

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	SECURITY INTEREST		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
Western Services Corporation		08/03/2010	CORPORATION: MARYLAND
RECEIVING PARTY DATA			
Name:	Sovereign Bank		
Street Address:	2 Morrissey Boulevard		
City:	Dorchester		
State/Country:	MASSACHUSETTS		
Postal Code:	02125		
Entity Type:	federal savings bank: UNITED STATES		
PROPERTY NUMBERS Total: 1			
Property Type	Number	Word Mark	
Registration Number:	2890201	3 KEY SOFTWARE	
CORRESPONDENCE DATA			
Fax Number:	(301)575-0335		
	<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>		
Phone:	301-575-0302		
Email:	jwachs@offitkurman.com		
Correspondent Name:	Jonathan R. Wachs		
Address Line 1:	8171 Maple Lawn Boulevard		
Address Line 2:	Suite 200		
Address Line 4:	Maple Lawn, MARYLAND 20759		
ATTORNEY DOCKET NUMBER:	730001.00077		
NAME OF SUBMITTER:	Jonathan R. Wachs		
Signature:	/Jonathan R. Wachs/		
Date:	08/09/2010		

CH \$40.00 2890201

Total Attachments: 26

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LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT is made as of August 3, 2010 by and between **WESTERN SERVICES CORPORATION**, a Maryland corporation ("Borrower"), **WSC FEDERAL, LLC**, a Delaware limited liability company ("Federal Guarantor"), **WSC - CHINA, LLC**, a Maryland limited liability company ("China Guarantor"), and **SOVEREIGN BANK**, a federal savings bank ("Lender"). Federal Guarantor and China Guarantor are collectively called "Guarantors." Borrower and Guarantors are collectively called "Debtors."

Recitals

Borrower has requested Lender to extend to Borrower a loan in the maximum outstanding principal amount of \$1,500,000 ("Loan") and a letter of credit facility in the maximum face amount of \$430,000 ("Letters of Credit"). Guarantors have guaranteed Borrower's obligations of payment and performance in connection with the Loan and the Letters of Credit pursuant to the Guaranty Agreement of even date herewith by Guarantors for the benefit of Lender. Lender has required, as a condition precedent to making the Loan and extending the Letters of Credit, that Debtors execute and deliver this Loan and Security Agreement.

Agreements

NOW, THEREFORE, in consideration of these premises, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Debtors and Lender agree as follows:

1. DEFINITIONS AND GENERAL RULES OF CONSTRUCTION

- 1.1. Definitions. In this Agreement, all defined terms are capitalized and have the meaning given on Exhibit A attached hereto and made a part hereof.
- 1.2. Accounting Terms. All accounting terms not specifically defined herein shall have the meanings assigned to them as determined by generally accepted accounting principles, consistently applied.
- 1.3. UCC Terms. All terms used in this Agreement that are defined in the *Maryland Uniform Commercial Code* shall have the meanings ascribed to them therein, unless specifically defined otherwise in this Agreement.
- 1.4. Tense; Gender; Section Headings. In this Agreement, the singular includes the plural and *vice versa*. Each reference to any gender also applies to any other gender. The Section headings are for convenience only and are not part of this Agreement.

2. TERMS OF LOAN AND LETTERS OF CREDIT

2.1. Agreement to Lend. Subject to and in accordance with the terms, conditions and provisions of this Agreement, Lender agrees to advance and readvance to Borrower from time to time, as proceeds of the Loan, such principal amounts as are requested by Borrower, provided that the outstanding principal balance of the Loan shall never exceed the lesser of (a) \$1,500,000, or (b) the sum of (i) 80% of Domestic Eligible Receivables, plus (ii) the sum of 90% of Foreign Eligible Receivables less \$20,000. "Eligible Receivables" means a Receivable of Borrower that conforms and continues to conform to the following criteria to the satisfaction of Lender in its reasonable discretion:

(a) the Receivable arises from a bona fide outright sale or lease by Borrower of goods or from services performed by Borrower in the ordinary course of Borrower's business and the delivery or performance has been completed and unconditionally accepted by the account debtor;

(b) Borrower has possession of, or has delivered to Lender, receipts or other satisfactory documentation evidencing delivery and acceptance;

(c) the Receivable is based upon an enforceable order or contract, written or oral, for goods delivered or for services performed and the same were shipped, held, or performed in accordance with such order or contract;

(d) the Receivable is not subject to any Lien except Liens in favor of Lender, and Borrower has the full and unqualified power to assign and grant a security interest in the Receivable to Lender as security and collateral for the payment of the Liabilities;

(e) Lender in its sole discretion has not deemed the Receivable ineligible because of uncertainty as to the creditworthiness of the account debtor or because Lender otherwise considers the collateral value thereof to be impaired or Lender's ability to realize such value therefrom to be insecure;

(f) the amount shown on the books of Borrower and on any invoice, certificate, schedule or statement delivered to Lender is owing to Borrower and no partial payment has been received unless reflected in such submission;

(g) the Receivable is not subject to any claim of reduction, counterclaim, setoff, recoupment, or other defense in law or in equity, or any claim for credits, allowances, or adjustments by the account debtor because of returned, inferior, or damaged goods or unsatisfactory services, or for any other reason;

(h) the Receivable does not arise from any transaction with any Subsidiary or affiliated entity or Person of Borrower or any employee of Borrower;

(i) the Receivable does not arise from any sale on approval or consignment, and is not otherwise subject to any repurchase or return agreement;

(j) if the account debtor is the United States, or any instrumentality thereof, Borrower has assigned its rights to receive payment to Lender in compliance with the *Federal Assignment of Claims Act of 1940*, as amended, and any other applicable laws and regulations, and Lender is satisfied such assignment in form and substance;

(k) the Receivable is not owing by any account debtor for which Lender has deemed 50% or more of such account debtor's other Receivables (or any portion thereof) due to Borrower to be non-Eligible Receivables;

(l) the Receivable does not arise out of a contract with, or order from, an account debtor that, by its terms, forbids or makes void or unenforceable the assignment by Borrower to Lender of such Receivable;

(m) the account debtor has not returned or refused to retain, or otherwise notified Borrower of any dispute concerning, or claimed nonconformity of, any of the goods or services from the sale or lease of which the Receivable arose;

(n) no more than 90 days have elapsed from the invoice date and no more than 60 days have elapsed from the due date of invoice;

(o) the Receivable is not payable by an account debtor with respect to which 50% or more of the dollar amount of that account debtor's Receivables to Borrower are more than 90 days due from the date of invoice or more than 60 days due from the due date of invoice;

(p) the Receivable is not evidenced by chattel paper or instruments unless Lender has agreed in writing that it may be deemed eligible and all originals of such chattel paper or instruments have been endorsed and delivered to Lender;

(q) the Receivable is not subject to any offset and is not payable by any account debtor who is owed any sum by Borrower; and

(r) the Receivable complies with any additional criteria set forth from time to time by Lender.

“Receivable” means any right to the payment of money, including but not limited to any right arising from or evidenced by an account, an instrument, a general intangible or chattel paper. “Domestic Eligible Receivable” means a Receivable that is payable from an account debtor located within the United States. “Foreign Eligible Receivable” means a Receivable that is payable from an account debtor located outside the United States and that is supported by insurance issued by Exim Bank or another financial institution acceptable to Lender, or is otherwise supported by a letter of credit, acceptance or other credit enhancement acceptable to Lender.

2.2. Advance Procedure. Each advance shall be made by Lender to Borrower within 2 business days after Lender’s receipt of a request from Borrower setting forth the amount of the advance and the business day on which Borrower desires the advance. Each request for an advance of Loan proceeds shall be in writing and shall be accompanied by a borrowing base certificate, a receivables report and aging, and such other supporting documents and materials as Lender may require, all of which shall be in form and substance acceptable to Lender. Each advance shall be accomplished by crediting the principal amount to a banking account of Borrower with Lender. In connection with advances of Loan proceeds, Borrower irrevocably authorizes Lender to accept, rely upon, act upon, and comply with any oral or written instructions, requests, confirmations, and orders of any employee or representative of Borrower. Borrower acknowledges that the transmission between Borrower and Lender of any such instructions, requests, confirmations, and orders involves the possibility of errors, omissions, mistakes, and discrepancies and agree to adopt such internal measures and operational procedures to protect Borrower’s interests. Borrower assumes all risk of loss and responsibility for, releases and discharges Lender from any and all responsibility or liability for, and agrees to indemnify Lender for and hold Lender harmless from, any and all claims, actions, damages, losses, liability, and expenses by reason of, arising out of or in any way connected with or related to (a) Lender’s accepting, relying and acting upon, complying with, or observing any such instructions, requests, confirmations, or orders, and (b) any such errors, omissions, mistakes, and discrepancies.

2.3. Letters of Credit; Fees. Upon written request by Debtors from time to time, Lender in its sole discretion may issue Letters of Credit for the account of one or more of Debtors for such purposes as may be approved by Lender in Lender’s sole discretion. Debtors shall execute and deliver a Reimbursement Agreement for each Letter of Credit requested, and Lender shall issue the Letters of Credit in accordance with the terms of the Reimbursement Agreements. Debtors immediately shall return all Letters of Credit to Lender upon the maturity date of the Note or upon the demand of Lender following the occurrence of an Event of Default hereunder. Each Letter of Credit shall be for a term of not more than 1 year, provided that the term of each Letter of Credit may be extended from time to time on an annual basis upon the mutual agreement of the parties evidenced by a written notice from Lender to Debtors. Debtors shall pay to Lender a non-refundable annual fee for each Letter of Credit equal to 2.00% of the amount of the Letter of Credit. The fee for the first year shall be due and payable on the date the Letter of Credit is issued, and the fee for each subsequent year shall be due and payable on each anniversary of that date, for so long as the Letter of Credit remains outstanding. Upon payment, each letter of credit fee shall be deemed earned by the Lender and shall be the absolute property of the Lender, even if the Letter of Credit for which the fees are paid is released before its expiration date or no draft is made thereon.

2.4. Funding Restrictions. The following restrictions shall apply to the issuance of Letters of Credit and the making of advances of Loan proceeds:

a. Debtors shall not request and Lender shall have no obligation to make any advance of Loan proceeds that would cause the sum of the aggregate face amount of all issued and outstanding Letters of Credit plus the outstanding principal balance of the Loan to exceed \$1,500,000; and Debtors shall not request and Lender shall have no obligation to issue any Letter of Credit that would cause the sum of the aggregate face amount of all issued and outstanding Letters of Credit plus the outstanding principal balance of the Loan to exceed \$1,500,000.

b. Debtors shall not request and Lender shall have no obligation to issue any Letter of Credit that would cause the aggregate face amount of all issued and outstanding Letters of Credit to exceed \$430,000.

2.5. Purpose. The proceeds of the Loan shall be used only to finance Debtors’ working capital needs. The Letters of Credit shall be used solely for such purposes as are approved by Lender from time to time.

2.6. Terms of Repayment. The Loan shall be evidenced by and repaid with interest in accordance with the terms of the Note, which are incorporated herein by reference. All amounts drawn on the Letters of Credit shall be repayable by Borrower in accordance with, and until repaid shall bear interest at the rate or rates described in, the Reimbursement Agreements, the terms of which are incorporated herein by reference.

2.7. Loan Account. Lender shall establish and maintain one or more accounts on the books of Lender evidencing the Liabilities, to which account or accounts: (a) each advance made by Lender shall be debited as of the date made; (b) each payment made by Borrower shall be credited as of the date payment is received by Lender; (c) all interest that accrues on the Loan shall be debited as it accrues; (d) all Expense Payments shall be debited as of the date paid by Lender; (e) all Liquidation Costs shall be debited as of the date incurred by Lender; and (f) all other fees, charges, interest, and expenses chargeable by Lender to Borrower under this Agreement of any other Loan Document shall be debited as of the date such charges, interest, and expenses are incurred. All credit entries to such accounts are conditional and shall be readjusted as of the date made if final payment is not received by Lender. The entries made by Lender to such accounts shall constitute *prima facie* evidence of the existence and amounts of the Liabilities.

2.8. Unused Facility Fee. Debtors shall pay to Lender on or before January 1, April 1, July 1 and October 1 of each calendar year, an unused facility fee equal to the product obtained by multiplying 0.125% by (a) the sum of (i) the maximum outstanding principal amount of the Loan, less (ii) the average outstanding principal balance of the Loan during the immediately preceding calendar quarter, less (iii) the face amount of all issued and outstanding Letters of Credit. Each unused facility fee shall be the absolute property of Lender upon payment. No unused facility fee shall be considered to be a payment of any of Lender's costs and expenses incurred in connection with the Loan or the Letters of Credit, and each such fee shall be paid independent of the amount of proceeds of the Loan ultimately advanced to Borrower, even if that amount is less than the stated principal amount of the Loan, and independent of the face amount of the Letters of Credit issued, even if that amount is less than the maximum amount provided in this Agreement.

2.9. Direct Debit. At Lender's option, all payments due under the Note and the Loan shall be made by direct debit from one or more accounts maintained by one or more of Debtors with Lender. Borrower shall be solely responsible for ensuring that adequate funds to satisfy each payment due under the Note and the Loan are deposited in such accounts prior to the scheduled payment dates. Lender is hereby irrevocably authorized to debit such accounts for all amounts due and payable under the Note and the Loan. Each Debtor shall execute and deliver to Lender all other documents and instruments required by Lender in connection with Debtors' agreement to make payments by direct debit.

2.10. Loan Account. Lender shall establish and maintain one or more accounts on the books of Lender evidencing the Liabilities, to which account or accounts: (a) each advance made by Lender shall be debited as of the date made; (b) each payment made by Debtors shall be credited as of the date payment is received by Lender; (c) all interest that accrues on the Loan shall be debited as it accrues; (d) all Expense Payments shall be debited as of the date paid by Lender; (e) all Liquidation Costs shall be debited as of the date incurred by Lender; and (f) all other fees, charges, interest, and expenses chargeable by Lender to Debtors under this Agreement of any other Loan Document shall be debited as of the date such charges, interest, and expenses are incurred. All credit entries to such accounts are conditional and shall be readjusted as of the date made if final payment is not received by Lender. The entries made by Lender to such accounts shall constitute *prima facie* evidence of the existence and amounts of the Liabilities.

3. SECURITY

3.1. Grant of Security Interest. To secure the payment of the Liabilities and the payment and performance of all of Debtors' obligations under the Loan Documents, each Debtor hereby grants to Lender a security interest in the Collateral. Each Debtor hereby grants to Lender a first priority security interest in the First Collateral and a second priority security interest in the Second Collateral. Lender's security interest in the Second Collateral shall be subject only to a security interest in favor of Lender in the Second Collateral which secures the SBA Loan. Lender's security interest in the First Collateral securing the SBA Loan shall be subordinate to the security interest in the First Collateral securing this Loan.

3.2. Future Advances. The security interest granted by this Agreement secures future advances.

3.3. Perfection of Security Interest. Each Debtor authorizes Lender to file financing statements, financing statement addenda, continuation statements and financing statement amendments in such form and in such filing offices as Lender may require to perfect or to preserve, maintain or continue the perfection of the security interest in the Collateral and its priority. Each Debtor further agrees to execute and deliver to Lender, or to cooperate with Lender in obtaining from any third party, upon Lender's request, any control agreement, acknowledgment of bailment, or other document Lender may request in order to perfect or to preserve, maintain, or continue the perfection of Lender's security interest in the Collateral and its priority. Debtors shall pay the costs of filing any financing statement, financing statement addendum, continuation statement or termination statement as well as any recordation or transfer tax required by law to be paid in connection with the filing or recording of any such document. A carbon, photographic, or other reproduction of this Agreement is sufficient as a financing statement. No Debtor shall file any amendments, correction statements or termination statements concerning the Collateral without the prior written consent of Lender.

3.4. Requests of Other Secured Parties; Power of Attorney. Each Debtor authorizes Lender to request other secured parties of such Debtor to provide such accountings, confirmations of collateral and confirmations of statements of account concerning Debtors as Lender may require. Each Debtor hereby appoints Lender or any officer of Lender as such Debtor's attorney in fact for purposes of endorsing such Debtor's name on any such requests to be delivered to other secured parties of such Debtor, which power of attorney is coupled with an interest and irrevocable.

3.5. Cross-Collateralization. In addition to the Liabilities, the security interest granted by this Agreement secures the principal of and interest on and all other payments, premiums and other amounts due or that may become due under any now existing or hereafter incurred indebtedness of Borrower to Lender; provided, however, that Lender shall not enforce the terms of this Section 3.5 at any time that the SBA is the holder of the SBA Loan.

3.6. Subordinated Debt. All of each Debtor's indebtedness to its respective members, shareholders and beneficial owners shall be subordinated to repayment of the Loan.

4. REPRESENTATIONS AND WARRANTIES

4.1. Representations and Warranties. Each Debtor, and each Person acting on behalf of any Debtor in executing this Agreement, represents and warrants to Lender as follows:

a. Organization and Authority. Borrower is a corporation duly organized, validly existing, and in good standing under the laws of the State of Maryland. Federal Guarantor is a corporation duly organized, validly existing, and in good standing under the laws of the State of Delaware. China Guarantor is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of Maryland. Each Debtor has the power and authority to consummate the transactions contemplated hereby, and has taken all necessary action to authorize the execution, delivery, and performance of this Agreement and the other Loan Documents executed and delivered by it.

b. Title to Collateral. Each Debtor is the owner of its respective portion of the Collateral and has good and marketable title to the Collateral free and clear of all liens, security interests, and other encumbrances except for those in favor of Lender and those previously disclosed in writing to Lender.

c. Licenses and Permits. Each Debtor has all licenses, permits and authorizations, in good standing and without undue restrictions, necessary for it to conduct lawfully its business and affairs.

d. Binding Agreement. The Note, the Guaranty, the Reimbursement Agreements, this Agreement and the other Loan Documents constitute the valid and legally binding obligations of Debtors and all other Obligor, as the case may be, enforceable in accordance with their respective terms.

e. Financial Statements. The financial statements of Debtors delivered to Lender prior to the date of this Agreement are true and correct in all respects and fairly present the financial condition of Debtors

as of the respective dates thereof. No material adverse change has occurred in the financial condition of any Debtor since the respective dates of such financing statements.

f. Information. All information contained in any financial statement, application, schedule, report, certificate, opinion, or any other document given by any Debtor or any other Person in connection with the Loan, the Letters of Credit or with any of the Loan Documents is in all respects true and accurate, and no Debtor nor any such other Person has omitted to state any material fact or any fact necessary to make such information not misleading.

g. Assets and Properties. Each Debtor has good and marketable title to all of its assets and properties, and there is no Lien outstanding against any of any Debtor's assets or properties.

h. No Litigation. There are no actions, suits, or proceedings pending or, to the knowledge of Debtors, threatened: (i) against any Debtor at law or in equity or before or by any governmental authority; or (ii) against any other Obligor at law or in equity or before or by any governmental authority. No Debtor is in default with respect to any order, writ, injunction, decree, or demand of any court or any governmental authority.

i. No Breach of Other Agreements. The consummation of the transactions contemplated by this Agreement and the performance of this Agreement and the other Loan Documents will not result in any breach of, or constitute a default under, any mortgage, deed of trust, lease, loan or credit agreement, or any other instrument to which any Debtor or any Obligor is a party or by which any of them may be bound or affected.

j. Taxes. All Taxes have been paid and discharged prior to the date when any interest or penalty would accrue for the nonpayment thereof.

k. ERISA. Any Plan established and maintained by any Debtor or any Commonly Controlled Entity is a qualifying plan under the applicable requirements of ERISA, and there is no current matter which would adversely affect the qualified tax-exempt status of any Plan. No Debtor and no Commonly Controlled Entity has engaged in or is engaging in any Prohibited Transaction or has incurred any Accumulated Funding Deficiency in connection with any such Plan, whether or not waived, and no Reportable Event has occurred with respect to any Plan subject to the minimum funding requirements of Section 412 of the Code. No Multiemployer Plan has "terminated," as that term is defined in ERISA, and no Debtor and no Commonly Controlled Entity has "withdrawn" or "partially withdrawn" from any Multiemployer Plan. No Multiemployer Plan is in "reorganization," as that term is defined in ERISA, nor has notice been received from the administrator of any Multiemployer Plan that any such Plan will be placed in "reorganization."

l. No Violation of Laws. Neither the consummation of the Loan, nor the issuance of the Letters of Credit, nor the use, directly or indirectly, of all or any portion of the proceeds of the Loan or of the Letters of Credit in accordance with this Agreement will violate or result in a violation of any provision of any applicable federal, state or local law, statute, rule or regulation, or any order of any court or other governmental authority having jurisdiction, or any authorized official, board, department, instrumentality, or agency thereof.

m. Environmental Compliance. Each Debtor, the Collateral and all of each Debtor's properties are in compliance with all environmental laws, regulations and restrictions.

n. Name; Location of Places of Business; Other Information Relevant to Perfection. Each Debtor's correct legal name is as specified on the signature lines of this Agreement, and each legal or trade name of each Debtor for the previous 12 years (if different from such Debtor's current legal name) is as specified on Exhibit B of this Agreement. Each Debtor's state of formation, federal tax identification number and organizational identification number (if any), and the address of each Debtor's chief executive office and the address of each other place of business of each Debtor are as specified on Exhibit B of this Agreement. Except for mobile equipment and motor vehicles, the Collateral and all books and records pertaining to the Collateral are located at Debtors' respective chief executive offices, as specified on Exhibit B, or at any other place of business which may be specified on Exhibit B.

o. Subsidiaries. As of the date of this Agreement, no Debtor has any Subsidiaries.

p. USA Patriot Act. No Debtor, no Obligor, and no affiliate of any Debtor or any Obligor is identified in any Blocked Persons List.

4.2. Continuing Nature of Representations and Warranties. Each Debtor hereby represents, warrants, covenants and agrees that the representations and warranties made by Debtors in Section 4.1 shall remain true and accurate in all respects throughout the term of the Loan and the Letters of Credit. Each request by Borrower for an advance of Loan proceeds and each request by Debtors for the issuance of a Letter of Credit shall constitute a reaffirmation of all representations and warranties made by Debtors in Section 4.1.

5. **AFFIRMATIVE COVENANTS**. Until payment in full of all of the Liabilities:

5.1. Payment and Performance. Debtors shall pay the Liabilities as and when due and payable and shall perform, comply with, and observe all of the terms and conditions of the Loan Documents.

5.2. Costs of Transaction. Debtors shall pay all costs and expenses incident to the making of the Loan and the issuance of the Letters of Credit and the perfection of Lender's security interests under this Agreement and the other Loan Documents, including but not limited to reasonable attorneys' fees, costs of appraisals and environmental site assessments, and recordation costs and taxes incident to filing of financing statements and continuation statements in respect hereof.

5.3. Use of Loan Proceeds and Letters of Credit. Borrower shall use the proceeds of the Loan and Debtors shall use the Letters of Credit only for the purposes described in Section 2.5 of this Agreement.

5.4. Title to Collateral. Debtors shall defend their title to the Collateral against all Persons and, upon request of Lender, shall furnish such further assurances of title as may be required by Lender.

5.5. Reporting Requirements. Debtors shall submit each of the following items to Lender: (a) within 120 calendar days after the end of each fiscal year Debtors, annual consolidated financial statements of each Debtor and each of their related entities (including balance sheet, income statement, statement of owner's equity, statement of changes in financial position, statement of contingent liabilities and cash flow analysis), audited by independent certified public accountants acceptable to Lender and otherwise in form and substance acceptable to Lender; (b) within 30 calendar days after the end of each fiscal quarter of Debtors, quarterly consolidated financial statements of each Debtor and each of their related entities (including balance sheet and income statement), in form and substance acceptable to Lender; (c) within 10 calendar days after the end of each calendar month, a borrowing base certificate and an accounts receivable aging report, all in form and substance acceptable to Lender; (d) within 30 calendar days after filing, copies of each Debtor's federal and state income tax returns; and (e) promptly from time to time, such other information concerning the operations, business, affairs, and financial condition of each Debtor as Lender may request, including without limitation, copies of leases, inventory reports, accounts payable and receivable reports, service contracts, sales contracts, appraisals, environmental reports, operating statements, management agreements, insurance coverage documentation and other financial information. The costs of submitting all such financial statements, tax returns and other reports and information shall be paid by Debtors.

5.6. Books, Records, and Inspections. Each Debtor: (a) at all times shall maintain accurate and complete books and records pertaining to the operation, business, and financial condition Debtors and pertaining to the Collateral and any contracts and collections relating to the Collateral, all in a manner satisfactory to Lender; (b) at all reasonable times and without hindrance or delay, shall permit Lender or any Person designated by Lender to enter any place of business of any Debtor or any other premises where any books, records, and other data concerning any Debtor or the Collateral may be kept and to examine, audit, inspect, and make extracts from and photocopies of any such books, records, and other data; (c) at all reasonable times and without hindrance or delay, shall permit Lender or any Person designated by Lender to inspect and appraise any of any Debtor's assets; (d) shall allow all government authorities to furnish reports of examinations, or any records pertaining to any Debtor, upon request by Lender; (e) shall furnish to Lender promptly upon request and in the form and content specified by Lender lists of purchasers of inventory, aging of accounts, aggregate cost or wholesale market value of inventory, schedules of equipment, and other data concerning the Collateral as Lender may

from time to time specify; and (d) shall mark its books and records in a manner satisfactory to Lender so that Lender's rights in and to the Collateral will be shown.

5.7. Notice of Defaults and Litigation. Debtors shall notify Lender promptly of the occurrence of any Event of Default or of the occurrence of any event which, with the passage of time or the giving of notice or both, would constitute an Event of Default. Debtors shall notify Lender promptly of any litigation instituted or threatened against any Debtor and of the entry of any judgment or Lien against any of any Debtor's assets or properties.

5.8. Care of Collateral. Debtors shall maintain the Collateral in good condition and shall not do or permit anything to be done to the Collateral that may impair its value or that may violate the terms of any insurance covering the Collateral or any part thereof. Lender shall have no duty to preserve any of the Collateral or to collect or enforce any account, chattel paper or payment intangible or to preserve rights against other parties to the Collateral, and each Debtor hereby releases Lender from all claims for loss or damage caused by Lender's failure to do so.

5.9. Preservation of Properties. Each Debtor at all times: (a) shall maintain its properties, whether owned or leased, in good operating condition, and from time to time shall make all repairs, renewals, replacements, additions, and improvements thereto needed to maintain such properties in good operating condition; (b) shall comply with the provisions of all leases to which such Debtor is a party or under which such Debtor occupies property so as to prevent any loss or forfeiture thereof or thereunder; and (c) shall comply with all laws, rules, regulations, and orders applicable to such Debtor's properties or any part thereof.

5.10. Property Insurance.

a. Special Form Policy. Each Debtor shall keep such of the Collateral as specified by Lender insured with a special form policy of property insurance in such amounts as may from time to time be required by Lender, without reduction for depreciation or co-insurance. No Debtor shall take out any separate or additional insurance which is contributing in the event of loss unless it is properly endorsed and otherwise satisfactory to Lender in all respects.

b. Business Income Insurance. Each Debtor shall maintain business income insurance at all times in such amounts as are required by Lender.

c. Claims and Proceeds. In the event of loss, each Debtor shall give immediate written notice to the insurance carrier and to Lender. Each Debtor hereby authorizes and empowers Lender as attorney-in-fact for such Debtor to make proof of loss, to adjust and compromise any claim under the insurance policies, to appear in and prosecute any action arising from such insurance policies, to collect and receive insurance proceeds, and to deduct therefrom Lender's expenses incurred in the collection of such proceeds; provided, however, that nothing contained in this Section shall require Lender to incur any expense or take any action. Each Debtor further authorizes Lender, at Lender's option: (i) to hold the balance of such proceeds to be used to reimburse such Debtor for the cost of repair or replacement of the Collateral, upon such terms as Lender may determine in its sole discretion; or (ii) to apply the balance of such proceeds to the payment of the Liabilities, whether or not then due, in the same manner and order as the proceeds of sale or other disposition of the Collateral are to be applied pursuant to Section 7.2 of this Agreement.

d. General Insurance Requirements. All insurance policies required pursuant to this Section shall: (i) be endorsed to name Lender as loss payee, with losses payable solely to Lender, without contribution, as its interests may appear; (ii) provide that they shall not be invalidated by a waiver of the right of subrogation by any insured, that the insurance carrier shall have no right of subrogation, and that the policies may not be canceled, terminated or changed without 30 calendar days prior written notice to Lender; and (iii) be fully paid for; (iv) be on forms and contain provisions and expiration dates which are approved by Lender; (v) be issued by insurance companies which (A) are licensed to do business in the state where the insured Collateral is located, (B) have a Best's Key Rating of at least A-, (C) have a Best's Key Rating Class of at least IX, and (D) otherwise are reasonably satisfactory to Lender in all respects. Debtors shall deliver all original policies to Lender together with the endorsements thereto required hereunder, or acceptable certificates evidencing the existence of such policies. Not less than 10 calendar days prior to the expiration dates of each policy required

pursuant to this Section, Debtors shall deliver to Lender a renewal policy or policies, or an acceptable certificate evidencing the existence of such renewal policy or policies, accompanied by evidence satisfactory to Lender that the premium for such policy or policies has been paid for at least a 1 year period.

5.11. Liability and Worker's Compensation Insurance. Each Debtor shall maintain commercial general liability insurance (for both personal injuries and property damage) in such amounts as Lender requires from time to time. Each liability policy: (a) shall be endorsed to name Lender as additional insured; (b) shall provide that it may not be canceled or modified without 30 calendar days advance notice to Lender; (c) shall be fully paid for; (d) shall be on a form and contain provisions and expiration dates which are approved by Lender; (e) shall be issued by an insurance company which (i) is licensed to do business in the state in which such Debtor is located, (ii) has a Best's Key Rating of at least A-, (iii) has a Best's Key Rating Class of at least IX, and (iv) otherwise is reasonably satisfactory to Lender in all respects. Debtors shall deliver a certified copy of each liability policy to Lender together with endorsements thereto required hereunder, or an acceptable certificate evidencing the existence of each such policy. Each Debtor also shall maintain worker's compensation insurance in such amounts as are required by applicable law. Not less than 10 calendar days prior to the expiration dates of each policy required pursuant to this Section, Debtors shall deliver to Lender a renewal policy or policies, or an acceptable certificate evidencing the existence of such renewal policy or policies, accompanied by evidence satisfactory to Lender that the premium for such policy or policies has been paid for at least a 1 year period.

5.12. Credit Insurance. Borrower shall maintain credit insurance coverage with respect to Borrower's foreign accounts receivable in an amount at least equal to the total amount of Receivables that are payable from an account debtor located outside the United States, as reasonably determined by Lender. All such credit insurance policies required pursuant to this Section (a) shall be endorsed to name Lender as loss payee, with losses payable solely to Lender, without contribution, as its interests may appear; (b) shall provide that they shall not be invalidated by a waiver of the right of subrogation by any insured, that the insurance carrier shall have no right of subrogation, and that the policies may not be canceled, terminated or changed without 30 calendar days prior written notice to Lender; (c) shall be fully paid for; (d) shall be on forms and contain provisions and expiration dates which are approved by Lender; (e) shall be issued by Exim Bank or another insurance company approved by Lender in Lender's sole discretion; and (f) shall otherwise be reasonably satisfactory to Lender in all respects. Debtors shall deliver all original policies to Lender together with the endorsements thereto required hereunder, or acceptable certificates evidencing the existence of such policies. Not less than 10 calendar days prior to the expiration dates of each policy required pursuant to this Section, Debtors shall deliver to Lender a renewal policy or policies, or an acceptable certificate evidencing the existence of such renewal policy or policies, accompanied by evidence satisfactory to Lender that the premium for such policy or policies has been paid for at least a 1 year period.

5.13. Taxes. Each Debtor shall pay and discharge all Taxes prior to the date when any interest or penalty would accrue for the nonpayment thereof.

5.14. Maintain Existence. Borrower at all times shall maintain in full force and effect its corporate existence, rights, privileges, and franchises and shall qualify and remain qualified in all jurisdictions where qualification is required. Federal Guarantor at all times shall maintain in full force and effect its limited liability company existence, rights, privileges, and franchises and shall qualify and remain qualified in all jurisdictions where qualification is required. China Guarantor at all times shall maintain in full force and effect its limited liability company existence, rights, privileges, and franchises and shall qualify and remain qualified in all jurisdictions where qualification is required.

5.15. Payment of Indebtedness to Others. Each Debtor shall pay when and as due all indebtedness due to third Persons.

5.16. Changes in Location. Debtors shall advise Lender immediately in writing of (a) any change in the location of any Debtor's chief executive office; (b) the opening of any new place of business; (c) any change in the location of the places where all or any part of the Collateral or the books and records concerning all or any part of the Collateral are kept; (d) any change in any Debtor's legal name, or the addition of or any change in any name under which any Debtor conducts business; (e) any change in any Debtor's state of formation; (f) any

change in any Debtor's federal tax identification number; or (g) any Debtor's receipt of, or any change in, any Debtor's organizational identification number.

5.17. Compliance with Laws. Each Debtor at all times shall comply with all applicable federal, state, and local laws, statutes, rules, and regulations, and orders of any court or other governmental authority having jurisdiction, and all authorized officials, boards, departments, instrumentalities and agencies thereof.

5.18. Maintenance of Licenses and Permits. Each Debtor shall maintain in good standing and in full force and effect all licenses, permits and authorizations necessary for it to conduct lawfully its business and affairs.

5.19. Environmental Matters. Debtors shall notify Lender immediately if any Debtor becomes aware of: (a) the presence of any Hazardous Substance in, on or near any property owned or leased by any Debtor; (b) the commencement or threat of any environmental investigation or clean-up proceeding by any Person in connection with any property owned or leased by any Debtor; and (c) any citation, notification, complaint, or violation which any Debtor receives from any Person which relates or pertains to the making, storing, handling, treating, disposing, generating, transporting or release of any Hazardous Substance. Each Debtor shall comply fully with and assist any environmental investigation or clean-up proceeding, and shall execute and complete promptly any remedial action necessary to ensure that no environmental liens or encumbrances are levied against or exist with respect to any property owned or leased by such Debtor. Promptly upon the written request of Lender from time to time, Debtors shall submit to Lender an environmental site assessment or report, in form and substance satisfactory to Lender, with respect to such property of any Debtor as is specified by Lender. Each Debtor shall indemnify and hold harmless Lender from all loss, liability, damage, cost, and expense, including but not limited to reasonable legal fees, fines, or other penalties or payments, for failure of any property of any Debtor on which Lender has a Lien to comply in all respects with all environmental laws and requirements. The provisions of this Section shall survive payoff, release, foreclosure, or other disposition of this Agreement, the Collateral or any other security for the Loan. Debtors shall remain liable under this Section regardless of any other provision of this Agreement which may limit Debtors' liability.

5.20. Specific Assignments. Promptly upon request by Lender, each Debtor shall execute and deliver to Lender written assignments, endorsements, or schedules, in form and content satisfactory to Lender, of specific accounts, chattel paper or payment intangibles or groups of accounts, chattel paper or payment intangibles, but the security interest granted to Lender by this Agreement shall not be limited in any way by such assignments. Such accounts, chattel paper and payment intangibles are to secure payment of the Liabilities and payment and performance of Debtors' other obligations under the Loan Documents and are not sold to Lender whether or not any assignment thereof which is separate from this Agreement is in form absolute.

5.21. Delivery of Chattel Paper. Promptly upon request by Lender, each Debtor shall deliver and endorse to Lender all chattel paper and all other documents held by such Debtor in connection therewith.

5.22. Government Contracts. If any account, chattel paper or payment intangible arises out of a contract or contracts with the United States of America or any department, agency, or instrumentality thereof or any state or local governmental or quasi-governmental authority or any department, agency, or instrumentality thereof, Debtors immediately shall notify Lender thereof in writing and execute any instruments or take any steps required by Lender in order that all moneys due or to become due under such contract or contracts shall be assigned to Lender and notice thereof given under the *Federal Assignment of Claims Act of 1940*, as amended, or any other applicable federal or state statute or common law. No account, chattel paper or payment intangible that arises out of a contract or contracts with the United States of America or any department, agency, or instrumentality thereof or any state or local governmental or quasi-governmental authority or any department, agency, or instrumentality thereof shall be considered an "Eligible Receivable" until Lender, in Lender's sole discretion, determines that Borrower has complied with all applicable laws.

5.23. Accounts, Inventory, Chattel Paper and Payment Intangibles. No Debtor shall make any material change to the terms of any sale or lease of inventory or of any account, chattel paper or payment intangible without the prior written permission of Lender. Upon demand by Lender, each Debtor shall make available in form acceptable to Lender shipping documents and delivery receipts evidencing the shipment of goods which gave rise to the sale or lease of inventory or of an account, chattel paper or payment intangible, completion certificates, or other proof of the satisfactory performance of services which gave rise to an account or chattel

paper, copies of the invoices arising out of the sale or lease of inventory or for an account, and such Debtor's copy of any written contract or order from which the sale or lease of inventory, an account, chattel paper or a payment intangible arose. When requested, Debtors shall advise Lender regularly whenever an account debtor returns or refuses to retain any goods, the sale or lease of which gave rise to an account or chattel paper, and of any delay in delivery or performance, or claims made, in regard to any sale or lease of inventory, account, or chattel paper, and will comply with any instructions which Lender may give regarding the sale or other disposition of such returns.

5.24. *Collateral Account.* If all or any part of the Collateral at any time consists of inventory, accounts, chattel paper or payment intangibles, each Debtor, upon the request of Lender at any time and from time to time after the occurrence of an Event of Default, shall deposit or cause to be deposited to a bank account designated by Lender and from which Lender alone has power of access and withdrawal ("Collateral Account") all Items of Payment. Each Debtor shall deposit the Items of Payment for credit to the Collateral Account within 2 business days of the receipt thereof, and in precisely the form received, except for the endorsement of such Debtor where necessary to permit the collection of the Items of Payment, which endorsement each Debtor hereby agrees to make. Pending such deposit, no Debtor shall commingle any of the Items of Payment with any of its other funds or property, but shall hold them separate and apart. At least once a week, Lender shall apply the whole or any part of the collected funds credited to the Collateral Account against the Indebtedness or shall credit such collected funds to a banking account of the relevant Debtor with Lender, the order and method of such application or credit to be in the sole discretion of Lender.

5.25. *Lender's Collection Rights.* If all or any part of the Collateral at any time consists of inventory, accounts, chattel paper or payment intangibles, Lender may at any time and from time to time both after the occurrence of an Event of Default or the occurrence of an event which, with the passage of time or the giving of notice or both would constitute an Event of Default, and each Debtor hereby irrevocably appoints Lender as its attorney-in-fact (which appointment is coupled with an interest), with power of substitution, in the name of Lender or in the name of such Debtor or otherwise, for the use and benefit of Lender, but at the cost and expense of Debtors and without notice to any Debtor, to: (a) notify the account debtors obligated on any of the Collateral to make payments thereon directly to Lender, and to take control of the cash and non-cash proceeds of any such Collateral; (b) charge to any banking account of any Debtor with Lender any Item of Payment credited to the Collateral Account which is dishonored by the drawee or maker thereof; (c) compromise, extend, or renew any of the Collateral or deal with the same as it may deem advisable; (d) release, make exchanges or substitutions for, or surrender all or any part of the Collateral; (e) remove from any Debtor's place of business all books, records, ledger sheets, correspondence, invoices, and documents relating to or evidencing any of the Collateral or, without cost or expense to Lender, make such use of any Debtor's places of business as may be reasonably necessary to administer, control, and collect the Collateral; (f) repair, alter, or supply goods, if any, necessary to fulfill in whole or in part the purchase order of any account debtor; (g) demand, collect, receipt for, and give renewals, extensions, discharges, and releases of any of the Collateral; (h) institute and prosecute legal and equitable proceedings to enforce collection of, or realize upon, any of the Collateral; (i) settle, renew, extend, compromise, compound, exchange, or adjust claims with respect to any of the Collateral or any legal proceedings brought with respect thereto; (j) endorse the name of any Debtor upon any Items of Payment relating to the Collateral or upon any proof of claim in bankruptcy against an account debtor; (k) receive and open all mail addressed to any Debtor and, if an Event of Default exists, notify postal authorities to change the address for the delivery of mail to any Debtor to such address as Lender may designate; and (l) exercise all other rights of any Debtor against its account debtors.

5.26. *Further Assurances and Corrective Instruments.* Each Debtor, upon request by Lender from time to time, shall execute and deliver, or cause to be executed and delivered, such supplements hereto and such further instruments as may be required by Lender for carrying out the intention of the parties to, or facilitating the performance of, this Agreement. If any Debtor fails to execute any such document within 10 calendar days after a request by Lender, such Debtor hereby appoints Lender or any officer of Lender as such Debtor's attorney in fact for purposes of executing such document in such Debtor's name, which power of attorney is coupled with an interest and irrevocable.

5.27. *Estoppel Certificates.* Each Debtor, within 10 calendar days after request by Lender from time to time, shall execute, acknowledge and deliver to Lender or any Person designated by Lender a statement in writing, certifying: (a) that this Agreement is unmodified and in full force and effect and the payments required by this

Agreement to be paid by Debtors have been paid; (b) the unpaid principal balance of the Note; (c) the amount of all issued and outstanding Letters of Credit; and (d) whether to the knowledge of the signer of such certificate any party to any of the Loan Documents is in default in the performance of any covenant, agreement, or condition contained therein and, if so, specifying each such default of which the signer may have knowledge.

5.28. Expense Payments. If any Debtor shall fail to make any payment or otherwise fail to perform, observe, or comply with any of the conditions, covenants, terms, stipulations, or agreements contained in this Agreement, Lender without notice to or demand upon Debtors and without waiving or releasing any obligation or any Event of Default may (but shall be under no obligation to) at any time thereafter make such payment or perform such act for the account and at the expense of Debtors, and may enter upon any premises of any Debtor for that purpose and take all such action thereon as Lender may consider necessary or appropriate for such purpose. All sums so paid or advanced by Lender ("Expense Payments"), together with interest thereon from the date paid, advanced, or incurred until repaid in full at a per annum rate of interest equal at all times to the default rate of interest described in the Note, shall be paid by Debtors to Lender upon demand by Lender.

5.29. Debt Service Coverage. Debtors and all of their related entities shall maintain a ratio of combined Cash Flow to combined Debt Service of not less than 1.25:1.00 at all times during the terms of the Loan and the Letters of Credit.

5.30. Leverage. Debtors and all of their related entities shall maintain a ratio of Total Liabilities to Tangible Net Worth of not more than 2.50:1.00 at all times during the terms of the Loan and the Letters of Credit.

5.31. Deposit Accounts. Debtors shall maintain with Lender Debtors' primary operating accounts and depository relationships.

5.32. Field Examinations. Lender may conduct field examinations of any Debtor at such intervals as Lender may determine. All costs of the field examinations shall be paid by Debtors.

5.33. Subordination. Each Debtor subordinates the payment of any and all present and future indebtedness, liabilities, and obligations of any nature whatsoever of each other Debtor and each Obligor to such Debtor, whether direct or indirect, liquidated or contingent, primary or secondary, alone or jointly with others, due or to become due, secured or unsecured, now existing or hereafter created, including without limitation all principal, interest, expense payments, liquidation costs, and reasonable attorneys' fees and expenses owed or incurred in connection with any of the foregoing indebtedness, to the payment of the Liabilities. So long as all or any part of the Loan remains unpaid, no Debtor shall, without the prior written consent of Lender, (a) demand, sue for or set off any payment of all or any part of such indebtedness, liabilities and obligations of any other Debtor or any Obligor to such Debtor, and (b) after the occurrence of an Event of Default, but except as otherwise expressly permitted by the Loan Documents, ask, accept or receive any payment of all or any part of such indebtedness, liabilities and obligations of any other Debtor or any Obligor to such Debtor. No Debtor shall subordinate, assign, or transfer to any other Person all or any part of such indebtedness, liabilities and obligations of any other Debtor or any Obligor to such Debtor, without the prior written consent of Lender.

5.34. Landlord's Agreement. Debtors shall deliver to Lender, on or before the date that is 30 calendar days after the date of this Agreement, a Landlord's Agreement in a form acceptable to Lender, executed by the owner of each property leased by Debtors, or any of them. Any failure of Debtors to submit the items described in the preceding sentence within the time provided in the preceding sentence shall constitute an immediate Event of Default on the Loan, without requirement of further notice or demand by Lender.

5.35. USA Patriot Act. Debtors shall immediately notify Lender in writing if any Debtor becomes aware that any Debtor, any Obligor or any affiliate of any Debtor or any Obligor is identified in any Blocked Persons List. At no time shall any Debtor, any Obligor or any affiliate of any Debtor or any Obligor be identified in any Blocked Persons List.

6. **NEGATIVE COVENANTS.** Until the Liabilities are repaid in full, without the prior written consent of Lender:

6.1. No Change of Name, Merger, Etc. No Debtor shall change its name, dissolve, merge, or consolidate with any other Person or acquire all or substantially all of the assets in any Person. Without limiting the generality of the foregoing, Borrower shall not acquire or form any Subsidiary, enter into any joint venture agreement, or become a partner in any partnership. Borrower shall not make or permit to exist any loans to, or debt or equity investments in, any other Person, other than accounts receivable that arise in the ordinary course of business.

6.2. No Change in Ownership. No Debtor shall permit any conveyance, sale, assignment, transfer, lien, pledge, mortgage, security interest or other encumbrance or alienation of any ownership interest in any Debtor or any member of Borrower or either Guarantor.

6.3. No Sale or Transfer of Assets. No Debtor shall sell, transfer, lease or otherwise dispose of all or any part of the Collateral, or any material part of its other assets, except that each Debtor, in the ordinary course of its business, and in the absence of an Event of Default or a contrary direction by Lender pursuant to this Agreement, may collect its accounts, chattel paper and payment intangibles and may sell its inventory in the ordinary course of its business.

6.4. No Encumbrance of Assets. No Debtor shall mortgage, pledge, grant or permit to exist a Lien upon any of the Collateral or any of its other assets of any kind, now owned or hereafter acquired, except for Liens granted by or otherwise permitted under this Agreement; provided, however, that each Debtor may obtain purchase money loans for personal property in the ordinary course of such Debtor's business without Lender's prior consent so long as no Event of Default has occurred and Lender receives prompt written notice following any such the consummation of any such loan.

6.5. No Purchase or Redemption of Securities; No Distributions. Following notice to Debtors after the occurrence of an Event of Default, no Debtor shall: (a) purchase or redeem any shares of the capital stock of such Debtor; (b) declare or pay any dividends on the capital stock of such Debtor (other than stock dividends); (c) make any distribution to stockholders; (d) set aside any funds for any such redemption, dividend or distribution; or (e) prepay, purchase, or redeem any indebtedness of such Debtor.

6.6. No Additional Indebtedness. No Debtor shall incur or permit to exist any indebtedness or liability on account of deposits or advances or for borrowed money or for the deferred purchase price of any property or services, except: (a) the Loan; (b) current debt; (c) current accounts payable arising in the ordinary course of business; (d) other indebtedness outstanding on the date of this Agreement or hereafter incurred in connection with Liens expressly permitted by the Loan Documents; (e) the Subordinated Debt; and (f) indebtedness incurred in connection with the acquisition by Debtors of inventory or equipment. Without limiting the generality of the foregoing, Borrower shall not guarantee, endorse, become contingently liable upon or assume the obligations of any Person, except by the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business.

6.7. Loans and Investments. No Debtor shall make any advance, loan, investment, purchase of stock, or material acquisition of assets.

6.8. Lease Obligations. No Debtor shall enter into any lease of real or personal property without Lender's prior written consent; provided, however, that Debtors may enter into equipment leases in the ordinary course of Debtors' business without Lender's prior consent so long as no Event of Default has occurred and Lender receives prompt written notice following the execution of any such lease.

6.9. Compensation. No Debtor shall increase the amount of total compensation (including salary, bonus, or other compensation) paid to its officers, management, executive personnel, and other key employees by more than 20% above that amount being paid to such Persons as of the date of this Agreement without Lender's prior written consent, which consent shall not be unreasonably withheld.

6.10. ERISA Compliance. No Debtor shall: (a) restate or amend any Plan established and maintained by any Debtor or any Commonly Controlled Entity in a manner designed to disqualify such Plan under the applicable requirements of the Code; (b) permit management of any Debtor or any Commonly Controlled Entity to affect adversely the qualified tax-exempt status of any Plan of any Debtor or any Commonly Controlled Entity; (c) engage in or permit any Commonly Controlled Entity to engage in a Prohibited Transaction; (d) incur or permit any Commonly Controlled Entity to incur any Accumulated Funding Deficiency, whether or not waived, in connection with any Plan; (e) take or permit any Commonly Controlled Entity to take any action or fail to take any action which causes a termination of any Plan in a manner which could result in the imposition of a Lien on the property of any Debtor or any Commonly Controlled Entity pursuant to Section 4068 of ERISA; (f) fail to notify Lender that notice has been received of a termination of any Multiemployer Plan to which any Debtor or any Commonly Controlled Entity has an obligation to contribute; (g) incur or permit any Commonly Controlled Entity to incur a complete or partial withdrawal from any Multiemployer Plan to which any Debtor or any Commonly Controlled Entity has an obligation to contribute; or (h) fail to notify Lender that notice has been received from the administrator of any Multiemployer Plan to which any Debtor or any Commonly Controlled Entity has an obligation to contribute that any such plan will be placed in "reorganization," as that term is defined in ERISA.

7. DEFAULT AND REMEDIES

7.1. Events of Default. The occurrence of any of the following events shall constitute an Event of Default under this Agreement and under the other Loan Documents:

- a. Failure to Pay. Debtors fail to pay when due any of the Liabilities.
- b. Breach of Affirmative Covenant. Debtors fail to perform or observe any of the affirmative covenants set forth in Section 5 of this Agreement.
- c. Violation of Negative Covenant. Debtors violate any of the negative covenants set forth in Section 6 of this Agreement.
- d. Default Under Other Loan Documents. An event of default (as defined therein) occurs under any of the other Loan Documents.
- e. Failure of Representation or Warranty. Any representation or warranty made by any Debtor in this Agreement or any other Loan Documents proves to have been incorrect or misleading in any material respect.
- f. Judgment. A final judgment for the payment of money is rendered against any Debtor and remains unsatisfied, unstayed on appeal, undischarged, unbonded and undismissed for a period of 30 calendar days after the date of entry.
- g. Voluntary Bankruptcy, Etc. Any Debtor, any member of any Debtor, or any Obligor: (i) voluntarily is adjudicated as bankrupt or insolvent, (ii) seeks or consents to the appointment of a receiver or trustee for itself or for all or any part of its property, (iii) files a petition seeking relief under the bankruptcy or similar laws of the United States or any state or any other competent jurisdiction, (iv) makes a general assignment for the benefit of creditors, or (v) admits in writing its inability to pay its debts as they mature.
- h. Involuntary Bankruptcy, Etc. A court of competent jurisdiction enters an order, judgment or decree appointing, without the consent of such Debtor, such member of any Debtor, or such Obligor, a receiver or trustee for any Debtor, any member of any Debtor, or any Obligor for all or any part of its property or approving a petition filed against it or him seeking relief under the bankruptcy or other similar laws of the United States or any state or other competent jurisdiction, and such order, judgment or decree shall remain in force undischarged or unstayed for a period of 60 calendar days.
- i. Transfers; Extraordinary Acts. The transfer of assets by any Debtor for other than reasonably equivalent value; the sale, transfer or encumbrance of all, substantially all or material part of the property or other assets of any Debtor or any Obligor; the sale, transfer or encumbrance of any beneficial interest in any

Debtor or any member of any Debtor; or the sale, dissolution, merger, consolidation, liquidation or reorganization of any Debtor or any member of any Debtor which is a corporation, partnership or other legal entity.

j. Material Adverse Change. The occurrence of a material adverse change in the financial condition of any Debtor.

k. Insecurity of Lender. Lender in good faith deems itself to be insecure.

l. Impairment of Collateral. Any event shall occur which Lender in good faith deems to impair any of the Collateral.

m. Failure of Perfection. Any security interest granted by this Agreement is unperfected due to any action or omission by any Debtor in violation of this Agreement.

n. Cross-Default. The occurrence of a default under any other indebtedness of any Debtor to Lender or to any other Lender.

7.2. Remedies of Lender. Upon the occurrence of any Event of Default, in addition to all other rights and remedies available to Lender under the Loan Documents and applicable law, Lender shall have the following rights and remedies:

a. Acceleration. Lender may declare the Note and all other Liabilities to be immediately due and payable.

b. No Further Advances. Lender may refuse to make any further advance of Loan proceeds and may apply all funds of any Debtor then held by Lender in any capacity to the payment of the principal of and interest on the Note, the Reimbursement Agreements and all other Liabilities which may be or become due and payable under any of the Loan Documents.

c. Restriction on Advances. Lender may restrict advances of Loan proceeds to such amounts and for such purposes as Lender deems appropriate under the circumstances then prevailing.

b. No Further Issuance of Letters of Credit. Lender may refuse to issue any additional Letters of Credit, and may refuse to extend the expiry date of any outstanding Letter of Credit.

c. Sale of Collateral. Lender shall have all of the rights and remedies of a secured party under the *Maryland Uniform Commercial Code* and other applicable laws. Upon demand by Lender, Debtors shall assemble the Collateral and make it available to Lender at a place designated by Lender which is mutually convenient to both parties. Lender or its agents may enter upon Debtors' premises to take possession of the Collateral, to remove it, to render it unusable, or to sell or otherwise dispose of it, all without judicial process or proceedings. Lender shall have no obligation to clean up or otherwise to prepare the Collateral for sale. Any written notice of the sale, disposition, or other intended action by Lender with respect to the Collateral which is required by applicable laws and is sent by certified mail, postage prepaid, to Debtors at the address of Debtors' chief executive office specified below, or such other address of Debtors which may from time to time be shown on Lender's records, at least 10 calendar days prior to such sale, disposition, or other action, shall constitute reasonable notice to Debtors. Lender, without adversely affecting the commercial reasonableness of any sale of the Collateral, (a) may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral, and (b) may refuse to give or may disclaim any warranties of title or the like. Any proceeds of sale or other disposition of the Collateral shall be applied by Lender to the payment of Liquidation Costs and Expense Payments, and any balance of such proceeds will be applied by Lender to the payment of the remaining Liabilities, whether or not then due, in such order and manner of application as Lender may from time to time in its sole discretion determine. If the sale or other disposition of the Collateral fails to satisfy fully the Liabilities, Debtors shall remain liable to Lender for any deficiency. If Lender sells any of the Collateral on credit, Debtors shall be credited only with payments actually made by the purchaser, received by Lender and applied to the indebtedness of the purchaser. If the purchaser defaults in making

payments to Lender, then Lender may resell the Collateral and apply the proceeds of such resale to the Liabilities in accordance with this paragraph.

d. Set-Off. Lender may set-off any amounts in any account or represented by any certificate with Lender in the name of any Debtor or in which any Debtor has an interest.

e. Other Remedies. Lender may pursue such other remedies, including actions for specific performance and damages, or any remedies provided for in the Note, the Reimbursement Agreements and the other Loan Documents or permitted by law, which Lender may deem appropriate, it being specifically understood and agreed that any remedies may be exercised in the alternative or cumulatively in the sole discretion of Lender.

f. Liquidation Costs. Debtors shall reimburse and pay to Lender upon demand all Liquidation Costs, including without limitation attorneys' fees and expenses, advanced, incurred by, or on behalf of Lender in collecting and enforcing the Liabilities and the Loan Documents. All Liquidation Costs shall bear interest payable by Debtors to Lender upon demand from the date advanced or incurred until paid in full at a per annum rate of interest equal the default rate of interest described in the Note.

g. No Waiver, Etc. No failure or delay by Lender to insist upon the strict performance of any term, condition, covenant, or agreement of this Agreement or of any of the other Loan Documents, or to exercise any right, power, or remedy consequent upon a breach thereof, shall constitute a waiver of any such term, condition, covenant, or agreement or of any such breach, or preclude Lender from exercising any such right, power, or remedy at any later time or times. By accepting payment after the due date of any amount payable under this Agreement or under the Note or under any of the other Loan Documents, Lender shall not be deemed to waive the right either to require prompt payment when due of all other amounts payable under this Agreement, the Note, or any of the other Loan Documents, or to declare an Event of Default for failure to effect such prompt payment of any such other amount.

8. MISCELLANEOUS

8.1. Notices. All notices, demands, requests and other communications required under this Agreement shall be in writing and shall be deemed to have been properly given if sent by hand delivery, Federal Express (or similar overnight courier service), or by United States certified mail (return receipt requested), postage prepaid, addressed to the party for whom it is intended at its address hereinafter set forth:

If to Lender: Sovereign Bank
5099 Corporate Drive
Frederick, Maryland 21703
Mail Code: MD1-CBO-2001
Attention: Francis S. Moriarty
Vice President

If to Debtors: Western Services Corporation
WSC Federal, LLC
WSC – China, LLC
7196 Crestwood Boulevard, Suite 300
Frederick, Maryland 21703

Notice shall be deemed given as of the date of hand delivery, as of the date specified for delivery if by overnight courier service or as of 2 days after the date of mailing, as the case may be.

8.2. Liability of Lender. Lender, by the acceptance and performance of this Agreement, does not assume any liability, and each Debtor hereby releases Lender and Lender's agents, employees and attorneys from any such liability, and no claim shall be made by any Debtor upon Lender or such employees or agents for or on account of any matter or thing in excess of the balance of the Loan proceeds not yet advanced to Borrower.

8.3. Survival of Agreements. All agreements, covenants, representations, and warranties of Debtors made in this Agreement shall survive the making of the advances under this Agreement.

8.4. Successors. This Agreement shall be binding upon and inure to the benefit of each Debtor, its heirs, personal representatives, successors, and those assigns approved in writing by Lender, and upon and to Lender, its successors and assigns.

8.5. Applicable Law. This Agreement is made, executed, and delivered in the State of Maryland, and Maryland law (but excluding Maryland principles of conflicts of laws) shall govern its interpretation, performance, and enforcement.

8.6. Assignment not Effective. Any attempted assignment or transfer of Debtors' rights under this Agreement without the prior written consent of Lender shall be void.

8.7. Obligations of Debtors. Each Debtor's obligations and representations under this Agreement shall be in addition to all obligations, covenants, and representations made by or on behalf of any Debtor in all other documents delivered in connection with the Loan and the transactions contemplated hereby.

8.8. No Oral Modification. Neither this Agreement nor any term, condition, representation, warranty, covenant, or agreement set forth in this Agreement may be changed, waived, discharged, or terminated orally but only by an instrument in writing by the party against whom such change, waiver, discharge, or termination is sought.

8.9. Integration. This Agreement and the Loan Documents constitute the entire agreement between Lender and Debtors regarding the Loan, and shall completely and fully supersede all other prior agreements, both written and oral, between Debtors and Lender regarding their respective rights, obligations, and responsibilities relating to the Loan.

8.10. Severability. If any provision or part of any provision of this Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement and this Agreement shall be construed as if such invalid, illegal or unenforceable provision or part thereof had never been contained herein, but only to the extent of its invalidity, illegality, or unenforceability.

8.11. Joint and Several Liability. All liabilities under this Agreement shall be joint and several.

8.12. Time. Time is of the essence of all of Debtors' obligations under this Agreement.

9. CONSENTS AND WAIVERS

9.1. Participations; Release of Information. The Loan, the Liabilities, this Agreement and the other Loan Documents may be placed, assigned, serviced or participated out (either in whole or in part) by Lender, its successors and assigns. Each Debtor grants Lender its unlimited and unconditional consent to the disclosure and dissemination of financial records, including without limitation loan application and account information, statements of deposit and share accounts, negotiable instruments, individual, corporate and partnership financial statements, credit references and histories, property appraisals, surveys, pro forma assumptions, profit and loss statements, resumes, accounting reports, balance sheets, and other financial information provided to Lender by or on behalf of Debtors, for such purposes as Lender, in its sole discretion, from time to time deems necessary or proper. Each Debtor further releases, acquits and forever discharges Lender and its agents from all liability, claims, actions, or causes of action under the Maryland Confidential Financial Records Act, Section 1-301 *et seq.*, Financial Institutions Article, *Annotated Code of Maryland*, or any other applicable federal or state statute or common law for disclosure of confidential financial records made in accordance with this Section.

9.2. Consent to Jurisdiction. Each Debtor consents to the nonexclusive jurisdiction of any and all state and federal courts in the State of Maryland and the State of Delaware with jurisdiction over such Debtor and such Debtor's assets. Debtors agree that such assets shall be used first to satisfy all claims of creditors organized or

domiciled in the United States of America, and that no assets of any Debtor in the United States of America shall be considered part of any foreign bankruptcy estate. Each Debtor agrees that any controversy arising under or in relation to this Agreement or any of the other Loan Documents shall be litigated exclusively in the State of Maryland or the State of Delaware. The state and federal courts and authorities with jurisdiction in the State of Maryland and the State of Delaware shall have nonexclusive jurisdiction over all controversies which may arise under or in relation to this Agreement, including without limitation those controversies relating to the execution, interpretation, breach, enforcement or compliance with this Agreement or any other issue arising under, related to, or in connection with any of the Loan Documents. Each Debtor irrevocably consents to service, jurisdiction, and venue of such courts for any litigation arising from the this Agreement or any other Loan Document, and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise.

9.3. Jury Trial Waiver. Each Debtor and Lender hereby waive trial by jury in any action or proceeding to which any Debtor or Lender may be parties, arising out of or in any way pertaining to this Agreement or any of the other Loan Documents. It is agreed and understood that this waiver constitutes a waiver of trial by jury of all claims against all parties to such actions or proceedings, including claims against parties who are not parties to this Agreement. This waiver is knowingly, willingly and voluntarily made by Debtors, and each Debtor hereby represents that no representations of fact or opinion have been made by any individual to induce this waiver of trial by jury or to in any way modify or nullify its effect. Each Debtor further represents that it has been represented in the signing of this Agreement and in the making of this waiver by independent legal counsel, selected of its own free will, and that it has had the opportunity to discuss this waiver with counsel.

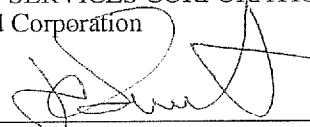
IN WITNESS WHEREOF, Debtors and Lender have caused this Agreement to be executed under seal as of the date first above written.

WITNESS/ATTEST:

DEBTORS:

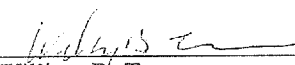
WESTERN SERVICES CORPORATION
A Maryland Corporation

Francis Moriarty

By:  (SEAL)
John R. Smith
President

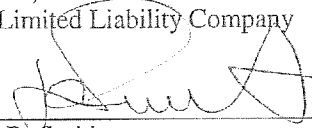
WSC FEDERAL, LLC
A Delaware Limited Liability Company

Francis Moriarty

By:  (SEAL)
William B. Tessmer
Manager

WSC - CHINA, LLC
A Maryland Limited Liability Company

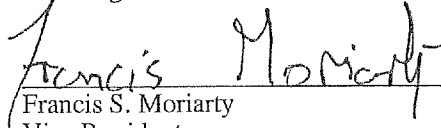
Francis Moriarty

By:  (SEAL)
John R. Smith
Manager

LENDER:

SOVEREIGN BANK
A Federal Savings Bank

 _____

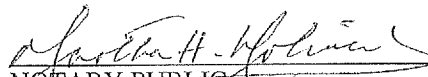
By:  (SEAL)
Francis S. Moriarty
Vice President

Acknowledgments

STATE OF MARYLAND, CITY/COUNTY OF Frederick, TO WIT:

I HEREBY CERTIFY that on this 3rd day of August, 2010, before me, the subscriber, a Notary Public of the jurisdiction aforesaid, personally appeared John R. Smith, and acknowledged himself to be the President of WESTERN SERVICES CORPORATION, a Maryland corporation, and acknowledged that he, being authorized so to do, executed the foregoing document in the aforesaid capacity for the purposes therein contained.

IN WITNESS MY Hand and Notarial Seal.

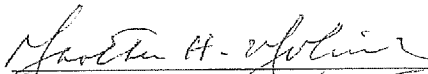
 (SEAL)
NOTARY PUBLIC

MARTHA H. MOLINA
My Commission Expires
Notary Public
Montgomery County
Maryland
My Commission Expires Oct. 18, 2012

STATE OF MARYLAND, CITY/COUNTY OF Frederick, TO WIT:

I HEREBY CERTIFY that on this 3rd day of August, 2010, before me, the subscriber, a Notary Public of the jurisdiction aforesaid, personally appeared William B. Tessmer, and acknowledged himself to be the Manager of WSC FEDERAL, LLC, a Delaware limited liability company corporation, and acknowledged that he, being authorized so to do, executed the foregoing document in the aforesaid capacity for the purposes therein contained.

IN WITNESS MY Hand and Notarial Seal.

 (SEAL)
NOTARY PUBLIC

MARTHA H. MOLINA
My Commission Expires
Notary Public
Montgomery County
Maryland
My Commission Expires Oct. 18, 2012

STATE OF MARYLAND, CITY/COUNTY OF Frederick, TO WIT:

I HEREBY CERTIFY that on this 3rd day of August, 2010, before me, the subscriber, a Notary Public of the jurisdiction aforesaid, personally appeared John R. Smith, and acknowledged himself to be the Manager of WSC – CHINA, LLC, a Maryland limited liability company, and acknowledged that he, being authorized so to do, executed the foregoing document in the aforesaid capacity for the purposes therein contained.

IN WITNESS MY Hand and Notarial Seal.

MARTHA H. MOLINA
Notary Public
My Commission Expires:
Montgomery County
Maryland
My Commission Expires Oct. 18, 2012

Martha H. Molina (SEAL)
NOTARY PUBLIC

STATE OF MARYLAND, CITY/COUNTY OF Frederick, TO WIT:

I HEREBY CERTIFY that on this _____ day of August, 2010, before me, the subscriber, a Notary Public of the jurisdiction aforesaid, personally appeared Francis S. Moriarty, and acknowledged himself to be a Vice President of SOVEREIGN BANK, and acknowledged that he, being authorized so to do, executed the foregoing document for the purposes therein contained, in the aforementioned capacity.

IN WITNESS MY Hand and Notarial Seal.

My Commission Expires:
MARTHA H. MOLINA
Notary Public
Montgomery County
Maryland
My Commission Expires Oct. 18, 2012

Martha H. Molina (SEAL)
NOTARY PUBLIC

EXHIBIT A
Definitions

Accumulated Funding Deficiency means an "accumulated funding deficiency" as defined in Section 302 of ERISA or Section 412(a) of the Code.

Agreement means this Loan and Security Agreement, including all schedules and exhibits hereto, as it may be amended, restated, extended, consolidated or increased from time to time.

Blocked Persons List means any list of known or suspected terrorists published by any United States government agency, including, without limitation, (i) the annex to Executive Order 13224 issued on September 23, 2001 by the President of the United States and (ii) the Specially Designated Nationals List published by the United States Office of Foreign Assets Control.

Borrower means Western Services Corporation, a Maryland corporation.

Cash Flow means, for any period, the sum of (a) net income, plus (b) interest expense, plus (c) depreciation and amortization, plus (d) non-recurring expenses, less (e) non-recurring income, less (f) unfinanced capital expenditures, less (g) dividends and distributions paid, all as determined by Lender in Lender's sole discretion.

China Guarantor means WSC – China, LLC, a Maryland limited liability company.

Code means the *Internal Revenue Code of 1986*, as amended, and the income tax regulations now or hereafter issued thereunder.

Collateral means all of the following property of Debtors:

(a) All of each Debtor's inventory both now owned and hereafter acquired, wherever located, and as the same may now and hereafter from time to time be constituted.

(b) All of each Debtor's (i) accounts (including without limitation all health-care-insurance receivables) and (ii) notes, notes receivable, drafts, acceptances, and other instruments and documents, both now owned and hereafter acquired, together with all returned, rejected, or repossessed goods, the sale or lease of which shall have given or shall give rise to an account, instrument or document.

(c) All of each Debtor's general intangibles (including, without limitation, all payment intangibles, things in action, contractual rights, goodwill, literary rights, rights to performance, copyrights, trademarks, patents and software), both now owned and hereafter acquired.

(d) All of each Debtor's chattel paper (including both electronic chattel paper and tangible chattel paper) both now owned and hereafter existing, acquired, or created, together with (i) all moneys due and to become due thereunder, (ii) all returned, rejected, or repossessed goods, the sale or lease of which shall have given or shall give rise to chattel paper, and (iii) all property and goods both now owned and hereafter acquired by such Debtor which are sold, leased, secured, are the subject of, or otherwise covered by, such Debtor's chattel paper, and all rights incident to such property and goods.

(e) All of each Debtor's equipment and fixtures, both now owned and hereafter acquired, together with (i) all additions, parts, fittings, accessories, special tools, attachments, and accessions now and hereafter affixed thereto or used in connection therewith, and (ii) all replacements thereof and substitutions therefor. All such fixtures are or will be attached to the chief executive offices of Debtors described in Exhibit B attached hereto, and the record owner of such real property is BD Ventures, LLC, a District of Columbia limited liability company.

(f) All of each Debtor's as-extracted collateral;

(g) All of each Debtor's commodity accounts, commodity contracts, financial assets, securities (whether certificated or uncertificated), securities entitlements, securities accounts and other investment property, both now owned and hereafter acquired.

(h) All of each Debtor's deposit accounts, both now owned and hereafter acquired.

(i) All of each Debtor's letter-of-credit rights, both now owned and hereafter acquired.

(j) All cash and non-cash proceeds (including insurance proceeds) and products of any of the foregoing.

Collateral Account has the meaning ascribed to it in Section 5.23 of this Agreement.

Commonly Controlled Entity means any subsidiary or any other trade or business (whether or not incorporated) which is under "common control" (as defined in the Code) with any Debtor or any of any Debtor's subsidiaries.

Controlling Interest means the possession directly or indirectly of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise.

Debtors means, collectively, Borrower and Guarantors.

Debt Service means, for any period, the sum of (a) scheduled principal repayment of long-term debt, plus (b) interest expense, all as determined by Lender.

Domestic Eligible Receivable has the meaning ascribed to it in Section 2.1 of this Agreement.

Eligible Receivables has the meaning ascribed to it in Section 2.1 of this Agreement.

ERISA means the *Employee Retirement Income Security Act of 1974*, as amended.

Event of Default means any of those events described in Section 7.1 of this Agreement.

Expense Payment has the meaning ascribed to it in Section 5.27 of this Agreement.

Federal Guarantor means WSC Federal, LLC, a Delaware limited liability company.

First Collateral means all of each Debtor's (i) accounts (including without limitation all health-care-insurance receivables) and (ii) notes, notes receivable, drafts, acceptances, and other instruments and documents, both now owned and hereafter acquired, together with all returned, rejected, or repossessed goods, the sale or lease of which shall have given or shall give rise to an account, instrument or document, and all cash and non-cash proceeds and products of any of the foregoing.

Foreign Eligible Receivable has the meaning ascribed to it in Section 2.1 of this Agreement.

Guarantors means, collectively, Federal Guarantor and China Guarantor.

Guaranty means the Guaranty Agreement of even date herewith by Guarantors for the benefit of Lender.

Hazardous Substance means: (a) any chemical, solid, liquid, gas, or other substance having the characteristics identified in, listed under, or designated pursuant to (i) the *Comprehensive Environmental Response, Compensation and Liability Act of 1980*, as amended, 42 U.S.C.A. §9601(14), as a "hazardous substance," (ii) the *Clean Water Act*, 33 U.S.C.A. §1321(b)(2)(A), as a "hazardous substance," (iii) the *Clean Water Act*, 33 U.S.C.A. §§1317(a) and 1362(13), as a "toxic pollutant," (iv) Table 1 of Committee Print Numbered 95-30 of the Committee on Public Works And Transportation of the United States House of

Representatives as a "toxic pollutant," (v) the *Clean Air Act*, 42 U.S.C.A. §7412(a)(1), as a "hazardous air pollutant," (vi) the *Toxic Substances Control Act*, 15 U.S.C.A. §2606(f), as an "imminently hazardous chemical substance or mixture," (vii) the *Resource, Conservation and Recovery Act*, 42 U.S.C.A. §§6903(5) and 6921, as a "hazardous waste," or (viii) any other law as presenting an imminent and substantial danger to the public health or welfare or to the environment, or as otherwise requiring special handling, collection, storage, treatment, disposal, or transportation; (b) petroleum, crude oil, gasoline, natural gas, liquefied natural gas, synthetic fuel, or other petroleum, oil, or gas based product; (c) any nuclear, radioactive, or atomic substance, mixture, waste, compound, material, element, product, or matter; or (d) any other substance, mixture, waste, compound, material, element, product or matter that presents an imminent and substantial danger to the public health or welfare or to the environment upon its spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, or dumping.

Items of Payment means all checks, drafts, cash, and other remittances in payment or on account of payment for or of inventory, accounts, chattel paper or payment intangibles, and the cash proceeds of any returned goods, the sale or lease of which gave rise to an account or chattel paper.

Lender means Sovereign Bank, a federal savings bank.

Letter of Credit means a standby letter of credit issued by Lender pursuant to this Agreement.

Liabilities means: (a) the obligation of Borrower to pay: (i) the unpaid principal amount of the Note, plus all accrued and unpaid interest thereon; and (ii) all other charges, interest, and expenses chargeable by Lender to Borrower under the Note, the Reimbursement Agreements, this Agreement and the other Loan Documents; (b) the respective obligations of Guarantors to pay all amounts owed under the Guaranty, the Reimbursement Agreements, this Agreement and the other Loan Documents; and (c) the respective obligations of Debtors to pay all unpaid Expense Payments, all unpaid Liquidation Costs, and all other charges, interest, and expenses chargeable by Lender to Debtors under this Agreement, the Note, the Reimbursement Agreements and the other Loan Documents.

Lien means any mortgage, deed of trust, pledge, security interest, assignment, encumbrance, lien, or charge of any kind, including without limitation any conditional sale or other title retention agreement, any lease in the nature thereof, and the filing of or agreement to give any financing statement under the *Uniform Commercial Code* of any jurisdiction.

Liquidation Costs means all expenses, charges, costs, and fees (including without limitation attorneys' fees and expenses) of any nature whatsoever paid or incurred by or on behalf of Lender in connection with: (a) the collection or enforcement of any of the Liabilities; and (b) the collection or enforcement of any of the Loan Documents.

Loan means the revolving line of credit extended by Lender to Borrower in the maximum outstanding principal amount of \$1,500,000, as evidenced by the Note.

Loan Documents means collectively the Note, the Guaranty, the Reimbursement Agreements, this Agreement, and all other instruments, documents, and agreements now or hereafter evidencing, securing, guaranteeing, indemnifying, or given by any Debtor or any third party in connection with the Loan or any of the other Liabilities, as such documents may be amended, restated, extended, spread, consolidated or increased from time to time.

Multiemployer Plan means a multiemployer plan, as defined in ERISA, to which any Debtor or any Commonly Controlled Entity, as appropriate, has or had an obligation to contribute.

Note means the Promissory Note of even date herewith in the principal amount of \$1,500,000 made by Borrower to the order of Lender, as it may be amended, restated, extended, consolidated or increased from time to time.

Obligor means any Person other than Borrower who may at any time now or hereafter be primarily or secondarily liable for any or all of the Liabilities or who has granted any security for any of the Liabilities,

including without limitation Guarantors and any other maker, endorser, surety, or guarantor of all or a portion of the Liabilities or any Person who is now or hereafter a party to any of the Loan Documents.

Person means an individual, an estate, a trust, a corporation, a partnership, a limited liability company, a government or governmental agency or instrumentality and any other legal entity.

Plan means any pension, profit sharing, savings, stock bonus, or other deferred compensation plan which is subject to the requirements of ERISA, together with any related trusts.

Prohibited Transaction means a "prohibited transaction" as defined in Section 406 of ERISA or Section 4975 of the Code.

Receivables has the meaning ascribed to it in Section 2.1 of this Agreement.

Reimbursement Agreement means, collectively, an Application and Agreement for Irrevocable Letter of Credit on Lender's standard form executed by Debtors, or any of them, in connection with the issuance of a Letter of Credit, and all other documents and instruments executed by any Debtor, any Obligor or any other Person in connection with the issuance of a Letter of Credit, as any of them may be amended, restated, extended, consolidated or increased from time to time.

Reportable Event means a "reportable event" as defined by Title IV of ERISA.

SBA means the United States Small Business Administration.

SBA Authorization means the SBA's Authorization for SBA 7(a) Guaranteed Loan (SBA Loan No. 41779250-00) dated July 22, 2010, as amended, issued by SBA, under its Section 7(a) loan program.

SBA Loan means the loan in the principal amount of \$750,000 from Lender to Borrower made pursuant to the SBA Authorization.

Second Collateral means all items of Collateral other than each Debtor's (i) accounts (including without limitation all health-care-insurance receivables) and (ii) notes, notes receivable, drafts, acceptances, and other instruments and documents, both now owned and hereafter acquired, together with all returned, rejected, or repossessed goods, the sale or lease of which shall have given or shall give rise to an account, instrument or document.

Subordinated Debt means loans from members, shareholders or other beneficial owners of any Debtor to such Debtor that are subordinated to repayment of the Liabilities upon terms satisfactory to Lender in all respects and pursuant to this Agreement.

Subsidiary means any corporation, partnership, limited liability company, association, or other business entity (a) in which a Controlling Interest is owned or controlled by any Debtor, or (b) a majority (by number of votes) of the outstanding shares of any class or classes of which shall at the time be owned or controlled by any Debtor, if the holders of the shares of such class or classes (i) are ordinarily, in the absence of contingencies, entitled to elect a majority of the directors (or Persons performing similar functions) of the issuer thereof, even though the right to vote has been suspended by the happening of such a contingency, or (ii) are at the time entitled, as such holders, to elect a majority of the directors (or Persons performing similar functions) of the issuer thereof, whether or not the right to vote exists by reason of the happening of a contingency.

Tangible Net Worth means the aggregate assets of Debtors and their related entities Guarantor, including capitalized software but excluding all intangible assets (including, but not limited to, goodwill, franchises, leasehold improvements, licenses, trademarks, trade names, patents, copyrights, service marks, brand names, organization costs, appraisal surplus, officer, stockholder, related entity and employee advances or Receivables, mineral rights and the like), all as determined by Lender in Lender's sole discretion.

Taxes means all taxes and assessments, whether general or special, ordinary or extraordinary, or foreseen or unforeseen, of every character (including all penalties or interest thereon), which at any time may be assessed, levied, confirmed, or imposed on any Debtor or any of any Debtor's properties or assets or income or any part thereof or in respect of any of any Debtor's franchises, businesses, income or profits, and all claims for sums which by law have or might become a lien or charge upon any of any Debtor's properties or assets or any part thereof.

Total Liabilities means, for each calendar year, all obligations of Debtors and their related entities, or any of them, to any Person, including without limitation the Loan and the Letters of Credit, which in accordance with generally accepted account principals are shown on the balance sheet as a liability for the calendar year then ended.

EXHIBIT B

Borrower's correct legal name:	Western Services Corporation
Federal Guarantor's correct legal name:	WSC Federal, LLC
China Guarantor's correct legal name:	WSC – China, LLC
Other legal names and trade names used by Borrower during the previous 12 years:	None
Other legal names and trade names used by Federal Guarantor during the previous 12 years:	None
Other legal names and trade names used by China Guarantor during the previous 12 years:	None
Borrower's state of formation:	Maryland
Federal Guarantor's state of formation:	Delaware
China Guarantor's state of formation:	Maryland
Borrower's federal tax identification number:	52-1916490
Federal Guarantor's federal tax identification number:	55-0906609
China Guarantor's federal tax identification number:	61-1553829
Borrower's state of formation organizational ID no.:	D04065926
Federal Guarantor's state of formation organizational ID no.:	4025822
China Guarantor's state of formation organizational ID no.:	W12259578
Address of each Debtors' chief executive office:	7196 Crestwood Boulevard, Suite 300 Frederick, Maryland 21703
Addresses of all other places of business of Debtors:	None