (individually and collectively, a "**Company Affiliate**") have violated the U.S. Foreign Corrupt Practices Act (the "**FCPA**") or any other applicable anti-bribery or anti-corruption laws, nor has, to the Company's knowledge, any Company Affiliate offered, paid, promised to pay, or authorized the payment of any money, or offered, given, promised to give, or authorized the giving of anything of value, to any officer, employee or any other person acting in an official capacity for any Governmental Entity to any political party or official thereof or to any candidate for political office (individually and collectively, a "**Government Official**") or to any person under circumstances where such Company Affiliate knew or was aware of a high probability that all or a portion of such money or thing of value would be offered, given or promised, directly or indirectly, to any Governmental Official, for the purpose of:

(i) (A) influencing any act or decision of such Government Official in his/her official capacity, (B) inducing such Government Official to do or omit to do any act in violation of his/her lawful duty, (C) securing any improper advantage, or (D) inducing such Government Official to influence or affect any act or decision of any Governmental Entity, or

(ii) assisting the Company or its Subsidiaries in obtaining or retaining business for or with, or directing business to, the Company or its Subsidiaries.

(p) Sarbanes-Oxley Act. The Company and each Subsidiary is in material compliance with all applicable requirements of the Sarbanes-Oxley Act of 2002, and all applicable rules and regulations promulgated by the SEC thereunder.

(q) Transactions With Affiliates. Except as disclosed in the SEC Documents, none of the officers, directors or employees or affiliates of the Company or any of its Subsidiaries is presently a party to any transaction with the Company or any of its Subsidiaries (other than for ordinary course services as employees, officers or directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any such officer, director, employee or affiliate or, to the knowledge of the Company or any of its Subsidiaries, any corporation, partnership, trust or other Person in which any such officer, director, employee or affiliate has a substantial interest or is an employee, officer, director, affiliate, trustee or partner.

(r) Equity Capitalization. As of the date hereof, the authorized capital stock of the Company consists of (i) 14,285,714 shares of Common Stock, of which, 1,558,669 are issued and outstanding and 12,727,045 shares are reserved for issuance pursuant to securities (other than the Preferred Shares and the Warrants) exercisable or exchangeable for, or convertible into, shares of Common Stock and (ii) 5,000,000 shares of preferred stock, none of which are issued and outstanding. No shares of Common Stock are held in treasury. All of such outstanding shares are duly authorized and have been, or upon issuance will be, validly issued and are fully paid and nonassessable. To the Company's knowledge, 12,119 shares of the Company's issued and outstanding Common Stock on the date hereof are owned by Persons who are "affiliates" (as defined in Rule 405 of the 1933 Act and calculated based on the assumption that only executive officers, directors and holders of at least 10% of the Company's issued and outstanding Common Stock are "affiliates" without conceding that any such Persons are "affiliates" for purposes of federal securities laws) of the Company or any of its Subsidiaries. Except as disclosed in the SEC Documents, to the Company's knowledge, no Person owns 10% or more of the Company's issued and outstanding shares of Common Stock (calculated based on the assumption that all Convertible Securities (as defined below), whether or not presently exercisable or convertible, have been fully exercised or converted (as the case may be) taking account of any limitations on exercise or conversion (including "blockers") contained therein without conceding that such identified Person is a 10% stockholder for purposes of federal securities laws). (i) None of the Company's or any Subsidiary's capital stock is subject to preemptive rights or any other similar rights or any liens or encumbrances suffered or permitted by the Company or any Subsidiary; (ii) except as disclosed in Schedule 3(r)(iii), there are no outstanding options, warrants, scrip, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into, or exercisable or exchangeable for, any capital stock of the Company or any of its Subsidiaries, or contracts, commitments, understandings or arrangements by which the Company or any of its Subsidiaries is or may become bound to issue additional capital stock of the Company or any of its Subsidiaries or options, warrants, scrip, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into, or exercisable or exchangeable for, any capital stock of the Company or any of its Subsidiaries; (iii) except as disclosed in Schedule 3(r)(iii), there are no outstanding debt securities, notes, credit agreements, credit facilities or other agreements, documents or instruments evidencing Indebtedness of the Company or any of its Subsidiaries or by which the Company or any of its Subsidiaries is or may become bound; (iv) there are no financing statements securing obligations in any amounts filed in connection with the Company or any of its Subsidiaries; (v) there are no agreements or arrangements under which the Company or any of its Subsidiaries is obligated to register the sale of any of their securities under the 1933 Act (except pursuant to the Registration Rights Agreement); (vi) there are no outstanding securities or instruments of the Company or any of its Subsidiaries which contain any redemption or similar provisions, and there are no contracts, commitments, understandings or arrangements by which the Company or any of its Subsidiaries is or may become bound to redeem a security of the Company or any of its Subsidiaries; (vii) there are no securities or instruments containing anti-dilution or similar provisions that will be triggered by the issuance of the Securities; (viii) neither the Company nor any Subsidiary has any stock appreciation rights or "phantom stock" plans or agreements or any similar plan or agreement; and (ix) neither the Company nor any of its Subsidiaries have any liabilities or obligations required to be disclosed in the SEC Documents which are not so disclosed in the SEC Documents, other than those incurred in the ordinary course of the Company's or its Subsidiaries' respective businesses and which, individually or in the aggregate, do not or could not have a Material Adverse Effect. The Company has furnished to the Buyers true, correct and complete copies of the Company's Certificate of Incorporation, as amended and as in effect on the date hereof (the "**Certificate of Incorporation**"), and the Company's bylaws, as amended and as in effect on the date hereof (the "**Bylaws**"), and the terms of all securities convertible into, or exercisable or exchangeable for, shares of Common Stock and the material rights of the holders thereof in respect thereto.

(s) Indebtedness and Other Contracts. Neither the Company nor any of its Subsidiaries, (i) except as disclosed on Schedule 3(s), has any outstanding Indebtedness (as defined below), (ii) is a party to any contract, agreement or instrument, the violation of which, or default under which, by the other party(ies) to such contract, agreement or instrument could reasonably be expected to result in a Material Adverse Effect, (iii) is in violation of any term of, or in default under, any contract, agreement or instrument relating to any Indebtedness, except where such violations and defaults would not result, individually or in the aggregate, in a Material Adverse Effect, or (iv) is a party to any contract, agreement or instrument relating to any Indebtedness, the performance of which, in the judgment of the Company's officers, has or is expected to have a Material Adverse Effect. For purposes of this Agreement: (x) "**Indebtedness**" of any Person means, without duplication (A) all indebtedness for borrowed money, (B) all obligations issued, undertaken or assumed as the deferred purchase price of property or services (including, without limitation, "capital leases" in accordance with generally accepted accounting principles) (other than trade payables entered into in the ordinary course of business), (C) all reimbursement or payment obligations with respect to letters of credit, surety bonds and other similar instruments, (D) all obligations evidenced by notes, bonds, debentures or similar instruments, including obligations so evidenced incurred in connection with the acquisition of property, assets or businesses, (E) all indebtedness created or arising under any conditional sale or other title retention agreement, or incurred as financing, in either case with respect to any property or assets acquired with the proceeds of such indebtedness (even though the rights and remedies of the seller or bank under such agreement in the event of default are limited to repossession or sale of such property), (F) all monetary obligations under any leasing or similar arrangement which, in connection with generally accepted accounting principles, consistently applied for the periods covered thereby, is classified as a capital lease, (G) all indebtedness referred to in clauses (A) through (F) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any mortgage, claim, lien, tax, right of first refusal, pledge, charge, security interest or other encumbrance upon or in any property or assets (including accounts and contract rights) owned by any Person, even though the Person which owns such assets or property has not assumed or become liable for the payment of such indebtedness, and (H) all Contingent Obligations in respect of indebtedness or obligations of others of the kinds referred to in clauses (A) through (G) above; (y) "**Contingent Obligation**" means, as to any Person, any direct or indirect liability, contingent or otherwise, of that Person with respect to any indebtedness, lease, dividend or other obligation of another Person if the primary purpose or intent of the Person incurring such liability, or the primary effect thereof, is to provide assurance to the obligee of such liability that such liability will be paid or discharged, or that any agreements relating thereto will be complied with, or that the holders of such liability will be protected (in whole or in part) against loss with respect thereto; and (z) "**Person**" means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization, any other entity and any Governmental Entity or any department or agency thereof.

(t) Absence of Litigation. Except as disclosed in the SEC Documents, there is no action, suit, proceeding, inquiry or investigation before or by the Principal Market, any court, public board, other Governmental Entity, self-regulatory organization or body pending or, to the knowledge of the Company, threatened against or affecting the Company or any of its Subsidiaries, the Common Stock or any of the Company's or its Subsidiaries' officers or directors which is outside of the ordinary course of business or individually or in the aggregate material to the Company or any of its Subsidiaries. To the Company's knowledge, except as set forth on Schedule 3(t), no director, officer or employee of the Company or any of its subsidiaries has willfully violated 18 U.S.C. §1519 or engaged in spoliation in reasonable anticipation of litigation. Without limitation of the foregoing, there has not been, and to the knowledge of the Company, there is not pending or contemplated, any investigation by the SEC involving the Company, any of its Subsidiaries or any current or former director or executive officer of the Company or any of its Subsidiaries. The SEC has not issued any stop order or other order suspending the effectiveness of any registration statement filed by the Company under the 1933 Act or the 1934 Act.

(u) Insurance. The Company and each of its Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as management of the Company believes to be prudent and customary in the businesses in which the Company and its Subsidiaries are engaged. Neither the Company nor any such Subsidiary has been refused any insurance coverage sought or applied for, and neither the Company nor any such Subsidiary has any reason to believe that it will be unable to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not have a Material Adverse Effect.

(v) Employee Relations. Except as disclosed in the SEC Documents, neither the Company nor any of its Subsidiaries is a party to any collective bargaining agreement or employs any member of a union. The Company believes that its and its Subsidiaries' relations with their respective employees are good. Except as set forth on Schedule 3(v), no executive officer (as defined in Rule 501(f) promulgated under the 1933 Act) or other key employee of the Company or any of its Subsidiaries has notified the Company or any such Subsidiary that such officer intends to leave the Company or any such Subsidiary or otherwise terminate such officer's employment with the Company or any such Subsidiary. To the knowledge of the Company, no executive officer or other key employee of the Company or any of its Subsidiaries is, or is now expected to be, in violation of any material term of any employment contract, confidentiality, disclosure or proprietary information agreement, non-competition agreement, or any other contract or agreement or any restrictive covenant, and the continued employment of each such executive officer or other key employee (as the case may be) does not subject the Company or any of its Subsidiaries to any liability with respect to any of the foregoing matters. The Company and its Subsidiaries are in compliance with all federal, state, local and foreign laws and regulations respecting labor, employment and employment practices and benefits, terms and conditions of employment and wages and hours, except where failure to be in compliance would not, either individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(w) Title. The Company and its Subsidiaries have good and marketable title in fee simple to all real property and have good and marketable title to all personal property owned by them which is material to the business of the Company and its Subsidiaries, in each case, free and clear of all liens, encumbrances and defects except such as do not materially affect the value of such property and do not interfere with the use made and proposed to be made of such property by the Company and any of its Subsidiaries. Any real property and facilities held under lease by the Company or any of its Subsidiaries are held by them under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and buildings by the Company or any of its Subsidiaries.

(x) Intellectual Property Rights. The Company and its Subsidiaries own or possess adequate rights or licenses to use all trademarks, trade names, service marks, service mark registrations, service names, patents, patent rights, copyrights, original works, inventions, licenses, approvals, governmental authorizations, trade secrets and other intellectual property rights and all applications and registrations therefor ("**Intellectual Property Rights**") necessary to conduct their respective businesses as now conducted and as presently proposed to be conducted. Except as disclosed on Schedule 3(x), none of the Company's or its Subsidiaries' Intellectual Property Rights have expired, terminated or been abandoned, or are expected to expire, terminate or be abandoned, within two years from the date of this Agreement. The Company has no knowledge of any infringement by the Company or any of its Subsidiaries of Intellectual Property Rights of others. There is no claim, action or proceeding being made or brought, or to the knowledge of the Company or any of its Subsidiaries, being threatened, against the Company or any of its Subsidiaries regarding their Intellectual Property Rights. The Company is not aware of any facts or circumstances which might give rise to any of the foregoing infringements or claims, actions or proceedings. The Company and each of its Subsidiaries have taken reasonable security measures to protect the secrecy, confidentiality and value of all of their Intellectual Property Rights, except where failure to take such measures would not, either individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(y) Environmental Laws. The Company and its Subsidiaries (i) are in compliance with all Environmental Laws (as defined below), (ii) have received all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses and (iii) are in compliance with all terms and conditions of any such permit, license or approval where, in each of the foregoing clauses (i), (ii) and (iii), the failure to so comply could be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect. The term "**Environmental Laws**" means all federal, state, local or foreign laws relating to pollution or protection of human health or the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata), including, without limitation, laws relating to emissions, discharges, releases or threatened releases of chemicals, pollutants, contaminants, or toxic or hazardous substances or wastes (collectively, "**Hazardous Materials**") into the environment, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials, as well as all authorizations, codes, decrees, demands or demand letters, injunctions, judgments, licenses, notices or notice letters, orders, permits, plans or regulations issued, entered, promulgated or approved thereunder.

(z) Subsidiary Rights. Except as set forth on Schedule 3(z), the Company or one of its Subsidiaries has the unrestricted right to vote, and (subject to limitations imposed by applicable law) to receive dividends and distributions on, all capital securities of its Subsidiaries as owned by the Company or such Subsidiary.

(aa) Tax Status. Except as set forth on Schedule 3(aa), the Company and each of its Subsidiaries (i) has timely made or filed all foreign, federal and state income and all other tax returns, reports and declarations required by any jurisdiction to which it is subject, (ii) has timely paid all taxes and other governmental assessments and charges that are material in amount, shown or determined to be due on such returns, reports and declarations, except those being contested in good faith and (iii) has set aside on its books provision reasonably adequate for the payment of all taxes for periods subsequent to the periods to which such returns, reports or declarations apply. There are no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the officers of the Company and its Subsidiaries know of no basis for any such claim. The Company is not operated in such a manner as to qualify as a passive foreign investment company, as defined in Section 1297 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**").

(bb) Internal Accounting and Disclosure Controls. The Company and each of its Subsidiaries maintains internal control over financial reporting (as such term is defined in Rule 13a-15(f) under the 1934 Act) that is effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, including that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset and liability accountability, (iii) access to assets or incurrence of liabilities is permitted only in accordance with management's general or specific authorization and (iv) the recorded accountability for assets and liabilities is compared with the existing assets and liabilities at reasonable intervals and appropriate action is taken with respect to any difference. The Company maintains disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the 1934 Act) that are effective in ensuring that information required to be disclosed by the Company in the reports that it files or submits under the 1934 Act is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the SEC, including, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits under the 1934 Act is accumulated and communicated to the Company's management, including its principal executive officer or officers and its principal financial officer or officers, as appropriate, to allow timely decisions regarding required disclosure. Neither the Company nor any of its Subsidiaries has received any notice or correspondence from any accountant or other Person relating to any potential material weakness or significant deficiency in any part of the internal controls over financial reporting of the Company or any of its Subsidiaries, that has not been cured or otherwise resolved prior to the date hereof.

(cc) Off Balance Sheet Arrangements. There is no transaction, arrangement, or other relationship between the Company or any of its Subsidiaries and an unconsolidated or other off balance sheet entity that is required to be disclosed by the Company in its 1934 Act filings and is not so disclosed or that otherwise could be reasonably likely to have a Material Adverse Effect.

(dd) Investment Company Status. The Company is not, and upon consummation of the sale of the Securities will not be, an "investment company," an affiliate of an "investment company," a company controlled by an "investment company" or an "affiliated person" of, or "promoter" or "principal underwriter" for, an "investment company" as such terms are defined in the Investment Company Act of 1940, as amended.

(ee) Acknowledgement Regarding Buyers' Trading Activity. It is understood and acknowledged by the Company that (i) following the public disclosure of the transactions contemplated by the Transaction Documents, in accordance with the terms thereof, none of the Buyers have been asked by the Company or any of its Subsidiaries to agree, nor has any Buyer agreed with the Company or any of its Subsidiaries, to desist from effecting any transactions in or with respect to (including, without limitation, purchasing or selling, long and/or short) any securities of the Company, or "derivative" securities based on securities issued by the Company or to hold any of the Securities for any specified term; (ii) any Buyer, and counterparties in "derivative" transactions to which any such Buyer is a party, directly or indirectly, presently may have a "short" position in the Common Stock which was established prior to such Buyer's knowledge of the transactions contemplated by the Transaction Documents; and (iii) each Buyer shall not be deemed to have any affiliation with or control over any arm's length counterparty in any "derivative" transaction. The Company further understands and acknowledges that following the public disclosure of the transactions contemplated by the Transaction Documents pursuant to the Press Release (as defined below) one or more Buyers may engage in hedging and/or trading activities at various times during the period that the Securities are outstanding, including, without limitation, during the periods that the value and/or number of the Warrant Shares, the Dividend Shares or Conversion Shares, as applicable, deliverable with respect to the Securities are being determined and such hedging and/or trading activities, if any, can reduce the value of the existing stockholders' equity interest in the Company both at and after the time the hedging and/or trading activities are being conducted. The Company acknowledges that such aforementioned hedging and/or trading activities do not constitute a breach of this Agreement, the Certificate of Designations, the Warrants or any other Transaction Document or any of the documents executed in connection herewith or therewith.

(ff) Manipulation of Price. Neither the Company nor any of its Subsidiaries has, and, to the knowledge of the Company, no Person acting on their behalf has, directly or indirectly, (i) taken any action designed to cause or to result in the stabilization or manipulation of the price of any security of the Company or any of its Subsidiaries to facilitate the sale or resale of any of the Securities, (ii) sold, bid for, purchased, or paid any compensation for soliciting purchases of, any of the Securities, or (iii) paid or agreed to pay to any Person any compensation for soliciting another to purchase any other securities of the Company or any of its Subsidiaries.

(gg) U.S. Real Property Holding Corporation. Neither the Company nor any of its Subsidiaries is, or has ever been, and so long as any of the Securities are held by any of the Buyers, shall become, a U.S. real property holding corporation within the meaning of Section 897 of the Code, and the Company and each Subsidiary shall so certify upon any Buyer's request.

(hh) Registration Eligibility. The Company is eligible to register the Registrable Securities for resale by the Buyers using Form S-3 promulgated under the 1933 Act.

(ii) Transfer Taxes. On the Closing Date, all stock transfer or other taxes (other than income or similar taxes) which are required to be paid in connection with the issuance, sale and transfer of the Securities to be sold to each Buyer hereunder will be, or will have been, fully paid or provided for by the Company, and all laws imposing such taxes will be or will have been complied with.

(j j) Bank Holding Company Act. Neither the Company nor any of its Subsidiaries is subject to the Bank Holding Company Act of 1956, as amended (the "**BHCA**") and to regulation by the Board of Governors of the Federal Reserve System (the '**Federal Reserve**"). Neither the Company nor any of its Subsidiaries or affiliates owns or controls, directly or indirectly, five percent (5%) or more of the outstanding shares of any class of voting securities or twenty-five percent (25%) or more of the total equity of a bank or any equity that is subject to the BHCA and to regulation by the Federal Reserve. Neither the Company nor any of its Subsidiaries or affiliates exercises a controlling influence over the management or policies of a bank or any entity that is subject to the BHCA and to regulation by the Federal Reserve.

(kk) Shell Company Status. The Company is not currently, and has not been within the last 12 months, an issuer identified in, or subject to, Rule144(i).

(l l) Illegal or Unauthorized Payments; Political Contributions Neither the Company nor any of its Subsidiaries nor, to the Company's knowledge (after reasonable inquiry of its executive officers and directors), any of the officers, directors, employees, agents or other representatives of the Company or any of its Subsidiaries or any other business entity or enterprise with which the Company or any Subsidiary is or has been affiliated or associated, has, directly or indirectly, made or authorized any payment, contribution or gift of money, property, or services, whether or not in contravention of applicable law, (a) as a kickback or bribe to any Person or (b) to any political organization, or the holder of or any aspirant to any elective or appointive public office except for personal political contributions not involving the direct or indirect use of funds of the Company or any of its Subsidiaries.

(mm) Money Laundering. The Company and its Subsidiaries are in compliance with, and have not previously violated, the USA Patriot Act of 2001 and all other applicable U.S. and non-U.S. anti-money laundering laws and regulations, including, but not limited to, the laws, regulations and Executive Orders and sanctions programs administered by the U.S. Office of Foreign Assets Control, including, but not limited, to (i) Executive Order 13224 of September 23, 2001 entitled, "Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism" (66 Fed. Reg. 49079 (2001)); and (ii) any regulations contained in 31 CFR, Subtitle B, Chapter V.

(n n) Management. Except as set forth in Schedule 3(nn) hereto, during the past five year period, no current officer or director or, to the knowledge of the Company, former officer or director of the Company or any of its Subsidiaries has been the subject of:

(i) a petition under bankruptcy laws or any other insolvency or moratorium law or the appointment by a court of a receiver, fiscal agent or similar officer for such Person, or any partnership in which such person was a general partner at or within two years before the filing of such petition or such appointment, or any corporation or business association of which such person was an executive officer at or within two years before the time of the filing of such petition or such appointment;

(ii) a conviction in a criminal proceeding or a named subject of a pending criminal proceeding (excluding traffic violations, including those relating to driving while intoxicated or driving under the influence);

(iii) any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, permanently or temporarily enjoining any such person from, or otherwise limiting, the following activities:

(1) Acting as a futures commission merchant, introducing broker, commodity trading advisor, commodity pool operator, floor broker, leverage transaction merchant, any other person regulated by the United States Commodity Futures Trading Commission or an associated person of any of the foregoing, or as an investment adviser, underwriter, broker or dealer in securities, or as an affiliated person, director or employee of any investment company, bank, savings and loan association or insurance company, or engaging in or continuing any conduct or practice in connection with such activity;

(2) Engaging in any type of business practice; or

(3) Engaging in any activity in connection with the purchase or sale of any security or commodity or in connection with any violation of securities laws or commodities laws;

(iv) any order, judgment or decree, not subsequently reversed, suspended or vacated, of any authority barring, suspending or otherwise limiting for more than 60 days the right of any such person to engage in any activity described in the preceding sub paragraph, or to be associated with persons engaged in any such activity;

(v) a finding by a court of competent jurisdiction in a civil action or by the SEC or other authority to have violated any securities law, regulation or decree and the judgment in such civil action or finding by the SEC or any other authority has not been subsequently reversed, suspended or vacated; or

(vi) a finding by a court of competent jurisdiction in a civil action or by the Commodity Futures Trading Commission to have violated any federal commodities law, and the judgment in such civil action or finding has not been subsequently reversed, suspended or vacated.

(oo) Stock Option Plans Since January 1, 2010, each stock option granted by the Company was granted (i) in accordance with the terms of the applicable stock option plan of the Company or outside of the Company's stock option plan as an inducement to employment or the engagement as a director of the Company and (ii) with an exercise price at least equal to the fair market value of the Common Stock on the date such stock option would be considered granted under GAAP and applicable law. To the Company's knowledge, no stock option granted under the Company's stock option plan has been backdated. Since January 1, 2010, the Company has not knowingly granted, and there is no and has been no policy or practice of the Company to knowingly grant, stock options prior to, or otherwise knowingly coordinate the grant of stock options with, the release or other public announcement of material information regarding the Company or its Subsidiaries or their financial results or prospects.

(p p) No Disagreements with Accountants and Lawyers. There are no material disagreements of any kind presently existing, or reasonably anticipated by the Company to arise, between the Company and the accountants and lawyers formerly or presently employed by the Company, and except as set forth on Schedule 3(pp), the Company is current with respect to any fees owed to its accountants and lawyers which could affect the Company's ability to perform any of its obligations under any of the Transaction Documents. In addition, on or prior to the date hereof, the Company had discussions with its accountants about its financial statements previously filed with the SEC. Based on those discussions, the Company has no reason to believe that it will need to restate any such financial statements or any part thereof.

(q q) No Disqualification Events. None of the Company, any of its predecessors, any affiliated issuer, any director, executive officer, other officer of the Company participating in the offering contemplated hereby, any beneficial owner of 20% or more of the Company's outstanding voting equity securities, calculated on the basis of voting power, nor any promoter (as that term is defined in Rule 405 under the 1933 Act) connected with the Company in any capacity at the time of sale (each, an "**Issuer Covered Person**") is subject to any of the "Bad Actor" disqualifications described in Rule 506(d)(1)(i) to (viii) under the 1933 Act (a "**Disqualification Event**"), except for a Disqualification Event covered by Rule 506(d)(2) or (d)(3). The Company has exercised reasonable care to determine whether any Issuer Covered Person is subject to a Disqualification Event.

(rr) No Additional Agreements. The Company does not have any agreement or understanding with any Buyer with respect to the transactions contemplated by the Transaction Documents other than as specified in the Transaction Documents.

(s s) Public Utility Holding Act. None of the Company nor any of its Subsidiaries is a "holding company," or an "affiliate" of a "holding company," as such terms are defined in the Public Utility Holding Act of 2005.

(tt) Federal Power Act. None of the Company nor any of its Subsidiaries is subject to regulation as a "public utility" under the Federal Power Act, as amended.

(uu) Disclosure. From and after the filing of the 8-K Filing, the Company confirms that neither it nor any other Person acting on its behalf has provided any of the Buyers or their agents or counsel with any information that constitutes or could reasonably be expected to constitute material, non-public information concerning the Company or any of its Subsidiaries, other than the existence of the transactions contemplated by this Agreement and the other Transaction Documents. The Company understands and confirms that each of the Buyers will rely on the foregoing representations in effecting transactions in securities of the Company. All disclosure provided to the Buyers regarding the Company and its Subsidiaries, their businesses and the transactions contemplated hereby, including the schedules to this Agreement, furnished by or on behalf of the Company or any of its Subsidiaries is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. Each press release issued by the Company or any of its Subsidiaries during the twelve (12) months preceding the date of this Agreement did not at the time of release contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading. No event or circumstance has occurred or information exists with respect to the Company or any of its Subsidiaries or its or their business, properties, liabilities, prospects, operations (including results thereof) or conditions (financial or otherwise), which, under applicable law, rule or regulation, requires public disclosure at or before the date hereof or announcement by the Company but which has not been so publicly disclosed. The Company acknowledges and agrees that no Buyer makes or has made any representations or warranties with respect to the transactions contemplated hereby other than those specifically set forth in Section 1(a).

4. COVENANTS.

(a) Reasonable Best Efforts. Each Buyer shall use its reasonable best efforts to timely satisfy each of the conditions to be satisfied by it as provided in Section 6 of this Agreement. The Company shall use its reasonable best efforts to timely satisfy each of the conditions to be satisfied by it as provided in Section 6(a)(iv) of this Agreement.

(b) Form D and Blue Sky. The Company agrees to file a Form D with respect to the Securities as required under Regulation D and to provide a copy thereof to each Buyer promptly after such filing. The Company shall, on or immediately after the Closing Date take such action as the Company shall reasonably determine is necessary in order to obtain an exemption for, or to, qualify the Securities for sale to the Buyers at the Closing pursuant to this Agreement under applicable securities or "Blue Sky" laws of the states of the United States (or to obtain an exemption from such qualification), and shall provide evidence of any such action so taken to the Buyers on or immediately after the Closing Date. Without limiting any other obligation of the Company under this Agreement, the Company shall timely make all filings and reports relating to the offer and sale of the Securities required under all applicable securities laws (including, without limitation, all applicable federal securities laws and all applicable "Blue Sky" laws), and the Company shall comply in all material respects with all applicable federal, state and local laws, statutes, rules, regulations and the like relating to the offering and sale of the Securities to the Buyers.

(c) Reporting Status. Until the date on which the Buyers shall have sold all of the Registrable Securities (the "**Reporting Period**"), the Company shall timely file all reports required to be filed with the SEC pursuant to the 1934 Act, and the Company shall not terminate its status as an issuer required to file reports under the 1934 Act even if the 1934 Act or the rules and regulations thereunder would no longer require or otherwise permit such termination.

(d) Use of Proceeds. The Company will use the proceeds from the sale of the Securities for general corporate purposes, but not for (i) except as set forth on Schedule 4(d), the repayment of any outstanding Indebtedness of the Company or any of its Subsidiaries, (ii) the redemption or repurchase of any securities of the Company or any of its Subsidiaries, or (iii) the settlement of any outstanding litigation.

(e) Financial Information. The Company agrees to send the following to each Investor (as defined in the Registration Rights Agreement) during the Reporting Period (i) unless the following are filed with the SEC through EDGAR and are available to the public through the EDGAR system, within one (1) Business Day after the filing thereof with the SEC, a copy of its Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q, any interim reports or any consolidated balance sheets, income statements, stockholders' equity statements and/or cash flow statements for any period other than annual, any Current Reports on Form 8-K and any registration statements (other than on Form S-8) or amendments filed pursuant to the 1933 Act, and (ii) copies of any notices and other information made available or given to the stockholders of the Company generally, contemporaneously with the making available or giving thereof to the stockholders.

(f) Listing. The Company shall promptly secure the listing or designation for quotation (as the case may be) of all of the Conversion Shares, Dividend Shares and Warrant Shares upon each national securities exchange and automated quotation system, if any, upon which the Common Stock is then listed or designated for quotation (as the case may be) (subject to official notice of issuance) and shall maintain such listing or designation for quotation (as the case may be) of all Conversion Shares, Dividend Shares and Warrant Shares from time to time issuable under the terms of the Transaction Documents on such national securities exchange or automated quotation system. The Company shall use its best efforts to maintain the Common Stock's listing or authorization for quotation (as the case may be) on the Principal Market, The New York Stock Exchange, the NYSE MKT, the Nasdaq Global Market or the Nasdaq Global Select Market (each, an "**Eligible Market**"). Neither the Company nor any of its Subsidiaries shall take any action which could be reasonably expected to result in the delisting or suspension of the Common Stock on an Eligible Market. The Company shall pay all fees and expenses in connection with satisfying its obligations under this Section 4(f).

(g) Fees. The Company shall reimburse each Buyer for all reasonable costs and expenses incurred by it or its affiliates in connection with the transactions contemplated by the Transaction Documents (including, without limitation, as applicable, all reasonable legal fees and disbursements of Greenberg Traurig, LLP, counsel to the lead Buyer, any other reasonable fees and expenses in connection with the structuring, documentation and implementation of the transactions contemplated by the Transaction Documents and due diligence and regulatory filings in connection therewith) (the "**Expense Amount**"), which amount shall not exceed, in the aggregate, $55,000 (with such non-legal fees and expenses not to exceed, in the aggregate, $5,000), without prior written notice to the Company and shall be promptly paid by the Company (x) following termination of this Agreement on demand by any such Buyer and/or Greenberg Traurig, LLP, as applicable, so long as such termination did not occur as a result of a material breach by the applicable Buyer of any of its obligations hereunder (as the case may be) or (y) on or after the Closing Date on demand by any such Buyer and/or Greenberg Traurig, LLP, as applicable, for such Expense Amount not so reimbursed by the Company on the date hereof or through such withholding at the Closing. The Company shall be responsible for the payment of any placement agent's fees, financial advisory fees, transfer agent fees, DTC (as defined below) fees or broker's commissions (other than for Persons engaged by any Buyer) relating to or arising out of the transactions contemplated hereby. The Company shall pay, and hold each Buyer harmless against, any liability, loss or expense (including, without limitation, reasonable attorneys' fees and out-of-pocket expenses) arising in connection with any claim relating to any such payment. Except as otherwise set forth in the Transaction Documents, each party to this Agreement shall bear its own expenses in connection with the sale of the Securities to the Buyers.

(h) Pledge of Securities. Notwithstanding anything to the contrary contained in this Agreement, the Company acknowledges and agrees that the Securities may be pledged by a Buyer in connection with a bona fide margin agreement or other loan or financing arrangement that is secured by the Securities. The pledge of Securities shall not be deemed to be a transfer, sale or assignment of the Securities hereunder, and no Buyer effecting a pledge of Securities shall be required to provide the Company with any notice thereof or otherwise make any delivery to the Company pursuant to this Agreement or any other Transaction Document. The Company hereby agrees to execute and deliver such documentation as a pledgee of the Securities may reasonably request in connection with a pledge of the Securities to such pledgee by a Buyer.

(i) Disclosure of Transactions and Other Material Information. The Company shall, on or before 8:30 a.m., New York time, on the first (1st) Business Day after the date of this Agreement, issue a press release (the "**Press Release**") reasonably acceptable to the Buyers disclosing all the material terms of the transactions contemplated by the Transaction Documents. On or before 8:30 a.m., New York time, on the first (1st) Business Day after the date of this Agreement, the Company shall file a Current Report on Form 8-K describing all the material terms of the transactions contemplated by the Transaction Documents in the form required by the 1934 Act and attaching all the material Transaction Documents (including, without limitation, this Agreement (and all schedules to this Agreement), the Certificate of Designation, the form of the Warrants and the form of the Registration Rights Agreement) (including all attachments, the "**8-K Filing**"). From and after the filing of the 8-K Filing, the Company shall have disclosed all material, non-public information (if any) provided to any of the Buyers by the Company or any of its Subsidiaries or any of their respective officers, directors, employees or agents in connection with the transactions contemplated by the Transaction Documents. The Company shall not, and the Company shall cause each of its Subsidiaries and each of its and their respective officers, directors, employees and agents not to, provide any Buyer with any material, non-public information regarding the Company or any of its Subsidiaries from and after the issuance of the Press Release without the express prior written consent of such Buyer. In the event of a breach of any of the foregoing covenants, including, without limitation, Section 4(o) of this Agreement, or any of the covenants or agreements contained in any other Transaction Document, by the Company, any of its Subsidiaries, or any of its or their respective officers, directors, employees and agents (as determined in the reasonable good faith judgment of such Buyer), in addition to any other remedy provided herein or in the Transaction Documents, such Buyer shall have the right to make a public disclosure, in the form of a press release, public advertisement or otherwise, of such breach or such material, non-public information, as applicable, without the prior approval by the Company, any of its Subsidiaries, or any of its or their respective officers, directors, employees or agents. No Buyer shall have any liability to the Company, any of its Subsidiaries, or any of its or their respective officers, directors, employees, stockholders or agents, for any such disclosure. Subject to the foregoing, neither the Company, its Subsidiaries nor any Buyer shall issue any press releases or any other public statements with respect to the transactions contemplated hereby; provided, however, the Company shall be entitled, without the prior approval of any Buyer, to make the Press Release and any press release or other public disclosure with respect to such transactions (i) in substantial conformity with the 8-K Filing and contemporaneously therewith and (ii) as is required by applicable law and regulations (provided that in the case of clause (i) each Buyer shall be consulted by the Company in connection with any such press release or other public disclosure prior to its release). Without the prior written consent of the applicable Buyer, the Company shall not (and shall cause each of its Subsidiaries and affiliates to not) disclose the name of such Buyer in any filing, announcement, release or otherwise (other than the 8-K Filing or as required by applicable law). Notwithstanding anything contained in this Agreement to the contrary and without implication that the contrary would otherwise be true, the Company expressly acknowledges and agrees that upon filing of the Form 8-K, no Buyer shall have (unless expressly agreed to by a particular Buyer after the date hereof in a written definitive and binding agreement executed by the Company and such particular Buyer (it being understood and agreed that no Buyer may bind any other Buyer with respect thereto)), any duty of confidentiality with respect to, or a duty not to trade on the basis of, any material, non-public information regarding the Company or any of its Subsidiaries.

(j) Additional Registration Statements. Until the Applicable Date (as defined below) and at any time thereafter while any Registration Statement is not effective or the prospectus contained therein is not available for use, the Company shall not file a registration statement under the 1933 Act relating to securities that are not the Registrable Securities. "**Applicable Date**" means the first date on which the resale by the Buyers of all Registrable Securities is covered by one or more effective Registration Statements (as defined in the Registration Rights Agreement) (and each prospectus contained therein is available for use on such date).

(k) Additional Issuance of Securities. So long as any Buyer beneficially owns any Securities, the Company will not, without the prior written consent of Buyers holding a majority in aggregate of number of Preferred Shares then outstanding, issue any Preferred Shares (other than to the Buyers as contemplated hereby) and the Company shall not issue any other securities that would cause a breach or default under the Certificate of Designations or the Warrants. The Company agrees that for the period commencing on the date hereof and ending on the date immediately following the one hundred twenty (120) Trading Day (as defined in the Warrants) anniversary of the Applicable Date (provided that such period shall be extended by the number of Trading Days during such period and any extension thereof contemplated by this proviso on which any Registration Statement is not effective or any prospectus contained therein is not available for use) (the "**Restricted Period**"), neither the Company nor any of its Subsidiaries shall directly or indirectly issue, offer, sell, grant any option or right to purchase, or otherwise dispose of (or announce any issuance, offer, sale, grant of any option or right to purchase or other disposition of) any equity security or any equity-linked or related security (including, without limitation, any "equity security" (as that term is defined under Rule 405 promulgated under the 1933 Act), any Convertible Securities (as defined below), any debt, any preferred stock or any purchase rights) (any such issuance, offer, sale, grant, disposition or announcement (whether occurring during the Restricted Period or at any time thereafter) is referred to as a "**Subsequent Placement**"). Notwithstanding the foregoing, this Section 4(k) shall not apply in respect of the issuance of (A) shares of Common Stock or standard options to purchase Common Stock to directors, officers or employees of the Company in their capacity as such pursuant to an Approved Stock Plan (as defined below), provided that (1) all such issuances (taking into account the shares of Common Stock issuable upon exercise of such options) after the date hereof pursuant to this clause (A) do not, in the aggregate, exceed more than 10% of the Common Stock issued and outstanding immediately prior to the date hereof and (2) the exercise price of any such options is not lowered, none of such options are amended to increase the number of shares issuable thereunder and none of the terms or conditions of any such options are otherwise materially changed in any manner that adversely affects any of the Buyers; (B) shares of Common Stock issued upon the conversion or exercise of Convertible Securities (other than standard options to purchase Common Stock issued pursuant to an Approved Stock Plan that are covered by clause (A) above) issued prior to the date hereof, provided that the conversion, exercise or other method of issuance (as the case may be) of any such Convertible Security is made solely pursuant to the conversion, exercise or other method of issuance (as the case may be) provisions of such Convertible Security that were in effect on the date immediately prior to the date of this Agreement, the conversion, exercise or issuance price of any such Convertible Securities (other than standard options to purchase Common Stock issued pursuant to an Approved Stock Plan that are covered by clause (A) above) is not lowered, none of such Convertible Securities (other than standard options to purchase Common Stock issued pursuant to an Approved Stock Plan that are covered by clause (A) above) are amended to increase the number of shares issuable thereunder and none of the terms or conditions of any such Convertible Securities (other than standard options to purchase Common Stock issued pursuant to an Approved Stock Plan that are covered by clause (A) above) are otherwise materially changed in any manner that adversely affects any of the Buyers; (C) the Conversion Shares, (D) the Dividend Shares, (E) the Warrant Shares, and (F) shares of Common Stock issued in connection with strategic mergers and acquisitions, provided that (I) the primary purpose of such issuance is not to raise capital, (II) the acquirer of such shares of Common Stock in such issuance solely consists of either (1) the actual owners of such assets or securities acquired in such merger or acquisition or (2) the stockholders, partners or members of the foregoing Persons, (III) the number or amount (as the case may be) of such shares of Common Stock issued to each such Person by the Company shall not be disproportionate to such Person's actual ownership of such assets or securities to be acquired by the Company (as applicable) and (IV) all such issuances of Common Stock after the date hereof pursuant to this clause (E) do not, in the aggregate, exceed more than 10% of the Common Stock issued and outstanding immediately prior to the date hereof (each of the foregoing in clauses (A) through (E), collectively the "**Excluded Securities**"). "**Approved Stock Plan**" means any employee benefit plan which has been approved by the board of directors of the Company prior to or subsequent to the date hereof pursuant to which shares of Common Stock and standard options to purchase Common Stock may be issued to any employee, officer or director for services provided to the Company in their capacity as such. "**Convertible Securities**" means any capital stock or other security of the Company or any of its Subsidiaries that is at any time and under any circumstances directly or indirectly convertible into, exercisable or exchangeable for, or which otherwise entitles the holder thereof to acquire, any capital stock or other security of the Company (including, without limitation, Common Stock) or any of its Subsidiaries.

(l) Reservation of Shares. Commencing on the Stockholder Approval Date (as defined below), so long as any of the Preferred Shares or Warrants remain outstanding, the Company shall take all action necessary to at all times have authorized, and reserved for the purpose of issuance, as of any given date, 100% of the sum of (i) the maximum number of shares of Common Stock issuable upon conversion of all of the Preferred Shares (assuming for purposes hereof that the Preferred Shares is convertible at the Conversion Price (as defined in the Certificate of Designations) and without regard to any limitations on the conversion of the Preferred Shares set forth in the Certificate of Designation), (ii) the maximum number of Dividend Shares issuable pursuant to the terms of this Certificate of Designations from the Initial Issuance Date through the seventh anniversary of such given date (assuming for purposes hereof, that all the Preferred Shares issuable pursuant to the Securities Purchase Agreement have been issued and without taking into account any limitations on the issuance of securities set forth herein) and (iii) the maximum number of Warrant Shares initially issuable upon exercise of the Warrants (without taking into account any limitations on the exercise of the Warrants set forth therein).

(m) Conduct of Business. The business of the Company and its Subsidiaries shall not be conducted in violation of any law, ordinance or regulation of any Governmental Entity, except where such violations would not reasonably be expected to result, either individually or in the aggregate, in a Material Adverse Effect.

(n) Variable Rate Transaction. Until none of the Preferred Shares are outstanding, the Company and each Subsidiary shall be prohibited from effecting or entering into an agreement to effect any Subsequent Placement involving a Variable Rate Transaction. "**Variable Rate Transaction**" means a transaction in which the Company or any Subsidiary (i) issues or sells any Convertible Securities either (A) at a conversion, exercise or exchange rate or other price that is based upon and/or varies with the trading prices of or quotations for the shares of Common Stock at any time after the initial issuance of such Convertible Securities, or (B) with a conversion, exercise or exchange price that is subject to being reset at some future date after the initial issuance of such Convertible Securities or upon the occurrence of specified or contingent events directly or indirectly related to the business of the Company or the market for the Common Stock, other than pursuant to a customary "weighted average" anti-dilution provision or (ii) enters into any agreement (including, without limitation, an equity line of credit or an "at-the-market" offering) whereby the Company or any Subsidiary may sell securities at a future determined price (other than standard and customary "preemptive" or "participation" rights). Each Buyer shall be entitled to obtain injunctive relief against the Company and its Subsidiaries to preclude any such issuance, which remedy shall be in addition to any right to collect damages.

(o) Participation Right. From the date hereof through the five (5) year anniversary of the Closing Date, neither the Company nor any of its Subsidiaries shall, directly or indirectly, effect any Subsequent Placement unless the Company shall have first complied with this Section 4(o). The Company acknowledges and agrees that the right set forth in this Section 4(o) is a right granted by the Company, separately, to each Buyer.

(i) At least three (3) Trading Days prior to any proposed or intended Subsequent Placement, the Company shall deliver to each Buyer a written notice of its proposal or intention to effect a Subsequent Placement (each such notice, a "**Pre-Notice**"), which Pre-Notice shall not contain any information (including, without limitation, material, non-public information) other than: (i) a statement that the Company proposes or intends to effect a Subsequent Placement, (ii) a statement that the statement in clause (i) above does not constitute material, non-public information and (iii) a statement informing such Buyer that it is entitled to receive an Offer Notice (as defined below) with respect to such Subsequent Placement upon its written request. Upon the written request of a Buyer within two (2) Trading Days after the Company's delivery to such Buyer of such Pre-Notice, and only upon a written request by such Buyer, the Company shall promptly, but no later than one (1) Trading Day after such request, deliver to such Buyer an irrevocable written notice (the "**Offer Notice**") of any proposed or intended issuance or sale or exchange (the "**Offer**") of the securities being offered (the "**Offered Securities**") in a Subsequent Placement, which Offer Notice shall (w) identify and describe the Offered Securities, (x) describe the price and other terms upon which they are to be issued, sold or exchanged, and the number or amount of the Offered Securities to be issued, sold or exchanged, (y) identify the Persons (if known) to which or with which the Offered Securities are to be offered, issued, sold or exchanged and (z) offer to issue and sell to or exchange with such Buyer in accordance with the terms of the Offer such Buyer's pro rata portion of 66% of the Offered Securities, provided that the number of Offered Securities which such Buyer shall have the right to subscribe for under this Section 4(o) shall be (a) based on such Buyer's pro rata portion of the aggregate number of Preferred Shares purchased hereunder by all Buyers (the "**Basic Amount**"), and (b) with respect to each Buyer that elects to purchase its Basic Amount, any additional portion of the Offered Securities attributable to the Basic Amounts of other Buyers as such Buyer shall indicate it will purchase or acquire should the other Buyers subscribe for less than their Basic Amounts (the "**Undersubscription Amount**").

(ii) To accept an Offer, in whole or in part, such Buyer must deliver a written notice to the Company prior to the end of the third (3d) Business Day after such Buyer's receipt of the Offer Notice (the "**Offer Period**"), setting forth the portion of such Buyer's Basic Amount that such Buyer elects to purchase and, if such Buyer shall elect to purchase all of its Basic Amount, the Undersubscription Amount, if any, that such Buyer elects to purchase (in either case, the "**Notice of Acceptance**"). If the Basic Amounts subscribed for by all Buyers are less than the total of all of the Basic Amounts, then such Buyer who has set forth an Undersubscription Amount in its Notice of Acceptance shall be entitled to purchase, in addition to the Basic Amounts subscribed for, the Undersubscription Amount it has subscribed for; provided, however, if the Undersubscription Amounts subscribed for exceed the difference between the total of all the Basic Amounts and the Basic Amounts subscribed for (the "**Available Undersubscription Amount**"), such Buyer who has subscribed for any Undersubscription Amount shall be entitled to purchase only that portion of the Available Undersubscription Amount as the Basic Amount of such Buyer bears to the total Basic Amounts of all Buyers that have subscribed for Undersubscription Amounts, subject to rounding by the Company to the extent it deems reasonably necessary. Notwithstanding the foregoing, if the Company desires to modify or amend the terms and conditions of the Offer prior to the expiration of the Offer Period, the Company may deliver to each Buyer a new Offer Notice and the Offer Period shall expire on the third (3rd) Business Day after such Buyer's receipt of such new Offer Notice.

(iii) The Company shall have five (5) Business Days from the expiration of the Offer Period above (i) to offer, issue, sell or exchange all or any part of such Offered Securities as to which a Notice of Acceptance has not been given by a Buyer (the "**Refused Securities**") pursuant to a definitive agreement(s) (the "**Subsequent Placement Agreement**"), but only to the offerees described in the Offer Notice (if so described therein) and only upon terms and conditions (including, without limitation, unit prices and interest rates) that are not more favorable to the acquiring Person or Persons or less favorable to the Company than those set forth in the Offer Notice and (ii) to publicly announce (a) the execution of such Subsequent Placement Agreement, and (b) either (x) the consummation of the transactions contemplated by such Subsequent Placement Agreement or (y) the termination of such Subsequent Placement Agreement, which shall be filed with the SEC on a Current Report on Form 8-K with such Subsequent Placement Agreement and any documents contemplated therein filed as exhibits thereto.

(iv) In the event the Company shall propose to sell less than all the Refused Securities (any such sale to be in the manner and on the terms specified in Section 4(o)(iii) above), then such Buyer may, at its sole option and in its sole discretion, reduce the number or amount of the Offered Securities specified in its Notice of Acceptance to an amount that shall be not less than the number or amount of the Offered Securities that such Buyer elected to purchase pursuant to Section 4(o)(ii) above multiplied by a fraction, (i) the numerator of which shall be the number or amount of Offered Securities the Company actually proposes to issue, sell or exchange (including Offered Securities to be issued or sold to Buyers pursuant to this Section 4(o) prior to such reduction) and (ii) the denominator of which shall be the original amount of the Offered Securities. In the event that any Buyer so elects to reduce the number or amount of Offered Securities specified in its Notice of Acceptance, the Company may not issue, sell or exchange more than the reduced number or amount of the Offered Securities unless and until such securities have again been offered to the Buyers in accordance with Section 4(o)(i) above.

(v) Upon the closing of the issuance, sale or exchange of all or less than all of the Refused Securities, such Buyer shall acquire from the Company, and the Company shall issue to such Buyer, the number or amount of Offered Securities specified in its Notice of Acceptance. The purchase by such Buyer of any Offered Securities is subject in all cases to the preparation, execution and delivery by the Company and such Buyer of a separate purchase agreement relating to such Offered Securities reasonably satisfactory in form and substance to such Buyer and its counsel.

(vi) Any Offered Securities not acquired by a Buyer or other Persons in accordance with thisSection 4(o) may not be issued, sold or exchanged until they are again offered to such Buyer under the procedures specified in this Agreement.

(vii) The Company and each Buyer agree that if any Buyer elects to participate in the Offer, neither the Subsequent Placement Agreement with respect to such Offer nor any other transaction documents related thereto (collectively, the "**Subsequent Placement Documents**") shall include any term or provision whereby such Buyer shall be required to agree to any restrictions on trading as to any securities of the Company (except for any restrictions imposed by any existing laws, rules or regulations) or be required to consent to any amendment to or termination of, or grant any waiver, release or the like under or in connection with, any agreement previously entered into with the Company or any instrument received from the Company.

(viii) Notwithstanding anything to the contrary in thisSection 4(o) and unless otherwise agreed to by such Buyer, the Company shall either confirm in writing to such Buyer that the transaction with respect to the Subsequent Placement has been abandoned or shall publicly disclose its intention to issue the Offered Securities, in either case, in such a manner such that such Buyer will not be in possession of any material, non-public information, by the fifth (5^{th}) Business Day following the expiration of the Offer Period. If by such fifth (5^{th}) Business Day, no public disclosure regarding a transaction with respect to the Offered Securities has been made, and no notice regarding the abandonment of such transaction has been received by such Buyer, such transaction shall be deemed to have been abandoned and such Buyer shall not be in possession of any material, non-public information with respect to the Company or any of its Subsidiaries. Should the Company decide to pursue such transaction with respect to the Offered Securities, the Company shall provide such Buyer with another Offer Notice and such Buyer will again have the right of participation set forth in this Section 4(o). The Company shall not be permitted to deliver more than one such Offer Notice to such Buyer in any sixty (60) day period, except as expressly contemplated by the last sentence of Section 4(o)(ii).

(ix) The restrictions contained in this Section 4(o) shall not apply in connection with the issuance of any Excluded Securities. The Company shall not circumvent the provisions of this Section 4(o) by providing terms or conditions to one Buyer that are not provided to all.

(p) Dilutive Issuances. At any time prior to the Stockholder Approval Date, the Company shall not consummate any Subsequent Placement at a price per share of Common Stock (as determined in accordance with the terms of the WPCS Notes (as defined in the Second Amended and Restated Limited Liability Company Agreement of BTX Trader LLC) as if such Subsequent Placement was a Dilutive Issuance (as defined in the WPCS Notes) thereunder) below the lower of the Conversion Price (as defined in the Certificate of Designations) and the Exercise Price (as defined in Warrants), in each case, at such time.

(q) Passive Foreign Investment Company. The Company shall conduct its business in such a manner as will ensure that the Company will not be deemed to constitute a passive foreign investment company within the meaning of Section 1297 of the Code.

(r) Restriction on Redemption and Cash Dividends. So long as any Preferred Shares are outstanding, the Company shall not, directly or indirectly, redeem, or declare or pay any cash dividend or distribution on, any securities of the Company (other than any of the Securities) without the prior express written consent of the Buyers.

(s) Corporate Existence. So long as any Buyer beneficially owns any Preferred Shares or Warrants, the Company shall not be party to any Fundamental Transaction (as defined in the Certificate of Designations) unless the Company is in compliance with the applicable provisions governing Fundamental Transactions set forth in the Certificate of Designations and the Warrants.

(t) Stockholder Approval. The Company shall provide each stockholder entitled to vote at either (x) the next annual meeting of stockholders of the Company or (y) a special meeting of stockholders of the Company (the "**Stockholder Meeting**"), which shall be promptly called and held not later than April 30, 2014 (the "**Stockholder Meeting Deadline**"), a proxy statement, soliciting each such stockholder's affirmative vote at the Stockholder Meeting for approval of resolutions (**"Stockholder Resolutions**") providing for (I) the increase of the authorized shares of Common Stock of the Company from 14,285,714 to 75,000,000 shares of Common Stock and (II) the issuance of all of the Securities as described in the Transaction Documents in accordance with applicable law and the rules and regulations of the Principal Market (such affirmative approval being referred to herein as the "**Stockholder Approval**", and the date such Stockholder Approval is obtained, the "**Stockholder Approval Date**"), and the Company shall use its reasonable best efforts to solicit its stockholders' approval of such resolutions and to cause the Board of Directors of the Company to recommend to the stockholders that they approve such resolutions. The Company shall be obligated to seek to obtain the Stockholder Approval by the Stockholder Meeting Deadline. If, despite the Company's reasonable best efforts the Stockholder Approval is not obtained on or prior to the Stockholder Meeting Deadline, the Company shall cause an additional Stockholder Meeting to be held annually thereafter at the annual meeting of stockholders of the Company (or if no annual meeting of stockholders of the Company is held in any given year, at a special meeting of stockholders of the Company in such given year) until such Stockholder Approval is obtained.

(u) No Waiver of Voting Agreements. The Company shall not amend, waive or modify any provision of any of the Voting Agreements (as defined below).

(v) Stock Splits. Until the Preferred Shares and Warrants and all preferred shares and warrants issued pursuant to the terms thereof are no longer outstanding, the Company shall not effect any stock combination, reverse stock split or other similar transaction (or make any public announcement or disclosure with respect to any of the foregoing) without the prior written consent of the Required Buyers (as defined below), provided, however, that no consent of the Required Buyers shall be required for a reverse stock split of the Common Stock that the Board of Directors of the Company, in the good faith exercise of its business judgment, determines to be necessary or advisable to list or continue listing the Common Stock on the Principal Market or another trading market.

(w) Conversion and Exercise Procedures. Each of the form of Notice of Exercise included in the Warrants and the form of Notice of Conversion included in the Certificate of Designations set forth the totality of the procedures required of the Buyers in order to exercise the Warrants or convert the Preferred Shares. Except as provided in Section 5(d), no additional legal opinion, other information or instructions shall be required of the Buyers to exercise their Warrants or convert their Preferred Shares. The Company shall honor exercises of the Warrants and conversions of the Preferred Shares and shall deliver the Conversion Shares and Warrant Shares in accordance with the terms, conditions and time periods set forth in the Certificate of Designations and Warrants.

(x) Closing Documents. On or prior to fourteen (14) calendar days after the Closing Date, the Company agrees to deliver, or cause to be delivered, to each Buyer and Greenberg Traurig, LLP executed copies of the Transaction Documents, Securities and other document required to be delivered to any party pursuant to Section 6(a)(iv) hereof.

5. REGISTER; TRANSFER AGENT INSTRUCTIONS; LEGEND.

(a) Register. The Company shall maintain at its principal executive offices (or such other office or agency of the Company as it may designate by notice to each holder of Securities), a register for the Preferred Shares and the Warrants in which the Company shall record the name and address of the Person in whose name the Preferred Shares and the Warrants have been issued (including the name and address of each transferee), the number of Preferred Shares held by such Person, the number of Conversion Shares issuable upon conversion of the Preferred Shares held by such Person and the number of Warrant Shares issuable upon exercise of the Warrants held by such Person. The Company shall keep the register open and available at all times during business hours for inspection of any Buyer or its legal representatives.

(b) Transfer Agent Instructions. The Company shall issue irrevocable instructions to its transfer agent and any subsequent transfer agent in a form acceptable to each of the Buyers (the "**Irrevocable Transfer Agent Instructions**") to issue certificates or credit shares to the applicable balance accounts at The Depository Trust Company ("**DTC**"), registered in the name of each Buyer or its respective nominee(s), for the Conversion Shares, the Dividend Shares and the Warrant Shares in such amounts as specified from time to time by each Buyer to the Company upon conversion of the Preferred Shares or the exercise of the Warrants (as the case may be). The Company represents and warrants that no instruction other than the Irrevocable Transfer Agent Instructions referred to in this Section 5(b), and stop transfer instructions to give effect to Section 2(g) hereof, will be given by the Company to its transfer agent with respect to the Securities, and that the Securities shall otherwise be freely transferable on the books and records of the Company, as applicable, to the extent provided in this Agreement and the other Transaction Documents. If a Buyer effects a sale, assignment or transfer of the Securities in accordance with Section 2(g), the Company shall permit the transfer and shall promptly instruct its transfer agent to issue one or more certificates or credit shares to the applicable balance accounts at DTC in such name and in such denominations as specified by such Buyer to effect such sale, transfer or assignment. In the event that such sale, assignment or transfer involves Conversion Shares, Dividend Shares or Warrant Shares sold, assigned or transferred pursuant to an effective registration statement or in compliance with Rule 144 or another exemption from registration, the transfer agent shall issue such shares to such Buyer, assignee or transferee (as the case may be) without any restrictive legend in accordance with Section 5(d) below. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to each Buyer. Accordingly, the Company acknowledges that the remedy at law for a breach of its obligations under this Section 5(b) will be inadequate and agrees, in the event of a breach or threatened breach by the Company of the provisions of this Section 5(b), that each Buyer shall be entitled, in addition to all other available remedies, to an order and/or injunction restraining any breach and requiring immediate issuance and transfer, without the necessity of showing economic loss and without any bond or other security being required. The Company shall cause its counsel to issue the legal opinion referred to in the Irrevocable Transfer Agent Instructions to the Company's transfer agent on each Effective Date (as defined in the Registration Rights Agreement). Any fees (with respect to the transfer agent, counsel to the Company or otherwise) associated with the issuance of such opinion or the removal of any legends on any of the Securities shall be borne by the Company.

(c) Legends. Each Buyer understands that the Securities have been issued (or will be issued in the case of the Conversion Shares, Dividend Shares and the Warrant Shares) pursuant to an exemption from registration or qualification under the 1933 Act and applicable state securities laws, and except as set forth below, the Securities shall bear any legend as required by the "blue sky" laws of any state and a restrictive legend in substantially the following form (and a stop-transfer order may be placed against transfer of such stock certificates):

[NEITHER THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE NOR THE SECURITIES INTO WHICH THESE SECURITIES ARE [CONVERTIBLE] [EXERCISABLE] HAVE BEEN][THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN] REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL TO THE HOLDER (IF REQUESTED BY THE COMPANY), IN A FORM REASONABLY ACCEPTABLE TO THE COMPANY, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR (II) UNLESS SOLD OR ELIGIBLE TO BE SOLD PURSUANT TO RULE 144 OR RULE 144A UNDER SAID ACT. NOTWITHSTANDING THE FOREGOING, THE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES.

(d) Removal of Legends. Certificates evidencing Securities shall not be required to contain the legend set forth inSection 5(c) above or any other legend (i) while a registration statement (including a Registration Statement) covering the resale of such Securities is effective under the 1933 Act, (ii) following any sale of such Securities pursuant to Rule 144 (assuming the transferor is not an affiliate of the Company), (iii) if such Securities are eligible to be sold, assigned or transferred under Rule 144 (provided that a Buyer provides the Company with reasonable assurances that such Securities are eligible for sale, assignment or transfer under Rule 144 which shall not include an opinion of counsel), (iv) in connection with a sale, assignment or other transfer (other than under Rule 144), provided that such Buyer provides the Company with an opinion of counsel to such Buyer, in a generally acceptable form, to the effect that such sale, assignment or transfer of the Securities may be made without registration under the applicable requirements of the 1933 Act or (v) if such legend is not required under applicable requirements of the 1933 Act (including, without limitation, controlling judicial interpretations and pronouncements issued by the SEC). If a legend is not required pursuant to the foregoing, the Company shall no later than three (3) Trading Days following the delivery by a Buyer to the Company or the transfer agent (with notice to the Company) of a legended certificate representing such Securities (endorsed or with stock powers attached, signatures guaranteed, and otherwise in form necessary to affect the reissuance and/or transfer, if applicable), together with any other deliveries from such Buyer as may be required above in this Section 5(d), as directed by such Buyer, either: (A) provided that the Company's transfer agent is participating in the DTC Fast Automated Securities Transfer Program and such Securities are Conversion Shares, Dividend Shares or Warrant Shares, credit the aggregate number of shares of Common Stock to which such Buyer shall be entitled to such Buyer's or its designee's balance account with DTC through its Deposit/Withdrawal at Custodian system or (B) if the Company's transfer agent is not participating in the DTC Fast Automated Securities Transfer Program, issue and deliver (via reputable overnight courier) to such Buyer, a certificate representing such Securities that is free from all restrictive and other legends, registered in the name of such Buyer or its designee (the date by which such credit is so required to be made to the balance account of such Buyer's or such Buyer's nominee with DTC or such certificate is required to be delivered to such Buyer pursuant to the foregoing is referred to herein as the "**Required Delivery Date**"). The Company shall be responsible for any transfer agent fees or DTC fees with respect to any issuance of Securities or the removal of any legends with respect to any Securities in accordance herewith.

(e) Failure to Timely Deliver; Buy-In. If the Company fails to (i) issue and deliver (or cause to be delivered) to a Buyer by the Required Delivery Date a certificate representing the Securities so delivered to the Company by such Buyer that is free from all restrictive and other legends or (ii) credit the balance account of such Buyer's or such Buyer's nominee with DTC for such number of Conversion Shares or Warrant Shares so delivered to the Company, then, in addition to all other remedies available to such Buyer, the Company shall pay in cash to such Buyer on each day after the Required Delivery Date that the issuance or credit of such shares is not timely effected an amount equal to 1% of the product of (A) the number of shares of Common Stock not so delivered or credited (as the case may be) to such Buyer or such Buyer's nominee multiplied by (B) the Closing Sale Price (as defined in the Warrants) of the Common Stock on the Trading Day (as defined in the Warrants) immediately preceding the Required Delivery Date. In addition to the foregoing, if the Company fails to so properly deliver such unlegended certificates or so properly credit the balance account of such Buyer's or such Buyer's nominee with DTC by the Required Delivery Date, and if on or after the Required Delivery Date such Buyer purchases (in an open market transaction or otherwise) shares of Common Stock to deliver in satisfaction of a sale by such Buyer of shares of Common Stock that such Buyer anticipated receiving from the Company without any restrictive legend, then, in addition to all other remedies available to such Buyer, the Company shall, within three (3) Trading Days after such Buyer's request and in such Buyer's sole discretion, either (i) pay cash to such Buyer in an amount equal to such Buyer's total purchase price (including brokerage commissions and other out-of-pocket expenses, if any) for the shares of Common Stock so purchased (including brokerage commissions and other out-of-pocket expenses, if any) (the "**Buy-In Price**"), at which point the Company's obligation to deliver such certificate or credit such Buyer's balance account shall terminate and such shares shall be cancelled, or (ii) promptly honor its obligation to deliver to such Buyer a certificate or certificates or credit such Buyer's DTC account representing such number of shares of Common Stock that would have been issued if the Company timely complied with its obligations hereunder and pay cash to such Buyer in an amount equal to the excess (if any) of the Buy-In Price over the product of (A) such number of shares of Conversion Shares, Dividend Shares or Warrant Shares (as the case may be) that the Company was required to deliver to such Buyer by the Required Delivery Date multiplied by (II) the lowest Closing Sale Price (as defined in the Warrants) of the Common Stock on any Trading Day during the period commencing on the date of the delivery by such Buyer to the Company of the applicable Conversion Shares or Warrant Shares (as the case may be) and ending on the date of such delivery and payment under this clause (ii).

6. CONDITIONS TO THE COMPANY'S OBLIGATION TO SELL.

(a) The obligation of the Company hereunder to issue and sell the Preferred Shares and the Warrants to each Buyer at the Closing is subject to the satisfaction, at or before the Closing Date, of each of the following conditions, provided that these conditions are for the Company's sole benefit and may be waived by the Company at any time in its sole discretion by providing each Buyer with prior written notice thereof:

(i) Such Buyer shall have executed each of the other Transaction Documents to which it is a party and delivered the same to the Company.

(ii) Such Buyer and each other Buyer shall have transferred all of the BTX Common Equity Units to the Company as payment of the Purchase for the Preferred Shares and the Warrants being purchased by such Buyer at the Closing.

(iii) The representations and warranties of such Buyer shall be true and correct in all material respects as of the date when made and as of the Closing Date as though originally made at that time (except for representations and warranties that speak as of a specific date, which shall be true and correct as of such specific date), and such Buyer shall have performed, satisfied and complied in all material respects with the covenants, agreements and conditions required by this Agreement to be performed, satisfied or complied with by such Buyer at or prior to the Closing Date.

(iv) BTX Trader LLC shall have delivered to the Company a certificate evidencing the formation and good standing of BTX Trader LLC in its jurisdiction of formation issued by the Secretary of State (or comparable office) of such jurisdiction of formation as of a date within fifteen (15) days of the Closing Date.

(v) BTX Trader LLC shall have delivered to the Company a certificate, in the form reasonably acceptable to the Company, executed by the Secretary of BTX Trader LLC and dated as of the Closing Date, as to (i) resolutions consistent with Section 2(b) as adopted by BTX Trader LLC's managing member and members in a form reasonably acceptable to the Company, (ii) the Articles of Association of BTX Trader LLC, and (iii) the operating agreement of BTX Trader LLC, each as in effect at the Closing.

(vi) Divya Thakur and Ilya Subkhankulov shall have delivered into escrow with counsel to the Company their respective signature pages to employment agreements with BTX Trader LLC and lock-up agreements with the Company, in each case, in form and substance reasonably satisfactory to the Company, to be released from escrow to the Company and BTX Trader LLC immediately following the Closing Date.

(vii) BTX Trader LLC shall have delivered to the Company a certificate, in the form reasonably acceptable to the Company, dated as of the Closing Date certifying that (A) it has no indebtedness other than an aggregate of $500,000 secured promissory notes payable to Divya Thakur and Ilya Subkhankulov and (B) it has a minimum of $1,185,000 of cash and cash equivalents, and attach such other evidence as reasonably requested by the Company.

7. CONDITIONS TO EACH BUYER'S OBLIGATION TO PURCHASE.

(a) The obligation of each Buyer hereunder to purchase its Preferred Shares and Warrants at the Closing is subject to the satisfaction, at or before the Closing Date, of each of the following conditions, provided that these conditions are for each Buyer's sole benefit and may be waived by such Buyer at any time in its sole discretion by providing the Company with prior written notice thereof:

(i) The Company shall have duly executed and delivered to such Buyer each of the Transaction Documents to which it is a party and the Company shall have duly executed and delivered to such Buyer a certificate representing the number of Preferred Shares as is set forth across from such Buyer's name in column (4) of the Schedule of Buyers) and the Warrants (for such aggregate number of Warrant Shares as is set forth across from such Buyer's name in column (5) of the Schedule of Buyers) being purchased by such Buyer at the Closing pursuant to this Agreement.

(ii) [Intentionally Omitted].

(iii) The Company shall have delivered to such Buyer a copy of the Irrevocable Transfer Agent Instructions, in the form reasonably acceptable to such Buyer, which instructions shall have been delivered to and acknowledged in writing by the Company's transfer agent.

(iv) The Company shall have delivered to such Buyer a certificate evidencing the formation and good standing of the Company in its jurisdiction of formation issued by the Secretary of State (or comparable office) of such jurisdiction of formation as of a date within fifteen (15) days of the Closing Date.

(v) The Company shall have delivered to such Buyer a certificate evidencing the Company's qualification as a foreign corporation and good standing issued by the Secretary of State (or comparable office) of each jurisdiction in which the Company conducts business and is required to so qualify, as of a date within fifteen (15) days of the Closing Date.

(vi) The Company shall have delivered to such Buyer a certified copy of any amendments to the Certificate of Incorporation filed since December 1, 2012, including, without limitation, the Certificate of Designations, as certified by the Delaware Secretary of State within fifteen (15) days of the Closing Date.

(vii) The Company shall have delivered to such Buyer a certificate, in the form reasonably acceptable to such Buyer, executed by the Secretary of the Company and dated as of the Closing Date, as to (i) the resolutions consistent with Section 3(b) as adopted by the Company's board of directors in a form reasonably acceptable to such Buyer, (ii) the Certificate of Incorporation, including, without limitation, the Certificate of Designation, and (iii) the Bylaws, each as in effect at the Closing.

(viii) The representations and warranties of the Company shall be true and correct as of the date when made and as of the Closing Date as though originally made at that time (except for representations and warranties that speak as of a specific date, which shall be true and correct as of such specific date) and the Company shall have performed, satisfied and complied in all respects with the covenants, agreements and conditions required to be performed, satisfied or complied with by the Company at or prior to the Closing Date. Such Buyer shall have received a certificate, duly executed by the Chief Executive Officer of the Company, dated as of the Closing Date, to the foregoing effect and as to such other matters as may be reasonably requested by such Buyer in the form acceptable to such Buyer.

(ix) The Company shall have delivered to such Buyer a report from the Company's transfer agent identifying the number of shares of Common Stock outstanding on the Closing Date immediately prior to the Closing.

(x) The Common Stock (I) shall be designated for quotation or listed (as applicable) on the Principal Market and (II) shall not have been suspended, as of the Closing Date, by the SEC or the Principal Market from trading on the Principal Market nor shall suspension by the SEC or the Principal Market have been threatened (except as already disclosed in the SEC Documents), as of the Closing Date, either (A) in writing by the SEC or the Principal Market or (B) by falling below the minimum maintenance requirements of the Principal Market.

(xi) The Company shall have obtained all governmental, regulatory or third party consents and approvals, if any, necessary for the sale of the Securities, including without limitation, those required by the Principal Market.

(xii) No statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by any court or governmental authority or other Governmental Entity of competent jurisdiction that prohibits the consummation of any of the transactions contemplated by the Transaction Documents.

(xiii) Since the date of execution of this Agreement, no event or series of events shall have occurred that reasonably would have or result in a Material Adverse Effect.

(xiv) The Company shall have obtained approval of the Principal Market to list or designate for quotation (as the case may be) the Conversion Shares, the Dividend Shares and the Warrant Shares.

(xv) The Company shall have duly executed and delivered to such Buyer the voting agreements in the forms of**Exhibit F** hereof (the "**Voting Agreements**"), by and between the Company and Sebastian Giordano, Joseph Heater, Myron Polulak, Kevin Coyle, Norm Dumbroff, Neil Hebenton, Charles Benton, Edward Gildea and Harvey Kesner (the "**Stockholders**") and the Stockholders shall have duly executed and delivered to such Buyer the Voting Agreement.

(xvi) The Certificate of Designations in the form attached hereto as **Exhibit A** shall have been filed with the Secretary of State of the State of Delaware and shall be in full force and effect, enforceable against the Company in accordance with its terms and shall not have been amended.

(xvii) Divya Thakur and Ilya Subkhankulov shall have delivered into escrow with counsel to the Company their respective signature pages to employment agreements with BTX Trader LLC and lock-up agreements with the Company, in each case, in form and substance reasonably satisfactory to such Buyer, to be released from escrow to the Company and BTX Trader LLC immediately following the Closing Date.

(xviii) The Company shall have delivered to such Buyer such other documents, instruments or certificates relating to the transactions contemplated by this Agreement as such Buyer or its counsel may reasonably request.

8. TERMINATION.

In the event that the Closing shall not have occurred with respect to a Buyer within five (5) Business Days of the date hereof, then such Buyer shall have the right to terminate its obligations under this Agreement with respect to itself at any time on or after the close of business on such date without liability of such Buyer to any other party; provided, however, (a) the right to terminate its obligations under this Agreement under this Section 8 shall not be available to such Buyer if the failure of the transactions contemplated by this Agreement to have been consummated by such date is the result of such Buyer's breach of this Agreement and (b) the abandonment of the sale and purchase of the Preferred Shares and the Warrants shall be applicable only to such Buyer providing such written notice, provided further that no such termination shall affect any obligation of the Company under this Agreement to reimburse such Buyer for the expenses described in Section 4(g) above. Nothing contained in this Section 8 shall be deemed to release any party from any liability for any breach by such party of the terms and provisions of this Agreement or the other Transaction Documents or to impair the right of any party to compel specific performance by any other party of its obligations under this Agreement or the other Transaction Documents.

9. MISCELLANEOUS.

(a) Governing Law; Jurisdiction; Jury Trial. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by the internal laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the State of New York. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in The City of New York, Borough of Manhattan, for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address for such notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. Nothing contained herein shall be deemed or operate to preclude any Buyer from bringing suit or taking other legal action against the Company in any other jurisdiction to collect on the Company's obligations to such Buyer or to enforce a judgment or other court ruling in favor of such Buyer. **EACH PARTY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE TO, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR UNDER ANY OTHER TRANSACTION DOCUMENT OR IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT, ANY OTHER TRANSACTION DOCUMENT OR ANY TRANSACTION CONTEMPLATED HEREBY OR THEREBY.**

(b) Counterparts. This Agreement may be executed in two or more identical counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party. In the event that any signature is delivered by facsimile transmission or by an e-mail which contains a portable document format (.pdf) file of an executed signature page, such signature page shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such signature page were an original thereof.

(c) Headings; Gender. The headings of this Agreement are for convenience of reference and shall not form part of, or affect the interpretation of, this Agreement. Unless the context clearly indicates otherwise, each pronoun herein shall be deemed to include the masculine, feminine, neuter, singular and plural forms thereof. The terms "including," "includes," "include" and words of like import shall be construed broadly as if followed by the words "without limitation." The terms "herein," "hereunder," "hereof" and words of like import refer to this entire Agreement instead of just the provision in which they are found.

(d) Severability; Maximum Payment Amounts. If any provision of this Agreement is prohibited by law or otherwise determined to be invalid or unenforceable by a court of competent jurisdiction, the provision that would otherwise be prohibited, invalid or unenforceable shall be deemed amended to apply to the broadest extent that it would be valid and enforceable, and the invalidity or unenforceability of such provision shall not affect the validity of the remaining provisions of this Agreement so long as this Agreement as so modified continues to express, without material change, the original intentions of the parties as to the subject matter hereof and the prohibited nature, invalidity or unenforceability of the provision(s) in question does not substantially impair the respective expectations or reciprocal obligations of the parties or the practical realization of the benefits that would otherwise be conferred upon the parties. The parties will endeavor in good faith negotiations to replace the prohibited, invalid or unenforceable provision(s) with a valid provision(s), the effect of which comes as close as possible to that of the prohibited, invalid or unenforceable provision(s). Notwithstanding anything to the contrary contained in this Agreement or any other Transaction Document (and without implication that the following is required or applicable), it is the intention of the parties that in no event shall amounts and value paid by the Company and/or any of its Subsidiaries (as the case may be), or payable to or received by any of the Buyers, under the Transaction Documents (including without limitation, any amounts that would be characterized as "interest" under applicable law) exceed amounts permitted under any applicable law. Accordingly, if any obligation to pay, payment made to any Buyer, or collection by any Buyer pursuant the Transaction Documents is finally judicially determined to be contrary to any such applicable law, such obligation to pay, payment or collection shall be deemed to have been made by mutual mistake of such Buyer, the Company and its Subsidiaries and such amount shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by the applicable law. Such adjustment shall be effected, to the extent necessary, by reducing or refunding, at the option of such Buyer, the amount of interest or any other amounts which would constitute unlawful amounts required to be paid or actually paid to such Buyer under the Transaction Documents. For greater certainty, to the extent that any interest, charges, fees, expenses or other amounts required to be paid to or received by such Buyer under any of the Transaction Documents or related thereto are held to be within the meaning of "interest" or another applicable term to otherwise be violative of applicable law, such amounts shall be pro-rated over the period of time to which they relate.

(e) Entire Agreement; Amendments. This Agreement, the other Transaction Documents and the schedules and exhibits attached hereto and thereto and the instruments referenced herein and therein supersede all other prior oral or written agreements between the Buyers, the Company, their affiliates and Persons acting on their behalf solely with respect to the matters contained herein and therein, and this Agreement, the other Transaction Documents, the schedules and exhibits attached hereto and thereto and the instruments referenced herein and therein contain the entire understanding of the parties solely with respect to the matters covered herein and therein; provided, however, nothing contained in this Agreement or any other Transaction Document shall (or shall be deemed to) (i) have any effect on any agreements any Buyer has entered into with, or any instruments any Buyer has received from, the Company or any of its Subsidiaries prior to the date hereof with respect to any prior investment made by such Buyer in the Company or (ii) waive, alter, modify or amend in any respect any obligations of the Company or any of its Subsidiaries, or any rights of or benefits to any Buyer or any other Person, in any agreement entered into prior to the date hereof between or among the Company and/or any of its Subsidiaries and any Buyer, or any instruments any Buyer received from the Company and/or any of its Subsidiaries prior to the date hereof, and all such agreements and instruments shall continue in full force and effect. Except as specifically set forth herein or therein, neither the Company nor any Buyer makes any representation, warranty, covenant or undertaking with respect to such matters. For clarification purposes, the Recitals are part of this Agreement. No provision of this Agreement may be amended other than by an instrument in writing signed by the Company and the Required Holders (as defined below), and any amendment to any provision of this Agreement made in conformity with the provisions of this Section 9(e) shall be binding on all Buyers and holders of Securities, as applicable, provided that no such amendment shall be effective to the extent that it (1) applies to less than all of the holders of the Securities then outstanding or (2) imposes any obligation or liability on any Buyer without such Buyer's prior written consent (which may be granted or withheld in such Buyer's sole discretion). No waiver shall be effective unless it is in writing and signed by an authorized representative of the waiving party, provided that the Required Holders may waive any provision of this Agreement, and any waiver of any provision of this Agreement made in conformity with the provisions of this Section 9(e) shall be binding on all Buyers and holders of Securities, as applicable, provided that no such waiver shall be effective to the extent that it (1) applies to less than all of the holders of the Securities then outstanding (unless a party gives a waiver as to itself only) or (2) imposes any obligation or liability on any Buyer without such Buyer's prior written consent (which may be granted or withheld in such Buyer's sole discretion). No consideration shall be offered or paid to any Person to amend or consent to a waiver or modification of any provision of any of the Transaction Documents unless the same consideration also is offered to all of the parties to the Transaction Documents, all holders of the Preferred Shares or all holders of the Warrants (as the case may be). The Company has not, directly or indirectly, made any agreements with any Buyers relating to the terms or conditions of the transactions contemplated by the Transaction Documents except as set forth in the Transaction Documents. Without limiting the foregoing, the Company confirms that, except as set forth in this Agreement, no Buyer has made any commitment or promise or has any other obligation to provide any financing to the Company, any Subsidiary or otherwise. As a material inducement for each Buyer to enter into this Agreement, the Company expressly acknowledges and agrees that (i) no due diligence or other investigation or inquiry conducted by a Buyer, any of its advisors or any of its representatives shall affect such Buyer's right to rely on, or shall modify or qualify in any manner or be an exception to any of, the Company's representations and warranties contained in this Agreement or any other Transaction Document and (ii) unless a provision of this Agreement or any other Transaction Document is expressly preceded by the phrase "except as disclosed in the SEC Documents," nothing contained in any of the SEC Documents shall affect such Buyer's right to rely on, or shall modify or qualify in any manner or be an exception to any of, the Company's representations and warranties contained in this Agreement or any other Transaction Document. "**Required Holders**" means (i) prior to the Closing Date, such Buyer entitled to purchase at least 1,000 Preferred Shares at the Closing and (ii) on or after the Closing Date, holders of 2/3rds of the Registrable Securities (excluding any Registrable Securities held by the Company or any of its Subsidiaries) issued or issuable hereunder or pursuant to the Preferred Shares and/or the Warrants.

(f) Notices. Any notices, consents, waivers or other communications required or permitted to be given under the terms of this Agreement must be in writing and will be deemed to have been delivered: (i) upon receipt, if delivered personally; (ii) when sent, if sent by facsimile (provided confirmation of transmission is mechanically or electronically generated and kept on file by the sending party); (iii) when sent, if sent by e-mail (provided that such sent e-mail is kept on file (whether electronically or otherwise) by the sending party and the sending party does not receive an automatically generated message from the recipient's e-mail server that such e-mail could not be delivered to such recipient) and (iv) if sent by overnight courier service, one (1) Business Day after deposit with an overnight courier service with next day delivery specified, in each case, properly addressed to the party to receive the same. The addresses, facsimile numbers and e-mail addresses for such communications shall be:

If to the Company:

One East Uwchlan Avenue
Suite 301
Exton, Pennsylvania 19341
Telephone: (610) 903-0400
Facsimile: (610) 903-0401
E-mail address: Sebastian.Giordano@wpcs.com
Attention: Chief Executive Officer

With a copy (for informational purposes only) to:

Sichenzia Ross Friedman Ference LLP
61 Broadway, 32nd Floor
New York, New York 10006
Telephone: (212) 930-9700
Facsimile: (212) 930-9725
E-mail address: trose@srff.com
Attention: Thomas A. Rose, Esq.

If to the Transfer Agent:

Interwest Transfer Co., Inc.
1981 Murray Holladay Road, Suite 100
Salt Lake City Utah 84117
Telephone: (801) 272-9294
Facsimile: (801) 277-3147
E-mail address: melinda@interwesttc.com
Attention: Melinda Orth

If to a Buyer, to its address and facsimile number set forth on the Schedule of Buyers, with copies to such Buyer's representatives as set forth on the Schedule of Buyers,

with a copy (for informational purposes only) to:

Greenberg Traurig, LLP
MetLife Building
200 Park Avenue
New York, NY 10166
Telephone: (212) 801-9200
Facsimile: (212) 805-9222
E-mail address: adelsteinm@gtlaw.com
Attention: Michael A. Adelstein, Esq.

or to such other address, facsimile number or e-mail address and/or to the attention of such other Person as the recipient party has specified by written notice given to each other party five (5) days prior to the effectiveness of such change, provided that Greenberg Traurig, LLP shall only be provided copies of notices sent to the lead Buyer. Written confirmation of receipt (A) given by the recipient of such notice, consent, waiver or other communication, (B) mechanically or electronically generated by the sender's facsimile machine containing the time, date, recipient facsimile number and an image of the first page of such transmission or (C) provided by an overnight courier service shall be rebuttable evidence of personal service, receipt by facsimile or receipt from an overnight courier service in accordance with clause (i), (ii) or (iv) above, respectively. A copy of the e-mail transmission containing the time, date and recipient e-mail address shall be rebuttable evidence of receipt by e-mail in accordance with clause (iii) above.

(g) Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns, including any purchasers of any of the Securities. The Company shall not assign this Agreement or any rights or obligations hereunder without the prior written consent of the Required Holders, including, without limitation, by way of a Fundamental Transaction (as defined in the Warrants) (unless the Company is in compliance with the applicable provisions governing Fundamental Transactions set forth in the Warrants) or a Fundamental Transaction (as defined in the Certificate of Designations) (unless the Company is in compliance with the applicable provisions governing Fundamental Transactions set forth in the Certificate of Designations). A Buyer may assign some or all of its rights hereunder in connection with any transfer of any of its Securities without the consent of the Company, in which event such assignee shall be deemed to be a Buyer hereunder with respect to such assigned rights.

(h) No Third Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns, and is not for the benefit of, nor may any provision hereof be enforced by, any other Person, other than the Indemnitees referred to in Section 9(k).

(i) Survival. The representations, warranties, agreements and covenants shall survive the Closing. Each Buyer shall be responsible only for its own representations, warranties, agreements and covenants hereunder.

(j) Further Assurances. Each party shall use its reasonable best efforts to do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as any other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

(k) Indemnification. In consideration of each Buyer's execution and delivery of the Transaction Documents and acquiring the Securities thereunder and in addition to all of the Company's other obligations under the Transaction Documents, the Company shall defend, protect, indemnify and hold harmless each Buyer and each holder of any Securities and all of their stockholders, partners, members, officers, directors, employees and direct or indirect investors and any of the foregoing Persons' agents or other representatives (including, without limitation, those retained in connection with the transactions contemplated by this Agreement) (collectively, the "**Indemnitees**") from and against any and all actions, causes of action, suits, claims, losses, costs, penalties, fees, liabilities and damages, and expenses in connection therewith (irrespective of whether any such Indemnitee is a party to the action for which indemnification hereunder is sought), and including reasonable attorneys' fees and disbursements (the "**Indemnified Liabilities**"), incurred by any Indemnitee as a result of, or arising out of, or relating to (i) any misrepresentation or breach of any representation or warranty made by the Company or any Subsidiary in any of the Transaction Documents, (ii) any breach of any covenant, agreement or obligation of the Company or any Subsidiary contained in any of the Transaction Documents or (iii) any cause of action, suit, proceeding or claim brought or made against such Indemnitee by a third party (including for these purposes a derivative action brought on behalf of the Company or any Subsidiary) or which otherwise involves such Indemnitee that arises out of or results from (A) the execution, delivery, performance or enforcement of any of the Transaction Documents, (B) any transaction financed or to be financed in whole or in part, directly or indirectly, with the proceeds of the issuance of the Securities, (C) any disclosure properly made by such Buyer pursuant to Section 4(i), or (D) the status of such Buyer or holder of the Securities either as an investor in the Company pursuant to the transactions contemplated by the Transaction Documents or as a party to this Agreement (including, without limitation, as a party in interest or otherwise in any action or proceeding for injunctive or other equitable relief). To the extent that the foregoing undertaking by the Company may be unenforceable for any reason, the Company shall make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law. Except as otherwise set forth herein, the mechanics and procedures with respect to the rights and obligations under this Section 9(k) shall be the same as those set forth in Section 6 of the Registration Rights Agreement.

(l) Construction. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rules of strict construction will be applied against any party. No specific representation or warranty shall limit the generality or applicability of a more general representation or warranty. Each and every reference to share prices, shares of Common Stock and any other numbers in this Agreement that relate to the Common Stock shall be automatically adjusted for any stock splits, stock dividends, stock combinations, recapitalizations or other similar transactions that occur with respect to the Common Stock after the date of this Agreement.

(m) Remedies. Each Buyer and in the event of assignment by Buyer of its rights and obligations hereunder, each holder of Securities, shall have all rights and remedies set forth in the Transaction Documents and all rights and remedies which such holders have been granted at any time under any other agreement or contract and all of the rights which such holders have under any law. Any Person having any rights under any provision of this Agreement shall be entitled to enforce such rights specifically (without posting a bond or other security), to recover damages by reason of any breach of any provision of this Agreement and to exercise all other rights granted by law. Furthermore, the Company recognizes that in the event that it or any Subsidiary fails to perform, observe, or discharge any or all of its or such Subsidiary's (as the case may be) obligations under the Transaction Documents, any remedy at law may prove to be inadequate relief to the Buyers. The Company therefore agrees that the Buyers shall be entitled to seek specific performance and/or temporary, preliminary and permanent injunctive or other equitable relief from any court of competent jurisdiction in any such case without the necessity of proving actual damages and without posting a bond or other security. The remedies provided in this Agreement and the other Transaction Documents shall be cumulative and in addition to all other remedies available under this Agreement and the other Transaction Documents, at law or in equity (including a decree of specific performance and/or other injunctive relief).

(n) Withdrawal Right. Notwithstanding anything to the contrary contained in (and without limiting any similar provisions of) the Transaction Documents, whenever any Buyer exercises a right, election, demand or option under a Transaction Document and the Company or any Subsidiary does not timely perform its related obligations within the periods therein provided, then such Buyer may rescind or withdraw, in its sole discretion from time to time upon written notice to the Company or such Subsidiary (as the case may be), any relevant notice, demand or election in whole or in part without prejudice to its future actions and rights.

(o) Payment Set Aside; Currency. To the extent that the Company makes a payment or payments to any Buyer hereunder or pursuant to any of the other Transaction Documents or any of the Buyers enforce or exercise their rights hereunder or thereunder, and such payment or payments or the proceeds of such enforcement or exercise or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside, recovered from, disgorged by or are required to be refunded, repaid or otherwise restored to the Company, a trustee, receiver or any other Person under any law (including, without limitation, any bankruptcy law, foreign, state or federal law, common law or equitable cause of action), then to the extent of any such restoration the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or setoff had not occurred. Unless otherwise expressly indicated, all dollar amounts referred to in this Agreement and the other Transaction Documents are in United States Dollars ("**U.S. Dollars**"), and all amounts owing under this Agreement and all other Transaction Documents shall be paid in U.S. Dollars. All amounts denominated in other currencies (if any) shall be converted into the U.S. Dollar equivalent amount in accordance with the Exchange Rate on the date of calculation. "**Exchange Rate**" means, in relation to any amount of currency to be converted into U.S. Dollars pursuant to this Agreement, the U.S. Dollar exchange rate as published in the Wall Street Journal on the relevant date of calculation.

(p) Judgment Currency.

(i) If for the purpose of obtaining or enforcing judgment against the Company in connection with this Agreement or any other Transaction Document in any court in any jurisdiction it becomes necessary to convert into any other currency (such other currency being hereinafter in this Section 9(p) referred to as the "**Judgment Currency**") an amount due in US Dollars under this Agreement, the conversion shall be made at the Exchange Rate prevailing on the Trading Day immediately preceding:

(1) the date actual payment of the amount due, in the case of any proceeding in the courts of New York or in the courts of any other jurisdiction that will give effect to such conversion being made on such date: or

(2) the date on which the foreign court determines, in the case of any proceeding in the courts of any other jurisdiction (the date as of which such conversion is made pursuant to this Section 9(p)(i)(2) being hereinafter referred to as the "**Judgment Conversion Date**").

(ii) If in the case of any proceeding in the court of any jurisdiction referred to inSection 9(p)(i)(2) above, there is a change in the Exchange Rate prevailing between the Judgment Conversion Date and the date of actual payment of the amount due, the applicable party shall pay such adjusted amount as may be necessary to ensure that the amount paid in the Judgment Currency, when converted at the Exchange Rate prevailing on the date of payment, will produce the amount of US Dollars which could have been purchased with the amount of Judgment Currency stipulated in the judgment or judicial order at the Exchange Rate prevailing on the Judgment Conversion Date.

(iii) Any amount due from the Company under this provision shall be due as a separate debt and shall not be affected by judgment being obtained for any other amounts due under or in respect of this Agreement or any other Transaction Document.

(q) Independent Nature of Buyers' Obligations and Rights. The obligations of each Buyer under the Transaction Documents are several and not joint with the obligations of any other Buyer, and no Buyer shall be responsible in any way for the performance of the obligations of any other Buyer under any Transaction Document. Nothing contained herein or in any other Transaction Document, and no action taken by any Buyer pursuant hereto or thereto, shall be deemed to constitute the Buyers as, and the Company acknowledges that the Buyers do not so constitute, a partnership, an association, a joint venture or any other kind of group or entity, or create a presumption that the Buyers are in any way acting in concert or as a group or entity with respect to such obligations or the transactions contemplated by the Transaction Documents or any matters, and the Company acknowledges that the Buyers are not acting in concert or as a group, and the Company shall not assert any such claim, with respect to such obligations or the transactions contemplated by the Transaction Documents. The decision of each Buyer to purchase Securities pursuant to the Transaction Documents has been made by such Buyer independently of any other Buyer. Each Buyer acknowledges that no other Buyer has acted as agent for such Buyer in connection with such Buyer making its investment hereunder and that no other Buyer will be acting as agent of such Buyer in connection with monitoring such Buyer's investment in the Securities or enforcing its rights under the Transaction Documents. The Company and each Buyer confirms that each Buyer has independently participated with the Company and its Subsidiaries in the negotiation of the transaction contemplated hereby with the advice of its own counsel and advisors. Each Buyer shall be entitled to independently protect and enforce its rights, including, without limitation, the rights arising out of this Agreement or out of any other Transaction Documents, and it shall not be necessary for any other Buyer to be joined as an additional party in any proceeding for such purpose. The use of a single agreement to effectuate the purchase and sale of the Securities contemplated hereby was solely in the control of the Company, not the action or decision of any Buyer, and was done solely for the convenience of the Company and its Subsidiaries and not because it was required or requested to do so by any Buyer. It is expressly understood and agreed that each provision contained in this Agreement and in each other Transaction Document is between the Company, each Subsidiary and a Buyer, solely, and not between the Company, its Subsidiaries and the Buyers collectively and not between and among the Buyers.

[*signature pages follow*]

IN WITNESS WHEREOF, each Buyer and the Company have caused their respective signature page to this Agreement to be duly executed as of the date first written above.

COMPANY:

WPCS INTERNATIONAL INCORPORATED

By:
Name:
Title:

IN WITNESS WHEREOF, each Buyer and the Company have caused their respective signature page to this Agreement to be duly executed as of the date first written above.

BUYER:

HUDSON BAY MASTER FUND LTD.

By:
Name:
Title:

IN WITNESS WHEREOF, each Buyer and the Company have caused their respective signature page to this Agreement to be duly executed as of the date first written above.

BUYER:

IROQUOIS MASTER FUND LTD.

By:
Name:
Title:

IN WITNESS WHEREOF, each Buyer and the Company have caused their respective signature page to this Agreement to be duly executed as of the date first written above.

BUYER:

AMERICAN CAPITAL MANAGEMENT LLC

By:
Name:
Title:

IN WITNESS WHEREOF, each Buyer and the Company have caused their respective signature page to this Agreement to be duly executed as of the date first written above.

BUYER:

GRQ CONSULTANTS, INC. ROTH 401K FBO BARRY HONIG

By:
Name:
Title:

IN WITNESS WHEREOF, each Buyer and the Company have caused their respective signature page to this Agreement to be duly executed as of the date first written above.

BUYER:

HS CONTRARIAN INVESTMENTS, LLC

By:
Name:
Title:

IN WITNESS WHEREOF, each Buyer and the Company have caused their respective signature page to this Agreement to be duly executed as of the date first written above.

BUYER:

BARRY HONIG

IN WITNESS WHEREOF, each Buyer and the Company have caused their respective signature page to this Agreement to be duly executed as of the date first written above.

BUYER:

RICHARD MOLINSKY

IN WITNESS WHEREOF, each Buyer and the Company have caused their respective signature page to this Agreement to be duly executed as of the date first written above.

BUYER:

AIG CAPITAL LLC

By:
Name: John O'Rourke
Title: Managing Member

IN WITNESS WHEREOF, each Buyer and the Company have caused their respective signature page to this Agreement to be duly executed as of the date first written above.

BUYER:

JOHN FORD

SCHEDULE OF BUYERS

(1)	(2)	(3)	(4)	(5)	(7)
Buyer	**Address and Facsimile Number**	**Aggregate Number of BTX Common Equity Units**	**Aggregate Number of Shares of Preferred Stock**	**Aggregate Number of Warrant Shares**	**Legal Representative's Address and Facsimile Number**
Hudson Bay Master Fund Ltd.	777 Third Avenue, 30th Floor New York, NY 10017 Attention: Yoav Roth Facsimile: (212) 571-1279 E-mail: investments@hudsonbaycapital.com Residence: Cayman Islands	3,258	794	488,603	N/A
Iroquois Master Fund Ltd.	c/o Iroquois Capital Management, LLC 641 Lexington Avenue 26th Floor New York, NY 10022 Attention: Joshua Silverman Facsimile: (646) 274-1728 Telephone: (212) 974-3070 Email: jsilverman@icfunds.com Residence: Cayman Islands	3,007	733	451,103	N/A
American Capital Management LLC	c/o Iroquois Capital Management, LLC 641 Lexington Avenue 26th Floor New York, NY 10022 Attention: Joshua Silverman Facsimile: (646) 274-1728 Telephone: (212) 974-3070 Email: jsilverman@icfunds.com Residence: Cayman Islands	294	72	44,117	N/A
GRQ CONSULTANTS, INC. ROTH 401K FBO BARRY HONIG	c/o Barry Honig 555 S Federal Highway #450 Boca Raton, FL 33432 Email: BRHonig@aol.com	554	135	83,107	N/A
HS Contrarian Investments, LLC	c/o John Stetson 347 N New River Drive East #804 Fort Lauderdale, FL 33301 Email: stetson.john@gmail.com	1,430	349	214,517	N/A
Barry Honig	c/o Barry Honig 555 S Federal Highway #450 Boca Raton, FL 33432 Email: BRHonig@aol.com	1,163	283	174,435	N/A
Richard Molinsky	51 Lords Hwy East Weston,CT 06883 Email: rmol15@aol.com Residence: Connecticut	250	61	37,500	N/A
AIG CAPITAL LLC	511 SE 5th Ave Suite 613 Fort Lauderdale, FL 33301 Email: tagjohn@gmail.com Attn: John O'Rourke	29	7	4,412	N/A
John Ford	90 Horseshoe Hill Rd Bolinas, CA, 94924 E-mail: bajarest@gmail.com Attention: John Ford	15	4	2,206	N/A
TOTAL		10,000	2,438	1,500,000	

[FORM OF WARRANT]

NEITHER THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE NOR THE SECURITIES INTO WHICH THESE SECURITIES ARE EXERCISABLE HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL TO THE HOLDER (IF REQUESTED BY THE COMPANY), IN A FORM REASONABLY ACCEPTABLE TO THE COMPANY, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR (II) UNLESS SOLD OR ELIGIBLE TO BE SOLD PURSUANT TO RULE 144 OR RULE 144A UNDER SAID ACT. NOTWITHSTANDING THE FOREGOING, THE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES.

WPCS International Incorporated

Warrant To Purchase Common Stock

Warrant No.:

Date of Issuance: December ___, 2013 ("**Issuance Date**")

WPCS International Incorporated, a Delaware corporation (the "**Company**"), hereby certifies that, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, [BUYER], the registered holder hereof or its permitted assigns (the "**Holder**"), is entitled, subject to the terms set forth below, to purchase from the Company, at the Exercise Price (as defined below) then in effect, upon exercise of this Warrant to Purchase Common Stock (including any Warrants to Purchase Common Stock issued in exchange, transfer or replacement hereof, the "**Warrant**"), at any time or times on or after the Issuance Date, but not after 11:59 p.m., New York time, on the Expiration Date (as defined below), _____ (subject to adjustment as provided herein) fully paid and non-assessable shares of Common Stock (as defined below) (the "**Warrant Shares**"). Except as otherwise defined herein, capitalized terms in this Warrant shall have the meanings set forth in Section 16. This Warrant is one of the Warrants to Purchase Common Stock (the "**SPA Warrants**") issued pursuant to Section 1 of that certain Securities Purchase Agreement, dated as of December 17, 2013, by and among the Company and the investors (the "**Buyers**") referred to therein, as amended from time to time (the "**Securities Purchase Agreement**").

1. EXERCISE OF WARRANT.

(a) Mechanics of Exercise. Subject to the terms and conditions hereof (including, without limitation, the limitations set forth in Section 1(f)), this Warrant may be exercised by the Holder on any day on or after the Issuance Date, in whole or in part, by delivery (whether via facsimile or otherwise) of a written notice, in the form attached hereto as **Exhibit A** (the "**Exercise Notice**"), of the Holder's election to exercise this Warrant. Within one (1) Trading Day following an exercise of this Warrant as aforesaid, the Holder shall deliver payment to the Company of an amount equal to the Exercise Price in effect on the date of such exercise multiplied by the number of Warrant Shares as to which this Warrant was so exercised (the "**Aggregate Exercise Price**") in cash or via wire transfer of immediately available funds if the Holder did not notify the Company in such Exercise Notice that such exercise was made pursuant to a Cashless Exercise (as defined in Section 1(d)). The Holder shall not be required to deliver the original of this Warrant in order to effect an exercise hereunder. Execution and delivery of an Exercise Notice with respect to less than all of the Warrant Shares shall have the same effect as cancellation of the original of this Warrant and issuance of a new Warrant evidencing the right to purchase the remaining number of Warrant Shares. Execution and delivery of an Exercise Notice for all of the then-remaining Warrant Shares shall have the same effect as cancellation of the original of this Warrant after delivery of the Warrant Shares in accordance with the terms hereof. On or before the first (1st) Trading Day following the date on which the Company has received an Exercise Notice, the Company shall transmit by facsimile an acknowledgment of confirmation of receipt of such Exercise Notice, in the form attached hereto as **Exhibit B**, to the Holder and the Company's transfer agent (the "**Transfer Agent**"). On or before the third (3rd) Trading Day following the date on which the Company has received such Exercise Notice, the Company shall (X) provided that the Transfer Agent is participating in The Depository Trust Company ("**DTC**") Fast Automated Securities Transfer Program, upon the request of the Holder, credit such aggregate number of shares of Common Stock to which the Holder is entitled pursuant to such exercise to the Holder's or its designee's balance account with DTC through its Deposit/Withdrawal at Custodian system, or (Y) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program, issue and deliver to the Holder or, at the Holder's instruction pursuant to the Exercise Notice, the Holder's agent or designee, in each case, sent by reputable overnight courier to the address as specified in the applicable Exercise Notice, a certificate, registered in the Company's share register in the name of the Holder or its designee (as indicated in the applicable Exercise Notice), for the number of shares of Common Stock to which the Holder is entitled pursuant to such exercise. Upon delivery of an Exercise Notice, the Holder shall be deemed for all corporate purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised, irrespective of the date such Warrant Shares are credited to the Holder's DTC account or the date of delivery of the certificates evidencing such Warrant Shares (as the case may be). If this Warrant is submitted in connection with any exercise pursuant to this Section 1(a) and the number of Warrant Shares represented by this Warrant submitted for exercise is greater than the number of Warrant Shares being acquired upon an exercise, then, at the request of the Holder, the Company shall as soon as practicable and in no event later than three (3) Business Days after any exercise and at its own expense, issue and deliver to the Holder (or its designee) a new Warrant (in accordance with Section 7(d)) representing the right to purchase the number of Warrant Shares purchasable immediately prior to such exercise under this Warrant, less the number of Warrant Shares with respect to which this Warrant is exercised. No fractional shares of Common Stock are to be issued upon the exercise of this Warrant, but rather the number of shares of Common Stock to be issued shall be rounded up to the nearest whole number. The Company shall pay any and all taxes and fees which may be payable with respect to the issuance and delivery of Warrant Shares upon exercise of this Warrant. Notwithstanding the foregoing, except in the case where an exercise of this Warrant is validly made pursuant to a Cashless Exercise (as defined in Section 1(d)), the Company's failure to deliver Warrant Shares to the Holder on or prior to the second (2nd) Trading Day after the Company's receipt of the Aggregate Exercise Price shall not be deemed to be a breach of this Warrant.

(b) Exercise Price. For purposes of this Warrant, "**Exercise Price**" means $5.00, subject to adjustment as provided herein.

(c) Company's Failure to Timely Deliver Securities. If the Company shall fail, for any reason or for no reason, to issue to the Holder within the later of (i) three (3) Trading Days after receipt of the applicable Exercise Notice and (ii) two (2) Trading Days after the Company's receipt of the Aggregate Exercise Price (or valid notice of a Cashless Exercise) (such later date, the "**Share Delivery Deadline**"), a certificate for the number of shares of Common Stock to which the Holder is entitled and register such shares of Common Stock on the Company's share register or to credit the Holder's balance account with DTC for such number of shares of Common Stock to which the Holder is entitled upon the Holder's exercise of this Warrant (as the case may be) (a "**Delivery Failure**"), then, in addition to all other remedies available to the Holder, the Company shall pay in cash to the Holder on each day after such Share Delivery Deadline that the issuance of such shares of Common Stock is not timely effected an amount equal to 2% of the product of (A) the aggregate number of shares of Common Stock not issued to the Holder on a timely basis and to which the Holder is entitled and (B) the Closing Sale Price of the Common Stock on the Trading Day immediately preceding the last possible date on which the Company could have issued such shares of Common Stock to the Holder without violating Section 1(a). In addition to the foregoing, if on or prior to the Share Delivery Deadline, the Company shall fail to issue and deliver a certificate to the Holder and register such shares of Common Stock on the Company's share register or credit the Holder's balance account with DTC for the number of shares of Common Stock to which the Holder is entitled upon the Holder's exercise hereunder (as the case may be), and if on or after such Share Delivery Deadline the Holder purchases (in an open market transaction or otherwise) shares of Common Stock to deliver in satisfaction of a sale by the Holder of all or any portion of the number of shares of Common Stock, or a sale of a number of shares of Common Stock equal to all or any portion of the number of shares of Common Stock, issuable upon such exercise that the Holder so anticipated receiving from the Company, then, in addition to all other remedies available to the Holder, the Company shall, within three (3) Business Days after the Holder's request and in the Holder's discretion, either (i) pay cash to the Holder in an amount equal to the Holder's total purchase price (including brokerage commissions and other out-of-pocket expenses, if any) for the shares of Common Stock so purchased (including, without limitation, by any other Person in respect, or on behalf, of the Holder) (the "**Buy-In Price**"), at which point the Company's obligation to so issue and deliver such certificate or credit the Holder's balance account with DTC for the number of shares of Common Stock to which the Holder is entitled upon the Holder's exercise hereunder (as the case may be) (and to issue such shares of Common Stock) shall terminate, or (ii) promptly honor its obligation to so issue and deliver to the Holder a certificate or certificates representing such shares of Common Stock or credit the Holder's balance account with DTC for the number of shares of Common Stock to which the Holder is entitled upon the Holder's exercise hereunder (as the case may be) and pay cash to the Holder in an amount equal to the excess (if any) of the Buy-In Price over the product of (A) such number of shares of Common Stock multiplied by (B) the lowest Closing Sale Price of the Common Stock on any Trading Day during the period commencing on the date of the applicable Exercise Notice and ending on the date of such issuance and payment under this clause (ii).

(d) Cashless Exercise. Notwithstanding anything contained herein to the contrary (other than Section 1(f) below), if at any time of exercise hereof after the six month anniversary of the Issuance Date a Registration Statement (as defined in the Registration Rights Agreement) is not effective (or the prospectus contained therein is not available for use on a continuous basis) for the resale by the Holder of all of the Registrable Securities (as defined in the Registration Rights Agreement) at market prices from time to time, then the Holder may, in its sole discretion, exercise this Warrant in whole or in part and, in lieu of making the cash payment otherwise contemplated to be made to the Company upon such exercise in payment of the Aggregate Exercise Price, elect instead to receive upon such exercise the "Net Number" of shares of Common Stock determined according to the following formula (a "**Cashless Exercise**"):

$$\text{Net Number} = \frac{(A \times B) - (A \times C)}{D}$$

For purposes of the foregoing formula:

A= the total number of shares with respect to which this Warrant is then being exercised.

B=the quotient of (x) the sum of the VWAP of the Common Stock of each of the five (5) Trading Days ending at the close of business on the Principal Market immediately prior to the time of exercise as set forth in the applicable Exercise Notice, divided by (y) five (5).

C= the Exercise Price then in effect for the applicable Warrant Shares at the time of such exercise.

D= as applicable: (i) the Closing Sale Price of the Common Stock on the Trading Day immediately preceding the date of the applicable Exercise Notice if such Exercise Notice is (1) both executed and delivered pursuant to Section 1(a) hereof on a day that is not a Trading Day or (2) both executed and delivered pursuant to Section 1(a) hereof on a Trading Day prior to the opening of "regular trading hours" (as defined in Rule 600(b)(64) of Regulation NMS promulgated under the federal securities laws) on such Trading Day, (ii) the Bid Price of the Common Stock as of the time of the Holder's execution of the applicable Exercise Notice if such Exercise Notice is executed during "regular trading hours" on a Trading Day and is delivered within two (2) hours thereafter pursuant to Section 1(a) hereof, or (iii) the Closing Sale Price of the Common Stock on the date of the applicable Exercise Notice if the date of such Exercise Notice is a Trading Day and such Exercise Notice is both executed and delivered pursuant to Section 1(a) hereof after the close of "regular trading hours" on such Trading Day.

(e) Disputes. In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the number of Warrant Shares to be issued pursuant to the terms hereof, the Company shall promptly issue to the Holder the number of Warrant Shares that are not disputed and resolve such dispute in accordance with Section 13.

(f) Limitations on Exercises.

(i) Beneficial Ownership. Notwithstanding anything to the contrary contained in this Warrant, this Warrant shall not be exercisable by the Holder hereof to the extent (but only to the extent) that after giving effect to such exercise the Holder (together with any of its affiliates) would beneficially own in excess of 9.99% (the "**Maximum Percentage**") of the Common Stock. To the extent the above limitation applies, the determination of whether this Warrant shall be exercisable (vis-à-vis other convertible, exercisable or exchangeable securities owned by the Holder or any of its affiliates) and of which such securities shall be convertible, exercisable or exchangeable (as the case may be, as among all such securities owned by the Holder) shall, subject to such Maximum Percentage limitation, be determined on the basis of the first submission to the Company for conversion, exercise or exchange (as the case may be). No prior inability to exercise this Warrant pursuant to this paragraph shall have any effect on the applicability of the provisions of this paragraph with respect to any subsequent determination of exercisability. For the purposes of this paragraph, beneficial ownership and all determinations and calculations (including, without limitation, with respect to calculations of percentage ownership) shall be determined in accordance with Section 13(d) of the 1934 Act (as defined in the Securities Purchase Agreement) and the rules and regulations promulgated thereunder. The provisions of this paragraph shall be implemented in a manner otherwise than in strict conformity with the terms of this paragraph to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Maximum Percentage beneficial ownership limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such Maximum Percentage limitation. The limitations contained in this paragraph shall apply to a successor Holder of this Warrant. The holders of Common Stock shall be third party beneficiaries of this paragraph and the Company may not waive this paragraph without the consent of holders of a majority of its Common Stock. For any reason at any time, upon the written or oral request of the Holder, the Company shall within one (1) Business Day confirm orally and in writing to the Holder the number of shares of Common Stock then outstanding, including by virtue of any prior conversion or exercise of convertible or exercisable securities into Common Stock, including, without limitation, pursuant to this Warrant or securities issued pursuant to the Securities Purchase Agreement.

(ii) Principal Market Regulation. Notwithstanding anything herein to the contrary, the Holder shall not exercise this Warrant and the Company shall not issue any shares of Common Stock upon exercise of this Warrant until the Company obtains the Stockholder Approval (as defined in the Securities Purchase Agreement).

(g) Insufficient Authorized Shares. From and after the Stockholder Approval Date (as defined in the Securities Purchase Agreement), the Company shall keep reserved for issuance under this Warrant a number of shares of Common Stock at least equal to 100% of the maximum number of shares of Common Stock as shall be necessary to satisfy the Company's obligation to issue shares of Common Stock hereunder (without regard to any limitation otherwise contained herein with respect to the number of shares of Common Stock that may be acquirable upon exercise of this Warrant). If, notwithstanding the foregoing, and not in limitation thereof, at any time after the Issuance Date, while any of the SPA Warrants remain outstanding the Company does not have a sufficient number of authorized and unreserved shares of Common Stock to satisfy its obligation to reserve for issuance upon exercise of the SPA Warrants at least a number of shares of Common Stock (the " **Required Reserve Amount**") equal to the number of shares of Common Stock as shall from time to time be necessary to effect the exercise of all of the SPA Warrants then outstanding (an " **Authorized Share Failure**"), then the Company shall immediately take all action necessary to increase the Company's authorized shares of Common Stock to an amount sufficient to allow the Company to reserve the Required Reserve Amount for all the SPA Warrants then outstanding. Without limiting the generality of the foregoing sentence, as soon as practicable after the date of the occurrence of an Authorized Share Failure, but in no event later than sixty (60) days after the occurrence of such Authorized Share Failure, the Company shall hold a meeting of its stockholders for the approval of an increase in the number of authorized shares of Common Stock. In connection with such meeting, the Company shall provide each stockholder with a proxy statement and shall use its reasonable best efforts to solicit its stockholders' approval of such increase in authorized shares of Common Stock and to cause its board of directors to recommend to the stockholders that they approve such proposal. In the event that the Company is prohibited from issuing shares of Common Stock upon an exercise of this Warrant due to the failure by the Company to have sufficient shares of Common Stock available out of the authorized but unissued shares of Common Stock (such unavailable number of shares of Common Stock, the "**Authorization Failure Shares**"), in lieu of delivering such Authorization Failure Shares to the Holder, the Company shall pay cash in exchange for the cancellation of such portion of this Warrant exercisable into such Authorized Failure Shares at a price equal to the sum of (i) the product of (x) such number of Authorization Failure Shares and (y) the Closing Sale Price on the Trading Day immediately preceding the date the Holder delivers the applicable Exercise Notice with respect to such Authorization Failure Shares to the Company and (ii) to the extent the Holder purchases (in an open market transaction or otherwise) shares of Common Stock to deliver in satisfaction of a sale by the Holder of Authorization Failure Shares, any brokerage commissions and other out-of-pocket expenses, if any, of the Holder incurred in connection therewith.

2 . ADJUSTMENT OF EXERCISE PRICE AND NUMBER OF WARRANT SHARES . The Exercise Price and number of Warrant Shares issuable upon exercise of this Warrant are subject to adjustment from time to time as set forth in this Section 2.

(a) Stock Dividends and Splits. Without limiting any provision of Section 4, if the Company, at any time on or after the date of the Securities Purchase Agreement, (i) pays a stock dividend on one or more classes of its then outstanding shares of Common Stock or otherwise makes a distribution on any class of capital stock that is payable in shares of Common Stock, (ii) subdivides (by any stock split, stock dividend, recapitalization or otherwise) one or more classes of its then outstanding shares of Common Stock into a larger number of shares or (iii) combines (by combination, reverse stock split or otherwise) one or more classes of its then outstanding shares of Common Stock into a smaller number of shares, then in each such case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event. Any adjustment made pursuant to clause (i) of this paragraph shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution, and any adjustment pursuant to clause (ii) or (iii) of this paragraph shall become effective immediately after the effective date of such subdivision or combination. If any event requiring an adjustment under this paragraph occurs during the period that an Exercise Price is calculated hereunder, then the calculation of such Exercise Price shall be adjusted appropriately to reflect such event.

(b) Number of Warrant Shares . Simultaneously with any adjustment to the Exercise Price pursuant to paragraph (a) of this Section 2, the number of Warrant Shares that may be purchased upon exercise of this Warrant shall be increased or decreased proportionately, so that after such adjustment the aggregate Exercise Price payable hereunder for the adjusted number of Warrant Shares shall be the same as the aggregate Exercise Price in effect immediately prior to such adjustment (without regard to any limitations on exercise contained herein).

(c) [Intentionally Omitted]

(d) Calculations. All calculations under this Section 2 shall be made by rounding to the nearest cent or the nearest 1/100th of a share, as applicable. The number of shares of Common Stock outstanding at any given time shall not include shares owned or held by or for the account of the Company, and the disposition of any such shares shall be considered an issue or sale of Common Stock.

3 . RIGHTS UPON DISTRIBUTION OF ASSETS. In addition to any adjustments pursuant to Section 2 above, if the Company shall declare or make any dividend or other distribution of its assets (or rights to acquire its assets) to holders of shares of Common Stock, by way of return of capital or otherwise (including, without limitation, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (a "**Distribution**"), at any time after the issuance of this Warrant, then, in each such case, the Holder shall be entitled to participate in such Distribution to the same extent that the Holder would have participated therein if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof, including without limitation, the Maximum Percentage) immediately before the date on which a record is taken for such Distribution, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the participation in such Distribution (provided, however, to the extent that the Holder's right to participate in any such Distributions would result in the Holder exceeding the Maximum Percentage, then the Holder shall not be entitled to participate in such Distribution to such extent (or the beneficial ownership of any such shares of Common Stock as a result of such Distribution to such extent) and such Distribution to such extent shall be held in abeyance for the benefit of the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Maximum Percentage).

4. PURCHASE RIGHTS; FUNDAMENTAL TRANSACTIONS.

(a) Purchase Rights. In addition to any adjustments pursuant to Section 2 above, if at any time the Company grants, issues or sells any Options, Convertible Securities or rights to purchase stock, warrants, securities or other property pro rata to the record holders of any class of shares of Common Stock (the "**Purchase Rights**"), then the Holder will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which the Holder could have acquired if the Holder had held the number of shares of Common Stock acquirable upon complete exercise of this Warrant (without regard to any limitations on exercise hereof, including without limitation, the Maximum Percentage) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the grant, issue or sale of such Purchase Rights (provided, however, to the extent that the Holder's right to participate in any such Purchase Right would result in the Holder exceeding the Maximum Percentage, then the Holder shall not be entitled to participate in such Purchase Right to such extent (or beneficial ownership of such shares of Common Stock as a result of such Purchase Right to such extent) and such Purchase Right to such extent shall be held in abeyance for the Holder until such time, if ever, as its right thereto would not result in the Holder exceeding the Maximum Percentage).

(b) Fundamental Transactions. The Company shall not enter into or be party to a Fundamental Transaction unless (i) the Successor Entity assumes in writing all of the obligations of the Company under this Warrant and the other Transaction Documents (as defined in the Securities Purchase Agreement) in accordance with the provisions of this Section 4(b) pursuant to written agreements in form and substance satisfactory to the Holder and approved by the Holder prior to such Fundamental Transaction, including agreements to deliver to the Holder in exchange for this Warrant a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Warrant, including, without limitation, which is exercisable for a corresponding number of shares of capital stock equivalent to the shares of Common Stock acquirable and receivable upon exercise of this Warrant (without regard to any limitations on the exercise of this Warrant) prior to such Fundamental Transaction, and with an exercise price which applies the exercise price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such adjustments to the number of shares of capital stock and such exercise price being for the purpose of protecting the economic value of this Warrant immediately prior to the consummation of such Fundamental Transaction) and (ii) the Successor Entity (including its Parent Entity) is a publicly traded corporation whose common stock is quoted on or listed for trading on an Eligible Market. Upon the consummation of each Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of the applicable Fundamental Transaction, the provisions of this Warrant and the other Transaction Documents referring to the "Company" shall refer instead to the Successor Entity), and may exercise every right and power of the Company and shall assume all of the obligations of the Company under this Warrant and the other Transaction Documents with the same effect as if such Successor Entity had been named as the Company herein. Upon consummation of each Fundamental Transaction, the Successor Entity shall deliver to the Holder confirmation that there shall be issued upon exercise of this Warrant at any time after the consummation of the applicable Fundamental Transaction, in lieu of the shares of Common Stock (or other securities, cash, assets or other property (except such items still issuable under Sections 3 and 4(a) above, which shall continue to be receivable thereafter)) issuable upon the exercise of this Warrant prior to the applicable Fundamental Transaction, such shares of publicly traded common stock (or its equivalent) of the Successor Entity (including its Parent Entity) which the Holder would have been entitled to receive upon the happening of the applicable Fundamental Transaction had this Warrant been exercised immediately prior to the applicable Fundamental Transaction (without regard to any limitations on the exercise of this Warrant), as adjusted in accordance with the provisions of this Warrant. Notwithstanding the foregoing, and without limiting Section 1(f) hereof, the Holder may elect, at its sole option, by delivery of written notice to the Company to waive this Section 4(b) to permit the Fundamental Transaction without the assumption of this Warrant. In addition to and not in substitution for any other rights hereunder, prior to the consummation of each Fundamental Transaction pursuant to which holders of shares of Common Stock are entitled to receive securities or other assets with respect to or in exchange for shares of Common Stock (a "**Corporate Event**"), the Company shall make appropriate provision to insure that the Holder will thereafter have the right to receive upon an exercise of this Warrant at any time after the consummation of the applicable Fundamental Transaction but prior to the Expiration Date, in lieu of the shares of the Common Stock (or other securities, cash, assets or other property (except such items still issuable under Sections 3 and 4(a) above, which shall continue to be receivable thereafter)) issuable upon the exercise of the Warrant prior to such Fundamental Transaction, such shares of stock, securities, cash, assets or any other property whatsoever (including warrants or other purchase or subscription rights) which the Holder would have been entitled to receive upon the happening of the applicable Fundamental Transaction had this Warrant been exercised immediately prior to the applicable Fundamental Transaction (without regard to any limitations on the exercise of this Warrant). Provision made pursuant to the preceding sentence shall be in a form and substance reasonably satisfactory to the Holder.

(c) Application. The provisions of this Section 4 shall apply similarly and equally to successive Fundamental Transactions and Corporate Events and shall be applied as if this Warrant (and any such subsequent warrants) were fully exercisable and without regard to any limitations on the exercise of this Warrant (provided that the Holder shall continue to be entitled to the benefit of the Maximum Percentage, applied however with respect to shares of capital stock registered under the 1934 Act and thereafter receivable upon exercise of this Warrant (or any such other warrant)).

5 . NONCIRCUMVENTION. The Company hereby covenants and agrees that the Company will not, by amendment of its Certificate of Incorporation (as defined in the Securities Purchase Agreement), Bylaws (as defined in the Securities Purchase Agreement) or through any reorganization, transfer of assets, consolidation, merger, scheme of arrangement, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, and will at all times in good faith carry out all the provisions of this Warrant and take all action as may be required to protect the rights of the Holder. Without limiting the generality of the foregoing, the Company (i) shall not increase the par value of any shares of Common Stock receivable upon the exercise of this Warrant above the Exercise Price then in effect, (ii) shall take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and non-assessable shares of Common Stock upon the exercise of this Warrant, and (iii) shall, so long as any of the SPA Warrants are outstanding, take all action necessary to reserve and keep available out of its authorized and unissued shares of Common Stock, solely for the purpose of effecting the exercise of the SPA Warrants, the maximum number of shares of Common Stock as shall from time to time be necessary to effect the exercise of the SPA Warrants then outstanding (without regard to any limitations on exercise).

6 . WARRANT HOLDER NOT DEEMED A STOCKHOLDER . Except as otherwise specifically provided herein, the Holder, solely in its capacity as a holder of this Warrant, shall not be entitled to vote or receive dividends or be deemed the holder of share capital of the Company for any purpose, nor shall anything contained in this Warrant be construed to confer upon the Holder, solely in its capacity as the Holder of this Warrant, any of the rights of a stockholder of the Company or any right to vote, give or withhold consent to any corporate action (whether any reorganization, issue of stock, reclassification of stock, consolidation, merger, conveyance or otherwise), receive notice of meetings, receive dividends or subscription rights, or otherwise, prior to the issuance to the Holder of the Warrant Shares which it is then entitled to receive upon the due exercise of this Warrant. In addition, nothing contained in this Warrant shall be construed as imposing any liabilities on the Holder to purchase any securities (upon exercise of this Warrant or otherwise) or as a stockholder of the Company, whether such liabilities are asserted by the Company or by creditors of the Company. Notwithstanding this Section 6, the Company shall provide the Holder with copies of the same notices and other information given to the stockholders of the Company generally, contemporaneously with the giving thereof to the stockholders.

7. REISSUANCE OF WARRANTS.

(a) Transfer of Warrant. If this Warrant is to be transferred, the Holder shall surrender this Warrant to the Company, whereupon the Company will forthwith issue and deliver upon the order of the Holder a new Warrant (in accordance with Section 7(d)), registered as the Holder may request, representing the right to purchase the number of Warrant Shares being transferred by the Holder and, if less than the total number of Warrant Shares then underlying this Warrant is being transferred, a new Warrant (in accordance with Section 7(d)) to the Holder representing the right to purchase the number of Warrant Shares not being transferred.

(b) Lost, Stolen or Mutilated Warrant. Upon receipt by the Company of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant (as to which a written certification and the indemnification contemplated below shall suffice as such evidence), and, in the case of loss, theft or destruction, of any indemnification undertaking by the Holder to the Company in customary and reasonable form and, in the case of mutilation, upon surrender and cancellation of this Warrant, the Company shall execute and deliver to the Holder a new Warrant (in accordance with Section 7(d)) representing the right to purchase the Warrant Shares then underlying this Warrant.

(c) Exchangeable for Multiple Warrants. This Warrant is exchangeable, upon the surrender hereof by the Holder at the principal office of the Company, for a new Warrant or Warrants (in accordance with Section 7(d)) representing in the aggregate the right to purchase the number of Warrant Shares then underlying this Warrant, and each such new Warrant will represent the right to purchase such portion of such Warrant Shares as is designated by the Holder at the time of such surrender; provided, however, no warrants for fractional shares of Common Stock shall be given.

(d) Issuance of New Warrants. Whenever the Company is required to issue a new Warrant pursuant to the terms of this Warrant, such new Warrant (i) shall be of like tenor with this Warrant, (ii) shall represent, as indicated on the face of such new Warrant, the right to purchase the Warrant Shares then underlying this Warrant (or in the case of a new Warrant being issued pursuant to Section 7(a) or Section 7(c), the Warrant Shares designated by the Holder which, when added to the number of shares of Common Stock underlying the other new Warrants issued in connection with such issuance, does not exceed the number of Warrant Shares then underlying this Warrant), (iii) shall have an issuance date, as indicated on the face of such new Warrant which is the same as the Issuance Date, and (iv) shall have the same rights and conditions as this Warrant.

8. NOTICES. Whenever notice is required to be given under this Warrant, unless otherwise provided herein, such notice shall be given in accordance with Section 9(f) of the Securities Purchase Agreement. The Company shall provide the Holder with prompt written notice of all actions taken pursuant to this Warrant, including in reasonable detail a description of such action and the reason therefor. Without limiting the generality of the foregoing, the Company will give written notice to the Holder (i) immediately upon each adjustment of the Exercise Price and the number of Warrant Shares, setting forth in reasonable detail, and certifying, the calculation of such adjustment(s) and (ii) at least fifteen (15) days prior to the date on which the Company closes its books or takes a record (A) with respect to any dividend or distribution upon the shares of Common Stock, (B) with respect to any grants, issuances or sales of any Options, Convertible Securities or rights to purchase stock, warrants, securities or other property to holders of shares of Common Stock or (C) for determining rights to vote with respect to any Fundamental Transaction, dissolution or liquidation, provided in each case that such information shall be made known to the public prior to or in conjunction with such notice being provided to the Holder and (iii) at least ten (10) Trading Days prior to the consummation of any Fundamental Transaction. To the extent that any notice provided hereunder constitutes, or contains, material, non-public information regarding the Company or any of its Subsidiaries, the Company shall simultaneously file such notice with the SEC (as defined in the Securities Purchase Agreement) pursuant to a Current Report on Form 8-K. It is expressly understood and agreed that the time of execution specified by the Holder in each Exercise Notice shall be definitive and may not be disputed or challenged by the Company.

9. AMENDMENT AND WAIVER. Except as otherwise provided herein, the provisions of this Warrant (other than Section 1(f)) may be amended and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if the Company has obtained the written consent of the Holder. The Holder shall be entitled, at its option, to the benefit of any amendment of (i) any other similar warrant issued under the Securities Purchase Agreement or (ii) any other similar warrant. No consideration shall be offered or paid to the Holder to amend or consent to a waiver or modification of any provision of this Warrant unless the same consideration is also offered to all of the holders of the other SPA Warrants. No waiver shall be effective unless it is in writing and signed by an authorized representative of the waiving party.

10. SEVERABILITY. If any provision of this Warrant is prohibited by law or otherwise determined to be invalid or unenforceable by a court of competent jurisdiction, the provision that would otherwise be prohibited, invalid or unenforceable shall be deemed amended to apply to the broadest extent that it would be valid and enforceable, and the invalidity or unenforceability of such provision shall not affect the validity of the remaining provisions of this Warrant so long as this Warrant as so modified continues to express, without material change, the original intentions of the parties as to the subject matter hereof and the prohibited nature, invalidity or unenforceability of the provision(s) in question does not substantially impair the respective expectations or reciprocal obligations of the parties or the practical realization of the benefits that would otherwise be conferred upon the parties. The parties will endeavor in good faith negotiations to replace the prohibited, invalid or unenforceable provision(s) with a valid provision(s), the effect of which comes as close as possible to that of the prohibited, invalid or unenforceable provision(s).

11. GOVERNING LAW. This Warrant shall be governed by and construed and enforced in accordance with, and all questions concerning the construction, validity, interpretation and performance of this Warrant shall be governed by, the internal laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the State of New York. The Company hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in The City of New York, Borough of Manhattan, for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. Nothing contained herein shall be deemed or operate to preclude the Holder from bringing suit or taking other legal action against the Company in any other jurisdiction to collect on the Company's obligations to the Holder or to enforce a judgment or other court ruling in favor of the Holder. **THE COMPANY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE TO, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS WARRANT OR ANY TRANSACTION CONTEMPLATED HEREBY.**

12. CONSTRUCTION; HEADINGS. This Warrant shall be deemed to be jointly drafted by the Company and the Holder and shall not be construed against any Person as the drafter hereof. The headings of this Warrant are for convenience of reference and shall not form part of, or affect the interpretation of, this Warrant. Terms used in this Warrant but defined in the other Transaction Documents shall have the meanings ascribed to such terms on the Closing Date (as defined in the Securities Purchase Agreement) in such other Transaction Documents unless otherwise consented to in writing by the Holder.

13. DISPUTE RESOLUTION. In the case of a dispute as to the determination of the Exercise Price, the Closing Sale Price, the Bid Price or fair market value or the arithmetic calculation of the number of Warrant Shares (as the case may be), the Company or the Holder (as the case may be) shall submit the disputed determinations or arithmetic calculations (as the case may be) via facsimile (i) within two (2) Business Days after receipt of the applicable notice giving rise to such dispute to the Company or the Holder (as the case may be) or (ii) if no notice gave rise to such dispute, at any time after the Holder learned of the circumstances giving rise to such dispute. If the Holder and the Company are unable to agree upon such determination or calculation (as the case may be) of the Exercise Price, the Closing Sale Price, the Bid Price or fair market value or the number of Warrant Shares (as the case may be) within three (3) Business Days of such disputed determination or arithmetic calculation being submitted to the Company or the Holder (as the case may be), then the Company shall, within two (2) Business Days submit via facsimile (a) the disputed determination of the Exercise Price, the Closing Sale Price, the Bid Price or fair market value (as the case may be) to an independent, reputable investment bank selected by the Company and approved by the Holder or (b) the disputed arithmetic calculation of the number of Warrant Shares to the Company's independent, outside accountant. The Company shall cause at its expense the investment bank or the accountant (as the case may be) to perform the determinations or calculations (as the case may be) and notify the Company and the Holder of the results no later than ten (10) Business Days from the time it receives such disputed determinations or calculations (as the case may be). Such investment bank's or accountant's determination or calculation (as the case may be) shall be binding upon all parties absent demonstrable error.

14. REMEDIES, CHARACTERIZATION, OTHER OBLIGATIONS, BREACHES AND INJUNCTIVE RELIEF. The remedies provided in this Warrant shall be cumulative and in addition to all other remedies available under this Warrant and the other Transaction Documents, at law or in equity (including a decree of specific performance and/or other injunctive relief), and nothing herein shall limit the right of the Holder to pursue actual and consequential damages for any failure by the Company to comply with the terms of this Warrant. The Company covenants to the Holder that there shall be no characterization concerning this instrument other than as expressly provided herein. Amounts set forth or provided for herein with respect to payments, exercises and the like (and the computation thereof) shall be the amounts to be received by the Holder and shall not, except as expressly provided herein, be subject to any other obligation of the Company (or the performance thereof). The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Holder and that the remedy at law for any such breach may be inadequate. The Company therefore agrees that, in the event of any such breach or threatened breach, the holder of this Warrant shall be entitled, in addition to all other available remedies, to an injunction restraining any breach, without the necessity of showing economic loss and without any bond or other security being required. The Company shall provide all information and documentation to the Holder that is requested by the Holder to enable the Holder to confirm the Company's compliance with the terms and conditions of this Warrant (including, without limitation, compliance with Section 2 hereof). The issuance of shares and certificates for shares as contemplated hereby upon the exercise of this Warrant shall be made without charge to the Holder or such shares for any issuance tax or other costs in respect thereof, provided that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of any certificate in a name other than the Holder or its agent on its behalf.

15. TRANSFER. This Warrant may be offered for sale, sold, transferred or assigned without the consent of the Company, except as may otherwise be required by Section 2(d) of the Securities Purchase Agreement.

16. CERTAIN DEFINITIONS. For purposes of this Warrant, the following terms shall have the following meanings:

(a) "**Bid Price**" means, for any security as of the particular time of determination, the bid price for such security on the Principal Market as reported by Bloomberg as of such time of determination, or, if the Principal Market is not the principal securities exchange or trading market for such security, the bid price of such security on the principal securities exchange or trading market where such security is listed or traded as reported by Bloomberg as of such time of determination, or if the foregoing does not apply, the bid price of such security in the over-the-counter market on the electronic bulletin board for such security as reported by Bloomberg as of such time of determination, or, if no bid price is reported for such security by Bloomberg as of such time of determination, the average of the bid prices of any market makers for such security as reported in the "pink sheets" by OTC Markets Group Inc. (formerly Pink Sheets LLC) as of such time of determination. If the Bid Price cannot be calculated for a security as of the particular time of determination on any of the foregoing bases, the Bid Price of such security as of such time of determination shall be the fair market value as mutually determined by the Company and the Holder. If the Company and the Holder are unable to agree upon the fair market value of such security, then such dispute shall be resolved in accordance with the procedures in Section 13. All such determinations shall be appropriately adjusted for any stock dividend, stock split, stock combination or other similar transaction during such period.

(b) "**Bloomberg**" means Bloomberg, L.P.

(c) "**Business Day**" means any day other than Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required by law to remain closed.

(d) "**Closing Sale Price**" means, for any security as of any date, the last closing trade price for such security on the Principal Market, as reported by Bloomberg, or, if the Principal Market begins to operate on an extended hours basis and does not designate the closing trade price, then the last trade price of such security prior to 4:00:00 p.m., New York time, as reported by Bloomberg, or, if the Principal Market is not the principal securities exchange or trading market for such security, the last trade price of such security on the principal securities exchange or trading market where such security is listed or traded as reported by Bloomberg, or if the foregoing does not apply, the last trade price of such security in the over-the-counter market on the electronic bulletin board for such security as reported by Bloomberg, or, if no last trade price is reported for such security by Bloomberg, the average of the ask prices of any market makers for such security as reported in the "pink sheets" by OTC Markets Group Inc. (formerly Pink Sheets LLC). If the Closing Sale Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Closing Sale Price of such security on such date shall be the fair market value as mutually determined by the Company and the Holder. If the Company and the Holder are unable to agree upon the fair market value of such security, then such dispute shall be resolved in accordance with the procedures in Section 13. All such determinations shall be appropriately adjusted for any stock dividend, stock split, stock combination or other similar transaction during such period.

(e) "**Common Stock**" means (i) the Company's shares of common stock, $0.0001 par value per share, and (ii) any capital stock into which such common stock shall have been changed or any share capital resulting from a reclassification of such common stock.

(f) "**Convertible Securities**" means any stock or other security (other than Options) that is at any time and under any circumstances, directly or indirectly, convertible into, exercisable or exchangeable for, or which otherwise entitles the holder thereof to acquire, any shares of Common Stock.

(g) "**Eligible Market**" means The New York Stock Exchange, the NYSE MKT, the Nasdaq Global Select Market, the Nasdaq Global Market or the Principal Market.

(h) "**Expiration Date**" means the date that is the fifth (5th) anniversary of the Issuance Date or, if such date falls on a day other than a Business Day or on which trading does not take place on the Principal Market (a "**Holiday**"), the next date that is not a Holiday.

(i) "**Fundamental Transaction**" means that (i) the Company or any of its Subsidiaries shall, directly or indirectly, in one or more related transactions, (1) consolidate or merge with or into (whether or not the Company or any of its Subsidiaries is the surviving corporation) any other Person, or (2) sell, lease, license, assign, transfer, convey or otherwise dispose of all or substantially all of its respective properties or assets to any other Person, or (3) allow any other Person to make a purchase, tender or exchange offer that is accepted by the holders of more than 50% of the outstanding shares of Voting Stock of the Company (not including any shares of Voting Stock of the Company held by the Person or Persons making or party to, or associated or affiliated with the Persons making or party to, such purchase, tender or exchange offer), or (4) consummate a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with any other Person whereby such other Person acquires more than 50% of the outstanding shares of Voting Stock of the Company (not including any shares of Voting Stock of the Company held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase agreement or other business combination), or (5) reorganize, recapitalize or reclassify the Common Stock, or (ii) any "person" or "group" (as these terms are used for purposes of Sections 13(d) and 14(d) of the 1934 Act and the rules and regulations promulgated thereunder) is or shall become the "beneficial owner" (as defined in Rule 13d-3 under the 1934 Act), directly or indirectly, of 50% of the aggregate ordinary voting power represented by issued and outstanding Voting Stock of the Company.

(j) "**Options**" means any rights, warrants or options to subscribe for or purchase shares of Common Stock or Convertible Securities.

(k) "**Parent Entity**" of a Person means an entity that, directly or indirectly, controls the applicable Person and whose common stock or equivalent equity security is quoted or listed on an Eligible Market, or, if there is more than one such Person or Parent Entity, the Person or Parent Entity with the largest public market capitalization as of the date of consummation of the Fundamental Transaction.

(l) "**Person**" means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization, any other entity or a government or any department or agency thereof.

(m) **"Preferred Shares**" has the meaning ascribed to such term in the Securities Purchase Agreement, and shall include all securities issued in exchange therefor or replacement thereof.

(n) "**Principal Market**" means the Nasdaq Capital Market.

(o) "**Registration Rights Agreement**" means that certain registration rights agreement, dated as of the Closing Date, by and among the Company and the initial holders of the Preferred Shares relating to, among other things, the registration of the resale of the Common Stock issuable upon conversion of the Preferred Shares or otherwise pursuant to the terms of the Preferred Shares and exercise of the Warrants, as may be amended from time to time.

(p) "**Successor Entity**" means the Person (or, if so elected by the Holder, the Parent Entity) formed by, resulting from or surviving any Fundamental Transaction or the Person (or, if so elected by the Holder, the Parent Entity) with which such Fundamental Transaction shall have been entered into.

(q) "**Trading Day**" means any day on which the Common Stock is traded on the Principal Market, or, if the Principal Market is not the principal trading market for the Common Stock, then on the principal securities exchange or securities market on which the Common Stock is then traded, provided that "Trading Day" shall not include any day on which the Common Stock is scheduled to trade on such exchange or market for less than 4.5 hours or any day that the Common Stock is suspended from trading during the final hour of trading on such exchange or market (or if such exchange or market does not designate in advance the closing time of trading on such exchange or market, then during the hour ending at 4:00:00 p.m., New York time) unless such day is otherwise designated as a Trading Day in writing by the Holder.

(r) "**Voting Stock**" of a Person means capital stock of such Person of the class or classes pursuant to which the holders thereof have the general voting power to elect, or the general power to appoint, at least a majority of the board of directors, managers or trustees of such Person (irrespective of whether or not at the time capital stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency).

(s) "**VWAP**" means, for any security as of any date, the dollar volume-weighted average price for such security on the Principal Market (or, if the Principal Market is not the principal trading market for such security, then on the principal securities exchange or securities market on which such security is then traded) during the period beginning at 9:30:01 a.m., New York time, and ending at 4:00:00 p.m., New York time, as reported by Bloomberg through its "Volume at Price" function or, if the foregoing does not apply, the dollar volume-weighted average price of such security in the over-the-counter market on the electronic bulletin board for such security during the period beginning at 9:30:01 a.m., New York time, and ending at 4:00:00 p.m., New York time, as reported by Bloomberg, or, if no dollar volume-weighted average price is reported for such security by Bloomberg for such hours, the average of the highest closing bid price and the lowest closing ask price of any of the market makers for such security as reported in the "pink sheets" by OTC Markets Group Inc. (formerly Pink Sheets LLC). If VWAP cannot be calculated for such security on such date on any of the foregoing bases, the VWAP of such security on such date shall be the fair market value as mutually determined by the Company and the Holder. If the Company and the Holder are unable to agree upon the fair market value of such security, then such dispute shall be resolved in accordance with the procedures in Section 13. All such determinations shall be appropriately adjusted for any stock dividend, stock split, stock combination or other similar transaction during such period.

[*signature page follows*]

IN WITNESS WHEREOF, the Company has caused this Warrant to Purchase Common Stock to be duly executed as of the Issuance Date set out above.

WPCS INTERNATIONAL INCORPORATED

By:
Name:
Title:

EXHIBIT A

EXERCISE NOTICE

TO BE EXECUTED BY THE REGISTERED HOLDER TO EXERCISE THIS WARRANT TO PURCHASE COMMON STOCK

WPCS INTERNATIONAL INCORPORATED

The undersigned holder hereby exercises the right to purchase _____ of the shares of Common Stock ("**Warrant Shares**") of WPCS International Incorporated, a Delaware corporation (the "**Company**"), evidenced by Warrant to Purchase Common Stock No. _____ (the "**Warrant**"). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Warrant.

1. Form of Exercise Price. The Holder intends that payment of the Exercise Price shall be made as:

_____ a "Cash Exercise" with respect to _____ Warrant Shares; and/or

_____ a "Cashless Exercise" with respect to _____ Warrant Shares.

In the event that the Holder has elected a Cashless Exercise with respect to some or all of the Warrant Shares to be issued pursuant hereto, the Holder hereby represents and warrants that (i) this Exercise Notice was executed by the Holder at _____ [a.m.][p.m.] on the date set forth below and (ii) if applicable, the Bid Price as of such time of execution of this Exercise Notice was $_____.

2 . Payment of Exercise Price. In the event that the Holder has elected a Cash Exercise with respect to some or all of the Warrant Shares to be issued pursuant hereto, the Holder shall pay the Aggregate Exercise Price in the sum of $_____ to the Company in accordance with the terms of the Warrant.

3. Delivery of Warrant Shares. The Company shall deliver to Holder, or its designee or agent as specified below, _____ Warrant Shares in accordance with the terms of the Warrant. Delivery shall be made to Holder, or for its benefit, to the following address:

Date: _____ __,

Name of Registered Holder
By:
Name:
Title:

EXHIBIT B

ACKNOWLEDGMENT

The Company hereby acknowledges this Exercise Notice and hereby directs _____ to issue the above-indicated number of shares of Common Stock in accordance with the Transfer Agent Instructions dated _____, 20__, from the Company and acknowledged and agreed to by _____.

WPCS INTERNATIONAL INCORPORATED

By:
Name:
Title:

REGISTRATION RIGHTS AGREEMENT

This **REGISTRATION RIGHTS AGREEMENT** (this "**Agreement**"), dated as of December 17, 2013, is by and among WPCS International Incorporated, a Delaware corporation with offices located at One East Uwchlan Avenue, Suite 301, Exton, Pennsylvania 19341 (the "**Company**"), and the undersigned buyer (the "**Buyer**").

RECITALS

A. In connection with the Securities Purchase Agreement by and among the parties hereto, dated as of December 17, 2013 (the "**Securities Purchase Agreement**"), the Company has agreed, upon the terms and subject to the conditions of the Securities Purchase Agreement, to issue and sell to each Buyer (i) the Preferred Shares (as defined in the Securities Purchase Agreement) which will be convertible into Conversion Shares (as defined in the Securities Purchase Agreement) in accordance with the terms of the Certificate of Designations (as defined in the Securities Purchase Agreement) and (ii) the Warrants (as defined in the Securities Purchase Agreement) which will be exercisable to purchase Warrant Shares (as defined in the Securities Purchase Agreement) in accordance with the terms of the Warrants.

B. The Preferred Shares may be entitled to dividends and certain other amounts, which, at the option of the Company and subject to certain conditions, may be paid in shares of Common Stock (as defined in the Securities Purchase Agreement) that have been registered for resale (the "**Dividend Shares**") or in cash.

C. To induce the Buyers to consummate the transactions contemplated by the Securities Purchase Agreement, the Company has agreed to provide certain registration rights under the Securities Act of 1933, as amended, and the rules and regulations thereunder, or any similar successor statute (collectively, the " **1933 Act**"), and applicable state securities laws.

AGREEMENT

NOW, THEREFORE, in consideration of the promises and the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and each of the Buyers hereby agree as follows:

1. Definitions.

Capitalized terms used herein and not otherwise defined herein shall have the respective meanings set forth in the Securities Purchase Agreement. As used in this Agreement, the following terms shall have the following meanings:

(a) "**1934 Act**" means the Securities Exchange Act of 1934, as amended, the rules and regulations thereunder, or any similar successor statute.

(b) "**Business Day**" means any day other than Saturday, Sunday or any other day on which commercial banks in New York, New York are authorized or required by law to remain closed.

(c) "**Closing Date**" shall have the meaning set forth in the Securities Purchase Agreement.

(d) "**Demand Registration Statement**" shall mean a Registration Statement of the Company which covers the Registrable Securities requested to be included therein pursuant to the provisions of Section 2(a) .

(e) "**Effective Date**" means the date that the applicable Registration Statement has been declared effective by the SEC.

(f) "**Effectiveness Deadline**" means (i) with respect to any Registration Statement required to be filed pursuant to Section 2(a), the earlier of the (A) 90th calendar day after the applicable Filing Deadline (or the 120th calendar day after the applicable Filing Deadline in the event that such Registration Statement is subject to review by the SEC) and (B) 3rd Business Day after the date the Company is notified (orally or in writing, whichever is earlier) by the SEC that such Registration Statement will not be reviewed or will not be subject to further review and (ii) with respect to any additional Registration Statements that may be required to be filed by the Company pursuant to this Agreement, the earlier of the (A) 90th calendar day following the date on which the Company was required to file such additional Registration Statement (or the 120th calendar day after such date in the event that such Registration Statement is subject to review by the SEC) and (B) 3rd Business Day after the date the Company is notified (orally or in writing, whichever is earlier) by the SEC that such Registration Statement will not be reviewed or will not be subject to further review.

(g) "**Filing Deadline**" means, with respect to a particular registration, the Demand Filing Deadline or the S-3 Filing Deadline, as applicable.

(h) "**Initiating Investors**" means, with respect to a particular registration, the Investor or Investors, as applicable, who initiated the Request for such registration.

(i) "**Investor**" means (i) a Buyer for so long as it owns Registrable Securities, Preferred Shares or Warrants, (ii) any transferee or assignee of any Registrable Securities, Preferred Shares or Warrants, as applicable, for so long as its owns the same, to whom a Buyer assigns its rights under this Agreement and who agrees to become bound by the provisions of this Agreement in accordance with Section 9 and any transferee or assignee thereof to whom a transferee or assignee of any Registrable Securities, Preferred Shares or Warrants, as applicable, for so long as its owns the same, assigns its rights under this Agreement and who agrees to become bound by the provisions of this Agreement in accordance with Section 9.

(j) "**Person**" means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization or a government or any department or agency thereof.

(k) "**register**," "**registered**," and "**registration**" refer to a registration effected by preparing and filing one or more Registration Statements in compliance with the 1933 Act and pursuant to Rule 415 and the declaration of effectiveness of such Registration Statement(s) by the SEC.

(l) "**Registrable Securities**" means (i) the Conversion Shares, (ii) the Dividend Shares, (iii) the Warrant Shares and (iv) any capital stock of the Company issued or issuable with respect to the Conversion Shares, the Warrant Shares, the Dividend Shares, the Preferred Shares or the Warrants, including, without limitation, (1) as a result of any stock split, stock dividend, recapitalization, exchange or similar event or otherwise and (2) shares of capital stock of the Company into which the shares of Common Stock are converted or exchanged and shares of capital stock of a Successor Entity (as defined in the Warrants) into which the shares of Common Stock are converted or exchanged, in each case, without regard to any limitations on conversion of the Preferred Shares or exercise of the Warrants.

(m) "**Registration Statement**" means a registration statement or registration statements of the Company filed under the 1933 Act covering Registrable Securities and all amendments and supplements to such registration statement, including post-effective amendments, in each case including the prospectus contained therein, all exhibits thereto and all material incorporated by reference (or deemed to be incorporated by reference) therein.

(n) "**Required Investors**" means the holders of at least 2/3rds of the Registrable Securities.

(o) "**Required Investors of the Registration**" means, with respect to a particular registration, one or more Investors of Registrable Securities who would hold 2/3rds of the Registrable Securities to be included in such registration.

(p) "**Required Shelf Registration Amount**" means 100% of the sum of (i) the maximum number of Conversion Shares issued and issuable pursuant to the Preferred Shares, (ii) the maximum number of Dividend Shares issued and issuable pursuant to the terms of the Preferred Shares from the Closing Date through the seventh anniversary of the Closing Date and (iii) the maximum number of Warrant Shares issued and issuable pursuant to the Warrants, in each case, as of the Trading Day immediately preceding the applicable date of determination (without taking into account any limitations on the conversion of the Preferred Shares or the exercise of the Warrants set forth therein), all subject to adjustment as provided in Section 2(k).

(q) "**Rule 144**" means Rule 144 promulgated by the SEC under the 1933 Act, as such rule may be amended from time to time, or any other similar or successor rule or regulation of the SEC that may at any time permit the Investors to sell securities of the Company to the public without registration.

(r) "**Rule 415**" means Rule 415 promulgated by the SEC under the 1933 Act, as such rule may be amended from time to time, or any other similar or successor rule or regulation of the SEC providing for offering securities on a continuous or delayed basis.

(s) "**S-3 Filing Deadline**" means (i) with respect to a Shelf Registration Statement required to be filed pursuant to Section (c)2(c) hereof, the 30 calendar day after the date of receipt by the Company of the applicable S-3 Request and (ii) with respect to any additional Shelf Registration Statements that may be required to be filed by the Company pursuant to this Agreement, the date on which the Company was required to file such additional Shelf Registration Statement pursuant to the terms of this Agreement.

(t) "**SEC**" means the United States Securities and Exchange Commission or any successor thereto.

(u) "**Shelf Registration**" means a registration of securities pursuant to a Shelf Registration Statement.

(v) "**Shelf Registration Statement**" means a Registration Statement of the Company filed under the 1933 Act covering the resale of the Registrable Securities by the Investors on a continuous basis pursuant to Rule 415 of the 1933 Act.

(w) "**Trading Day**" means any day on which the Common Stock is traded on the principal securities exchange or securities market on which the Common Stock is then traded; provided that "Trading Day" shall not include any day on which the Common Stock is scheduled to trade on such exchange or market for less than 4.5 hours or any day that the Common Stock is suspended from trading during the final hour of trading on such exchange or market (or if such exchange or market does not designate in advance the closing time of trading on such exchange or market, then during the hour ending at 4:00:00 p.m., New York Time).

(x) "**Underwriters**" means the underwriters, if any, of the offering being registered under the 1933 Act.

(y) "**Underwritten Offering**" means a sale of securities of the Company to an Underwriter or Underwriters for reoffering to the public.

(z) "**Withdrawn Demand Registration**" shall have the meaning set forth in Section 2(a)(i)(2).

(aa) "**Withdrawn Request**" shall have the meaning set forth in Section 2(a)(i)(2).

2. Registration

(a) Demand Registration.

(i) Right to Demand Registration.

(1) Subject to Section 2(a)(iii), at any time or from time to time, each of the Investors shall have the right to request in writing that the Company register all or part of such Investor's Registrable Securities (a "**Request**") by filing with the SEC a Demand Registration Statement.

a. Each Request shall specify the amount of Registrable Securities intended to be disposed of by such Investor and whether such Demand Registration Statement will be a Shelf Registration or an Underwritten Offering.

b. As promptly as practicable after the Company's receipt of a Request or Requests from the Required Investors with respect to such Shelf Registration or Underwritten Offering, as applicable (such date, the "**Request Date**"), but no later than five (5) calendar days after the Request Date, the Company shall give written notice of such requested registration to all other Investors of Registrable Securities.

c. Subject to Section 2(a)(ii), the Company shall include in a Demand Registration (x) the Registrable Securities intended to be disposed of by the Initiating Investors and (y) the Registrable Securities intended to be disposed of by any other Investor which shall have made a written request (which request shall specify the amount of Registrable Securities to be registered and the intended method of disposition thereof) to the Company for inclusion thereof in such registration within five (5) Trading Days after the receipt of such written notice from the Company.

d. The Company, as expeditiously as possible, but in any event within (x) thirty (30) days following the Request Date for a Shelf Registration or (y) forty-five (45) days following the Request Date for an Underwritten Offering (the "**Demand Filing Deadline**"), shall cause to be filed with the SEC a Demand Registration Statement providing for the registration under the 1933 Act of the Registrable Securities which the Company has been so requested to register by all such Investors, to the extent necessary to permit the disposition of such Registrable Securities so to be registered in accordance with the intended methods of disposition thereof specified in such Request or further requests (including, without limitation, by means of a Shelf Registration if so requested and if the Company is then eligible to use such a registration).

e. The Company shall use its best efforts to have such Demand Registration Statement declared effective by the SEC as soon as practicable thereafter but in no event later than the applicable Effectiveness Deadline and to keep such Demand Registration Statement continuously effective until such time as all of such Registrable Securities have been disposed of in accordance with the intended methods of disposition by the seller(s) thereof set forth in such Demand Registration Statement; provided, that with respect to any Demand Registration Statement, such period need not extend beyond the applicable Registration Period (as defined below).

(2) A Request may be withdrawn prior to the filing of the Demand Registration Statement by the Required Investors of the Registration (a "**Withdrawn Request**") and a Demand Registration Statement may be withdrawn prior to the effectiveness thereof by the Required Investors of the Registration (a "**Withdrawn Demand Registration**") and such withdrawals shall be treated as a Demand Registration which shall have been effected pursuant to this Section 2(a), unless the Required Investors of Registrable Securities to be included in such Registration Statement promptly reimburse the Company for its reasonable out-of-pocket Registration Expenses relating to the preparation and filing of such Demand Registration Statement (to the extent actually incurred); provided; however, that if a Withdrawn Request or Withdrawn Demand Registration is made (A) because of material adverse change in the assets or properties, business, results of operations, or condition (financial or otherwise) or prospects of the Company, whether or not arising from transactions contemplated by the Transaction Documents (as defined in the Securities Purchase Agreement) or in the ordinary course of business, or (B) because the sole or lead managing Underwriter advises (or, with respect to a Shelf Registration Statement, because the Staff or the SEC requires as provided in Section 2(k) below) that the amount of Registrable Securities to be sold in such offering be reduced pursuant to Section 2(a)(i) by more than 15% of the Registrable Securities to be included in such Registration Statement, or (C) because of a postponement of such registration pursuant to Section 2(g), then such withdrawal shall not be treated as a Demand Registration effected pursuant to this Section 2(a) (and shall not be counted toward the number of Demand Registrations to which such Investors are entitled), and the Company shall pay all Registration Expenses in connection therewith. Any Investor requesting inclusion in a Demand Registration may, at any time prior to the Effective Date of the Demand Registration Statement (and for any reason), revoke such request by delivering written notice to the Company revoking such requested inclusion.

(3) The registration rights granted pursuant to the provisions of this Section 2(a) shall be in addition to the registration rights granted pursuant to the other provisions of Section 2 hereof.

(ii) Priority in Demand Registrations. If a Demand Registration involves an Underwritten Offering, and the sole or lead managing Underwriter, as the case may be, of such Underwritten Offering shall advise the Company in writing (with a copy to each Investor requesting registration) on or before the date five (5) days prior to the date then scheduled for such offering that, in its opinion, the amount of Registrable Securities, if any, requested to be included in such Demand Registration exceeds the number which can be sold in such offering within a price range reasonably acceptable to the Required Investors of the Registration (such writing to state the basis of such opinion and the approximate number of Registrable Securities which may be included in such offering), the Company shall include in such Demand Registration, to the extent of the number which the Company is so advised may be included in such offering without such effect, the Registrable Securities requested to be included in the Demand Registration by the Investors allocated, pro rata among the Investors based on the number of Registrable Securities held by each Investor to be included in such Demand Registration. In the event the Company shall not, by virtue of this Section 2(a)(ii), include in any Demand Registration all of the Registrable Securities of any Investor requesting to be included in such Demand Registration, such Investor may, upon written notice to the Company given within five (5) days of the time such Investor first is notified of such matter, reduce the amount of Registrable Securities it desires to have included in such Demand Registration, whereupon only the Registrable Securities, if any, it desires to have included will be so included and the Investors not so reducing shall be entitled to a corresponding increase in the amount of Registrable Securities to be included in such Demand Registration.

(iii) Limitations on Registrations. The rights of Investors of Registrable Securities to request Demand Registrations pursuant to Section 2(a)(i) are subject to the following limitations:

(1) in no event shall the Company be required to effect a Demand Registration if the Registrable Securities of the Initiating Investors are eligible to be resold as of the date of such Request without restrictions pursuant to Rule 144 (including, without limitation, volume restrictions) and without the need for current public information required by Rule 144(c)(1) (or Rule 144(i)(2), if applicable), on any day during the period commencing thirty (30) Trading Days prior to the date of such Request, unless the aggregate dollar trading volume (as reported by Bloomberg, L.P.) of the class of equity of the Registrable Securities on the principal market or exchange on which such security is listed or designated for quotation is less than $100,000; and

(2) in no event shall the Company be required to effect, in the aggregate, more than two (2) Demand Registrations; provided, however, that such number shall be increased to the extent the Company does not include in what would otherwise be the final registration the number of Registrable Securities requested to be registered by the Investors by reason of Section 2(a)(ii).

(iv) Underwriting. Notwithstanding anything to the contrary contained in Section 2(a)(i), if the applicable Required Investors of the Registration elect, the offering of such Registrable Securities pursuant to such Demand Registration shall be in the form of a firm commitment Underwritten Offering; and such Required Investors of the Registration may require that all Persons (including other Investors) participating in such registration sell their Registrable Securities to the Underwriters at the same price and on the same terms of underwriting applicable to the Required Investors of the Registration. If any Demand Registration involves an Underwritten Offering, the sole or managing Underwriters and any additional investment bankers and managers to be used in connection with such registration shall be selected by the Required Investors of the Registration, subject to the approval of the Company (such approval not to be unreasonably withheld or delayed).

(v) Effective Registration Statement; Suspension. A Demand Registration Statement shall not be deemed to have become effective (and the related registration will not be deemed to have been effected) (i) unless it has been declared effective by the SEC and remains effective in compliance with the provisions of the 1933 Act with respect to the disposition of all Registrable Securities covered by such Demand Registration Statement for the applicable Registration Period, subject to any Allowable Grace Period (as defined below), (ii) if the offering of any Registrable Securities pursuant to such Demand Registration Statement is interfered with by any stop order, injunction or other order or requirement of the SEC or any other governmental agency or court, or (iii) if, in the case of an Underwritten Offering, the conditions to closing specified in an underwriting agreement to which the Company is a party are not satisfied other than by the sole reason of any breach or failure by the Investors of Registrable Securities or are not otherwise waived. Any Shelf Registration Statement shall contain (except if otherwise directed by the Required Investors) the "Selling Stockholder" and the "Plan of Distribution" sections in substantially the form attached hereto as Exhibit B. By 9:30 a.m. New York time on the date following any Effective Date, the Company shall file with the SEC in accordance with Rule 424 under the 1933 Act the final prospectus to be used in connection with sales pursuant to such Registration Statement.

(vi) Other Registrations. During the period (i) beginning on the date of a Request and (ii) ending on the date that is 90 days after the date that a Demand Registration Statement filed pursuant to such Request has been declared effective by the SEC or, if the Required Investors of the Registration shall withdraw such Request or such Demand Registration Statement, on the date of such Withdrawn Request or such Withdrawn Registration Statement, the Company shall not, without the consent of the Required Investors of the Registration, file a registration statement pertaining to any other securities of the Company (other than a registration relating solely to the sale of securities to participants in a Company employee stock or similar plan on Form S-8).

(vii) Registration Statement Form. Registrations under this Section 2(a) shall be on such appropriate registration form of the SEC (i) as shall be selected by the Required Investors of the Registration and (ii) which shall be available for the sale of Registrable Securities in accordance with the intended method or methods of disposition specified in the requests for registration. The Company agrees to include in any such Registration Statement all information which any selling Investor, upon advice of counsel, shall reasonably request.

(b) Piggyback Registration.

(i) Right to Include Registrable Securities. (1) If the Company at any time from time to time thereafter proposes to register any of its securities under the 1933 Act (other than in a registration on Form S-4 or S-8 or any successor form to such forms) whether or not pursuant to registration rights granted to other holders of its securities and whether or not for sale for its own account, the Company shall deliver prompt written notice (which notice shall be given at least five (5) Trading Days prior to such proposed registration) to all Investors of Registrable Securities of its intention to undertake such registration, describing in reasonable detail the proposed registration and distribution (including the anticipated range of the proposed offering price, the class and number of securities proposed to be registered and the distribution arrangements) and of such Investors' right to participate in such registration under this Section 2(b) as hereinafter provided. Subject to the other provisions of this paragraph (a) and Section 2(b)(ii), upon the written request of any Investor made within ten (10) Trading Days after the receipt of such written notice (which request shall specify the amount of Registrable Securities to be registered and the intended method of disposition thereof), the Company shall effect the registration under the 1933 Act of all Registrable Securities requested by Investors to be so registered (an "**Piggyback Registration**"), to the extent requisite to permit the disposition (in accordance with the intended methods thereof as aforesaid) of the Registrable Securities so to be registered, by inclusion of such Registrable Securities in the Registration Statement which covers the securities which the Company proposes to register and shall cause such Registration Statement to become and remain effective with respect to such Registrable Securities in accordance with the registration procedures set forth in Section 3. If a Piggyback Registration involves an Underwritten Offering, immediately upon notification to the Company from the Underwriter of the price at which such securities are to be sold, the Company shall so advise each participating Investor. The Investors requesting inclusion in a Piggyback Registration may, at any time prior to the Effective Date of the Piggyback Registration Statement (and for any reason), revoke such request by delivering written notice to the Company revoking such requested inclusion.

(2) If at any time after giving written notice of its intention to register any securities and prior to the Effective Date of the Piggyback Registration Statement filed in connection with such registration, the Company shall determine for any reason not to register or to delay registration of such securities, the Company may, at its election, give written notice of such determination to each Investor and, thereupon, (A) in the case of a determination not to register, the Company shall be relieved of its obligation to register any Registrable Securities in connection with such registration (but not from its obligation to pay the Registration Expenses incurred in connection therewith), without prejudice, however, to the rights of Investors to cause such registration to be effected as a registration under Section 2(a), and (B) in the case of a determination to delay such registration, the Company shall be permitted to delay the registration of such Registrable Securities for the same period as the delay in registering such other securities; provided, however, that if such delay shall extend beyond 60 days from the date the Company received a request to include Registrable Securities in such Piggyback Registration, then the Company shall again give all Investors the opportunity to participate therein and shall follow the notification procedures set forth in the preceding paragraph. There is no limitation on the number of such Piggyback Registrations pursuant to this Section 2(b) which the Company is obligated to effect.

(3) The registration rights granted pursuant to the provisions of this Section 2(b) shall be in addition to the registration rights granted pursuant to the other provisions of Section 2 hereof.

(ii) Priority in Piggyback Registration. If a Piggyback Registration involves an Underwritten Offering (on a firm commitment basis), and the sole or the lead managing Underwriter, as the case may be, of such Underwritten Offering shall advise the Company in writing (with a copy to each Investor requesting registration) on or before the date five (5) days prior to the date then scheduled for such offering that, in its opinion, the amount of securities (including Registrable Securities) requested to be included in such registration exceeds the amount which can be sold in such offering without materially interfering with the successful marketing of the securities being offered (such writing to state the basis of such opinion and the approximate number of such securities which may be included in such offering without such effect), the Company shall include in such registration, to the extent of the number which the Company is so advised may be included in such offering without such effect, (i) in the case of a registration initiated by the Company, (A) first, the securities that the Company proposes to register for its own account, (B) second, the Registrable Securities requested to be included in such registration by the Investors, allocated pro rata in proportion to the number of Registrable Securities requested to be included in such registration by each of them, and (C) third, other securities of the Company to be registered on behalf of any other Person, and (ii) in the case of a registration initiated by a Person other than the Company, (A) first, the Registrable Securities requested to be included in such registration by the Investors, allocated pro rata in proportion to the number of securities requested to be included in such registration by each of them, and (B) second, the securities proposed to be registered by any Persons initiating such registration, allocated pro rata in proportion to the number of securities requested to be included in such registration by each of them; provided, that in the event the Company will not, by virtue of this Section 2(b)(ii), include in any such registration all of the Registrable Securities of any Investor requested to be included in such registration, such Investor may, upon written notice to the Company given within three (3) days of the time such Investor first is notified of such matter, reduce the amount of Registrable Securities it desires to have included in such registration, whereupon only the Registrable Securities, if any, it desires to have included will be so included and the Investors not so reducing shall be entitled to a corresponding increase in the amount of Registrable Securities to be included in such registration.

(iii) Selection of Underwriters. If any Piggyback Registration involves an Underwritten Offering, the sole or managing Underwriter(s) and any additional investment bankers and managers to be used in connection with such registration shall be subject to the approval of the Required Investors of the Registration (such approval not to be unreasonably withheld or delayed).

(c) S-3 Registration.

(i) If at any time after the date hereof (i) any Investor requests (a "**S-3 Request**") that the Company file a registration statement on Form S-3 or any successor form thereto for a public offering of all or any portion of the shares of Registrable Securities held by such Investor or Investors, the reasonably anticipated aggregate price to the public of which would exceed $1,000,000 or, if the foregoing is not satisfied, all of the Registrable Securities held by the Investors making the S-3 Request are included in the S-3 Registration and (ii) the Company is a registrant entitled to use Form S-3 or any successor form thereto to register such securities, then the Company shall, prepare and, as soon as practicable, but in no event later than the S-3 Filing Deadline, file with the SEC a Shelf Registration Statement on Form S-3 covering the resale of all of the Registrable Securities, provided that such Shelf Registration Statement shall register for resale at least the number of shares of Common Stock equal to the Required Registration Amount as of the date such Shelf Registration Statement is initially filed with the SEC; provided, that if such registration is for an Underwritten Offering, the terms of Sections 2(a)(ii) and 2(a)(iv) shall alternatively apply (and any reference to "Demand Registration" therein shall, for purposes of this Section 2(c), instead be deemed a reference to "S-3 Registration"), and provided further, that such request for an Underwritten Offering on Form S-3 shall be deemed a Demand Registration and subject to the limitations for purposes of Section 2(a)(iii). Such Shelf Registration Statement, and each other Shelf Registration Statement required to be filed pursuant to the terms of this Agreement (to the extent such Shelf Registration is not in connection with an Underwritten Offering), shall contain (except if otherwise directed by the Required Investors) the "Selling Stockholders" and "Plan of Distribution" sections in substantially the form attached hereto as **Exhibit B**. The Company shall use its reasonable best efforts to have such Shelf Registration Statement, and each other Shelf Registration Statement required to be filed pursuant to the terms of this Agreement, declared effective by the SEC as soon as practicable, but in no event later than the applicable Effectiveness Deadline for such Shelf Registration Statement. Whenever the Company is required by this Section 2(c) to use its best efforts to effect the registration of Registrable Securities, each of the procedures and requirements of Section 2(a)(i) and 2(a)(v) (including but not limited to the requirements that the Company (A) notify all Investors of Registrable Securities from whom such Request for registration has not been received and provide them with the opportunity to participate in the offering and (B) use its best efforts to have such S-3 Registration Statement declared and remain effective for the time period specified herein) shall apply to such registration (and any reference in such Sections 2(a)(i) and 2(a)(v) to "Demand Registration" shall, for purposes of this Section 2(c), instead be deemed a reference to "S-3 Registration"). If the sole or lead managing Underwriter (if any) or the Required Investors of the Registration shall advise the Company in writing that in its opinion additional disclosure not required by Form S-3 is of material importance to the success of the offering, then such Registration Statement shall include such additional disclosure. Notwithstanding anything to the contrary contained herein, no S-3 Request may be made under this Section 2(c) within 90 days after the Effective Date of a Registration Statement filed by the Company covering a firm commitment Underwritten Offering in which the Investors of Registrable Securities shall have been entitled to join pursuant to this Agreement in which there shall have been effectively registered all shares of Registrable Securities as to which registration shall have been requested. Subject to the limitations set forth in Section 2(a)(iii) for an S-3 Request for an Underwritten Offering, there is no limitation on the number of such S-3 Registration pursuant to this Section 2(c) which the Company is obligated to effect.

(ii) The registration rights granted pursuant to the provisions of this Section 2(c) shall be in addition to the registration rights granted pursuant to the other provisions of this Section 2.

(d) Registration of Other Securities. Whenever the Company shall effect a Demand Registration, no securities other than the Registrable Securities shall be covered by such registration unless (a) the Required Investors of the Registration shall have consented in writing to the inclusion of such other securities and (b) no Investor is unable to include any of its Registrable Securities requested for inclusion in such registration by reason of Section 2(a)(ii).

(e) Underwritten Offerings.

(i) Demand Underwritten Offerings. If requested by the sole or lead managing Underwriter for any Underwritten Offering effected pursuant to a Demand Registration, the Company shall enter into a customary underwriting agreement with the Underwriters for such offering, such agreement to be reasonably satisfactory in substance and form to the Required Investors of the Registration and to contain such representations and warranties by the Company and such other terms as are generally prevailing in agreements of that type, including, without limitation, indemnification and contribution to the effect and to the extent provided in Sections 6 and 7.

(ii) Investors of Registrable Securities to be Parties to Underwriting Agreement. The Investors of Registrable Securities to be distributed by Underwriters in an Underwritten Offering contemplated by Section 2 shall be parties to the underwriting agreement between the Company and such Underwriters and may, at such Investors' option, require that any or all of the representations and warranties by, and the other agreements on the part of, the Company to and for the benefit of such Underwriters shall also be made to and for the benefit of such Investors of Registrable Securities and that any or all of the conditions precedent to the obligations of such Underwriters under such underwriting agreement be conditions precedent to the obligations of such Investors of Registrable Securities; provided, however, that the Company shall not be required to make any representations or warranties with respect to written information specifically provided by a selling Investor for inclusion in the Registration Statement. No Investor shall be required to make any representations or warranties to, or agreements with, the Company or the Underwriters other than representations, warranties or agreements regarding such Investor, such Investor's Registrable Securities and such Investor's intended method of disposition.

(iii) Participation in Underwritten Registration. Notwithstanding anything herein to the contrary, no Person may participate in any Underwritten Offering hereunder unless such Person (i) agrees to sell its securities on the same terms and conditions provided in any underwritten arrangements approved by the Persons entitled hereunder to approve such arrangement and (ii) accurately completes and executes in a timely manner all questionnaires, powers of attorney, indemnities, custody agreements, underwriting agreements and other documents customary for such an offering and reasonably required under the terms of such underwriting arrangements.

(f) Allocation of Registrable Securities. In no event shall the Company include any securities other than Registrable Securities on any Registration Statement (other than on a Piggyback Registration) without the prior written consent of the Required Investors. The initial number of Registrable Securities included in any Registration Statement and any increase in the number of Registrable Securities included therein shall first be allocated pro rata among the Investors participating in such Registration Statement based on the number of Registrable Securities held by each Investor included in such Registration Statement at the time it is declared effective by the SEC. In the event that an Investor sells or otherwise transfers any of such Investor's Registrable Securities, each transferee that becomes an Investor shall be allocated a pro rata portion of the then remaining number of Registrable Securities included in such Registration Statement for such transferor. Any shares of Common Stock included in a Registration Statement and which remain allocated to any Person which ceases to hold any Registrable Securities covered by such Registration Statement shall be allocated to the remaining Investors, pro rata based on the number of Registrable Securities then held by such Investors which are covered by such Registration Statement. If the SEC requires that the Company register less than the amount of shares of Common Stock originally included on any Registration Statement at the time it was filed, the Registrable Securities on such registration statement and any other securities allowed to be registered on such Registration Statement (in accordance with this paragraph) shall be decreased on a pro rata basis; provided, that following any such decrease, at the request of the Required Investors, such Required Investors may elect to withdraw such Registration Statement and thereafter the Request for such Registration Statement shall not be deemed to constitute a Request for purposes of Section 2(a) hereof.

(g) Legal Counsel. Subject to Section 5 hereof, Greenberg Traurig, LLP, counsel solely to the lead investor ("**Legal Counsel**") shall review and oversee any registration pursuant to this Section 2 ("**Legal Counsel**").

(h) Ineligibility to Use Form S-3. In the event that Form S-3 is not available for the registration of the resale of Registrable Securities hereunder, the Company shall (i) register the resale of the Registrable Securities on another appropriate form reasonably acceptable to the Required Holders and (ii) undertake to register the resale of the Registrable Securities on Form S-3 as soon as such form is available, provided that the Company shall maintain the effectiveness of all Registration Statements then in effect and the availability for use of each prospectus contained therein until such time as a Registration Statement on Form S-3 covering the resale of all the Registrable Securities has been declared effective by the SEC and the prospectus contained therein is available for use.

(i) Sufficient Number of Shares Registered. In the event the number of shares available under any Shelf Registration Statement is insufficient to cover all of the Registrable Securities required to be covered by such Shelf Registration Statement or an Investor's allocated portion of the Registrable Securities pursuant to Section 2(k), the Company shall amend such Shelf Registration Statement (if permissible), or file with the SEC a new Shelf Registration Statement (on the short form available therefor, if applicable), or both, so as to cover at least the Required Shelf Registration Amount as of the Trading Day immediately preceding the date of the filing of such amendment or new Shelf Registration Statement, in each case, as soon as practicable, but in any event not later than fifteen (15) days after the necessity therefor arises (but taking account of any Staff position with respect to the date on which the Staff will permit such amendment to the Shelf Registration Statement and/or such new Shelf Registration Statement (as the case may be) to be filed with the SEC). The Company shall use reasonable best efforts to cause such amendment to such Shelf Registration Statement and/or such new Shelf Registration Statement (as the case may be) to become effective as soon as practicable following the filing thereof with the SEC, but in no event later than the applicable Effectiveness Deadline for such Shelf Registration Statement. For purposes of the foregoing provision, the number of shares available under a Shelf Registration Statement shall be deemed "insufficient to cover all of the Registrable Securities" if at any time the number of shares of Common Stock available for resale under the applicable Shelf Registration Statement is less than the product determined by multiplying (i) the Required Shelf Registration Amount as of such time by (ii) 0.85. The calculation set forth in the foregoing sentence shall be made without regard to any limitations on (i) conversion of the Preferred Shares (and such calculation shall assume that the Preferred Shares are then fully convertible into shares of Common Stock at the then-prevailing applicable Conversion Price) and (ii) exercise of the Warrants (and such calculation shall assume that the Warrants are then fully exercisable for shares of Common Stock at the then-prevailing applicable Exercise Prices).

(j) Effect of Failure to File and Obtain and Maintain Effectiveness of any Registration Statement. If (i) a Registration Statement covering the resale of all of the Registrable Securities required to be covered thereby (subject to any reduction pursuant to Section 2(k)) and required to be filed by the Company pursuant to this Agreement is (A) not filed with the SEC on or before the Filing Deadline for such Registration Statement (a "**Filing Failure**") (it being understood that if the Company files a Registration Statement without affording each Investor the opportunity to review and comment on the same as required by Section 3(c) hereof, the Company shall be deemed to not have satisfied this clause (i)(A) and such event shall be deemed to be a Filing Failure) or (B) not declared effective by the SEC on or before the Effectiveness Deadline for such Registration Statement (an "**Effectiveness Failure**") (it being understood that if on the Business Day immediately following the Effective Date for such Registration Statement the Company shall not have filed a "final" prospectus for such Registration Statement with the SEC under Rule 424(b) in accordance with Section 3(b) (whether or not such a prospectus is technically required by such rule), the Company shall be deemed to not have satisfied this clause (i)(B) and such event shall be deemed to be an Effectiveness Failure), (ii) other than during an Allowable Grace Period (as defined below), on any day after the Effective Date of a Registration Statement sales of all of the Registrable Securities required to be included on such Registration Statement (disregarding any reduction pursuant to Section 2(k)) cannot be made pursuant to such Registration Statement (including, without limitation, because of a failure to keep such Registration Statement effective, a failure to disclose such information as is necessary for sales to be made pursuant to such Registration Statement, a suspension or delisting of (or a failure to timely list) the shares of Common Stock on the Principal Market (as defined in the Securities Purchase Agreement), or a failure to register a sufficient number of shares of Common Stock or by reason of a stop order) or the prospectus contained therein is not available for use for any reason (a "**Maintenance Failure**"), or (iii) if a Registration Statement is not effective for any reason or the prospectus contained therein is not available for use for any reason, the Company fails to file with the SEC, any required reports under Section 13 or 15(d) of the 1934 Act such that it is not in compliance with Rule 144(c)(1) (or Rule 144(i)(2), if applicable) (a "**Current Public Information Failure**") as a result of which any of the Investors are unable to sell the Registrable Securities included in such Registration Statement without restriction under Rule 144 (including, without limitation, volume restrictions), then, as partial relief for the damages to any holder by reason of any such delay in, or reduction of, its ability to sell the underlying shares of Common Stock (which remedy shall not be exclusive of any other remedies available at law or in equity), the Company shall pay to each holder of Registrable Securities relating to such Registration Statement an amount in cash equal to two percent (2%) of the aggregate Stated Value (as defined in the Certificate of Designations) for the Preferred Shares then held by such Investor (1) on the date of such Filing Failure, Effectiveness Failure, Maintenance Failure or Current Public Information Failure, as applicable, and (2) on every thirty (30) day anniversary of (I) a Filing Failure until such Filing Failure is cured; (II) an Effectiveness Failure until such Effectiveness Failure is cured; (III) a Maintenance Failure until such Maintenance Failure is cured; and (IV) a Current Public Information Failure until the earlier of (i) the date such Current Public Information Failure is cured and (ii) such time that such public information is no longer required pursuant to Rule 144 (in each case, pro rated for periods totaling less than thirty (30) days). The payments to which a holder of Registrable Securities shall be entitled pursuant to this Section 2(j) are referred to herein as "**Registration Delay Payments**." Following the initial Registration Delay Payment for any particular event or failure (which shall be paid on the date of such event or failure, as set forth above), without limiting the foregoing, if an event or failure giving rise to the Registration Delay Payments is cured prior to any thirty (30) day anniversary of such event or failure, then such Registration Delay Payment shall be made on the third (3rd) Business Day after such cure. In the event the Company fails to make Registration Delay Payments in a timely manner in accordance with the foregoing, such Registration Delay Payments shall bear interest at the rate of one and one-half percent (1.5%) per month (prorated for partial months) until paid in full. Notwithstanding the foregoing, (i) in no event shall the aggregate amount of all Registration Delay Payments (without regard to any accrued interest thereon in accordance with the preceding sentence) paid to an Investor exceed an amount equal to 10% of such Investor's original principal amount stated in such Investor's Preferred Share on the Closing Date, (ii) no single event or failure shall give rise to more than one type of Registration Delay Payments and (iii) no Registration Delay Payments shall be owed to an Investor (other than with respect to a Maintenance Failure resulting from a suspension or delisting of (or a failure to timely list) the shares of Common Stock on the Principal Market) with respect to any period during which all of such Investor's Registrable Securities may be sold by such Investor without restriction under Rule 144 (including, without limitation, volume restrictions) and without the need for current public information required by Rule 144(c)(1) (or Rule 144(i)(2), if applicable).

(k) Offering. Notwithstanding anything to the contrary contained in this Agreement, in the event the staff of the SEC (the "**Staff**") or the SEC seeks to characterize any offering pursuant to a Shelf Registration Statement filed pursuant to this Agreement as constituting an offering of securities by, or on behalf of, the Company, or in any other manner, such that the Staff or the SEC do not permit such Shelf Registration Statement to become effective and used for resales in a manner that does not constitute such an offering and that permits the continuous resale at the market by the Investors participating therein (or as otherwise may be acceptable to the Investors participating therein) without being named therein as an "underwriter," then the Company shall reduce the number of shares to be included in such Shelf Registration Statement by all Investors participating therein until such time as the Staff and the SEC shall so permit such Shelf Registration Statement to become effective as aforesaid. In making such reduction, the Company shall reduce the number of shares to be included by all Investors on a pro rata basis (based upon the number of Registrable Securities otherwise required to be included for each Investor whose Registration Securities are included in such Registration Statement) unless the inclusion of shares by a particular Investor or a particular set of Investors are resulting in the Staff or the SEC's "by or on behalf of the Company" offering position, in which event the shares held by such Investor or set of Investors shall be the only shares subject to reduction (and if by a set of Investors on a pro rata basis by such Investors or on such other basis as would result in the exclusion of the least number of shares by all such Investors); provided, that, with respect to such pro rata portion allocated to any Investor, such Investor may elect the allocation of such pro rata portion among the Registrable Securities of such Investor. In addition, in the event that the Staff or the SEC requires any Investor seeking to sell securities under a Registration Statement filed pursuant to this Agreement to be specifically identified as an "underwriter" in order to permit such Shelf Registration Statement to become effective, and such Investor does not consent to being so named as an underwriter in such Registration Statement, then, in each such case, the Company shall reduce the total number of Registrable Securities to be registered on behalf of such Investor, until such time as the Staff or the SEC does not require such identification or until such Investor accepts such identification and the manner thereof. Any reduction pursuant to this paragraph will first reduce all Registrable Securities other than those issued pursuant to the Securities Purchase Agreement. In the event of any reduction in Registrable Securities pursuant to this paragraph, an affected Investor shall have the right to require, upon delivery of a written request to the Company signed by such Investor, the Company to file a registration statement within thirty (30) days of such request (subject to any restrictions imposed by Rule 415 or required by the Staff or the SEC) for resale by such Investor in a manner acceptable to such Investor, and the Company shall following such request cause to be and keep effective such registration statement in the same manner as otherwise contemplated in this Agreement for registration statements hereunder, in each case until such time as: (i) all Registrable Securities held by such Investor have been registered and sold pursuant to an effective Registration Statement in a manner acceptable to such Investor; (ii) solely if the applicable Registration Statement is a Shelf Registration Statement that is not related to an Underwritten Offering, all Registrable Securities may be resold by such Investor without restriction (including, without limitation, volume limitations) pursuant to Rule 144 (taking account of any Staff position with respect to "affiliate" status) and without the need for current public information required by Rule 144(c)(1) (or Rule 144(i)(2), if applicable) or (iii) such Investor agrees to be named as an underwriter in any such Registration Statement in a manner acceptable to such Investor as to all Registrable Securities held by such Investor and that have not theretofore been included in a Registration Statement under this Agreement (it being understood that the special demand right under this sentence may be exercised by an Investor multiple times and with respect to limited amounts of Registrable Securities in order to permit the resale thereof by such Investor as contemplated above).

3. Related Obligations

Whenever the Company is required to effect the registration of Registrable Securities under the 1933 pursuant to Section 2 of this Agreement, the Company shall use its reasonable best efforts to effect the registration of the Registrable Securities in accordance with the intended method of disposition thereof, and pursuant thereto, the Company shall have the following obligations:

(a) The Company shall promptly prepare and file with the SEC a Registration Statement with respect to all the Registrable Securities required to be covered by such Registration Statement (but in no event later than the applicable Filing Deadline) and use its best efforts to cause such Registration Statement to become effective as soon as practicable after such filing (but in no event later than the Effectiveness Deadline). Subject to Allowable Grace Periods, the Company shall keep each Registration Statement effective (and the prospectus contained therein available for use) (and if such offering is under a Shelf Registration Statement, such effectiveness shall be pursuant to Rule 415 for resales by the Investors on a delayed or continuous basis at then-prevailing market prices (and not fixed prices)) at all times until (i) if such Registration Statement is not a Shelf Registration Statement or an Underwritten Offering pursuant to a Shelf Registration Statement, one hundred and eighty (180) days after the Effective Date of such Registration Statement and (ii) if such Registration Statement is a Shelf Registration Statement (other than an Underwritten Offering), the earlier of (x) the date as of which all of the Investors may sell all of the Registrable Securities required to be covered by such Shelf Registration Statement (disregarding any reduction pursuant to Section 2(k)) without restriction pursuant to Rule 144 (including, without limitation, volume restrictions) and without the need for current public information required by Rule 144(c)(1) (or Rule 144(i)(2), if applicable) or (y) the date on which the Investors shall have sold all of the Registrable Securities covered by such Shelf Registration Statement (the "**Registration Period**"). Notwithstanding anything to the contrary contained in this Agreement, the Company shall ensure that, when filed and at all times while effective, each Registration Statement (including, without limitation, all amendments and supplements thereto) and the prospectus (including, without limitation, all amendments and supplements thereto) used in connection with such Registration Statement (1) shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein, or necessary to make the statements therein (in the case of prospectuses, in the light of the circumstances in which they were made) not misleading and (2) will disclose (whether directly or through incorporation by reference to other SEC filings to the extent permitted) all material information regarding the Company and its securities. The Company shall submit to the SEC, within two (2) Business Day after the later of the date that (i) the Company learns that no review of a particular Registration Statement will be made by the Staff or that the Staff has no further comments on a particular Registration Statement (as the case may be) and (ii) the consent of Legal Counsel is obtained pursuant to Section 3(c) (which consent shall be immediately sought), a request for acceleration of effectiveness of such Registration Statement to a time and date not later than forty-eight (48) hours after the submission of such request.

(b) Subject to Section 3(r) of this Agreement, the Company shall prepare and file with the SEC such amendments (including, without limitation, post-effective amendments) and supplements to each Registration Statement and the prospectus used in connection with each such Registration Statement, which prospectus is to be filed pursuant to Rule 424 promulgated under the 1933 Act, as may be necessary to keep each such Registration Statement effective at all times during the Registration Period for such Registration Statement, and, during such period, comply with the provisions of the 1933 Act with respect to the disposition of all Registrable Securities of the Company required to be covered by such Registration Statement until such time as all of such Registrable Securities shall have been disposed of in accordance with the intended methods of disposition by the seller or sellers thereof as set forth in such Registration Statement; provided, however, by 8:30 a.m. (New York time) on the Business Day immediately following each Effective Date, the Company shall file with the SEC in accordance with Rule 424(b) under the 1933 Act the final prospectus to be used in connection with sales pursuant to the applicable Registration Statement (whether or not such a prospectus is technically required by such rule). In the case of amendments and supplements to any Registration Statement which are required to be filed pursuant to this Agreement (including, without limitation, pursuant to this Section 3(b)) by reason of the Company filing a Quarterly Report on Form 10-Q, an Annual Report on Form 10-K or any successor report(s) thereto under the 1934 Act, the Company shall have incorporated such report by reference into such Registration Statement, if applicable, or shall file such amendments or supplements with the SEC on the same day on which the 1934 Act report is filed which created the requirement for the Company to amend or supplement such Registration Statement.

(c) The Company shall (A) permit Legal Counsel and legal counsel for each other Investor to review and comment upon (i) each Registration Statement at least five (5) Business Days prior to its filing with the SEC and (ii) all amendments and supplements to each Registration Statement (including, without limitation, the prospectus contained therein) (except for Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and any similar or successor reports) within a reasonable number of days prior to their filing with the SEC, and (B) not file any Registration Statement or amendment or supplement thereto in a form to which Legal Counsel or any legal counsel for any other Investor reasonably objects. The Company shall not submit a request for acceleration of the effectiveness of a Registration Statement or any amendment or supplement thereto or to any prospectus contained therein without the prior consent of Legal Counsel, which consent shall not be unreasonably withheld. The Company shall promptly furnish to Legal Counsel and, upon each other Investor's written request, legal counsel for each such other Investor, without charge, (i) copies of any correspondence from the SEC or the Staff to the Company or its representatives relating to each Registration Statement, provided that such correspondence shall not contain any material, non-public information regarding the Company or any of its Subsidiaries (as defined in the Securities Purchase Agreement), (ii) after the same is prepared and filed with the SEC, one (1) copy of each Registration Statement and any amendment(s) and supplement(s) thereto, including, without limitation, financial statements and schedules, all documents incorporated therein by reference, if requested by an Investor, and all exhibits and (iii) upon the effectiveness of each Registration Statement, one (1) copy of the prospectus included in such Registration Statement and all amendments and supplements thereto. The Company shall reasonably cooperate with Legal Counsel and legal counsel for each other Investor in performing the Company's obligations pursuant to this Section 3.

(d) The Company shall promptly furnish to each Investor whose Registrable Securities are included in any Registration Statement, without charge, (i) after the same is prepared and filed with the SEC, at least one (1) copy of each Registration Statement and any amendment(s) and supplement(s) thereto, including, without limitation, financial statements and schedules, all documents incorporated therein by reference, if requested by an Investor, all exhibits and each preliminary prospectus, (ii) upon the effectiveness of each Registration Statement, ten (10) copies of the prospectus included in such Registration Statement and all amendments and supplements thereto (or such other number of copies as such Investor may reasonably request from time to time) and (iii) such other documents, including, without limitation, copies of any preliminary or final prospectus, as such Investor may reasonably request from time to time in order to facilitate the disposition of the Registrable Securities owned by such Investor; provided, that any such item which is available on the SEC's EDGAR System (or successor thereto) need not be furnished in physical form.

(e) Upon the reasonable request of an Investor, the Company shall use its reasonable best efforts to (i) register and qualify, unless an exemption from registration and qualification applies, the resale by Investors of the Registrable Securities covered by a Registration Statement under such other securities or "blue sky" laws of all applicable jurisdictions in the United States, (ii) prepare and file in those jurisdictions, such amendments (including, without limitation, post-effective amendments) and supplements to such registrations and qualifications as may be necessary to maintain the effectiveness thereof during the Registration Period, (iii) take such other actions as may be necessary to maintain such registrations and qualifications in effect at all times during the Registration Period, and (iv) take all other actions reasonably necessary or advisable to qualify the Registrable Securities for sale in such jurisdictions; provided, however, the Company shall not be required in connection therewith or as a condition thereto to (x) qualify to do business in any jurisdiction where it would not otherwise be required to qualify but for this Section 3(e), (y) subject itself to general taxation in any such jurisdiction, or (z) file a general consent to service of process in any such jurisdiction. The Company shall promptly notify Legal Counsel, legal counsel for each other Investor and each Investor who holds Registrable Securities of the receipt by the Company of any notification with respect to the suspension of the registration or qualification of any of the Registrable Securities for sale under the securities or "blue sky" laws of any jurisdiction in the United States or its receipt of actual notice of the initiation or threatening of any proceeding for such purpose.

(f) The Company shall notify Legal Counsel, legal counsel for each other Investor and each Investor in writing of the happening of any event, as promptly as practicable after becoming aware of such event, as a result of which the prospectus included in a Registration Statement, as then in effect, includes an untrue statement of a material fact or omission to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (provided that in no event shall such notice contain any material, non-public information regarding the Company or any of its Subsidiaries), and, subject to Section 3(r), promptly prepare a supplement or amendment to such Registration Statement and such prospectus contained therein to correct such untrue statement or omission and deliver ten (10) copies of such supplement or amendment to Legal Counsel, legal counsel for each other Investor and each Investor (or such other number of copies as Legal Counsel, legal counsel for each other Investor or such Investor may reasonably request). The Company shall also promptly notify Legal Counsel, legal counsel for each other Investor and each Investor in writing (i) when a prospectus or any prospectus supplement or post-effective amendment has been filed, when a Registration Statement or any post-effective amendment has become effective (notification of such effectiveness shall be delivered to Legal Counsel, legal counsel for each other Investor and each Investor by facsimile or e-mail on the same day of such effectiveness and by overnight mail), and when the Company receives written notice from the SEC that a Registration Statement or any post-effective amendment will be reviewed by the SEC, (ii) of any request by the SEC for amendments or supplements to a Registration Statement or related prospectus or related information, (iii) of the Company's reasonable determination that a post-effective amendment to a Registration Statement would be appropriate; and (iv) of the receipt of any request by the SEC or any other federal or state governmental authority for any additional information relating to the Registration Statement or any amendment or supplement thereto or any related prospectus. The Company shall respond as promptly as practicable to any comments received from the SEC with respect to each Registration Statement or any amendment thereto (it being understood and agreed that the Company's response to any such comments shall be delivered to the SEC no later than ten (10) Business Days after the receipt thereof).

(g) The Company shall (i) use its reasonable best efforts to prevent the issuance of any stop order or other suspension of effectiveness of each Registration Statement or the use of any prospectus contained therein, or the suspension of the qualification, or the loss of an exemption from qualification, of any of the Registrable Securities for sale in any jurisdiction and, if such an order or suspension is issued, to obtain the withdrawal of such order or suspension at the earliest possible moment and (ii) notify Legal Counsel, legal counsel for each other Investor and each Investor who holds Registrable Securities of the issuance of such order and the resolution thereof or its receipt of actual notice of the initiation or threat of any proceeding for such purpose.

(h) With respect to any Underwritten Offering hereunder or if any Investor may be required under applicable securities law to be described in any Registration Statement as an underwriter and such Investor consents to so being named an underwriter, at the request of any Investor, the Company shall furnish to such Investor, on the date of the effectiveness of such Registration Statement and thereafter from time to time on such dates as an Investor may reasonably request (i) a letter, dated such date, from the Company's independent certified public accountants in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering, addressed to the Investors, and (ii) an opinion, dated as of such date, of counsel representing the Company for purposes of such Registration Statement, in form, scope and substance as is customarily given in an underwritten public offering, addressed to the Investors.

(i) With respect to any Underwritten Offering hereunder or if any Investor may be required under applicable securities law to be described in any Registration Statement as an underwriter and such Investor consents to so being named an underwriter, upon the written request of such Investor, the Company shall make available for inspection by (i) such Investor, (ii) legal counsel for such Investor identified by such Investor in a writing delivered to the Company, and (iii) one (1) firm of accountants or other agents retained by such Investor (collectively, the "**Inspectors**"), all pertinent financial and other records, and pertinent corporate documents and properties of the Company (collectively, the "**Records**"), as shall be reasonably deemed necessary by each Inspector, and cause the Company's officers, directors and employees to supply all information which any Inspector may reasonably request; provided, however, each Inspector shall agree in writing to hold in strict confidence and not to make any disclosure (except to such Investor) or use of any Record or other information which the Company's board of directors determines in good faith to be confidential, and of which determination the Inspectors are so notified, unless (1) the disclosure of such Records is necessary to avoid or correct a misstatement or omission in any Registration Statement or is otherwise required under the 1933 Act, (2) the release of such Records is ordered pursuant to a final, non-appealable subpoena or order from a court or government body of competent jurisdiction, or (3) the information in such Records has been made generally available to the public other than by disclosure in violation of this Agreement or any other Transaction Document (as defined in the Securities Purchase Agreement). Such Investor agrees that it shall, upon learning that disclosure of such Records is sought in or by a court or governmental body of competent jurisdiction or through other means, give prompt notice to the Company and allow the Company, at its expense, to undertake appropriate action to prevent disclosure of, or to obtain a protective order for, the Records deemed confidential. Nothing herein (or in any other confidentiality agreement between the Company and such Investor, if any) shall be deemed to limit any Investor's ability to sell Registrable Securities in a manner which is otherwise consistent with applicable laws and regulations.

(j) The Company shall hold in confidence and not make any disclosure of information concerning an Investor provided to the Company unless (i) disclosure of such information is necessary to comply with federal or state securities laws, (ii) the disclosure of such information is necessary to avoid or correct a misstatement or omission in any Registration Statement or is otherwise required to be disclosed in such Registration Statement pursuant to the 1933 Act, (iii) the release of such information is ordered pursuant to a subpoena or other final, non-appealable order from a court or governmental body of competent jurisdiction, or (iv) such information has been made generally available to the public other than by disclosure in violation of this Agreement or any other Transaction Document. The Company agrees that it shall, upon learning that disclosure of such information concerning an Investor is sought in or by a court or governmental body of competent jurisdiction or through other means, give prompt written notice to such Investor and allow such Investor, at such Investor's expense, to undertake appropriate action to prevent disclosure of, or to obtain a protective order for, such information.

(k) Without limiting any obligation of the Company under the Securities Purchase Agreement, the Company shall use its reasonable best efforts either to (i) cause all of the Registrable Securities covered by each Registration Statement to be listed on each securities exchange on which securities of the same class or series issued by the Company are then listed, if any, if the listing of such Registrable Securities is then permitted under the rules of such exchange, (ii) secure designation and quotation of all of the Registrable Securities covered by each Registration Statement on an Eligible Market (as defined in the Securities Purchase Agreement), or (iii) if, despite the Company's best efforts to satisfy the preceding clauses (i) or (ii) the Company is unsuccessful in satisfying the preceding clauses (i) or (ii), without limiting the generality of the foregoing, to use its reasonable best efforts to arrange for at least two market makers to register with the Financial Industry Regulatory Authority ("**FINRA**") as such with respect to such Registrable Securities. In addition, the Company shall cooperate with each Investor and any broker or dealer through which any such Investor proposes to sell its Registrable Securities in effecting a filing with FINRA pursuant to FINRA Rule 5110 as requested by such Investor. The Company shall pay all fees and expenses in connection with satisfying its obligations under this Section 3(k).

(l) The Company shall cooperate with the Investors who hold Registrable Securities being offered pursuant to a Registration Statement and, to the extent applicable, facilitate the timely preparation and delivery of certificates (not bearing any restrictive legend) representing such Registrable Securities and enable such certificates to be in such denominations or amounts (as the case may be) as such Investors may reasonably request from time to time and registered in such names as such Investors may request.

(m) If requested by an Investor, the Company shall as soon as practicable after receipt of notice from such Investor and subject to Section 3(r) hereof, (i) incorporate in a prospectus supplement or post-effective amendment such information as an Investor reasonably requests to be included therein relating to the sale and distribution of Registrable Securities, including, without limitation, information with respect to the number of Registrable Securities being offered or sold, the purchase price being paid therefor and any other terms of the offering of the Registrable Securities to be sold in such offering; (ii) make all required filings of such prospectus supplement or post-effective amendment after being notified of the matters to be incorporated in such prospectus supplement or post-effective amendment; and (iii) supplement or make amendments to any Registration Statement or prospectus contained therein if reasonably requested by an Investor holding any Registrable Securities.

(n) The Company shall use its reasonable best efforts to cause the Registrable Securities covered by a Registration Statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to consummate the disposition of such Registrable Securities.

(o) The Company shall make generally available to its security holders as soon as practical, but not later than ninety (90) days after the close of the period covered thereby, an earnings statement (in form complying with, and in the manner provided by, the provisions of Rule 158 under the 1933 Act) covering a twelve-month period beginning not later than the first day of the Company's fiscal quarter next following the applicable Effective Date of each Registration Statement.

(p) The Company shall otherwise use its reasonable best efforts to comply with all applicable rules and regulations of the SEC in connection with any registration hereunder.

(q) Within one (1) Business Day after a Registration Statement which covers Registrable Securities is declared effective by the SEC, the Company shall deliver, and shall cause legal counsel for the Company to deliver, to the transfer agent for such Registrable Securities (with copies to the Investors whose Registrable Securities are included in such Registration Statement) confirmation that such Registration Statement has been declared effective by the SEC in the form attached hereto as **Exhibit A**.

(r) Notwithstanding anything to the contrary herein (but subject to the last sentence of this Section 3(r)), at any time after the Effective Date of a particular Registration Statement, the Company may delay the disclosure of material, non-public information concerning the Company or any of its Subsidiaries the disclosure of which at the time is not, in the good faith opinion of the board of directors of the Company, in the best interest of the Company and, in the opinion of counsel to the Company, otherwise required (a "**Grace Period**"), provided that the Company shall promptly notify the Investors in writing of the (i) existence of material, non-public information giving rise to a Grace Period (provided that in each such notice the Company shall not disclose the content of such material, non-public information to any of the Investors) and the date on which such Grace Period will begin and (ii) date on which such Grace Period ends, provided further that (I) no Grace Period shall exceed ten (10) consecutive days and during any three hundred sixty five (365) day period all such Grace Periods shall not exceed an aggregate of thirty (30) days, (II) the first day of any Grace Period must be at least five (5) Trading Days after the last day of any prior Grace Period and (III) no Grace Period may exist during the sixty (60) Trading Day period immediately following the Effective Date of such Registration Statement (provided that such sixty (60) Trading Day period shall be extended by the number of Trading Days during such period and any extension thereof contemplated by this proviso during which such Registration Statement is not effective or the prospectus contained therein is not available for use) (each, an "**Allowable Grace Period**"). For purposes of determining the length of a Grace Period above, such Grace Period shall begin on and include the date the Investors receive the notice referred to in clause (i) above and shall end on and include the later of the date the Investors receive the notice referred to in clause (ii) above and the date referred to in such notice. The provisions of Section 3(g) hereof shall not be applicable during the period of any Allowable Grace Period. Upon expiration of each Grace Period, the Company shall again be bound by the first sentence of Section 3(f) with respect to the information giving rise thereto unless such material, non-public information is no longer applicable. Notwithstanding anything to the contrary contained in this Section 3(r), the Company shall cause its transfer agent to deliver unlegended shares of Common Stock to a transferee of an Investor in accordance with the terms of the Securities Purchase Agreement in connection with any sale of Registrable Securities with respect to which such Investor has entered into a contract for sale, and delivered a copy of the prospectus included as part of the particular Registration Statement to the extent applicable, prior to such Investor's receipt of the notice of a Grace Period and for which the Investor has not yet settled.

(s) The Company shall take all other reasonable actions necessary to expedite and facilitate disposition by each Investors of its Registrable Securities pursuant to each Registration Statement.

4. Obligations of the Investors

(a) At least five (5) Business Days prior to the first anticipated filing date of each Registration Statement, the Company shall notify each Investor in writing of the information the Company requires from each such Investor with respect to such Registration Statement. It shall be a condition precedent to the obligations of the Company to complete the registration pursuant to this Agreement with respect to the Registrable Securities of a particular Investor that such Investor shall furnish to the Company such information regarding itself, the Registrable Securities held by it and the intended method of disposition of the Registrable Securities held by it, as shall be reasonably required to effect and maintain the effectiveness of the registration of such Registrable Securities and shall execute such documents in connection with such registration as the Company may reasonably request.

(b) Each Investor, by such Investor's acceptance of the Registrable Securities, agrees to cooperate with the Company as reasonably requested by the Company in connection with the preparation and filing of each Registration Statement hereunder, unless such Investor has notified the Company in writing of such Investor's election to exclude all of such Investor's Registrable Securities from such Registration Statement.

(c) Each Investor agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 3(g) or the first sentence of 3(f), such Investor will immediately discontinue disposition of Registrable Securities pursuant to any Registration Statement(s) covering such Registrable Securities until such Investor's receipt of the copies of the supplemented or amended prospectus contemplated by Section 3(g) or the first sentence of Section 3(f) or receipt of notice that no supplement or amendment is required. Notwithstanding anything to the contrary in this Section 4(c), the Company shall cause its transfer agent to deliver unlegended shares of Common Stock to a transferee of an Investor in accordance with the terms of the Securities Purchase Agreement in connection with any sale of Registrable Securities with respect to which such Investor has entered into a contract for sale prior to the Investor's receipt of a notice from the Company of the happening of any event of the kind described in Section 3(g) or the first sentence of Section 3(f) and for which such Investor has not yet settled.

(d) Each Investor covenants and agrees that it will comply with the prospectus delivery requirements of the 1933 Act as applicable to it in connection with sales of Registrable Securities pursuant to a Registration Statement.

5. Expenses of Registration

All reasonable expenses, other than underwriting discounts and commissions, incurred in connection with registrations, filings or qualifications pursuant to Sections 2 and 3, including, without limitation, including, without limitation (i) all SEC, stock exchange, FINRA and other registration, listing and filing fees, (ii) all fees and expenses incurred in connection with compliance with state securities or blue sky laws and compliance with the rules of any stock exchange (including fees and disbursements of counsel in connection with such compliance and the preparation of a blue sky memorandum and legal investment survey), (iii) all expenses of any Persons in preparing or assisting in preparing, word processing, printing, distributing, mailing and delivering any Registration Statement, any prospectus, any underwriting agreements, transmittal letters, securities sales agreements, securities certificates and other documents relating to the performance of or compliance with this Agreement, (iv) the fees and disbursements of counsel for the Company, (v) the fees and disbursements of all independent public accountants (including the expenses of any audit and/or "cold comfort" letters) and the fees and expenses of other Persons, including experts, retained by the Company, (vi) to the extent a Registration Statement involves an Underwritten Offering, the expenses incurred in connection with making road show presentations and holding meetings with potential investors to facilitate the distribution and sale of Registrable Securities which are customarily borne by the issuer, (vii) any fees and disbursements of underwriters customarily paid by issuers or sellers of securities, and (viii) premiums and other costs of policies of insurance against liabilities arising out of the public offering of the Registrable Securities being registered. The Company shall also reimburse Legal Counsel for its reasonable fees and disbursements in connection with registration, filing or qualification pursuant to Sections 2 and 3 of this Agreement, which amount solely with respect to any offering pursuant to a Shelf Registration Statement shall be limited to $10,000 per Shelf Registration Statement.

6. Indemnification

(a) To the fullest extent permitted by law, the Company will, and hereby does, indemnify, hold harmless and defend each Investor and each of its directors, officers, stockholders, members, partners, employees, agents, advisors, representatives (and any other Persons with a functionally equivalent role of a Person holding such titles notwithstanding the lack of such title or any other title) and each Person, if any, who controls such Investor within the meaning of the 1933 Act or the 1934 Act and each of the directors, officers, stockholders, members, partners, employees, agents, advisors, representatives (and any other Persons with a functionally equivalent role of a Person holding such titles notwithstanding the lack of such title or any other title) of such controlling Persons (each, an "**Indemnified Person**"), against any losses, obligations, claims, damages, liabilities, contingencies, judgments, fines, penalties, charges, costs (including, without limitation, court costs, reasonable attorneys' fees and costs of defense and investigation), amounts paid in settlement or expenses, joint or several, (collectively, "**Claims**") incurred in investigating, preparing or defending any action, claim, suit, inquiry, proceeding, investigation or appeal taken from the foregoing by or before any court or governmental, administrative or other regulatory agency, body or the SEC, whether pending or threatened, whether or not an indemnified party is or may be a party thereto ("**Indemnified Damages**"), to which any of them may become subject insofar as such Claims (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon: (i) any untrue statement or alleged untrue statement of a material fact in a Registration Statement or any post-effective amendment thereto or in any filing made in connection with the qualification of the offering under the securities or other "blue sky" laws of any jurisdiction in which Registrable Securities are offered ("**Blue Sky Filing**"), or the omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) any untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus if used prior to the effective date of such Registration Statement, or contained in the final prospectus (as amended or supplemented, if the Company files any amendment thereof or supplement thereto with the SEC) or the omission or alleged omission to state therein any material fact necessary to make the statements made therein, in light of the circumstances under which the statements therein were made, not misleading or (iii) any violation or alleged violation by the Company of the 1933 Act, the 1934 Act, any other law, including, without limitation, any state securities law, or any rule or regulation thereunder relating to the offer or sale of the Registrable Securities pursuant to a Registration Statement (the matters in the foregoing clauses (i) through (iii) being, collectively, "**Violations**"). Subject to Section 6(c), the Company shall reimburse the Indemnified Persons, promptly as such expenses are incurred and are due and payable, for any legal fees or other reasonable expenses incurred by them in connection with investigating or defending any such Claim. Notwithstanding anything to the contrary contained herein, the indemnification agreement contained in this Section 6(a): (i) shall not apply to a Claim by an Indemnified Person arising out of or based upon a Violation which occurs in reliance upon and in conformity with information furnished in writing to the Company by or on behalf of Legal Counsel or such Indemnified Person for such Indemnified Person expressly for use in connection with the preparation of such Registration Statement or any such amendment thereof or supplement thereto, or any preliminary or final prospectus, and (ii) shall not be available to a particular Investor to the extent such Claim is based on a failure of such Investor to deliver or to cause to be delivered the prospectus made available by the Company (to the extent applicable), including, without limitation, a corrected prospectus, if such prospectus or corrected prospectus was timely made available by the Company pursuant to Section 3(d) and then only if, and to the extent that, following the receipt of the corrected prospectus no grounds for such Claim would have existed; and (iii) shall not apply to amounts paid in settlement of any Claim if such settlement is effected without the prior written consent of the Company, which consent shall not be unreasonably withheld or delayed. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Indemnified Person and shall survive the transfer of any of the Registrable Securities by any of the Investors pursuant to Section 9.

(b) In connection with any Registration Statement in which an Investor is participating, such Investor agrees to severally and not jointly indemnify, hold harmless and defend, to the same extent and in the same manner as is set forth in Section 6(a), the Company, each of its directors, each of its officers who signs the Registration Statement and each Person, if any, who controls the Company within the meaning of the 1933 Act or the 1934 Act (each, an "**Indemnified Party**"), against any Claim or Indemnified Damages to which any of them may become subject, under the 1933 Act, the 1934 Act or otherwise, insofar as such Claim or Indemnified Damages arise out of or are based upon any Violation, in each case, to the extent, and only to the extent, that such Violation occurs in reliance upon and in conformity with written information furnished to the Company by such Investor expressly for use in connection with such Registration Statement, or any preliminary or final prospectus; and, subject to Section 6(c) and the below provisos in this Section 6(b), such Investor will reimburse an Indemnified Party any legal fees or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any such Claim; provided, however, the indemnity agreement contained in this Section 6(b) and the agreement with respect to contribution contained in Section 7 shall not apply to amounts paid in settlement of any Claim if such settlement is effected without the prior written consent of such Investor, which consent shall not be unreasonably withheld or delayed, provided further that such Investor shall be liable under this Section 6(b) for only that amount of a Claim or Indemnified Damages as does not exceed the net proceeds to such Investor as a result of the applicable sale of Registrable Securities pursuant to such Registration Statement. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such Indemnified Party and shall survive the transfer of any of the Registrable Securities by any of the Investors pursuant to Section 9.

(c) Promptly after receipt by an Indemnified Person or Indemnified Party (as the case may be) under this Section 6 of notice of the commencement of any action or proceeding (including, without limitation, any governmental action or proceeding) involving a Claim, such Indemnified Person or Indemnified Party (as the case may be) shall, if a Claim in respect thereof is to be made against any indemnifying party under this Section 6, deliver to the indemnifying party a written notice of the commencement thereof, and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume control of the defense thereof with counsel mutually satisfactory to the indemnifying party and the Indemnified Person or the Indemnified Party (as the case may be); provided, however, an Indemnified Person or Indemnified Party (as the case may be) shall have the right to retain its own counsel with the fees and expenses of such counsel to be paid by the indemnifying party if: (i) the indemnifying party has agreed in writing to pay such fees and expenses; (ii) the indemnifying party shall have failed promptly to assume the defense of such Claim and to employ counsel reasonably satisfactory to such Indemnified Person or Indemnified Party (as the case may be) in any such Claim; or (iii) the named parties to any such Claim (including, without limitation, any impleaded parties) include both such Indemnified Person or Indemnified Party (as the case may be) and the indemnifying party, and such Indemnified Person or such Indemnified Party (as the case may be) shall have been advised by counsel that a conflict of interest is likely to exist if the same counsel were to represent such Indemnified Person or such Indemnified Party and the indemnifying party (in which case, if such Indemnified Person or such Indemnified Party (as the case may be) notifies the indemnifying party in writing that it elects to employ separate counsel at the expense of the indemnifying party, then the indemnifying party shall not have the right to assume the defense thereof and such counsel shall be at the expense of the Indemnifying Party, provided further that in the case of clause (iii) above the indemnifying party shall not be responsible for the reasonable fees and expenses of more than one (1) separate legal counsel for such Indemnified Person or Indemnified Party (as the case may be). The Indemnified Party or Indemnified Person (as the case may be) shall reasonably cooperate with the indemnifying party in connection with any negotiation or defense of any such action or Claim by the indemnifying party and shall furnish to the indemnifying party all information reasonably available to the Indemnified Party or Indemnified Person (as the case may be) which relates to such action or Claim. The indemnifying party shall keep the Indemnified Party or Indemnified Person (as the case may be) reasonably apprised at all times as to the status of the defense or any settlement negotiations with respect thereto. No indemnifying party shall be liable for any settlement of any action, claim or proceeding effected without its prior written consent; provided, however, the indemnifying party shall not unreasonably withhold, delay or condition its consent. No indemnifying party shall, without the prior written consent of the Indemnified Party or Indemnified Person (as the case may be), consent to entry of any judgment or enter into any settlement or other compromise which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party or Indemnified Person (as the case may be) of a release from all liability in respect to such Claim or litigation, and such settlement shall not include any admission as to fault on the part of the Indemnified Party. Following indemnification as provided for hereunder, the indemnifying party shall be subrogated to all rights of the Indemnified Party or Indemnified Person (as the case may be) with respect to all third parties, firms or corporations relating to the matter for which indemnification has been made. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action shall not relieve such indemnifying party of any liability to the Indemnified Person or Indemnified Party (as the case may be) under this Section 6, except to the extent that the indemnifying party is materially and adversely prejudiced in its ability to defend such action.

(d) No Person involved in the sale of Registrable Securities who is guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) in connection with such sale shall be entitled to indemnification from any Person involved in such sale of Registrable Securities who is not guilty of fraudulent misrepresentation.

(e) The indemnification required by this Section 6 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when applicable bills are received or Indemnified Damages are incurred.

(f) The indemnity and contribution agreements contained herein shall be in addition to (i) any cause of action or similar right of the Indemnified Party or Indemnified Person against the indemnifying party or others, and (ii) any liabilities the indemnifying party may be subject to pursuant to the law.

7. Contribution

To the extent any indemnification by an indemnifying party is prohibited or limited by law, the indemnifying party agrees to make the maximum contribution with respect to any amounts for which it would otherwise be liable under Section 6 to the fullest extent permitted by law; provided, however: (i) no contribution shall be made under circumstances where the contributing party would not have been liable for indemnification under the fault standards set forth in Section 6 of this Agreement, (ii) no Person involved in the sale of Registrable Securities which Person is guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) in connection with such sale shall be entitled to contribution from any Person involved in such sale of Registrable Securities who was not guilty of fraudulent misrepresentation; and (iii) contribution by any seller of Registrable Securities shall be limited in amount to the amount of net proceeds received by such seller from the applicable sale of such Registrable Securities pursuant to such Registration Statement. Notwithstanding the provisions of this Section 7, no Investor shall be required to contribute, in the aggregate, any amount in excess of the amount by which the net proceeds actually received by such Investor from the applicable sale of the Registrable Securities subject to the Claim exceeds the amount of any damages that such Investor has otherwise been required to pay, or would otherwise be required to pay under Section 6(b), by reason of such untrue or alleged untrue statement or omission or alleged omission.

8. 1934 Act Reporting.

With a view to making available to the Investors the benefits of Rule 144, the Company agrees to:

(a) make and keep public information available, as those terms are understood and defined in Rule 144;

(b) file with the SEC in a timely manner all reports and other documents required of the Company under the 1933 Act and the 1934 Act so long as the Company remains subject to such requirements (it being understood and agreed that nothing herein shall limit any obligations of the Company under the Securities Purchase Agreement) and the filing of such reports and other documents is required for the applicable provisions of Rule 144; and

(c) furnish to each Investor so long as such Investor owns Registrable Securities, promptly upon request, (i) a written statement by the Company, if true, that it has complied with the reporting, submission and posting requirements of Rule 144 and the 1934 Act, (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company with the SEC if such reports are not publicly available via EDGAR, and (iii) such other information as may be reasonably requested to permit the Investors to sell such securities pursuant to Rule 144 without registration.

9. Assignment.

All or any portion of the rights under this Agreement shall be automatically assignable by each Investor to any transferee or assignee (as the case may be) of all or any portion of such Investor's Registrable Securities, Preferred Shares or Warrants if: (i) such Investor agrees in writing with such transferee or assignee (as the case may be) to assign all or any portion of such rights, and a copy of such agreement is furnished to the Company within a reasonable time after such transfer or assignment (as the case may be); (ii) the Company is, within a reasonable time after such transfer or assignment (as the case may be), furnished with written notice of (a) the name and address of such transferee or assignee (as the case may be), and (b) the securities with respect to which such registration rights are being transferred or assigned (as the case may be); (iii) immediately following such transfer or assignment (as the case may be) the further disposition of such securities by such transferee or assignee (as the case may be) is restricted under the 1933 Act or applicable state securities laws if so required; (iv) at or before the time the Company receives the written notice contemplated by clause (ii) of this sentence such transferee or assignee (as the case may be) agrees in writing with the Company to be bound by all of the provisions contained herein; (v) such transfer or assignment (as the case may be) shall have been made in accordance with the applicable requirements of the Securities Purchase Agreement, the Preferred Shares and the Warrants (as the case may be); and (vi) such transfer or assignment (as the case may be) shall have been conducted in accordance with all applicable federal and state securities laws.

10. Amendment of Registration Rights

Provisions of this Agreement may be amended only with the written consent of the Company and the Required Holders. Any amendment effected in accordance with this Section 10 shall be binding upon each Investor and the Company, provided that no such amendment shall be effective to the extent that it (1) applies to less than all of the holders of the holders of Registrable Securities, or (2) applies retroactively. No waiver shall be effective unless it is in writing and signed by an authorized representative of the waiving party, provided that the Required Holders may waive any provision of this Agreement, and any waiver of any provision of this Agreement made in conformity with the provisions of this Section 10 shall be binding on each Investor, provided that no such waiver shall be effective to the extent that it applies to less than all the Investors (unless a party gives a waiver as to itself only). No consideration shall be offered or paid to any Person to amend or consent to a waiver or modification of any provision of this Agreement unless the same consideration also is offered to all of the parties to this Agreement.

11. Miscellaneous

(a) Solely for purposes of this Agreement, a Person is deemed to be a holder of Registrable Securities whenever such Person owns, or is deemed to own, of record such Registrable Securities. If the Company receives conflicting instructions, notices or elections from two or more Persons with respect to the same Registrable Securities, the Company shall act upon the basis of instructions, notice or election received from such record owner of such Registrable Securities.

(b) Any notices, consents, waivers or other communications required or permitted to be given under the terms of this Agreement must be in writing and will be deemed to have been delivered: (i) upon receipt, when delivered personally; (ii) upon receipt, when sent by facsimile (provided confirmation of transmission is mechanically or electronically generated and kept on file by the sending party); (iii) with respect to Section 3(c), by electronic mail (provided confirmation of transmission is electronically generated and kept on file by the sending party); or (iv) one (1) Business Day after deposit with a nationally recognized overnight delivery service with next day delivery specified, in each case, properly addressed to the party to receive the same. The addresses, facsimile numbers and electronic mail addresses for such communications shall be:

If to the Company:

One East Uwchlan Avenue
Suite 301
Exton, Pennsylvania 19341
Telephone: (610) 903-0400
Facsimile: (610) 903-0401
E-mail address: andy.hidalgo@wpcs.com
Attention: Chief Executive Officer

With a copy (for informational purposes only) to:

Sichenzia Ross Friedman Ference LLP
61 Broadway, 32nd Floor
New York, New York 10006
Telephone: (212) 930-9700
Facsimile: (212) 930-9725
E-mail address: trose@srff.com
Attention: Thomas A. Rose, Esq.

If to the Transfer Agent:

Interwest Transfer Co., Inc.
1981 Murray Holladay Road, Suite 100
Salt Lake City Utah 84117
Telephone: (801) 272-9294
Facsimile: (801) 277-3147
E-mail address: melinda@interwesttc.com
Attention: Melinda Orth

If to Legal Counsel:

Greenberg Traurig, LLP
MetLife Building
200 Park Avenue
New York, NY 10166
Telephone: (212) 801-9200
Facsimile: (212) 805-9222
E-mail address: adelsteinm@gtlaw.com
Attention: Michael A. Adelstein, Esq.

If to a Buyer, to its address, facsimile number or electronic email address (as applicable) set forth on the Schedule of Buyers attached to the Securities Purchase Agreement, with copies to such Buyer's representatives as set forth on the Schedule of Buyers, or to such other address and/or facsimile number and/or to the attention of such other Person as the recipient party has specified by written notice given to each other party five (5) days prior to the effectiveness of such change, provided that Greenberg Traurig, LLP shall only be provided notices sent to the lead investor. Written confirmation of receipt (A) given by the recipient of such notice, consent, waiver or other communication, (B) mechanically or electronically generated by the sender's facsimile machine or electronic mail transmission containing the time, date, recipient facsimile number or electronic mail address and an image of the first page of such transmission or (C) provided by a courier or overnight courier service shall be rebuttable evidence of personal service, receipt by facsimile or receipt from a nationally recognized overnight delivery service in accordance with clause (i), (ii) or (iii) above, respectively.

(c) Failure of any party to exercise any right or remedy under this Agreement or otherwise, or delay by a party in exercising such right or remedy, shall not operate as a waiver thereof. The Company and each Investor acknowledge and agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that each party hereto shall be entitled to an injunction or injunctions to prevent or cure breaches of the provisions of this Agreement by any other party hereto and to enforce specifically the terms and provisions hereof (without the necessity of showing economic loss and without any bond or other security being required), this being in addition to any other remedy to which any party may be entitled by law or equity.

(d) All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by the internal laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the State of New York. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in The City of New York, Borough of Manhattan, for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address for such notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. EACH PARTY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE TO, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION HEREWITH OR ARISING OUT OF THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY.

(e) If any provision of this Agreement is prohibited by law or otherwise determined to be invalid or unenforceable by a court of competent jurisdiction, the provision that would otherwise be prohibited, invalid or unenforceable shall be deemed amended to apply to the broadest extent that it would be valid and enforceable, and the invalidity or unenforceability of such provision shall not affect the validity of the remaining provisions of this Agreement so long as this Agreement as so modified continues to express, without material change, the original intentions of the parties as to the subject matter hereof and the prohibited nature, invalidity or unenforceability of the provision(s) in question does not substantially impair the respective expectations or reciprocal obligations of the parties or the practical realization of the benefits that would otherwise be conferred upon the parties. The parties will endeavor in good faith negotiations to replace the prohibited, invalid or unenforceable provision(s) with a valid provision(s), the effect of which comes as close as possible to that of the prohibited, invalid or unenforceable provision(s).

(f) This Agreement, the other Transaction Documents, the schedules and exhibits attached hereto and thereto and the instruments referenced herein and therein constitute the entire agreement among the parties hereto and thereto solely with respect to the subject matter hereof and thereof. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein and therein. This Agreement, the other Transaction Documents, the schedules and exhibits attached hereto and thereto and the instruments referenced herein and therein supersede all prior agreements and understandings among the parties hereto solely with respect to the subject matter hereof and thereof; provided, however, nothing contained in this Agreement or any other Transaction Document shall (or shall be deemed to) (i) have any effect on any agreements any Investor has entered into with the Company or any of its Subsidiaries prior to the date hereof with respect to any prior investment made by such Investor in the Company, (ii) waive, alter, modify or amend in any respect any obligations of the Company or any of its Subsidiaries or any rights of or benefits to any Investor or any other Person in any agreement entered into prior to the date hereof between or among the Company and/or any of its Subsidiaries and any Investor and all such agreements shall continue in full force and effect or (iii) limit any obligations of the Company under any of the other Transaction Documents.

(g) Subject to compliance with Section 9 (if applicable), this Agreement shall inure to the benefit of and be binding upon the permitted successors and assigns of each of the parties hereto. This Agreement is not for the benefit of, nor may any provision hereof be enforced by, any Person, other than the parties hereto, their respective permitted successors and assigns and the Persons referred to in Sections 6 and 7 hereof.

(h) The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof. Unless the context clearly indicates otherwise, each pronoun herein shall be deemed to include the masculine, feminine, neuter, singular and plural forms thereof. The terms "including," "includes," "include" and words of like import shall be construed broadly as if followed by the words "without limitation." The terms "herein," "hereunder," "hereof" and words of like import refer to this entire Agreement instead of just the provision in which they are found.

(i) This Agreement may be executed in two or more identical counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party. In the event that any signature is delivered by facsimile transmission or by an e-mail which contains a portable document format (.pdf) file of an executed signature page, such signature page shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such signature page were an original thereof.

(j) Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents as any other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

(k) The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent and no rules of strict construction will be applied against any party. Notwithstanding anything to the contrary set forth in Section 10, terms used in this Agreement but defined in the other Transaction Documents shall have the meanings ascribed to such terms on the Closing Date in such other Transaction Documents unless otherwise consented to in writing by each Investor.

(l) All consents and other determinations required to be made by the Investors pursuant to this Agreement shall be made, unless otherwise specified in this Agreement, by the Required Holders, and shall be binding upon all Investors.

(m) The obligations of each Investor under this Agreement and the other Transaction Documents are several and not joint with the obligations of any other Investor, and no Investor shall be responsible in any way for the performance of the obligations of any other Investor under this Agreement or any other Transaction Document. Nothing contained herein or in any other Transaction Document, and no action taken by any Investor pursuant hereto or thereto, shall be deemed to constitute the Investors as, and the Company acknowledges that the Investors do not so constitute, a partnership, an association, a joint venture or any other kind of group or entity, or create a presumption that the Investors are in any way acting in concert or as a group or entity with respect to such obligations or the transactions contemplated by the Transaction Documents or any matters, and the Company acknowledges that the Investors are not acting in concert or as a group, and the Company shall not assert any such claim, with respect to such obligations or the transactions contemplated by this Agreement or any of the other the Transaction Documents. Each Investor shall be entitled to independently protect and enforce its rights, including, without limitation, the rights arising out of this Agreement or out of any other Transaction Documents, and it shall not be necessary for any other Investor to be joined as an additional party in any proceeding for such purpose. The use of a single agreement with respect to the obligations of the Company contained herein was solely in the control of the Company, not the action or decision of any Investor, and was done solely for the convenience of the Company and not because it was required or requested to do so by any Investor. It is expressly understood and agreed that each provision contained in this Agreement and in each other Transaction Document is between the Company and an Investor, solely, and not between the Company and the Investors collectively and not between and among Investors.

[*signature pages follow*]

IN WITNESS WHEREOF, each Buyer and the Company have caused their respective signature page to this Registration Rights Agreement to be duly executed as of the date first written above.

COMPANY:

WPCS INTERNATIONAL INCORPORATED

By:
Name:
Title:

IN WITNESS WHEREOF, each Buyer and the Company have caused their respective signature page to this Registration Rights Agreement to be duly executed as of the date first written above.

BUYER:

HUDSON BAY MASTER FUND LTD.

By:
Name:
Title:

IN WITNESS WHEREOF, each Buyer and the Company have caused their respective signature page to this Registration Rights Agreement to be duly executed as of the date first written above.

BUYER:

IROQUOIS MASTER FUND LTD.

By:
Name:
Title:

IN WITNESS WHEREOF, each Buyer and the Company have caused their respective signature page to this Registration Rights Agreement to be duly executed as of the date first written above.

BUYER:

AMERICAN CAPITAL MANAGEMENT LLC

By:
Name:
Title:

IN WITNESS WHEREOF, each Buyer and the Company have caused their respective signature page to this Registration Rights Agreement to be duly executed as of the date first written above.

BUYER:

HS CONTRARIAN INVESTMENTS, LLC

By:
Name:
Title:

IN WITNESS WHEREOF, each Buyer and the Company have caused their respective signature page to this Registration Rights Agreement to be duly executed as of the date first written above.

BUYER:

GRQ CONSULTANTS, INC. ROTH 401K FBO BARRY HONIG

By:
Name:
Title:

IN WITNESS WHEREOF, each Buyer and the Company have caused their respective signature page to this Registration Rights Agreement to be duly executed as of the date first written above.

BUYER:

JOHN O'ROURKE

IN WITNESS WHEREOF, each Buyer and the Company have caused their respective signature page to this Registration Rights Agreement to be duly executed as of the date first written above.

BUYER:

RICHARD MOLINSKY

EXHIBIT A

FORM OF NOTICE OF EFFECTIVENESS
OF REGISTRATION STATEMENT

Interwest Transfer Co., Inc.
1981 Murray Holladay Road, Suite 100
Salt Lake City Utah 84117
Facsimile: (801) 277-3147
E-mail address: melinda@interwesttc.com
Attention: Melinda Orth

Re: WPCS International Incorporated

Ladies and Gentlemen:

[We are][I am] counsel to WPCS International Incorporated, a Delaware corporation (the "**Company**"), and have represented the Company in connection with that certain Securities Purchase Agreement (the "**Securities Purchase Agreement**") entered into by and among the Company and the buyers named therein (collectively, the "**Investors**") pursuant to which the Company issued to the Investors shares of Series E Convertible Preferred Stock (the "**Preferred Shares**") convertible into shares of the Company's shares of common stock, $0.0001 par value per share (the "**Common Stock**") and warrants exercisable for shares of Common Stock (the "**Warrants**"). Pursuant to the Securities Purchase Agreement, the Company also has entered into a Registration Rights Agreement with the Investors (the "**Registration Rights Agreement**") pursuant to which the Company agreed, among other things, to register the Registrable Securities (as defined in the Registration Rights Agreement), including the shares of Common Stock issuable upon conversion of the Preferred Shares and exercise of the Warrants, under the Securities Act of 1933, as amended (the "**1933 Act**"). In connection with the Company's obligations under the Registration Rights Agreement, on _____ ___, 20__, the Company filed a Registration Statement on Form [S-1][S-3] (File No. 333-_____) (the "**Registration Statement**") with the Securities and Exchange Commission (the "**SEC**") relating to the Registrable Securities which names each of the Investors as a selling stockholder thereunder.

In connection with the foregoing, [we][I] advise you that a member of the SEC's staff has advised [us][me] by telephone that the SEC has entered an order declaring the Registration Statement effective under the 1933 Act at [ENTER TIME OF EFFECTIVENESS] on [ENTER DATE OF EFFECTIVENESS] and [we][I] have no knowledge, after telephonic inquiry of a member of the SEC's staff, that any stop order suspending its effectiveness has been issued or that any proceedings for that purpose are pending before, or threatened by, the SEC and the Registrable Securities are available for resale under the 1933 Act pursuant to the Registration Statement.

This letter shall serve as our standing opinion to you that the shares of Common Stock underlying the Preferred Shares and Warrants are freely transferable by the Investors pursuant to the Registration Statement. You need not require further letters from us to effect any future legend-free issuance or reissuance of such shares of Common Stock to the Investors as contemplated by the Company's Irrevocable Transfer Agent Instructions dated _____ __, 20__.

Very truly yours,

[ISSUER'S COUNSEL]

By:_____

CC: [**LIST NAMES OF HOLDERS**]

EXHIBIT B

SELLING STOCKHOLDERS

The shares of common stock being offered by the selling stockholders are those issuable to the selling stockholders upon conversion of the preferred shares and exercise of the warrants. For additional information regarding the issuance of the preferred shares and the warrants, see "Private Placement of Preferred Shares and Warrants" above. We are registering the shares of common stock in order to permit the selling stockholders to offer the shares for resale from time to time. Except for the ownership of the preferred shares and the warrants issued pursuant to the Securities Purchase Agreement, the selling stockholders have not had any material relationship with us within the past three years.

The table below lists the selling stockholders and other information regarding the beneficial ownership (as determined under Section 13(d) of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder) of the shares of common stock held by each of the selling stockholders. The second column lists the number of shares of common stock beneficially owned by the selling stockholders, based on their respective ownership of shares of common stock, preferred shares and warrants, as of _____, 2012, assuming conversion of the preferred shares and exercise of the warrants held by each such selling stockholder on that date but taking account of any limitations on conversion and exercise set forth therein.

The third column lists the shares of common stock being offered by this prospectus by the selling stockholders and does not take in account any limitations on (i) conversion of the preferred shares set forth therein or (ii) exercise of the warrants set forth therein.

In accordance with the terms of a registration rights agreement with the holders of the preferred shares and the warrants, this prospectus generally covers the resale of 100% of the sum of (i) the maximum number of shares of common stock issuable upon conversion of the preferred shares, (ii) the maximum number of other shares of common stock issuable pursuant to the preferred shares from the closing date through the seventh anniversary of the closing date and (iii) the maximum number of shares of common stock issuable upon exercise of the warrants, in each case, determined as if the outstanding preferred shares and warrants were converted or exercised (as the case may be) in full (without regard to any limitations on conversion or exercise contained therein) as of the trading day immediately preceding the date this registration statement was initially filed with the SEC. Because the conversion price of the preferred shares and the exercise price of the warrants may be adjusted, the number of shares that will actually be issued may be more or less than the number of shares being offered by this prospectus. The fourth column assumes the sale of all of the shares offered by the selling stockholders pursuant to this prospectus.

Under the terms of the preferred shares and the warrants, a selling stockholder may not convert the preferred shares or exercise the warrants to the extent (but only to the extent) such selling stockholder or any of its affiliates would beneficially own a number of shares of our common stock which would exceed 9.99%. The number of shares in the second column reflects these limitations. The selling stockholders may sell all, some or none of their shares in this offering. See "Plan of Distribution."

Name of Selling Stockholder	Number of Shares of Common Stock Owned Prior to Offering	Maximum Number of Shares of Common Stock to be Sold Pursuant to this Prospectus	Number of Shares of Common Stock of Owned After Offering
Hudson Bay Master Fund Ltd. (1)			
Iroquois Master Fund Ltd. (2)			
American Capital Management LLC (3)			
GRQ CONSULTANTS, INC. ROTH 401K FBO BARRY HONIG (4)			
HS Contrarian Investments, LLC (5)			
Barry Honig			
Richard Molinsky			
John O'Rourke			
John Ford			

(1) [ ]

(2) [ ]

(3) [ ]

(4) [ ]

(5) [ ]

PLAN OF DISTRIBUTION

We are registering the shares of common stock issuable upon conversion or otherwise pursuant to the terms of the preferred shares and exercise of the warrants to permit the resale of these shares of common stock by the holders of the preferred shares and warrants from time to time after the date of this prospectus. We will not receive any of the proceeds from the sale by the selling stockholders of the shares of common stock. We will bear all fees and expenses incident to our obligation to register the shares of common stock.

The selling stockholders may sell all or a portion of the shares of common stock held by them and offered hereby from time to time directly or through one or more underwriters, broker-dealers or agents. If the shares of common stock are sold through underwriters or broker-dealers, the selling stockholders will be responsible for underwriting discounts or commissions or agent's commissions. The shares of common stock may be sold in one or more transactions at fixed prices, at prevailing market prices at the time of the sale, at varying prices determined at the time of sale or at negotiated prices. These sales may be effected in transactions, which may involve crosses or block transactions, pursuant to one or more of the following methods:

- on any national securities exchange or quotation service on which the securities may be listed or quoted at the time of sale;
- in the over-the-counter market;
- in transactions otherwise than on these exchanges or systems or in the over-the-counter market;
- through the writing or settlement of options, whether such options are listed on an options exchange or otherwise;
- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- short sales made after the date the Registration Statement is declared effective by the SEC;

- broker-dealers may agree with a selling securityholder to sell a specified number of such shares at a stipulated price per share;
- a combination of any such methods of sale; and
- any other method permitted pursuant to applicable law.

The selling stockholders may also sell shares of common stock under Rule 144 promulgated under the Securities Act of 1933, as amended, if available, rather than under this prospectus. In addition, the selling stockholders may transfer the shares of common stock by other means not described in this prospectus. If the selling stockholders effect such transactions by selling shares of common stock to or through underwriters, broker-dealers or agents, such underwriters, broker-dealers or agents may receive commissions in the form of discounts, concessions or commissions from the selling stockholders or commissions from purchasers of the shares of common stock for whom they may act as agent or to whom they may sell as principal (which discounts, concessions or commissions as to particular underwriters, broker-dealers or agents may be in excess of those customary in the types of transactions involved). In connection with sales of the shares of common stock or otherwise, the selling stockholders may enter into hedging transactions with broker-dealers, which may in turn engage in short sales of the shares of common stock in the course of hedging in positions they assume. The selling stockholders may also sell shares of common stock short and deliver shares of common stock covered by this prospectus to close out short positions and to return borrowed shares in connection with such short sales. The selling stockholders may also loan or pledge shares of common stock to broker-dealers that in turn may sell such shares.

The selling stockholders may pledge or grant a security interest in some or all of the preferred shares, warrants or shares of common stock owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell the shares of common stock from time to time pursuant to this prospectus or any amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act amending, if necessary, the list of selling stockholders to include the pledgee, transferee or other successors in interest as selling stockholders under this prospectus. The selling stockholders also may transfer and donate the shares of common stock in other circumstances in which case the transferees, donees, pledgees or other successors in interest will be the selling beneficial owners for purposes of this prospectus.

To the extent required by the Securities Act and the rules and regulations thereunder, the selling stockholders and any broker-dealer participating in the distribution of the shares of common stock may be deemed to be "underwriters" within the meaning of the Securities Act, and any commission paid, or any discounts or concessions allowed to, any such broker-dealer may be deemed to be underwriting commissions or discounts under the Securities Act. At the time a particular offering of the shares of common stock is made, a prospectus supplement, if required, will be distributed, which will set forth the aggregate amount of shares of common stock being offered and the terms of the offering, including the name or names of any broker-dealers or agents, any discounts, commissions and other terms constituting compensation from the selling stockholders and any discounts, commissions or concessions allowed or re-allowed or paid to broker-dealers. Each selling stockholder has informed us that it does not have any written or oral agreement or understanding, directly or indirectly, with any person to distribute the shares of common stock. In no event shall any broker-dealer receive fees, commissions and markups which, in the aggregate, would exceed eight percent (8%).

Under the securities laws of some states, the shares of common stock may be sold in such states only through registered or licensed brokers or dealers. In addition, in some states the shares of common stock may not be sold unless such shares have been registered or qualified for sale in such state or an exemption from registration or qualification is available and is complied with.

There can be no assurance that any selling stockholder will sell any or all of the shares of common stock registered pursuant to the registration statement, of which this prospectus forms a part.

The selling stockholders and any other person participating in such distribution will be subject to applicable provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, including, without limitation, to the extent applicable, Regulation M of the Exchange Act, which may limit the timing of purchases and sales of any of the shares of common stock by the selling stockholders and any other participating person. To the extent applicable, Regulation M may also restrict the ability of any person engaged in the distribution of the shares of common stock to engage in market-making activities with respect to the shares of common stock. All of the foregoing may affect the marketability of the shares of common stock and the ability of any person or entity to engage in market-making activities with respect to the shares of common stock.

We will pay all expenses of the registration of the shares of common stock pursuant to the registration rights agreement, estimated to be $[ ] in total, including, without limitation, Securities and Exchange Commission filing fees and expenses of compliance with state securities or "blue sky" laws; provided, however, a selling stockholder will pay all underwriting discounts and selling commissions, if any. We will indemnify the selling stockholders against liabilities, including some liabilities under the Securities Act in accordance with the registration rights agreements or the selling stockholders will be entitled to contribution. We may be indemnified by the selling stockholders against civil liabilities, including liabilities under the Securities Act that may arise from any written information furnished to us by the selling stockholder specifically for use in this prospectus, in accordance with the related registration rights agreements or we may be entitled to contribution.

We agreed to keep this prospectus effective until the earlier of (i) the date on which the shares may be resold by the selling stockholders without registration and without regard to any volume or manner-of-sale limitations by reason of Rule 144, without the requirement for us to be in compliance with the current public information under Rule 144 under the Securities Act or any other rule of similar effect or (ii) all of the shares have been sold pursuant to this prospectus or Rule 144 under the Securities Act or any other rule of similar effect. The resale shares will be sold only through registered or licensed brokers or dealers if required under applicable state securities laws. In addition, in certain states, the resale shares of common stock covered hereby may not be sold unless they have been registered or qualified for sale in the applicable state or an exemption from the registration or qualification requirement is available and is complied with.

Once sold under the registration statement, of which this prospectus forms a part, the shares of common stock will be freely tradable in the hands of persons other than our affiliates.

EXECUTIVE EMPLOYMENT AGREEMENT

This EXECUTIVE EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into as of the 17th day of December 2013 (the "Effective Date"), by and between BTX Trader LLC, a Delaware limited liability company (the "Company"), with an address at One East Uwchlan Avenue, Suite 301, Exton, PA 19341, and Divya Thakur ("Executive").

W I T N E S S E T H:

WHEREAS, Executive desires to be employed by the Company as its Chief Technology Officer and the Company wishes to employ Executive in such capacity;

WHEREAS, on or about the time that Executive becomes employed by the Company, the Company shall be acquired by WPCS International Incorporated ("WPCS" or the "Member"), a publicly traded Delaware corporation whose shares of common stock are traded on The NASDAQ Capital Market and the Company shall become a wholly owned subsidiary of WPCS (the "Acquisition").

NOW, THEREFORE, the parties mutually agree as follows:

1. Employment. The Company hereby employs the Executive and the Executive hereby accepts employment as an executive of the Company, subject to the terms and conditions set forth in this Agreement. Additionally, in connection with his employment hereunder, Executive shall be appointed to the Board of Directors of WPCS, at the sole discretion of the Board of Directors of WPCS, upon the satisfaction of background checks and requisite approvals.

2. Duties. The Executive shall serve as the Chief Technology Officer of the Company, with such duties, responsibilities and authority as are commensurate and consistent with his position, as may be, from time to time, assigned to him by the Chief Executive Officer or the Board of Directors (the "Board") of the Member. The Executive shall report directly to the Chief Executive Officer and the Board of WPCS. During the Term (as defined in Section 3), the Executive shall devote his full business time and efforts to the performance of his duties hereunder unless otherwise authorized by the Member. Notwithstanding the foregoing, the expenditure of reasonable amounts of time by the Executive for the making of passive personal investments, the conduct of private business affairs and charitable and professional activities shall be allowed, provided such activities do not materially interfere with the services required to be rendered to the Company hereunder and do not violate the confidentiality provisions set forth in Section 8 below. For the avoidance of doubt, Executive may invest or be involved with other ventures and investments (hereafter "Other Investments"), so long as all Other Investments are disclosed to the Member and the Member determines that Executive's involvement in any Other Investment does not contravene any provisions of this Agreement or will breach any of Executive's duties to Company, the Member or its stockholders.

3 . Term of Employment. The term of the Executive's employment hereunder, unless sooner terminated as provided herein (the "Initial Term"), shall be for a period of one (1) year from the date hereof. The term of this Agreement shall automatically be extended for additional terms of one (1) year each (each a "Renewal Term") unless either party gives prior written notice of non-renewal to the other party no later than three (3) months prior to the expiration of the Initial Term ("Non-Renewal Notice"), or the then current Renewal Term, as the case may be. For purposes of this Agreement, the Initial Term and any Renewal Term are hereinafter collectively referred to as the "Term."

4. Compensation of Executive.

(a) The Company shall pay the Executive a signing bonus of $133,333 (the "Signing Bonus") by wire transfer of immediately available funds to an account designated by the Executive upon the closing of the Acquisition.

(b) The Company shall pay the Executive as compensation for his services hereunder, in equal semi-monthly or bi-weekly installments during the Term, the sum of $170,000 per annum (the "Base Salary"), less such deductions as shall be required to be withheld by applicable law and regulations. The Board of Directors of the Member shall review the Base Salary on an annual basis and has the right but not the obligation to increase the Base Salary.

(c) In addition to the Signing Bonus set forth in Section 4(a) and the Base Salary set forth in Section 4(b), above, after the consummation of the Acquisition, the Executive shall be entitled to receive an annual cash bonus ("Annual Bonus") in an amount equal to up to one hundred (100%) percent of his then-current Base Salary if the Company meets or exceeds criteria adopted by the Compensation Committee of the Board of the Member (the "Compensation Committee") for earning Bonuses which shall be adopted by the Compensation Committee annually. Annual Bonuses shall be paid by the Company to the Executive promptly after determination that the relevant targets have been met, it being understood that the attainment of any financial targets associated with any bonus shall not be determined until following the completion of WPCS's annual audit and public announcement of such results and shall be paid promptly following WPCS's announcement of earnings. The Compensation Committee may provide for lesser or greater percentage Annual Bonus payments for Executive upon achievement of partial or additional criteria established or determined by the Compensation Committee from time to time. For the avoidance of doubt, if Executive is employed upon expiration of the term of this Agreement, he shall be entitled to the Annual Bonus for such last year on a pro-rata basis through the last date of employment, even if he is not employed by the Company on the date the Annual Bonus is paid for such last year.

(d) Equity Awards. Executive shall be eligible for such grants of awards under stock option or other equity incentive plans of WPCS adopted by the Board of WPCS and approved by the stockholders of WPCS (or any successor or replacement plan adopted by the Board of WPCS and approved by the stockholders of WPCS) (the "Plan") as the Compensation Committee of WPCS may from time to time determine (the "Share Awards"). Share Awards shall be subject to the applicable Plan terms and conditions, provided, however, that Share Awards shall be subject to any additional terms and conditions as are provided herein or in any award certificate(s), which shall supersede any conflicting provisions governing Share Awards provided under the Plan. Upon the adoption by the Board of WPCS of a new Plan which is approved by the stockholders of WPCS, Executive shall be entitled to receive, upon approval by the Board of WPCS, in its sole discretion, a stock option grant to purchase up to 5.33% of the outstanding common stock of WPCS, calculated as of the date of such grant (the "Initial Option Grant"), which shall vest in four equal annual installments, beginning on the one year anniversary of the date of the Initial Option Grant. The Initial Option Grant and any other Share Awards issued to Executive by WPCS under the terms of this Agreement, as well as any other securities of WPCS held by the Executive, shall be subject to terms of a lockup agreement, in the form attached hereto as Exhibit A.

(e) The Company shall pay or reimburse the Executive for all reasonable out-of-pocket expenses actually incurred or paid by the Executive in the course of his employment, consistent with the Company's policy for reimbursement of expenses from time to time.

(f) The Executive shall be entitled to participate in such pension, profit sharing, group insurance, hospitalization, and group health and benefit plans and all other benefits and plans, including perquisites, if any, as the Company or WPCS provides to their executives or executives of subsidiaries (as the case may be), including group family health insurance coverage which shall be paid by the Company (the "Benefit Plans"). If at any time during the Term, the Company or WPCS does not provide its executives or executives of its subsidiaries (as the case may be) with health insurance (including hospitalization) under a Benefit Plan, Executive shall be entitled to secure such health insurance for himself and his immediate family (i.e., spouse and natural born children) and the Company shall reimburse Executive for the cost of such insurance promptly after payment by the Executive for such insurance. For avoidance of doubt, Executive shall be entitled to secure health insurance from high quality companies such as Blue Cross/Blue shield, United or Emblem and the ability to select a no or low deductible plan. If Executive secures such health insurance, such health insurance shall be deemed to be a Benefit Plan hereunder.

(g) At such time that Executive may be appointed as a director of WPCS, WPCS shall execute and deliver in favor of the Executive, an indemnification agreement on the same terms and conditions entered into with other directors of WPCS.

5. Termination.

(a) This Agreement and the Executive's employment hereunder shall terminate upon the happening of any of the following events:

(i) upon the Executive's death;

(ii) upon the Executive's "Total Disability" (as herein defined);

(iii) upon the expiration of the Initial Term of this Agreement or any Renewal Term thereof, if either party has provided a timely Non-Renewal Notice in accordance with Section 3, above;

(iv) at the Executive's option, upon ninety (90) days prior written notice to the Company;

(v) at the Executive's option, in the event of an act by the Company, defined in Section 5(c), below, as constituting "Good Reason" for termination by the Executive; and

(vi) at the Company's option, in the event of an act by the Executive, defined in Section 5(d), below, as constituting "Cause" for termination by the Company.

(b) For purposes of this Agreement, the Executive shall be deemed to be suffering from a "Total Disability" if the Executive has failed to perform his regular and customary duties to the Company for a period of 180 days out of any 360-day period and if before the Executive has become "Rehabilitated" (as herein defined) a majority of the members of the Board of the Member, exclusive of the Executive, if Executive is then serving on the Board, vote to determine that the Executive is mentally or physically incapable or unable to continue to perform such regular and customary duties of employment. As used herein, the term "Rehabilitated" shall mean such time as the Executive is willing, able and commences to devote his time and energies to the affairs of the Company to the extent and in the manner that he did so prior to his Total Disability.

(c) For purposes of this Agreement, the term "Good Reason" shall mean that the Executive has resigned due to (i) any diminution of duties inconsistent with Executive's title, authority, duties and responsibilities (including, without limitation, a change in the chain of reporting); (ii) any reduction of or failure to pay Executive compensation provided for herein, except to the extent Executive consents in writing to any reduction, deferral or waiver of compensation, which non-payment continues for a period of fifteen (15) days following written notice to the Company by Executive of such non-payment; (iii) any relocation of the principal location of Executive's employment within 15 miles outside of New York, New York without the Executive's prior written consent; (iv) the consummation of any Change in Control Transaction (as defined below); or (v) any material violation by the Company of its obligations under this Agreement that is not cured within sixty (60) days after receipt of written notice thereof from the Executive. For purposes of this Agreement, the term "Change in Control Transaction" means the sale of the Company to an un-affiliated person or entity or group of un-affiliated persons or entities pursuant to which such party or parties acquire (i) capital of the Company representing at least fifty percent (50%) of outstanding capital or sufficient to elect a majority of the Board or of the board of directors of the Company (whether by merger, consolidation, sale or transfer of interests (other than a merger where the Company is the surviving entity and the members and directors of the Company prior to the merger constitute a majority of the members and directors, respectively, of the surviving entity (or its parent) or (ii) all or substantially all of the Company's assets determined on a consolidated basis.

(d) For purposes of this Agreement, the term "Cause" shall mean:

(i) conviction of a felony or a crime involving fraud or moral turpitude; or

(ii) theft, material act of dishonesty or fraud, intentional falsification of any employment or Company records, or commission of any criminal act which impairs Executive's ability to perform appropriate employment duties for the Company; or

(iii) intentional or reckless conduct or gross negligence materially harmful to the Company, the Member or the successor to the Company after a Change in Control , including violation of a non-competition or confidentiality agreement; or

(iv) willful failure to follow lawful and reasonable instructions of the person or body to which Executive reports; or

(v) gross negligence or willful misconduct in the performance of Executive's assigned duties; or

(vi) any material breach of this Agreement by Executive.

6. Effects of Termination.

(a) Upon termination of the Executive's employment pursuant to Section 5(a)(i) or (ii), in addition to the accrued but unpaid compensation and vacation pay through the date of death or Total Disability and any other benefits accrued to him under any Benefit Plans outstanding at such time and the reimbursement of documented, unreimbursed expenses incurred prior to such date, the Executive or his estate or beneficiaries, as applicable, shall be entitled to the following severance benefits: (i) continued provision for a period of twelve (12) months following the Executive's death or Total Disability of benefits under Benefit Plans extended from time to time by the Company to its senior executives; and (ii) payment on a pro-rated basis of any Annual Bonus or other payments earned in connection with any bonus plan to which the Executive was a participant as of the date of death or Total Disability.

(b) Upon termination of the Executive's employment pursuant to Section 5(a)(iii), where the Company has offered to renew the term of the Executive's employment for an additional one (1) year period and the Executive chooses not to continue in the employ of the Company, the Executive shall be entitled to receive only the accrued but unpaid compensation and vacation pay through the date of termination, payment on a pro-rated basis of any Annual Bonus or other payments earned in connection with any bonus plan to which the Executive was a participant as of the date of the Executive's termination of employment, any other benefits accrued to him under any Benefit Plans outstanding at such time and the reimbursement of documented, unreimbursed expenses incurred prior to such date. In the event the Company tenders a Non-Renewal Notice to the Executive, then the Executive shall be entitled to the same severance benefits as if the Executive's employment were terminated pursuant to Section 5(a)(v); provided, however, if such Non-Renewal Notice was triggered due to the Company's statement that the Executive's employment was terminated due to Section 5(a)(vi) (for "Cause"), then payment of severance benefits will be contingent upon a determination as to whether termination was properly for "Cause."

(c) Upon termination of the Executive's employment pursuant to Section 5(a)(v) or other than pursuant to Section 5(a)(i), 5(a)(ii), 5(a)(iii), 5(a)(iv), or 5(a)(vi) (i.e., without "Cause"), in addition to the accrued but unpaid compensation and vacation pay through the end of the Initial Term or any then applicable extension of the Term and any other benefits accrued to him under any Benefit Plans outstanding at such time and the reimbursement of documented, unreimbursed expenses incurred prior to such date, the Executive shall be entitled to the following severance benefits: (i) twelve (12) months' Base Salary at the then current rate, to be paid in a single lump sum payment not later than sixty (60) days following such termination, less withholding of all applicable taxes; (ii) continued provision for a period of twelve (12) months after the date of termination of the benefits under Benefit Plans extended from time to time by the Company to its senior executives; and (iii) payment on a pro-rated basis of any Annual Bonus or other payments earned in connection with any bonus plan to which the Executive was a participant as of the date of the Executive's termination of employment.

(d) Upon termination of the Executive's employment pursuant to Section 5(a)(iv) or (vi), in addition to the reimbursement of documented, unreimbursed expenses incurred prior to such date, the Executive shall be entitled to the following severance benefits: accrued and unpaid Base Salary and vacation pay through the date of termination, less withholding of applicable taxes. Executive shall have any conversion rights available under the Company's Benefit Plans and as otherwise provided by law, including the Comprehensive Omnibus Budget Reconciliation Act.

(e) Any payments required to be made hereunder by the Company to the Executive shall continue to the Executive's beneficiaries in the event of his death until paid in full.

7 . Vacations. The Executive shall be entitled to a vacation of two (2) weeks per year, during which period his Base Salary shall be paid in full. The Executive shall take his vacation at such time or times as the Executive and the Company shall determine is mutually convenient. Any vacation not taken in one (1) year shall accrue, up to a maximum of six (6) weeks vacation, and shall carry over to the subsequent year.

8. Confidential Information.

(a) Disclosure of Confidential Information. The Executive recognizes, acknowledges and agrees that he has had and will continue to have access to secret and confidential information regarding WPCS, the Company, its subsidiaries and their respective businesses ("Confidential Information"), including but not limited to, its products, methods, formulas, software code, patents, sources of supply, customer dealings, data, know-how, trade secrets and business plans, provided such information is not in or does not hereafter become part of the public domain, or become known to others through no fault of the Executive. The Executive acknowledges that such information is of great value to WPCS and the Company, is the sole property of WPCS and the Company (as the case may be), and has been and will be acquired by him in confidence. In consideration of the obligations undertaken by WPCS and the Company herein, the Executive will not, at any time, during or after his employment hereunder, reveal, divulge or make known to any person, any information acquired by the Executive during the course of his employment, which is treated as confidential by WPCS and/or the Company, and not otherwise in the public domain. The provisions of this Section 8 shall survive the termination of the Executive's employment hereunder.

(b) The Executive affirms that he does not possess and will not rely upon the protected trade secrets or confidential or proprietary information of any prior employer(s) in providing services to the Company, WPCS or their respective subsidiaries.

(c) In the event that the Executive's employment with the Company terminates for any reason, the Executive shall deliver forthwith to the Company any and all originals and copies, including those in electronic or digital formats, of Confidential Information; provided, however, Executive shall be entitled to retain (i) papers and other materials of a personal nature, including, but not limited to, photographs, correspondence, personal diaries, calendars and rolodexes, personal files and phone books, (ii) information showing his compensation or relating to reimbursement of expenses, (iii) information that he reasonably believes may be needed for tax purposes and (iv) copies of plans, programs and agreements relating to his employment, or termination thereof, with the Company.

9. Non-Competition and Non-Solicitation.

(a) The Executive agrees and acknowledges that the Confidential Information that the Executive has already received and will receive is valuable to WPCS and the Company and that its protection and maintenance constitutes a legitimate business interest of WPCS and the Company, to be protected by the non-competition restrictions set forth herein. The Executive agrees and acknowledges that the non-competition restrictions set forth herein are reasonable and necessary and do not impose undue hardship or burdens on the Executive. The Executive also acknowledges that the Company's and WPCS's business is conducted worldwide (the "Territory"), and that the Territory, scope of prohibited competition, and time duration set forth in the non-competition restrictions set forth below are reasonable and necessary to maintain the value of the Confidential Information of, and to protect the goodwill and other legitimate business interests of, the Company, its affiliates and/or its clients or customers. The provisions of this Section 9 shall survive the termination of the Executive's employment hereunder for the time periods specified below.

(b) The Executive hereby agrees and covenants that he shall not without the prior written consent of the Member, directly or indirectly, in any capacity whatsoever, including, without limitation, as an employee, employer, consultant, principal, partner, shareholder, officer, director or any other individual or representative capacity (other than (i) as a holder of less than two (2%) percent of the outstanding securities of a company whose shares are traded on any national securities exchange or (ii) as a limited partner, passive minority interest holder in a venture capital fund, private equity fund or similar investment entity which holds or may hold an equity or debt position in portfolio companies that are competitive with the Member or the Company; provided however, that the Executive shall be precluded from serving as an operating partner, general partner, manager or governing board designee with respect to such portfolio companies), or whether on the Executive's own behalf or on behalf of any other person or entity or otherwise howsoever, during the Term and thereafter to the extent described below, within the Territory:

(1) Engage, own, manage, operate, control, be employed by, consult for, participate in, or be connected in any manner with the ownership, management, operation or control of any business in competition with the Business of the Company, as defined in the next sentence. Business shall be the development and operation of Bitcoin electronic trading platforms and related software, including Bitcoin trading software and exchanges.

(2) Recruit, solicit or hire, or attempt to recruit, solicit or hire, any employee, or independent contractor of the Company to leave the employment (or independent contractor relationship) thereof, whether or not any such employee or independent contractor is party to an employment agreement, for the purpose of competing with the Business of the Company;

(3) Attempt in any manner to solicit or accept from any customer of the Company, with whom Executive had significant contact during Executive's employment by the Company (whether under this Agreement or otherwise), business of the kind or competitive with the Business done by the Company with such customer or to persuade or attempt to persuade any such customer to cease to do business or to reduce the amount of business which such customer has customarily done or might do with the Company, or if any such customer elects to move its business to a person other than the Company, provide any services of the kind or competitive with the Business of the Company for such customer, or have any discussions regarding any such service with such customer, on behalf of such other person for the purpose of competing with the Business of the Company; or

(4) Interfere with any relationship, contractual or otherwise, between the Company and any other party, including, without limitation, any supplier, distributor, co-venturer or joint venturer of the Company, for the purpose of soliciting such other party to discontinue or reduce its business with the Company for the purpose of competing with the Business of the Company.

With respect to the activities described in Paragraphs (1), (2), (3) and (4) above, the restrictions of this Section 9 shall continue during the Employment Period and, upon termination of the Executive's employment pursuant to Section 5 (other than pursuant to Section 5(a)(v) or 5(d)(iv)), for a period of one (1) year thereafter, provided, however, that following termination of employment, the restrictions of this Section 9 shall terminate upon the occurrence of an Event of Default (as such term is defined in the Senior Secured Note issued by the Company to the Executive on December 17, 2013) that is not cured within thirty (30) days.

10. Clawback Rights. The Annual Bonus, and any and all stock based compensation (such as options and equity awards, including the Initial Option Grant and any other Share Awards) (collectively, the "Clawback Benefits") shall be subject to "Clawback Rights" as follows: During the period that the Executive is employed by the Company and upon the termination of the Executive's employment and for a period of three (3) years thereafter, if there is a restatement of any financial results from which any Clawback Benefits to Executive shall have been determined, Executive agrees to repay any amounts which were determined by reference to any Company financial results which were later restated (as defined below), to the extent the Clawback Benefits amounts paid exceed the Clawback Benefits amounts that would have been paid, based on the restatement of the Company's (or WPCS's) financial information. All Clawback Benefits amounts resulting from such restated financial results shall be retroactively adjusted by the Compensation Committee of the Member to take into account the restated results, and any excess portion of the Clawback Benefits resulting from such restated results shall be immediately surrendered to WPCS and if not so surrendered within ninety (90) days of the revised calculation being provided to the Executive by the Compensation Committee of the Member following a publicly announced restatement, the Company and/or WPCS shall have the right to take any and all action to effectuate such adjustment. The calculation of the revised Clawback Benefits amount shall be determined by the Compensation Committee of the Member in good faith and applicable law, rules and regulations. All determinations by the Compensation Committee of the Member with respect to the Clawback Rights shall be final and binding on the Company, WPCS and Executive. The Clawback Rights shall terminate following a Change of Control, subject to applicable law, rules and regulations. For purposes of this Section 10, a restatement of financial results that requires a repayment of a portion of the Clawback Benefits amounts shall mean a restatement resulting from material non-compliance of the Company (or WPCS) with any financial reporting requirement under the federal securities laws and shall not include a restatement of financial results resulting from subsequent changes in accounting pronouncements or requirements which were not in effect on the date the financial statements were originally prepared ("Restatements"). Additionally, if any material breach of any agreement by Executive relating to confidentiality, non-competition, non-raid of employees, or non-solicitation of vendors or customers (including, without limitation, Sections 8 or 9 hereof) or if any material breach of Company policy or procedures which causes material harm to the Company or WPCS occurs, as determined by the Board of the Member in its sole discretion, then the Executive agrees to repay or surrender any Clawback Benefits upon demand by the Company and if not so repaid or surrendered within ninety (90) days of such demand, the Company and/or WPCS shall have the right to take any and all action to effectuate such adjustment. The parties acknowledge it is their intention that the foregoing Clawback Rights as relates to Restatements conform in all respects to the provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd Frank Act") and requires recovery of all "incentive-based" compensation, pursuant to the provisions of the Dodd Frank Act and any and all rules and regulations promulgated thereunder from time to time in effect. Accordingly, the terms and provisions of this Agreement shall be deemed automatically amended from time to time to assure compliance with the Dodd Frank Act and such rules and regulation as hereafter may be adopted and in effect.

11. Section 409A.

The provisions of this Agreement are intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and any final regulations and guidance promulgated thereunder ("Section 409A") and shall be construed in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A. The Company and Executive agree to work together in good faith to consider amendments to this Agreement and to take such reasonable actions which are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition prior to actual payment to Executive under Section 409A.

To the extent that Executive will be reimbursed for costs and expenses or in-kind benefits, except as otherwise permitted by Section 409A, (a) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit, (b) the amount of expenses eligible for reimbursement, or in-kind benefits, provided during any taxable year shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year; provided that the foregoing clause (b) shall not be violated with regard to expenses reimbursed under any arrangement covered by Section 105(b) of the Code solely because such expenses are subject to a limit related to the period the arrangement is in effect and (c) such payments shall be made on or before the last day of the taxable year following the taxable year in which you incurred the expense.

A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment unless such termination constitutes a "Separation from Service" within the meaning of Section 409A and, for purposes of any such provision of this Agreement references to a "termination," "termination of employment" or like terms shall mean Separation from Service.

Each installment payable hereunder shall constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b), including Treasury Regulation Section 1.409A-2(b)(2)(iii). Each payment that is made within the terms of the "short-term deferral" rule set forth in Treasury Regulation Section 1.409A-1(b)(4) is intended to meet the "short-term deferral" rule. Each other payment is intended to be a payment upon an involuntary termination from service and payable pursuant to Treasury Regulation Section 1.409A-1(b)(9)(iii), et. seq., to the maximum extent permitted by that regulation, with any amount that is not exempt from Code Section 409A being subject to Code Section 409A.

Notwithstanding anything to the contrary in this Agreement, if Executive is a "specified employee" within the meaning of Section 409A at the time of Executive's termination, then only that portion of the severance and benefits payable to Executive pursuant to this Agreement, if any, and any other severance payments or separation benefits which may be considered deferred compensation under Section 409A (together, the "Deferred Compensation Separation Benefits"), which (when considered together) do not exceed the Section 409A Limit (as defined herein) may be made within the first six (6) months following Executive's termination of employment in accordance with the payment schedule applicable to each payment or benefit. Any portion of the Deferred Compensation Separation Benefits in excess of the Section 409A Limit otherwise due to Executive on or within the six (6) month period following Executive's termination will accrue during such six (6) month period and will become payable in one lump sum cash payment on the date six (6) months and one (1) day following the date of Executive's termination of employment. All subsequent Deferred Compensation Separation Benefits, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if Executive dies following termination but prior to the six (6) month anniversary of Executive's termination date, then any payments delayed in accordance with this paragraph will be payable in a lump sum as soon as administratively practicable after the date of Executive's death and all other Deferred Compensation Separation Benefits will be payable in accordance with the payment schedule applicable to each payment or benefit.

For purposes of this Agreement, "Section 409A Limit" will mean a sum equal (x) to the amounts payable prior to March 15 following the year in which Executive terminations plus (y) the lesser of two (2) times: (i) Executive's annualized compensation based upon the annual rate of pay paid to Executive during the Company's taxable year preceding the Company's taxable year of Executive's termination of employment as determined under Treasury Regulation 1.409A-1(b)(9)(iii)(A)(1) and any IRS guidance issued with respect thereto; or (ii) the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Code for the year in which Executive's employment is terminated.

12. Miscellaneous.

(a) The Executive acknowledges that the services to be rendered by him under the provisions of this Agreement are of a special, unique and extraordinary character and that it would be difficult or impossible to replace such services. Accordingly, the Executive agrees that any breach or threatened breach by him of Sections 8 or 9 of this Agreement shall entitle the Company, in addition to all other legal remedies available to it, to apply to any court of competent jurisdiction to seek to enjoin such breach or threatened breach. The parties understand and intend that each restriction agreed to by the Executive hereinabove shall be construed as separable and divisible from every other restriction, that the unenforceability of any restriction shall not limit the enforceability, in whole or in part, of any other restriction, and that one or more or all of such restrictions may be enforced in whole or in part as the circumstances warrant. In the event that any restriction in this Agreement is more restrictive than permitted by law in the jurisdiction in which the Company seeks enforcement thereof, such restriction shall be limited to the extent permitted by law. The remedy of injunctive relief herein set forth shall be in addition to, and not in lieu of, any other rights or remedies that the Company may have at law or in equity.

(b) Neither the Executive nor the Company may assign or delegate any of their rights or duties under this Agreement without the express written consent of the other; provided however that the Company shall have the right to delegate its obligation of payment of all sums due to the Executive hereunder, provided that such delegation shall not relieve the Company of any of its obligations hereunder.

(c) This Agreement constitutes and embodies the full and complete understanding and agreement of the parties with respect to the Executive's employment by the Company, supersedes all prior understandings and agreements, whether oral or written, between the Executive and the Company, and shall not be amended, modified or changed except by an instrument in writing executed by the party to be charged. The invalidity or partial invalidity of one or more provisions of this Agreement shall not invalidate any other provision of this Agreement. No waiver by either party of any provision or condition to be performed shall be deemed a waiver of similar or dissimilar provisions or conditions at the same time or any prior or subsequent time.

(d) This Agreement shall inure to the benefit of, be binding upon and enforceable against, the parties hereto and their respective successors, heirs, beneficiaries and permitted assigns.

(e) The headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

(f) All notices, requests, demands and other communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when personally delivered, sent by registered or certified mail, return receipt requested, postage prepaid, or by private overnight mail service (e.g. Federal Express) to the party at the address set forth above or to such other address as either party may hereafter give notice of in accordance with the provisions hereof. Notices shall be deemed given on the sooner of the date actually received or the third business day after sending.

(g) This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York without reference to principles of conflicts of laws and each of the parties hereto irrevocably consents to the jurisdiction and venue of the federal and state courts located in the State of New York.

(h) This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one of the same instrument. The parties hereto have executed this Agreement as of the date set forth above.

[signature page follows]

COMPANY:

BTX TRADER LLC

By: _____

Title:

EXECUTIVE: DIVYA THAKUR

_____

AGREED AND ACKNOWLEDGED:

WPCS INTERNATIONAL INCORPORATED

By: _____

Title:

EXECUTIVE EMPLOYMENT AGREEMENT

This EXECUTIVE EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into as of the 17th day of December 2013 (the "Effective Date"), by and between BTX Trader LLC, a Delaware limited liability company (the "Company"), with an address at One East Uwchlan Avenue, Suite 301, Exton, PA 19341, and Ilya Subkhankulov ("Executive").

W I T N E S S E T H:

WHEREAS, Executive desires to be employed by the Company as its Chief Operating Officer and the Company wishes to employ Executive in such capacity;

WHEREAS, on or about the time that Executive becomes employed by the Company, the Company shall be acquired by WPCS International Incorporated ("WPCS" or the "Member"), a publicly traded Delaware corporation whose shares of common stock are traded on The NASDAQ Capital Market and the Company shall become a wholly owned subsidiary of WPCS (the "Acquisition").

NOW, THEREFORE, the parties mutually agree as follows:

1. Employment. The Company hereby employs the Executive and the Executive hereby accepts employment as an executive of the Company, subject to the terms and conditions set forth in this Agreement.

2. Duties. The Executive shall serve as the Chief Operating Officer of the Company, with such duties, responsibilities and authority as are commensurate and consistent with his position, as may be, from time to time, assigned to him by the Chief Executive Officer or the Board of Directors (the "Board") of the Member. The Executive shall report directly to the Chief Executive Officer and the Board of WPCS. During the Term (as defined in Section 3), the Executive shall devote his full business time and efforts to the performance of his duties hereunder unless otherwise authorized by the Member. Notwithstanding the foregoing, the expenditure of reasonable amounts of time by the Executive for the making of passive personal investments, the conduct of private business affairs and charitable and professional activities shall be allowed, provided such activities do not materially interfere with the services required to be rendered to the Company hereunder and do not violate the confidentiality provisions set forth in Section 8 below. For the avoidance of doubt, Executive may invest or be involved with other ventures and investments (hereafter "Other Investments"), so long as all Other Investments are disclosed to the Member and the Member determines that Executive's involvement in any Other Investment does not contravene any provisions of this Agreement or will breach any of Executive's duties to Company, the Member or its stockholders.

3 . Term of Employment. The term of the Executive's employment hereunder, unless sooner terminated as provided herein (the "Initial Term"), shall be for a period of one (1) year from the date hereof. The term of this Agreement shall automatically be extended for additional terms of one (1) year each (each a "Renewal Term") unless either party gives prior written notice of non-renewal to the other party no later than three (3) months prior to the expiration of the Initial Term ("Non-Renewal Notice"), or the then current Renewal Term, as the case may be. For purposes of this Agreement, the Initial Term and any Renewal Term are hereinafter collectively referred to as the "Term."

4. Compensation of Executive.

(a) The Company shall pay the Executive a signing bonus of $66,667 (the "Signing Bonus") by wire transfer of immediately available funds to an account designated by the Executive upon the closing of the Acquisition.

(b) The Company shall pay the Executive as compensation for his services hereunder, in equal semi-monthly or bi-weekly installments during the Term, the sum of $130,000 per annum (the "Base Salary"), less such deductions as shall be required to be withheld by applicable law and regulations. The Board of Directors of the Member shall review the Base Salary on an annual basis and has the right but not the obligation to increase the Base Salary.

(c) In addition to the Signing Bonus set forth in Section 4(a) and the Base Salary set forth in Section 4(b), above, after the consummation of the Acquisition, the Executive shall be entitled to receive an annual cash bonus ("Annual Bonus") in an amount equal to up to one hundred (100%) percent of his then-current Base Salary if the Company meets or exceeds criteria adopted by the Compensation Committee of the Board of the Member (the "Compensation Committee") for earning Bonuses which shall be adopted by the Compensation Committee annually. Annual Bonuses shall be paid by the Company to the Executive promptly after determination that the relevant targets have been met, it being understood that the attainment of any financial targets associated with any bonus shall not be determined until following the completion of WPCS's annual audit and public announcement of such results and shall be paid promptly following WPCS's announcement of earnings. The Compensation Committee may provide for lesser or greater percentage Annual Bonus payments for Executive upon achievement of partial or additional criteria established or determined by the Compensation Committee from time to time. For the avoidance of doubt, if Executive is employed upon expiration of the term of this Agreement, he shall be entitled to the Annual Bonus for such last year on a pro-rata basis through the last date of employment, even if he is not employed by the Company on the date the Annual Bonus is paid for such last year.

(d) Equity Awards. Executive shall be eligible for such grants of awards under stock option or other equity incentive plans of WPCS adopted by the Board of WPCS and approved by the stockholders of WPCS (or any successor or replacement plan adopted by the Board of WPCS and approved by the stockholders of WPCS) (the "Plan") as the Compensation Committee of WPCS may from time to time determine (the "Share Awards"). Share Awards shall be subject to the applicable Plan terms and conditions, provided, however, that Share Awards shall be subject to any additional terms and conditions as are provided herein or in any award certificate(s), which shall supersede any conflicting provisions governing Share Awards provided under the Plan. Upon the adoption by the Board of WPCS of a new Plan which is approved by the stockholders of WPCS, Executive shall be entitled to receive, upon approval by the Board of WPCS, in its sole discretion, a stock option grant to purchase up to 2.667% of the outstanding common stock of WPCS, calculated as of the date of such grant (the "Initial Option Grant"), which shall vest in four equal annual installments, beginning on the one year anniversary of the date of the Initial Option Grant. The Initial Option Grant and any other Share Awards issued to Executive by WPCS under the terms of this Agreement, as well as any other securities of WPCS held by the Executive, shall be subject to terms of a lockup agreement, in the form attached hereto as Exhibit A.

(e) The Company shall pay or reimburse the Executive for all reasonable out-of-pocket expenses actually incurred or paid by the Executive in the course of his employment, consistent with the Company's policy for reimbursement of expenses from time to time.

(f) The Executive shall be entitled to participate in such pension, profit sharing, group insurance, hospitalization, and group health and benefit plans and all other benefits and plans, including perquisites, if any, as the Company or WPCS provides to their executives or executives of subsidiaries (as the case may be), including group family health insurance coverage which shall be paid by the Company (the "Benefit Plans"). If at any time during the Term, the Company or WPCS does not provide its executives or executives of its subsidiaries (as the case may be) with health insurance (including hospitalization) under a Benefit Plan, Executive shall be entitled to secure such health insurance for himself and his immediate family (i.e., spouse and natural born children) and the Company shall reimburse Executive for the cost of such insurance promptly after payment by the Executive for such insurance. For avoidance of doubt, Executive shall be entitled to secure health insurance from high quality companies such as Blue Cross/Blue shield, United or Emblem and the ability to select a no or low deductible plan. If Executive secures such health insurance, such health insurance shall be deemed to be a Benefit Plan hereunder.

5. Termination.

(a) This Agreement and the Executive's employment hereunder shall terminate upon the happening of any of the following events:

(i) upon the Executive's death;

(ii) upon the Executive's "Total Disability" (as herein defined);

(iii) upon the expiration of the Initial Term of this Agreement or any Renewal Term thereof, if either party has provided a timely Non-Renewal Notice in accordance with Section 3, above;

(iv) at the Executive's option, upon ninety (90) days prior written notice to the Company;

(v) at the Executive's option, in the event of an act by the Company, defined in Section 5(c), below, as constituting "Good Reason" for termination by the Executive; and

(vi) at the Company's option, in the event of an act by the Executive, defined in Section 5(d), below, as constituting "Cause" for termination by the Company.

(b) For purposes of this Agreement, the Executive shall be deemed to be suffering from a "Total Disability" if the Executive has failed to perform his regular and customary duties to the Company for a period of 180 days out of any 360-day period and if before the Executive has become "Rehabilitated" (as herein defined) a majority of the members of the Board of the Member, exclusive of the Executive, if Executive is then serving on the Board, vote to determine that the Executive is mentally or physically incapable or unable to continue to perform such regular and customary duties of employment. As used herein, the term "Rehabilitated" shall mean such time as the Executive is willing, able and commences to devote his time and energies to the affairs of the Company to the extent and in the manner that he did so prior to his Total Disability.

(c) For purposes of this Agreement, the term "Good Reason" shall mean that the Executive has resigned due to (i) any diminution of duties inconsistent with Executive's title, authority, duties and responsibilities (including, without limitation, a change in the chain of reporting); (ii) any reduction of or failure to pay Executive compensation provided for herein, except to the extent Executive consents in writing to any reduction, deferral or waiver of compensation, which non-payment continues for a period of fifteen (15) days following written notice to the Company by Executive of such non-payment; (iii) any relocation of the principal location of Executive's employment within 15 miles outside of New York, New York without the Executive's prior written consent; (iv) the consummation of any Change in Control Transaction (as defined below); or (v) any material violation by the Company of its obligations under this Agreement that is not cured within sixty (60) days after receipt of written notice thereof from the Executive. For purposes of this Agreement, the term "Change in Control Transaction" means the sale of the Company to an un-affiliated person or entity or group of un-affiliated persons or entities pursuant to which such party or parties acquire (i) capital of the Company representing at least fifty percent (50%) of outstanding capital or sufficient to elect a majority of the Board or of the board of directors of the Company (whether by merger, consolidation, sale or transfer of interests (other than a merger where the Company is the surviving entity and the members and directors of the Company prior to the merger constitute a majority of the members and directors, respectively, of the surviving entity (or its parent) or (ii) all or substantially all of the Company's assets determined on a consolidated basis.

(d) For purposes of this Agreement, the term "Cause" shall mean:

(i) conviction of a felony or a crime involving fraud or moral turpitude; or

(ii) theft, material act of dishonesty or fraud, intentional falsification of any employment or Company records, or commission of any criminal act which impairs Executive's ability to perform appropriate employment duties for the Company; or

(iii) intentional or reckless conduct or gross negligence materially harmful to the Company, the Member or the successor to the Company after a Change in Control , including violation of a non-competition or confidentiality agreement; or

(iv) willful failure to follow lawful and reasonable instructions of the person or body to which Executive reports; or

(v) gross negligence or willful misconduct in the performance of Executive's assigned duties; or

(vi) any material breach of this Agreement by Executive.

6. Effects of Termination.

(a) Upon termination of the Executive's employment pursuant to Section 5(a)(i) or (ii), in addition to the accrued but unpaid compensation and vacation pay through the date of death or Total Disability and any other benefits accrued to him under any Benefit Plans outstanding at such time and the reimbursement of documented, unreimbursed expenses incurred prior to such date, the Executive or his estate or beneficiaries, as applicable, shall be entitled to the following severance benefits: (i) continued provision for a period of twelve (12) months following the Executive's death or Total Disability of benefits under Benefit Plans extended from time to time by the Company to its senior executives; and (ii) payment on a pro-rated basis of any Annual Bonus or other payments earned in connection with any bonus plan to which the Executive was a participant as of the date of death or Total Disability.

(b) Upon termination of the Executive's employment pursuant to Section 5(a)(iii), where the Company has offered to renew the term of the Executive's employment for an additional one (1) year period and the Executive chooses not to continue in the employ of the Company, the Executive shall be entitled to receive only the accrued but unpaid compensation and vacation pay through the date of termination, payment on a pro-rated basis of any Annual Bonus or other payments earned in connection with any bonus plan to which the Executive was a participant as of the date of the Executive's termination of employment, any other benefits accrued to him under any Benefit Plans outstanding at such time and the reimbursement of documented, unreimbursed expenses incurred prior to such date. In the event the Company tenders a Non-Renewal Notice to the Executive, then the Executive shall be entitled to the same severance benefits as if the Executive's employment were terminated pursuant to Section 5(a)(v); provided, however, if such Non-Renewal Notice was triggered due to the Company's statement that the Executive's employment was terminated due to Section 5(a)(vi) (for "Cause"), then payment of severance benefits will be contingent upon a determination as to whether termination was properly for "Cause."

(c) Upon termination of the Executive's employment pursuant to Section 5(a)(v) or other than pursuant to Section 5(a)(i), 5(a)(ii), 5(a)(iii), 5(a)(iv), or 5(a)(vi) (i.e., without "Cause"), in addition to the accrued but unpaid compensation and vacation pay through the end of the Initial Term or any then applicable extension of the Term and any other benefits accrued to him under any Benefit Plans outstanding at such time and the reimbursement of documented, unreimbursed expenses incurred prior to such date, the Executive shall be entitled to the following severance benefits: (i) twelve (12) months' Base Salary at the then current rate, to be paid in a single lump sum payment not later than sixty (60) days following such termination, less withholding of all applicable taxes; (ii) continued provision for a period of twelve (12) months after the date of termination of the benefits under Benefit Plans extended from time to time by the Company to its senior executives; and (iii) payment on a pro-rated basis of any Annual Bonus or other payments earned in connection with any bonus plan to which the Executive was a participant as of the date of the Executive's termination of employment.

(d) Upon termination of the Executive's employment pursuant to Section 5(a)(iv) or (vi), in addition to the reimbursement of documented, unreimbursed expenses incurred prior to such date, the Executive shall be entitled to the following severance benefits: accrued and unpaid Base Salary and vacation pay through the date of termination, less withholding of applicable taxes. Executive shall have any conversion rights available under the Company's Benefit Plans and as otherwise provided by law, including the Comprehensive Omnibus Budget Reconciliation Act.

(e) Any payments required to be made hereunder by the Company to the Executive shall continue to the Executive's beneficiaries in the event of his death until paid in full.

7 . Vacations. The Executive shall be entitled to a vacation of two (2) weeks per year, during which period his Base Salary shall be paid in full. The Executive shall take his vacation at such time or times as the Executive and the Company shall determine is mutually convenient. Any vacation not taken in one (1) year shall accrue, up to a maximum of six (6) weeks vacation, and shall carry over to the subsequent year.

8. Confidential Information.

(a) Disclosure of Confidential Information. The Executive recognizes, acknowledges and agrees that he has had and will continue to have access to secret and confidential information regarding WPCS, the Company, its subsidiaries and their respective businesses ("Confidential Information"), including but not limited to, its products, methods, formulas, software code, patents, sources of supply, customer dealings, data, know-how, trade secrets and business plans, provided such information is not in or does not hereafter become part of the public domain, or become known to others through no fault of the Executive. The Executive acknowledges that such information is of great value to WPCS and the Company, is the sole property of WPCS and the Company (as the case may be), and has been and will be acquired by him in confidence. In consideration of the obligations undertaken by WPCS and the Company herein, the Executive will not, at any time, during or after his employment hereunder, reveal, divulge or make known to any person, any information acquired by the Executive during the course of his employment, which is treated as confidential by WPCS and/or the Company, and not otherwise in the public domain. The provisions of this Section 8 shall survive the termination of the Executive's employment hereunder.

(b) The Executive affirms that he does not possess and will not rely upon the protected trade secrets or confidential or proprietary information of any prior employer(s) in providing services to the Company, WPCS or their respective subsidiaries.

(c) In the event that the Executive's employment with the Company terminates for any reason, the Executive shall deliver forthwith to the Company any and all originals and copies, including those in electronic or digital formats, of Confidential Information; provided, however, Executive shall be entitled to retain (i) papers and other materials of a personal nature, including, but not limited to, photographs, correspondence, personal diaries, calendars and rolodexes, personal files and phone books, (ii) information showing his compensation or relating to reimbursement of expenses, (iii) information that he reasonably believes may be needed for tax purposes and (iv) copies of plans, programs and agreements relating to his employment, or termination thereof, with the Company.

9. Non-Competition and Non-Solicitation.

(a) The Executive agrees and acknowledges that the Confidential Information that the Executive has already received and will receive is valuable to WPCS and the Company and that its protection and maintenance constitutes a legitimate business interest of WPCS and the Company, to be protected by the non-competition restrictions set forth herein. The Executive agrees and acknowledges that the non-competition restrictions set forth herein are reasonable and necessary and do not impose undue hardship or burdens on the Executive. The Executive also acknowledges that the Company's and WPCS's business is conducted worldwide (the "Territory"), and that the Territory, scope of prohibited competition, and time duration set forth in the non-competition restrictions set forth below are reasonable and necessary to maintain the value of the Confidential Information of, and to protect the goodwill and other legitimate business interests of, the Company, its affiliates and/or its clients or customers. The provisions of this Section 9 shall survive the termination of the Executive's employment hereunder for the time periods specified below.

(b) The Executive hereby agrees and covenants that he shall not without the prior written consent of the Member, directly or indirectly, in any capacity whatsoever, including, without limitation, as an employee, employer, consultant, principal, partner, shareholder, officer, director or any other individual or representative capacity (other than (i) as a holder of less than two (2%) percent of the outstanding securities of a company whose shares are traded on any national securities exchange or (ii) as a limited partner, passive minority interest holder in a venture capital fund, private equity fund or similar investment entity which holds or may hold an equity or debt position in portfolio companies that are competitive with the Member or the Company; provided however, that the Executive shall be precluded from serving as an operating partner, general partner, manager or governing board designee with respect to such portfolio companies), or whether on the Executive's own behalf or on behalf of any other person or entity or otherwise howsoever, during the Term and thereafter to the extent described below, within the Territory:

(1) Engage, own, manage, operate, control, be employed by, consult for, participate in, or be connected in any manner with the ownership, management, operation or control of any business in competition with the Business of the Company, as defined in the next sentence. Business shall be the development and operation of Bitcoin electronic trading platforms and related software, including Bitcoin trading software and exchanges.

(2) Recruit, solicit or hire, or attempt to recruit, solicit or hire, any employee, or independent contractor of the Company to leave the employment (or independent contractor relationship) thereof, whether or not any such employee or independent contractor is party to an employment agreement, for the purpose of competing with the Business of the Company;

(3) Attempt in any manner to solicit or accept from any customer of the Company, with whom Executive had significant contact during Executive's employment by the Company (whether under this Agreement or otherwise), business of the kind or competitive with the Business done by the Company with such customer or to persuade or attempt to persuade any such customer to cease to do business or to reduce the amount of business which such customer has customarily done or might do with the Company, or if any such customer elects to move its business to a person other than the Company, provide any services of the kind or competitive with the Business of the Company for such customer, or have any discussions regarding any such service with such customer, on behalf of such other person for the purpose of competing with the Business of the Company; or

(4) Interfere with any relationship, contractual or otherwise, between the Company and any other party, including, without limitation, any supplier, distributor, co-venturer or joint venturer of the Company, for the purpose of soliciting such other party to discontinue or reduce its business with the Company for the purpose of competing with the Business of the Company.

With respect to the activities described in Paragraphs (1), (2), (3) and (4) above, the restrictions of this Section 9 shall continue during the Employment Period and, upon termination of the Executive's employment pursuant to Section 5 (other than pursuant to Section 5(a)(v) or 5(d)(iv)), for a period of one (1) year thereafter, provided, however, that following termination of employment, the restrictions of this Section 9 shall terminate upon the occurrence of an Event of Default (as such term is defined in the Senior Secured Note issued by the Company to the Executive on December 16, 2013) that is not cured within thirty (30) days.

10. Clawback Rights. The Annual Bonus, and any and all stock based compensation (such as options and equity awards, including the Initial Option Grant and any other Share Awards) (collectively, the "Clawback Benefits") shall be subject to "Clawback Rights" as follows: During the period that the Executive is employed by the Company and upon the termination of the Executive's employment and for a period of three (3) years thereafter, if there is a restatement of any financial results from which any Clawback Benefits to Executive shall have been determined, Executive agrees to repay any amounts which were determined by reference to any Company financial results which were later restated (as defined below), to the extent the Clawback Benefits amounts paid exceed the Clawback Benefits amounts that would have been paid, based on the restatement of the Company's (or WPCS's) financial information. All Clawback Benefits amounts resulting from such restated financial results shall be retroactively adjusted by the Compensation Committee of the Member to take into account the restated results, and any excess portion of the Clawback Benefits resulting from such restated results shall be immediately surrendered to WPCS and if not so surrendered within ninety (90) days of the revised calculation being provided to the Executive by the Compensation Committee of the Member following a publicly announced restatement, the Company and/or WPCS shall have the right to take any and all action to effectuate such adjustment. The calculation of the revised Clawback Benefits amount shall be determined by the Compensation Committee of the Member in good faith and applicable law, rules and regulations. All determinations by the Compensation Committee of the Member with respect to the Clawback Rights shall be final and binding on the Company, WPCS and Executive. The Clawback Rights shall terminate following a Change of Control, subject to applicable law, rules and regulations. For purposes of this Section 10, a restatement of financial results that requires a repayment of a portion of the Clawback Benefits amounts shall mean a restatement resulting from material non-compliance of the Company (or WPCS) with any financial reporting requirement under the federal securities laws and shall not include a restatement of financial results resulting from subsequent changes in accounting pronouncements or requirements which were not in effect on the date the financial statements were originally prepared ("Restatements"). Additionally, if any material breach of any agreement by Executive relating to confidentiality, non-competition, non-raid of employees, or non-solicitation of vendors or customers (including, without limitation, Sections 8 or 9 hereof) or if any material breach of Company policy or procedures which causes material harm to the Company or WPCS occurs, as determined by the Board of the Member in its sole discretion, then the Executive agrees to repay or surrender any Clawback Benefits upon demand by the Company and if not so repaid or surrendered within ninety (90) days of such demand, the Company and/or WPCS shall have the right to take any and all action to effectuate such adjustment. The parties acknowledge it is their intention that the foregoing Clawback Rights as relates to Restatements conform in all respects to the provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd Frank Act") and requires recovery of all "incentive-based" compensation, pursuant to the provisions of the Dodd Frank Act and any and all rules and regulations promulgated thereunder from time to time in effect. Accordingly, the terms and provisions of this Agreement shall be deemed automatically amended from time to time to assure compliance with the Dodd Frank Act and such rules and regulation as hereafter may be adopted and in effect.

11. Section 409A.

The provisions of this Agreement are intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code") and any final regulations and guidance promulgated thereunder ("Section 409A") and shall be construed in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A. The Company and Executive agree to work together in good faith to consider amendments to this Agreement and to take such reasonable actions which are necessary, appropriate or desirable to avoid imposition of any additional tax or income recognition prior to actual payment to Executive under Section 409A.

To the extent that Executive will be reimbursed for costs and expenses or in-kind benefits, except as otherwise permitted by Section 409A, (a) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit, (b) the amount of expenses eligible for reimbursement, or in-kind benefits, provided during any taxable year shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year; provided that the foregoing clause (b) shall not be violated with regard to expenses reimbursed under any arrangement covered by Section 105(b) of the Code solely because such expenses are subject to a limit related to the period the arrangement is in effect and (c) such payments shall be made on or before the last day of the taxable year following the taxable year in which you incurred the expense.

A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment unless such termination constitutes a "Separation from Service" within the meaning of Section 409A and, for purposes of any such provision of this Agreement references to a "termination," "termination of employment" or like terms shall mean Separation from Service.

Each installment payable hereunder shall constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b), including Treasury Regulation Section 1.409A-2(b)(2)(iii). Each payment that is made within the terms of the "short-term deferral" rule set forth in Treasury Regulation Section 1.409A-1(b)(4) is intended to meet the "short-term deferral" rule. Each other payment is intended to be a payment upon an involuntary termination from service and payable pursuant to Treasury Regulation Section 1.409A-1(b)(9)(iii), et. seq., to the maximum extent permitted by that regulation, with any amount that is not exempt from Code Section 409A being subject to Code Section 409A.

Notwithstanding anything to the contrary in this Agreement, if Executive is a "specified employee" within the meaning of Section 409A at the time of Executive's termination, then only that portion of the severance and benefits payable to Executive pursuant to this Agreement, if any, and any other severance payments or separation benefits which may be considered deferred compensation under Section 409A (together, the "Deferred Compensation Separation Benefits"), which (when considered together) do not exceed the Section 409A Limit (as defined herein) may be made within the first six (6) months following Executive's termination of employment in accordance with the payment schedule applicable to each payment or benefit. Any portion of the Deferred Compensation Separation Benefits in excess of the Section 409A Limit otherwise due to Executive on or within the six (6) month period following Executive's termination will accrue during such six (6) month period and will become payable in one lump sum cash payment on the date six (6) months and one (1) day following the date of Executive's termination of employment. All subsequent Deferred Compensation Separation Benefits, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if Executive dies following termination but prior to the six (6) month anniversary of Executive's termination date, then any payments delayed in accordance with this paragraph will be payable in a lump sum as soon as administratively practicable after the date of Executive's death and all other Deferred Compensation Separation Benefits will be payable in accordance with the payment schedule applicable to each payment or benefit.

For purposes of this Agreement, "Section 409A Limit" will mean a sum equal (x) to the amounts payable prior to March 15 following the year in which Executive terminations plus (y) the lesser of two (2) times: (i) Executive's annualized compensation based upon the annual rate of pay paid to Executive during the Company's taxable year preceding the Company's taxable year of Executive's termination of employment as determined under Treasury Regulation 1.409A-1(b)(9)(iii)(A)(1) and any IRS guidance issued with respect thereto; or (ii) the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Code for the year in which Executive's employment is terminated.

12. Miscellaneous.

(a) The Executive acknowledges that the services to be rendered by him under the provisions of this Agreement are of a special, unique and extraordinary character and that it would be difficult or impossible to replace such services. Accordingly, the Executive agrees that any breach or threatened breach by him of Sections 8 or 9 of this Agreement shall entitle the Company, in addition to all other legal remedies available to it, to apply to any court of competent jurisdiction to seek to enjoin such breach or threatened breach. The parties understand and intend that each restriction agreed to by the Executive hereinabove shall be construed as separable and divisible from every other restriction, that the unenforceability of any restriction shall not limit the enforceability, in whole or in part, of any other restriction, and that one or more or all of such restrictions may be enforced in whole or in part as the circumstances warrant. In the event that any restriction in this Agreement is more restrictive than permitted by law in the jurisdiction in which the Company seeks enforcement thereof, such restriction shall be limited to the extent permitted by law. The remedy of injunctive relief herein set forth shall be in addition to, and not in lieu of, any other rights or remedies that the Company may have at law or in equity.

(b) Neither the Executive nor the Company may assign or delegate any of their rights or duties under this Agreement without the express written consent of the other; provided however that the Company shall have the right to delegate its obligation of payment of all sums due to the Executive hereunder, provided that such delegation shall not relieve the Company of any of its obligations hereunder.

(c) This Agreement constitutes and embodies the full and complete understanding and agreement of the parties with respect to the Executive's employment by the Company, supersedes all prior understandings and agreements, whether oral or written, between the Executive and the Company, and shall not be amended, modified or changed except by an instrument in writing executed by the party to be charged. The invalidity or partial invalidity of one or more provisions of this Agreement shall not invalidate any other provision of this Agreement. No waiver by either party of any provision or condition to be performed shall be deemed a waiver of similar or dissimilar provisions or conditions at the same time or any prior or subsequent time.

(d) This Agreement shall inure to the benefit of, be binding upon and enforceable against, the parties hereto and their respective successors, heirs, beneficiaries and permitted assigns.

(e) The headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

(f) All notices, requests, demands and other communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when personally delivered, sent by registered or certified mail, return receipt requested, postage prepaid, or by private overnight mail service (e.g. Federal Express) to the party at the address set forth above or to such other address as either party may hereafter give notice of in accordance with the provisions hereof. Notices shall be deemed given on the sooner of the date actually received or the third business day after sending.

(g) This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York without reference to principles of conflicts of laws and each of the parties hereto irrevocably consents to the jurisdiction and venue of the federal and state courts located in the State of New York.

(h) This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one of the same instrument. The parties hereto have executed this Agreement as of the date set forth above.

[signature page follows]

COMPANY:

BTX TRADER LLC

By: _____

Title:

EXECUTIVE: ILYA SUBKHANKULOV

_____

AGREED AND ACKNOWLEDGED:

WPCS INTERNATIONAL INCORPORATED

By: _____

Title:

LOCK-UP AGREEMENT

[__], 2013

Ladies and Gentlemen:

The undersigned is a beneficial owner of shares of capital stock, or securities convertible into or exercisable or exchangeable for the capital stock (each, a "Company Security") of WPCS International Incorporated, a Delaware corporation (the "Company").

1. Lockup. For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned agrees, for the benefit of the Company, that, during the period beginning on the date hereof and ending on the two year anniversary of the date hereof (the "Lockup Period"), the undersigned will not directly or indirectly, (i) offer, sell, offer to sell, contract to sell, hedge, pledge, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or sell (or announce any offer, sale, offer of sale, contract of sale, hedge, pledge, sale of any option or contract to purchase, purchase of any option or contract of sale, grant of any option, right or warrant to purchase or other sale or disposition), or otherwise transfer or dispose of (or enter into any transaction or device that is designed to, or could be expected to, result in the disposition by any person at any time in the future), any Company Security, beneficially owned, within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), by the undersigned on the date hereof or hereafter acquired or (ii) enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Company Security, whether or not any such swap or transaction described in clause (i) or (ii) above is to be settled by delivery of any Company Security.

2. Leak-Out Provision. Notwithstanding the lockup provisions of Paragraph 1, beginning on the six month anniversary of the date hereof and on every six month anniversary thereafter until the termination of the Lockup Period, 25% of the Company Securities subject to this Letter Agreement shall be released from the restrictions contained herein.

3 . Permitted Transfer. Notwithstanding the foregoing, the undersigned (and any transferee of the undersigned) may transfer any Company Security: (i) as a bona fide gift or gifts, provided that prior to such transfer the donee or donees thereof agree in writing to be bound by the restrictions set forth herein, (ii) to any trust, partnership, corporation or other entity formed for the direct or indirect benefit of the undersigned or the immediate family of the undersigned, provided that prior to such transfer a duly authorized officer, representative or trustee of such transferee agrees in writing to be bound by the restrictions set forth herein, and provided further that any such transfer shall not involve a disposition for value, (iii) to non-profit organizations qualified as charitable organizations under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or (iv) if such transfer occurs by operation of law, such as rules of descent and distribution, statutes governing the effects of a merger or a qualified domestic order, provided that prior to such transfer the transferee executes an agreement stating that the transferee is receiving and holding any Company Security subject to the provisions of this Letter Agreement. For purposes hereof, "immediate family" shall mean any relationship by blood, marriage or adoption, not more remote than first cousin.

3. Governing Law. This Letter Agreement shall be governed by and construed in accordance with the laws of the State of New York.

4 . Miscellaneous. This Letter Agreement will become a binding agreement among the undersigned as of the date hereof. This Letter Agreement (and the agreements reflected herein) may be terminated by the mutual agreement of the Company and the undersigned, and if not sooner terminated, will terminate upon the expiration date of the Lockup Period. This Letter Agreement may be duly executed by facsimile and in any number of counterparts, each of which shall be deemed an original, and all of which together shall be deemed to constitute one and the same instrument. Signature pages from separate identical counterparts may be combined with the same effect as if the parties signing such signature page had signed the same counterpart. This Letter Agreement may be modified or waived only by a separate writing signed by each of the parties hereto expressly so modifying or waiving such agreement.

[SIGNATURE PAGES FOLLOW]

Very truly yours,

_____

Number of shares of Common Stock owned: _____

Other Company Securities owned: _____

Certificate Numbers: _____

Accepted and Agreed to:

WPCS INTERNATIONAL INCORPORATED

By:_____
Name:
Title:

VOTING AGREEMENT

VOTING AGREEMENT, dated as of December 17, 2013 (this "**Agreement**"), by and between WPCS International Incorporated, a Delaware corporation with offices located at One East Uwchlan Avenue, Suite 301, Exton, Pennsylvania 19341 (the "**Company**") and [ ] (the "**Stockholder**").

WHEREAS, the Company and certain investors (each, an "**Investor**", and collectively, the "**Investors**") have entered into a Securities Purchase Agreement, dated as of the date hereof (the "**Securities Purchase Agreement**"), pursuant to which, among other things, the Company has agreed to issue and sell to the Investors and the Investors have, severally but not jointly, agreed to purchase (i) Series E Convertible Preferred Stock of the Company (the "**Preferred Shares**"), which will be convertible into shares of the Company's common stock, $0.0001 par value per share (the "**Common Stock**", as converted, the "**Conversion Shares**"), in accordance with the terms of the Certificate of Designations (as defined in the Securities Purchase Agreement), and (ii) warrants (the "**Warrants**"), which will be exercisable to purchase shares of Common Stock (as exercised collectively, the "**Warrant Shares**");

WHEREAS, as of the date hereof, the Stockholder owns shares of Common Stock, which represent (i) approximately [%] of the total issued and outstanding Common Stock of the Company, and (ii) approximately [%] of the total voting power of the Company; and

WHEREAS, as a condition to the willingness of the Investors to enter into the Securities Purchase Agreement and to consummate the transactions contemplated thereby (collectively, the "**Transaction**"), the Investors have required that the Stockholder agree, and in order to induce the Investors to enter into the Securities Purchase Agreement, the Stockholder has agreed, to enter into this Agreement with respect to all the Common Stock now owned and which may hereafter be acquired by the Stockholder and any other securities of the Company (the "**Other Securities**"), if any, which Stockholder is currently entitled to vote, or after the date hereof becomes entitled to vote, at any meeting of the shareholders of the Company.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements contained herein, and intending to be legally bound hereby, the parties hereto hereby agree as follows:

ARTICLE I

VOTING AGREEMENT OF THE STOCKHOLDER

SECTION 1.01. Voting Agreement. Subject to the last sentence of this Section 1.01, the Stockholder hereby agrees that at any meeting of the shareholders of the Company, however called, and in any action by written consent of the Company's shareholders, the Stockholder shall vote the Common Stock and the Other Securities, which Stockholder is currently entitled to vote, or after the date hereof becomes entitled to vote, at any meeting of the shareholders of the Company: (a) in favor of the Stockholder Approval (as defined in the Securities Purchase Agreement) as described in Section 4(t) of the Securities Purchase Agreement; and (b) against any proposal or any other corporate action or agreement that would result in a breach of any covenant, representation or warranty or any other obligation or agreement of the Company under the Transaction Documents (as defined in the Securities Purchase Agreement) or which could result in any of the conditions to the Company's obligations under the Transaction Documents not being fulfilled. The Stockholder acknowledges receipt and review of a copy of the Securities Purchase Agreement and the other Transaction Documents. The obligations of the Stockholder under this Section 1.01 shall terminate immediately following the occurrence of the Stockholder Approval.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF THE STOCKHOLDER

The Stockholder hereby represents and warrants to the Company and each of the Investors as follows:

SECTION 2.01. Authority Relative to this Agreement. The Stockholder has the capacity to execute and deliver this Agreement, to perform his obligations hereunder and to consummate the transactions contemplated hereby. This Agreement has been duly executed and delivered by the Stockholder and constitutes a legal, valid and binding obligation of the Stockholder, enforceable against the Stockholder in accordance with its terms, except (a) as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or similar laws now or hereafter in effect relating to, or affecting generally, the enforcement of creditors' and other obligees' rights and (b) where the remedy of specific performance or other forms of equitable relief may be subject to certain equitable defenses and principles and to the discretion of the court before which the proceeding may be brought.

SECTION 2.02. No Conflict. (a) The execution and delivery of this Agreement by the Stockholder does not, and the performance of this Agreement by the Stockholder shall not, (i) conflict with or violate any federal, state or local law, statute, ordinance, rule, regulation, order, judgment or decree applicable to the Stockholder or by which the Common Stock or the Other Securities owned by the Stockholder are bound or affected or (ii) result in any breach of or constitute a default (or an event that with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, or result in the creation of a lien or encumbrance on any of the Common Stock or the Other Securities owned by the Stockholder pursuant to, any note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise or other instrument or obligation to which the Stockholder is a party or by which the Stockholder or the Common Stock or Other Securities owned by the Stockholder is bound.

(b) The execution and delivery of this Agreement by the Stockholder does not, and the performance of this Agreement by the Stockholder shall not, require any consent, approval, authorization or permit of, or filing with or notification to, any governmental entity by the Stockholder.

SECTION 2.03. Title to the Stock. As of the date hereof, the Stockholder is the owner of [_____] shares of Common Stock, entitled to vote, without restriction, on all matters brought before holders of capital stock of the Company, which shares of Common Stock represent on the date hereof approximately [%] of the outstanding stock and approximately [%] of the voting power of the Company. Such shares of Common Stock are all the securities of the Company owned, either of record or beneficially, by the Stockholder. Such Common Stock is owned free and clear of all Encumbrances (as defined below). The Stockholder has not appointed or granted any proxy, which appointment or grant is still effective, with respect to the Common Stock or Other Securities owned by the Stockholder.

ARTICLE III

COVENANTS

SECTION 3.01. No Disposition or Encumbrance of Stock. The Stockholder hereby covenants and agrees that the Stockholder shall not offer or agree to sell, transfer, tender, assign, hypothecate or otherwise dispose of, grant a proxy or power of attorney with respect to, or create or permit to exist any security interest, lien, claim, pledge, option, right of first refusal, agreement, limitation on the Stockholder's voting rights, charge or other encumbrance of any nature whatsoever ("**Encumbrance**") with respect to the Common Stock or Other Securities, directly or indirectly, or initiate, solicit or encourage any person to take actions which could reasonably be expected to lead to the occurrence of any of the foregoing.

SECTION 3.02. Company Cooperation. The Company hereby covenants and agrees that it will not, and the Stockholder irrevocably and unconditionally acknowledges and agrees that the Company will not (and waives any rights against the Company in relation thereto), recognize any Encumbrance or agreement (other than this Agreement) on any of the Common Stock or Other Securities subject to this Agreement.

ARTICLE IV

MISCELLANEOUS

SECTION 4.01. Further Assurances. The Stockholder shall execute and deliver such further documents and instruments and take all further action as may be reasonably necessary in order to consummate the transactions contemplated hereby.

SECTION 4.02. Specific Performance. The parties hereto agree that irreparable damage would occur in the event any provision of this Agreement was not performed in accordance with the terms hereof and that any Investor (without being joined by any other Investor) shall be entitled to specific performance of the terms hereof, in addition to any other remedy at law or in equity. Any Investor shall be entitled to its reasonable attorneys' fees in any action brought to enforce this Agreement in which it is the prevailing party.

SECTION 4.03. Entire Agreement. This Agreement constitutes the entire agreement between the Company and the Stockholder (other than the Securities Purchase Agreement and the other Transaction Documents) with respect to the subject matter hereof and supersedes all prior agreements and understandings, both written and oral, among the Company and the Stockholder with respect to the subject matter hereof.

SECTION 4.04. Amendment. This Agreement may not be amended except by an instrument in writing signed by the parties hereto.

SECTION 4.05. Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of this Agreement is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the terms of this Agreement remain as originally contemplated to the fullest extent possible.

SECTION 4.06. Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by the internal laws of the State of Delaware, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Delaware or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the State of Delaware. The parties hereby agree that all actions or proceedings arising directly or indirectly from or in connection with this Agreement shall be litigated only in the Supreme Court of the State of New York or the United States District Court for the Southern District of New York located in New York County, New York. The parties consent to the jurisdiction and venue of the foregoing courts and consent that any process or notice of motion or other application to any of said courts or a judge thereof may be served inside or outside the State of New York or the Southern District of New York by registered mail, return receipt requested, directed to the party being served at its address set forth on the signature ages to this Agreement (and service so made shall be deemed complete three (3) days after the same has been posted as aforesaid) or by personal service or in such other manner as may be permissible under the rules of said courts. Each of the Company and the Stockholder irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such suit, action, or proceeding brought in such a court and any claim that suit, action, or proceeding has been brought in an inconvenient forum. **EACH PARTY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY.**

SECTION 4.07. Termination. This Agreement shall automatically terminate immediately following the occurrence of the Stockholder Approval.

[The remainder of the page is intentionally left blank]

IN WITNESS WHEREOF, the Stockholder and the Company have duly executed this Voting Agreement as of the date first written above.

THE COMPANY:

WPCS INTERNATIONAL INCORPORATED

By: _____
Name:
Title:

Address:

STOCKHOLDER:

_____
[ ]

Address:

WPCS INTERNATIONAL INCORPORATED

DIRECTOR AND OFFICER INDEMNIFICATION AGREEMENT

This Director and Officer Indemnification Agreement, dated as of December 16, 2013 (this ***"Agreement"***), is made by and between WPCS International Incorporated, a Delaware corporation (the ***"Company"***), and Divya Thakur (the ***"Indemnitee"***).

RECITALS:

A. Section 141 of the Delaware General Corporation Law provides that the business and affairs of a corporation shall be managed by or under the direction of its board of directors.

B. By virtue of the managerial prerogatives vested in the directors and officers of a Delaware corporation, directors and officers act as fiduciaries of the corporation and its stockholders.

C. Thus, it is critically important to the Company and its stockholders that the Company be able to attract and retain the most capable persons reasonably available to serve as directors and officers of the Company.

D. In recognition of the need for corporations to be able to induce capable and responsible persons to accept positions in corporate management, Delaware law authorizes (and in some instances requires) corporations to indemnify their directors and officers, and further authorizes corporations to purchase and maintain insurance for the benefit of their directors and officers.

E. The Delaware courts have recognized that indemnification by a corporation serves the dual policies of (1) allowing corporate officials to resist unjustified lawsuits, secure in the knowledge that, if vindicated, the corporation will bear the expense of litigation, and (2) encouraging capable women and men to serve as corporate directors and officers, secure in the knowledge that the corporation will absorb the costs of defending their honesty and integrity.

F. The number of lawsuits challenging the judgment and actions of directors and officers of Delaware corporations, the costs of defending those lawsuits and the threat to personal assets have all materially increased over the past several years, chilling the willingness of capable women and men to undertake the responsibilities imposed on corporate directors and officers.

G. Recent federal legislation and rules adopted by the Securities and Exchange Commission and the national securities exchanges have exposed such directors and officers to new and substantially broadened civil liabilities.

H. Under Delaware law, a director's or officer's right to be reimbursed for the costs of defense of criminal actions, whether such claims are asserted under state or federal law, does not depend upon the merits of the claims asserted against the director or officer and is separate and distinct from any right to indemnification the director may be able to establish.

I. Indemnitee is, or will be, a director and/or officer of the Company and his or her willingness to serve in such capacity is predicated, in substantial part, upon the Company's willingness to indemnify him or her in accordance with the principles reflected above, to the fullest extent permitted by the laws of the State of Delaware, and upon the other undertakings set forth in this Agreement.

J. Therefore, in recognition of the need to provide Indemnitee with substantial protection against personal liability, in order to procure Indemnitee's continued service as a director and/or officer of the Company and to enhance Indemnitee's ability to serve the Company in an effective manner, and in order to provide such protection pursuant to express contract rights (intended to be enforceable irrespective of, among other things, any amendment to the Company's certificate of incorporation or bylaws (collectively, the ***"Constituent Documents"***), any change in the composition of the Company's Board of Directors (the ***"Board"***) or any change-in-control or business combination transaction relating to the Company), the Company wishes to provide in this Agreement for the indemnification and advancement of Expenses to Indemnitee on the terms, and subject to the conditions, set forth in this Agreement.

K. In light of the considerations referred to in the preceding recitals, it is the Company's intention and desire that the provisions of this Agreement be construed liberally, subject to their express terms, to maximize the protections to be provided to Indemnitee hereunder.

AGREEMENT:

NOW, THEREFORE, the parties hereby agree as follows:

1. Certain Definitions. In addition to terms defined elsewhere herein, the following terms have the following meanings when used in this Agreement with initial capital letters:

"Change in Control" shall have occurred at such time, if any, as Incumbent Directors cease for any reason to constitute a majority of Directors. For purposes of this Section 1(a), ***"Incumbent Directors"*** means the individuals who, as of the date hereof, are Directors of the Company and any individual becoming a Director subsequent to the date hereof whose election, nomination for election by the Company's stockholders, or appointment, was approved by a vote of at least a majority of the then Incumbent Directors (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without objection to such nomination); *provided, however,* that an individual shall not be an Incumbent Director if such individual's election or appointment to the Board occurs as a result of an actual or threatened election contest (as described in Rule 14a-12(c) of the Securities Exchange Act of 1934, as amended) with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board.

"Claim" means (i) any threatened, asserted, pending or completed claim, demand, action, suit or proceeding, whether civil, criminal, administrative, arbitrative, investigative or other, and whether made pursuant to federal, state or other law; and (ii) any inquiry or investigation, whether made, instituted or conducted by the Company or any other Person, including, without limitation, any federal, state or other governmental entity, that Indemnitee reasonably determines might lead to the institution of any such claim, demand, action, suit or proceeding. For the avoidance of doubt, the Company intends indemnity to be provided hereunder in respect of acts or failure to act prior to, on or after the date hereof.

"Controlled Affiliate" means any corporation, limited liability company, partnership, joint venture, trust or other entity or enterprise, whether or not for profit, that is directly or indirectly controlled by the Company. For purposes of this definition, ***"control"*** means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of an entity or enterprise, whether through the ownership of voting securities, through other voting rights, by contract or otherwise; *provided* that direct or indirect beneficial ownership of capital stock or other interests in an entity or enterprise entitling the holder to cast 15% or more of the total number of votes generally entitled to be cast in the election of directors (or persons performing comparable functions) of such entity or enterprise shall be deemed to constitute control for purposes of this definition.

"Disinterested Director" means a director of the Company who is not and was not a party to the Claim in respect of which indemnification is sought by Indemnitee.

"Expenses" means attorneys' and experts' fees and expenses and all other costs and expenses paid or payable in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to investigate, defend, be a witness in or participate in (including on appeal), any Claim.

"Indemnifiable Claim" means any Claim based upon, arising out of or resulting from (i) any actual, alleged or suspected act or failure to act by Indemnitee in his or her capacity as a director, officer, employee or agent of the Company or as a director, officer, employee, member, manager, trustee or agent of any other corporation, limited liability company, partnership, joint venture, trust or other entity or enterprise, whether or not for profit, as to which Indemnitee is or was serving at the request of the Company, (ii) any actual, alleged or suspected act or failure to act by Indemnitee in respect of any business, transaction, communication, filing, disclosure or other activity of the Company or any other entity or enterprise referred to in clause (i) of this sentence, or (iii) Indemnitee's status as a current or former director, officer, employee or agent of the Company or as a current or former director, officer, employee, member, manager, trustee or agent of the Company or any other entity or enterprise referred to in clause (i) of this sentence or any actual, alleged or suspected act or failure to act by Indemnitee in connection with any obligation or restriction imposed upon Indemnitee by reason of such status. In addition to any service at the actual request of the Company, for purposes of this Agreement, Indemnitee shall be deemed to be serving or to have served at the request of the Company as a director, officer, employee, member, manager, trustee or agent of another entity or enterprise if Indemnitee is or was serving as a director, officer, employee, member, manager, agent, trustee or other fiduciary of such entity or enterprise and (i) such entity or enterprise is or at the time of such service was a Controlled Affiliate, (ii) such entity or enterprise is or at the time of such service was an employee benefit plan (or related trust) sponsored or maintained by the Company or a Controlled Affiliate, or (iii) the Company or a Controlled Affiliate (by action of the Board, any committee thereof or the Company's Chief Executive Officer ("CEO") (other than as the CEO him or herself)) caused or authorized Indemnitee to be nominated, elected, appointed, designated, employed, engaged or selected to serve in such capacity.

"Indemnifiable Losses" means any and all Losses relating to, arising out of or resulting from any Indemnifiable Claim; *provided, however,* that Indemnifiable Losses shall not include Losses incurred by Indemnitee in respect of any Indemnifiable Claim (or any matter or issue therein) as to which Indemnitee shall have been adjudged liable to the Company, unless and only to the extent that the Delaware Court of Chancery or the court in which such Indemnifiable Claim was brought shall have determined upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification for such Expenses as the court shall deem proper.

"Independent Counsel" means a nationally recognized law firm, or a member of a nationally recognized law firm, that is experienced in matters of Delaware corporate law and neither presently is, nor in the past five years has been, retained to represent: (i) the Company (or any subsidiary) or Indemnitee in any matter material to either such party (other than with respect to matters concerning the Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements) or (ii) any other named (or, as to a threatened matter, reasonably likely to be named) party to the Indemnifiable Claim giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement.

"Losses" means any and all Expenses, damages, losses, liabilities, judgments, fines, penalties (whether civil, criminal or other) and amounts paid or payable in settlement, including, without limitation, all interest, assessments and other charges paid or payable in connection with or in respect of any of the foregoing.

"Person" means any individual, entity or group, within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended.

"Standard of Conduct" means the standard for conduct by Indemnitee that is a condition precedent to indemnification of Indemnitee hereunder against Indemnifiable Losses relating to, arising out of or resulting from an Indemnifiable Claim. The Standard of Conduct is (i) good faith and a reasonable belief by Indemnitee that his action was in or not opposed to the best interests of the Company and, with respect to any criminal action or proceeding, that Indemnitee had no reasonable cause to believe that his conduct was unlawful, or (ii) any other applicable standard of conduct that may hereafter be substituted under Section 145(a) or (b) of the Delaware General Corporation Law or any successor to such provision(s).

2. Indemnification Obligation. Subject only to Section 7 and to the proviso in this Section, the Company shall indemnify, defend and hold harmless Indemnitee, to the fullest extent permitted or required by the laws of the State of Delaware in effect on the date hereof or as such laws may from time to time hereafter be amended to increase the scope of such permitted indemnification, against any and all Indemnifiable Claims and Indemnifiable Losses; *provided, however,* that, except as provided in Section 5, Indemnitee shall not be entitled to indemnification pursuant to this Agreement in connection with (i) any Claim initiated by Indemnitee against the Company or any director or officer of the Company unless the Company has joined in or consented to the initiation of such Claim, or (ii) the purchase and sale by Indemnitee of securities in violation of Section 16(b) of the Securities Exchange Act of 1934, as amended. The Company acknowledges that the foregoing obligation may be broader than that now provided by applicable law and the Company's Constituent Documents and intends that it be interpreted consistently with this Section and the recitals to this Agreement.

3. Advancement of Expenses. Indemnitee shall have the right to advancement by the Company prior to the final disposition of any Indemnifiable Claim of any and all actual and reasonable Expenses relating to, arising out of or resulting from any Indemnifiable Claim paid or incurred by Indemnitee. Without limiting the generality or effect of any other provision hereof, Indemnitee's right to such advancement is not subject to the satisfaction of any Standard of Conduct. Without limiting the generality or effect of the foregoing, within five business days after any request by Indemnitee that is accompanied by supporting documentation for specific reasonable Expenses to be reimbursed or advanced, the Company shall, in accordance with such request (but without duplication), (a) pay such Expenses on behalf of Indemnitee, (b) advance to Indemnitee funds in an amount sufficient to pay such Expenses, or (c) reimburse Indemnitee for such Expenses; *provided* that Indemnitee shall repay, without interest, any amounts actually advanced to Indemnitee that, at the final disposition of the Indemnifiable Claim to which the advance related, were in excess of amounts paid or payable by Indemnitee in respect of Expenses relating to, arising out of or resulting from such Indemnifiable Claim. In connection with any such payment, advancement or reimbursement, at the request of the Company, Indemnitee shall execute and deliver to the Company an undertaking, which need not be secured and shall be accepted without reference to Indemnitee's ability to repay the Expenses, by or on behalf of the Indemnitee, to repay any amounts paid, advanced or reimbursed by the Company in respect of Expenses relating to, arising out of or resulting from any Indemnifiable Claim in respect of which it shall have been determined, following the final disposition of such Indemnifiable Claim and in accordance with Section 7, that Indemnitee is not entitled to indemnification hereunder.

4. Indemnification for Additional Expenses. Without limiting the generality or effect of the foregoing, the Company shall indemnify and hold harmless Indemnitee against and, if requested by Indemnitee, shall reimburse Indemnitee for, or advance to Indemnitee, within five business days of such request accompanied by supporting documentation for specific Expenses to be reimbursed or advanced, any and all actual and reasonable Expenses paid or incurred by Indemnitee in connection with any Claim made, instituted or conducted by Indemnitee for (a) indemnification or reimbursement or advance payment of Expenses by the Company under any provision of this Agreement, or under any other agreement or provision of the Constituent Documents now or hereafter in effect relating to Indemnifiable Claims, and/or (b) recovery under any directors' and officers' liability insurance policies maintained by the Company; *provided, however,* if it is ultimately determined that the Indemnitee is not entitled to such indemnification, reimbursement, advance or insurance recovery, as the case may be, then the Indemnitee shall be obligated to repay any such Expenses to the Company; *provided further,* that, regardless in each case of whether Indemnitee ultimately is determined to be entitled to such indemnification, reimbursement, advance or insurance recovery, as the case may be, Indemnitee shall return, without interest, any such advance of Expenses (or portion thereof) which remains unspent at the final disposition of the Claim to which the advance related.

5. Partial Indemnity. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of any Indemnifiable Loss but not for all of the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

6. Procedure for Notification. To obtain indemnification under this Agreement in respect of an Indemnifiable Claim or Indemnifiable Loss, Indemnitee shall submit to the Company a written request therefore, including a brief description (based upon information then available to Indemnitee) of such Indemnifiable Claim or Indemnifiable Loss. If, at the time of the receipt of such request, the Company has directors' and officers' liability insurance in effect under which coverage for such Indemnifiable Claim or Indemnifiable Loss is potentially available, the Company shall give prompt written notice of such Indemnifiable Claim or Indemnifiable Loss to the applicable insurers in accordance with the procedures set forth in the applicable policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all Indemnifiable Claims and Indemnifiable Losses in accordance with the terms of such policies. The Company shall provide to Indemnitee a copy of such notice delivered to the applicable insurers, substantially concurrently with the delivery thereof by the Company. The failure by Indemnitee to timely notify the Company of any Indemnifiable Claim or Indemnifiable Loss shall not relieve the Company from any liability hereunder unless, and only to the extent that, the Company did not otherwise learn of such Indemnifiable Claim or Indemnifiable Loss and to the extent that such failure results in forfeiture by the Company of substantial defenses, rights or insurance coverage.

7. Determination of Right to Indemnification.

To the extent that Indemnitee shall have been successful on the merits or otherwise in defense of any Indemnifiable Claim or any portion thereof or in defense of any issue or matter therein, including, without limitation, dismissal without prejudice, Indemnitee shall be indemnified against all Indemnifiable Losses relating to, arising out of or resulting from such Indemnifiable Claim in accordance with Section 2 and no Standard of Conduct Determination (as defined in Section 7(b)) shall be required.

To the extent that the provisions of Section 7(a) are inapplicable to an Indemnifiable Claim that shall have been finally disposed of, any determination of whether Indemnitee has satisfied the applicable Standard of Conduct (a ***"Standard of Conduct Determination"***) shall be made as follows: (i) if a Change in Control shall not have occurred, or if a Change in Control shall have occurred but Indemnitee shall have requested that the Standard of Conduct Determination be made pursuant to this clause (i), (A) by a majority vote of the Disinterested Directors, even if less than a quorum of the Board, (B) if such Disinterested Directors so direct, by a majority vote of a committee of Disinterested Directors designated by a majority vote of all Disinterested Directors, or (C) if there are no such Disinterested Directors, or if a majority of the Disinterested Directors so direct, by Independent Counsel in a written opinion addressed to the Board, a copy of which shall be delivered to Indemnitee; and (ii) if a Change in Control shall have occurred and Indemnitee shall not have requested that the Standard of Conduct Determination be made pursuant to clause (i) above, by Independent Counsel in a written opinion addressed to the Board, a copy of which shall be delivered to Indemnitee.

If (i) Indemnitee shall be entitled to indemnification hereunder against any Indemnifiable Losses pursuant to Section 7(a), (ii) no determination of whether Indemnitee has satisfied any applicable standard of conduct under Delaware law is a legally required condition precedent to indemnification of Indemnitee hereunder against any Indemnifiable Losses, or (iii) Indemnitee has been determined or deemed pursuant to Section 7(b) to have satisfied the applicable Standard of Conduct, then the Company shall pay to Indemnitee, within five business days after the later of (x) the Notification Date in respect of the Indemnifiable Claim or portion thereof to which such Indemnifiable Losses are related, out of which such Indemnifiable Losses arose or from which such Indemnifiable Losses resulted, and (y) the earliest date on which the applicable criterion specified in clause (i), (ii) or (iii) above shall have been satisfied, an amount equal to the amount of such Indemnifiable Losses. Nothing herein is intended to mean or imply that the Company is intending to use Section 145(f) of the Delaware General Corporation Law to dispense with a requirement that Indemnitee meet the applicable Standard of Conduct where it is otherwise required by such statute.

If a Standard of Conduct Determination is required to be, but has not been, made by Independent Counsel pursuant to Section 7(b)(i), the Independent Counsel shall be selected by the Board or a committee of the Board, and the Company shall give written notice to Indemnitee advising him or her of the identity of the Independent Counsel so selected. If a Standard of Conduct Determination is required to be, or to have been, made by Independent Counsel pursuant to Section 7(b)(ii), the Independent Counsel shall be selected by Indemnitee, and Indemnitee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected. In either case, Indemnitee or the Company, as applicable, may, within five business days after receiving written notice of selection from the other, deliver to the other a written objection to such selection; *provided, however,* that such objection may be asserted only on the ground that the Independent Counsel so selected does not satisfy the criteria set forth in the definition of "Independent Counsel" in Section 1(h), and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the Person so selected shall act as Independent Counsel. If such written objection is properly and timely made and substantiated, (i) the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit and (ii) the non-objecting party may, at its option, select an alternative Independent Counsel and give written notice to the other party advising such other party of the identity of the alternative Independent Counsel so selected, in which case the provisions of the two immediately preceding sentences and clause (i) of this sentence shall apply to such subsequent selection and notice. If applicable, the provisions of clause (ii) of the immediately preceding sentence shall apply to successive alternative selections. If no Independent Counsel that is permitted under the foregoing provisions of this Section 7(d) to make the Standard of Conduct Determination shall have been selected within 30 calendar days after the Company gives its initial notice pursuant to the first sentence of this Section 7(d) or Indemnitee gives its initial notice pursuant to the second sentence of this Section 7(d), as the case may be, either the Company or Indemnitee may petition the Court of Chancery of the State of Delaware for resolution of any objection which shall have been made by the Company or Indemnitee to the other's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person or firm selected by the Court or by such other person as the Court shall designate, and the person or firm with respect to whom all objections are so resolved or the person or firm so appointed will act as Independent Counsel. In all events, the Company shall pay all of the actual and reasonable fees and expenses of the Independent Counsel incurred in connection with the Independent Counsel's determination pursuant to Section 7(b).

8. Cooperation. Indemnitee shall cooperate with reasonable requests of the Company in connection with any Indemnifiable Claim and any individual or firm making such Standard of Conduct Determination, including providing to such Person documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to defend the Indemnifiable Claim or make any Standard of Conduct Determination without incurring any unreimbursed cost in connection therewith. The Company shall indemnify and hold harmless Indemnitee against and, if requested by Indemnitee, shall reimburse Indemnitee for, or advance to Indemnitee, within five business days of such request accompanied by supporting documentation for specific costs and expenses to be reimbursed or advanced, any and all costs and expenses (including attorneys' and experts' fees and expenses) actually and reasonably incurred by Indemnitee in so cooperating with the Person defending the Indemnifiable Claim or making such Standard of Conduct Determination.

9. Presumption of Entitlement. Notwithstanding any other provision hereof, in making any Standard of Conduct Determination, the Person making such determination shall presume that Indemnitee has satisfied the applicable Standard of Conduct.

10. No Other Presumption. For purposes of this Agreement, the termination of any Claim by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of nolo contendere or its equivalent, will not create a presumption that Indemnitee did not meet any applicable Standard of Conduct or that indemnification hereunder is otherwise not permitted.

11. Non-Exclusivity. The rights of Indemnitee hereunder will be in addition to any other rights Indemnitee may have under the Constituent Documents, or the substantive laws of the Company's jurisdiction of incorporation, any other contract or otherwise (collectively, ***"Other Indemnity Provisions"***) ; *provided, however,* that (a) to the extent that Indemnitee otherwise would have any greater right to indemnification under any Other Indemnity Provision, Indemnitee will without further action be deemed to have such greater right hereunder, and (b) to the extent that any change is made to any Other Indemnity Provision which permits any greater right to indemnification than that provided under this Agreement as of the date hereof, Indemnitee will be deemed to have such greater right hereunder. The Company may not, without the consent of Indemnitee, adopt any amendment to any of the Constituent Documents the effect of which would be to deny, diminish or encumber Indemnitee's right to indemnification under this Agreement.

12. Liability Insurance and Funding. For the duration of Indemnitee's service as a director and/or officer of the Company and for a reasonable period of time thereafter, which such period shall be determined by the Company in its sole discretion, the Company shall use commercially reasonable efforts (taking into account the scope and amount of coverage available relative to the cost thereof) to cause to be maintained in effect policies of directors' and officers' liability insurance providing coverage for directors and/or officers of the Company, and, if applicable, that is substantially comparable in scope and amount to that provided by the Company's current policies of directors' and officers' liability insurance. Upon reasonable request, the Company shall provide Indemnitee or his or her counsel with a copy of all directors' and officers' liability insurance applications, binders, policies, declarations, endorsements and other related materials. In all policies of directors' and officers' liability insurance obtained by the Company, Indemnitee shall be named as an insured in such a manner as to provide Indemnitee the same rights and benefits, subject to the same limitations, as are accorded to the Company's directors and officers most favorably insured by such policy. Notwithstanding the foregoing, (i) the Company may, but shall not be required to, create a trust fund, grant a security interest or use other means, including, without limitation, a letter of credit, to ensure the payment of such amounts as may be necessary to satisfy its obligations to indemnify and advance expenses pursuant to this Agreement and (ii) in renewing or seeking to renew any insurance hereunder, the Company will not be required to expend more than 2.0 times the premium amount of the immediately preceding policy period (equitably adjusted if necessary to reflect differences in policy periods).

13. Subrogation. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the related rights of recovery of Indemnitee against other Persons (other than Indemnitee's successors), including any entity or enterprise referred to in clause (i) of the definition of "Indemnifiable Claim" in Section 1(f). Indemnitee shall execute all papers reasonably required to evidence such rights (all of Indemnitee's reasonable Expenses, including attorneys' fees and charges, related thereto to be reimbursed by or, at the option of Indemnitee, advanced by the Company).

14. No Duplication of Payments. The Company shall not be liable under this Agreement to make any payment to Indemnitee in respect of any Indemnifiable Losses to the extent Indemnitee has otherwise already actually received payment (net of Expenses incurred in connection therewith) under any insurance policy, the Constituent Documents and Other Indemnity Provisions or otherwise (including from any entity or enterprise referred to in clause (i) of the definition of "Indemnifiable Claim" in Section 1(f)) in respect of such Indemnifiable Losses otherwise indemnifiable hereunder.

15. Defense of Claims. Subject to the provisions of applicable policies of directors' and officers' liability insurance, if any, the Company shall be entitled to participate in the defense of any Indemnifiable Claim or to assume or lead the defense thereof with counsel reasonably satisfactory to the Indemnitee; *provided* that if Indemnitee determines, after consultation with counsel selected by Indemnitee, that (a) the use of counsel chosen by the Company to represent Indemnitee would present such counsel with an actual or potential conflict, (b) the named parties in any such Indemnifiable Claim (including any impleaded parties) include both the Company and Indemnitee and Indemnitee shall conclude that there may be one or more legal defenses available to him or her that are different from or in addition to those available to the Company, (c) any such representation by such counsel would be precluded under the applicable standards of professional conduct then prevailing, or (d) Indemnitee has interests in the claim or underlying subject matter that are different from or in addition to those of other Persons against whom the Claim has been made or might reasonably be expected to be made, then Indemnitee shall be entitled to retain separate counsel (but not more than one law firm plus, if applicable, local counsel in respect of any particular Indemnifiable Claim for all indemnitees in Indemnitee's circumstances) at the Company's expense. The Company shall not be liable to Indemnitee under this Agreement for any amounts paid in settlement of any threatened or pending Indemnifiable Claim effected without the Company's prior written consent. The Company shall not, without the prior written consent of the Indemnitee, effect any settlement of any threatened or pending Indemnifiable Claim which the Indemnitee is or could have been a party unless such settlement solely involves the payment of money and includes a complete and unconditional release of the Indemnitee from all liability on any claims that are the subject matter of such Indemnifiable Claim. Neither the Company nor Indemnitee shall unreasonably withhold its consent to any proposed settlement; *provided* that Indemnitee may withhold consent to any settlement that does not provide a complete and unconditional release of Indemnitee.

16. Mutual Acknowledgment. Both the Company and the Indemnitee acknowledge that in certain instances, Federal law or applicable public policy may prohibit the Company from indemnifying its directors and officers under this Agreement or otherwise. Indemnitee understands and acknowledges that the Company may be required in the future to undertake to the Securities and Exchange Commission to submit the question of indemnification to a court in certain circumstances for a determination of the Company's right under public policy to indemnify Indemnitee and, in that event, the Indemnitee's rights and the Company's obligations hereunder shall be subject to that determination.

17. Successors and Binding Agreement.

This Agreement shall be binding upon and inure to the benefit of the Company and any successor to the Company, including, without limitation, any Person acquiring directly or indirectly all or substantially all of the business or assets of the Company whether by purchase, merger, consolidation, reorganization or otherwise (and such successor will thereafter be deemed the "Company" for purposes of this Agreement), but shall not otherwise be assignable or delegatable by the Company.

This Agreement shall inure to the benefit of and be enforceable by the Indemnitee's personal or legal representatives, executors, administrators, heirs, distributees, legatees and other successors.

This Agreement is personal in nature and neither of the parties hereto shall, without the consent of the other, assign or delegate this Agreement or any rights or obligations hereunder except as expressly provided in Sections 17(a) and 17(b). Without limiting the generality or effect of the foregoing, Indemnitee's right to receive payments hereunder shall not be assignable, whether by pledge, creation of a security interest or otherwise, other than by a transfer by the Indemnitee's will or by the laws of descent and distribution, and, in the event of any attempted assignment or transfer contrary to this Section 17(c), the Company shall have no liability to pay any amount so attempted to be assigned or transferred.

18. Notices. For all purposes of this Agreement, all communications, including without limitation notices, consents, requests or approvals, required or permitted to be given hereunder must be in writing and shall be deemed to have been duly given when hand delivered or dispatched by electronic facsimile transmission (with receipt thereof orally confirmed), or one business day after having been sent for next-day delivery by a nationally recognized overnight courier service, addressed to the Company (to the attention of the Secretary of the Company) and to Indemnitee at the applicable address shown on the signature page hereto, or to such other address as any party may have furnished to the other in writing and in accordance herewith, except that notices of changes of address will be effective only upon receipt.

19. Governing Law. The validity, interpretation, construction and performance of this Agreement shall be governed by and construed in accordance with the substantive laws of the State of Delaware, without giving effect to the principles of conflict of laws of such State. The Company and Indemnitee each hereby irrevocably consent to the jurisdiction of the Chancery Court of the State of Delaware for all purposes in connection with any action or proceeding which arises out of or relates to this Agreement, waive all procedural objections to suit in that jurisdiction, including, without limitation, objections as to venue or inconvenience, agree that service in any such action may be made by notice given in accordance with Section 18 and also agree that any action instituted under this Agreement shall be brought only in the Chancery Court of the State of Delaware.

20. Validity. If any provision of this Agreement or the application of any provision hereof to any Person or circumstance is held invalid, unenforceable or otherwise illegal, the remainder of this Agreement and the application of such provision to any other Person or circumstance shall not be affected, and the provision so held to be invalid, unenforceable or otherwise illegal shall be reformed to the extent, and only to the extent, necessary to make it enforceable, valid or legal. In the event that any court or other adjudicative body shall decline to reform any provision of this Agreement held to be invalid, unenforceable or otherwise illegal as contemplated by the immediately preceding sentence, the parties thereto shall take all such action as may be necessary or appropriate to replace the provision so held to be invalid, unenforceable or otherwise illegal with one or more alternative provisions that effectuate the purpose and intent of the original provisions of this Agreement as fully as possible without being invalid, unenforceable or otherwise illegal.

21. Miscellaneous. No provision of this Agreement may be waived, modified or discharged unless such waiver, modification or discharge is agreed to in writing signed by Indemnitee and the Company. No waiver by either party hereto at any time of any breach by the other party hereto or compliance with any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, expressed or implied with respect to the subject matter hereof have been made by either party that are not set forth expressly in this Agreement.

22. Certain Interpretive Matters. Unless the context of this Agreement otherwise requires, (1) "it" or "its" or words of any gender include each other gender, (2) words using the singular or plural number also include the plural or singular number, respectively, (3) the terms "hereof," "herein," "hereby" and derivative or similar words refer to this entire Agreement, (4) the terms "Article," "Section," "Annex" or "Exhibit" refer to the specified Article, Section, Annex or Exhibit of or to this Agreement, (5) the terms "include," "includes" and "including" will be deemed to be followed by the words "without limitation" (whether or not so expressed), and (6) the word "or" is disjunctive but not exclusive. Whenever this Agreement refers to a number of days, such number will refer to calendar days unless business days are specified and whenever action must be taken (including the giving of notice or the delivery of documents) under this Agreement during a certain period of time or by a particular date that ends or occurs on a non-business day, then such period or date will be extended until the immediately following business day. As used herein, ***"business day"*** means any day other than Saturday, Sunday or a United States federal holiday.

23. Entire Agreement. This Agreement constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, between the parties hereto with respect to the subject matter of this Agreement. Any prior agreements or understandings between the parties hereto with respect to indemnification are hereby terminated and of no further force or effect. This Agreement is not the exclusive means of securing indemnification rights of Indemnitee and is in addition to any rights Indemnitee may have under any Constituent Documents.

24. Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original but all of which together shall constitute one and the same agreement.

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IN WITNESS WHEREOF, Indemnitee has executed and the Company has caused its duly authorized representative to execute this Agreement as of the date first above written.

WPCS INTERNATIONAL INCORPORATED

By:_____
Name: Sebastian Giordano
Title: Chief Executive Officer

INDEMNITEE: DIVYA THAKUR

_____
Name: Divya Thakur

Address: _____

_____

_____

WPCS INTERNATIONAL INCORPORATED

DIRECTOR AND OFFICER INDEMNIFICATION AGREEMENT

This Director and Officer Indemnification Agreement, dated as of December 16, 2013 (this ***"Agreement"***), is made by and between WPCS International Incorporated, a Delaware corporation (the ***"Company"***), and Ilya Subkhankulov, an officer of BTX Trader LLC, the Company's wholly owned subsidiary. (the ***"Indemnitee"***).

RECITALS:

A. Section 141 of the Delaware General Corporation Law provides that the business and affairs of a corporation shall be managed by or under the direction of its board of directors.

B. By virtue of the managerial prerogatives vested in the directors and officers of a Delaware corporation, directors and officers act as fiduciaries of the corporation and its stockholders.

C. Thus, it is critically important to the Company and its stockholders that the Company be able to attract and retain the most capable persons reasonably available to serve as directors and officers of the Company.

D. In recognition of the need for corporations to be able to induce capable and responsible persons to accept positions in corporate management, Delaware law authorizes (and in some instances requires) corporations to indemnify their directors and officers, and further authorizes corporations to purchase and maintain insurance for the benefit of their directors and officers.

E. The Delaware courts have recognized that indemnification by a corporation serves the dual policies of (1) allowing corporate officials to resist unjustified lawsuits, secure in the knowledge that, if vindicated, the corporation will bear the expense of litigation, and (2) encouraging capable women and men to serve as corporate directors and officers, secure in the knowledge that the corporation will absorb the costs of defending their honesty and integrity.

F. The number of lawsuits challenging the judgment and actions of directors and officers of Delaware corporations, the costs of defending those lawsuits and the threat to personal assets have all materially increased over the past several years, chilling the willingness of capable women and men to undertake the responsibilities imposed on corporate directors and officers.

G. Recent federal legislation and rules adopted by the Securities and Exchange Commission and the national securities exchanges have exposed such directors and officers to new and substantially broadened civil liabilities.

H. Under Delaware law, a director's or officer's right to be reimbursed for the costs of defense of criminal actions, whether such claims are asserted under state or federal law, does not depend upon the merits of the claims asserted against the director or officer and is separate and distinct from any right to indemnification the director may be able to establish.

I. Indemnitee is, or will be, a director and/or officer of the Company or a subsidiary of the Company and his or her willingness to serve in such capacity is predicated, in substantial part, upon the Company's willingness to indemnify him or her in accordance with the principles reflected above, to the fullest extent permitted by the laws of the State of Delaware, and upon the other undertakings set forth in this Agreement.

J. Therefore, in recognition of the need to provide Indemnitee with substantial protection against personal liability, in order to procure Indemnitee's continued service as a director and/or officer of the Company and to enhance Indemnitee's ability to serve the Company in an effective manner, and in order to provide such protection pursuant to express contract rights (intended to be enforceable irrespective of, among other things, any amendment to the Company's certificate of incorporation or bylaws (collectively, the ***"Constituent Documents"***), any change in the composition of the Company's Board of Directors (the ***"Board"***) or any change-in-control or business combination transaction relating to the Company), the Company wishes to provide in this Agreement for the indemnification and advancement of Expenses to Indemnitee on the terms, and subject to the conditions, set forth in this Agreement.

K. In light of the considerations referred to in the preceding recitals, it is the Company's intention and desire that the provisions of this Agreement be construed liberally, subject to their express terms, to maximize the protections to be provided to Indemnitee hereunder.

AGREEMENT:

NOW, THEREFORE, the parties hereby agree as follows:

1. Certain Definitions. In addition to terms defined elsewhere herein, the following terms have the following meanings when used in this Agreement with initial capital letters:

"Change in Control" shall have occurred at such time, if any, as Incumbent Directors cease for any reason to constitute a majority of Directors. For purposes of this Section 1(a), ***"Incumbent Directors"*** means the individuals who, as of the date hereof, are Directors of the Company and any individual becoming a Director subsequent to the date hereof whose election, nomination for election by the Company's stockholders, or appointment, was approved by a vote of at least a majority of the then Incumbent Directors (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without objection to such nomination); *provided, however,* that an individual shall not be an Incumbent Director if such individual's election or appointment to the Board occurs as a result of an actual or threatened election contest (as described in Rule 14a-12(c) of the Securities Exchange Act of 1934, as amended) with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board.

"Claim" means (i) any threatened, asserted, pending or completed claim, demand, action, suit or proceeding, whether civil, criminal, administrative, arbitrative, investigative or other, and whether made pursuant to federal, state or other law; and (ii) any inquiry or investigation, whether made, instituted or conducted by the Company or any other Person, including, without limitation, any federal, state or other governmental entity, that Indemnitee reasonably determines might lead to the institution of any such claim, demand, action, suit or proceeding. For the avoidance of doubt, the Company intends indemnity to be provided hereunder in respect of acts or failure to act prior to, on or after the date hereof.

"Controlled Affiliate" means any corporation, limited liability company, partnership, joint venture, trust or other entity or enterprise, whether or not for profit, that is directly or indirectly controlled by the Company. For purposes of this definition, ***"control"*** means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of an entity or enterprise, whether through the ownership of voting securities, through other voting rights, by contract or otherwise; *provided* that direct or indirect beneficial ownership of capital stock or other interests in an entity or enterprise entitling the holder to cast 15% or more of the total number of votes generally entitled to be cast in the election of directors (or persons performing comparable functions) of such entity or enterprise shall be deemed to constitute control for purposes of this definition.

"Disinterested Director" means a director of the Company who is not and was not a party to the Claim in respect of which indemnification is sought by Indemnitee.

"Expenses" means attorneys' and experts' fees and expenses and all other costs and expenses paid or payable in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to investigate, defend, be a witness in or participate in (including on appeal), any Claim.

"Indemnifiable Claim" means any Claim based upon, arising out of or resulting from (i) any actual, alleged or suspected act or failure to act by Indemnitee in his or her capacity as a director, officer, employee or agent of the Company or as a director, officer, employee, member, manager, trustee or agent of any other corporation, limited liability company, partnership, joint venture, trust or other entity or enterprise, whether or not for profit, as to which Indemnitee is or was serving at the request of the Company, (ii) any actual, alleged or suspected act or failure to act by Indemnitee in respect of any business, transaction, communication, filing, disclosure or other activity of the Company or any other entity or enterprise referred to in clause (i) of this sentence, or (iii) Indemnitee's status as a current or former director, officer, employee or agent of the Company or as a current or former director, officer, employee, member, manager, trustee or agent of the Company or any other entity or enterprise referred to in clause (i) of this sentence or any actual, alleged or suspected act or failure to act by Indemnitee in connection with any obligation or restriction imposed upon Indemnitee by reason of such status. In addition to any service at the actual request of the Company, for purposes of this Agreement, Indemnitee shall be deemed to be serving or to have served at the request of the Company as a director, officer, employee, member, manager, trustee or agent of another entity or enterprise if Indemnitee is or was serving as a director, officer, employee, member, manager, agent, trustee or other fiduciary of such entity or enterprise and (i) such entity or enterprise is or at the time of such service was a Controlled Affiliate, (ii) such entity or enterprise is or at the time of such service was an employee benefit plan (or related trust) sponsored or maintained by the Company or a Controlled Affiliate, or (iii) the Company or a Controlled Affiliate (by action of the Board, any committee thereof or the Company's Chief Executive Officer ("CEO") (other than as the CEO him or herself)) caused or authorized Indemnitee to be nominated, elected, appointed, designated, employed, engaged or selected to serve in such capacity.

"Indemnifiable Losses" means any and all Losses relating to, arising out of or resulting from any Indemnifiable Claim; *provided, however,* that Indemnifiable Losses shall not include Losses incurred by Indemnitee in respect of any Indemnifiable Claim (or any matter or issue therein) as to which Indemnitee shall have been adjudged liable to the Company, unless and only to the extent that the Delaware Court of Chancery or the court in which such Indemnifiable Claim was brought shall have determined upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification for such Expenses as the court shall deem proper.

"Independent Counsel" means a nationally recognized law firm, or a member of a nationally recognized law firm, that is experienced in matters of Delaware corporate law and neither presently is, nor in the past five years has been, retained to represent: (i) the Company (or any subsidiary) or Indemnitee in any matter material to either such party (other than with respect to matters concerning the Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements) or (ii) any other named (or, as to a threatened matter, reasonably likely to be named) party to the Indemnifiable Claim giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement.

"Losses" means any and all Expenses, damages, losses, liabilities, judgments, fines, penalties (whether civil, criminal or other) and amounts paid or payable in settlement, including, without limitation, all interest, assessments and other charges paid or payable in connection with or in respect of any of the foregoing.

"Person" means any individual, entity or group, within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended.

"Standard of Conduct" means the standard for conduct by Indemnitee that is a condition precedent to indemnification of Indemnitee hereunder against Indemnifiable Losses relating to, arising out of or resulting from an Indemnifiable Claim. The Standard of Conduct is (i) good faith and a reasonable belief by Indemnitee that his action was in or not opposed to the best interests of the Company and, with respect to any criminal action or proceeding, that Indemnitee had no reasonable cause to believe that his conduct was unlawful, or (ii) any other applicable standard of conduct that may hereafter be substituted under Section 145(a) or (b) of the Delaware General Corporation Law or any successor to such provision(s).

2. Indemnification Obligation. Subject only to Section 7 and to the proviso in this Section, the Company shall indemnify, defend and hold harmless Indemnitee, to the fullest extent permitted or required by the laws of the State of Delaware in effect on the date hereof or as such laws may from time to time hereafter be amended to increase the scope of such permitted indemnification, against any and all Indemnifiable Claims and Indemnifiable Losses; *provided, however,* that, except as provided in Section 5, Indemnitee shall not be entitled to indemnification pursuant to this Agreement in connection with (i) any Claim initiated by Indemnitee against the Company or any director or officer of the Company unless the Company has joined in or consented to the initiation of such Claim, or (ii) the purchase and sale by Indemnitee of securities in violation of Section 16(b) of the Securities Exchange Act of 1934, as amended. The Company acknowledges that the foregoing obligation may be broader than that now provided by applicable law and the Company's Constituent Documents and intends that it be interpreted consistently with this Section and the recitals to this Agreement.

3. Advancement of Expenses. Indemnitee shall have the right to advancement by the Company prior to the final disposition of any Indemnifiable Claim of any and all actual and reasonable Expenses relating to, arising out of or resulting from any Indemnifiable Claim paid or incurred by Indemnitee. Without limiting the generality or effect of any other provision hereof, Indemnitee's right to such advancement is not subject to the satisfaction of any Standard of Conduct. Without limiting the generality or effect of the foregoing, within five business days after any request by Indemnitee that is accompanied by supporting documentation for specific reasonable Expenses to be reimbursed or advanced, the Company shall, in accordance with such request (but without duplication), (a) pay such Expenses on behalf of Indemnitee, (b) advance to Indemnitee funds in an amount sufficient to pay such Expenses, or (c) reimburse Indemnitee for such Expenses; *provided* that Indemnitee shall repay, without interest, any amounts actually advanced to Indemnitee that, at the final disposition of the Indemnifiable Claim to which the advance related, were in excess of amounts paid or payable by Indemnitee in respect of Expenses relating to, arising out of or resulting from such Indemnifiable Claim. In connection with any such payment, advancement or reimbursement, at the request of the Company, Indemnitee shall execute and deliver to the Company an undertaking, which need not be secured and shall be accepted without reference to Indemnitee's ability to repay the Expenses, by or on behalf of the Indemnitee, to repay any amounts paid, advanced or reimbursed by the Company in respect of Expenses relating to, arising out of or resulting from any Indemnifiable Claim in respect of which it shall have been determined, following the final disposition of such Indemnifiable Claim and in accordance with Section 7, that Indemnitee is not entitled to indemnification hereunder.

4. Indemnification for Additional Expenses. Without limiting the generality or effect of the foregoing, the Company shall indemnify and hold harmless Indemnitee against and, if requested by Indemnitee, shall reimburse Indemnitee for, or advance to Indemnitee, within five business days of such request accompanied by supporting documentation for specific Expenses to be reimbursed or advanced, any and all actual and reasonable Expenses paid or incurred by Indemnitee in connection with any Claim made, instituted or conducted by Indemnitee for (a) indemnification or reimbursement or advance payment of Expenses by the Company under any provision of this Agreement, or under any other agreement or provision of the Constituent Documents now or hereafter in effect relating to Indemnifiable Claims, and/or (b) recovery under any directors' and officers' liability insurance policies maintained by the Company; *provided, however,* if it is ultimately determined that the Indemnitee is not entitled to such indemnification, reimbursement, advance or insurance recovery, as the case may be, then the Indemnitee shall be obligated to repay any such Expenses to the Company; *provided further,* that, regardless in each case of whether Indemnitee ultimately is determined to be entitled to such indemnification, reimbursement, advance or insurance recovery, as the case may be, Indemnitee shall return, without interest, any such advance of Expenses (or portion thereof) which remains unspent at the final disposition of the Claim to which the advance related.

5. Partial Indemnity. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of any Indemnifiable Loss but not for all of the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

6. Procedure for Notification. To obtain indemnification under this Agreement in respect of an Indemnifiable Claim or Indemnifiable Loss, Indemnitee shall submit to the Company a written request therefore, including a brief description (based upon information then available to Indemnitee) of such Indemnifiable Claim or Indemnifiable Loss. If, at the time of the receipt of such request, the Company has directors' and officers' liability insurance in effect under which coverage for such Indemnifiable Claim or Indemnifiable Loss is potentially available, the Company shall give prompt written notice of such Indemnifiable Claim or Indemnifiable Loss to the applicable insurers in accordance with the procedures set forth in the applicable policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all Indemnifiable Claims and Indemnifiable Losses in accordance with the terms of such policies. The Company shall provide to Indemnitee a copy of such notice delivered to the applicable insurers, substantially concurrently with the delivery thereof by the Company. The failure by Indemnitee to timely notify the Company of any Indemnifiable Claim or Indemnifiable Loss shall not relieve the Company from any liability hereunder unless, and only to the extent that, the Company did not otherwise learn of such Indemnifiable Claim or Indemnifiable Loss and to the extent that such failure results in forfeiture by the Company of substantial defenses, rights or insurance coverage.

7. Determination of Right to Indemnification.

To the extent that Indemnitee shall have been successful on the merits or otherwise in defense of any Indemnifiable Claim or any portion thereof or in defense of any issue or matter therein, including, without limitation, dismissal without prejudice, Indemnitee shall be indemnified against all Indemnifiable Losses relating to, arising out of or resulting from such Indemnifiable Claim in accordance with Section 2 and no Standard of Conduct Determination (as defined in Section 7(b)) shall be required.

To the extent that the provisions of Section 7(a) are inapplicable to an Indemnifiable Claim that shall have been finally disposed of, any determination of whether Indemnitee has satisfied the applicable Standard of Conduct (a ***"Standard of Conduct Determination"***) shall be made as follows: (i) if a Change in Control shall not have occurred, or if a Change in Control shall have occurred but Indemnitee shall have requested that the Standard of Conduct Determination be made pursuant to this clause (i), (A) by a majority vote of the Disinterested Directors, even if less than a quorum of the Board, (B) if such Disinterested Directors so direct, by a majority vote of a committee of Disinterested Directors designated by a majority vote of all Disinterested Directors, or (C) if there are no such Disinterested Directors, or if a majority of the Disinterested Directors so direct, by Independent Counsel in a written opinion addressed to the Board, a copy of which shall be delivered to Indemnitee; and (ii) if a Change in Control shall have occurred and Indemnitee shall not have requested that the Standard of Conduct Determination be made pursuant to clause (i) above, by Independent Counsel in a written opinion addressed to the Board, a copy of which shall be delivered to Indemnitee.

If (i) Indemnitee shall be entitled to indemnification hereunder against any Indemnifiable Losses pursuant to Section 7(a), (ii) no determination of whether Indemnitee has satisfied any applicable standard of conduct under Delaware law is a legally required condition precedent to indemnification of Indemnitee hereunder against any Indemnifiable Losses, or (iii) Indemnitee has been determined or deemed pursuant to Section 7(b) to have satisfied the applicable Standard of Conduct, then the Company shall pay to Indemnitee, within five business days after the later of (x) the Notification Date in respect of the Indemnifiable Claim or portion thereof to which such Indemnifiable Losses are related, out of which such Indemnifiable Losses arose or from which such Indemnifiable Losses resulted, and (y) the earliest date on which the applicable criterion specified in clause (i), (ii) or (iii) above shall have been satisfied, an amount equal to the amount of such Indemnifiable Losses. Nothing herein is intended to mean or imply that the Company is intending to use Section 145(f) of the Delaware General Corporation Law to dispense with a requirement that Indemnitee meet the applicable Standard of Conduct where it is otherwise required by such statute.

If a Standard of Conduct Determination is required to be, but has not been, made by Independent Counsel pursuant to Section 7(b)(i), the Independent Counsel shall be selected by the Board or a committee of the Board, and the Company shall give written notice to Indemnitee advising him or her of the identity of the Independent Counsel so selected. If a Standard of Conduct Determination is required to be, or to have been, made by Independent Counsel pursuant to Section 7(b)(ii), the Independent Counsel shall be selected by Indemnitee, and Indemnitee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected. In either case, Indemnitee or the Company, as applicable, may, within five business days after receiving written notice of selection from the other, deliver to the other a written objection to such selection; *provided, however,* that such objection may be asserted only on the ground that the Independent Counsel so selected does not satisfy the criteria set forth in the definition of "Independent Counsel" in Section 1(h), and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the Person so selected shall act as Independent Counsel. If such written objection is properly and timely made and substantiated, (i) the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit and (ii) the non-objecting party may, at its option, select an alternative Independent Counsel and give written notice to the other party advising such other party of the identity of the alternative Independent Counsel so selected, in which case the provisions of the two immediately preceding sentences and clause (i) of this sentence shall apply to such subsequent selection and notice. If applicable, the provisions of clause (ii) of the immediately preceding sentence shall apply to successive alternative selections. If no Independent Counsel that is permitted under the foregoing provisions of this Section 7(d) to make the Standard of Conduct Determination shall have been selected within 30 calendar days after the Company gives its initial notice pursuant to the first sentence of this Section 7(d) or Indemnitee gives its initial notice pursuant to the second sentence of this Section 7(d), as the case may be, either the Company or Indemnitee may petition the Court of Chancery of the State of Delaware for resolution of any objection which shall have been made by the Company or Indemnitee to the other's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person or firm selected by the Court or by such other person as the Court shall designate, and the person or firm with respect to whom all objections are so resolved or the person or firm so appointed will act as Independent Counsel. In all events, the Company shall pay all of the actual and reasonable fees and expenses of the Independent Counsel incurred in connection with the Independent Counsel's determination pursuant to Section 7(b).

8. Cooperation. Indemnitee shall cooperate with reasonable requests of the Company in connection with any Indemnifiable Claim and any individual or firm making such Standard of Conduct Determination, including providing to such Person documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to defend the Indemnifiable Claim or make any Standard of Conduct Determination without incurring any unreimbursed cost in connection therewith. The Company shall indemnify and hold harmless Indemnitee against and, if requested by Indemnitee, shall reimburse Indemnitee for, or advance to Indemnitee, within five business days of such request accompanied by supporting documentation for specific costs and expenses to be reimbursed or advanced, any and all costs and expenses (including attorneys' and experts' fees and expenses) actually and reasonably incurred by Indemnitee in so cooperating with the Person defending the Indemnifiable Claim or making such Standard of Conduct Determination.

9. Presumption of Entitlement. Notwithstanding any other provision hereof, in making any Standard of Conduct Determination, the Person making such determination shall presume that Indemnitee has satisfied the applicable Standard of Conduct.

10. No Other Presumption. For purposes of this Agreement, the termination of any Claim by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of nolo contendere or its equivalent, will not create a presumption that Indemnitee did not meet any applicable Standard of Conduct or that indemnification hereunder is otherwise not permitted.

11. Non-Exclusivity. The rights of Indemnitee hereunder will be in addition to any other rights Indemnitee may have under the Constituent Documents, or the substantive laws of the Company's jurisdiction of incorporation, any other contract or otherwise (collectively, ***"Other Indemnity Provisions"***) ; *provided, however,* that (a) to the extent that Indemnitee otherwise would have any greater right to indemnification under any Other Indemnity Provision, Indemnitee will without further action be deemed to have such greater right hereunder, and (b) to the extent that any change is made to any Other Indemnity Provision which permits any greater right to indemnification than that provided under this Agreement as of the date hereof, Indemnitee will be deemed to have such greater right hereunder. The Company may not, without the consent of Indemnitee, adopt any amendment to any of the Constituent Documents the effect of which would be to deny, diminish or encumber Indemnitee's right to indemnification under this Agreement.

12. Liability Insurance and Funding. For the duration of Indemnitee's service as a director and/or officer of the Company and for a reasonable period of time thereafter, which such period shall be determined by the Company in its sole discretion, the Company shall use commercially reasonable efforts (taking into account the scope and amount of coverage available relative to the cost thereof) to cause to be maintained in effect policies of directors' and officers' liability insurance providing coverage for directors and/or officers of the Company, and, if applicable, that is substantially comparable in scope and amount to that provided by the Company's current policies of directors' and officers' liability insurance. Upon reasonable request, the Company shall provide Indemnitee or his or her counsel with a copy of all directors' and officers' liability insurance applications, binders, policies, declarations, endorsements and other related materials. In all policies of directors' and officers' liability insurance obtained by the Company, Indemnitee shall be named as an insured in such a manner as to provide Indemnitee the same rights and benefits, subject to the same limitations, as are accorded to the Company's directors and officers most favorably insured by such policy. Notwithstanding the foregoing, (i) the Company may, but shall not be required to, create a trust fund, grant a security interest or use other means, including, without limitation, a letter of credit, to ensure the payment of such amounts as may be necessary to satisfy its obligations to indemnify and advance expenses pursuant to this Agreement and (ii) in renewing or seeking to renew any insurance hereunder, the Company will not be required to expend more than 2.0 times the premium amount of the immediately preceding policy period (equitably adjusted if necessary to reflect differences in policy periods).

13. Subrogation. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the related rights of recovery of Indemnitee against other Persons (other than Indemnitee's successors), including any entity or enterprise referred to in clause (i) of the definition of "Indemnifiable Claim" in Section 1(f). Indemnitee shall execute all papers reasonably required to evidence such rights (all of Indemnitee's reasonable Expenses, including attorneys' fees and charges, related thereto to be reimbursed by or, at the option of Indemnitee, advanced by the Company).

14. No Duplication of Payments. The Company shall not be liable under this Agreement to make any payment to Indemnitee in respect of any Indemnifiable Losses to the extent Indemnitee has otherwise already actually received payment (net of Expenses incurred in connection therewith) under any insurance policy, the Constituent Documents and Other Indemnity Provisions or otherwise (including from any entity or enterprise referred to in clause (i) of the definition of "Indemnifiable Claim" in Section 1(f)) in respect of such Indemnifiable Losses otherwise indemnifiable hereunder.

15. Defense of Claims. Subject to the provisions of applicable policies of directors' and officers' liability insurance, if any, the Company shall be entitled to participate in the defense of any Indemnifiable Claim or to assume or lead the defense thereof with counsel reasonably satisfactory to the Indemnitee; *provided* that if Indemnitee determines, after consultation with counsel selected by Indemnitee, that (a) the use of counsel chosen by the Company to represent Indemnitee would present such counsel with an actual or potential conflict, (b) the named parties in any such Indemnifiable Claim (including any impleaded parties) include both the Company and Indemnitee and Indemnitee shall conclude that there may be one or more legal defenses available to him or her that are different from or in addition to those available to the Company, (c) any such representation by such counsel would be precluded under the applicable standards of professional conduct then prevailing, or (d) Indemnitee has interests in the claim or underlying subject matter that are different from or in addition to those of other Persons against whom the Claim has been made or might reasonably be expected to be made, then Indemnitee shall be entitled to retain separate counsel (but not more than one law firm plus, if applicable, local counsel in respect of any particular Indemnifiable Claim for all indemnitees in Indemnitee's circumstances) at the Company's expense. The Company shall not be liable to Indemnitee under this Agreement for any amounts paid in settlement of any threatened or pending Indemnifiable Claim effected without the Company's prior written consent. The Company shall not, without the prior written consent of the Indemnitee, effect any settlement of any threatened or pending Indemnifiable Claim which the Indemnitee is or could have been a party unless such settlement solely involves the payment of money and includes a complete and unconditional release of the Indemnitee from all liability on any claims that are the subject matter of such Indemnifiable Claim. Neither the Company nor Indemnitee shall unreasonably withhold its consent to any proposed settlement; *provided* that Indemnitee may withhold consent to any settlement that does not provide a complete and unconditional release of Indemnitee.

16. Mutual Acknowledgment. Both the Company and the Indemnitee acknowledge that in certain instances, Federal law or applicable public policy may prohibit the Company from indemnifying its directors and officers under this Agreement or otherwise. Indemnitee understands and acknowledges that the Company may be required in the future to undertake to the Securities and Exchange Commission to submit the question of indemnification to a court in certain circumstances for a determination of the Company's right under public policy to indemnify Indemnitee and, in that event, the Indemnitee's rights and the Company's obligations hereunder shall be subject to that determination.

17. Successors and Binding Agreement.

This Agreement shall be binding upon and inure to the benefit of the Company and any successor to the Company, including, without limitation, any Person acquiring directly or indirectly all or substantially all of the business or assets of the Company whether by purchase, merger, consolidation, reorganization or otherwise (and such successor will thereafter be deemed the "Company" for purposes of this Agreement), but shall not otherwise be assignable or delegatable by the Company.

This Agreement shall inure to the benefit of and be enforceable by the Indemnitee's personal or legal representatives, executors, administrators, heirs, distributees, legatees and other successors.

This Agreement is personal in nature and neither of the parties hereto shall, without the consent of the other, assign or delegate this Agreement or any rights or obligations hereunder except as expressly provided in Sections 17(a) and 17(b). Without limiting the generality or effect of the foregoing, Indemnitee's right to receive payments hereunder shall not be assignable, whether by pledge, creation of a security interest or otherwise, other than by a transfer by the Indemnitee's will or by the laws of descent and distribution, and, in the event of any attempted assignment or transfer contrary to this Section 17(c), the Company shall have no liability to pay any amount so attempted to be assigned or transferred.

18. Notices. For all purposes of this Agreement, all communications, including without limitation notices, consents, requests or approvals, required or permitted to be given hereunder must be in writing and shall be deemed to have been duly given when hand delivered or dispatched by electronic facsimile transmission (with receipt thereof orally confirmed), or one business day after having been sent for next-day delivery by a nationally recognized overnight courier service, addressed to the Company (to the attention of the Secretary of the Company) and to Indemnitee at the applicable address shown on the signature page hereto, or to such other address as any party may have furnished to the other in writing and in accordance herewith, except that notices of changes of address will be effective only upon receipt.

19. Governing Law. The validity, interpretation, construction and performance of this Agreement shall be governed by and construed in accordance with the substantive laws of the State of Delaware, without giving effect to the principles of conflict of laws of such State. The Company and Indemnitee each hereby irrevocably consent to the jurisdiction of the Chancery Court of the State of Delaware for all purposes in connection with any action or proceeding which arises out of or relates to this Agreement, waive all procedural objections to suit in that jurisdiction, including, without limitation, objections as to venue or inconvenience, agree that service in any such action may be made by notice given in accordance with Section 18 and also agree that any action instituted under this Agreement shall be brought only in the Chancery Court of the State of Delaware.

20. Validity. If any provision of this Agreement or the application of any provision hereof to any Person or circumstance is held invalid, unenforceable or otherwise illegal, the remainder of this Agreement and the application of such provision to any other Person or circumstance shall not be affected, and the provision so held to be invalid, unenforceable or otherwise illegal shall be reformed to the extent, and only to the extent, necessary to make it enforceable, valid or legal. In the event that any court or other adjudicative body shall decline to reform any provision of this Agreement held to be invalid, unenforceable or otherwise illegal as contemplated by the immediately preceding sentence, the parties thereto shall take all such action as may be necessary or appropriate to replace the provision so held to be invalid, unenforceable or otherwise illegal with one or more alternative provisions that effectuate the purpose and intent of the original provisions of this Agreement as fully as possible without being invalid, unenforceable or otherwise illegal.

21. Miscellaneous. No provision of this Agreement may be waived, modified or discharged unless such waiver, modification or discharge is agreed to in writing signed by Indemnitee and the Company. No waiver by either party hereto at any time of any breach by the other party hereto or compliance with any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, expressed or implied with respect to the subject matter hereof have been made by either party that are not set forth expressly in this Agreement.

22. Certain Interpretive Matters. Unless the context of this Agreement otherwise requires, (1) "it" or "its" or words of any gender include each other gender, (2) words using the singular or plural number also include the plural or singular number, respectively, (3) the terms "hereof," "herein," "hereby" and derivative or similar words refer to this entire Agreement, (4) the terms "Article," "Section," "Annex" or "Exhibit" refer to the specified Article, Section, Annex or Exhibit of or to this Agreement, (5) the terms "include," "includes" and "including" will be deemed to be followed by the words "without limitation" (whether or not so expressed), and (6) the word "or" is disjunctive but not exclusive. Whenever this Agreement refers to a number of days, such number will refer to calendar days unless business days are specified and whenever action must be taken (including the giving of notice or the delivery of documents) under this Agreement during a certain period of time or by a particular date that ends or occurs on a non-business day, then such period or date will be extended until the immediately following business day. As used herein, ***"business day"*** means any day other than Saturday, Sunday or a United States federal holiday.

23. Entire Agreement. This Agreement constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, between the parties hereto with respect to the subject matter of this Agreement. Any prior agreements or understandings between the parties hereto with respect to indemnification are hereby terminated and of no further force or effect. This Agreement is not the exclusive means of securing indemnification rights of Indemnitee and is in addition to any rights Indemnitee may have under any Constituent Documents.

24. Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original but all of which together shall constitute one and the same agreement.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

IN WITNESS WHEREOF, Indemnitee has executed and the Company has caused its duly authorized representative to execute this Agreement as of the date first above written.

WPCS INTERNATIONAL INCORPORATED

By:_____
Name: Sebastian Giordano
Title: Chief Executive Officer

INDEMNITEE: ILYA SUBKHAKULOV

_____
Name: Divya Thakur

Address: _____

_____

_____

WPCS- Collateral Account Balance
Week of 12/13/13

		Amount
Beginning bank balance 12/9/13		**1,178,034**
COLLECTIONS		
Collections 12/9/13-Accounts Receivable	167,992	(1)
Collections 12/10/13-Accounts Receivable	117,662	(1)
Collections 12/11/13-Accounts Receivable		(1)
Collections 12/12/13-Accounts Receivable		(1)
Collections 12/13/13-Accounts Receivable		(1)
		(1)
Weekly collections to date		285,653
TRANSFERS OUT		
Vendor payments prior week	(263,000)	
Projected Payroll, Delinquent taxes, union benefits	(507,000)	
Projected Vendor payments		
Letter of Credit		
Weekly transfers to Operating Account		(770,000)
Ending Cash Balance		693,688
Expected receipts balance of week		
Projected all subsidiaries	48,154	
Seattle ACH 12/11/13	488	(1)
Suisun City ACH 12/11/13	65,772	(1)
		(1)
		(1)
		114,414
Projected Balance end of week		**808,101**

WPCS- Payment request
Week of 12/13/13

	Payroll	A/P	Delinquent Payroll Taxes	Union Dues Installment	Other (3)	Total
Suisun City	99,275		3,531	118,275		221,081
Seattle	83,849		11,962	109,577		205,388
Trenton	6,131			14,688		20,819
Corporate (1) (2)	60,459	61,273	-			121,732
	-					
Total Need	249,714	61,273	15,493	242,540	-	569,020

(1) Corporate Vendors:

Business Insurance installment (includes add'l D&O, plus catch-up for overdue installment)			17,500
CohnReznick			27,277
SRFF- Payment	Installments		2,500
AC Lordi	Installments		
Minken	Installments		
Donahoe			
Directors' Fees	Installments		5,077
Sebastian Giordano			965
Account Analysis			7,954
Miscellaneous			
Klaris Thomson			
Tchek Credit Card - automatic withdrawl all Subs			
			61,273

(2). Hidalgo bi-weekly severance payment of $13,700, to be paid until Australia divestiture is completed.
(3). Letter of Credit-Bonds

SCHEDULE I
to
Cash and Receivables Report
Dated as of **October 31, 2013**

12/10/13

1	Cash balance in Controlled Accounts (other than Operating Accounts and Foreign Currency Controlled Accounts):	$ 1,200,687.54		
2	Accounts Receivable: (calculated as of the time of the first Cash and Receivables Report of the applicable month)	$ 5,601,475.04		
3	Less Accounts Receivable that are ineligible (*For more detail see definition of "Qualified Receivable" in Notes*):			
-	(i) Subject to other Lien or non-assignable:	$ 0.00		
-	(ii) Rebilled or over 90 days past due (over 150 days if from Blue Chip):	$ (548,680.03)		
-	(iii) Over 50% from Account Debtor over 60 days past due or 90 days past original invoice dates:	$ (146,145.75)		
-	(iv) Amount of such Account Debtor more than 15% of all outstanding Account Receivables:	$		
-	(v) Subject to (Offset)/Credit	$ (4,826.69)		
-	(vi) Portion of Account Receivables for sale of goods that have been returned, rejected, lost or damaged:	$ 0.00		
-	(vii) Sale on Approval, Sale or Return, Bill and Hold or Consignment:	$ 0.00		
-	(viii) Account Receivables from services either not completed or not approved by Account Debtor:	$ 0.00		
-	(ix) Account Receivables outside of the ordinary course of business:	$ 0.00		
-	(x) Account Debtor subject to a Bankruptcy Proceeding:	$ 0.00		
-	(xi) Invalid, impaired or uncollectible Account Receivables:	$ 0.00		
	(xii) Account Receivables from a Subsidiary or Affiliate of the Company	$ 0.00		
-	(xiii) Government Contract without prior compliance with Assignment of Claims Act:	$ 0.00		
-	(xiv) Account Debtor not in U.S. (unless letter of or by credit insurance, satisfactory to the Collateral Agent):	$ 0.00		
-	(xv) Obligation to Company pursuant to an Instrument:	$ 0.00		
-	(xvi) Account Receivable from illegal transaction:	$ 0.00		
-	(xvii) Performance Bond related Account Receivable:	$ (432,917.58)		
-	(xviii) Portion of Account Receivables representing (i) interest or finance charges for past due balances or debit memos and (ii) Billings in Excess of Cost:	$ (1,028,481.00)		
	Total	$ (2,161,051.05)		
4	Qualified Accounts Receivables ***[Item 2 minus Item 3]***	$ 3,440,423.99		
5	Excess Collected Receivables (aggregate amount of Qualified Accounts Receivable in Item 4 above collected in the month in excess of $2 million)	$ 0.00		
6	Available Qualified Receivables ***[Item 4 minus Item 5]***	$ 3,440,423.99		
7	Item 6 times 95%	$ 3,268,402.79		
8	Lockbox, Cash & Receivables Balance (Before Reserve) **[*Item 1 plus Item 7*]**	$ 4,469,090.33		
9	Less $250,000 Required Reserve **[*Item 8 minus $250,000*]**	$ 4,219,090.33		
10	Sum of principal and accrued and unpaid interest, fees, costs and expensesand other obligations outstanding under the Notes	$ 3,462,811.40		
			$ 56,734.60	40 days
11	Sum of other fees, costs and expenses and other obligations outstanding under the Transaction Documents	$ 0.00		
12	Adjusted Note Obligations **[*Item 10 plus Item 11*]**	$ 3,462,811.40		
13	Availability **[*Excess of Item 9 over Item 12*]**	$ 756,278.93		
14	Transfer Requirement ***[Excess of Item 12 over Item 9]***	$ (756,278.93)		
15	Cash Release Amount (solely to the extent the amount in Item 14 aboveis zero or less than zero)	$ 756,278.93		

WPCS International, Inc.
A/R Consolidated
10/31/2013

Cross Collateral Exclusion 50%

	Accounts Receivable								
	0 - 30	**31 - 60**	**61 - 90**	**91 - 120**	**Over 120**	**Total A/R**	**Retainage-bonded**		
Suisun City	1,039,696	611,951	416,659	208,844	95,139	2,372,288			
Bonded	(56,038)	(130,327)	(173,412)	-	-	(359,777)	98,458.39		
Cross Collateral Exclusion 50%	(8,731)	(2,927)	(110,529)			(122,187)			
US Government						-			
Credits		1,701				1,701			
Intercompany						-			
Blue Chip				34,493		34,493			
Liens						-			
Billing in Excess						(592,133)			
Remaining Balance >90 Days				(208,844)	(95,139)	(303,982)			
Available A/R Collateral	974,928	480,398	132,718	34,493	-	1,030,403	**0.43435**		
	44%	26%	18%	9%	4%	100%			
Trenton	53,322	33,823	123,634	7,763	258	218,800			
								0.00	Retainage Payable-bonded
Bonded						-			
Cross Collateral Exclusion 50%	-		-			-			1,987
US Government						-			
Credits			(6,527)			(6,527)	Credit in over 90 days		
Intercompany						-			
Blue Chip						-			
Liens						-			
Billing in Excess						(10,933)			
Remaining Balance >90 Days				(7,763)	(258)	(8,021)			
Available A/R Collateral	53,322	33,823	117,106	-	-	193,318	**0.88354**		
	24%	15%	57%	4%	0%	100%			
Seattle	920,982	901,506	618,263	212,018	340,626	2,993,395			
Bonded	(10,872)	(615)	(11,094)	(28,107)	(22,453)	(73,141)		27,137.30	
Cross Collateral Exclusion 50%	(12,953)	(10,135)	(871)			(23,959)	Includes Blue Chip		
US Government									
Credits						-	Credit in >120 needs to be deducted		
Intercompany						-			
Blue Chip				173,510	74,396	247,906			
Liens						-			
Billing in Excess						(425,415)			
Remaining Balance >90 Days				(183,912)	(318,173)	(502,084)			
Available A/R Collateral	897,157	890,756	606,297	173,510	74,396	2,216,702	**0.740531**		
	31%	30%	21%	1248%	2005%	100%			
Portland	-	-	-		16,992	16,992			
Bonded						-			
Cross Collateral Exclusion 50%						-			
US Government						-			
Credits						-	Add back > 90 exclusion		
Intercompany	-	-		-		-			
Blue Chip						-	Add back 50% exclusions		
Liens						-			
Billing in Excess						-			
Remaining Balance >90 Days				-	(16,992)	(16,992)			
Available A/R Collateral	-	-	-	-	-	-			
	0%	0%	0%	0%	100%	100%			
								125,595.69	**Retainage on Bonded Jobs**
Domestic Operations	**2,014,000**	**1,547,280**	**1,158,555**	**428,625**	**453,015**	**5,601,475**			
Bonded	**(66,910)**	**(130,942)**	**(184,506)**	**(28,107)**	**(22,453)**	**(432,918)**			
Cross Collateral Exclusion 50%	**(21,683)**	**(13,062)**	**(111,400)**	**-**	**-**	**(146,146)**			

US Government	-	-	-	-	-	-	
Credits	-	1,701	(6,527)	-	-	(4,827)	
Intercompany	-	-	-	-	-	-	
Blue Chip	-	-	-	208,004	74,396	282,400	
Liens	-	-	-	-	-	-	
Billing in Excess	-	-	-	-	-	(1,028,481)	
Remaining Balance >90 Days	-	-	-	(400,519)	(430,561)	(831,080)	
Available A/R Collateral	1,925,407	1,404,977	856,121	208,004	74,396	3,440,424	0.6142
	36%	28%	21%	8%	8%	100%	

WPCS International Incorporated
Capitalization Table

Type	Authorized/ Available	Outstanding	Common Equivalents	Total	% of Ownership Fully-Diluted
Preferred Stock, $.0001 par value	5,000,000	-	-	-	0.0%
Common Stock, $.0001 par value	14,285,714	1,558,669	-	1,558,669	7.5%
Warrants		2,274,796	2,274,796	2,274,796	11.0%
Stock Options (2002, 2006,2007 Plans)	6,800	110,110	116,910	116,910	0.6%
Convertible Notes	$ 3,350,000		16,750,000	16,750,000	80.9%
Total				20,700,375	100.0%

WPCS International Incorporated
Current List of Noteholders

Name	Principal Amount
Hudson Bay Master Fund Ltd.	$ 1,107,500.00
Iroquois Master Fund Ltd.	1,022,500.00
American Capital Management LLC	100,000.00
GRQ Consultants, Inc. 401K	575,000.00
HS Contrarian Investments, LLC	250,000.00
Barry Honig	220,000.00
Richard Molinsky	60,000.00
John O'Rourke	10,000.00
John Ford	5,000.00
TOTAL	$ 3,350,000.00

WPCS International Inc.
Cash Forecast
Weekly Forecast As of 11/01/13

Bond Holders - CR

CONTROLLED ACCOUNTS	08/31/13	09/06/13	09/13/13	09/20/13	09/27/13	10/04/13	10/11/13	10/18/13	10/25/13	11/01/13	Actual Beginning Projected 11/08/13	Projected 11/15/13	Projected 11/22/13	Projected 11/29/13	Projected 12/06/13	Projected 12/13/13	Projected 12/20/13	Projected 12/27/13	Projected 01/03/14
Beginning cash in Collateral		696,364	979,588	560,301	450,441	274,667	699,111	593,111	865,907	995,651	841,480	1,065,297	449,993	446,861	406,345	386,735	247,803	127,671	40,324
Transfers (to)/from Operating		(431,000)	(585,000)	(745,000)	(536,000)	(565,000)	(642,000)	(456,000)	(769,000)	(727,000)	(453,441)	(931,457)	(435,715)	(390,420)	(476,412)	(622,842)	(552,421)	(423,714)	(446,970)
Cash Receipts		714,224	165,713	635,140	360,226	989,445	536,000	728,796	898,744	572,829	677,258	316,154	432,583	349,904	456,803	483,910	432,288	336,366	527,019
Blue Chip Over 150 Days		0	0	1,463	0	878	5,888	0	3,367	0	0	0	0	0	0	0	0	0	0
Blue Chip Over 90 Days - Under 150		33,325	948	26,075	0	0	78,711	0	0	34,867	0	0	0	0	0	0	0	0	0
Blue Chip Under 90 Days		106,440	20,142	19,702	12,830	309,596	101,259	143,823	130,994	130,002	68,342	0	0	54,295	0	87,291	0	22,729	0
Collections Over 90 Days		46,360	3,500	35,416	48,212	2,664	143,742	115,458	7,174	21,436	0	0	0	0	0	0	0	0	0
Collections Over 60 Days - Under 90		223,471	11,419	85,985	99,390	43,096	15,108	22,678	73,319	2,342	0	0	0	0	0	0	0	0	0
Collections Under 60 Days		288,587	108,100	283,087	107,486	264,801	183,442	446,737	740,013	74,409	608,916	316,154	259,171	295,609	456,803	396,619	301,961	313,637	527,019
Collections Bonded Jobs		0	1,015	0	73,170	0	0	0	0	301,009	0	0	173,412	0	0	0	130,327	0	0
Miscellaneous - Non AR cash receipts		16,040	20,588	183,411	19,139	368,411	7,851	100	(56,123)	8,762	0	0	0	0	0	0	0	0	0
Unknown																			
LOC Interest/Fees		0	0	0	0	0													
Master Account Total	1,173,421.30	979,588	560,301	450,441	274,667	699,111	593,111	865,907	995,651	841,480	1,065,297	449,993	446,861	406,345	386,735	247,803	127,671	40,324	120,372
Qualified AR-BB Calc		4,054,151	4,054,151	4,054,151	4,054,151	4,054,151	4,054,151	4,272,379	4,272,379	4,272,379	4,272,379	3,901,171	3,901,171	3,901,171	3,901,171	3,901,171	3,734,265	3,734,265	3,734,265
Qualified AR x 95%		3,851,444	3,851,444	3,851,444	3,851,444	3,851,444	3,851,444	4,058,760	4,058,760	4,058,760	4,058,760	3,706,112	3,706,112	3,706,112	3,706,112	3,706,112	3,547,552	3,547,552	3,547,552
Reserves and/or holdbacks:		(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)
Principal Balance		(3,406,077)	(3,406,077)	(3,406,077)	(3,406,077)	(3,406,077)	(3,406,077)	(3,406,077)	(3,406,077)	(3,406,077)	(3,406,077)	(3,406,077)	(3,406,077)	(3,406,077)	(3,406,077)	(3,406,077)	(3,406,077)	(3,406,077)	(3,406,077)
Interest on Principal		(13,632)	(16,290)	(18,947)	(21,606)	(24,269)	(26,936)	(29,603)	(32,270)	(378)	(3,028)	(5,677)	(8,326)	(10,975)	(13,632)	(16,290)	(18,947)	(21,606)	(24,269)
Net Available to Borrow		1,161,324	739,378	626,861	448,428	870,209	761,543	1,238,988	1,366,065	1,243,785	1,464,952	494,352	488,570	445,405	423,139	281,549	199	(89,807)	(12,421)
DISBURSEMENTS																			
Recurring Monthly Payments:																			
Facility Rent		11,651	0	0	0	23,665	0	0	0	23,755	0	0	0	0	23,965	0	0	0	23,965
Utilities, Auto leases, Comcast		4,549	0	3,500	882	1,000	3,552	0	4,382	547	7,260	0	4,382	0	2,000	5,260	882	3,500	2,000
Bank Fees / Veh. Equip Lease		1,648	14,279	1,515	0	656	4,865	8,226	0	3,600	2,562	8,800	0	0	6,162	8,000	0	0	3,600
Credit Cards (AMEX, BOA, Gas)		0	57,515	40,227	0	0	20,054	16,689	51,993	0	28,606	174,000	55,200	0	8,500	44,000	9,000	42,000	0
Interest, Consent Fees, Sales Tax, Franchise Tax		0	0	3,741	7,297	102,182	0	0	5,000	74,988	0	0	5,000	6,000	0	0	5,000	5,600	33,497
SUBTOTAL RECURRING PAYMENTS		**17,848**	**71,795**	**48,983**	**8,179**	**127,503**	**28,471**	**24,915**	**61,375**	**102,890**	**38,428**	**182,800**	**64,582**	**6,000**	**40,627**	**57,260**	**14,882**	**51,100**	**63,062**
Payroll & Benefits:																			
Payroll		125,315	194,108	126,828	194,658	108,650	162,711	150,735	153,195	147,139	169,540	163,800	160,300	160,300	160,300	157,071	154,471	117,071	192,571
PR Taxes & Fees		75,268	44,454	61,446	51,243	61,162	41,034	61,875	42,200	149,348	49,016	72,407	52,341	70,348	48,841	70,348	50,832	72,332	50,839
Union Dues & Fringes		15,000	16,217	295,155	94,973	1,984	0	189,783	79,251	0	0	257,367	25,158	0	0	151,418	136,000	30,000	0
Admin Health Insurance		0	25,647	0	7,395	0	1,932	23,872	0	9,212	0	22,058	5,235	0	0	18,558	10,735	0	0
Admin Simple Plan & 401K		0	2,020	2,826	5,839	577	2,402	14,529	2,356	4,019	2,387	4,591	2,384	544	6,428	4,588	2,384	544	6,675
Garnishments		497	703	1,571	1,196	1,506	1,977	1,521	1,977	1,506	1,971	1,462	1,978	1,528	1,978	1,528	1,978	1,528	1,978
Delinquent PR Taxes		21,562	21,562	21,562	21,562	21,562	21,554	15,493	15,493	15,493	28,004	15,493	15,493	15,493	15,493	15,493	11,962	11,962	11,962
SUBTOTAL PAYROLL & BENEFITS		**237,642**	**304,712**	**509,388**	**376,865**	**195,441**	**231,610**	**457,808**	**294,472**	**326,716**	**250,919**	**537,178**	**262,889**	**248,213**	**233,040**	**419,005**	**368,362**	**233,437**	**264,025**
Vendors to be Paid		100,083	75,133	34,753	50,052	68,079	56,304	40,530	47,806	101,992	68,114	52,380	51,144	59,369	75,645	34,477	57,077	27,077	32,783
		7,232	0	0	0	0	14,666	300	0	0	0	0	0	0	0	0	0	0	0
		34,500	0	0	3,181	0	0	0	0	759	9,978	0	0	1,738	0	0	0	0	0
		2,916	0	0	0	5,002	11,207	13,045	16,070	4,858	1,741	0	5,000	5,000	0	0	0	0	0
		964	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		1,561	8,600	0	0	269	1,739	0	0	50	0	0	0	0	0	0	0	0	0
		99,475	90,145	165,800	170,034	233,163	145,454	151,583	80,542	186,140	77,162	152,000	45,000	63,000	120,000	105,000	105,000	105,000	80,000
All other vendors/suppliers		4,144	7,167	8,500	0	2,194	3,734	0	38,048	6,054	7,100	7,100	7,100	7,100	7,100	7,100	7,100	7,100	7,100
SUBTOTAL VENDOR PAYMENTS		**250,875**	**181,045**	**209,053**	**223,268**	**308,707**	**233,104**	**205,458**	**182,467**	**299,853**	**164,094**	**211,480**	**108,244**	**136,207**	**202,745**	**146,577**	**169,177**	**139,177**	**119,883**
Subtotal Disbursements		**506,365**	**557,551**	**767,423**	**608,312**	**631,650**	**493,185**	**688,181**	**538,313**	**729,459**	**453,441**	**931,457**	**435,715**	**390,420**	**476,412**	**622,842**	**552,421**	**423,714**	**446,970**
Total Forecast Disbursements		**506,365**	**557,551**	**767,423**	**608,312**	**631,650**	**493,185**	**688,181**	**538,313**	**729,459**	**453,441**	**931,457**	**435,715**	**390,420**	**476,412**	**622,842**	**552,421**	**423,714**	**446,970**
SUMMARY																			
Current Projection 11/1/13																			
Beginning of Week Cash in Collateral Account		696,364	979,588	560,301	450,441	274,667	699,111	593,111	865,907	995,651	841,480	1,065,297	449,993	446,861	406,345	386,735	247,803	127,671	40,324
Receipts		714,224	165,713	635,140	360,226	989,445	536,000	728,796	898,744	572,829	677,258	316,154	432,583	349,904	456,803	483,910	432,288	336,366	527,019
Borrow (Disbursements for the Week)		(431,000)	(585,000)	(745,000)	(536,000)	(565,000)	(642,000)	(456,000)	(769,000)	(727,000)	(453,441)	(931,457)	(435,715)	(390,420)	(476,412)	(622,842)	(552,421)	(423,714)	(446,970)
Ending Cash Balance		979,588	560,301	450,441	274,667	699,111	593,111	865,907	995,651	841,480	1,065,297	449,993	446,861	406,345	386,735	247,803	127,671	40,324	120,372
Cumulative																			
Cumulative Reciepts		714,224	879,937	1,515,077	1,875,302	2,864,747	3,400,747	4,129,543	5,028,287	5,601,116	6,278,373	6,594,527	7,027,110	7,377,014	7,833,817	8,317,727	8,750,015	9,086,382	9,613,400
Cumulative Disbursements/Draws		(431,000)	(1,016,000)	(1,761,000)	(2,297,000)	(2,862,000)	(3,504,000)	(3,960,000)	(4,729,000)	(5,456,000)	(5,909,441)	(6,840,898)	(7,276,614)	(7,667,034)	(8,143,446)	(8,766,287)	(9,318,708)	(9,742,422)	(10,189,392)
Net Cash Flow		283,224	(136,063)	(245,923)	(421,698)	2,747	(103,253)	169,543	299,287	145,116	368,933	(246,371)	(249,504)	(290,019)	(309,629)	(448,561)	(568,693)	(656,040)	(575,992)
Prior Projection 10/18/13																			
Beginning of Week Cash in Collateral Account		696,364	979,588	560,301	450,441	274,667	699,111	593,111	865,907	756,911	708,210	813,869	477,459	487,922	476,581	595,687	291,153	239,306	248,794
Receipts		714,224	165,713	635,140	360,226	989,445	536,000	728,796	674,380	557,636	493,062	368,463	472,583	369,966	538,260	277,072	423,508	410,536	621,825
Borrow (Disbursements for the Week)		(431,000)	(585,000)	(745,000)	(536,000)	(565,000)	(642,000)	(456,000)	(783,376)	(606,338)	(387,402)	(704,874)	(462,119)	(381,308)	(419,154)	(581,606)	(475,355)	(401,048)	(583,074)
Ending Cash Balance		979,588	560,301	450,441	274,667	699,111	593,111	865,907	756,911	708,210	813,869	477,459	487,922	476,581	595,687	291,153	239,306	248,794	287,545
Cumulative																			
Cumulative Reciepts		714,224	879,937	1,515,077	1,875,302	2,864,747	3,400,747	4,129,543	4,803,923	5,361,559	5,854,621	6,223,085	6,695,668	7,065,634	7,603,893	7,880,965	8,304,473	8,715,009	9,336,834
Cumulative Disbursements/Draws		(431,000)	(1,016,000)	(1,761,000)	(2,297,000)	(2,862,000)	(3,504,000)	(3,960,000)	(4,743,376)	(5,349,714)	(5,737,116)	(6,441,990)	(6,904,109)	(7,285,417)	(7,704,571)	(8,286,176)	(8,761,532)	(9,162,580)	(9,745,654)
Net Cash Flow		283,224	(136,063)	(245,923)	(421,698)	2,747	(103,253)	169,543	60,547	11,845	117,505	(218,906)	(208,442)	(219,783)	(100,677)	(405,211)	(457,058)	(447,570)	(408,820)
Current Projection vs 10/18/13																			

Receipts																			
Current Projection		714,224	165,713	635,140	360,226	989,445	536,000	728,796	898,744	572,829	677,258	316,154	432,583	349,904	456,803	483,910	432,288	336,366	527,019
10/18/13 Forecast		714,224	165,713	635,140	360,226	989,445	536,000	728,796	674,380	557,636	493,062	368,463	472,583	369,966	538,260	277,072	423,508	410,536	621,825
Over/(Under)		0	0	0	0	0	0	0	224,364	15,192	184,196	(52,309)	(40,001)	(20,062)	(81,457)	206,838	8,780	(74,170)	(94,806)
	Cumulative	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**224,364**	**239,556**	**423,752**	**371,443**	**331,442**	**311,380**	**229,923**	**436,762**	**445,542**	**371,372**	**276,566**
Disbursements																			
Current Projection		(431,000)	(585,000)	(745,000)	(536,000)	(565,000)	(642,000)	(456,000)	(769,000)	(727,000)	(453,441)	(931,457)	(435,715)	(390,420)	(476,412)	(622,842)	(552,421)	(423,714)	(446,970)
10/18/13 Forecast		(431,000)	(585,000)	(745,000)	(536,000)	(565,000)	(642,000)	(456,000)	(783,376)	(606,338)	(387,402)	(704,874)	(462,119)	(381,308)	(419,154)	(581,606)	(475,355)	(401,048)	(583,074)
Over/(Under)		0	0	0	0	0	0	0	14,376	(120,662)	(66,039)	(226,583)	26,404	(9,112)	(57,259)	(41,236)	(77,066)	(22,666)	136,104
	Cumulative	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**14,376**	**(106,286)**	**(172,325)**	**(398,908)**	**(372,504)**	**(381,616)**	**(438,875)**	**(480,111)**	**(557,177)**	**(579,843)**	**(443,738)**

WPCS
Consolidated
Sovereign
Accounts
Cash Forecast
Weekly Forecast
As of 11/01/13

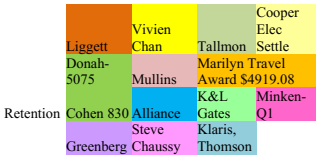
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected		
	Cash Bal 8/31/2013	Cash Bal 9/6/2013	Cash Bal 9/13/2013	Cash Bal 9/20/2013	Cash Bal 9/27/2013	Cash Bal 10/4/2013	Cash Bal 10/11/2013	Cash Bal 10/18/2013	Cash Bal 10/25/2013	Cash Bal 11/1/2013	Cash Bal 11/8/2013	Cash Bal 11/15/2013	Cash Bal 11/22/2013	Cash Bal 11/29/2013	Cash Bal 12/6/2013	Cash Bal 12/13/2013	Cash Bal 12/20/2013	Cash Bal 12/27/2013	Cash Bal 1/3/2014	Totals	
Receipts																					
Bank Statement Balance	743,005																				
Less: Outstanding Checks ( )	(268,851)																				
Add: Deposits In Transit	-																				
Adjusted Opening Cash Balance	474,154																				
Cash Receipts																					
Blue Chip Over 150 Days	-	-	-	1,463	-	878	5,888	-	3,367	-	-	-	-	-	-	-	-	-	-	11,595	
Blue Chip Over 90 Days-Under 150 Days	-	33,325	-	26,075	-	-	78,711	-	-	34,867	-	-	-	-	-	-	-	-	-	172,978	
Blue Chip Under 90 Days	-	106,440	20,142	19,702	12,830	309,596	101,259	143,823	130,994	130,002	68,342	-	-	54,295	-	87,291	-	22,729	-	1,207,445	
Remaining AR Over 90 Days	-	45,082	3,500	35,416	48,212	2,664	143,742	115,458	7,174	21,436	-	-	-	-	-	-	-	-	-	422,684	
Remaining AR Over 60 and Under 90 Days	-	223,471	11,419	85,985	99,390	43,096	15,108	22,678	73,319	2,342	-	-	-	-	-	-	-	-	-	576,808	
Remaining AR Under 60 Days	-	289,865	109,048	283,087	107,486	264,801	183,442	446,737	740,013	74,409	608,916	316,154	259,171	295,609	456,803	396,619	301,961	313,637	527,019	5,974,777	
Collections Bonded Jobs	-	15,000	-	-	73,170	-	-	-	-	301,009	-	-	173,412	-	-	-	130,327	-	-	692,918	
Miscellaneous - Non AR cash receipts	-	1,040	21,268	183,411	19,139	368,411	7,851	100	(56,123)	8,762	-	-	-	-	-	-	-	-	-	553,859	
Subtotal Receipts	-	714,224	165,378	635,140	360,226	989,445	536,000	728,796	898,744	572,829	677,258	316,154	432,583	349,904	456,803	483,910	432,288	336,366	527,019	9,613,065	9,613,065
Trans from Hudson Bay		714,224	165,378	635,140	360,226	989,444	536,000	728,796	674,380	557,636	493,062	368,463	472,583	369,966	538,260	277,072	423,508	410,536	621,825	9,336,499	9,336,499
Cash Disbursements	Less trans from Hudson Bay																			-	276,566
Recurring Monthly Payments:	-																			-	
Facility Rent	-	11,651	-	-	-	23,665	-	-	-	23,755	-	-	-	-	23,965	-	-	-	23,965	107,001	
Utilities, Auto leases, Comcast	-	4,549	-	3,500	882	1,000	3,552	-	4,382	547	7,260	-	4,382	-	2,000	5,260	882	3,500	2,000	43,696	
Bank Fees / Veh. Equip Lease	-	1,648	14,279	1,515	-	656	4,865	8,226	-	3,600	2,562	8,800	-	-	6,162	8,000	-	-	3,600	63,913	
LOC Principal / Credit Cards (AMEX, BOA, Gas)	-	-	57,515	40,227	-	-	20,054	16,689	51,993	-	28,606	174,000	55,200	-	8,500	44,000	9,000	42,000	-	547,784	
Interest, Consent Fees, Sales Tax, Franchise Tax	-	-	-	3,741	7,297	102,182	-	-	5,000	74,988	-	-	5,000	6,000	-	-	5,000	5,600	33,497	248,305	
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Payroll & Benefits:	-																			-	
Payroll	-	125,315	194,108	126,828	194,658	108,650	162,711	150,735	153,195	147,139	169,540	163,800	160,300	160,300	160,300	157,071	154,471	117,071	192,571	2,798,762	
PR Taxes & Fees	-	75,268	44,454	61,446	51,243	61,162	41,034	61,875	42,200	149,348	49,016	72,407	52,341	70,348	48,841	70,348	50,832	72,332	50,839	1,125,333	
Union Dues & Fringes	-	15,000	16,217	295,155	94,973	1,984	-	189,783	79,251	-	-	257,367	25,158	-	-	151,418	136,000	30,000	-	1,292,307	
Admin Health Insurance	-	-	25,647	-	7,395	-	1,932	23,872	-	9,212	-	22,058	5,235	-	-	18,558	10,735	-	-	124,645	
Admin Simple Plan & 401K	-	-	2,020	2,826	5,839	577	2,402	14,529	2,356	4,019	2,387	4,591	2,384	544	6,428	4,588	2,384	544	6,675	65,095	
Garnishments	-	497	703	1,571	1,196	1,506	1,977	1,521	1,977	1,506	1,971	1,462	1,978	1,528	1,978	1,528	1,978	1,528	1,978	28,382	
	-	21,562	21,562	21,562	21,562	21,562	21,554	15,493	15,493	15,493	28,004	15,493	15,493	15,493	15,493	15,493	11,962	11,962	11,962	317,198	
Vendors to be Paid	-																			-	
WPCS CORPORATE	-	100,083	75,133	34,753	50,052	68,079	56,304	40,530	47,806	101,992	68,114	52,380	51,144	59,369	75,645	34,477	57,077	27,077	32,783	1,032,799	
	-	7,232	-	-	-	-	14,666	300	-	-	-	-	-	-	-	-	-	-	-	22,198	
	-	34,500	-	-	3,181	-	-	-	-	759	9,978	-	-	1,738	-	-	-	-	-	50,156	
	-	2,916	-	-	-	5,002	11,207	13,045	16,070	4,858	1,741	-	5,000	5,000	-	-	-	-	-	64,838	
	-	964	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	964	
	-	1,561	8,600	-	-	269	1,739	-	-	50	-	-	-	-	-	-	-	-	-	12,219	
	-	99,475	90,145	165,800	170,034	233,163	145,454	151,583	80,542	186,140	77,162	152,000	45,000	63,000	120,000	105,000	105,000	105,000	80,000	2,174,498	
All other vendors/suppliers	-	4,144	7,167	8,500	-	2,194	3,734	-	38,048	6,054	7,100	7,100	7,100	7,100	7,100	7,100	7,100	7,100	7,100	133,741	
																				-	
Subtotal Disbursements	-	506,365	557,551	767,423	608,312	631,650	493,185	688,181	538,313	729,459	453,441	931,457	435,715	390,420	476,412	622,842	552,421	423,714	446,970	10,253,832	10,253,832
	10/18/2013	506,365	557,551	767,423	608,312	631,650	493,185	688,181	554,376	606,338	387,402	704,874	462,119	381,308	419,154	581,606	475,355	401,048	583,074		9,809,322
																					(444,510)
Ending Cash	474,154	207,859	91,150	114,929	(110,435)	122,536	(11,893)	14,358	100,924	59,005	253,788	(115,424)	(138,675)	(136,967)	(240,562)	(401,009)	(421,417)	(526,940)	(474,377)	(640,767)	
Net Weekly Cash Flow		207,859	(392,173)	(132,284)	(248,087)	357,794	42,815	40,615	360,431	(156,631)	223,817	(615,303)	(3,133)	(40,516)	(19,610)	(138,931)	(120,132)	(87,347)	80,049	(582,264)	
Cumulative Cash Flow		**207,859**	**(184,314)**	**(316,598)**	**(564,684)**	**(206,890)**	**(164,075)**	**(123,460)**	**236,971**	**80,341**	**304,158**	**(311,146)**	**(314,278)**	**(354,794)**	**(374,404)**	**(513,336)**	**(633,468)**	**(720,815)**	**(640,767)**	**-**	
						(254,142)	(388,571)	(362,320)	(275,754)	(317,673)	(122,890)	(642,103)	(665,353)	(663,645)	(767,240)	(927,687)	(948,095)	(1,053,619)	(1,001,055)		
						47,252	224,497	238,861	512,725	398,014	427,048	330,957	351,075	308,851	392,836	414,351	314,627	332,803	360,288		
CONTROLLED ACCOUNTS																					
Cash Balance in Controlled Accounts			2,026,354	2,026,354	2,026,354	2,026,354	2,562,355	3,291,151	4,189,894	4,762,723	5,439,981	5,756,135	6,188,718	6,538,622	6,995,424	7,479,334	7,911,623	8,247,989	8,775,008		
Collections		-	-	-	-	0	0	0	224,364	15,192	199,388	147,079	107,078	(20,062)	(101,519)	105,319	114,100	39,930	(94,806)		
Qualified AR x 95%			3,285,816	3,285,816	3,285,816	3,285,816	3,285,816	3,285,816	3,285,816	2,996,436	2,996,436	2,996,436	2,996,436	3,121,375	3,121,375	3,121,375	3,121,375	3,121,375	3,365,015		
Reserves and/or holdbacks:	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)		
Principal Balance	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000		
Available to Borrow	(250,000)	(250,000)	1,062,171	1,062,171	1,062,171	1,062,171	1,598,172	2,326,967	3,450,075	3,524,351	4,385,805	4,649,650	5,042,232	5,389,935	5,765,280	6,456,029	6,897,098	7,159,294	7,795,217		

OPERATING ACCOUNTS																			
Beginning Operating Cash Balance	474,154																		
Less Outstanding Checks																			
Available to Borrow	(250,000)	(250,000)	1,062,171	1,062,171	1,062,171	1,062,171	1,598,172	2,326,967	3,450,075	3,524,351	4,385,805	4,649,650	5,042,232	5,389,935	5,765,280	6,456,029	6,897,098	7,159,294	7,795,217
Total Cash for Disbursements	224,154	(250,000)	1,062,171	1,062,171	1,062,171	1,062,171	1,598,172	2,326,967	3,450,075	3,524,351	4,385,805	4,649,650	5,042,232	5,389,935	5,765,280	6,456,029	6,897,098	7,159,294	7,795,217
Amount Drawn		714,224	165,378	635,140	360,226	989,444	536,000	728,796	674,380	557,636	493,062	368,463	472,583	369,966	538,260	277,072	423,508	410,536	621,825
Disbursements		(506,365)	(1,063,916)	(1,831,339)	(2,439,651)	(3,071,301)	(3,564,487)	(4,252,667)	(4,790,980)	(5,520,440)	(5,973,880)	(6,905,338)	(7,341,053)	(7,731,473)	(8,207,886)	(8,830,727)	(9,383,148)	(9,806,862)	(10,253,832)

Subsidiary:
WPCS
Cash Forecast
Weekly Forecast
As of 11/01/13

	Actual Cash Bal 8/31/2013	Actual Cash Bal 9/6/2013	Actual Cash Bal 9/13/2013	Actual Cash Bal 9/20/2013	Actual Cash Bal 9/27/2013	Actual Cash Bal 10/4/2013	Actual Cash Bal 10/11/2013	Actual Cash Bal 10/18/2013	Actual Cash Bal 10/25/2013	Actual Cash Bal 11/1/2013	Projected Cash Bal 11/8/2013	Projected Cash Bal 11/15/2013	Projected Cash Bal 11/22/2013	Projected Cash Bal 11/29/2013	Projected Cash Bal 12/6/2013	Projected Cash Bal 12/13/2013	Projected Cash Bal 12/20/2013	Projected Cash Bal 12/27/2013	Projected Cash Bal 1/3/2014	18 Week Totals	
Receipts																					
Bank Statement Balance	495,758																				
Less: Outstanding Checks ( )	-																				
Add: Deposits In Transit																					
Adjusted Opening Cash Balance	495,758																				
Cash Receipts																					
Blue Chip Over 150 Days																				-	
Blue Chip Over 90 Days-Under 150 Days																				-	
Blue Chip Under 90 Days																				-	
Remaining AR Over 90 Days																				-	
Remaining AR Over 60 and Under 90 Days																				-	
Remaining AR Under 60 Days																				-	
Collections																				-	
Bonded Jobs																				-	
Miscellaneous - Non AR cash receipts						367,981														367,981	
Subtotal Receipts	-	-	-	-	-	367,981	-	-	-	-	-	-	-	-	-	-	-	-	-	367,981	367,981
						367,981														367,981	367,981
Cash Disbursements																				-	0
Recurring Monthly Payments:																				-	
Facility Rent			41,917		41,101			38,902		40,607	3,381	41,900	1,900	41,900	1,900	41,900	1,900	1,900	40,000	339,208	
Auto leases					882				882				882				882		5,274	21,124	
Account Analysis Fees			8,772					8,226				8,800				8,000				3,527	
LOC Principal/legal, etc												150,000								33,798	
Quarterly Interest and Consent Fees						102,182				64,834										150,000	
																				167,017	
Payroll & Benefits:																				-	
Payroll			41,917		41,101			38,902		40,607	3,381	41,900	1,900	41,900	1,900	41,900	1,900	1,900	40,000	339,208	
PR Taxes & Fees			79	14	79			90	52	79	72	79	72	79	72	79	72	72	79	1,068	
Union Dues & Fringes																				-	
Admin Health Insurance					7,395					9,212			5,235				7,235			29,078	
Admin Simple Plan & 401K				2,633	3,455			3,550		3,550		4,047			4,044	4,044			4,291	29,614	
Garnishments																				-	
																				-	
Vendors to be Paid																				-	
Insurance premiums FY13/14 - due 12th	38,000	38,000	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	17,500	356,000	
Other											3,875									3,875	
Tchek 8th and 22nd			3,723	4,389			5,683		5,279		10,326		10,000			7,000		7,000		53,400	
AMEX due by the 6th & Settlement 7/15 & 8/15	1,150																			1,150	
Sichenzia - monthly retainer $4k	1,300	1,300	2,600	1,300	1,800	1,800	1,800	7,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	44,400	
Directors Fees 9/30/13					5,077	5,077	5,077	5,077	5,077	5,077	5,077	5,077	5,077	5,077	5,077	5,077	5,077	5,077		66,000	
Zurich must be there by 5th	25,000				25,000				25,000						25,000					100,000	
Cohn Reznick 50k 8/15, 50k 8/31, doulble 50k 9/15	28,333	28,333	12,333	12,333	12,333	12,333	12,333	12,333	17,333	17,333	12,333	12,333	12,333	12,333						214,666	
Minken $4k & $2k 8/30, half $18k 9/30, half 10/31		-	2,319	2,319	2,319	2,319	2,319	2,319	2,319	2,319	2,319	2,319	2,319	1,725	3,085					28,003	
AC Lordi											5,000	4,400	4,400	4,400	4,400	4,400	5,000			32,000	
Sebastian Giordano					10,833					10,833				10,833					10,833	43,332	
Other										830	395	3,000	3,000	3,000	3,000	3,000	25,000			41,225	
DE Franchise Tax-was due 6/1/13, pay 1Q & 2Q 9/1/13																			33,497	33,497	
Other	5,000	7,500		5,000	2,050	15,000		2,500	20,000	920	3,250	2,015		2,750					1,950	67,935	
All other vendors/suppliers	1,300	-		767	2,000	2,275	1,500	577	600	13,195	2,000	2,000	2,000		2,000	2,000	2,000			34,213	
																				-	
Subtotal Disbursements	-	100,083	129,624	41,789	102,964	175,586	61,988	91,298	54,019	225,525	81,893	257,206	69,233	101,348	86,935	95,500	67,166	36,049	115,924	1,894,130	1,894,130
	10/18/2013	100,083	129,624	41,789	102,964	175,586	61,988	91,298	54,320	237,605	59,450	94,159	57,012	92,968	77,070	84,706	35,194	33,077	107,892		1,636,785
																					(257,345)
Ending Cash	495,758	395,675	266,051	224,261	121,297	313,692	251,705	160,407	106,388	(119,137)	(201,030)	(458,236)	(527,469)	(628,817)	(715,752)	(811,252)	(878,418)	(914,466)	(1,030,391)	(1,744,130)	
Net Cash Flow		(100,083)	(129,624)	(41,789)	(102,964)	192,395	(61,988)	(91,298)	(54,019)	(225,525)	(81,893)	(257,206)	(69,233)	(101,348)	(86,935)	(95,500)	(67,166)	(36,049)	(115,924)		

Cumulative Cash Flow	(100,083)	(229,707)	(271,496)	(374,461)	(182,065)	(244,053)	(335,351)	(389,370)	(614,895)	(696,788)	(953,993)	(1,023,227)	(1,124,574)	(1,211,510)	(1,307,010)	(1,374,176)	(1,410,224)	(1,526,148)



Subsidiary: Seattle Operations
Cash Forecast
Weekly Forecast As of 11/01/13

	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected			
	Cash Bal 8/31/2013	Cash Bal 9/6/2013	Cash Bal 9/13/2013	Cash Bal 9/20/2013	Cash Bal 9/27/2013	Cash Bal 10/4/2013	Cash Bal 10/11/2013	Cash Bal 10/18/2013	Cash Bal 10/25/2013	Cash Bal 11/1/2013	Cash Bal 11/8/2013	Cash Bal 11/15/2013	Cash Bal 11/22/2013	Cash Bal 11/29/2013	Cash Bal 12/6/2013	Cash Bal 12/13/2013	Cash Bal 12/20/2013	Cash Bal 12/27/2013	Cash Bal 1/3/2014	Forecasted Totals		
Receipts																						
Bank Statement Balance 8/31/13	189,339																					
Less: Outstanding Checks ( )	(191,946)																					
Add: Deposits In Transit																						
Adjusted Opening Cash Balance	(2,607)																					
Cash Receipts																						
Blue Chip Over 150 Days		-	-	1,463	-	878	5,888	-	-	-										8,228		
Blue Chip Over 90 Days-Under 150 Days		33,325	-	26,075	-	-	78,711	-	-	-										138,111		
Blue Chip Under 90 Days		43,296	11,882	7,383	12,380	235,188	60,517	97,117	130,994	93,707										692,464		
Remaining AR Over 90 Days		35,707	3,500	4,759	45,468	-	143,742	29,390	7,174	-										269,740		
Remaining AR Over 60 and Under 90 Days		216,703	1,435	11,740	80,133	-	-	17,394	18,054	-										345,459		
Remaining AR Under 60 Days		181,645	54,527	125,071	101,075	40,249	67,876	125,478	374,306	24,860	216,000	175,000	195,000	100,000	240,000	185,000	185,000	190,000	175,000	2,756,087		
Collections Bonded Jobs		15,000	-		-	-	-	-	-	-										15,000		
Miscellaneous - Non AR cash receipts		-	8,639	1,033	12,511	429	231	-	82	3,861										26,788		
Subtotal Receipts	-	525,676	79,983	177,524	251,567	276,743	356,965	269,379	530,611	122,429	216,000	175,000	195,000	100,000	240,000	185,000	185,000	190,000	175,000	4,251,876	4,251,876	
	10/18/2013	525,676	79,983	177,524	251,567	276,743	356,965	269,379	200,000	200,000	195,000	125,000	220,000	100,000	240,000	185,000	185,000	190,000	175,000		3,952,836	
Cash Disbursements																					299,040	Fav
Recurring Monthly Payments:																				-		
Facility Rent		7,521				7,521				7,691					7,691				7,691	38,115		
Utilities (Elec, tele., etc)		3,750	-	-	-		3,552				5,260					5,260				17,822		
Vehicle & equipment leases		1,648	3,600	1,515			2,303			3,600					3,600				3,600	19,866		
Credit Cards (AMEX, VISA, Gas)		-	29,863	11,665			4,070	16,689	5,821		10,372	24,000	10,000		8,500	22,000	9,000			151,980		
Sales Tax		-			7,297				-	5,776				6,000				5,600		24,673		
																				-		
Payroll & Benefits:																	Nov 5 week			-		
Payroll		75,025	64,305	68,086	63,166	58,828	72,355	58,333	65,000	65,000	68,233	68,500	65,000	65,000	65,000	65,000	65,000	65,000	65,000	1,181,830		
PR Taxes		32,227	27,694	23,351	26,010	23,582	21,920	24,611	21,836	108,028	28,708	26,591	29,000	25,500	25,500	25,500	25,500	25,500	25,500	546,559		
Union Dues & Fringes				161,672	94,973	70		63,735	78,224			102,842	25,158				136,000	30,000		692,675		
Admin Health Insurance			4,000					3,500				3,500					3,500			14,500		
Admin Simple Plan & 401K			26		384	384	384	10,819	384	384	387	384	384	384	384	384	384	384	384	16,226		
Garnishments		497	497	1,343	497	1,278	1,278	1,271	1,278	1,278	1,271	1,212	1,278	1,278	1,278	1,278	1,278	1,278	1,278	20,646		
DELINQUENT PR TAXES		11,962	11,962	11,962	11,962	11,962	11,962	11,962	11,962	11,962	24,473	11,962	11,962	11,962	11,962	11,962	11,962	11,962	11,962	227,827		
Vendors to be Paid																				-		
List any single vendor payments over $50K																				-		
-- Connect Air		7,232																		7,232		
-- GexPro		34,500																		34,500		
-- Platt invoices over 53		2,916																		2,916		
-- Stoneway invoices over 53		964																		964		
-- Northcoast invoices over 53		1,385																		1,385		
All other vendors/suppliers		34,950	38,602	53,994	70,000	46,100	58,163	64,095	57,017	31,321	46,162	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	740,404		
Office Vendors		2,626	6,609			2,194	3,734		15,223	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	51,386		
																				-		
Subtotal Disbursements	-	217,203	187,158	333,587	274,289	151,920	179,721	255,015	256,746	237,140	186,966	271,091	174,882	142,224	156,015	163,484	284,724	171,824	147,515	3,791,505	3,791,505	
	10/18/2013	217,203	187,158	333,587	274,289	151,920	179,721	255,015	225,081	220,020	153,659	280,899	174,899	144,899	158,520	166,159	294,399	176,999	146,420		3,740,848	
																					(50,657)	fav
Ending Cash	(2,607)	305,865	198,690	42,627	19,905	144,728	321,973	336,336	610,201	495,490	524,524	428,433	448,550	406,326	490,311	511,827	412,103	430,279	457,764	460,371		
Net Cash Flow		308,472	(107,175)	(156,063)	(22,722)	124,823	177,245	14,364	273,865	(114,711)	29,034	(96,091)	20,118	(42,224)	83,985	21,516	(99,724)	18,176	27,485			
Cumulative Cash Flow	-	**308,472**	**201,297**	**45,234**	**22,512**	**147,335**	**324,580**	**338,944**	**612,808**	**498,097**	**527,131**	**431,040**	**451,158**	**408,934**	**492,919**	**514,434**	**414,710**	**432,886**	**460,371**			

As of 8/16/13		109,230 UPDATE	
		Total Due Over 120	Retention
Accounts Receivable	3,168,373	369,020	560,891
Accounts Payable	497,384	377,410	-

Subsidiary: Suisun City Operations
Cash Forecast
As of: 11/1/13

	Actual	Actual	Actual	1 Actual	2 Actual	3 Actual	4 Actual	5 Actual	6 Actual	7 Actual	8 Projected	9 Projected	10 Projected	11 Projected	12 Projected	13 Projected	14 Projected	15 Projected	16 Projected	Cumulative		
	Cash Bal 8/31/2013	Cash Bal 9/6/2013	Cash Bal 9/13/2013	Cash Bal 9/20/2013	Cash Bal 9/27/2013	Cash Bal 10/4/2013	Cash Bal 10/11/2013	Cash Bal 10/18/2013	Cash Bal 10/25/2013	Cash Bal 11/1/2013	Cash Bal 11/8/2013	Cash Bal 11/15/2013	Cash Bal 11/22/2013	Cash Bal 11/29/2013	Cash Bal 12/6/2013	Cash Bal 12/13/2013	Cash Bal 12/20/2013	Cash Bal 12/27/2013	Cash Bal 1/3/2014	22 Week Totals		
Receipts																						
Bank Statement Balance 8/31/13 - ALL ACCOUNTS	57,908																					
Less: Outstanding Checks (SOV)	(42,130)																					
Add: Deposits In Transit (unlocated diff)																						
GL Opening Cash Balance	15,778																					
		ACTUAL	ACTUAL	ACTUAL	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted			
Cash Receipts	15,778	168,131	69,967	378,847	330,239	374,523	268,225	303,253	435,079	135,584	125,321	219,398	249,045	269,966	259,979	108,030	231,108	232,385	458,674			
Blue Chip Over 150 Days		-	-	-	-				3,367											3,367		
Blue Chip Over 90 Days-Under 150 Days		-	-	-	-	-				34,867										34,867		
Blue Chip Under 90 Days		63,144	8,260	12,319	450	74,408	40,742	46,707		36,295	68,342	-	-	54,295		87,291		22,729	-	514,981		
Remaining AR Over 90 Days		9,376	-	30,657	2,744	2,664		86,068		21,436										152,944		
Remaining AR Over 60 and Under 90 Days		6,769	9,984	74,245	19,257	43,096	15,108	5,284	55,264	2,342										231,349		
Remaining AR Under 60 Days		87,802	39,094	153,580	6,410	127,686	92,920	285,409	327,906	33,511	338,283	115,850	60,633	190,671	108,888	210,119	95,713	123,207	352,019	2,749,702		
Collections Bonded Jobs		-	-	-	73,170					301,009			173,412				130,327			677,918		
Miscellaneous - Non AR cash receipts		1,040	12,629	182,378	6,627		7,620		(56,205)											154,090		
Subtotal Receipts		168,131	69,967	453,179	108,659	247,854	156,389	423,467	330,332	429,461	406,625	115,850	234,045	244,966	108,888	297,410	226,040	145,936	352,019	4,519,218	4,519,218	
	10/18/2013	168,131	69,967	453,179	108,659	247,854	156,389	423,467	435,079	342,559	188,546	223,628	249,045	269,966	254,369	89,572	219,260	220,536	446,825		4,567,031	
Cash Disbursements																					(47,813)	fav
Recurring Monthly Payments:																						
Facility Rent		4,130				10,819				10,814					11,000				11,000	47,763		
Utilities (Elec, tele., etc)		799		3,500		1,000			3,500	-	2,000		3,500		2,000			3,500	2,000	21,799		
Vehicle & equipment leases			1,907			656	2,562	-			2,562				2,562					10,249		
Credit Cards (AMEX, VISA, Gas)			16,103	24,172			9,923		35,306	-	7,219		35,000			15,000		35,000		177,724		
Sales Tax				3,741					5,000	4,377			5,000				5,000			23,118		
Payroll & Benefits:																						
Payroll		40,013	77,713	48,359	82,991	41,972	81,658	46,000	84,000	37,205	93,600	48,900	88,900	48,900	88,900	48,900	86,300	48,900	86,300	1,179,511		
PR Taxes		38,161	12,301	33,124	20,810	33,951	15,602	33,913	16,952	39,473	18,469	43,969	21,469	42,969	21,469	42,969	25,000	46,500	25,000	532,102		
Union Dues & Fringes				133,483				111,000				141,000				141,000				526,483		
Admin Health Insurance			19,125					17,850				17,850				17,850				72,675		
Admin Simple Plan & 401K		-	1,994	193	2,000	193	2,018	160	1,972	85	2,000	160	2,000	160	2,000	160	2,000	160	2,000	19,255		
Garnishments		-	206	228	699	228	699	250	699	228	700	250	700	250	700	250	700	250	700	7,736		
Delinquent taxes		3,531	3,531	3,531	3,531	3,531	3,531	3,531	3,531	3,531	3,531	3,531	3,531	3,531	3,531	3,531						
Vendors to be Paid																						
List any single vendor payments over $50K																						
Consultants							14,666													14,666		
Transfers to Corporate																				-		
New Job - material purchases																				-		
Material Bills-paid when paid (non-specific jobs)																				-		
Special Payments			8,600							50										8,650		
Material Bills-pay when paid (specific job)		64,525	51,543	111,806	100,034	187,063	87,291	87,488	23,525	154,819	31,000	122,000	15,000	33,000	90,000	75,000	75,000	75,000	50,000	1,434,095		
Office Bills		1,518	558	8,500					22,825	3,954	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	82,355		
Subtotal Disbursements	-	152,677	193,581	370,638	210,065	279,413	217,950	300,192	197,310	254,536	166,081	382,660	180,100	133,810	227,162	349,660	199,000	214,310	182,000	4,211,145	4,211,145	
	10/18/2013	152,677	193,581	370,638	210,065	279,413	217,950	300,192	245,755	131,186	161,793	303,791	212,731	135,941	179,793	318,791	144,231	189,441	327,231	FALSE	4,075,200	
																					(135,945)	unfav
Ending Cash	15,778	31,232	(92,382)	(9,841)	(111,247)	(142,806)	(204,366)	(81,091)	51,931	226,856	467,400	200,590	254,534	365,690	247,416	195,166	222,206	153,833	323,851	308,073		
Net Cash Flow		15,454	(123,614)	82,541	(101,406)	(31,559)	(61,560)	123,275	133,023	174,925	240,544	(266,810)	53,945	111,156	(118,274)	(52,250)	27,040	(68,374)	170,019			
Cumulative Cash Flow		**15,454**	**(108,160)**	**(25,619)**	**(127,025)**	**(158,584)**	**(220,144)**	**(96,869)**	**36,153**	**211,078**	**451,622**	**184,812**	**238,756**	**349,912**	**231,638**	**179,388**	**206,428**	**138,055**	**30 8,073**			

As of 9/13/13	Total Due	Current	30 Days	60 Days	Over 90	Over 120	Retention
Accounts Receivable	3,006,933	1,562,264	467,359	595,155	249,058	133,096	362,066
Accounts Payable	1,047,878	325,386	235,202	410,385	76,905		36,128

Subsidiary: Trenton Operations
Cash Forecast
Weekly Forecast As of 11/01/13

	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected			
	Cash Bal 8/31/2013	Cash Bal 9/6/2013	Cash Bal 9/13/2013	Cash Bal 9/20/2013	Cash Bal 9/27/2013	Cash Bal 10/4/2013	Cash Bal 10/11/2013	Cash Bal 10/18/2013	Cash Bal 10/25/2013	Cash Bal 11/1/2013	Cash Bal 11/8/2013	Cash Bal 11/15/2013	Cash Bal 11/22/2013	Cash Bal 11/29/2013	Cash Bal 12/6/2013	Cash Bal 12/13/2013	Cash Bal 12/20/2013	Cash Bal 12/27/2013	Cash Bal 1/3/2014	18 Week		
Receipts																						
Bank Statement Balance	-																					
Less: Outstanding Checks ( )	(34,775)																					
Add: Deposits In Transit	-																					
Adjusted Opening Cash Balance	(34,775)																					
Cash Receipts																						
Blue Chip Over 150 Days																				-		
Blue Chip Over 90 Days-Under 150 Days																				-		
Blue Chip Under 90 Days																				-		
Remaining AR Over 90 Days																				-		
Remaining AR Over 60 and Under 90 Days																				-		
Remaining AR Under 60 Days		20,418	15,428	4,437	-	96,866	22,646	35,850	37,801	16,038	54,633	25,304	3,538	4,938	107,915	1,500	21,249	430	-	468,989		
Collections Bonded Jobs																				-		
Miscellaneous - Non AR cash receipts								100		4,901										5,001		
Subtotal Receipts	-	20,418	15,428	4,437	-	96,866	22,646	35,950	37,801	20,939	54,633	25,304	3,538	4,938	107,915	1,500	21,249	430	-	473,989	473,989	
3	10/18/2013	20,418	15,428	4,437	-	96,866	22,646	35,950	39,301	15,077	109,516	19,835	3,538	-	43,891	2,500	19,249	-	-	448,650	448,650	
Cash Disbursements																				-	25,339	fav
Recurring Monthly Payments:																				-		
Facility Rent																				-		
Utilities (Elec, tele., etc)										547										547		
Vehicle & equipment leases																				-		
Credit Cards (AMEX, VISA, Gas)			7,826				378		5,587		689		200							14,680		
Sales Tax																				-		
																				-		
Payroll & Benefits:																				-		
Payroll		10,277	10,173	10,383	7,400	7,849	8,699	7,500	4,195	4,326	4,326	4,500	4,500	4,500	4,500	1,271	1,271	1,271	1,271	98,212		
PR Taxes		4,880	4,380	4,957	4,344	3,628	3,512	3,261	3,359	1,767	1,767	1,767	1,800	1,800	1,800	1,800	260	260	260	45,604		
Union Dues & Fringes		15,000	16,217			1,914		15,049	1,027			13,525				10,418				73,150		
Admin Health Insurance			2,522				1,932	2,522				708				708				8,392		
Admin Simple Plan & 401K																				-		
Garnishments																				-		
Delinquent PR Taxes		6,069	6,069	6,069	6,069	6,069	6,061													36,406		
Vendors to be Paid																				-		
List any single vendor payments over $50K																				-		
Cooper Electric litigation								300												300		
Cohen					3,181					759	9,978			1,738						15,656		
Billows						5,002	11,207	13,045	16,070	4,858	1,741		5,000	5,000						61,922		
Burlington Electric - balance $15600 Credit Card																				-		
Vendors		176				269	1,739													2,184		
																				-		
All other vendors/suppliers																				-		
																				-		
Subtotal Disbursements	-	36,402	47,188	21,409	20,994	24,731	33,527	41,676	30,238	12,258	18,501	20,501	11,500	13,038	6,300	14,197	1,531	1,531	1,531	357,052	357,052	
	10/18/2013	36,402	47,188	21,409	20,994	24,731	33,527	41,676	29,220	17,526	12,500	26,025	17,478	7,500	3,771	11,949	1,531	1,531	1,531		356,489	
																					(563)	unfav
Ending Cash	(34,775)	(50,758)	(82,518)	(99,491)	(120,485)	(48,351)	(59,232)	(64,958)	(57,395)	(48,714)	(12,582)	(7,779)	(15,740)	(23,840)	77,774	65,077	84,794	83,693	82,162	116,937		
Net Cash Flow		(15,984)	(31,760)	(16,973)	(20,994)	72,135	(10,882)	(5,726)	7,563	8,681	36,132	4,803	(7,962)	(8,100)	101,615	(12,697)	19,718	(1,101)	(1,531)			
Cumulative Cash Flow		**(15,984)**	**(47,744)**	**(64,716)**	**(85,711)**	**(13,576)**	**(24,458)**	**(30,183)**	**(22,620)**	**(13,939)**	**22,193**	**26,996**	**19,034**	**10,934**	**112,549**	**99,852**	**119,569**	**118,468**	**116,937**			

Submitted Online via the NASDAQOMX Listing Center

October 22, 2013

The NASDAQ Listing Qualifications Panel
c/o Ms. Amy Horton
Associate General Counsel
Office of General Counsel, Hearings
The NASDAQ Stock Market LLC
805 King Farm Boulevard
Rockville, MD 20850

Re: WPCS International Incorporated (NCM: WPCS)
NASDAQ Listing Qualifications Hearings; Docket NQ 6038C-13
Pre-Hearing Submission

Dear Members of the Listing Qualifications Panel:

This letter constitutes the formal written submission of WPCS International Incorporated ("WPCS" or the "Company") in response to a determination by the NASDAQ Listing Qualifications Staff (the "Staff") to delist the Company's common stock from The NASDAQ Capital Market based upon the Company's non-compliance with the $2.5 million stockholders' equity requirement, as set forth in NASDAQ Listing Rule 5550(b)(2) (the "Stockholders' Equity Requirement"). We understand that the delisting action referenced in the Staff's letter dated October 7, 2013 has been stayed pending a hearing before the NASDAQ Listing Qualifications Panel (the "Panel") on November 7, 2013, and the subsequent issuance of a written decision on behalf of the Panel.

This letter presents an overview of the Company's business and its plan to regain and sustain compliance with the Stockholders' Equity Requirement. In addition, attached as Exhibit A is a list of the Company's Form 8-K filings since the filing of the Company's Annual Report on Form 10-K for the fiscal year ended April 30, 2013 on July 29, 2013. Also attached, as Exhibit B, is a list of and biographies for those individuals who may attend the hearing on behalf of the Company.

At the hearing, the Company and its representatives will provide the Panel with a detailed update regarding the Company's compliance plan. Based upon that information, the Company will request an exception within which to evidence compliance with the Stockholders' Equity Requirement and its continued compliance with all other applicable requirements for continued listing on The NASDAQ Capital Market.

Company Overview

WPCS was founded in 2002 and listed on NASDAQ in 2005. The Company is headquartered in Exton, Pennsylvania.

WPCS is a global provider of design-build engineering services for communications infrastructure, with approximately 250 employees in five operations centers on three continents. The Company provides its engineering capabilities, including wireless communication, specialty construction and electrical power, to a diversified customer base in the public services, healthcare, energy and corporate enterprise markets worldwide.

The Company's Wireless Communication segment designs and deploys wireless network solutions comprising Wi-Fi networks, point-to-point systems, mesh networks, microwave systems, cellular networks, in-building systems, and two-way communication systems. The Company's Specialty Construction segment is involved in the construction and maintenance of pipelines for natural gas and petroleum transmission, and provision of trenching services for power lines, telecommunications, and water lines. The Company's Electrical Power segment offers electrical contracting services for commercial and industrial facilities of various types and sizes to upgrade their power systems, and creates integrated building systems, including the installation of structured cabling systems and electrical networks, as well as supports the integration of building communications technology for voice and data, life safety, security, and HVAC.

For the fiscal year ended April 30, 2013, the Company generated consolidated EBITDA of approximately $818,000 on revenue of $42.3 million (compared to an EBITDA loss of $12.2 million on $65.5 million of revenue for the same period in the prior year). For the fourth quarter of fiscal year 2013 ended April 30, 2013, primarily due to certain significant project delays, the Company generated a $311,000 EBITDA loss on revenue of $9.4 million (compared to an EBITDA loss of $7.9 million on revenue of $12.0 million for the same period a year prior). At July 31, 2013, WPCS had a backlog of $26.1 million in orders to fulfill and a bid list of $52.2 million in potential projects.

For the fourth quarter and year ended April 30, 2013, WPCS recorded a non-cash goodwill impairment charge of approximately $1.9 million, as it determined that the carrying value of its Australia operations exceeded the fair value. In addition, and as discussed further below in the section entitled *Plan of Compliance*, the conversion features of the notes and common stock purchase warrants issued in the December 2012 financing are deemed to be derivative financial instruments that are accounted for as a note discount with each being a derivative liability. As such, WPCS is required to determine the fair value of these liabilities, with the changes in fair value recorded in the financial results each period as a non-cash charge or gain. For the fourth quarter and fiscal year ended April 30, 2013, WPCS recorded non-cash charges of approximately $2.7 million and $4.1 million, respectively, for the amortization of note discounts and change in fair value of the derivative liabilities. Notably, these are non-cash charges and do not affect the operating cash flow or working capital of the Company.

For the fourth quarter ended April 30, 2013, WPCS reported a net loss of approximately $6.2 million, which includes the aforementioned non-cash charges as well as a non-cash charge of $2.3 million related to valuation allowances for deferred taxes. This compares to a net loss of $8.5 million for the same period one year prior, which included a loss from discontinued operations for the Company's Hartford and Lakewood operations of approximately $777,000.[1] For the fiscal year ended April 30, 2013, WPCS reported a net loss of approximately $6.9 million, which included the aforementioned non-cash charges, and included income from discontinued operations for the Company's Hartford and Lakewood operations of approximately $1.2 million. This compares to a net loss of $20.5 million for the same period one year prior, which included a non-cash charge of $6.6 million related to valuation allowances for deferred taxes and a loss from discontinued operations of approximately $3.9 million related to the sale of the Company's Hartford, Lakewood, St. Louis and Sarasota Operations.

In the first quarter ended July 31, 2013, the Company generated revenues of $9.7 million and had an operating loss of $1.6 million, due primarily to a one-time charge of approximately $1.5 million related to severance expense recorded for its former CEO and Chairman. Notwithstanding, the Company experienced a net loss of approximately $5.9 million for the quarter, which was attributable in large part to a non-cash charge of approximately $4.1 million for the amortization of note discount and change in fair value of derivative liabilities. As is discussed more fully below, the first and most significant step in the Company's plan of compliance is focused on restructuring the securities that were the source of the derivative liabilities and the amortization of the note discount.

Plan of Compliance

The Company is executing on a multi-pronged strategy that will enable it to evidence compliance with the Stockholders' Equity Requirement and thereafter sustain compliance with that requirement over the longer term. Specifically, the Company is pursuing the following actions:

- The restructuring of the Company's senior secured convertible notes (the "Notes") and attendant warrants so as to eliminate the basis for certain derivative liabilities, which would result in an anticipated gain in stockholders' equity of approximately $9 million in the near term;

[1] On July 25, 2012, the Company and the Hartford and Lakewood Operations entered into an Asset Purchase Agreement, pursuant to which the Hartford and Lakewood Operations sold substantially all of their assets and liabilities to two newly-created subsidiaries of Kavveri for a purchase price of $5.5 million in cash, subject to adjustment and assumption of their various liabilities. At closing, the Company received $4.9 million in cash, and the remaining $600,000 of the purchase price was to be placed into escrow pursuant to the Asset Purchase Agreement. WPCS used the proceeds from the sale to repay the full amount outstanding under a credit agreement of $4,022,320 as of July 25, 2012. The difference of $877,680 was deposited in the Company's operating cash account.

- The sale of the Company's China-based operations, resulting in an anticipated gain in stockholders' equity of approximately $300,000;

- The sale of the Company's Suisun City operations to the management of those operations, resulting in an anticipated gain in stockholders' equity of approximately $2.2 million; and

- The continued implementation of various cost reduction measures to further reduce the Company's burn rate by approximately $450,000 for the remainder of fiscal 2014.

The Company is also pursuing additional actions to further increase stockholders' equity, although such actions are not considered integral to the Company's plan to regain and sustain compliance with the Stockholders' Equity Requirement, including the settlement of approximately $1.6 million in debt owed by WPCS to Zurich American Insurance Company ("Zurich") for an anticipated additional gain in stockholders' equity of up to $1 million.

Below please find a more detailed discussion of each component of the Company's compliance plan:

Elimination of Derivative Liability & Notes

On December 4, 2012, the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") with six accredited investors (the "Noteholders"), pursuant to which the Company sold an aggregate of (i) $4 million in principal amount of the Notes and (ii) warrants to purchase 2,274,796 shares of the the Company's common stock (the "Warrants") for aggregate gross proceeds of $4 million. The financing closed on December 5, 2012. Although subject to adjustment, the current conversion price on the Notes is $2.1539 per share, and the warrant exercise price is also currently $2.1539 per share. The warrants are exercisable for a period of five years from the closing date. On October 21, 2013, the closing price of the Company's common stock was $2.47 per share.

The Notes are currently classified as a derivative liability on the Company's balance sheet due to certain anti-dilution features. The total amount of Notes and the related embedded derivative liability on the Company's balance sheet as of April 30, 2013 was approximately $1.1 million (net of debt discount) and $3.1 million, respectively. In addition, as of April 30, 2013, the Company recognized a liability of approximately $3.86 million for the fair value of the Warrants.

On July 30, 2013, WPCS issued an aggregate of 158,242 shares of its common stock to two investors upon the conversion of an aggregate of $340,839 of the Notes and on August 1, 2013, the Company issued an additional 117,500 shares of common stock to two investors upon the conversion of an aggregate of $253,084 of the Notes for a total of $593,000 of debt converted to equity.

As of July 31, 2013, following the conversion of $593,000 of debt, the total amount of Notes and embedded derivative liabilities was approximately $1.55 million (net of debt discount) and $3.94 million, respectively. As of July 31, 2013, the liability for the fair value of the Warrants was approximately $5.4 million. The increase in fair value from April 30, 2013 was principally due to the increase in the price of the Company's common stock at July 31, 2013 compared to April 30, 2013. As a result of the foregoing, the Company's stockholders' deficit at July 31, 2013 was $5,722,405.

The Noteholders are supportive of the Company's efforts to streamline its operations, divest unprofitable business units and clean up the Company's balance sheet. To that end, the Company has been working with the Noteholders to restructure the Warrants and Notes in a manner that will eliminate the features in each that result in the creation of the derivative liabilities. The Company has received a term sheet from the Noteholders, which was approved by the Company's Board of Directors on October 21, 2013, subject to amending waiver agreement language such that the restructuring removes an event of default.[2] The Company intends to file the required Listing of Additional Shares form for the proposed restructuring with the NASDAQ Staff during the week of October 21, 2013. The Company believes the restructuring of the Notes and Warrants will result in an increase in the Company's stockholders' equity balance of approximately $9 million.

Sale of Suisun City Operations

The Company is pursuing the sale of its Suisun City operations, which generated EBITDA of approximately $900,000 for the year ended April 30, 2013. The Company is actively negotiating with management of those operations as well as an interested third party regarding such a sale at a minimum price of approximately $3.0 million, and is expecting the execution of a letter of intent in the near term. The Suisun City operations currently have a net book value of approximately $755,000; as such, the Company believes the divestiture of the Suisun City operations will increase the Company's stockholders' equity balance by approximately $2.245 million. Importantly, the Noteholders have cleared the way for completion of this sale by agreeing to release the Company from certain collateral obligations attendant to the Notes upon completion of a transaction. The Company is in discussions with its legal counsel as to whether this transaction will require shareholder approval (either prior or subsequent to its execution), which determination will necessarily impact the ultimate timing for completion of the transaction.

[2] The event of default was triggered by the initiation of the NASDAQ delisting proceeding.

Sale of China-based Operations

WPCS has executed a letter of intent for the sale of its 60% controlling interest in its China-based joint venture operations, otherwise referred to as the Taian AGS Pipeline Construction Co. Ltd. The proposed sale price is $1.5 million and, after payment of dividends owed to the Company, the net book value would be approximately $1.2 million, resulting in an estimated gain on the sale and increase in stockholders' equity of approximately $300,000. The Company anticipates completion within the near term.

Cost Reduction Measures and Improved Operating Results

The Company continues to focus on cutting overhead costs and closing underperforming operations. In that regard, the Company recently closed its unprofitable Trenton operations and is in the process of divesting its unprofitable Australia operations to the former Chief Executive Officer of the Company. The sale of the Australian operations will result in both the elimination of an unprofitable operating unit and the severance liability currently owed to the former CEO. Additional cost reductions, including headcount reductions and related salary and benefit savings, are ongoing. The impact of these measures will result in a reduction in operating costs for the balance of fiscal 2014 of approximately $450,000.

Following the divestiture of the operations discussed above, the Company's operations will consist primarily of its electrical contracting operations, which are based in Seattle, Washington. The Seattle operations, which have approximately 75 employees (or 30% of the Company's current employee base), are expected to continue to generate annual revenues of approximately $10 million. For the fiscal year ended April 30, 2013, the Seattle operations generated approximately $10 million in revenue and $900,000 in EBITDA, representing approximately 24% of the Company's consolidated revenue and 111% of the Company's EBITDA for fiscal 2013. In addition, while the Company had an aggregate net loss of over $6.3 million, the Seattle operations generated net income of approximately $700,000.

Additional Potential Equity Yielding Event

Zurich Settlement

On July 12, 2012, WPCS executed a Surety Financing and Confession of Judgment Agreement (the "Financing Agreement") with Zurich. Under the terms of the Financing Agreement, Zurich advanced to the Company $793,927 to assist in the completion of the Company's contract with the Camden County Improvement Authority for work at the Cooper Medical Center of Rowan University (the "Cooper Project"), a $16.2 million project completed by the Company's operations in Trenton, NJ. Pursuant to the Financing Agreement, the Company was to repay Zurich the financial advances by September 2012; ultimately, however, Zurich paid certain of the Company's vendors on behalf of the Company in accordance with Zurich's obligations under its payment bond on the Cooper Project.

Thereafter, on April 17, 2013, WPCS executed a Surety Forbearance and Confession of Judgment Agreement (the "Forbearance Agreement") with Zurich, which supersedes the Financing Agreement. As of April 30, 2013, the net loss amount owed Zurich under the Forbearance Agreement was approximately $1.74 million, and is classified as "Other Payable" on the Company's consolidated balance sheet. As of July 31, 2013, the net loss amount owed to Zurich was approximately $1.6 million.

WPCS is in negotiations with Zurich regarding a settlement of the debt, likely via significantly discounting the amount owed to Zurich, and has introduced the Noteholders into the negotiations in an effort to compel Zurich to enter into such a settlement. The Noteholders' security interest in the Company's assets is superior to Zurich's and, as such, the Company and the Noteholders believe that Zurich will ultimately accept a discounted settlement of the debt and, in fact, Zurich has already indicated its willingness to consider such a discount. Although the negotiations are ongoing, the Company is hopeful that such a settlement will be completed by year-end.

Conclusion

At the hearing, the Company will provide the Panel with a detailed update regarding its compliance efforts and, based upon that information, the Company will request an exception within which to demonstrate compliance with the Stockholders' Equity Requirement and its continued compliance with all other applicable requirements for continued listing on The NASDAQ Capital Market.

***

We thank you in advance for your consideration of this matter and look forward to meeting with you at the hearing. Please feel free to contact the undersigned via NASDAQ counsel if you have any questions or require any additional information.

Sincerely,

David A. Donohoe, Jr.

cc: Sebastian Giordano, Interim Chief Executive Officer, WPCS International Incorporated
Joseph A. Heater, Chief Financial Officer, WPCS International Incorporated

Exhibits

Exhibit A: List and Summaries of Current Reports on Form 8-K

The Company has filed the following Current Reports on Form 8-K with the SEC since the filing of its Annual Report on Form 10-K for the fiscal year ended April 30, 2013, on July 29, 2013 (in reverse chronological order):

Filing Date	Summary of Event
October 10, 2013	Receipt of NASDAQ delist determination due to the Company's non-compliance with the Stockholders' Equity Requirement. Disclosure of event of default on Notes as a result of receipt of NASDAQ delist determination, resulting in the Noteholders right to require the Company to redeem the Notes equal to the greater of (i) 125% of the principal and accrued but unpaid interest owed by the Company to the Noteholder or (ii) the number of shares of common stock issuable upon full conversion of the Notes multiplied by 125% of the highest closing sales price of the Company's common stock from October 4, 2013 until the Notes are repaid in full. Currently, the principal amount of Notes outstanding is approximately $3.4 million. No Noteholder has exercised its right of redemption.
September 27, 2013	Issuance of press release on September 27, 2013 disclosing that WPCS Australia Pty Ltd ("WPCS Australia"), a wholly-owned subsidiary of the Company, had entered into a Securities Purchase Agreement ("Agreement") with Turquino Equity LLC, a limited liability company ("Turquino"), whose managing member is Andrew Hidalgo, the Company's former Chairman and Chief Executive Officer, pursuant to which WPCS Australia agreed to sell 100% of the shares of The Pride Group (QLD) Pty Ltd, an Australian corporation wholly-owned by WPCS Australia, to Turquino, for $1.4 million at closing.
September 25, 2013	Execution of Agreement on September 19, 2013, between WPCS Australia and Turquino for sale of 100% of The Pride Group (QLD) Pty Ltd to Turquino for $1.4 million at closing.
September 16, 2013	Regulation FD disclosure indicating that on September 16, 2013 the Company held an earnings conference call to discuss its unaudited financial results for the first fiscal quarter ended July 31, 2013.

Filing Date	Summary of Event
September 16, 2013	On September 16, 2013, the Company announced its operating results for the first fiscal quarter ended July 31, 2013.
September 13, 2013	Effective September 9, 2013, based on the recommendation of the Nomination Committee of the Company's Board of Directors, WPCS appointed Harvey Kesner as an independent director to the Board.
August 2, 2013	Receipt of NASDAQ deficiency notice from the Staff based upon the Company's non-compliance with the Stockholders' Equity Requirement.
August 1, 2013	On July 30, 2013, WPCS issued an aggregate of 158,242 shares of its common stock to two investors upon the conversion of an aggregate of $340,839 of outstanding senior secured convertible debentures. On August 1, 2013, the Company issued an aggregate of 117,500 shares of common stock to two investors upon the conversion of an aggregate of $253,084 of debentures.
July 29, 2013	Regulation FD disclosure indicating that on July 29, 2013 the Company held an earnings conference call to discuss its audited financial results for the fiscal year ended April 30, 2013.
July 29, 2013	On July 29, 2013, WPCS announced its operating results for the fiscal year ended April 30, 2013.

Exhibit B: List and Biographies of Potential Hearing Participants

Sebastian Giordano, Interim Chief Executive Officer, WPCS International Incorporated

Mr. Giordano contributes expertise in areas of restructuring, operations, finance, strategic planning and business development. He has over 25 years of experience as a board member and senior executive. Mr. Giordano has held senior positions with ITT Continental Baking Company, AMF Incorporated, Dynamics Corporation of America and IPCO Corporation. He has extensive experience in analyzing business units engaged in manufacturing, distribution and retail sectors across multiple industries, including food service, healthcare, consumer and industrial products. Mr. Giordano received his undergraduate degree and MBA from Iona College.

Joseph A. Heater, Chief Financial Officer, WPCS International Incorporated

Mr. Heater is responsible for the Company's financial management and financial reporting functions. As a CPA, Mr. Heater has over 20 years of financial management experience specializing in financial controls, SEC reporting and mergers & acquisitions. Formerly, Mr. Heater was the director of financial planning and analysis and assistant corporate controller for multi-billion dollar Airgas Incorporated, where he was involved with the due diligence and accounting integration of several acquisitions. In addition, Mr. Heater was a manager of audit and business advisory services for Arthur Andersen. Mr. Heater holds a Business Administration degree from the University of Nebraska and an MBA from Villanova University. He is also a member of the American Institute of Certified Public Accountants.

David A. Donohoe, Jr., Donohoe Advisory Associates LLC, Advisor to the Company

Mr. Donohoe is President of Donohoe Advisory Associates LLC, which provides consulting and advisory services to public and private companies with an emphasis on listing matters. He also currently serves as a Managing Director for Roth Capital Partners, LLC, a FINRA member firm, where he assists issuers in connection with debt and equity private placements and advises on merger and acquisition transactions. Prior to the formation of Donohoe Advisory in 2004, he served as Chief Counsel for the NASDAQ Listing Qualifications Department where he was responsible for the oversight and management of the NASDAQ hearing process and for developing and implementing listing standards and related policies. Mr. Donohoe was employed by The NASDAQ Stock Market from 1995 through 2004. Mr. Donohoe received a B.A. in Economics from The University of Texas, Austin (1985) and a J.D. from the Catholic University of America (1988).

Katherine Roberson Petty, Donohoe Advisory Associates LLC, Advisor to the Company

Since February 2005, Ms. Petty has served as Senior Vice President for Donohoe Advisory Associates LLC, specializing in advising public and private companies on stock market listing matters and related corporate governance issues. Prior to joining Donohoe Advisory, Ms. Petty served as Senior Counsel in the Office of General Counsel for The NASDAQ Stock Market. She began her seven-year tenure with NASDAQ as an attorney within the Office of Listing Qualifications Hearings. Ms. Petty graduated from the University of Missouri, Columbia in 1993 and received a J.D. from The John Marshall Law School in Chicago, Illinois in 1997.

WPCS International Incorporated

Presentation to the NASDAQ Listing Qualifications Panel

November 7, 2013

Engineering for the Future

Attendees

- **Sebastian Giordano**, Interim Chief Executive Officer, WPCS International Incorporated
- **Joseph A. Heater**, Chief Financial Officer, WPCS International Incorporated
- **David A. Donohoe, Jr.**, Donohoe Advisory Associates LLC, Advisor to the Company
- **Katherine Roberson Petty**, Donohoe Advisory Associates LLC, Advisor to the Company

Business Overview

- **WPCS is a global provider of design-build engineering services for communications infrastructure**
- Headquartered in Exton, Pennsylvania, with **five operations centers on three continents and 250 employees**
- WPCS currently provides engineering capabilities in three segments:
  - wireless communication
  - specialty construction
  - electrical power
- Consolidated EBITDA of $818,000 on revenue of $42.3 million for fiscal year ended April 30, 2013
- Consolidated net loss of $6.9 million generated by derivative accounting, losses from non-core operations, other non-cash charges
- Founded in 2002; listed on NASDAQ in 2005

WPCS

Business Overview

- **Diverse customer base in** public services, healthcare, energy and corporate enterprise markets worldwide
- **Select customers** include:

- **Business Development Strategy**
  - Focus on public services, healthcare, and corporate sectors
  - Offer multiple services to customers
  - Consider strategic opportunities through acquisition or other transactions

Business Transition

- **WPCS transition plan began prior to start of FY2014**
- Transition plan includes:
  - New CEO
  - Stabilize operations and cash flows
  - Assess cost savings
  - Evaluate divestiture opportunities
  - Evaluate strategic opportunities
  - Go forward sustainable operations
- **Executing transition plan irrespective of Nasdaq non-compliance issue**
- **Nasdaq non-compliance resulted in bondholders taking big step to restructure debt**

Stockholders' Equity Compliance

- WPCS has regained compliance with the $2.5 million stockholders' equity requirement via the restructuring of its notes and warrants for a **$10.6 million increase in stockholders' equity**
- Form 8-K filed on November 5, 2013 indicated stockholders' equity **in excess of $4 million**
- WPCS projects continued compliance with the minimum stockholders' equity requirement throughout fiscal 2014

Debt Restructuring Completed

- **Restructuring of senior convertible notes and warrants completed**
  - $1.55 million fully discounted note with restructuring
  - $3.9 million derivative liability for notes from anti-dilution features (at July 31, 2013)
  - $5.4 million liability for fair value of related warrants (at July 31, 2013)
- The features in the notes and warrants that resulted in creation of derivative liabilities were eliminated effective October 31, 2013
- Stockholders' equity increased by approximately $10.6 million
- **Stockholders' equity of approximately $4.2 million as of October 31, 2013**

Long Term Compliance

- **Sale of China-based Operations**
  - Letter of intent for sale of non-core asset, WPCS 60% controlling interest in its China-based joint venture for $1.5 million
  - $1.6 million in cash to WPCS; $600,000 decrease in stockholders' equity
  - Anticipated completion: January 31, 2014
- **Settlement of Zurich Debt**
  - Negotiating settlement of $1.6 million in debt owed to Zurich for $750,000 increase in stockholders' equity
  - Noteholders – whose interest is superior to Zurich – assisting in efforts to compel Zurich to settle
  - Anticipated completion: December 31, 2013

WPCS

Additional Cost Reduction Measures

- $450K in reduced operating losses for balance of 2014
  - $280K of reduced corporate overhead
  - $120K from closure of unprofitable Trenton, NJ-based operation
  - $50K from divesting unprofitable Australia operation
- $500K of reduced corporate overhead expenses in fiscal 2015
  - Headcount reductions and related salary and benefit savings
  - Downsized corporate infrastructure
- **Total savings expected of nearly $1 million**

Business Going Forward

	Seattle, WA	Seattle, WA	Suisun City, CA	Suisun City, CA
	2013A	2014F	2013A	2014F
Revenue	$9.9 MM	$11.9 MM	$10.0 MM	$18.0 MM
% of Total	24%	31%	24%	48%
EBITDA	$901K	$1.1 MM	$900K	$710K
% of Consolidated	111%	265%	111%	171%
EBT	$700K	$1.0 MM	$700K	$596K
# of Employees	75		60	

Request for Compliance Determination

Based on the foregoing, WPCS respectfully requests that the Panel determine that the Company has evidenced compliance with the $2.5 million stockholders' equity requirement and all other applicable requirements for continued listing on The NASDAQ Capital Market.

PRESS RELEASE **SOURCE: WPCS International Incorporated**

WPCS Announces Acquisition of New Line of Business

EXTON, PA - (Marketwired – December 17, 2013) WPCS International Incorporated (NASDAQ: WPCS), ("WPCS" or the "Company"), which specializes in design-build engineering services for communications infrastructure, today announced that it has entered into various agreements to acquire BTX Trader LLC (BTX), an early stage technology company currently engaged in the development of a proprietary trading platform for the emerging bitcoin industry. The BTX acquisition is expected to add a new line of business to the Company's existing operations.

To acquire BTX, the Company entered into a securities purchase agreement (the Purchase Agreement) with certain investors in which WPCS sold 2,348 shares of a newly designated Series E Preferred Stock (the Preferred Stock) and warrants to purchase up to 1,500,000 shares of its common stock (the Warrants), for 100% of the membership interests of BTX. Each share of Preferred Stock has a stated value of $1,000 and is convertible into shares of the Company's common stock equal to the stated value (and all accrued but unpaid dividends) divided by the conversion price of $3.50 per share. The Preferred Stock accrues dividends at a rate of 12% per annum, payable quarterly in arrears. The Warrants have an exercise price of $5.00 per share.

Neither the Preferred Stocks nor the Warrants are convertible or exercisable, respectively, until the Company obtains its stockholders' approval for (i) the increase in the number of shares of common stock authorized for issuance to 75 million; and (ii) the issuance of all of the securities issuable pursuant to the Purchase Agreement.

Bitcoin is a digital or virtual currency that uses peer-to-peer technology to facilitate instant payments. Bitcoin is a type of alternative currency known as a cryptocurrency, which uses cryptography for security, making it difficult to counterfeit. Bitcoin issuance and transactions are carried out collectively by the network, with no central authority, and allows users to make secure, verified transfers. BTX has developed and is currently beta testing its trading system to offer bitcoin traders advanced charting, trading blotters, and trading integration across five of the major bitcoin exchanges, which will allow users to see liquidity, route orders, and identify arbitrage opportunities across all platforms, and to control trading risks with access to stop loss orders.

Sebastian Giordano, Interim Chief Executive Officer, commented, "We are very excited about bitcoin and the prospect offered by BTX to enter a very fast-growing market. We believe that the software platform being developed by BTX will support the opportunities to advance bitcoin as an asset class, currency, money transfer mechanism, and important alternative in the financial markets space. As one of the first publicly traded companies to make an early entrance into the bitcoin space, we believe this transaction is consistent with ongoing efforts to provide the Company with an opportunity to deliver improved shareholder value in the 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.

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.

CONTACT:

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